

**NEWTON HOLDINGS (AYR) LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2006**

**Company Registration No. SC158105 (Scotland)**



# NEWTON HOLDINGS (AYR) LIMITED

## COMPANY INFORMATION

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<b>Directors</b>	Mr D Corson B Acc ,C A Mr D Kirkwood FCIOB, MRICS, ACIArb (Appointed 30 January 2006)
<b>Secretary</b>	Mr D Corson B Acc ,C A
<b>Company number</b>	SC158105
<b>Registered office</b>	9 York Street AYR KA8 8AN
<b>Auditors</b>	William Duncan & Co 30 Miller Road Ayr KA7 2AY
<b>Business address</b>	9 York Street AYR KA8 8AN
<b>Bankers</b>	Bank of Scotland 123 High Street Ayr KA7 1QP
<b>Solicitors</b>	Wright, Johnston & Mackenzie 302 St Vincent Place Glasgow G2 5RZ

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# NEWTON HOLDINGS (AYR) LIMITED

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# NEWTON HOLDINGS (AYR) LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006

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The directors present their report and financial statements for the year ended 31 December 2006

### Principal activities and review of the business

The principal activities of the company in the year under review was to provide advice and support to its subsidiary companies and to consider the future strategy for the group

With effect from 1st January 2006 following a Management Buy Out, the ultimate parent company became Newton Structures Limited, a company registered in Scotland

### Results and dividends

The results for the year are set out on page 5

The directors recommend that no final dividend be paid

### Directors

The following directors have held office since 1 January 2006

Mr D Corson B Acc ,C A	
Mr W Slattery	(Resigned 30 January 2006)
Mrs I Corson	(Resigned 30 January 2006)
Mrs I Slattery	(Resigned 30 January 2006)
Mr S Watson	(Resigned 30 January 2006)
Mr D Kirkwood FCIQB, MRICS, ACI Arb	(Appointed 30 January 2006)

### Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £ 1 each	
	31 December 2006	1 January 2006
Mr D Corson B Acc ,C A		93,200
Mr D Kirkwood FCIQB, MRICS, ACI Arb		

Newton Holdings (Ayr) Limited owns 100% of the share capital of both the subsidiaries, Newton Fabrications Limited and Newton Security Doors Limited

As at 31st December 2006, the entire share capital of the company was held by Newton Structures Limited, a company registered in Scotland

Mr D Corson is a director of Newton Structures Limited and is in ultimate control of the company

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that William Duncan & Co be reappointed as auditors of the company will be put to the Annual General Meeting

# NEWTON HOLDINGS (AYR) LIMITED

## **DIRECTORS' REPORT FOR THE YEAR ENDED 31 DECEMBER 2006**

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### **Directors' responsibilities**

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

Company law requires the directors to prepare financial statements for each financial year which 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 those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 proper accounting records which 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 1985. 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.

### **Statement of disclosure to auditor**

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



Mr D Corson B Acc, C A

**Director**

29 March 2007

# **NEWTON HOLDINGS (AYR) LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

### **TO THE SHAREHOLDERS OF NEWTON HOLDINGS (AYR) LIMITED**

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We have audited the financial statements of NEWTON HOLDINGS (AYR) LIMITED for the year ended 31 December 2006 set out on pages 5 to 17. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 the directors and auditors**

As described in the Statement of Directors' Responsibilities on page 2, the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# **NEWTON HOLDINGS (AYR) LIMITED**

## **INDEPENDENT AUDITORS' REPORT**

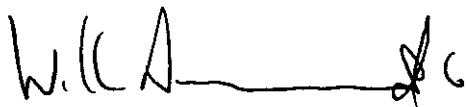
### **TO THE SHAREHOLDERS OF NEWTON HOLDINGS (AYR) LIMITED**

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#### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985

the financial statements give a true and fair view in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and the information given in the directors' report is consistent with the financial statements



