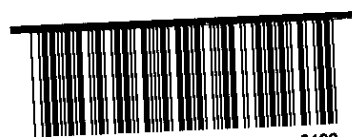


**Bernard Brogan Limited**

**Directors' report and financial  
statements**

**Registered number 29521**

**31 May 2000**



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COMPANIES HOUSE 15/09/00

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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2000.

### Principal activities

The company is principally engaged in fuel distribution, access platform hire, ironmongery supplies and industrial fabrication.

### Business review

The profit for the year after taxation amounted to £277,000 (1999: £250,000). A dividend of £38,000 is proposed (1999: £30,000).

### Directors and directors' interests

The directors who held office during the year and their interests in the ordinary share capital of the company were as follows :

|                                            | Note | 2000  | 1999  |
|--------------------------------------------|------|-------|-------|
| Edward Brogan (resigned 10 September 1999) | 1    | 1,125 | 1,125 |
| James Brogan                               | 1    | 125   | 125   |
| CB Brogan                                  | 1    | 8,469 | 8,469 |
| AH Tait                                    |      | 4,469 | 4,469 |
| A Brogan                                   |      | 5,662 | 5,662 |
| W Taylor                                   |      | Nil   | Nil   |

Note 1: In addition to their shareholdings these directors had a non beneficial interest at 31 May 2000 in 2,625 ordinary shares (1999: 4,594) held by a trust of which they are trustees.

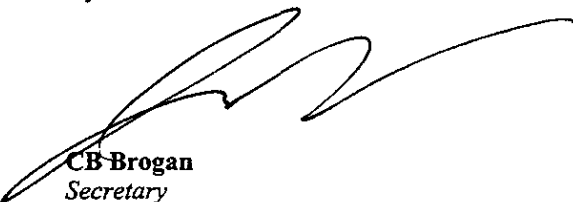
### Fixed assets

In the opinion of the directors the company's freehold properties have a market value in excess of book value.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the Annual General Meeting.

By order of the board



CB Brogan  
Secretary

Nethan Street  
Motherwell  
ML1 3TF

11 August 2000

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable 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 proper accounting records which 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 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



24 Blythswood Square  
Glasgow  
G2 4QS  
United Kingdom

## **Report of the auditors to the members of Bernard Brogan Limited**

We have audited the financial statements on pages 4 to 15.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

### **Basis of opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'L. M. G.', written over the KPMG logo.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

15 August 2000

**Profit and loss account**  
*for the year ended 31 May 2000*

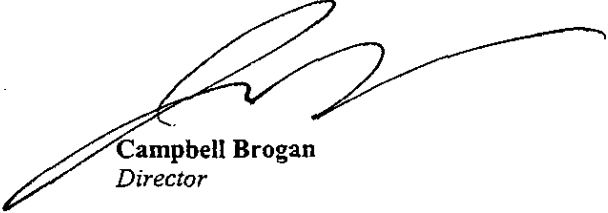
|                                                      | <i>Note</i> | <b>2000</b><br><b>£000</b> | <b>1999</b><br><b>£000</b> |
|------------------------------------------------------|-------------|----------------------------|----------------------------|
| <b>Turnover</b>                                      | <i>1</i>    | <b>50,422</b>              | <b>33,345</b>              |
| Cost of sales                                        |             | <b>(48,438)</b>            | <b>(31,854)</b>            |
| <b>Gross profit</b>                                  |             | <b>1,984</b>               | <b>1,491</b>               |
| Administrative expenses                              |             | <b>(1,475)</b>             | <b>(1,109)</b>             |
| Other operating income                               |             | <b>75</b>                  | <b>60</b>                  |
| <b>Operating profit</b>                              |             | <b>584</b>                 | <b>442</b>                 |
| Interest payable                                     | <i>3</i>    | <b>(203)</b>               | <b>(138)</b>               |
| <b>Profit on ordinary activities before taxation</b> | <i>2</i>    | <b>381</b>                 | <b>304</b>                 |
| Taxation on ordinary activities                      | <i>5</i>    | <b>(104)</b>               | <b>(54)</b>                |
| <b>Profit on ordinary activities after taxation</b>  |             | <b>277</b>                 | <b>250</b>                 |
| Dividend payable                                     | <i>6</i>    | <b>(38)</b>                | <b>(30)</b>                |
| <b>Retained profit for the financial year</b>        |             | <b>239</b>                 | <b>220</b>                 |
| Profit and loss account brought forward              |             | <b>2,144</b>               | <b>1,924</b>               |
| <b>Profit and loss account carried forward</b>       |             | <b>2,383</b>               | <b>2,144</b>               |

There have been no recognised gains or losses other than the profit for the financial year.

