

SC 29521

Bernard Brogan Limited

**Directors' report and financial
statements**

Registered number 29521

31 May 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 May 2002.

Principal activities

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

Business review and proposed dividend

The profit for the year after taxation amounted to £391,000 (2001: £349,000). A dividend of £61,000 is proposed (2001: £51,000) leaving the balance to be transferred to reserves. During the year 700 ordinary shares of £1 were issued for a consideration of £15,400.

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 :

	<i>Note</i>	2002	2001
James Brogan	<i>1</i>	125	125
CB Brogan	<i>1</i>	8,469	8,469
AH Tait		4,869	4,469
A Brogan		5,962	5,662
W Taylor		Nil	Nil

Note 1: In addition to their shareholdings these directors had a non beneficial interest at 31 May 2002 in 2,625 ordinary shares (2001: 2,625) held by a trust of which they are trustees.

As at 31 May 2002 AH Tait and A Brogan have options over 3,600 and 2,507 shares respectively.

Market value of freehold properties

In the opinion of the directors the company's freehold properties have a market value in excess of book value. However, without independent valuations being carried out it is impracticable to quantify the difference.

Auditors

During the period the business of KPMG was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 23 May 2002 and the directors therefore appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


CB Brogan
Secretary

Nethan Street
Motherwell
ML1 3TF

15 August 2002

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 independent auditors to the members of Bernard Brogan Limited

We have audited the financial statements on pages 4 to 17.

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 1985. 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 audit 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 2002 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 black ink, appearing to read 'KPMG LLP'.

KPMG LLP
Chartered Accountants
Registered Auditor

22 August 2002

Profit and loss account
for the year ended 31 May 2002

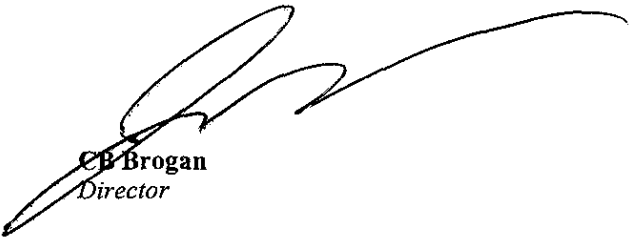
	<i>Note</i>	2002 £000	2001 £000
Turnover	<i>1</i>	62,004	64,374
Cost of sales		(59,475)	(62,180)
Gross profit		2,529	2,194
Administrative expenses		(1,855)	(1,601)
Other operating income		77	83
Operating profit		751	676
Interest payable	<i>5</i>	(138)	(163)
Profit on ordinary activities before taxation	<i>2</i>	613	513
Taxation on ordinary activities	<i>6</i>	(222)	(164)
Profit on ordinary activities after taxation and for the financial year		391	349
Dividend payable	<i>7</i>	(61)	(51)
Retained profit for the year		330	298
Profit and loss account brought forward		2,564	2,383
Purchase of ordinary shares		-	(117)
Profit and loss account carried forward		2,894	2,564

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

Balance sheet
at 31 May 2002

	Note	2002 £000	2001 £000
Fixed assets			
Intangible assets	8	-	115
Tangible assets	9	3,603	3,207
Investments	10	11	11
		<u>3,614</u>	<u>3,333</u>
Current assets			
Stocks	11	1,001	1,063
Debtors	12	7,416	7,350
Cash at bank and in hand		708	745
		<u>9,125</u>	<u>9,158</u>
Creditors: amounts falling due within one year	13	<u>(8,419)</u>	<u>(8,494)</u>
Net current assets		<u>706</u>	<u>664</u>
Total assets less current liabilities		<u>4,320</u>	<u>3,997</u>
Creditors: amounts falling due after more than one year	13	(1,216)	(1,232)
Provision for liabilities and charges	14	(111)	(117)
Net assets		<u>2,993</u>	<u>2,648</u>
Capital and reserves			
Called up equity share capital	15	79	79
Share premium	16	15	-
Capital redemption reserve		5	5
Profit and loss account		2,894	2,564
Shareholders' funds - equity		<u>2,993</u>	<u>2,648</u>

These financial statements were approved by the board of directors on 15 August 2002 and were signed on its behalf by:


CB Brogan
Director

Cash flow statement
for the year ended 31 May 2002

	<i>Note</i>	2002	2001
		£000	£000
Net cash inflow from operating activities	<i>18</i>	1,392	2,554
Returns on investments and servicing of finance			
Interest paid		(93)	(128)
Interest element of finance lease rental payments		(44)	(43)
Net cash outflow from returns on investments and servicing of finance		(137)	(171)
Taxation		(160)	(80)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(1,232)	(481)
Disposal of tangible fixed assets		453	163
Net cash outflow from investing activities		(779)	(318)
Equity dividends paid		(51)	(38)
Net cash inflow before financing		265	1,947
Financing			
Capital element of finance lease rental payments		(217)	(191)
Long term loan		-	-
Loan repayments		(100)	(100)
Purchase of ordinary shares		-	(117)
Issue of ordinary shares		15	-
Net cash outflow from financing		(302)	(408)
(Decrease)/increase in cash	<i>19</i>	(37)	1,539

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.

