

500 33294

**Report of the Directors and
Financial Statements for the Year Ended 31 March 2000
for
Pat Munro (Alness) Limited**



EAM

**Contents of the Financial Statements
for the Year Ended 31 March 2000**

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Financial Statements	10
Trading and Profit and Loss Account	17

Pat Munro (Alness) Ltd

**Company Information
for the Year Ended 31 March 2000**

DIRECTORS: A C Munro
P Munro
B K Munro
C MacRae

SECRETARY: A C Munro

REGISTERED OFFICE: Caplich Quarry
ALNESS
Ross Shire
IV17 0XU

REGISTERED NUMBER: 33294

AUDITORS: Scott Oswald
Registered Auditors
Chartered Accountants
10 Ardross Street
Inverness
IV3 5NS

BANKERS: Royal Bank of Scotland plc
53 High Street
ALNESS
IV15 9JT

Pat Munro (Ainess) Ltd

Report of the Directors for the Year Ended 31 March 2000

The directors present their report with the financial statements of the company for the year ended 31 March 2000.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of public works, contracting, the manufacture of precast stone, the operation of Caplich and Dornoch Quarries and the provision of road haulage services.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 31 March 2000.

DIRECTORS

The directors during the year under review were:

A C Munro
P Munro
B K Munro
C MacRae

The beneficial interests of the directors holding office on 31 March 2000 in the issued share capital of the company were as follows:

	31.3.00	1.4.99
Ordinary shares 1 shares		
A C Munro	7,000	7,000
P Munro	5,000	5,000
B K Munro	667	667
C MacRae	667	667

SHARE CAPITAL

On 22 December 1999 the company repurchased 6,665 £1 ordinary shares for a total cost of £1,496,077.

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 of the company 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;
- 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Pat Munro (Alness) Ltd

**Report of the Directors
for the Year Ended 31 March 2000**

AUDITORS

The auditors, Ernst & Young were replaced during the year by Scott Oswald. Scott Oswald will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

.....
A C Munro SECRETARY

Dated: 6/7/00

Pat Munro (Alness) Ltd

**Report of the Auditors to the Shareholders of
Pat Munro (Alness) Ltd**

We have audited the financial statements on pages five to sixteen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Scott Oswald
Registered Auditors
Chartered Accountants
10 Ardross Street
Inverness
IV3 5NS

Dated: 6 December 2000

Pat Munro (Alness) Ltd

**Profit and Loss Account
for the Year Ended 31 March 2000**

		31.3.00	31.3.99
	Notes	£	£
TURNOVER		6,456,213	4,545,791
Cost of sales		<u>5,327,153</u>	<u>3,652,939</u>
GROSS PROFIT		1,129,060	892,852
Administrative expenses		<u>830,020</u>	<u>668,021</u>
OPERATING PROFIT	3	299,040	224,831
Interest receivable and similar income		<u>135,338</u>	<u>184,680</u>
		434,378	409,511
Interest payable and similar charges	4	<u>26,757</u>	<u>7,337</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		407,621	402,174
Tax on profit on ordinary activities	5	<u>119,052</u>	<u>59,571</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		288,569	342,603
Retained profit brought forward		<u>2,957,030</u>	<u>2,614,427</u>
Purchase of Own Shares		<u>3,245,599</u> <u>(1,496,077)</u>	<u>2,957,030</u> <u>-</u>
RETAINED PROFIT CARRIED FORWARD		<u>£1,749,522</u>	<u>£2,957,030</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

Pat Munro (Alness) Ltd

Balance Sheet
31 March 2000

		31.3.00	31.3.99
	Notes	£	£
FIXED ASSETS:			
Tangible assets	6	1,686,120	1,240,470
CURRENT ASSETS:			
Stocks	7	397,468	262,764
Debtors	8	1,001,679	1,073,121
Cash at bank		1,559,761	2,630,652
		2,958,908	3,966,537
CREDITORS: Amounts falling due within one year	9	2,136,144	1,568,114
NET CURRENT ASSETS:		822,764	2,398,423
TOTAL ASSETS LESS CURRENT LIABILITIES:		2,508,884	3,638,893
CREDITORS: Amounts falling due after more than one year	10	(57,999)	(129,363)
PROVISIONS FOR LIABILITIES AND CHARGES:	12	(681,363)	(532,500)
		<u>£1,769,522</u>	<u>£2,977,030</u>
CAPITAL AND RESERVES:			
Called up share capital	13	13,335	20,000
Capital redemption reserve	14	6,665	-
Profit and loss account		1,749,522	2,957,030
SHAREHOLDERS' FUNDS:	17	<u>£1,769,522</u>	<u>£2,977,030</u>

