



AYRSHIRE METAL PRODUCTS plc

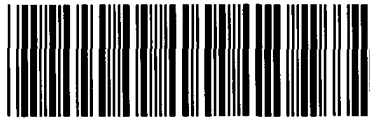
COMPANY REGISTRATION NUMBER SC006517

Annual Report and Financial Statements  
for the year ended 31 December 2015

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23/06/2016

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COMPANIES HOUSE

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# GROUP INFORMATION

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Directors	M L Wilson P J Short M J Brown D K Pickerill F M Stafford-Charles	Chairman Managing Director
Company Secretary	D K Pickerill	
Company Registration Number	SC006517	
Registered Office	40 North Castle Street, Edinburgh, EH2 3BN	
Registered Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Colmore Plaza 20 Colmore Circus Birmingham B4 6AT	
Sales Contacts	sales@ayrshire.co.uk www.ayrshire.co.uk	
Main Locations		
Cold Roll Forming	Ayrshire Daventry Royal Oak Way, Daventry, Northamptonshire NN11 8NR Telephone : 01327 300990 Fax : 01327 300885  Ayrshire St. Helens Pocketnook Street, St. Helens, Merseyside WA9 1LT Telephone : 01744 29145 Fax : 01744 451257  Ayrshire Warley Anne Road, Smethwick, Warley, West Midlands B66 2NZ Telephone : 0121 558 7739 Fax : 0121 558 7772	
Overseas Subsidiary	System-Bau-Elemente Vertriebs GmbH, Munich Telephone : +49 89 8960840 Fax : +49 89 8341431	
Registrar	D K Pickerill - Company Secretary Ayrshire Metal Products plc, Royal Oak Way, Daventry, Northamptonshire NN11 8NR Email : dave.pickerill@ayrshire.co.uk	

# STRATEGIC REPORT

## Business review

The Group made an operating profit in 2015. At the year end the Group has net assets of £7.7m (2014: £5.4m) which includes cash balances of £3.0m (2014 £2.6m). The outlook for 2016 is difficult to predict due to various uncertainties.

On 31 December 2015 a reorganisation was undertaken within the Group to simplify the trading operations. The trade along with certain assets and liabilities of Ayrshire Metal Products plc and Ayrshire Metal Products (Daventry) Ltd were transferred into a newly formed subsidiary Ayrshire Metals Ltd. All trading locations and products are unaffected by this reorganisation and all employees are now employed by the new company.

The Directors have reviewed the amount to be recognised for the Senior Officials' Pension Scheme. Historically a pension asset was included in the Financial Statements. In 2015 the Directors decided not to include anything in the Consolidated Income Statement and Statement of Financial Position in order that the Financial Statements show a true and fair view.

Details relating to the Senior Officials' Pension Scheme are shown in Note 17.

## Principal risks and uncertainties

The Directors consider the principal risks to the business to be i) any decline in the economic and market conditions, ii) an increase in competitive pricing and iii) reduced margins.

## Key Performance Indicators

	2015	2014
	%	%
Return before tax on net assets	4.4	1.8
Return before tax on Sales	1.6	0.5
Operating Margin to Sales	1.5	(0.3)

## Financial risk management and objectives

The Group finances its operations through retained profits and cash. The Group's principal financial instrument is cash. The Group has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The main purpose of the cash is to maintain adequate resources for the Group's operations. The Group does not enter into derivative transactions.

The Group does not trade in financial instruments. The board reviews and agrees policies for managing each of the following risks:-

### Interest rate risk

The Group seeks to deposit cash assets safely to minimise risk while maximising the interest received.

### Liquidity risk

The Group seeks to ensure it has sufficient liquidity available to meet foreseeable needs. Cash reserves minimise liquidity risk.

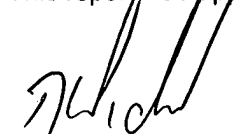
### Currency risk

The Group is exposed to translation and transaction foreign exchange risks. The Group seeks to manage these risks by limiting exposure to foreign exchange fluctuations.

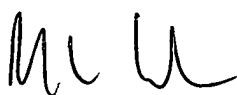
### Credit risk

All customers who wish to trade on credit terms are subject to credit vetting procedures, and debtors are monitored on an ongoing basis.

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



D K Pickerill  
Director



M L Wilson  
Director

Date: 17/05/2016

# DIRECTOR'S REPORT

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The Directors have pleasure in submitting their report and the Financial Statements of the Group for the year ended 31 December 2015.

## **Results and dividends**

The Group results set out on page 12 show operating profit of £334,000 (2014: £73,000 loss).

No Dividend was paid in 2015 (2014: 5p per Ordinary Share).

## **Activities**

Ayrshire Metal Products plc is one of the largest producers of cold rolled steel profiles in the UK with locations at Daventry, St Helens and Warley. The Group operates an overseas subsidiary in Germany.

## **Group research and development activities**

The Group is committed to research and development in order to secure its position as one of the largest producers of cold formed profiles.

