



**SCOTIA INSTRUMENTATION
LIMITED**

**DIRECTOR'S REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**



COMPANIES HOUSE

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SCOTIA INSTRUMENTATION LIMITED



COMPANY INFORMATION

Directors

James Thom
Adrian Smith (resigned 19 November 2019)
Stephanie Rattray (appointed 19 November 2019)

Company secretary

Brodie's Secretarial Services Limited

Registered number

SC074997

Registered office

Campus 1
Aberdeen Science and Technology Park
Bridge of Don
Aberdeen
AB22 8GT

Independent auditors

Anderson Anderson & Brown Audit LLP
Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

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STRATEGIC REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

Business review

The company's principal activity during the year continued to be the sale, hire, repair and calibration of instrumentation and pressure testing equipment and the manufacture of special purpose instrumentation.

Principal risks and uncertainties

The management of the business and the performance of the company are subject to a number of risks. The key business risks and uncertainties affecting the company are considered to relate to activity levels within the oil and gas sector as well as market competition and employee retention.

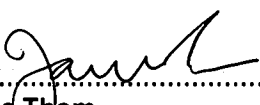
The company has considerable financial resources together with long term contracts with a number of customers across different geographic areas. As a consequence, the directors believe that the company is well placed to manage its business risks successfully despite the current economic outlook.

The directors have a reasonable expectation that the company has adequate resources 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.

Financial key performance indicators

Although KPI's are used extensively through the organisation, given the nature of the business, the company's directors are of the opinion that financial analysis using KPI's is not necessary for an understanding of the development, financial performance or position of the business.

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


.....
James Thom
Director

Date: 9/10/20

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2019

The directors present their report and the financial statements for the year ended 31 December 2019.

RESULTS

The profit for the year, after taxation, amounted to £216,560 (2018 - £353,683).

Directors

The directors who served during the year were:

James Thom
Adrian Smith (resigned 19 November 2019)
Stephanie Rattray (appointed 19 November 2019)

Future developments

The company remains committed to the development of products and services together with the ongoing development of employees in line with business objectives.

Engagement with employees

The company recognises the need for the good communication and is committed to involving all employees in its development.

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.

Post balance sheet events

There have been no significant events affecting the Company since the year end.

Auditors

The auditors, Anderson Anderson & Brown Audit 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.


.....
James Thom
Director

Date: 9/10/20



**DIRECTORS' RESPONSIBILITIES STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 to 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 MEMBERS OF
SCOTIA INSTRUMENTATION LIMITED**



Opinion

We have audited the financial statements of Scotia Instrumentation Limited (the 'Company') for the year ended 31 December 2019, which comprise the Statement of comprehensive income, the Balance sheet, the Statement of cash flows, the Statement of changes in equity and the related notes, including a summary of significant accounting policies. 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' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2019 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the United Kingdom, including the Financial Reporting Council's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

Other information

The directors are responsible for the other information. The other information comprises the information included in the Annual Report, other than the financial statements and our Auditors' report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SCOTIA INSTRUMENTATION LIMITED (CONTINUED)**

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- 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; and
- the Strategic report and the Directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified material misstatements in the Strategic report or the Directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Directors' responsibilities statement on page 3, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF
SCOTIA INSTRUMENTATION LIMITED (CONTINUED)

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an Auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our Auditors' report.

Use of our report

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.

Anderson Anderson & Brown Audit LLP

James Pirrie (Senior statutory auditor)

for and on behalf of

Anderson Anderson & Brown Audit LLP

Statutory Auditor

Kingshill View
Prime Four Business Park
Kingswells
Aberdeen
AB15 8PU

Date: *9th October 2020*

SCOTIA INSTRUMENTATION LIMITED



STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2019

	Note	2019 £	2018 £
Turnover		10,109,883	9,897,456
Cost of sales		(6,448,596)	(5,877,975)
Gross profit		3,661,287	4,019,481
Administrative expenses		(3,560,490)	(3,683,984)
Other operating income	5	117,407	88,579
Operating profit	4	218,204	424,076
Interest receivable and similar income	8	2,408	1,001
Interest payable and expenses	9	(39,490)	(73,946)
Profit before tax		181,122	351,131
Tax on profit	10	35,438	2,552
Profit for the financial year		216,560	353,683

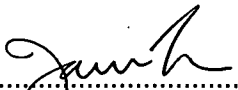
There was no other comprehensive income for 2019 (2018:£NIL).

