

Registered number: SC107948

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**DALES ENGINEERING SERVICES
LIMITED**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2016

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COMPANIES HOUSE

DALES ENGINEERING SERVICES LIMITED



COMPANY INFORMATION

DIRECTORS

G Mackie
W Duncan
K Thomson
N Mackie
J B Duncan

COMPANY SECRETARY

Masson and Glennie LLP

REGISTERED NUMBER

SC107948

REGISTERED OFFICE

Broad House
Broad Street
Peterhead
AB42 1HY

INDEPENDENT AUDITORS

Anderson Anderson & Brown LLP
Statutory Auditor
Kingshill View
Kingswells
Aberdeen
AB15 8PU

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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 directors are disappointed with the results for the year which are attributed to the continuing difficult trading conditions in the sector.

The external commercial environment is expected to remain competitive in 2017; however the directors are optimistic with regards to the future.

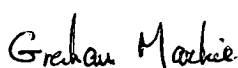
PRINCIPAL RISKS AND UNCERTAINTIES

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: 12/7/2017

DALES ENGINEERING SERVICES LIMITED



**DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2016**

The directors present their report and the financial statements for the year ended 31 December 2016.

RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £153,958 (2015 - profit £328,825).

No dividends were paid in the year (2015 - £nil).

DIRECTORS

The directors who served during the year were:

G Mackie
W Duncan
K Thomson
N Mackie
J B Duncan

FUTURE DEVELOPMENTS

The company will face a highly competitive market in 2017 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 the director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- the 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: 12/7/2017

**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2016**

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 they are 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 for the company's financial statements 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;
- 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 2016, set out on pages 6 to 21. 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 2016 and of its loss 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.

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

AB15 8PU

Date:

24 July 2017

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Note	2016 £	2015 £
Turnover		9,228,039	10,993,444
Cost of sales		(7,016,445)	(7,936,032)
GROSS PROFIT		2,211,594	3,057,412
Administrative expenses		(2,510,117)	(2,663,688)
OPERATING (LOSS)/PROFIT		(298,523)	393,724
Interest receivable and similar income	9	43,926	15,670
Interest payable and expenses	10	-	(141)
(LOSS)/PROFIT BEFORE TAX		(254,597)	409,253
Tax on (loss)/profit	11	100,639	(80,428)
(LOSS)/PROFIT FOR THE YEAR		(153,958)	328,825

There were no recognised gains and losses for 2016 or 2015 other than those included in the statement of comprehensive income.

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

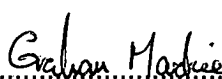
DALES ENGINEERING SERVICES LIMITED
REGISTERED NUMBER: SC107948



BALANCE SHEET
AS AT 31 DECEMBER 2016

	Note	2016 £	2015 £
FIXED ASSETS			
Tangible assets	12	522,430	562,915
		<u>522,430</u>	<u>562,915</u>
CURRENT ASSETS			
Stocks	13	1,052,493	897,366
Debtors: amounts falling due after more than one year	14	250,000	250,000
Debtors: amounts falling due within one year	14	4,383,216	4,273,599
Cash at bank and in hand	15	5,839,644	5,306,954
		<u>11,525,353</u>	<u>10,727,919</u>
Creditors: amounts falling due within one year	16	(1,825,268)	(905,390)
NET CURRENT ASSETS		<u>9,700,085</u>	<u>9,822,529</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>10,222,515</u>	<u>10,385,444</u>
PROVISIONS FOR LIABILITIES			
Deferred tax	18	(73,355)	(82,326)
		<u>(73,355)</u>	<u>(82,326)</u>
NET ASSETS		<u>10,149,160</u>	<u>10,303,118</u>
CAPITAL AND RESERVES			
Called up share capital	19	50,400	50,400
Share premium account		2,100	2,100
Profit and loss account		10,096,660	10,250,618
		<u>10,149,160</u>	<u>10,303,118</u>

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



G Mackie
 Director

Date: 12/1/2017

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

DALES ENGINEERING SERVICES LIMITED



**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2016**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2016	50,400	2,100	10,250,618	10,303,118
COMPREHENSIVE INCOME FOR THE YEAR				
Loss for the year	-	-	(153,958)	(153,958)
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	(153,958)	(153,958)
AT 31 DECEMBER 2016	50,400	2,100	10,096,660	10,149,160

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2015**

	Called up share capital	Share premium account	Profit and loss account	Total equity
	£	£	£	£
At 1 January 2015	50,400	2,100	9,921,793	9,974,293
COMPREHENSIVE INCOME FOR THE YEAR				
Profit for the year	-	-	328,825	328,825
TOTAL COMPREHENSIVE INCOME FOR THE YEAR	-	-	328,825	328,825
AT 31 DECEMBER 2015	50,400	2,100	10,250,618	10,303,118

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

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 unless otherwise specified within these accounting policies and in accordance with Financial Reporting Standard 102, the Financial Reporting Standard applicable in the UK and the Republic of Ireland and the Companies Act 2006.