## **Directors**

The Directors of the company at the date of this report are shown on page 2. All served throughout the year except Mr.A.J.Izod who resigned on 31<sup>st</sup> August 2015.

Mr D K Pickerill retires by rotation and being eligible offers himself for re-election to the board.

## **Director's Responsibilities Statement**

The Directors are responsible for preparing the Strategic Report and Director's 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable laws including FRS 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland") except for the accounting for the Senior Officials' Pension Scheme. 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 and profit or loss of the company and Group for that period. In preparing these Financial Statements, the Directors are required to:

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

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

The Directors confirm that:

- so far as each Director is aware, there is no relevant audit information of which the company's auditor is unaware; and
- the Directors 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 auditor is aware of that information.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

## **Matters referred to in the Strategic Report**

The business review and principal risks and uncertainties have been included within the Strategic Report.

# DIRECTOR'S REPORT

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## Employee information

The Group's policy is to consult and discuss with employees, through staff councils, unions and at meetings, matters likely to affect employees' interests. Information on all matters of concern to employees is given through information bulletins which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the Group's performance. The employment policies operated throughout the Group are designed to ensure full and fair consideration to all and, where appropriate, to promote the employment of disabled persons, and ensure continuity of employment and training for those persons who may become disabled during their period of employment with the Group. Continued close attention is paid to the health and safety of employees while at work. Consultation with employees is organised according to the particular needs of each location at which the Group operates. It is the policy of the Group that training, development and promotion opportunities should be obtainable by all employees.

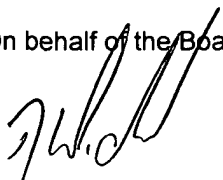
## Payment Policy

The Group's policy is to agree the terms of payment with suppliers prior to transacting. Trade creditors at the year end amounted to 46 days of average supplies (2014: 54 days).

## Auditors

Grant Thornton UK LLP offer themselves for re-appointment as auditors in accordance with section 489 of the Companies Act 2006.

On behalf of the Board:



**D K Pickerill** Director



**M L Wilson** Director

Company No: SC006517

Date: 17/05/2016

Royal Oak Way  
Daventry  
Northamptonshire  
NN11 8NR

# REPORT OF THE INDEPENDENT AUDITOR

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## INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF AYRSHIRE METAL PRODUCTS PLC

We have audited the Financial Statements of Ayrshire Metal Products plc for the year ended 31 December 2015 which comprise the accounting policies, the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Group and Parent Company Statements of Financial Position, the Group and Parent Company Statements of Changes in Equity, the Consolidated Statement of Cash Flows and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including FRS 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

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

### Respective responsibilities of Directors and auditor

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

### Scope of the audit of the Financial Statements

A description of the scope of an audit of Financial Statements is provided on the Financial Reporting Council's website at [www.frc.org.uk/auditscopeukprivate](http://www.frc.org.uk/auditscopeukprivate).

### Basis for qualified opinion on Financial Statements

As detailed in note 17 to the Financial Statements, no provision has been made, in either the current or comparative periods, for the assets and liabilities which arise on the adoption of Section 28 'Employee Benefits' of FRS 102 in relation to the Group's and Parent Company's defined benefit pension scheme. As disclosed in note 17 the unprovided pension scheme asset at 31 December 2015 was £581,000 (2014: £664,000) and the related unprovided deferred tax liability was £105,000 (2014: £143,000). No entries have been made in the Group and Parent Company Statements of Financial Position in relation to the pension scheme asset or the related deferred tax liability. No entries have been reflected in the Consolidated Income Statement or the Consolidated Statement of Comprehensive Income in relation to the related movements and charges in the year. In our opinion the pension scheme asset and related deferred taxation liability are required to be accounted for under Section 28 of FRS 102.

### Qualified opinion on Financial Statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the Financial Statements:

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

### Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and the Director's Report for the financial year for which the Financial Statements are prepared is consistent with the Financial Statements.



# REPORT OF THE INDEPENDENT AUDITOR

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## Matters on which we are required to report by exception

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

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

*Grant Thornton UK LLP*

Martin Ramsey  
Senior Statutory Auditor  
for and on behalf of Grant Thornton UK LLP  
Statutory Auditor, Chartered Accountants  
Birmingham

19/5/16

# ACCOUNTING POLICIES

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The Financial Statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

## **Basis of accounting**

The Financial Statements have been prepared in accordance with applicable United Kingdom Accounting Standards and with the Companies Act 2006.

As permitted by the Companies Act 2006, a separate Income Statement of Ayrshire Metal Products plc is not presented as the results of the company are included in the Consolidated Income Statement.

These Financial Statements for the year ended 31 December 2015 are the first Financial Statements that comply with FRS 102. The date of the transition is 1 January 2014.

The transition to FRS 102 has resulted in a number of changes in accounting policies to those used previously:

- 1) Tangible Assets are now referred to as Property, Plant and Equipment
- 2) Investments are now referred to as Financial Assets
- 3) The Cash Flow Statement is now referred to as the Statement of Cash Flows
- 4) Stocks and work in progress are now referred to as Inventories
- 5) Inventories are now valued at lower of cost, including appropriate overheads, and estimated selling price less costs to sell. Instead of being valued at the lower of cost, including appropriate overheads, and net realisable value.