ON BEHALF OF THE BOARD:

A C Munro - DIRECTOR

P Munro - DIRECTOR

Approved by the Board on 6/12/00

The notes form part of these financial statements

Pat Munro (Alness) Ltd

**Cash Flow Statement
for the Year Ended 31 March 2000**

		31.3.00		31.3.99	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		1,090,932		397,968
Returns on investments and servicing of finance	2		124,496		177,343
Taxation			(43,471)		(88,105)
Capital expenditure	2		(713,992)		(732,892)
			457,965		(245,686)
Financing	2		(1,528,856)		168,227
Decrease in cash in the period			£(1,070,891)		£(77,459)
Reconciliation of net cash flow to movement in net funds	3				
Decrease in cash in the period			(1,070,891)		(77,459)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			32,779		(168,227)
Change in net funds resulting from cash flows			(1,038,112)		(245,686)
Movement in net funds in the period			(1,038,112)		(245,686)
Net funds at 1 April			2,420,813		2,666,499
Net funds at 31 March			£1,382,701		£2,420,813

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 March 2000

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	31.3.00 £	31.3.99 £
Operating profit	299,040	224,831
Depreciation charges	288,736	301,962
Profit on sale of fixed assets	(20,394)	(4,394)
Quarry reinstatement provision	74,465	-
(Increase)/Decrease in stocks	(134,704)	99,767
Decrease/(Increase) in debtors	71,442	(409,732)
Increase in creditors	512,347	185,534
Net cash inflow from operating activities	1,090,932	397,968

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	31.3.00 £	31.3.99 £
Returns on investments and servicing of finance		
Interest received	135,338	184,680
Interest element of hire purchase payments	(10,842)	(7,337)
Net cash inflow for returns on investments and servicing of finance	124,496	177,343
Capital expenditure		
Purchase of tangible fixed assets	(742,492)	(758,892)
Sale of tangible fixed assets	28,500	26,000
Net cash outflow for capital expenditure	(713,992)	(732,892)
Financing		
HP repayments	(93,179)	(62,070)
New HP agreements	60,400	230,297
Repurchase of Share Capital	(1,496,077)	-
Net cash (outflow)/inflow from financing	(1,528,856)	168,227

Pat Munro (Ales) Ltd

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2000**

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.99 £	Cash flow £	At 31.3.00 £
Net cash:			
Cash at bank	<u>2,630,652</u>	<u>(1,070,891)</u>	<u>1,559,761</u>
	<u>2,630,652</u>	<u>(1,070,891)</u>	<u>1,559,761</u>
Debt:			
Hire purchase	<u>(209,839)</u>	<u>32,779</u>	<u>(177,060)</u>
	<u>(209,839)</u>	<u>32,779</u>	<u>(177,060)</u>
Total	<u><u>2,420,813</u></u>	<u><u>(1,038,112)</u></u>	<u><u>1,382,701</u></u>
Analysed in Balance Sheet			
Cash at bank	2,630,652		1,559,761
Hire purchase			
within one year	(80,476)		(119,061)
after one year	<u>(129,363)</u>		<u>(57,999)</u>
	<u><u>2,420,813</u></u>		<u><u>1,382,701</u></u>

The notes form part of these financial statements

**Notes to the Financial Statements
for the Year Ended 31 March 2000**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Heritable property	- at varying rates on cost
Vehicles, plant and equipment	- 25% reducing balance for five years, the the balance at 20% per annum.

Stocks

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

Work in progress is valued at the 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 and disposal.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing 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 element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. STAFF COSTS

	31.3.00 £	31.3.99 £
Wages and salaries	1,787,736	1,256,565
Social security costs	181,606	118,463
Other pension costs	81,000	81,000
	<u>2,050,342</u>	<u>1,456,028</u>

Notes to the Financial Statements
for the Year Ended 31 March 2000

2. STAFF COSTS - continued

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

	31.3.00	31.3.99
Management	4	4
Administration	10	7
Operations	79	54
	<u>—</u>	<u>—</u>
	93	65
	<u>==</u>	<u>==</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.3.00	31.3.99
	£	£
Hire of plant and machinery	596,506	351,850
Depreciation - owned assets	216,756	249,649
Depreciation - assets on hire purchase contracts	71,980	52,313
Profit on disposal of fixed assets	(20,394)	(4,394)
Auditors' remuneration	6,000	6,500
	<u>==</u>	<u>==</u>
Directors' emoluments	321,301	267,582
Directors' pension contributions to money purchase schemes	81,000	81,000
	<u>==</u>	<u>==</u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	3	4
	<u>==</u>	<u>==</u>

