

## James Cowie & Co. Limited

Unaudited Financial Statements

Year Ended

31 August 2020

Company Number SC039171

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# James Cowie & Co. Limited

## Chartered Accountants' Report to the Board of Directors on the preparation of the Unaudited Statutory Financial Statements of James Cowie & Co. Limited for the Year Ended 31 August 2020

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In order to assist you to fulfil your duties under the Companies Act 2006, we have prepared for your approval the financial statements of James Cowie & Co. Limited for the year ended 31 August 2020 which comprise the balance sheet and the related notes from the company's accounting records and from information and explanations you have given us.

As a practising member firm of the Institute of Chartered Accountants in England and Wales (ICAEW), we are subject to its ethical and other professional requirements which are detailed at <https://www.icaew.com/regulation>.

It is your duty to ensure that James Cowie & Co. Limited has kept adequate accounting records and to prepare statutory financial statements that give a true and fair view of the assets, liabilities, financial position and profit of James Cowie & Co. Limited. You consider that James Cowie & Co. Limited is exempt from the statutory audit requirement for the year.

We have not been instructed to carry out an audit or review of the financial statements of James Cowie & Co. Limited. For this reason, we have not verified the accuracy or completeness of the accounting records or information and explanations you have given to us and we do not, therefore, express any opinion on the statutory financial statements.

### Use of this report

This report is made solely to the board of directors of James Cowie & Co. Limited, as a body, in accordance with the terms of our engagement letter dated 12 November 2020. Our work has been undertaken solely to prepare for your approval the financial statements of James Cowie & Co. Limited and state those matters that we have agreed to state to the board of directors of James Cowie & Co. Limited, as a body, in this report in accordance with ICAEW Technical Release TECH07/16AAF. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than James Cowie & Co. Limited and its board of directors, as a body, for our work or for this report

*BDO LLP*

**BDO LLP**  
Chartered Accountants  
4 Atlantic Quay  
70 York Street  
Glasgow  
G2 8JX  
19 March 2021

BDO LLP is a Limited Liability Partnership registered in England & Wales (with registered number OC305127)

# James Cowie & Co. Limited

Registered number:SC039171

## Balance Sheet As At 31 August 2020

	Note	2020 £	2020 £	2019 £	2019 £
<b>Fixed assets</b>					
Tangible assets	5		167,406		251,319
Investments	6		1,267,978		1,267,978
			<u>1,435,384</u>		<u>1,519,297</u>
<b>Current assets</b>					
Stocks	7	7,083		7,083	
Debtors: amounts falling due within one year	8	1,618,688		1,490,473	
Cash at bank and in hand	9	366,874		378,183	
		<u>1,992,645</u>		<u>1,875,739</u>	
Creditors: amounts falling due within one year	10	(1,484,661)		(1,439,271)	
<b>Net current assets</b>			<u>507,984</u>		<u>436,468</u>
<b>Total assets less current liabilities</b>			<u>1,943,368</u>		<u>1,955,765</u>
Creditors: amounts falling due after more than one year	11		(437,447)		(443,907)
<b>Provisions for liabilities</b>					
Deferred tax	13	(15,466)		(27,347)	
			<u>(15,466)</u>		<u>(27,347)</u>
<b>Net assets</b>			<u><u>1,490,455</u></u>		<u><u>1,484,511</u></u>

# James Cowie & Co. Limited

Registered number: SC039171

## Balance Sheet (continued) As At 31 August 2020

	Note	2020 £	2019 £
<b>Capital and reserves</b>			
Called up share capital	14	100,000	100,000
Share premium account	15	2,500	2,500
Capital redemption reserve	15	1,250	1,250
Profit and loss account	15	1,386,705	1,380,761
		<u>1,490,455</u>	<u>1,484,511</u>

The directors consider that the company is entitled to exemption from audit under section 477 of the Companies Act 2006 and members have not required the company to obtain an audit for the year in question in accordance with section 476 of the Companies Act 2006.

The directors acknowledge their responsibilities for complying with the requirements of the Companies Act 2006 with respect to accounting records and the preparation of financial statements.