The changes to accounting policies have had no impact on the opening equity and profit for the comparative period.

Under the requirements of FRS102 the pension asset and associated deferred tax for 2014 are now shown separately within debtors and creditors.

## **Principal Judgements and Estimates**

The principal judgements and estimates considered by Directors in these Financial Statements are as follows:

- Actuarial assumptions in relation to the defined benefit pension scheme – the assumptions are set out in detail in note 17 and Directors have taken advice from an Actuary in the preparation of the scheme valuation and related disclosures
- The valuation of freehold property is an estimate obtained from a qualified property professional.
- The rates of depreciation applied to fixed assets are management estimates. The rates applied are based on the experience of the business in the consumption of economic value of different classes of assets and are regularly reconsidered as the business develops.
- The recoverability of amounts owed by fellow Group undertakings is reviewed for the ability of the counterparty to repay the amounts owed. The company considers the financial condition, cash flows and net assets position of the paying party in their assessment.
- Other provisions are made which could have an impact on the Financial Statements including a bad debt provision and a stock provision. These are based upon a set of criteria designed by the Group and applied on a consistent basis.

## **Basis of consolidation**

The consolidated accounts include the Financial Statements of the company and its subsidiaries made up to 31 December each year. Acquisitions of subsidiaries are dealt with by the acquisition method of accounting.

# ACCOUNTING POLICIES

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## **Turnover**

Turnover represents the invoiced sales (exclusive of value added tax) to customers outside the Group, and is recognised in the accounts when goods are delivered.

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.

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 amount of revenue can be measured reliably;
- it is probable that the company will receive the consideration due under the transaction;
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

## **Inventories**

Inventories are valued at the lower of cost, including appropriate overheads, and estimated selling price less costs to sell. Provision is made for obsolete, slow moving and defective inventories. Impairment provisions are recognised directly within the Consolidated Income Statement.

## **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.

## **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.

## **Finance and operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer, to the Group, substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

## **Property, plant and equipment - Depreciation**

Property, plant and equipment are stated at cost with the exception of freehold land and buildings which have been re-valued in the period on an existing use basis.

Depreciation is provided to write down the cost less estimated residual value of all property, plant and equipment except land, using a straight line basis at the following annual rates representing expected useful economic lives:

- Buildings 3.5 per cent
- Plant, machinery and fittings 8-50 per cent
- Motor vehicles 20-25 per cent
- Rolls and tools 33.3 per cent

## **Research and development**

All expenditure on research and development is charged to the Consolidated Income Statement in the year in which it is incurred.

# ACCOUNTING POLICIES

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## **Current and Deferred Taxation**

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

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

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

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

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

## **Foreign currencies**

Transactions in foreign currencies are recorded at the exchange rate ruling at the date the transaction occurred. Monetary assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the period end. Exchange differences are taken to the Consolidated Income Statement.

On consolidation, the accounts of the overseas subsidiaries are translated at the year-end rate of exchange. All exchange differences arising on consolidation are dealt with in the retained profits or other reserves as appropriate.

## **Financial Assets**

The company's financial assets in its subsidiaries are stated at cost.

At each reporting date the carrying value of the investment is assessed for impairment. Where impairment losses are identified, the impairment loss is recognised immediately within the Consolidated Income Statement.

## **Financial instruments**

Financial instruments are classified according to the substance of the contractual arrangements. Financial liabilities are presented in the Statement of Financial Position as such. Finance costs and gains or losses relating to financial liabilities are included in the Consolidated Income Statement. Dividends are debited direct to equity.

## **Pension costs - defined contribution scheme**

The Group operates defined contribution pension schemes for all eligible employees and Directors. The assets of the schemes are held separately from those of the Group in independently administered funds. The pension cost charge represents contributions payable by the Group to the funds. Once the contributions have been paid the company has no further obligations.

# ACCOUNTING POLICIES

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## **Pension costs - defined benefit scheme**

The Group operates a defined benefit pension scheme. Certain Directors are members of the scheme. The funds are valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates.

Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates.

The assets of the scheme are held, administered and invested independently of the Group.

Historically the pension scheme assets were shown in the Balance Sheet. From 2015 onwards, the pension scheme assets are not reflected within the Statements of Financial Position and entries are not reflected in the Consolidated Income Statement or the Consolidated Statement of Comprehensive Income in respect to related movements and charges. This is not in accordance with disclosure requirements under FRS102. Disclosures in respect to the relevant scheme are set out in note 17.

## **Cash and Liquid Resources**

For the purpose of the statement of cash flows, cash comprises cash in hand and deposits repayable on demand, less overdrafts repayable on demand.

Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

## **Financial instruments**

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 Consolidated Income Statement.

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, which is an approximation of the amount that the company would receive for the asset if it were to be sold at the reporting date.