**William Duncan & Co.**

29 March 2007

Chartered Accountants

**Registered Auditor**

30 Miller Road

Ayr

KA7 2AY

# **NEWTON HOLDINGS (AYR) LIMITED**

## **PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006**

	Notes	2006 £	2005 £
Turnover	2	21,500	262,000
Administrative expenses		(11,946)	(136,979)
<b>Operating profit</b>	3	9,554	125,021
Loss on sale of tangible assets			(2,326)
<b>Profit on ordinary activities before interest</b>		9,554	122,695
Investment income	4	8,000	96,000
Other interest receivable and similar income		1,062	3,299
Interest payable and similar charges	5	(834)	(14,437)
<b>Profit on ordinary activities before taxation</b>		17,782	207,557
Tax on profit on ordinary activities	6		(22,656)
<b>Profit on ordinary activities after taxation</b>		17,782	184,901
Dividends	7	(29,000)	(146,000)
<b>Retained (loss)/profit for the year</b>	15	(11,218)	38,901

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

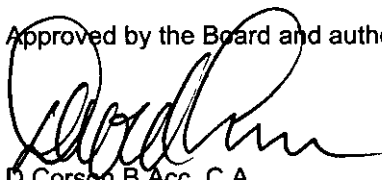


# NEWTON HOLDINGS (AYR) LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2006

	Notes	2006 £	£	2005 £	£
<b>Fixed assets</b>					
Tangible assets	8			41,394	
Investments	9		618,636	618,636	
			<u>618,636</u>	<u>660,030</u>	
<b>Current assets</b>					
Debtors	10			172,224	
Cash at bank and in hand		21,396		114,083	
		<u>21,396</u>		<u>286,307</u>	
<b>Creditors, amounts falling due within one year</b>	11	(21,000)		(285,571)	
<b>Net current assets</b>			396		736
<b>Total assets less current liabilities</b>			<u>619,032</u>		<u>660,766</u>
<b>Creditors amounts falling due after more than one year</b>	12			(30,516)	
			<u>619,032</u>	<u>630,250</u>	
<b>Capital and reserves</b>					
Called up share capital	14		400,000		400,000
Other reserves	15		100,000		100,000
Profit and loss account	15		119,032		130,250
<b>Shareholders' funds</b>	16		<u>619,032</u>		<u>630,250</u>

Approved by the Board and authorised for issue on 29 March 2007

  
D Corson B Acc, C A  
Director

  
Mr D Kirkwood FCIOB, MRICS, ACI Arb  
Director

# **NEWTON HOLDINGS (AYR) LIMITED**

## **CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006**

	£	2006 £	£	2005 £
<b>Net cash inflow from operating activities</b>		121,540		91,908
<b>Returns on investments and servicing of finance</b>				
Interest received	1,062		3,299	
Interest paid	(834)		(14,437)	
Dividends received	8,000		96,000	
<b>Net cash inflow for returns on investments and servicing of finance</b>		8,228		84,862
<b>Taxation</b>		(22,656)		(18,856)
<b>Capital expenditure</b>				
Payments to acquire tangible assets			(42,822)	
Receipts from sales of tangible assets	40,704		22,000	
<b>Net cash inflow/(outflow) for capital expenditure</b>		40,704		(20,822)
<b>Equity dividends paid</b>		(29,000)		(146,000)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		118,816		(8,908)
<b>Financing</b>				
Repayment of long term bank loan	(175,000)		(25,000)	
Capital element of hire purchase contracts	(36,503)		8,361	
<b>Net cash outflow from financing</b>		(211,503)		(16,639)
<b>Decrease in cash in the year</b>		(92,687)		(25,547)

# **NEWTON HOLDINGS (AYR) LIMITED**

## **NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006**

1	Reconciliation of operating profit to net cash inflow from operating activities		2006	2005
			£	£
	Operating profit		9,554	125,021
	Depreciation of tangible assets		690	6,288
	Decrease/(increase) in debtors		172,224	(79,767)
	(Decrease)/Increase in creditors within one year		(60,928)	40,366
	Net cash inflow from operating activities		121,540	91,908

2	Analysis of net funds/(debt)	1 January 2006	Cash flow	Other non cash changes	31 December 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	114,083	(92,687)		21,396
	Bank deposits				
	Debt				
	Finance leases	(36,503)	36,503		
	Debts falling due within one year	(175,000)	175,000		
	Net (debt)/funds	(97,420)	118,816		21,396