The financial statements have been prepared in accordance with the provisions applicable to companies subject to the small companies regime and in accordance with the provisions of FRS 102 Section 1A - small entities.

The financial statements have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.

The company has opted not to file the statement of comprehensive income in accordance with provisions applicable to companies subject to the small companies' regime.

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 19 March 2021.

**M Carney**  
Director



The notes on pages 4 to 15 form part of these financial statements.

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

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### 1. General information

James Cowie & Co Limited is a private company, limited by shares, incorporated in Scotland under the Companies Act 2006. The address of the registered office is given on the Company Information page and the nature of the company's operations and its principal activities are set out in the Directors' Report.

### 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 Section 1A of 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 following principal accounting policies have been applied:

#### 2.2 Going Concern

The directors have assessed, based on current projections, that the group and company has adequate resources to meet the ongoing costs of the business for a minimum of 12 months from the date of signing the financial statements.

The directors have completed a thorough assessment of the impact of Covid-19, including scenario forecasting and stress testing. The directors have assessed that the facilities available, group support provided and the actions and strategies available to them to mitigate business threats under stress testing and under other scenarios reviewed, the forecasts demonstrated that the company could operate within its available funding arrangements subject to the group support provided. Therefore, as there is a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future, the directors have concluded this does not represent a material uncertainty with regards to going concern.

Thus the financial statements have been prepared on a going concern basis which presumes the realisation of assets and liabilities in the normal course of business.

On the basis of their assessment of the Company's financial position, the directors have a reasonable expectation that the company will be able to continue in operational existence for the foreseeable future. Thus, they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

#### 2.3 Consolidated financial statements

The financial statements contain information about James Cowie & Co Limited as an individual company and do not contain consolidated financial information as the parent of a group. The Company has taken advantage of the exemption conferred virtue of section 398 of the Companies Act 2006 as the group it heads qualifies as a small group.

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

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### 2. Accounting policies (continued)

#### 2.4 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:

##### **Sale of goods**

Revenue from the sale of goods is recognised when all of the following conditions are satisfied:

- the company has transferred the significant risks and rewards of ownership to the buyer;
- the company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- the amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

##### **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.

#### 2.5 Operating leases: the company as lessor

Rentals income from operating leases is credited to profit or loss on a straight line basis over the term of the relevant lease.

Amounts paid and payable as an incentive to sign an operating lease are recognised as a reduction to income over the lease term on a straight line basis, unless another systematic basis is representative of the time pattern over which the lessor's benefit from the leased asset is diminished.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard 01 September 2018 to continue to be charged over the period to the first market rent review rather than the term of the lease.

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

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### 2. Accounting policies (continued)

#### 2.6 Operating leases: the Company as lessee

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

Benefits received and receivable as an incentive to sign an operating lease are recognised on a straight line basis over the period until the date the rent is expected to be adjusted to the prevailing market rate.

The company has taken advantage of the optional exemption available on transition to FRS 102 which allows lease incentives on leases entered into before the date of transition to the standard to continue to be charged over the period to the first market rent review rather than the term of the lease.

#### 2.7 Finance leases: the Company as lessee

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to profit or loss so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 2.8 Government grants

Grants are accounted under the accruals model as permitted by FRS 102. Grants relating to expenditure on tangible fixed assets are credited to profit or loss at the same rate as the depreciation on the assets to which the grant relates. The deferred element of grants is included in creditors as deferred income.

Grants of a revenue nature are recognised in the statement of comprehensive income in the same period as the related expenditure.

#### 2.9 Pensions

##### Defined contribution pension plan

The company operates 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 payment obligations.

The contributions are recognised as an expense in profit or loss when they fall due. Amounts not paid are shown in accruals as a liability in the balance sheet. The assets of the plan are held separately from the company in independently administered funds.

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

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### 2. Accounting policies (continued)

#### 2.10 Current and deferred taxation

The tax expense for the year comprises current and deferred tax. Tax is recognised in profit or loss 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.

#### 2.11 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.

At each reporting date the company assesses whether there is any indication of impairment. If such indication exists, the recoverable amount of the asset is determined which is the higher of its fair value less costs to sell and its value in use. An impairment loss is recognised where the carrying amount exceeds the recoverable amount.