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

# CONSOLIDATED INCOME STATEMENT

For the year ended 31 December 2015

	Note	2015		2014	
		£'000	£'000	£'000	£'000
<b>Turnover</b> – continuing operations	1		21,573		21,653
Cost of sales – continuing operations			<u>(15,752)</u>		<u>(16,148)</u>
<b>Gross profit</b>			5,821		5,505
Distribution costs			(802)		(768)
Administration expenses			<u>(4,685)</u>		<u>(4,810)</u>
			<u>(5,487)</u>		<u>(5,578)</u>
<b>Operating profit/(loss) on ordinary activities before interest</b> – continuing operations	2		334		(73)
(Loss)/Profit on sale of fixed assets			(10)		10
Other finance income			13		159
Interest receivable	5		<u>3</u>		<u>3</u>
			<u>6</u>		<u>172</u>
<b>Profit on ordinary activities before taxation</b>			340		99
Taxation	7		<u>(101)</u>		<u>(28)</u>
<b>Profit on ordinary activities after taxation and profit for the financial year transferred to reserves</b>			<u>239</u>		<u>71</u>

## CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

	2015	2014
Profit for the financial year	239	71
Revaluation of freehold property	3,152	-
Deferred tax on revaluation	(342)	-
Movement on exchange differences arising on consolidation of overseas subsidiary	(105)	(152)
Movement in pension asset recognised surplus in the year	(664)	(278)
Deferred tax – movement in pension scheme deferred tax liability	143	45
Total gains recognised since the last Financial Statements	<u>2,423</u>	<u>(314)</u>

There is no difference between the profit on ordinary activities before taxation and the retained profit for the year stated above and their historical cost equivalents.

The accompanying accounting policies and notes form an integral part of these Financial Statements.

# STATEMENT OF FINANCIAL POSITION

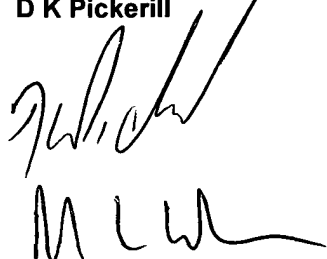
Company Registration Number SC006517

As at 31 December 2015

	Note	GROUP		PARENT COMPANY	
		2015 £'000	2014 £'000	2015 £'000	2014 £'000
<b>FIXED ASSETS</b>					
Property, Plant and Equipment	8	4,288	1,198	14	444
Financial Assets	9	-	-	<u>1,460</u>	<u>960</u>
		<u>4,288</u>	<u>1,198</u>	<u>1,474</u>	<u>1,404</u>
<b>CURRENT ASSETS</b>					
Inventories	10	1,921	1,727	-	469
Debtors	11	2,640	3,994	5,281	3,700
Cash at bank		<u>2,992</u>	<u>2,589</u>	<u>456</u>	-
		<u>7,553</u>	<u>8,310</u>	<u>5,737</u>	<u>4,169</u>
<b>CREDITORS</b> amounts falling due within one year	12	<u>4,064</u>	<u>4,154</u>	<u>70</u>	<u>1,824</u>
<b>NET CURRENT ASSETS</b>		<u>3,489</u>	<u>4,156</u>	<u>5,667</u>	<u>2,345</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>7,777</u>	<u>5,354</u>	<u>7,141</u>	<u>3,749</u>
<b>NET ASSETS</b>		<u>7,777</u>	<u>5,354</u>	<u>7,141</u>	<u>3,749</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15	2,463	2,463	2,463	2,463
Capital Redemption Reserve		37	37	37	37
Revaluation Reserve		2,810	-	-	-
Profit and loss account		<u>2,467</u>	<u>2,854</u>	<u>4,641</u>	<u>1,249</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>7,777</u>	<u>5,354</u>	<u>7,141</u>	<u>3,749</u>

The Financial Statements were approved by the Board of Directors on 17/05/2016.

M L Wilson Directors  
D K Pickerill



The accompanying accounting policies and notes form an integral part of these Financial Statements.

# STATEMENT OF CHANGES IN EQUITY

As at 31 December 2015

	GROUP					PARENT COMPANY				
	Share Capital	Capital Redemption Reserve	Revaluation Reserve	Retained Earnings	Total	Share Capital	Capital Redemption Reserve	Retained Earnings	Total	
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000	
Balance at 1 January 2014	2,463	37	-	3,661	6,161	2,463	37	1,540	4,040	
Profit for the year	-	-	-	71	71	-	-	435	435	
Exchange difference arising on consolidation	-	-	-	(152)	(152)	-	-	-	-	
Movement in Pension Asset	-	-	-	(233)	(233)	-	-	(233)	(233)	
Equity Dividend Paid	-	-	-	(493)	(493)	-	-	(493)	(493)	
Balance at 31 December 2014	2,463	37	-	2,854	5,354	2,463	37	1,249	3,749	
Profit for the year	-	-	-	239	239	-	-	3,913	3,913	
Exchange difference arising on consolidation	-	-	-	(105)	(105)	-	-	-	-	
Revaluation of freehold property	-	-	3,152	-	3,152	-	-	-	-	
Deferred tax on revaluation	-	-	(342)	-	(342)	-	-	-	-	
Movement in Pension Asset	-	-	-	(521)	(521)	-	-	(521)	(521)	
Balance at 31 December 2015	2,463	37	2,810	2,467	7,777	2,463	37	4,641	7,141	

Retained Earnings include a £3,800,000 dividend received by Ayrshire Metal Products plc (the parent company) from Ayrshire Metal Products (Daventry) Limited.

