

Registered number: SC107948


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**DALES ENGINEERING SERVICES  
LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 2015**

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**DALES ENGINEERING SERVICES LIMITED**



**COMPANY INFORMATION**

**DIRECTORS**

G Mackie  
W Duncan  
C Lawson (resigned 23 April 2015)  
K Thomson  
N Mackie  
J B Duncan

**COMPANY SECRETARY**

Masson and Glennie

**REGISTERED NUMBER**

SC107948

**REGISTERED OFFICE**

Broad House  
Broad Street  
Peterhead  
AB42 1HY

**INDEPENDENT AUDITORS**

Anderson Anderson & Brown LLP  
Statutory Auditor  
Kingshill View  
Kingswells  
Aberdeen  
AB158PU



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**STRATEGIC REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**INTRODUCTION**

The principal activity of the company is that of the fabrication of materials and the provision of engineering services to the energy industry.

**BUSINESS REVIEW**

The external commercial environment is expected to remain competitive in 2016; however the directors are optimistic with regards to the future.

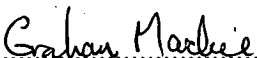
**PRINCIPAL RISKS AND UNCERTAINTIES**

The directors have considered the principal risks and uncertainties to be associated with the global oil and gas market where changes in political and operational landscapes could impact favourably or otherwise upon business and as such are continually monitoring new opportunities.

**FINANCIAL KEY PERFORMANCE INDICATORS**

The directors consider turnover and gross profit to be key performance indicators and monitor these on an ongoing basis.

This report was approved by the board and signed on its behalf.

  
.....  
**G Mackie**  
Director

Date: 29/7/2016

**DALES ENGINEERING SERVICES LIMITED**

**DIRECTORS' REPORT  
FOR THE YEAR ENDED 31 DECEMBER 2015**



The directors present their report and the financial statements for the year ended 31 December 2015.

**RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £328,825 (2014 - £1,382,991).

No dividends were paid in the year (2014 - £nil).

**DIRECTORS**

The directors who served during the year were:

- G Mackie
- W Duncan
- C Lawson (resigned 23 April 2015)
- K Thomson
- N Mackie
- J B Duncan

**FUTURE DEVELOPMENTS**

The company will face a highly competitive market in 2016 with the continued low oil price. However, the directors are confident that the company will continue to be a going concern in future periods.

**DISCLOSURE OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

**AUDITORS**

The auditors, Anderson Anderson & Brown LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board and signed on its behalf.

.....*Graham Mackie*.....  
**G Mackie**  
Director

Date: 29/7/2016

**DIRECTORS' RESPONSIBILITIES STATEMENT  
FOR THE YEAR ENDED 31 DECEMBER 2015**

The directors are responsible for preparing the Strategic report, the Directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under Company law the directors must not approve the financial statements unless satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and accounting estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
DALES ENGINEERING SERVICES LIMITED**

We have audited the financial statements of Dales Engineering Services Limited for the year ended 31 December 2015, set out on pages 6 to 22. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an Auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As explained more fully in the Directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

**SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Directors' report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

**OPINION ON FINANCIAL STATEMENTS**

In our opinion the financial statements:

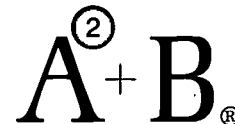
- give a true and fair view of the state of the Company's affairs as at 31 December 2015 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

**OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006**

In our opinion the information given in the Strategic report and the Directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements.

DALES ENGINEERING SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF  
DALES ENGINEERING SERVICES LIMITED



MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Anderson Anderson & Brown LLP

Derek Mair (Senior statutory auditor)

for and on behalf of

**Anderson Anderson & Brown LLP**

Statutory Auditor

Kingshill View

Kingswells

Aberdeen

AB158PU

Date:

29 July 2016



**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Note	2015 £	2014 £
Turnover		10,993,444	16,544,576
Cost of sales		(7,936,032)	(11,848,080)
<b>Gross profit</b>		<b>3,057,412</b>	<b>4,696,496</b>
Administrative expenses		(2,663,688)	(2,938,419)
<b>Operating profit</b>		<b>393,724</b>	<b>1,758,077</b>
Interest receivable and similar income		15,670	11,636
Interest payable and expenses	9	(141)	(30)
<b>Profit before tax</b>		<b>409,253</b>	<b>1,769,683</b>
Tax on profit	10	(80,428)	(386,692)
<b>Profit for the year</b>		<b>328,825</b>	<b>1,382,991</b>

There were no recognised gains and losses for 2015 or 2014 other than those included in the profit and loss account.