**Balance sheet**  
*at 31 May 2000*

|                                                                | <i>Note</i> | <b>2000</b> | <b>1999</b> |
|----------------------------------------------------------------|-------------|-------------|-------------|
|                                                                |             | <b>£000</b> | <b>£000</b> |
| <b>Fixed assets</b>                                            |             |             |             |
| Intangible assets                                              | 7           | 129         | 143         |
| Tangible assets                                                | 8           | 3,376       | 3,209       |
| Investments                                                    | 9           | 11          | 11          |
|                                                                |             | <hr/>       | <hr/>       |
|                                                                |             | 3,516       | 3,363       |
| <b>Current assets</b>                                          |             |             |             |
| Stocks                                                         | 10          | 807         | 847         |
| Debtors                                                        | 11          | 6,855       | 5,722       |
| Cash in hand                                                   |             | 2           | 1           |
|                                                                |             | <hr/>       | <hr/>       |
|                                                                |             | 7,664       | 6,570       |
| <b>Creditors: amounts falling due within one year</b>          | 12          | (7,238)     | (7,109)     |
|                                                                |             | <hr/>       | <hr/>       |
| <b>Net current assets/(liabilities)</b>                        |             | 426         | (539)       |
|                                                                |             | <hr/>       | <hr/>       |
| <b>Total assets less current liabilities</b>                   |             | 3,942       | 2,824       |
| <b>Creditors: amounts falling due after more than one year</b> | 12          | (1,354)     | (454)       |
| <b>Provision for liabilities and charges</b>                   | 13          | (121)       | (142)       |
|                                                                |             | <hr/>       | <hr/>       |
| <b>Net assets</b>                                              |             | 2,467       | 2,228       |
|                                                                |             | <hr/>       | <hr/>       |
| <b>Capital and reserves</b>                                    |             |             |             |
| Called up equity share capital                                 | 14          | 84          | 84          |
| Profit and loss account                                        |             | 2,383       | 2,144       |
|                                                                |             | <hr/>       | <hr/>       |
|                                                                |             | 2,467       | 2,228       |
|                                                                |             | <hr/>       | <hr/>       |

These financial statements were approved by the board of directors on 11 August 2000 and were signed on its behalf by:

  
**Campbell Brogan**  
Director

**Cash flow statement**  
*for the year ended 31 May 2000*

|                                                        | <i>Note</i> | 2000         | 1999         |
|--------------------------------------------------------|-------------|--------------|--------------|
|                                                        |             | £000         | £000         |
| <b>Net cash inflow from operating activities</b>       | <i>16</i>   | <b>785</b>   | <b>633</b>   |
| <b>Returns on investments and servicing of finance</b> |             |              |              |
| Interest paid                                          |             | (159)        | (110)        |
| Interest element of finance lease rental payments      |             | (44)         | (27)         |
|                                                        |             | <u>(203)</u> | <u>(137)</u> |
| <b>Taxation</b>                                        |             | <b>(65)</b>  | <b>(114)</b> |
| <b>Capital expenditure and financial investment</b>    |             |              |              |
| Purchase of tangible fixed assets                      |             | (721)        | (928)        |
| Disposal of tangible fixed assets                      |             | 82           | 79           |
|                                                        |             | <u>(639)</u> | <u>(849)</u> |
| <b>Net cash outflow from investing activities</b>      |             | <b>(639)</b> | <b>(849)</b> |
| <b>Acquisitions and disposals</b>                      |             |              |              |
| Purchases of businesses                                |             | (24)         | (190)        |
| <b>Equity dividends paid</b>                           |             | <b>(30)</b>  | <b>(42)</b>  |
| <b>Financing</b>                                       |             |              |              |
| Capital element of finance lease rental payments       |             | (161)        | (78)         |
| Long term loan                                         |             | 1,000        | -            |
| Loan repayments                                        |             | (17)         | -            |
|                                                        |             | <u>822</u>   | <u>(78)</u>  |
| <b>Net cash outflow from financing</b>                 |             | <b>822</b>   | <b>(78)</b>  |
| <b>Increase/(decrease) in cash</b>                     | <i>18</i>   | <b>646</b>   | <b>(777)</b> |

