

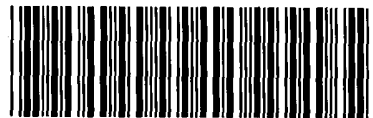
# **Dieselec Holdings Limited**

## **Report and Financial Statements**

30 June 2016

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28 APR 2017  
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COMPANIES HOUSE

**Directors**

B Aitken  
I Buchan  
P A Moore  
B Muirie  
J M Pirrie  
J S Pirrie

**Auditors**

Ernst & Young LLP  
G1, 5 George Square  
Glasgow G2 1DY

**Bankers**

Bank of Scotland  
Gordon Street  
Glasgow G1 3RS

**Solicitors**

Pinsent Masons LLP  
141 Bothwell Street  
Glasgow G2 7EQ

**Registered Office**

Cadder House  
160 Clober Road  
Milngavie  
Glasgow G62 7LW

## Strategic Report

The directors present their strategic report on the company for the year ended 30 June 2016.

### Business Review

The principal activity of the Group and Parent is the sale, installation, commissioning and maintenance of standby generators and associated equipment.

The group has continued to perform well in 2016. Whilst turnover from retained activities is down 8% to £14,681,565, gross margin has improved from 24% to 26%. This recognises our focus on adding value to our customers and continued operational improvements. Our order book for the coming year remains strong and we are expecting another solid performance.

The results delivered by the retained and restructured elements of the business are shown in the table below:

	30 June 2016	30 June 2015 (restated)
<i>Retained Activities</i>	£	£
Turnover	14,681,565	15,998,492
<i>Operating Profit (before management charge &amp; restructuring costs)</i>	1,608,592	2,089,628
Management Charges	(135,000)	(135,000)
<i>Operating Profit – Retained Activities</i>	<u>1,473,592</u>	<u>1,954,628</u>
 <i>Gross Margin</i>	 26%	 24%
<i>Restructured Activities</i>		
Turnover	-	1,209,333
<i>Operating Loss (before management charge &amp; restructuring costs)</i>	-	(171,038)
Restructuring Costs	8,885	(45,000)
<i>Operating Profit/(Loss) – Restructured Activities</i>	<u>8,885</u>	<u>(216,038)</u>

In the prior year, turnover from Restructured Activities related to the completion of five legacy M&E contracts belonging to the London depot which was closed during the prior year.

The solid performance of the business recognises that our customers are becoming more aware of the fragile state of the UK power network and are demanding the security of a stand-by power system for their mission critical IT and business requirements. As one of the largest providers of standby power systems in the UK, we believe our technical expertise and experience leaves us well placed to capitalise on this growing market.

### Key performance indicators

The Company's key performance indicators are turnover, profit and cashflow.

### Principal risks and uncertainties

The key risk affecting the company is the general economic climate. The directors believe that this risk is tempered by growing demand for standby power and expect the business can continue to develop.

The Board is aware of the need to manage risks associated with winning new contracts and subsequent delivery and payment of these contracts. The Company has a rigorous risk management framework in place that applies to all activities including:

**Credit Risk** – The Company has a robust procedure to assess the credit risk applicable to customers, both new and ongoing,

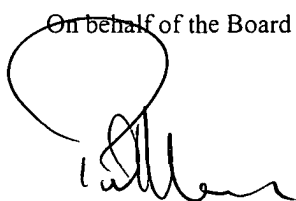
## Strategic Report (continued)

### Principal risks and uncertainties (continued)

Delivery Risk – works are managed and controlled through the Company's operating framework with due regard to all Health and Safety requirements.

Liquidity Risk- this reflects the risk that the company will have insufficient reserves to meet its financial liabilities as they fall due. The Board's aim is to ensure adequate funds are available to finance its business, though limited use is made of hire purchase finance.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'P A Moore', written over a circular stamp or seal.

P A Moore  
Director  
18 April 2017

Registered No. SC371345

## Directors' report

The directors present their report and financial statements for the year ended 30 June 2016.

### Results and dividends

The Group profit for the year after taxation amounted to £1,016,139 (2015 – profit of £1,200,401). An interim dividend of £1,200,410 was declared and paid during the year. (2015 - £999,629). The directors do not recommend a final dividend. The total distribution of preference dividends for the year ended 30 June 2016 was £85,244 (2015 - £85,011).