The accompanying accounting policies and notes form an integral part of these Financial Statements



# CONSOLIDATED STATEMENT OF CASH FLOWS

For the year ended 31 December 2015

	2015		2014	
	£'000	£'000	£'000	£'000
<b>Cash flows from operating activities</b>				
Profit for financial		239		71
<i>Adjustments for:</i>				
Deprecation of property, plant and equipment		289		298
Loss/(Profit) on disposal of property plant and equipment		10		(10)
Interest receivable		(3)		(3)
Taxation		101		28
(Increase)/ decrease in inventories		(194)		62
Decrease/ (increase) in debtors		606		(320)
Decrease in creditors		<u>(261)</u>		<u>(79)</u>
<b>Cash from operations</b>		<b>787</b>		<b>47</b>
Income taxes paid		<u>(45)</u>		<u>(36)</u>
<b>Net cash generated from operating activities</b>		<b>742</b>		<b>11</b>
 <b>Cash flows from investing activities</b>				
Proceeds from sale of equipment		-		25
Purchases of property, plant and equipment		(238)		(247)
Interest Received		<u>3</u>		<u>3</u>
<b>Net cash used in investing activities</b>		<b>(235)</b>		<b>(219)</b>
 <b>Cash flows from financing activities</b>				
Dividends paid		<u>-</u>		<u>(493)</u>
<b>Net cash used in financing activities</b>		<b>-</b>		<b>(493)</b>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>507</b>		<b>(701)</b>
 Cash and cash equivalents at the beginning of the year		2,589		3,439
Foreign exchange rate changes		<u>(104)</u>		<u>(149)</u>
<b>Cash and cash equivalents at the end of the year</b>		<b><u>2,992</u></b>		<b><u>2,589</u></b>
 <b>Components of cash and cash equivalents</b>				
Cash		<u>2,992</u>		<u>2,589</u>

The accompanying accounting policies and notes form an integral part of these Financial Statements.

# NOTES TO THE FINANCIAL STATEMENTS

## 1. ANALYSIS OF TURNOVER

The geographical analyses are not disclosed as the Directors believe this is prejudicial to the interests of the Group.

2. OPERATING PROFIT	2015	2014
is stated after charging:	£'000	£'000
Depreciation of tangible fixed assets - owned assets	289	298
Auditors' remuneration:		
Fee payable to the company's auditor for the audit of the Financial Statements	9	9
Fees payable to the company's auditor for other services:		
Audit of the Financial Statements of the company's subsidiaries pursuant to legislation	21	19
Other services relating to taxation compliance	6	6
Other services relating to the Group reorganisation	32	-
Operating lease rentals - plant, machinery and vehicles	162	182
Operating lease rentals - buildings	99	101
Inventories charged as an expense	11,513	12,102

3. DIRECTOR'S EMOLUMENTS	2015	2014
	£'000	£'000
Fees, management remuneration and taxable benefits in kind	692	590
Pension contributions to money purchase pension schemes	<u>5</u>	<u>4</u>
	<u>697</u>	<u>594</u>

During the year 3 Directors (2014: 4 Directors) participated in the defined benefit pension scheme and 2 Directors (2014: 1 Director) participated in the defined contribution pension scheme.

The amounts set out above include remuneration in respect of the highest paid Director as follows:

	2015	2014
	£'000	£'000
Management remuneration and taxable benefits in kind	<u>216</u>	<u>140</u>

The highest paid Director's accrued pension at the year end was £61,660 p.a (2014: £59,639 p.a)

# NOTES TO THE FINANCIAL STATEMENTS

## 4. EMPLOYEE INFORMATION

The average number of personnel employed by the Group, including full-time executive Directors, during the year was as follows:

	<b>2015</b>	<b>2014</b>
	<b>Number</b>	<b>Number</b>
Management	12	13
Administration	39	41
Sales	30	30
Production	<u>56</u>	<u>56</u>
	<u>137</u>	<u>140</u>

The aggregate payroll costs were:

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Wages and salaries	5,383	5,305
Social security costs	434	476
Other pension costs	<u>91</u>	<u>64</u>
	<u>5,908</u>	<u>5,845</u>

## 5. INTEREST RECEIVABLE

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
Income from short term deposits	<u>3</u>	<u>3</u>

## 6. PARENT COMPANY

The parent company has taken advantage of section 408(3) of the Companies Act 2006 and has not included its own Income Statement in these Financial Statements. The parent company's profit before tax for the year was £3,949,670 (2014 profit: £422,150).