3	Reconciliation of net cash flow to movement in net funds/(debt)	2006	2005
		£	£
	Decrease in cash in the year	(92,687)	(25,547)
	Cash outflow from decrease in debt and lease financing	211,503	16,639
	Movement in net funds/(debt) in the year	118,816	(8,908)
	Opening net debt	(97,420)	(88,512)
	Closing net funds/(debt)	21,396	(97,420)

# NEWTON HOLDINGS (AYR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

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### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	15% reducing balance
Fixtures, fittings & equipment	15% reducing balance
Motor vehicles	20% reducing balance

#### 1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value

#### 1.6 Pensions

The company operates a defined contribution scheme for the benefit of its employees. Contributions payable are charged to the profit and loss account in the year they are payable.

#### 1.7 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.8 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

### 2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

# NEWTON HOLDINGS (AYR) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006

<b>3</b>	<b>Operating profit</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging		
	Depreciation of tangible assets	690	6,288
	Auditors' remuneration		2,250
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Investment income</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	Income from shares in group undertakings	8,000	96,000
	Bank interest	1,062	3,299
		<u>          </u>	<u>          </u>
		9,062	99,299
		<u>          </u>	<u>          </u>
<b>5</b>	<b>Interest payable</b>	<b>2006</b>	<b>2005</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	696	11,774
	Hire purchase interest	138	2,663
		<u>          </u>	<u>          </u>
		834	14,437
		<u>          </u>	<u>          </u>

# **NEWTON HOLDINGS (AYR) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

<b>6</b>	<b>Taxation</b>	<b>2006 £</b>	<b>2005 £</b>
	<b>Domestic current year tax</b>		
	U K corporation tax		22,656
	<b>Current tax charge</b>		22,656
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	17,782	207,557
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 30.00%)	3,379	62,267
	Effects of		
	Non deductible expenses	81	1,812
	Depreciation add back	131	1,886
	Capital allowances	151	(3,858)
	Dividends and distributions received	(1,520)	(28,800)
	Other tax adjustments	(2,222)	(10,651)
		(3,379)	(39,611)
	<b>Current tax charge</b>		22,656
<b>7</b>	<b>Dividends</b>	<b>2006 £</b>	<b>2005 £</b>
	Ordinary interim paid	29,000	146,000

# **NEWTON HOLDINGS (AYR) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **8 Tangible fixed assets**

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 January 2006	3,080	894	42,822	46,796
Disposals	(3,080)	(894)	(42,822)	(46,796)
At 31 December 2006				
<b>Depreciation</b>				
At 1 January 2006	3,080	894	1,428	5,402
On disposals	(3,080)	(894)	(2,118)	(6,092)
Charge for the year			690	690
At 31 December 2006				
<b>Net book value</b>				
At 31 December 2006				
At 31 December 2005			41,394	41,394

Included above are assets held under finance leases or hire purchase contracts as follows

	Motor vehicles £
<b>Net book values</b>	
At 31 December 2006	
At 31 December 2005	41,394
<b>Depreciation charge for the year</b>	
At 31 December 2006	
At 31 December 2005	1,428

# **NEWTON HOLDINGS (AYR) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

### **9 Fixed asset investments**

	Shares in subsidiary undertakings £
<b>Cost</b>	
At 1 January 2006 & at 31 December 2006	618,636
At 31 December 2005	618,636

#### **Holdings of more than 20%**

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Class	Shares held %
<b>Subsidiary undertakings</b>			
Newton Fabrications Limited	Scotland	Ordinary	100 00
Newton Security Doors Limited	Scotland	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2006 £	Retained profit for the year 2006 £
	<b>Principal activity</b>		
Newton Fabrications Limited	Structural Steel and cladding	1,608,577	8,291
Newton Security Doors Limited	Steel & aluminium security doors	874,649	52,226

### **10 Debtors**

	2006 £	2005 £
Amounts owed by subsidiary undertakings		129,037
Other debtors		24,160
Prepayments and accrued income		19,027
		172,224