The notes on pages 9 to 22 form part of these financial statements.

All amounts relate to continuing operations.

**DALES ENGINEERING SERVICES LIMITED**  
**REGISTERED NUMBER: SC107948**

**STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2015**



	Note	2015 £	2014 £
<b>Fixed assets</b>			
Tangible assets	11	562,915	639,450
		<u>562,915</u>	<u>639,450</u>
<b>Current assets</b>			
Stocks	12	897,366	554,857
Debtors: amounts falling due after more than one year	13	250,000	250,000
Debtors: amounts falling due within one year	13	4,273,599	6,187,528
Cash at bank and in hand		5,306,954	4,504,782
		<u>10,727,919</u>	<u>11,497,167</u>
Creditors: amounts falling due within one year	14	(905,390)	(2,066,479)
<b>Net current assets</b>		<u>9,822,529</u>	<u>9,430,688</u>
<b>Total assets less current liabilities</b>		<u>10,385,444</u>	<u>10,070,138</u>
<b>Provisions for liabilities</b>			
Deferred tax		(82,326)	(95,845)
		<u>(82,326)</u>	<u>(95,845)</u>
<b>Net assets</b>		<u><u>10,303,118</u></u>	<u><u>9,974,293</u></u>
<b>Capital and reserves</b>			
Called up share capital	17	50,400	50,400
Share premium account		2,100	2,100
Profit and loss account		10,250,618	9,921,793
		<u>10,303,118</u>	<u>9,974,293</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf by:

*Graham Mackie*  
**G Mackie**  
 Director

Date: 29/1/2016

The notes on pages 9 to 21 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2015**

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2015	50,400	2,100	9,921,793	9,974,293
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	328,825	328,825
<b>Total comprehensive income for the year</b>	-	-	328,825	328,825
<b>AT 31 December 2015</b>	50,400	2,100	10,250,618	10,303,118

**STATEMENT OF CHANGES IN EQUITY  
AS AT 31 DECEMBER 2014**

	Share capital £	Share premium £	Retained earnings £	Total equity £
At 1 January 2014	50,400	2,100	8,538,802	8,591,302
<b>Comprehensive income for the year</b>				
Profit for the year	-	-	1,382,991	1,382,991
<b>Total comprehensive income for the year</b>	-	-	1,382,991	1,382,991
<b>AT 31 December 2014</b>	50,400	2,100	9,921,793	9,974,293

The notes on pages 9 to 22 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**1. GENERAL INFORMATION**

Dales Engineering Services Limited is incorporated in Scotland. The registered office is Broad House, Broad Street, Peterhead, AB42 1HY.

**2. ACCOUNTING POLICIES**

**2.1 Basis of preparation of financial statements**

The financial statements have been prepared under the historical cost convention and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the United Kingdom and the Republic of Ireland and the Companies Act 2006.

Information on the impact of first-time adoption of FRS 102 is given in note 22.

The preparation of financial statements in compliance with FRS 102 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies (see note 3).

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 102.

The following principal accounting policies have been applied:

**2.2 Going concern**

The directors, having made due and careful enquiry are of the opinion that the company has adequate working capital to execute its operations over the next 12 months. The directors, therefore, have made an informed judgement, at the time of approving the financial statements, that there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. As a result, the directors have continued to adopt the going concern basis of accounting in preparing the annual financial statements.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 2. ACCOUNTING POLICIES (continued)

#### 2.3 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured as the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes. The following criteria must also be met before revenue is recognised:

##### Rendering of services

Revenue from a contract to provide services is recognised in the period in which the services are provided in accordance with the stage of completion of the contract when all of the following conditions are satisfied:

- the amount of revenue can be measured reliably;
- it is probable that the Company will receive the consideration due under the contract;
- the stage of completion of the contract at the end of the reporting period can be measured reliably, and;
- the costs incurred and the costs to complete the contract can be measured reliably.