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.

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.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

2. ACCOUNTING POLICIES (CONTINUED)

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.

Depreciation is charged so as to allocate the cost of assets less their residual value over their estimated useful lives.

Depreciation is provided on the following basis:

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

2.5 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.

2.6 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.

2.7 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. ACCOUNTING POLICIES (CONTINUED)

2.8 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 debtors and creditors, 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 debtors and creditors, 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 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.

2.9 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.

2.10 Finance costs

Finance costs are charged to the Statement of comprehensive income 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.

2.11 Operating leases

Rentals paid under operating leases are charged to the Statement of comprehensive income on a straight line basis over the lease term.

2. ACCOUNTING POLICIES (CONTINUED)

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 Statement of comprehensive income using the effective interest method.

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 Statement of comprehensive income 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. ACCOUNTING POLICIES (CONTINUED)

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 charge 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 tax 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 tax is determined using tax rates and laws that have been enacted or substantively enacted by the balance sheet date.

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.

Profit recognition on long term contracts

In assessing profit on long term contracts that span the period end, an estimate is required for the stage of completion on individual contracts (where the outcome can be assessed with reasonable certainty). The estimate is determined by management making use of all information available at the time, in order to make a reasonable judgement on the stage of completion and the forecast profitability of the overall contract.

4. 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 2016**5. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging:

	2016 £	2015 £
Depreciation of tangible fixed assets	97,416	107,746
Operating lease rentals:		
- plant and machinery	3,402	5,028
- land and buildings	84,000	115,000
Profit on sale of tangible assets	-	(4,196)
Defined contribution pension cost	61,013	141,612
	<u>61,013</u>	<u>141,612</u>

6. AUDITORS' REMUNERATION

	2016 £	2015 £
Fees payable to the Company's auditor and its associates for the audit of the Company's annual accounts	14,500	14,500
FEES PAYABLE TO THE COMPANY'S AUDITOR AND ITS ASSOCIATES IN RESPECT OF:		
Other services relating to taxation	6,495	6,110
	<u>20,995</u>	<u>20,610</u>

7. EMPLOYEES

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

	2016 £	2015 £
Wages and salaries	3,678,391	3,632,637
Social security costs	389,940	386,623
Cost of defined contribution scheme	61,013	141,612
	<u>4,129,344</u>	<u>4,160,872</u>

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

	2016 No.	2015 No.
Administration	26	22
Production	74	77
	<u>100</u>	<u>99</u>

8. DIRECTORS' REMUNERATION

	2016 £	2015 £
Directors' emoluments	113,373	156,123
Company pension contributions to defined contribution pension schemes	600	87,130
	<u>113,973</u>	<u>243,253</u>

During the year retirement benefits were accruing to no directors (2015 - 2) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £111,373 (2015 - £110,500).

The value of the company's contributions paid to a defined contribution pension scheme in respect of the highest paid director amounted to £600 (2015 - £6,180).

9. INTEREST RECEIVABLE

	2016 £	2015 £
Other interest receivable	43,926	15,670
	<u>43,926</u>	<u>15,670</u>

10. INTEREST PAYABLE AND SIMILAR CHARGES

	2016 £	2015 £
Bank interest payable	-	141
	<u>-</u>	<u>141</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

11. TAXATION

	2016 £	2015 £
CORPORATION TAX		
Current tax on profits for the year	(39,032)	93,947
Adjustments in respect of previous periods	(52,636)	-
Total current tax	<u>(91,668)</u>	<u>93,947</u>
Deferred tax		
Origination and reversal of timing differences	(4,401)	(3,935)
Changes to tax rates	(4,570)	(9,584)
Total deferred tax	<u>(8,971)</u>	<u>(13,519)</u>
TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	<u>(100,639)</u>	<u>80,428</u>