### Future Developments

Future Developments are highlighted within the strategic report on page 2

### Going Concern

In line with the FRC guidance on Going Concern issued in April 2016 and taking into account the FRC's "Guidance on Risk Management, Internal Control and Related Financial and Business Reporting issued in September 2015, the directors have undertaken an exercise to review the appropriateness of the continued use of the Going Concern basis.

The company's business activities, together with the factors likely to affect its future development, its financial position and principal risks and uncertainties are described in the Strategic Report above.

After making suitable enquiries, the directors have reasonable expectation that the company has adequate resources to remain in operation for the foreseeable future and therefore continued to adopt the going concern basis of accounting in preparing the annual financial statements.

### Adoption of FRS 102

The Company has adopted FRS 102 for the first time, with a transition date of 1 July 2014. The impact of the adoption is detailed in Note 23.

### Directors

The directors who served the company during the year were as follows:

B Aitken  
I Buchan  
P A Moore  
B Muirie  
J M Pirrie  
J S Pirrie

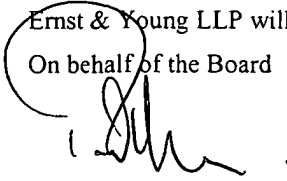
### Disclosure of information to the auditors

So far as each person who was a director at the date of approving this report is aware, there is no relevant audit information, being information needed by the auditor in connection with preparing its report, of which the auditor is unaware. Having made enquiries of fellow directors and the group's auditor, each director has taken all the steps that he is obliged to take as a director in order to make himself aware of any relevant audit information and to establish that the auditor is aware of that information.

### Auditors

Pursuant to section 487 of the Companies Act 2006, the auditor will be deemed to be re-appointed and Ernst & Young LLP will therefore continue in office

On behalf of the Board



P A Moore  
Director  
18 April 2017

## Statement of directors' responsibilities

The directors are responsible for preparing the strategic report, 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 United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102. 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 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 adequate accounting records that are sufficient to show and explain the group's and the company's transactions and disclose with reasonable accuracy at any time the financial position of the group and 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 group and 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 Deselec Holdings Limited**

We have audited the financial statements of Deselec Holdings Limited for the year ended 30 June 2016 which comprise the Income Statement, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Group and Company Statements of Financial Position, the Group Statement of Cash Flows and the related notes 1 to 23. 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 FRS102 "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 Directors' Responsibilities Statement set out on page 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent undertaking's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Report and Financial Statements to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

### **Opinion on financial statements**

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent undertaking's affairs as at 30 June 2016 and of the group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including FRS102 "The Financial Reporting standard applicable in the UK and Republic of Ireland"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

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

In our opinion the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Independent auditors' report

to the members of Dieselec Holdings Limited (continued)

### 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 undertaking, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent undertaking 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.

*Ernst & Young LLP*  
*Annie Graham* (Senior Statutory Auditor)  
Partner  
for and on behalf of Ernst & Young LLP,

Statutory Auditor

Glasgow

18 April 2017.



## Group Statement of Income and Retained Earnings

for the year ended 30 June 2016

	Notes	2016 £	2015 (restated) £
<b>Turnover</b>	2	14,681,565	17,207,825
Cost of sales		(10,818,353)	(13,041,465)
<b>Gross profit</b>		3,863,212	4,166,360
Administrative expenses		(2,389,620)	(2,382,424)
Restructuring costs	4	8,885	(45,000)
<b>Group operating profit</b>	3	1,482,477	1,736,936
Underlying Profit on Retained Activities		1,608,592	2,087,974
Underlying Loss on Restructured Activities		-	(171,038)
Management Charges		(135,000)	(135,000)
Restructuring Costs		8,885	(45,000)
<b>Group operating profit</b>		1,482,477	1,736,936
Interest receivable and similar income		10,602	21,684
Interest payable and similar charges	7	(180,008)	(181,344)
<b>Profit on ordinary activities before taxation</b>		1,313,071	1,577,275
Tax	8(a)	(296,932)	(376,874)
<b>Profit for the financial year</b>		1,016,139	1,200,401
Retained profits at 1 July		1,338,704	1,137,932
Dividends paid		(1,200,410)	(999,629)
<b>Retained profits at 30 June</b>		1,154,434	1,338,704

All amounts relate to continuing activities.

## Group Statement of comprehensive income

for the year ended 30 June 2016

There is no other comprehensive income other than the profit attributable to the shareholders of the company of £1,016,139 in the year ended 30 June 2016 (2015 – profit of £1,200,401).