The notes on pages 11 to 22 form part of these financial statements.

BALANCE SHEET
AS AT 31 DECEMBER 2019

	Note	2019 £	2018 £
Fixed assets			
Tangible assets	12	2,371,723	2,531,380
Investments	13	1	1
		<u>2,371,724</u>	<u>2,531,381</u>
Current assets			
Stocks	14	635,243	624,152
Debtors: amounts falling due within one year	15	2,353,016	4,632,183
Cash at bank and in hand	16	952,401	901,000
		<u>3,940,660</u>	<u>6,157,335</u>
Creditors: amounts falling due within one year	17	(4,347,313)	(1,925,695)
Net current (liabilities)/assets		<u>(406,653)</u>	<u>4,231,640</u>
Total assets less current liabilities		<u>1,965,071</u>	<u>6,763,021</u>
Provisions for liabilities			
Deferred tax	18	(99,965)	(110,577)
		<u>(99,965)</u>	<u>(110,577)</u>
Net assets		<u>1,865,106</u>	<u>6,652,444</u>
Capital and reserves			
Called up share capital	19	15,000	30,000
Capital redemption reserve		15,000	-
Profit and loss account		1,835,106	6,622,444
		<u>1,865,106</u>	<u>6,652,444</u>

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


.....
James Thom
Director

Date: 9/10/20

The notes on pages 11 to 22 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2019**

	Called up share capital £	Capital redemption reserve £	Profit and loss account £	Total equity £
At 1 January 2019	30,000	-	6,622,444	6,652,444
Comprehensive income for the year				
Profit for the year	-	-	216,560	216,560
Total comprehensive income for the year	-	-	216,560	216,560
Dividends: Equity capital	-	-	(3,900)	(3,900)
Purchase of own shares	-	15,000	(4,999,998)	(4,984,998)
Shares cancelled during the year	(15,000)	-	-	(15,000)
Total transactions with owners	(15,000)	15,000	(5,003,898)	(5,003,898)
At 31 December 2019	<u>15,000</u>	<u>15,000</u>	<u>1,835,106</u>	<u>1,865,106</u>

The notes on pages 11 to 22 form part of these financial statements.

**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2018**

	Called up share capital £	Profit and loss account £	Total equity £
At 1 January 2018	30,000	6,268,761	6,298,761
Comprehensive income for the year			
Profit for the year	-	353,683	353,683
At 31 December 2018	<u>30,000</u>	<u>6,622,444</u>	<u>6,652,444</u>

The notes on pages 11 to 22 form part of these financial statements.

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2019**

	2019 £	2018 £
Cash flows from operating activities		
Profit for the financial year	216,560	353,683
Adjustments for:		
Depreciation of tangible assets	359,715	381,794
Loss on disposal of tangible assets	(117,407)	(88,579)
Interest paid	39,490	73,946
Interest received	(2,408)	(1,001)
Taxation charge	(35,438)	(2,552)
(Increase) in stocks	(11,091)	(52,434)
Decrease/(increase) in debtors	2,291,778	(476,501)
Increase/(decrease) in creditors	2,483,613	(1,393,621)
Corporation tax (paid)	(444)	(46,416)
Net cash generated from operating activities	<u>5,224,368</u>	<u>(1,251,681)</u>
Cash flows from investing activities		
Purchase of tangible fixed assets	(254,830)	(289,203)
Sale of tangible fixed assets	172,179	120,693
Interest received	2,408	1,001
Net cash from investing activities	<u>(80,243)</u>	<u>(167,509)</u>
Cash flows from financing activities		
Purchase of ordinary shares	(4,999,998)	-
Dividends paid	(3,900)	-
Interest paid	(39,490)	(73,946)
Net cash used in financing activities	<u>(5,043,388)</u>	<u>(73,946)</u>
Net increase/(decrease) in cash and cash equivalents	100,737	(1,493,136)
Cash and cash equivalents at beginning of year	777,393	2,270,529
Cash and cash equivalents at the end of year	<u><u>878,130</u></u>	<u><u>777,393</u></u>
Cash and cash equivalents at the end of year comprise:		
Cash at bank and in hand	952,401	901,000
Bank overdrafts	(74,271)	(123,607)
	<u><u>878,130</u></u>	<u><u>777,393</u></u>