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 its estimated useful economic life.

Depreciation

Depreciation is provided 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% per annum
Plant	-	25% per annum
Vehicles	-	25% per annum
Furniture	-	15% per annum
Oil Tanks	-	10% per annum

Stocks

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

Deferred tax

Provision is made at 30% for taxation deferred by the excess of capital allowances over depreciation and other timing differences. Whilst FRS 19: Deferred tax was implemented in the year, there is no material impact in the results either in respect of the year ended 31 May 2002 or prior years.

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

	2002 £000	2001 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting):</i>		
Auditors' remuneration - audit	18	17
- other services	2	10
Amortisation of goodwill	115	14
Depreciation - owned assets	482	509
- finance leases	156	167
Loss on sale of fixed assets	45	60
Hire of plant and machinery and vehicles under operating leases	31	6

3 Remuneration of directors

Remuneration in respect of directors was as follows:-

	2002 £000	2001 £000
Emoluments (including benefits in kind)	311	267
Pension costs	3	3
	314	270

The emoluments, excluding pension contributions, of the highest paid director were £91,306 (2001: £79,025).

	Number of directors	
	2002	2001
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	1	1
Defined benefit schemes	3	3

Notes (continued)

4 Staff numbers and costs

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

	Number of employees	
	2002	2001
Directors and administrative staff	60	53
Distribution	94	94
	154	147

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£000	£000
Wages and salaries	2,911	2,677
Social security	263	249
Pension costs	28	23
	3,202	2,949

5 Interest payable

	2002	2001
	£000	£000
On bank loan and overdraft	94	120
On finance leases	44	43
	138	163

Notes (continued)

6 Tax on profit on ordinary activities

Analysis of charge in period

	2002	2001
£000	£000	£000
<i>UK corporation tax</i>		
Corporation tax on profit for the period at 28% (2001: 26%)	221	158
Adjustments in respect of prior periods	2	(1)
Total corporation tax charge	223	157
<i>Deferred tax</i>		
(Credit)/charge for the year	(9)	(27)
Adjustment in respect of prior periods	10	16
Movement in deferred tax due to change in tax rate	(2)	18
Total deferred tax (credit)/charge	(1)	7
Tax on profit on ordinary activities	222	164

The current tax charge for the period is higher (2001: higher) than the standard rate of corporation in the UK (30%: 2001: 30%). The differences are explained below.

	2002	2001
£000	£000	£000
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	613	513
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	184	154
Goodwill written off in year	34	6
Expenses not deductible for tax purposes	6	6
Deferred tax credit	9	27
Impact of marginal relief	(18)	(22)
Adjustments to tax charge in respect of previous periods	2	(1)
Ineligible depreciation and other items	6	(13)
Total corporation tax charge	223	157

Notes (continued)

7 Dividend on ordinary shares

	2002 £000	2001 £000
Proposed 77p per share (2001: 65p per share)	61	51

8 Intangible assets

	2002 £000	2001 £000
Goodwill arising from acquisition of William Laird Limited	-	115

On 1 April 1999 Bernard Brogan Limited acquired the entire share capital of William Laird Limited. During the year the remaining goodwill was written off.

9 Tangible fixed assets

	Freehold properties £000	Plant £000	Vehicles £000	Furniture £000	Oil tanks £000	Total £000
<i>Cost</i>						
At beginning of year	781	366	5,106	129	364	6,746
Additions	213	73	1,155	27	64	1,532
Disposals	-	(150)	(1,378)	-	-	(1,528)
At end of year	994	289	4,883	156	428	6,750
<i>Depreciation</i>						
At beginning of year	141	210	2,977	85	126	3,539
Charge for the year	14	53	539	8	24	638
Disposals	-	(125)	(905)	-	-	(1,030)
At end of year	155	138	2,611	93	150	3,147
<i>Net book value</i>						
At 31 May 2002	839	151	2,272	63	278	3,603
At 31 May 2001	640	156	2,129	44	238	3,207

Vehicles include assets held under finance leases which had a net book value of £733,523 at 31 May 2002 (2001: £660,196).

Notes (continued)

10 Fixed asset investment

	2002 £000	2001 £000
Investment in subsidiary undertaking	3	3
Other loans	8	8
	<u>11</u>	<u>11</u>

The company owns 100% of the ordinary shares in all its subsidiary undertakings. None of the subsidiaries traded during the current or preceding year.