## Group Statement of Financial Position

at 30 June 2016

	Notes	2016 £	2015 (restated) £
<b>Fixed assets</b>			
Intangible assets	11	820,852	923,459
Tangible assets	12	301,579	314,326
		<u>1,122,431</u>	<u>1,237,785</u>
<b>Current assets</b>			
Stocks	14	1,209,051	2,156,659
Debtors	15	5,024,564	4,431,798
Cash at bank and in hand		1,935,926	3,444,689
		<u>8,169,541</u>	<u>10,033,146</u>
<b>Creditors: amounts falling due within one year</b>	16	<u>(7,055,835)</u>	<u>(8,867,235)</u>
<b>Net current assets</b>		<u>1,113,706</u>	<u>1,165,911</u>
<b>Total assets less current liabilities</b>		<u>2,236,137</u>	<u>2,403,696</u>
<b>Creditors: amounts falling due after more than one year</b>	17	<u>(962,541)</u>	<u>(944,571)</u>
<b>Provisions for liabilities</b>	8(c)	<u>(12,364)</u>	<u>(13,622)</u>
<b>Net assets</b>		<u>1,261,232</u>	<u>1,445,503</u>
<b>Capital and reserves</b>			
Called up share capital	18	106,798	106,798
Profit and loss account		1,154,434	1,338,705
<b>Shareholders' funds</b>		<u>1,261,232</u>	<u>1,445,503</u>

The financial statements of Dieselec Holdings Limited group were approved for issue by the Board of Directors on 18 April 2017.

  
P A Moore  
Director

## Company Statement of Financial Position

at 30 June 2016

	Notes	2016 £	2015 (restated) £
<b>Fixed assets</b>			
Investments	13	2,142,045	2,142,045
<b>Current assets</b>			
Debtors	15	60,000	1,045,350
Cash at bank and in hand		235,042	38,101
		295,042	1,083,451
<b>Creditors: amounts falling due within one year</b>	16	(1,301,780)	(1,978,685)
<b>Net current liabilities</b>		(1,006,738)	(895,234)
<b>Total assets less current liabilities</b>		1,135,307	1,246,811
<b>Creditors: amounts falling due after more than one year</b>	17	(944,571)	(944,571)
<b>Net assets</b>		190,736	302,240
<b>Capital and reserves</b>			
Called up share capital	18	106,798	106,798
Profit and loss account		83,938	195,442
<b>Shareholders' funds</b>		190,736	302,240

The financial statements of Dieselec Holdings Limited were approved for issue by the Board of Directors on 18 April 2017.

  
P A Moore  
Director

## Group statement of cash flows

for the year ended 30 June 2016

	<i>Note</i>	<i>2016</i> £	<i>2015</i> £
<i>Net cash inflow from operating activities</i>	19(a)	209,202	2,948,761
<i>Returns on investments and servicing of finance</i>	19(b)	(170,744)	(159,660)
<i>Taxation</i>		(296,932)	(72,352)
<i>Capital expenditure</i>	19(b)	(49,879)	1,623
		(308,353)	2,718,372
<i>Financing</i>	19(b)	(1,200,410)	(350,000)
<i>Increase / (decrease) in cash in the period</i>		<u>(1,508,763)</u>	<u>2,368,372</u>

### Reconciliation of net cash flow to movement in net funds

	<i>Note</i>	<i>2016</i> £	<i>2015</i> £
<i>Increase / (decrease) in cash in the period</i>	19(c)	(1,508,763)	2,368,372
Cash outflow / (inflow) from financing		-	350,000
<i>Movement in net debt in the period</i>		(1,508,763)	2,718,372
<i>Net cash/(debt) at 1 July</i>	19(c)	1,600,547	(1,117,825)
<i>Net cash / (debt) at 30 June</i>	19(c)	<u>91,784</u>	<u>1,600,547</u>

## Notes to the financial statements

at 30 June 2016

### 1. Accounting policies

#### *Statement of Compliance*

Dieselec Holdings Limited ("the Company") is a limited liability company incorporated in Scotland. The Registered Office is Cadder House, 160 Cadder Road, Milngavie, Glasgow, G62 7LW.

The Company's financial statements have been prepared in compliance with FRS 102 as it applies to the financial statements of the Company for the year ended 30 June 2016.

The Company transitioned from previously extant UK GAAP to FRS 102 as at 1 July 2014. An explanation of how transition to FRS 102 has affected the reported performance is given in note 23.