#### 2.4 Tangible fixed assets

Tangible fixed assets under the cost model are stated at historical cost less accumulated depreciation and any accumulated impairment losses. Historical cost includes expenditure that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

The Company adds to the carrying amount of an item of fixed assets the cost of replacing part of such an item when that cost is incurred, if the replacement part is expected to provide incremental future benefits to the Company. The carrying amount of the replaced part is derecognised. Repairs and maintenance are charged to profit or loss during the period in which they are incurred.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives, using the straight-line method. The estimated useful lives range as follows:

The estimated useful lives range as follows:

Plant & machinery	-	15% reducing balance
Motor vehicles	-	20-25% reducing balance
Office equipment	-	15% straight line

The assets' residual values, useful lives and depreciation methods are reviewed, and adjusted prospectively if appropriate, or if there is an indication of a significant change since the last reporting date.

Gains and losses on disposals are determined by comparing the proceeds with the carrying amount and are recognised within 'other operating income' in the Statement of comprehensive income.

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015

### 2. ACCOUNTING POLICIES (continued)

#### 2.5 Operating leases

Rentals paid under operating leases are charged to the profit or loss on a straight line basis over the period of the lease.

#### 2.6 Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value, being the estimated selling price less costs to complete and sell. Cost is based on the cost of purchase on a first in, first out basis.

Work in progress is valued at cost less progress payments and any foreseeable losses. A prudent estimate of the profit attributable to work completed is recognised on contracts once the outcome of the contract can be assessed with reasonable certainty.

At each statement of financial position date, stocks are assessed for impairment. If stock is impaired, the carrying amount is reduced to its selling price less costs to complete and sell. The impairment loss is recognised immediately in statement of comprehensive income.

#### 2.7 Debtors

Short term debtors are measured at transaction price, less any impairment. Loans receivable are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method, less any impairment.

Debtors due after more than one year are measured at the present value of future payments discounted at a market rate of interest.

#### 2.8 Cash and cash equivalents

Cash is represented by cash in hand and deposits with financial institutions repayable without penalty on notice of not more than 24 hours. Cash equivalents are highly liquid investments that mature in no more than three months from the date of acquisition and that are readily convertible to known amounts of cash with insignificant risk of change in value.

#### 2.9 Financial instruments

The Company only enters into basic financial instruments transactions that result in the recognition of financial assets and liabilities like trade and other accounts receivable and payable, loans from banks and other third parties, loans to related parties and investments in non-puttable ordinary shares.

Debt instruments (other than those wholly repayable or receivable within one year), including loans and other accounts receivable and payable, are initially measured at present value of the future cash flows and subsequently at amortised cost using the effective interest method. Debt instruments that are payable or receivable within one year, typically trade payables or receivables, are measured, initially and subsequently, at the undiscounted amount of the cash or other consideration, expected to be paid or received. However if the arrangements of a short-term instrument constitute a financing transaction, like the payment of a trade debt deferred beyond normal business terms or financed at a rate of interest that is not a market rate or in case of an out-right short-term loan not at market rate, the financial asset or liability is measured, initially, at the present value of the future cash flow discounted at a market rate of interest for a similar debt instrument and subsequently at amortised

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**2. ACCOUNTING POLICIES (continued)**

**2.9 Financial instruments (continued)**

cost.

For financial assets measured at amortised cost, the impairment loss is measured as the difference between an asset's carrying amount and the present value of estimated cash flows discounted at the asset's original effective interest rate. If a financial asset has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate determined under the contract.

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is an enforceable right to set off the recognised amounts and there is an intention to settle on a net basis or to realise the asset and settle the liability simultaneously.