The notes on pages 11 to 22 form part of these financial statements.



1. General information

Scotia Instrumentation Limited is a limited liability company registered in Scotland. The registered office is Campus 1, Aberdeen Science and Technology Park, Bridge of Don, Aberdeen, AB22 8GT.

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 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.

In arriving at this conclusion, the directors have given due consideration to the impact of the worldwide Covid-19 pandemic on future operations and the ability of the company to continue as a going concern. The directors recognise that the situation remains highly fluid and as a result making accurate forecasts on the likely implications is difficult but the directors do recognise that trading over the coming months is likely to be adversely affected.

Despite this, the directors remain confident that the company can continue to operate as a going concern. This assessment is based on the understanding that the company and the wider group will continue to trade over the coming months, albeit at a potentially reduced level than was initially anticipated. This, along with government support and retained reserves will allow the company to continue to meet it's obligations as they fall due and operate as a going concern.

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:

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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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.

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:

Leasehold property	- 85 years
Plant & machinery	- 5 - 10 years
Motor vehicles	- 4 years
Hire equipment	- 8 years

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 the Statement of comprehensive income.

2.5 Valuation of investments

Investments in subsidiaries are measured at cost less accumulated impairment.

2.6 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 first in, first out 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 profit or loss.

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.

2.8 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

2. Accounting policies (continued)

2.9 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.

2.10 Dividends

Equity dividends are recognised when they become legally payable. Interim equity dividends are recognised when paid. Final equity dividends are recognised when approved by the shareholders at an annual general meeting.

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.

2.12 Pensions

The company contributes to a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2.13 Interest income

Interest income is recognised in the Statement of comprehensive income using the effective interest method.

2.14 Borrowing costs

All borrowing costs are recognised in the Statement of comprehensive income in the year in which they are incurred.

2.15 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 Balance sheet 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 Balance sheet.

2. Accounting policies (continued)

2.16 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.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**

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 Balance Sheet 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 authorities.

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.

Impairment of non-financial assets

Where there are indicators of impairment of individual assets, the Company performs impairment tests based on fair value less costs to sell or a value in use calculation. The fair value less costs to sell calculation is based on available data from sales transaction in an arm's length transaction on similar assets or observable market prices less incremental costs for disposing of the asset. The value in use calculation is based on a discounted cash flow model. The cash flows are derived from the budget for the next five years and do not include restructuring activities that the Company is not yet committed to or significant future investments that will enhance the asset's performance of the cash generating unit being tested. The recoverable amount is most sensitive to the discount rate used for the discounted cash flow model as well as the expected future cash flows and the growth rate used for extrapolation purposes.

4. Operating profit

The operating profit is stated after charging:

	2019 £	2018 £
Depreciation of fixed assets	359,715	381,794
Fees payable to the Company's auditor and its associates for the audit of the Company's annual financial statements	17,250	17,000
Operating lease rentals	137,358	64,417
Pension cost	154,118	137,122
	<u> </u>	<u> </u>

5. Other operating income

	2019 £	2018 £
Other operating income	117,407	88,579
	<u> </u>	<u> </u>
	117,407	88,579

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**6. Employees**

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

	2019 £	2018 £
Wages and salaries	3,522,041	3,736,341
Social security costs	377,815	396,492
Cost of defined contribution scheme	154,118	137,122
	<u>4,053,974</u>	<u>4,269,955</u>