#### *Basis of preparation*

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Consolidation*

The group financial statements consolidate the financial statements of Dieselec Holdings Limited and all its subsidiary undertakings as at 30 June 2016. In accordance with the concession granted under Section 408 of the Companies Act 2006, the profit and loss account of Dieselec Holdings is not presented.

#### *Intangible assets*

Intangible assets acquired separately from a business are capitalised at cost. Intangible assets are amortised on a straight line basis over their estimated useful lives up to a maximum of 10 years. The carrying value of intangible assets is reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Tangible fixed assets*

Tangible fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses. Depreciation is provided in order to write off each asset evenly over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to property	–	6.67% to 33.33% per annum
Plant and machinery	–	20% per annum
Office equipment	–	25% per annum
Motor vehicles	–	25% per annum

The carrying values of tangible fixed assets are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable.

#### *Investments*

The investment represents shareholdings in subsidiary undertakings shown at cost.

#### *Revenue recognition*

Revenue is attributable to one continuing activity, the sale, installation, commissioning and maintenance of standby generators.

Revenue is recognised when there is an arrangement, primarily in the form of a contract or purchase order, with the customer, a fixed or determinable sales price is established with the customer, performance requirements are achieved, and it is probable that economic benefits associated with the transaction will flow to the company.

Revenue is recognised as performance requirements are achieved in accordance with the following

- Revenue from sales of equipment is recognised at the time title to the equipment and significant risks and rewards of ownership passes to the customer. This is generally at the time of shipment of the product to the customer

## Notes to the financial statements

at 30 June 2016

### 1. Accounting policies (continued)

#### *Revenue recognition (continued)*

- Revenue from the sales of equipment includes construction contracts with customers that involve the design, installation, & assembly of standby generators. Revenue is recognised on a percentage completion basis proportionate to the work that has been completed which is based on associated costs incurred, except where this would not be representative of the stage of completion (when revenue is recognised in accordance with the specific acts outlined in the contract)
- Revenue from product support includes sales of parts and servicing of equipment. For sales of parts, revenue is recognised when the part is shipped to the customer or when the part is installed in the customer's equipment. For servicing of equipment, revenue is recognised as the work is performed.

Revenue is measured at the fair value of the consideration received, excluding discounts, rebates, VAT and other sales taxes or duty.

#### *Stock*

Stock is stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Consumables and goods for resale	–	purchase cost on a first-in, first-out basis
Work in progress	–	cost of direct materials and labour, plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion.

#### *Significant judgements and estimates*

Preparation of the financial statements requires management to make significant judgements and estimates. The items in the financial statements where these judgements and estimates have been made include:

- *Goodwill and intangible assets*  
The company established a reliable estimate of the useful life of goodwill and intangible assets arising on business combinations. This estimate is based on a number of factors, such as the expected use of the acquired business and the expected usual life of the cash generating units to which the goodwill is attributed.
- *Provisions*  
The company establishes provisions based on reasonable assumptions and estimates, and based on past experience

#### *Deferred taxation*

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Notes to the financial statements

at 30 June 2016

### 1. Accounting policies (continued)

#### *Cash and cash equivalents*

Cash and cash equivalents in the balance sheet comprise cash, bank balances and short term deposits with an original maturity date of three months or less.

#### *Short-term debtors and creditors*

Debtors and creditors with no stated interest rate and receivable or payable within one year are recorded at transaction price.

#### *Leasing and hire purchase commitments*

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts. The capital elements of future obligations are included as liabilities in the balance sheet.

Rentals paid under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

## Notes to the financial statements

at 30 June 2016

### 2. Turnover

Turnover, analysed geographically between markets was as follows:

	2016	2015
	£	£
UK & Europe	14,641,282	17,129,165
Rest of the World	40,283	70,660
	<u>14,681,565</u>	<u>17,207,825</u>

The turnover of the company is attributable to one continuing activity, the sale, installation, commissioning and maintenance of standby power generators.

### 3. Group operating profit

	2016	2015
	£	(restated) £
<i>This is stated after charging/(crediting):</i>		
Auditors' remuneration	14,500	14,000
Depreciation of owned tangible fixed assets	57,962	67,096
Depreciation of assets held under finance leases and hire purchase contracts	4,664	-
Loss / (profit) on disposal of fixed assets	-	7,363
Goodwill amortisation	102,606	102,606
Operating lease charges – land and buildings	167,424	198,499
Operating lease charges – other	<u>105,184</u>	<u>100,423</u>

£1,000 of the auditors' remuneration (2015 – £1,000) is for the audit of the company.