## 7. TAXATION

	<b>2015</b>	<b>2014</b>
	<b>£'000</b>	<b>£'000</b>
UK corporation tax charge	11	3
UK corporation tax: adjustments in respect of prior periods	(3)	(1)
Overseas tax	<u>48</u>	<u>33</u>
Total current tax	56	35
Deferred tax	<u>45</u>	<u>(7)</u>
Total tax charge for the year	<u>101</u>	<u>28</u>

# NOTES TO THE FINANCIAL STATEMENTS

The corporation tax assessed for the period is different than the standard rate in the UK of 20.25% (2014: 21.5%). The differences are explained as follows:-

	2015 £'000	2014 £'000
Profit on ordinary activities before tax	<u>340</u>	<u>99</u>
Profit on ordinary activities before tax multiplied by the standard rate of corporation tax in the UK of 20.25% (2014: 21.5%)	69	21
Effects of:		
Expenses not deductible for tax purposes	12	6
Pension scheme service costs	-	34
Pension scheme net finance income	-	(34)
Lower rate of tax on Deferred Tax	2	-
Higher rate of tax paid on overseas subsidiaries	11	2
Adjustments in respect of prior periods	<u>7</u>	<u>(1)</u>
Total tax charge for year	<u>101</u>	<u>28</u>

The Group has tax losses of £76,200 (2014: £243,618) available to carry forward to offset against future taxable profits.

## 8. PROPERTY, PLANT AND EQUIPMENT

	GROUP		PARENT COMPANY	
	£'000	£'000	£'000	£'000
	Property	Plant	Property	Plant
Cost at 1 January 2015	1,884	10,501	310	4,174
Additions	24	214	-	98
Disposals	(10)	(29)	-	(29)
Revaluation	1,902	-	-	-
Disposals to fellow Group company	-	-	(286)	(4,243)
Exchange movement	<u>-</u>	<u>(15)</u>	<u>-</u>	<u>-</u>
Cost at 31 December 2015	3,800	10,671	14	-
Depreciation at 1 January 2015	1,507	9,680	262	3,778
Charge for the year	6	283	1	172
Written back on revaluation	(1,250)	-	-	-
Disposals	-	(29)	-	(29)
Disposals to fellow Group company	-	-	(263)	(3,921)
Exchange movement	<u>-</u>	<u>(14)</u>	<u>-</u>	<u>-</u>
Depreciation at 31 December 2015	263	9,920	-	-
Net book value at 31 December 2015	3,537	751	14	-
Net book value at 31 December 2014	<u>377</u>	<u>821</u>	<u>48</u>	<u>396</u>

During the year, Freehold Land and Buildings within the subsidiary Ayrshire Metal Product (Daventry) Limited were revalued following a professional valuation by Messrs Underwoods LLP on an existing use basis.

As the freehold property was revalued on 4<sup>th</sup> August 2015, the current market value of the asset held on the Statement of Financial Position is equal to the book value under the historical cost convention.

On 31 December 2015 Property, Plant and Equipment of the parent company was transferred to a subsidiary company.

Included in the net book value of property is £1,234,765 (2014: £296,265) of land which is not depreciated. Included in Plant are plant, machinery, fittings, rolls and tools and motor vehicles.

Net book value of property of £3,537,000 (2014: £377,000) relates entirely to freehold land and buildings.

# NOTES TO THE FINANCIAL STATEMENTS

## 9. FINANCIAL ASSETS

### PARENT COMPANY

	2015	2014
	£'000	£'000
<u>Subsidiary undertakings</u>		
At 1 January	960	960
Additions	<u>500</u>	<u>-</u>
At 31 December	<u>1,460</u>	<u>960</u>

On 31 December 2015 the company subscribed to the entire issued share capital of Ayrshire Metals Ltd for £10,000. Following this the company also made a capital contribution amounting to £490,000. This represents the capitalisation of a funding balance and the parent company has waived rights to this amount. This has been treated as an addition to the company's investment in Ayrshire Metals Ltd.

### Subsidiary undertakings

At 31 December 2015, and throughout the year ended on that date, the company owned directly the whole issued ordinary share capital of:

### Nature of business

Ayrshire Metal Products (Daventry) Ltd. (Registered in Scotland)	Cold roll forming
Ayrshire Metal Pension Trust Ltd. (Registered in Scotland)	Dormant
Ayrframe Ltd. (Registered in Scotland)	Dormant
Airframe Ltd. (Registered in England)	Dormant
Ayrshire Steel Framing Ltd. (Registered in England)	Cold roll forming
System-Bau-Elemente Vertriebs GmbH (incorporated in Germany)	Cold roll forming
Ayrshire Metals Ltd (Registered in England)- From 2 November 2015	Cold roll forming

## 10. INVENTORIES

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Raw materials and consumables	1,276	1,092	-	309
Work in progress	<u>645</u>	<u>635</u>	<u>-</u>	<u>160</u>
	<u>1,921</u>	<u>1,727</u>	<u>-</u>	<u>469</u>

The difference between the above values and estimated replacement costs is not material.