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of accounting***

The financial statements are prepared on the historical cost basis of accounting. The accounts have been prepared in accordance with applicable UK accounting standards.

#### ***Turnover***

Turnover is the total amount receivable by the company in the ordinary course of business with outside customers for services provided and goods supplied as a principal, excluding VAT and trade discounts.

#### ***Depreciation***

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful lives. Depreciation is calculated on the reducing balance method, with the exception of computer equipment included within plant which is written off over 4 years.

The rates applicable are:

|           |   |     |
|-----------|---|-----|
| Buildings | - | 2%  |
| Plant     | - | 25% |
| Vehicles  | - | 25% |
| Furniture | - | 15% |
| Oil Tanks | - | 10% |

#### ***Goodwill***

Goodwill arising from the acquisition of subsidiary undertakings is calculated as the difference between the price paid for the acquisition, and the net book value of the assets acquired at the date of acquisition. Goodwill is amortised over a period of ten years, this being the estimated useful economic life.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value.

#### ***Deferred tax***

Deferred tax is the corporation tax attributable to timing differences between profits or losses as computed for tax purposes and results as stated in the financial statements. Deferred tax is provided to the extent that it is probable that a liability will crystallise. Deferred tax is calculated at the rates at which it is estimated that corporation tax will be paid when the timing differences reverse.

#### ***Pension costs***

The company's pension costs are charged to the profit and loss account so as to spread the cost of pensions evenly over the estimated average service lives of the employees who are members of the company's pension scheme.

## Notes (continued)

### Accounting policies (continued)

#### Leasing

Assets held under finance leases are recorded at cost, with an equivalent liability shown within creditors due within or after one year as appropriate. Each asset is depreciated over the shorter of the lease period and the asset's useful economic life. The interest element represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

Rental payments due under operating lease arrangements are charged to the profit and loss account in the period to which they relate.

### 2 Profit on ordinary activities before taxation

|                                                                                | 2000<br>£000 | 1999<br>£000 |
|--------------------------------------------------------------------------------|--------------|--------------|
| <i>Profit on ordinary activities before taxation is stated after charging:</i> |              |              |
| Auditors' remuneration                                                         | 17           | 16           |
| Payments to auditors for other services                                        | 7            | 6            |
| Depreciation - owned assets                                                    | 538          | 504          |
| - finance leases                                                               | 178          | 100          |
| Profit on sale of fixed assets                                                 | (36)         | (37)         |
| Hire of plant and machinery under operating leases                             | 19           | 35           |

The total amount charged to revenue for the hire of plant and machinery amounted to £243,800 (1999: £161,700). This comprises rentals payable under operating leases as well as depreciation on plant and machinery held under finance leases together with the related finance charges.

### 3 Interest payable

|                                                      | 2000<br>£000 | 1999<br>£000 |
|------------------------------------------------------|--------------|--------------|
| On bank overdraft wholly repayable within five years | 159          | 111          |
| On finance leases                                    | 44           | 27           |
|                                                      | <u>203</u>   | <u>138</u>   |

### 4 Directors and employees

The average number of employees of the company during the year and their aggregate emoluments are shown below:

|                    | 2000<br>£000 | 1999<br>£000 |
|--------------------|--------------|--------------|
| Wages and salaries | 2,484        | 2,007        |
| Social security    | 229          | 184          |
| Pension costs      | 25           | 26           |
|                    | <u>2,738</u> | <u>2,217</u> |