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

	2019 No.	2018 No.
Production	62	64
Administration	43	40
Directors	2	2
	<u>107</u>	<u>106</u>

7. Directors' remuneration

	2019 £	2018 £
Directors' emoluments	409,798	625,707
Company contributions to defined contribution pension schemes	339	-
	<u>410,137</u>	<u>625,707</u>

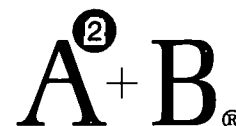
During the year retirement benefits were accruing to one directors (2018 - NIL) in respect of defined contribution pension schemes.

The highest paid director received remuneration of £282,083 (2018 - £370,727).

The value of the company's contributions paid to a defined benefit pension scheme in respect of the highest paid director amounted to £NIL (2018 - £NIL).

8. Interest receivable

	2019 £	2018 £
Other interest receivable	2,408	1,001
	<u>2,408</u>	<u>1,001</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

9. Interest payable

	2019 £	2018 £
Other loan interest payable	39,490	46,913
Other interest payable	-	27,033
	<u>39,490</u>	<u>73,946</u>

10. Taxation

	2019 £	2018 £
Corporation tax		
Current tax on profits for the year	(12,611)	18,092
Adjustments in respect of previous periods	(12,215)	(2,546)
	<u>(24,826)</u>	<u>15,546</u>
Total current tax	<u>(24,826)</u>	<u>15,546</u>
Deferred tax		
Changes to tax rates	(10,612)	(18,098)
Total deferred tax	<u>(10,612)</u>	<u>(18,098)</u>
Taxation on profit on ordinary activities	<u>(35,438)</u>	<u>(2,552)</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

10. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2018 - lower than) the standard rate of corporation tax in the UK of 19% (2018 - 19%). The differences are explained below:

	2019 £	2018 £
Profit on ordinary activities before tax	181,122	351,131
Profit/(loss) on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (2018 - 19%)	34,413	66,715
Effects of:		
Expenses not deductible for tax purposes	22,708	25,195
Adjustments to tax charge in respect of prior periods	(12,215)	(654)
Fixed assets differences	(9,247)	(5,044)
Adjustment in research and development tax credit leading to an decrease in the tax charge	(73,140)	(89,001)
Capital gains	795	-
Changes in tax rates	1,248	237
Total tax charge for the year	(35,438)	(2,552)

Factors that may affect future tax charges

The deferred tax balance has been calculated based on the expected future tax rate, substantively enacted at the balance sheet date, of 17%. Since the balance sheet date it has been announced that the corporation tax rate in the UK will remain at 19% for future periods and therefore had the deferred tax been based on this rate the deferred tax liability would increase to £111,726.

11. Dividends

	2019 £	2018 £
Ordinary shares	3,900	-
	3,900	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019

12. Tangible fixed assets

	Long leasehold buildings £	Motor vehicles £	Workshop, office and hire equipment £	Total £
Cost or valuation				
At 1 January 2019	2,074,746	423,650	4,625,401	7,123,797
Additions	-	93,775	161,055	254,830
Disposals	-	(122,984)	(243,689)	(366,673)
At 31 December 2019	2,074,746	394,441	4,542,767	7,011,954
Depreciation				
At 1 January 2019	585,003	228,427	3,778,987	4,592,417
Charge for the year on owned assets	24,410	75,644	259,661	359,715
Disposals	-	(101,611)	(210,290)	(311,901)
At 31 December 2019	609,413	202,460	3,828,358	4,640,231
Net book value				
At 31 December 2019	1,465,333	191,981	714,409	2,371,723
At 31 December 2018	1,489,743	195,223	846,414	2,531,380

13. Fixed asset investments

	Listed investments £
Cost or valuation	
At 1 January 2019	1
At 31 December 2019	1

At 31 December 2019 the company held 100% of the ordinary share capital of Scotia Computing Limited, a dormant company incorporated in Scotland.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**14. Stocks**