# **NEWTON HOLDINGS (AYR) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

<b>11 Creditors, amounts falling due within one year</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Bank loans and overdrafts		175,000
Net obligations under hire purchase contracts		5,987
Trade creditors		7,447
Amounts owed to parent undertaking	21,000	
Amounts owed to subsidiary undertakings		241
Corporation tax		22,656
Other taxes and social security costs		20,457
Other creditors		40,394
Accruals and deferred income		13,389
	<u>21,000</u>	<u>285,571</u>
Debt due in one year or less		<u>175,000</u>
<b>12 Creditors' amounts falling due after more than one year</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Net obligations under hire purchase contracts		<u>30,516</u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year		5,987
Repayable between one and five years		23,948
Repayable after five years		<u>6,568</u>
		36,503
Included in liabilities falling due within one year		<u>(5,987)</u>
		<u>30,516</u>
<b>13 Pension costs</b>		
<b>Defined contribution</b>		
	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Contributions payable by the company for the year	<u>743</u>	<u>8,930</u>

# **NEWTON HOLDINGS (AYR) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

<b>14 Share capital</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
540,000 Ordinary shares of £1 each	540,000	540,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
400,000 Ordinary shares of £1 each	400,000	400,000
	<u>          </u>	<u>          </u>
<b>15 Statement of movements on reserves</b>		
	<b>Other reserves (see below)</b>	<b>Profit and loss account</b>
	<b>£</b>	<b>£</b>
Balance at 1 January 2006	100,000	130,250
Profit for the year		17,782
Dividends paid		(29,000)
	<u>          </u>	<u>          </u>
Balance at 31 December 2006	100,000	119,032
	<u>          </u>	<u>          </u>
<b>Other reserves</b>		
<b>Capital redemption reserve</b>		
Balance at 1 January 2006 & at 31 December 2006	100,000	
	<u>          </u>	
<b>16 Reconciliation of movements in shareholders' funds</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Profit for the financial year	17,782	184,901
Dividends	(29,000)	(146,000)
	<u>          </u>	<u>          </u>
Net (depletion in)/addition to shareholders' funds	(11,218)	38,901
Opening shareholders' funds	630,250	591,349
	<u>          </u>	<u>          </u>
Closing shareholders' funds	619,032	630,250
	<u>          </u>	<u>          </u>

### **17 Contingent liabilities**

There is a group bond and floating charge over the whole of the company's assets

# **NEWTON HOLDINGS (AYR) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

<b>18 Directors' emoluments</b>	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	9,376	88,977
Company pension contributions to money purchase schemes	743	8,930
	<u>10,119</u>	<u>97,907</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 0 (2005 2)

## **19 Employees**

### **Number of employees**

The average monthly number of employees (including directors) during the year was

	<b>2006</b>	<b>2005</b>
	<b>Number</b>	<b>Number</b>
Administration	<u>2</u>	<u>4</u>

### **Employment costs**

	<b>2006</b>	<b>2005</b>
	<b>£</b>	<b>£</b>
Wages and salaries	7,667	78,000
Social security costs	877	8,737
Other pension costs	743	8,930
	<u>9,287</u>	<u>95,667</u>

## **20 Control**

The ultimate parent company is Newton Structures Limited, a company registered in Scotland

Mr D Corson is a Director of Newton Structures Limited and is in ultimate control of the company

# **NEWTON HOLDINGS (AYR) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2006**

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### **21 Related party transactions**

The company has had the following related party transactions with its parent company and its two subsidiaries

Newton Structures Limited (parent) Sale of a car at NBV £40,704, dividends paid of £21,000 and recharging of overheads to Newton Structures Limited of £21,038 At the balance sheet date there was £21,000 due to Newton Structures Limited

Newton Fabrications Limited Management charges of £21,500, dividend income of £8,000 and recharging of overheads to Newton Fabrications of £99 At the balance sheet date £nil was outstanding

Newton Security Doors Limited Recharging of overheads to Newton Security Doors Limited of £28,901 At the balance sheet date £nil was outstanding