**2.10 Creditors**

Short term creditors are measured at the transaction price. Other financial liabilities, including bank loans, are measured initially at fair value, net of transaction costs, and are measured subsequently at amortised cost using the effective interest method.

**2.11 Finance costs**

Finance costs are charged to the Profit and loss account over the term of the debt using the effective interest method so that the amount charged is at a constant rate on the carrying amount. Issue costs are initially recognised as a reduction in the proceeds of the associated capital instrument.

**2.12 Pensions**

**Defined contribution pension plan**

The Company contributes to a defined contribution plan for its employees. A defined contribution plan is a pension plan under which the Company pays fixed contributions into a separate entity. Once the contributions have been paid the Company has no further payments obligations.

The contributions are recognised as an expense in the statement of comprehensive income when they fall due. Amounts not paid are shown in accruals as a liability in the statement of financial position. The assets of the plan are held separately from the Company in independently administered funds.

**2.13 Interest income**

Interest income is recognised in the Profit and loss account using the effective interest method.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**2. ACCOUNTING POLICIES (continued)**

**2.14 Provisions for Liabilities**

Provisions are made where an event has taken place that gives the Company a legal or constructive obligation that probably requires settlement by a transfer of economic benefit, and a reliable estimate can be made of the amount of the obligation.

Provisions are charged as an expense to the Profit and loss account in the year that the Company becomes aware of the obligation, and are measured at the best estimate at the statement of financial position date of the expenditure required to settle the obligation, taking into account relevant risks and uncertainties.

When payments are eventually made, they are charged to the provision carried in the statement of financial position.

**2.15 Current and deferred taxation**

The tax expense for the year comprises current and deferred tax. Tax is recognised in the statement of comprehensive income, except that a change attributable to an item of income and expense recognised as other comprehensive income or to an item recognised directly in equity is also recognised in other comprehensive income or directly in equity respectively.

The current income tax charge is calculated on the basis of tax rates and laws that have been enacted or substantively enacted by the balance sheet date in the countries where the Company operates and generates income.

Deferred balances are recognised in respect of all timing differences that have originated but not reversed by the Balance sheet date, except that:

- The recognition of deferred tax assets is limited to the extent that it is probable that they will be recovered against the reversal of deferred tax liabilities or other future taxable profits; and
- Any deferred tax balances are reversed if and when all conditions for retaining associated tax allowances have been met.

Deferred tax balances are not recognised in respect of permanent differences except in respect of business combinations, when deferred tax is recognised on the differences between the fair values of assets acquired and the future tax deductions available for them and the differences between the fair values of liabilities acquired and the amount that will be assessed for tax. Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**3. JUDGMENTS IN APPLYING ACCOUNTING POLICIES AND KEY SOURCES OF ESTIMATION UNCERTAINTY**

The preparation of financial statements, requires management to make judgements, estimates and assumptions that affect the amounts reported for assets and liabilities as at the Statement of financial position date and the amounts reported during the year for revenue and costs. However, the nature of estimation means that actual outcomes could differ from those estimates. Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The following judgements and estimates have had the most significant impact on amounts recognised in the financial statements.

**Taxation**

The Company establishes provisions based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience with previous tax authorities and differing interpretations of tax regulations by the Company and the tax authority/ies.

Management estimation is required to determine the amount of deferred tax assets that can be recognised, based upon likely timing and level of future taxable profits together with an assessment of the effect of future tax planning strategies.

**Operating lease commitments**

The company has entered into commercial property leases as a lessee it obtains use of property, plant and equipment. The classification of such leases as operating or finance lease requires the company to determine, based on an evaluation of the terms and conditions of the arrangements, whether it retains or acquires the significant risks and rewards of ownership of these assets and accordingly whether the lease requires an asset and liability to be recognised in the Statement of financial position..

**4. ANALYSIS OF TURNOVER**

All turnover arose within the United Kingdom.

Turnover represents net invoiced supply of services, excluding value added tax.