### 4. Restructuring costs

	2016	2015
	£	£
Restructuring costs	<u>(8,885)</u>	<u>45,000</u>

Restructuring costs relate to the closure of the London depot, the £8,885 credit relates to an over accrual in the 2015 accounts.

### 5. Directors' remuneration

	2016	2015
	£	£
Directors' remuneration	168,096	173,533
Pension contributions to money purchase pension schemes	1,436	-
	<u>169,532</u>	<u>173,533</u>

Pension contributions were paid to money purchase pension schemes for 2 directors in the year (2015: none). No directors received shares or share options during the current or prior years in respect of qualifying services and no share options were exercised in the current or prior year by directors.



## Notes to the financial statements

at 30 June 2016

### 6. Staff costs

	2016	2015
	£	£
Wages and salaries	2,077,765	2,011,843
Social security costs	218,555	219,745
Pension costs	12,727	-
	<u>2,309,047</u>	<u>2,231,588</u>

The average monthly number of employees during the year was made up as follows:

	No.	No.
Directors	2	3
Sales	7	6
Production	40	40
Administration	6	7
	<u>55</u>	<u>56</u>

### 7. Interest payable and similar charges

	2016	2015
	£	£
Loan note interest	90,204	89,957
10% preference shares (Note 9)	85,244	85,011
Hire purchase	1,460	-
Other	3,100	6,376
	<u>180,008</u>	<u>181,344</u>

### 8. Tax

#### (a) Tax on profit on ordinary activities

	2016	2015
	£	(restated) £
The tax charge is made up as follows:		
<i>Current tax:</i>		
UK corporation tax on profits for the period	302,646	376,362
Adjustments in respect of prior periods	(4,452)	2,956
<b>Total current tax</b>	<u>298,190</u>	<u>379,318</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	115	(2,536)
Effects of changes in tax rate on opening liability	(1,373)	92
<b>Total deferred tax</b>	<u>(1,258)</u>	<u>(2,444)</u>
<b>Tax on profit on ordinary activities</b>	<u>296,932</u>	<u>376,874</u>

## Notes to the financial statements

at 30 June 2016

### 8. Tax (continued)

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the period is higher than the standard rate of corporation tax in the UK of 20.0% (2015 – 20.75%). The differences are reconciled below:

	2016 £	2015 (restated) £
Profit on ordinary activities before tax	1,313,071	1,577,275
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2015 – 20.75%)	262,614	327,285
Effect of:		
Expenses not deductible for tax purposes	43,904	40,176
Tax rate changes	(1,374)	-
Adjustments in respect of prior periods	(8,213)	11,824
Total current tax	296,931	379,318

#### (c) Deferred tax Liability

	2016 £	2015 £
Accelerated capital allowances	12,364	13,622
		<i>Deferred tax</i> £
At 1 July 2015		13,622
Deferred tax charge for year		(1,258)
At 30 June 2016		12,364

### 9. Profit attributable to members of the parent undertaking

As permitted by section 408 of the Companies Act 2006, the profit and loss account of the parent undertaking is not presented as part of these financial statements. The profit dealt with in the financial statements of the parent undertaking was £1,088,906 (2015 – profit of £1,088,906).

### 10. Dividends

	2016 £	2015 £
<i>Declared during the year:</i>		
Final dividends on ordinary shares of £11.24 per 'A' ordinary and 'B' ordinary share (2015 – £9.36)	1,200,410	999,629
Preference dividends of £85,244 (2015 - £85,011) were declared during the year with £28,648 (2015 - £28,414) outstanding at the year end. Preference dividends are included within interest payable and similar charges.		

## Notes to the financial statements

at 30 June 2016

### 11. Intangible fixed assets

	<i>Goodwill</i>
<i>Group</i>	<i>£</i>
<i>Cost:</i>	
At 1 July 2015 and 30 June 2016	1,266,585
<i>Amortisation:</i>	
At 1 July 2015	343,127
Amortisation for the year	102,606
At 30 June 2016	445,733
<i>Net book value:</i>	
At 30 June 2016	820,852
At 1 July 2015	923,459

Goodwill is being amortised evenly over the directors' estimate of its useful life of 10 years.