# NOTES TO THE FINANCIAL STATEMENTS

11. DEBTORS due within one year	GROUP		PARENT COMPANY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Trade debtors	2,185	2,633	-	1,216
Deferred taxation (note 13)	-	73	-	107
Corporation tax	174	185	-	-
Amounts owed by subsidiary undertakings	-	-	5,281	1,605
Tax and social security	-	144	-	-
Other debtors and prepayments	281	295	-	108
Pension Asset (note 17)	-	664	-	664
	<u>2,640</u>	<u>3,994</u>	<u>5,281</u>	<u>3,700</u>

An impairment provision of £38,160 (2014: £8,561) was recognised against trade debtors.

12. CREDITORS amounts falling due within one year	GROUP		PARENT COMPANY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Bank Loans and overdraft	-	-	-	232
Trade creditors	2,025	2,740	-	832
Tax and social security	5	-	-	27
Amounts owed to subsidiary undertakings	-	-	-	195
Corporation Tax	-	-	1	-
Deferred Tax (note 13)	314	-	-	-
Accruals	1,720	1,271	69	395
Pension scheme deferred tax (note 14/17)	-	143	-	143
	<u>4,064</u>	<u>4,154</u>	<u>70</u>	<u>1,824</u>

13. DEFERRED TAXATION	GROUP		PARENT COMPANY	
	2015 £'000	2014 £'000	2015 £'000	2014 £'000
Accelerated depreciation	(4)	14	-	52
Unutilised losses	24	49	-	49
Other timing differences	8	10	-	6
Property Revaluation	<u>(342)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Deferred tax (liability)/ asset	<u>(314)</u>	<u>73</u>	<u>-</u>	<u>107</u>
The movement in the year is as follows				
At 1 January 2015	73	66	107	93
Credit during the year	(45)	7	(37)	14
Property Revaluation	(342)	-	-	-
Transferred to fellow Group company	-	-	<u>(70)</u>	<u>-</u>
At 31 December 2015	<u>(314)</u>	<u>73</u>	<u>-</u>	<u>107</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES	GROUP		PARENT COMPANY	
	£'000		£'000	
At 1 January 2015	143		143	
Charged / (Released) during the year for Consolidated Statement Comprehensive Income items	<u>(143)</u>		<u>(143)</u>	
At 31 December 2015	<u>-</u>		<u>-</u>	

# NOTES TO THE FINANCIAL STATEMENTS

15. CALLED UP SHARE CAPITAL	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Authorised				
12,000,000 ordinary shares of 25p	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>	<u>3,000</u>
Allotted, called up and fully paid				
9,850,638 (2014: 9,850,638) ordinary shares of 25p	<u>2,463</u>	<u>2,463</u>	<u>2,463</u>	<u>2,463</u>
16. FINANCIAL INSTRUMENTS	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
<b>Financial assets</b>				
Financial assets that are debt instruments measured at amortised cost	2,185	2,633	5,281	2,821
Cash at bank	<u>2,992</u>	<u>2,589</u>	<u>456</u>	<u>-</u>
	<u>5,177</u>	<u>5,222</u>	<u>5,737</u>	<u>2,821</u>
<b>Financial liabilities</b>				
Financial liabilities measured at amortised cost	3,745	4,011	69	1,422
Bank Loans and overdraft	<u>-</u>	<u>-</u>	<u>-</u>	<u>232</u>
Cash at bank	<u>3,745</u>	<u>4,011</u>	<u>69</u>	<u>1,654</u>

Financial assets measured at amortised cost comprise trade debtors and amounts owed by Group undertakings.

Financial liabilities measured at amortised cost comprise trade creditors, amounts owed to Group undertakings and accruals.

## 17. PENSION SCHEMES

(a) Group Personal Pension Scheme

Both the Group and the members contribute to the Group Personal Pension Scheme.

(b) Senior Officials' Pension Fund

Historically the pension scheme assets were shown in the Balance Sheet. From 2015 onwards, pension scheme assets are not reflected within the Statements of Financial Position and entries are not reflected in the Consolidated Income Statement or the Consolidated Statement of Comprehensive Income in respect to related movements and charges. This is not in accordance with disclosure requirements under FRS102. This decision has been taken in order that the Financial Statements of the Group show a true and fair view.

All other disclosures required under FRS102 are set out below in order to provide sufficient information had a decision been taken to recognise matters relating to the Senior Officials' Pension Fund in the primary statements of the Group.

Ayrshire Metal Products plc sponsors the Ayrshire Metal Products Senior Officials' Pension Scheme which is a funded defined benefit (final salary) arrangement. The scheme is closed to new entrants.

# NOTES TO THE FINANCIAL STATEMENTS

Over the financial year the employer has continued to enjoy a contribution holiday except for the payment of premiums to insure death in service benefits, cost of levies to the Pension Protection Fund and ongoing administrative and management expenses of running the scheme.