FACTORS AFFECTING TAX CHARGE FOR THE YEAR

The tax assessed for the year is lower than (2015 - lower than) the standard rate of corporation tax in the UK of 20% (2015 - 20.25%). The differences are explained below:

	2016 £	2015 £
Profit on ordinary activities before tax	<u>(254,597)</u>	<u>409,253</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (2015 - 20.25%)	(50,919)	82,888
EFFECTS OF:		
Expenses not deductible for tax purposes	6,709	6,808
Adjustments to tax charge in respect of prior periods	(52,636)	-
Adjust deferred tax to average rate	(3,793)	(9,092)
Marginal relief	-	(176)
TOTAL TAX CHARGE FOR THE YEAR	<u>(100,639)</u>	<u>80,428</u>

FACTORS THAT MAY AFFECT FUTURE TAX CHARGES

There were no factors that may affect future tax charges.

12. TANGIBLE FIXED ASSETS

	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
COST OR VALUATION				
At 1 January 2016	1,322,112	135,695	74,014	1,531,821
Additions	5,750	32,265	18,916	56,931
At 31 December 2016	1,327,862	167,960	92,930	1,588,752
DEPRECIATION				
At 1 January 2016	857,964	71,520	39,422	968,906
Charge for the period on owned assets	70,176	18,038	9,202	97,416
At 31 December 2016	928,140	89,558	48,624	1,066,322
NET BOOK VALUE				
At 31 December 2016	399,722	78,402	44,306	522,430
At 31 December 2015	464,148	64,175	34,592	562,915

13. STOCKS

	2016 £	2015 £
Raw materials and consumables	386,105	394,457
Work in progress	666,388	502,909
	1,052,493	897,366

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016**14. DEBTORS**

	2016 £	2015 £
DUE AFTER MORE THAN ONE YEAR		
Other debtors	250,000	250,000
	<u>250,000</u>	<u>250,000</u>
	2016 £	2015 £
DUE WITHIN ONE YEAR		
Trade debtors	1,567,001	1,479,152
Amounts owed by group undertakings	2,562,835	2,630,923
Tax recoverable	54,232	6,987
Prepayments and accrued income	199,148	156,537
	<u>4,383,216</u>	<u>4,273,599</u>

15. CASH AND CASH EQUIVALENTS

	2016 £	2015 £
Cash at bank and in hand	5,839,644	5,306,954
	<u>5,839,644</u>	<u>5,306,954</u>

16. CREDITORS: Amounts falling due within one year

	2016 £	2015 £
Trade creditors	902,845	677,233
Taxation and social security	373,093	142,115
Accruals and deferred income	549,330	86,042
	<u>1,825,268</u>	<u>905,390</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
FOR THE YEAR ENDED 31 DECEMBER 2016**

**17. FINANCIAL INSTRUMENTS**

	2016 £	2015 £
FINANCIAL ASSETS		
Financial assets measured at fair value through profit or loss	6,089,644	5,556,954
Financial assets that are debt instruments measured at amortised cost	4,310,115	4,197,704
	<u>10,399,759</u>	<u>9,754,658</u>
FINANCIAL LIABILITIES		
Financial liabilities measured at amortised cost	(1,452,175)	(763,275)
	<u>(1,452,175)</u>	<u>(763,275)</u>

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

Financial assets that are debt instruments 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.

18. DEFERRED TAXATION

	2016 £
At beginning of year	(82,326)
Charged to the profit or loss	8,971
AT END OF YEAR	<u>(73,355)</u>

The provision for deferred taxation is made up as follows:

	2016 £	2015 £
Fixed asset timing differences	(74,416)	(82,714)
Short term timing differences	1,061	388
	<u>(73,355)</u>	<u>(82,326)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2016

19. SHARE CAPITAL

	2016 £	2015 £
Shares classified as equity		
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	50,000	50,000
400 'A' Ordinary shares of £1 each	400	400
	<hr/>	<hr/>
	50,400	50,400
	<hr/>	<hr/>

20. PENSION COMMITMENTS

During the year the company made contributions to the defined contribution pension scheme of £61,013 (2015 - £141,612). No balance was outstanding relating to contributions owed as at the year end.

21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2016 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2016 £	2015 £
Other		
Not later than 1 year	-	3,771
Total	<hr/>	<hr/>
	-	3,771
	<hr/>	<hr/>
	2016 £	2015 £
Land and buildings		
Not later than 1 year	-	42,000
Total	<hr/>	<hr/>
	-	42,000
	<hr/>	<hr/>

22. 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.

23. 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.