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.



# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

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### 2. Accounting policies (continued)

#### 2.11 Tangible fixed assets (continued)

Land is not depreciated. Depreciation on other assets 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:

Long-term leasehold property	- 4% per annum
Plant and machinery	- 15% per annum
Motor vehicles	- 20% per annum

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 in profit or loss.

#### 2.12 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

#### 2.13 Stocks

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 weighted average basis. Work in progress and finished goods include labour and attributable overheads.

At each balance sheet 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 the statement of comprehensive income.

#### 2.14 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.

#### 2.15 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.

#### 2.16 Creditors

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

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

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### 2. Accounting policies (continued)

#### 2.17 Holiday pay accrual

A liability is recognised to the extent of any unused holiday pay entitlement which is accrued at the balance sheet date and carried forward to future periods. This is measured at the undiscounted salary cost of the future holiday entitlement so accrued at the balance sheet date.

#### 2.18 Financial instruments

The company only enters into basic financial instrument 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 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 in case of an out-right short-term loan that is not at market rate, the financial asset or liability is measured, initially at the present value of future cash flows discounted at a market rate of interest for a similar debt instrument and subsequently at amortised cost, unless it qualifies as a loan from a director in the case of a small company, or a public benefit entity concessionary loan.

Financial assets that are measured at cost and amortised cost are assessed at the end of each reporting period for objective evidence of impairment. If objective evidence of impairment is found, an impairment loss is recognised in the statement of comprehensive income.

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.

For financial assets measured at cost less impairment, the impairment loss is measured as the difference between an asset's carrying amount and best estimate of the recoverable amount, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the balance sheet date.

Financial assets and liabilities are offset and the net amount reported in the balance sheet 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.

# **James Cowie & Co. Limited**

## **Notes to the Financial Statements for the Year Ended 31 August 2020**

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### **3. Judgments in applying accounting policies and key sources of estimation uncertainty**

Determine whether leases entered into by the company as a lessee are operating or finance leases. In making these decisions an assessments of whether the risks and rewards of ownership have been transferred from the lessor to the lessee are considered on a lease by lease basis.

Tangible fixed assets are depreciated over their useful lives taking into account residual values, where appropriate. The actual lives of the assets and residual values are assessed annually and may vary depending on a number of factors. In re-assessing asset lives, factors such as technological innovation, product life cycles and maintenance programmes are taken into account. Residual value assessments consider issues such as future market conditions, the remaining life of the asset and projected disposal values.

Bad debts are considered by reviewing of the debtors listing, with debts provided for on a specific basis. Factors considered include customer payment history and agreed credit terms.

Contract costs are monitored throughout the course of a contract by internal surveyors tracking all labour, material and other direct costs related to the contract. The value of turnover on the contract is estimated based on the stage of completion.

### **4. Employees**

The average monthly number of employees, including directors, during the year was 59 (2019 - 61).

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 5. Tangible fixed assets

	Long-term leasehold property £	Plant and machinery £	Motor vehicles £	Total £
<b>Cost or valuation</b>				
At 1 September 2019	415,919	623,614	319,541	1,359,074
Additions	-	801	31,691	32,492
Transfers intra group	-	2,964	-	2,964
Disposals	-	(2,964)	-	(2,964)
At 31 August 2020	415,919	624,415	351,232	1,391,566
<b>Depreciation</b>				
At 1 September 2019	362,262	537,240	208,253	1,107,755
Charge for the year on owned assets	16,656	43,516	56,233	116,405
Transfers intra group	-	852	-	852
Disposal of subsidiary	-	(852)	-	(852)
At 31 August 2020	378,918	580,756	264,486	1,224,160
<b>Net book value</b>				
At 31 August 2020	37,001	43,659	86,746	167,406
At 31 August 2019	53,657	86,374	111,288	251,319

The net book value of tangible fixed assets includes an amount of £68,004 (2019 - £125,718) in respect of assets held under hire purchase contracts.