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Fair value of scheme assets	12,246	12,060	12,711	10,983	10,132
Present value of scheme liabilities	4,949	4,938	5,476	5,945	5,023
<b>Surplus in scheme</b>	<b>7,297</b>	<b>7,122</b>	<b>7,235</b>	<b>5,038</b>	<b>5,109</b>
Unrecoverable surplus	(6,716)	(6,458)	(6,293)	(3,831)	(3,812)
<b>Asset</b>	<b>581</b>	<b>664</b>	<b>942</b>	<b>1,207</b>	<b>1,297</b>
Deferred tax	(105)	(143)	(188)	(278)	(344)
<b>Net asset</b>	<b>476</b>	<b>521</b>	<b>754</b>	<b>929</b>	<b>953</b>

## Changes in Defined Benefit Obligation

	Year Ended 31/12/15 £'000	Year Ended 31/12/14 £'000
<b>Opening Defined Benefit Obligation</b>	4,938	5,476
Current service cost	139	159
Interest cost	185	219
Actuarial (gains) / losses	(172)	911
Benefits paid	(141)	(1,827)
<b>Closing Defined Benefit Obligation</b>	<b>4,949</b>	<b>4,938</b>

## Change in Fair Value of Scheme Assets

	Year Ended 31/12/15 £'000	Year Ended 31/12/14 £'000
Fair value of scheme assets at start of period	12,060	12,711
Actual Return on Scheme Assets less Interest Income	(107)	622
Interest Income	450	554
Benefits paid	(141)	(1,827)
Administration Costs	(16)	-
<b>Fair value of scheme assets at end of period</b>	<b>12,246</b>	<b>12,060</b>

The actual return on the scheme assets over the period ended 31 December 2015 was a profit of £552,000



# NOTES TO THE FINANCIAL STATEMENTS

## Amounts Recognised in Consolidated Income Statement

	Year Ended 31/12/15 £'000	Year Ended 31/12/14 £'000
Current Service Cost	-	159
Net Interest on Net Defined Benefit Obligation	-	(336)
(Gains) and Losses Due to Surplus Limitation	-	177
Administration Costs	-	-
<b>Total pension costs recognised in the Statement of Comprehensive Income</b>	-	-

## Assets

The major categories of scheme assets, are as follows:

	2015 £'000	2014 £'000	2013 £'000	2012 £'000	2011 £'000
Equities	9,944	9,720	9,579	7,774	7,072
Bonds	2,203	2,279	2,911	3,020	2,938
Cash	99	61	221	189	122
<b>Total Assets</b>	<b>12,246</b>	<b>12,060</b>	<b>12,711</b>	<b>10,983</b>	<b>10,132</b>

None of the fair values of the assets shown above include any of the Group's own financial instruments or any property occupied by, or other assets used by, the Group.

## Assumptions

	2015 % per annum	2014 % per annum	2013 % per annum	2012 % per annum	2011 % per annum
Inflation	3.25	3.15	3.45	2.70	2.90
Salary increases	3.55	3.45	3.75	3.00	3.20
Rate of discount	4.00	3.75	4.70	4.30	5.00
Allowance for pension in payment increases of RPI or 5% p.a. if less	3.70	3.50	3.50	3.50	3.50
Allowance for revaluation of deferred pensions of RPI or 5% p.a. if less	2.25	2.15	2.45	2.00	1.90
Allowance for commutation of pension cash at retirement.	Nil	Nil	Nil	Nil	Nil

The mortality assumptions adopted at 31 December 2015 imply the following future life expectancies:

Male currently age 40	50 years
Female currently age 40	53 years
Male currently age 60	28 years
Female currently age 60	31 years

# NOTES TO THE FINANCIAL STATEMENTS

## 18. CAPITAL COMMITMENTS

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Expenditure contracted for but not provided for amounts to	<u>16</u>	<u>101</u>	<u>16</u>	<u>31</u>
Expenditure authorised but not contracted for	<u>21</u>	<u>33</u>	<u>12</u>	<u>7</u>

## 19. OPERATING LEASES

The future minimum operating Plant and Machinery lease payments due at 31 December are as follows:-

	GROUP		PARENT COMPANY	
	2015	2014	2015	2014
	£'000	£'000	£'000	£'000
Expiring within one year	87	119	40	69
Expiring within two to five years	<u>53</u>	<u>75</u>	<u>39</u>	<u>70</u>
	<u>140</u>	<u>194</u>	<u>79</u>	<u>139</u>

## 20. GUARANTEES AND OTHER FINANCIAL COMMITMENTS

Guarantees given in respect of performance bonds in the normal course of business amounted to £1,697 at 31 December 2015 (2014: £1,800).

The company is a party to an unlimited cross guarantee arrangement with certain other subsidiary undertakings in respect of Group banking arrangements. At 31 December 2015 the company has a contingent liability of £Nil (2014: £Nil) in respect of this guarantee.

Apart from as disclosed above, the company has no other contingent liabilities (2014: £Nil).

## 21. ULTIMATE CONTROLLING PARTY

Knapdale (Nominees) Ltd, a company controlled by M.L. Wilson, controls 5,114,000 of the Company's issued share capital and is the ultimate controlling party.