	2019 £	2018 £
Finished goods and goods for resale	635,243	624,152
	<u>635,243</u>	<u>624,152</u>

15. Debtors

	2019 £	2018 £
Trade debtors	1,761,447	2,034,088
Other debtors	12,611	2,023,030
Prepayments and accrued income	578,958	575,065
	<u>2,353,016</u>	<u>4,632,183</u>

16. Cash and cash equivalents

	2019 £	2018 £
Cash at bank and in hand	952,401	901,000
Less: bank overdrafts	(74,271)	(123,607)
	<u>878,130</u>	<u>777,393</u>

17. Creditors: Amounts falling due within one year

	2019 £	2018 £
Bank overdrafts	74,271	123,607
Trade creditors	469,742	430,447
Corporation tax	-	12,659
Other taxation and social security	299,598	360,808
Other creditors	3,066,300	364,196
Accruals and deferred income	437,402	633,978
	<u>4,347,313</u>	<u>1,925,695</u>

The bank holds a security over the lease of the land, the buildings and a bond and floating charge over all the assets of the company.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**18. Deferred taxation**

	2019 £
At beginning of year	(110,577)
Charged to profit or loss	10,612
At end of year	(99,965)

The provision for deferred taxation is made up as follows:

	2019 £	2018 £
Accelerated capital allowances	(144,344)	(147,971)
Short term timing differences	44,379	37,394
	(99,965)	(110,577)

19. Share capital

	2019 £	2018 £
Allotted, called up and fully paid		
14,999 (2018 - 29,998) Ordinary shares of £1.00 each	14,999	29,998
1 (2018 - 2) Deferred Ordinary share of £1.00	1	2
	15,000	30,000

The holder of a deferred ordinary share shall have no right to receive notice of, attend or vote at any meeting of the members of the company.

Each issued deferred ordinary share shall rank pari passu with each issued ordinary share in the capital of the company as to entitlement to dividend but only in respect of the excess beyond £5,000,000 of all dividends which may be declared in respect of the equity share capital of the company in any financial year of the company.

On winding-up of the company the first £50,000,000 shall be distributed solely to the holders of ordinary shares in the capital of the company in proportion to the number of shares respectively held. The issued deferred ordinary shares shall rank pari passu with the ordinary shares in the capital of the company only in respect of sums available for distribution on a winding-up in excess of £50,000,000.

The deferred ordinary shares have the above investment rights which shall apply in all circumstances except where there shall have been a Subsequent Disposal (as defined by reference in the Articles of Association of the company) in which event enhanced dividend and distribution rights apply.

During the year company bought back 14,999 Ordinary shares and 1 deferred Ordinary share for £5m.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2019**20. Commitments under operating leases**

At 31 December 2019 the Company had future minimum lease payments under non-cancellable operating leases as follows:

	2019 £	2018 £
Not later than 1 year	84,180	64,812
Later than 1 year and not later than 5 years	336,720	259,248
Later than 5 years	960,802	742,241
	<u>1,381,702</u>	<u>1,066,301</u>

21. Related party transactions**Control**

Throughout the year the company was controlled by the directors.

Transactions

During the year the company had the following transactions with related parties:

Related party	Transactions	£	Balance at year end £
Adrian Smith, director	Loan	2,023,030	-
	Dividends	1,950	
James Thom, director	Loan	(1,350,000)	(1,684,832)
	Interest paid on loan	(31,464)	(207,476)
	Dividends	1,950	
James & Elaine Thom's Discretionary Trust	Loan	(750,000)	(750,000)
	Interest paid on loan	(4,459)	(4,459)
Thom Family Trust	Loan	(600,000)	(600,000)
	Interest paid on loan	(3,567)	(3,567)

The loans have no fixed repayment terms and interest is charged at 7% on loans due by the company. No interest is charged on amounts due to the company. The maximum balance due to the company by Adrian Smith was £2,023,030 while the maximum balance due by the company to James Thom was £1,684,832.