Turnover relates to the rendering of services.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**5. OPERATING PROFIT**

The operating profit is stated after charging:

	2015 £	2014 £
Depreciation of tangible fixed assets	107,746	106,975
Operating lease rentals:		
- plant and machinery	5,028	4,776
- land and buildings	115,000	-
Profit on sale of tangible assets	(4,196)	(3,299)
Defined contribution pension cost	141,612	119,826
	<u>365,190</u>	<u>228,278</u>

**6. AUDITORS' REMUNERATION**

	2015 £	2014 £
Fees payable to the Company's auditor for the audit of the Company's annual accounts	14,500	13,000
<b>Fees payable to the Company's auditor and its associates in respect of:</b>		
Other services relating to taxation	6,110	3,750
	<u>20,610</u>	<u>16,750</u>

**7. EMPLOYEES**

Staff costs, including directors' remuneration, were as follows:

	2015 £	2014 £
Wages and salaries	3,632,637	4,116,979
Social security costs	386,623	457,355
Cost of defined contribution scheme	141,612	119,826
	<u>4,160,872</u>	<u>4,694,160</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2015 No.	2014 No.
Administration	22	25
Production	77	84
	<u>99</u>	<u>109</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**8. DIRECTORS' REMUNERATION**

	2015 £	2014 £
Directors' emoluments	156,123	261,844
Company pension contributions to defined contribution pension schemes	87,130	91,440
	<u>243,253</u>	<u>353,284</u>

During the year retirement benefits were accruing to 2 directors (2014 - 4) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £110,500 (2014 - £111,666).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £6,180 (2014 - £5,740).

**9. INTEREST PAYABLE AND SIMILAR CHARGES**

	2015 £	2014 £
Bank interest payable	141	30
	<u>141</u>	<u>30</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**10. TAXATION**

	2015 £	2014 £
<b>Corporation tax</b>		
Current tax on profits for the year	93,947	352,162
Adjustments in respect of previous periods	-	803
<b>Total current tax</b>	<u>93,947</u>	<u>352,965</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(13,519)	33,723
Adjustments in respect of prior periods	-	4
<b>Total deferred tax</b>	<u>(13,519)</u>	<u>33,727</u>
<b>Taxation on profit on ordinary activities</b>	<u>80,428</u>	<u>386,692</u>

**FACTORS AFFECTING TAX CHARGE FOR THE YEAR**

The tax assessed for the year is lower than (2014 - lower than) the standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%). The differences are explained below:

	2015 £	2014 £
Profit on ordinary activities before tax	<u>409,253</u>	<u>1,769,683</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20.25% (2014 - 21.49%)	82,888	380,305
<b>Effects of:</b>		
Expenses not deductible for tax purposes, other than goodwill amortisation and impairment	6,808	8,709
Adjustments to tax charge in respect of prior periods	-	803
Adjust deferred tax to average rate	(9,092)	(3,125)
Marginal relief	(176)	-
<b>Total tax charge for the year</b>	<u>80,428</u>	<u>386,692</u>

**FACTORS THAT MAY AFFECT FUTURE TAX CHARGES**

There were no factors that may affect future tax charges.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**
**11. TANGIBLE FIXED ASSETS**

	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
<b>Cost</b>				
At 1 January 2015	1,478,143	176,032	66,948	1,721,123
Additions	30,429	18,220	7,066	55,715
Disposals	(186,460)	(58,557)	-	(245,017)
<b>At 31 December 2015</b>	<b>1,322,112</b>	<b>135,695</b>	<b>74,014</b>	<b>1,531,821</b>
<b>Depreciation</b>				
At 1 January 2015	954,837	94,740	32,096	1,081,673
Charge owned for the period	80,892	19,528	7,326	107,746
Disposals	(177,765)	(42,748)	-	(220,513)
<b>At 31 December 2015</b>	<b>857,964</b>	<b>71,520</b>	<b>39,422</b>	<b>968,906</b>
<b>At 31 December 2015</b>	<b>464,148</b>	<b>64,175</b>	<b>34,592</b>	<b>562,915</b>
At 31 December 2014	523,306	81,292	34,852	639,450

**12. STOCKS**

	2015 £	2014 £
Raw materials and consumables	394,457	401,567
Work in progress	502,909	153,290
	<b>897,366</b>	<b>554,857</b>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**13. DEBTORS**