**Notes (continued)**

**Directors and employees (continued)**

|                                    | 2000<br>No. | 1999<br>No. |
|------------------------------------|-------------|-------------|
| Directors and administrative staff | 46          | 37          |
| Distribution                       | 93          | 86          |
|                                    | <hr/> 139   | <hr/> 123   |

Remuneration in respect of directors was as follows:-

|                                         | 2000<br>£000 | 1999<br>£000 |
|-----------------------------------------|--------------|--------------|
| Emoluments (including benefits in kind) | 236          | 220          |
| Pension costs                           | 3            | 3            |
|                                         | <hr/> 239    | <hr/> 223    |

The emoluments, excluding pension contributions, of the highest paid director were £68,545 (1999: £64,277).

|                                                                              | Number of directors |      |
|------------------------------------------------------------------------------|---------------------|------|
|                                                                              | 2000                | 1999 |
| Retirement benefits are accruing to the following number of directors under: |                     |      |
| Money purchase schemes                                                       | 1                   | 1    |
| Defined benefit schemes                                                      | 3                   | 3    |

**5 Tax on profit on ordinary activities**

|                                                         | 2000<br>£000 | 1999<br>£000 |
|---------------------------------------------------------|--------------|--------------|
| UK corporation tax charge at 22% (1999: 21%)            | (81)         | (55)         |
| Deferred tax charge                                     | (8)          | (22)         |
| Prior year - Corporation tax over/(under) provision     | (20)         | 1            |
| - Deferred tax                                          | 1            | 5            |
| Movement in deferred tax due to change in taxation rate | 4            | 17           |
|                                                         | <hr/> (104)  | <hr/> (54)   |

**Notes (continued)**

**6 Dividend on ordinary shares**

|                                              | 2000<br>£000 | 1999<br>£000 |
|----------------------------------------------|--------------|--------------|
| Proposed 45p per share (1999: 36p per share) | 38           | 30           |

**7 Intangible assets**

|                                                            | 2000<br>£000 | 1999<br>£000 |
|------------------------------------------------------------|--------------|--------------|
| Goodwill arising from acquisition of William Laird Limited | 129          | 143          |

On 1 April 1999 Bernard Brogan Limited acquired the entire share capital of William Laird Limited. The goodwill acquired is being written off over 10 years starting in the current year.

**8 Tangible fixed assets**

|                       | Freehold<br>properties<br>£000 | Plant<br>£000 | Vehicles<br>£000 | Furniture<br>£000 | Oil tanks<br>£000 | Total<br>£000 |
|-----------------------|--------------------------------|---------------|------------------|-------------------|-------------------|---------------|
| <i>Cost</i>           |                                |               |                  |                   |                   |               |
| At beginning of year  | 720                            | 668           | 4,260            | 98                | 269               | 6,015         |
| Additions             | 58                             | 100           | 674              | 11                | 86                | 929           |
| Disposals             | -                              | (122)         | (270)            | -                 | (7)               | (399)         |
| At end of year        | 778                            | 646           | 4,664            | 109               | 348               | 6,545         |
| <i>Depreciation</i>   |                                |               |                  |                   |                   |               |
| At beginning of year  | 115                            | 365           | 2,170            | 75                | 81                | 2,806         |
| Charge for the year   | 13                             | 95            | 580              | 4                 | 24                | 716           |
| Disposals             | -                              | (121)         | (228)            | -                 | (4)               | (353)         |
| At end of year        | 128                            | 339           | 2,522            | 79                | 101               | 3,169         |
| <i>Net book value</i> |                                |               |                  |                   |                   |               |
| At 31 May 2000        | 650                            | 307           | 2,142            | 30                | 247               | 3,376         |
| At 31 May 1999        | 605                            | 303           | 2,090            | 23                | 188               | 3,209         |

Vehicles include assets held under finance leases which had a net book value of £652,968 at 31 May 2000 (1999: £560,446).