The estimated useful life is based on a variety of factors such as the expected use of the acquired business, the contracts and customer lists still generating revenue for the Company. Having considered these factors the directors believe that a useful life of 10 year is appropriate.

### 12. Tangible fixed assets

<i>Group</i>	<i>Freehold improvements</i>	<i>Plant and machinery</i>	<i>Office equipment</i>	<i>Motor vehicles</i>	<i>Totals</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
<i>Cost:</i>					
At 1 July 2015	319,585	194,982	112,169	96,118	722,854
Additions	-	2,495	6,883	40,501	49,879
Disposals	-	-	-	-	-
At 30 June 2016	319,585	197,477	119,052	136,619	772,733
<i>Depreciation:</i>					
At 1 July 2015	74,514	153,459	85,493	95,064	408,530
Charge for year	24,817	15,932	16,636	5,239	62,626
Disposals	-	-	-	-	-
At 30 June 2016	99,331	169,391	102,129	100,303	471,154
<i>Net book value:</i>					
At 30 June 2016	220,254	28,086	16,923	36,316	301,579
At 1 July 2015	245,073	41,523	26,676	1,054	314,326

Motor vehicles with a carrying value of £36,317 (2015: £0) are held under hire purchase contracts.

# Notes to the financial statements

at 30 June 2016

## 13. Investments

Company

Shares in  
group  
undertakings  
£

Cost and net book value:

At 1 July 2015 and 30 June 2016

2,142,045

### Subsidiary undertakings

Diselec Holdings Limited held 100% of the ordinary share capital of Diselec Thistle Generators Limited, a company incorporated in the United Kingdom. Details of the investments as at 30 June 2016 are as follows:

Name of company	Proportion of voting rights & shares held		Nature of Business
	Holding		
Diselec Thistle Generators Limited	Ordinary Shares	100%	Sales, installation, & maintenance of standby generators

## 14. Stocks

Group	2016	2015
	£	£
Consumables and goods for resale	804,087	881,980
Work in progress	404,964	1,274,679
	<u>1,209,051</u>	<u>2,156,659</u>

The difference between the purchase price of stock and their replacement cost is not material.

Stocks recognised as an expense in the period were £8,714,508 (2015 -£11,202,116)

## 15. Debtors

	Group		Company	
	2016	2015	2016	2015
	£	£	£	£
Trade debtors	3,455,818	3,327,266	-	-
Amounts owed by group undertakings	-	-	60,000	1,045,350
Other debtors	157,127	188,174	-	-
Prepayments and accrued income	1,411,619	916,358	-	-
	<u>5,024,564</u>	<u>4,431,798</u>	<u>60,000</u>	<u>1,045,350</u>

## Notes to the financial statements

at 30 June 2016

### 16. Creditors: amounts falling due within one year

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	£	£	£	£
Trade creditors	3,740,651	4,709,040	13,500	15,600
Amounts due to group undertakings	-	-	324,240	-
Corporation tax	145,746	376,362	-	-
Other taxes and social security costs	458,739	389,804	3,250	2,900
Hire purchase	13,494	-	-	-
Loan notes	899,571	899,571	899,571	899,571
Other creditors	13,266	1,046	-	-
Dividends payable	-	999,629	-	999,629
Accruals and deferred income	1,784,368	1,491,783	61,219	60,985
	<u>7,055,835</u>	<u>8,867,235</u>	<u>1,301,780</u>	<u>1,978,685</u>

### 17. Creditors: amounts falling due after more than one year

	<i>Group</i>		<i>Company</i>	
	<i>2016</i>	<i>2015</i>	<i>2016</i>	<i>2015</i>
	£	£	£	£
Hire Purchase	17,970	-	-	-
Liability component of preference shares	944,571	944,571	944,571	944,571
	<u>962,541</u>	<u>944,571</u>	<u>944,571</u>	<u>944,571</u>

#### Cumulative redeemable preference shares

The cumulative redeemable preference shares, being 944,571 in issue with a nominal value of £1, are convertible at the option of the company or the holder on or after 10 September 2020 with the amount payable being equal to the amount paid up on each share. The preference shares carry a dividend of 10% per annum, payable half yearly in arrears on 10 September and 10 March.