	2015 £	2014 £
<b>Due after more than one year</b>		
Other debtors	250,000	250,000
	<u>250,000</u>	<u>250,000</u>
	2015 £	2014 £
<b>Due within one year</b>		
Trade debtors	1,479,152	1,747,270
Amounts owed by group undertakings	2,630,923	2,890,973
Tax recoverable	6,987	-
Prepayments and accrued income	156,537	1,549,285
	<u>4,273,599</u>	<u>6,187,528</u>

**14. CREDITORS: Amounts falling due within one year**

	2015 £	2014 £
Trade creditors	677,233	887,092
Corporation tax	-	173,924
Taxation and social security	142,115	412,240
Accruals and deferred income	86,042	593,223
	<u>905,390</u>	<u>2,066,479</u>

The bank borrowings are secured by a bond and floating charge over the assets of the company.

Cross guarantees exist with Dales 2002 Limited in respect of total bank borrowings.

**NOTES TO THE FINANCIAL STATEMENTS  
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**15. FINANCIAL INSTRUMENTS**

	2015 £	2014 £
<b>FINANCIAL ASSETS</b>		
Financial assets measured at fair value through profit or loss	5,556,954	4,754,782
Financial assets that are debt instruments measured at amortised cost	4,197,704	6,110,794
	<u>9,754,658</u>	<u>10,865,576</u>
<b>FINANCIAL LIABILITIES</b>		
Financial liabilities measured at amortised cost	(763,275)	(1,480,315)
	<u>(763,275)</u>	<u>(1,480,315)</u>

Financial assets measured at fair value through profit or loss comprise bank balances and long term debtors.

Financial assets measured at amortised cost comprise trade debtors, amounts owed by group undertakings other debtors and accrued income.

Financial Liabilities measured at amortised cost comprise bank overdrafts, trade creditors, accruals and deferred income.

**16. DEFERRED TAXATION**

	Deferred tax £
At 1 January 2015	(95,845)
Charged to the profit or loss	13,519
<b>At 31 December 2015</b>	<u><u>(82,326)</u></u>

The provision for deferred taxation is made up as follows:

	2015 £	2014 £
Accelerated capital allowances	(82,714)	(96,932)
Short term timing differences	388	1,087
	<u>(82,326)</u>	<u>(95,845)</u>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**17. SHARE CAPITAL**

	2015 £	2014 £
<b>Allotted, called up and fully paid</b>		
50,000 Ordinary shares of £1 each	50,000	50,000
400 'A' Ordinary shares of £1 each	400	400
	<u>50,400</u>	<u>50,400</u>

**18. PENSION COMMITMENTS**

During the year the company made contributions to the defined contribution pension scheme of £141,612 (2014 - £119,826). No balance was outstanding relating to contributions owed as at the year end.

**19. COMMITMENTS UNDER OPERATING LEASES**

At 31 December 2015 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2015 £	2014 £
<b>Other</b>		
Not later than 1 year	3,771	5,028
Between 2 and 5 years	-	3,771
<b>Total</b>	<u>3,771</u>	<u>8,799</u>

	2015 £	2014 £
<b>Land and buildings</b>		
Not later than 1 year	42,000	-
<b>Total</b>	<u>42,000</u>	<u>-</u>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2015**

**20. RELATED PARTY TRANSACTIONS**

**Control**

Throughout the year the company was controlled by the directors.

**Transactions**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 102 Section 33.1A "Related Party Disclosures" from the need to disclose transactions between group entities that have been eliminated on consolidation in the parent company's consolidated financial statements, copies of which are publicly available

**21. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate parent company is Dales 2002 Limited, a company registered in Scotland.

Dales 2002 Limited has included the company's results in its group accounts, copies of which are available from its registered office, Broad House, Broad Street, Peterhead.

**22. FIRST TIME ADOPTION OF FRS 102**

The policies applied under the entity's previous accounting framework are not materially different to FRS 102 and have not impacted on equity or profit or loss.