**Notes (continued)**

**9 Fixed asset investment**

|                                      | 2000<br>£000 | 1999<br>£000 |
|--------------------------------------|--------------|--------------|
| Investment in subsidiary undertaking | 3            | 3            |
| Other loans                          | 8            | 8            |
|                                      | <u>11</u>    | <u>11</u>    |

**10 Stocks**

|                                     | 2000<br>£000 | 1999<br>£000 |
|-------------------------------------|--------------|--------------|
| Finished goods and goods for resale | 807          | 847          |
|                                     | <u>807</u>   | <u>847</u>   |

**11 Debtors**

|               | 2000<br>£000 | 1999<br>£000 |
|---------------|--------------|--------------|
| Trade debtors | 6,626        | 5,441        |
| VAT           | 50           | 119          |
| Prepayments   | 179          | 162          |
|               | <u>6,855</u> | <u>5,722</u> |

**12 Creditors**

|                                        | 2000                           |                               | 1999                           |                               |
|----------------------------------------|--------------------------------|-------------------------------|--------------------------------|-------------------------------|
|                                        | Due within<br>one year<br>£000 | Due after<br>one year<br>£000 | Due within<br>one year<br>£000 | Due after<br>one year<br>£000 |
| Bank overdraft                         | 796                            | -                             | 1,443                          | -                             |
| Bank loan                              | 100                            | 883                           | -                              | -                             |
| Trade creditors                        | 5,881                          | 86                            | 5,325                          | 86                            |
| Amounts owed to subsidiary undertaking | -                              | 3                             | -                              | 2                             |
| Corporation tax                        | 81                             | -                             | 45                             | -                             |
| Social security and other taxes        | 82                             | -                             | 89                             | -                             |
| Accruals and deferred income           | 89                             | -                             | 38                             | -                             |
| Obligations under finance leases       | 171                            | 382                           | 139                            | 366                           |
| Dividend payable                       | 38                             | -                             | 30                             | -                             |
|                                        | <u>7,238</u>                   | <u>1,354</u>                  | <u>7,109</u>                   | <u>454</u>                    |

## Notes (continued)

### Creditors (continued)

The bank overdraft and term loan are secured by a standard security over properties owned by the company together with a bond and floating charge over the whole assets of the company. The interest rate on the term loan is 2% over the bank's base rate and is to be repaid in equal monthly instalments over 10 years.

A further floating charge, subordinate to that of the bank, is held by a major trade creditor. The aggregate balance due within one year at 31 May 2000 was £4,004,000.

The obligations under finance leases due after one year are due within two to five years.

### 13 Provisions for liabilities and charges

#### Deferred taxation

Deferred taxation fully provided in the financial statements at 22% (1999: 21%) is set out below:

|                                                 | 2000<br>£000 | 1999<br>£000 |
|-------------------------------------------------|--------------|--------------|
| Accelerated capital allowances                  | 104          | 101          |
| Other timing differences                        | 1            | 1            |
|                                                 | <hr/> 105    | <hr/> 102    |
| Opening provision                               | 102          | 92           |
| Transfer to/from profit and loss account        | 3            | -            |
| Movement in advance corporation tax recoverable | ~            | 10           |
|                                                 | <hr/> 105    | <hr/> 102    |
| Closing provision                               | <hr/> 105    | <hr/> 102    |

#### Deferred consideration

|                                                | 2000<br>£000 | 1999<br>£000 |
|------------------------------------------------|--------------|--------------|
| Purchase of William Laird Limited (see note 7) | 16           | 40           |
|                                                | <hr/>        | <hr/>        |

### 14 Share capital

|                                           | 2000<br>£000 | 1999<br>£000 |
|-------------------------------------------|--------------|--------------|
| <i>Authorised</i>                         |              |              |
| 100,000 ordinary shares of £1 each        | 100          | 100          |
|                                           | <hr/>        | <hr/>        |
| <i>Allotted, called up and fully paid</i> |              |              |
| 84,000 ordinary shares of £1 each         | 84           | 84           |
|                                           | <hr/>        | <hr/>        |

**Notes (continued)**

**15 Reconciliation of movement in shareholders funds**

|                               | 2000<br>£000      | 1999<br>£000      |
|-------------------------------|-------------------|-------------------|
| Opening shareholders funds    | 2,228             | 2,008             |
| Profit for the financial year | 239               | 220               |
|                               | <hr/> 2,467 <hr/> | <hr/> 2,228 <hr/> |