### 18. Allotted and issued share capital

	<i>2016</i>		<i>2015</i>	
<i>Allotted, called up and fully paid</i>	<i>No.</i>	<i>£</i>	<i>No.</i>	<i>£</i>
'A' ordinary shares of £1 each	50,879	50,879	50,879	50,879
'B' ordinary shares of £1 each	55,919	55,919	55,919	55,919
		<u>106,798</u>		<u>106,798</u>
10% redeemable preference shares of £1 each (classified as a liability under FRS 25)	944,571	944,571	944,571	944,571
		<u>1,051,369</u>		<u>1,051,369</u>

# Notes to the financial statements

at 30 June 2016

## 19. Notes to the statement of cash flows

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2016	2015 (restated)
	£	£
Group operating profit	1,482,477	1,736,936
Depreciation charges	62,626	67,096
Amortisation charges	102,606	102,606
Loss on disposal of fixed assets	-	7,363
Decrease / (increase) in stocks	947,608	(544,367)
(Increase)/decrease in debtors	(592,766)	785,494
(Decrease) / increase in creditors	(1,793,349)	793,633
Net cash inflow from operating activities	<u>209,202</u>	<u>2,948,761</u>

(b) Analysis of cash flows for headings netted in the statement of cash flows

	2016	2015
	£	£
<i>Returns on investments and servicing of finance</i>		
Interest received	10,602	21,684
Interest paid	(94,641)	(96,333)
Dividends paid to preference shareholders	(85,244)	(85,011)
Interest element of hire purchase payments	(1,460)	-
<i>Net cash outflow from returns on investments and servicing of finance</i>	<u>(170,744)</u>	<u>(159,660)</u>
<i>Capital expenditure</i>		
Purchase of tangible fixed assets	(49,879)	(13,110)
Sale of tangible fixed assets	-	14,733
<i>Net cash inflow / (outflow) from capital expenditure</i>	<u>(49,879)</u>	<u>1,623</u>
<i>Financing</i>		
Dividends paid to ordinary shareholders	(1,200,410)	-
Other loans	-	(350,000)
<i>Net cash outflow from financing</i>	<u>(1,200,410)</u>	<u>(350,000)</u>

(c) Analysis of changes in net funds

	At 1 July 2015	Cash flow	At 30 June 2016
	£	£	£
Net cash:			
Cash at bank and in hand	3,444,689	(1,508,763)	1,935,926
Debt:			
Liability component of preference shares	(944,571)	-	(944,571)
Other loans	(899,571)	-	(899,571)
	<u>(1,844,142)</u>	<u>-</u>	<u>(1,844,142)</u>
Total	<u>1,600,547</u>	<u>(1,508,763)</u>	<u>91,784</u>

## Notes to the financial statements

at 30 June 2016

### 20. Other financial commitments

At 30 June 2016 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>	
	<i>2016</i>	<i>2015</i>
	£	£
Operating leases which expire:		
Under one year	-	29,333
Over five years	1,584,562	166,796
	<u>1,584,562</u>	<u>196,129</u>

### 21. Related party transactions

The trading balance due at 30 June 2016 to Nevis Capital LLP, a related party as a shareholder in Dieselec Holdings Limited, was £ 13,500 (2015 – £13,500). The trading transactions during the year amounted to £220,011 (2015 - £224,957).

Mr Moore's immediate family own 944,571 preference shares of £1 each in the company. A dividend of £85,244 (2015 - £85,011) was declared during the year with £28,648 (2015 - £28,414) outstanding at the year end.

#### Key management personnel

All directors who have authority and responsibility for planning, directing and controlling the activities of the company are considered to be key management personnel. Total remuneration in respect of these individuals is £169,532 (2015 - £173,533)

### 22. Ultimate parent undertaking and controlling party

Dieselec Holdings Limited is not controlled by any one party, and as such in the view of the directors there is no single ultimate controlling party.

### 23. Transition to FRS102

This is the first year that the company has presented its results under FRS102. The company transitioned to FRS102 from previously extant UK GAAP as at 1 July 2014.

The impact from the transition to FRS 102 is as follows:

#### Reconciliation of equity at 30 June 2015

	£
Equity Shareholders fund at 30 June 2015 under previous UK GAAP	1,484,625
Goodwill amortisation	(39,122)
Equity Shareholders fund at 30 June 2015 under FRS 102	<u>1,445,503</u>

## Notes to the financial statements

at 30 June 2016

### 23. Transition to FRS102 (continued)

#### Goodwill amortisation

Under previous UK GAAP, the company amortised goodwill on a straight line basis over their estimated useful life of 20 years. Under FRS 102, the company has amended the useful life of the goodwill to a useful life of 10 years from the date of transition to FRS102.