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 6. Fixed asset investments

	Investments in subsidiary companies £
<b>Cost or valuation</b>	
At 1 September 2019	1,267,978
At 31 August 2020	<u>1,267,978</u>

### Subsidiary undertakings

The following was a subsidiary undertaking of the company:

Name	Class of shares	Holding	Principal activities
Hugh Logan Plant & Engineering Services Limited	Ordinary	100%	Metal workers and steel stockholders

Hugh Logan Plant & Engineering Services Limited has the same registered office as James Cowie & Co. Limited.

### 7. Stocks

	2020 £	2019 £
Raw materials and consumables	<u>7,083</u>	<u>7,083</u>

There is no material difference between the replacement cost of stocks and the amounts stated above.

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 8. Debtors: amounts falling due within one year

	2020 £	2019 £
Trade debtors	993,585	1,033,429
Amounts owed by group undertakings	117,255	108,513
Directors' loans	153,223	108,007
Prepayments and accrued income	60,891	29,057
Amounts recoverable on long term contracts	240,721	211,467
S455 tax recoverable	53,013	-
	<u>1,618,688</u>	<u>1,490,473</u>

### 9. Cash and cash equivalents

	2020 £	2019 £
Cash at bank and in hand	<u>366,874</u>	<u>378,183</u>

### 10. Creditors: Amounts falling due within one year

	2020 £	2019 £
Trade creditors	485,423	333,962
Amounts owed to group undertakings	373,934	769,042
Corporation tax	108,812	6,622
Other taxation and social security	204,553	56,312
Obligations under hire purchase contracts	14,521	33,323
Other creditors	315	277
Accruals and deferred income	297,103	239,733
	<u>1,484,661</u>	<u>1,439,271</u>

### 11. Creditors: Amounts falling due after more than one year

	2020 £	2019 £
Net obligations under hire purchase contracts	37,447	43,907
Amounts owed to group undertakings	400,000	400,000
	<u>437,447</u>	<u>443,907</u>

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 12. Hire purchase creditors

Minimum lease payments under hire purchase fall due as follows:

	2020 £	2019 £
Within one year	14,521	33,322
Between 1-5 years	37,447	43,907
	<u>51,968</u>	<u>77,229</u>

The net obligations under hire purchase contracts included are secured over the assets to which they relate.

### 13. Deferred taxation

	2020 £
At beginning of year	27,347
Charged to profit or loss	(11,881)
At end of year	<u>15,466</u>

The provision for deferred taxation is made up as follows:

	2020 £	2019 £
Accelerated capital allowances	<u>15,466</u>	<u>27,347</u>

# James Cowie & Co. Limited

## Notes to the Financial Statements for the Year Ended 31 August 2020

### 14. Share capital

	2020 £	2019 £
<b>Allotted, called up and fully paid</b>		
100,000 (2019 - 100,000) ordinary shares of £1.00 each	<u>100,000</u>	<u>100,000</u>

### 15. Reserves

The company's capital and reserves are as follows:

#### **Called up share capital**

Called up share capital represents the nominal value of the shares issued.

#### **Share premium account**

This reserve records the amount above the nominal value received for shares sold, less transaction costs.

#### **Capital redemption reserve**

This reserve records the nominal value of shares repurchased by the company in prior years.

#### **Profit and loss account**

Profit and loss account represents cumulative profits or losses, net of dividends paid and other adjustments.

### 16. Contingent liabilities

The James Cowie Group of companies has an intercompany guarantee over all bank borrowings with the group bankers. At the year end liabilities covered by these guarantees outwith James Cowie & Co. Limited totalled £NIL (2019 - £Nil).

### 17. Pension commitments

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge of £66,272 (2019 - £58,050) represents contributions payable by the company to the fund.

At the year end there were outstanding pension creditors of £11,322 (2019 - £Nil).

### 18. Ultimate parent company and controlling party

The company is a subsidiary of James Cowie Group Limited which is the ultimate parent company incorporated in Scotland.

James Cowie & Co. Limited is exempt from preparing consolidated financial statements by virtue of section 398 of the Companies Act 2006 as the group it heads qualifies as a small group. The financial statements therefore present information about the company as an individual undertaking and not about the group.