11 Stocks

	2002 £000	2001 £000
Finished goods and goods for resale	1,001	1,063
	<u>1,001</u>	<u>1,063</u>

12 Debtors

	2002 £000	2001 £000
Trade debtors	7,109	6,825
VAT	72	223
Prepayments	235	302
	<u>7,416</u>	<u>7,350</u>

13 Creditors

	2002		2001	
	Due within one year £000	Due after one year £000	Due within one year £000	Due after one year £000
Bank loan (secured)	100	683	100	783
Trade creditors	7,630	-	7,851	86
Amounts owed to subsidiary undertaking	-	3	-	3
Corporation tax	221	-	158	-
Social security and other taxes	89	-	83	-
Accruals and deferred income	88	64	74	-
Obligations under finance leases	230	466	177	360
Dividend payable	61	-	51	-
	<u>8,419</u>	<u>1,216</u>	<u>8,494</u>	<u>1,232</u>

Notes (continued)

Creditors (continued)

The bank loan is payable as follows:

	2002 £000	2001 £000
Within one year	100	100
Between one and two years	100	100
Between two and five years	300	300
In five years or more	283	383
	783	883

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 2002 was £5,218,000 (2001: £5,446,000).

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

14 Provisions for liabilities and charges

Deferred taxation

Deferred taxation fully provided in the financial statements at 28% (2001: 26%) is set out below:

	2002 £000	2001 £000
Accelerated capital allowances	110	116
Other timing differences	1	(4)
	111	112
Opening provision	112	105
Transfer (to)/from profit and loss account	(1)	7
	111	112

Deferred consideration

	2002 £000	2001 £000
Purchase of William Laird Limited	-	5
Total provision for liabilities and charges	111	117

Notes (continued)

15 Share capital

	2002 £000	2001 £000
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100	100
<i>Allotted, called up and fully paid</i>		
79,387 (2001: 78,687) ordinary shares of £1 each	79	79

In May 2002 700 ordinary shares of £1 each were issued for a consideration of £15,400.

16 Share premium account

	2002 £000	2001 £000
At 1 June 2001	-	-
Premium on issue of shares	15	-
At 31 May 2002	15	-

17 Reconciliation of movement in shareholders funds

	2002 £000	2001 £000
Opening shareholders funds	2,648	2,467
Issue of share capital	15	-
Buyback of ordinary shares	-	(117)
Retained profit for financial year	330	298
	2,993	2,648

Notes (continued)

18 Reconciliation of operating profit to net cash inflow from operating activities

	2002 £000	2001 £000
Operating profit	751	676
Depreciation charged	638	676
Goodwill amortisation	115	14
Loss on sale of tangible fixed assets	45	60
Decrease/(increase) in stocks	62	(256)
Increase in debtors	(66)	(495)
(Decrease)/increase in creditors	(153)	1,879
Net cash inflow from operating activities	1,392	2,554

19 Reconciliation of net cash flow to movements in net debt

	2002 £000	2001 £000
(Decrease)/increase in cash	(37)	1,539
Finance lease rental payments	217	191
Term loan repayments	100	100
	280	1,830
New finance leases	(376)	(175)
Movement in net debt	(96)	1,655
Net debt at the beginning of the year	(675)	(2,330)
Net debt at the end of the year	(771)	(675)

20 Analysis of changes in net debt

	At 1 June 2001 £000	Cash flow £000	Other non cash movements £000	At 31 May 2002 £000
Cash in hand, at bank	745	(37)	-	708
Loans < 1 year	(100)	100	(100)	(100)
Loans > 1 year	(783)	-	100	(683)
Finance leases	(537)	217	(376)	(696)
	(675)	280	(376)	(771)

Notes (continued)

21 Commitments

(i) Capital commitments at 31 May 2002 for which no provision has been made were as follows:

	2002 £000	2001 £000
Contracted	-	288

(ii) Operating leases

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

	2002 £000	2001 £000
Operating leases which expire:		
In one year	-	2
In two to five years	63	-

22 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 investments. 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 £1.3 million 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.

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 £27,458 (2001: £23,148)

Accrued pension contributions at 31 May 2002 amounted to £342 (2001: £3,672).

Notes (continued)

Pension scheme (continued)

Under the transitional requirements of FRS 17, the company is required to disclose further information on the assets and liabilities of the defined benefit scheme on an FRS 17 market value basis at the end of the accounting period. This information is set out below.

	2002
Rate of increase in salaries	4.5%
Discount rate applied to scheme liabilities	6.0%
Inflation assumption	2.5%
Revaluation rate for deferred pensioners	3.0%

The assumptions used by the actuary are the best estimates chosen by the actuary from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus are inherently uncertain, were:

	Value at 31 May 2002	Long term expected rate of return at 31 May 2002
	£000	
Equities	679	7%
Bonds	831	5%
Total market value of assets	1,510	
Present value of scheme liabilities	(1,359)	
Surplus in the scheme	151	
Related deferred tax liability	(42)	
Net pension surplus	109	

The measurement bases required by FRS 17 are likely to give rise to significant fluctuations in the reported amounts of the defined benefit pension scheme's assets and liabilities from year to year, and do not necessarily give rise to a change in the contributions payable into the Scheme, which is recommended by the independent actuary based on the expected long term rate of return on the scheme's assets.