

A&J Macnaughton Limited

**Directors' report and financial
statements**

Registered number 32244

31 January 2002



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Company information

Directors: DJ Stobie, Chairman
BAC Macnaughton, Managing Director

Secretary: JL Macnaughton

Registered office: Tower House
Ruthvenfield Road
Inveralmond
Perth
PH1 3UN

Auditors: KPMG LLP
Chartered Accountants
37 Albyn Place
Aberdeen
AB10 1JB

Bankers: Clydesdale Bank PLC
23 Methven Street
Perth
PH1 5PQ

Directors' report

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

Principal activity

The company did not trade during the year. The trade, assets and liabilities of the company were transferred to Macnaughton Holdings Limited on 31 January 2001.

Directors and directors' interests

The directors who held office during the year were as follows:

DJ Stobie
BAC Macnaughton

Neither of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company according to the register of directors' interests. The interest of BAC Macnaughton in the shares of the ultimate parent company is disclosed in that company's directors' report.

Neither of the directors had any disclosable interest in the shares of other group companies.

Auditors

An elective resolution is in force and there is therefore no requirement to re-appoint auditors annually.

By order of the board



JL Macnaughton
Secretary

30 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; and
- 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.



37 Albyn Place
Aberdeen
AB10 1JB
United Kingdom

Independent auditors' report to the members of A&J Macnaughton Limited

We have audited the financial statements on pages 5 to 11.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 January 2002 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

30 August 2002

Profit and loss account
for the year ended 31 January 2002

	Note	2002 £	2001 £
Turnover	1	-	762,298
Cost of sales		-	(555,479)
Gross profit		-	206,819
Administrative expenses		-	(231,412)
Other operating income		-	25,989
Operating profit		-	1,396
Interest receivable	5	-	17,844
Profit on ordinary activities before taxation	2-4	-	19,240
Tax on profit on ordinary activities	6	-	(1,859)
Profit for the financial year		-	17,381
Dividends	7	-	(1,545,754)
Retained loss for the year		-	(1,528,373)

There were no recognised gains or losses other than the results for the financial years reported above.

Note of historical cost profits and losses
for the year ended 31 January 2002

	2002 £	2001 £
Reported profit on ordinary activities before taxation	-	19,240
Realisation of property revaluation gains of previous years	-	232,049
Difference between historical cost depreciation charge and the actual depreciation charge calculated on the revalued amount	-	4,092
Historical cost profit on ordinary activities before taxation	-	255,381
Historical cost loss for the year retained after taxation and dividends	-	(1,292,232)

Balance sheet
at 31 January 2002

	<i>Note</i>	2002 £	2001 £
Current assets			
Debtors	8	59,794	59,794
Net assets		59,794	59,794
Capital and reserves			
Called up share capital	9	59,000	59,000
Capital reserve		794	794
Equity shareholders' funds	10	59,794	59,794

These financial statements were approved by the board of directors on 30 August 2002 and were signed on its behalf by:



BAC Macnaughton
Director

Cash flow statement
for the year ended 31 January 2002

	<i>Note</i>	2002	2001
		£	£
Net cash inflow from operating activities	<i>11</i>	-	294,877
Returns on investments and servicing of finance			
Interest received		-	17,844
Net cash inflow from returns on investments and servicing of finance		-	17,844
Capital expenditure			
Purchase of tangible fixed assets		-	(19,717)
Sale of tangible fixed assets		-	243,415
Net cash inflow from capital expenditure		-	223,698
Increase in cash in the year	<i>12</i>	-	536,419

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 preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of Macnaughton Holdings Limited, within which this company is included, can be obtained from the address given in note 14.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Cash and liquid resources

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand.

2 Profit on ordinary activities before taxation

	2002 £	2001 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation written off tangible fixed assets: owned	-	15,399
Auditors' remuneration – audit	-	3,577
<i>after crediting</i>		
Gain on sale of fixed assets	-	9,621

The company's audit fee is borne on its behalf by its parent company.

Notes *(continued)*

3 Remuneration of directors

	2002 £	2001 £
Directors' emoluments	-	28,700
Company contributions to money purchase pension schemes	-	5,130
	<u> </u>	<u> </u>

4 Staff costs and numbers

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:-

	2002 No	2001 No
Selling	-	10
Office and management	-	7
	<u> </u>	<u> </u>
	-	17
	<u> </u>	<u> </u>

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	-	164,636
Social security costs	-	13,205
Other pension costs	-	5,929
	<u> </u>	<u> </u>
	-	183,770
	<u> </u>	<u> </u>

The pension costs in 2001 represented contributions payable by the company to the defined contribution pension scheme operated by its parent company.

5 Interest receivable

	2002 £	2001 £
Receivable from group undertakings	-	17,640
On bank deposits	-	204
	<u> </u>	<u> </u>
	-	17,844
	<u> </u>	<u> </u>

Notes *(continued)*

6 Taxation

	2002 £	2001 £
UK corporation tax at 20%	-	1,859

7 Dividends

	2002 £	2001 £
Interim dividend	-	1,545,754

8 Debtors

	2002 £	2001 £
Amounts owed by group undertakings	59,794	59,794

9 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
Equity: Ordinary shares of £1 each	60,000	60,000
<i>Allotted, called up and fully paid</i>		
Equity: Ordinary shares of £1 each	59,000	59,000

10 Reconciliation of movement in shareholders' funds

	2002 £	2001 £
Profit for the financial year	-	17,381
Dividends	-	(1,545,754)
Net reduction in shareholders' funds	-	(1,528,373)
Opening shareholders' funds	59,794	1,588,167
Closing shareholders' funds	59,794	59,794

Notes *(continued)*

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

	2002	2001
	£	£
Operating profit	-	1,396
Depreciation	-	15,399
Gain on sale of tangible fixed assets	-	(9,621)
Decrease in stocks	-	102,029
Decrease in debtors	-	182,249
Increase in creditors	-	3,425
Net cash inflow from operating activities	-	294,877

12 Reconciliation of net cash flow to movement in net funds

	2002	2001
	£	£
Increase in cash in the year	-	536,419
Non-cash changes	-	(1,356,608)
Movement in net funds in the year	-	(820,189)
Net funds at beginning of year	-	820,189
Net funds at end of year	-	-

13 Related party disclosures

The company is controlled by Macnaughton Holdings Limited which is its ultimate parent company (see note 14).

14 Ultimate parent company

The company is a subsidiary undertaking of Macnaughton Holdings Limited which is its ultimate parent company.

The largest group in which the results of the company are consolidated is that headed by Macnaughton Holdings Limited. The consolidated accounts of this company are available to the public and may be obtained from the Registrar of Companies, 37 Castle Terrace, Edinburgh, EH1 2EB. No other group accounts include the results of the company.