**16 Reconciliation of operating profit to net cash inflow from operating activities**

|                                           | 2000<br>£000    | 1999<br>£000    |
|-------------------------------------------|-----------------|-----------------|
| Operating profit                          | 584             | 442             |
| Depreciation charged                      | 716             | 604             |
| Goodwill amortisation                     | 14              | -               |
| Profit on sale of tangible fixed assets   | (36)            | (37)            |
| Decrease/(increase) in stocks             | 40              | (293)           |
| Increase in debtors                       | (1,133)         | (1,984)         |
| Increase in creditors                     | 600             | 1,901           |
|                                           | <hr/> 785 <hr/> | <hr/> 633 <hr/> |
| Net cash inflow from operating activities | 785             | 633             |

**17 Reconciliation of net cash flow to movements in net debt**

|                                       | 2000<br>£000        | 1999<br>£000        |
|---------------------------------------|---------------------|---------------------|
| (Decrease)/increase in cash           | 646                 | (777)               |
| Finance lease rental payments         | 161                 | 78                  |
|                                       | <hr/> 807 <hr/>     | <hr/> (699) <hr/>   |
| New finance leases                    | (208)               | (375)               |
|                                       | <hr/> 599 <hr/>     | <hr/> (1,074) <hr/> |
| Movement in net debt                  | (1,948)             | (874)               |
| Net debt at the beginning of the year | (1,948)             | (1,948)             |
|                                       | <hr/> (1,349) <hr/> | <hr/> (1,349) <hr/> |
| Net debt at the end of the year       | (1,349)             | (1,349)             |

## Notes (continued)

### 18 Analysis of changes in net debt

|                       | At 1 June<br>1999<br>£000 | Cash<br>flow<br>£000 | Other<br>change<br>£000 | At 31 May<br>2000<br>£000 |
|-----------------------|---------------------------|----------------------|-------------------------|---------------------------|
| Cash in hand, at bank | (1,442)                   | 646                  | -                       | (796)                     |
| Finance lease         | (506)                     | 161                  | (208)                   | (553)                     |
|                       | <u>(1,948)</u>            | <u>807</u>           | <u>(208)</u>            | <u>(1,349)</u>            |

### 19 Commitments

(i) Capital commitments at 31 May 2000, for which no provision has been made were as follows:

|            | 2000<br>£000 | 1999<br>£000 |
|------------|--------------|--------------|
| Contracted | <u>195</u>   | <u>286</u>   |

(ii) Operating leases

At the end of the year the company had commitments under non-cancellable operating leases as follows:

|                                        | 2000<br>£000 | 1999<br>£000 |
|----------------------------------------|--------------|--------------|
| Operating leases which expire:         |              |              |
| In one year                            | 3            | 21           |
| In the second to fifth years inclusive | <u>-</u>     | <u>2</u>     |

### 20 Pension costs

The company operates a pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company, being invested with Scottish Mutual Assurance plc. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method modified by a 20 year control period. The most recent valuation was carried out with an effective date of 1 December 1999. The assumptions which have the most significance are those relating to the rate of return on pensions. It was assumed that the investment returns would be 8.5% per annum and that salary increases would average 7% per annum and that pensions in excess of the guaranteed minimum pension (GMP) would increase at the rate of 5% per annum (or 3% for members who left prior to 1 December 1991).

The most recent actuarial valuation showed that the value of the scheme's assets was £667,000 and that the actuarial value of those assets represented 162% of the benefits that had accrued to members, after allowing for revaluation at 7% per annum on benefits in excess of the GMP and statutory revaluation on the GMP. Only three directors remain in this scheme, with all other employees having transferred out into the money purchase scheme. No further contributions are being made either by the directors or the company.

## Notes *(continued)*

### Pension costs *(continued)*

In addition the company operates a money purchase scheme. The assets of the scheme are held separately from those of the company, being invested with Scottish Mutual Assurance plc. The scheme commenced on 1 December 1996. The contributions of the company and employees are 2-4% and 2% of earnings for staff and 11.5% and 2% of earnings for directors respectively.

The pension charge for the year was £24,164 (1999: £26,257).

Accrued pension contributions at 31 May 2000 amounted to £3,449 (1999: £3,999).