Information regarding the highest paid director is as follows:

	31.3.00	31.3.99
	£	£
Emoluments etc	114,327	87,496
Pension contributions to money purchase schemes	-	48,000
	<u>==</u>	<u>==</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.00	31.3.99
	£	£
Other Interest	15,915	-
Hire Purchase	10,842	7,337
	<u>==</u>	<u>==</u>
	26,757	7,337
	<u>==</u>	<u>==</u>

Notes to the Financial Statements
for the Year Ended 31 March 2000

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	31.3.00	31.3.99
	£	£
UK corporation tax	45,452	93,191
Overprovision in previous year	(798)	(150,120)
Deferred taxation	74,398	116,500
	119,052	59,571

UK corporation tax has been charged at 23% (1999 - 28%).

6. TANGIBLE FIXED ASSETS

	Heritable property	Vehicles plant and equipment	Totals
	£	£	£
COST:			
At 1 April 1999	355,465	2,057,208	2,412,673
Additions	1,897	740,595	742,492
Disposals	-	(245,739)	(245,739)
At 31 March 2000	357,362	2,552,064	2,909,426
DEPRECIATION:			
At 1 April 1999	-	1,172,203	1,172,203
Charge for year	25,027	263,709	288,736
Eliminated on disposals	-	(237,633)	(237,633)
At 31 March 2000	25,027	1,198,279	1,223,306
NET BOOK VALUE:			
At 31 March 2000	332,335	1,353,785	1,686,120
At 31 March 1999	355,465	885,005	1,240,470

Included in Heritable Property is land stated at a cost of £43,620 (1999 - £43,620).

Notes to the Financial Statements
for the Year Ended 31 March 2000

6. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Vehicles plant and equipment
	£
COST:	
At 1 April 1999	472,087
Additions	66,650
At 31 March 2000	538,737
DEPRECIATION:	
At 1 April 1999	286,518
Charge for year	71,980
Transferred to ownership	(92,328)
At 31 March 2000	266,170
NET BOOK VALUE:	
At 31 March 2000	272,567
At 31 March 1999	185,569

7. STOCKS

	31.3.00	31.3.99
	£	£
Raw Materials and Consumables	8,000	8,000
Work in Progress	389,468	254,764
	397,468	262,764

8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	31.3.00	31.3.99
	£	£
Trade Debtors	873,512	928,819
Other Debtors	61,451	106,808
Prepayments	66,716	37,494
	1,001,679	1,073,121

**Notes to the Financial Statements
for the Year Ended 31 March 2000**

**9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.3.00	31.3.99
	£	£
Hire purchase contracts (see note 11)	119,061	80,476
Trade Creditors	903,186	679,279
Other Creditors	371,505	453,453
Social Security & Other Taxes	154,913	27,502
Taxation	45,452	44,269
Accrued Expenses	542,027	283,135
	2,136,144	1,568,114

**10. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.3.00	31.3.99
	£	£
Hire purchase contracts (see note 11)	57,999	129,363

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	31.3.00	31.3.99
	£	£
Gross obligations repayable:		
Within one year	134,282	91,092
Between one and five years	65,024	145,009
	199,306	236,101
Finance charges repayable:		
Within one year	15,221	10,616
Between one and five years	7,025	15,646
	22,246	26,262
Net obligations repayable:		
Within one year	119,061	80,476
Between one and five years	57,999	129,363
	177,060	209,839

12. PROVISIONS FOR LIABILITIES AND CHARGES

	31.3.00	31.3.99
	£	£
Quarry Reinstatement Provision	490,465	416,000
Deferred taxation	190,898	116,500
	681,363	532,500

Notes to the Financial Statements
for the Year Ended 31 March 2000

12. PROVISIONS FOR LIABILITIES AND CHARGES - continued

	Deferred taxation £	Quarry reinstatement provision £
Balance at 1 April 1999	116,500	416,000
Movement in year	74,398	74,465
Balance at 31 March 2000	<u>190,898</u>	<u>490,465</u>

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

	Provided		Not provided	
	31.3.00 £	31.3.99 £	31.3.00 £	31.3.99 £
Accelerated Capital Allowances	<u>190,898</u>	<u>116,500</u>	<u>-</u>	<u>-</u>

13. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	31.3.00 £	31.3.99 £
50,000	Ordinary shares	1	<u>50,000</u>	<u>50,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.3.00 £	31.3.99 £
13,335	Ordinary shares	1	13,335	20,000
(31.3.99 - 20,000)			<u>13,335</u>	<u>20,000</u>

On 22 December 1999 6665 £1 ordinary shares were repurchased by the company .

14. CAPITAL REDEMPTION RESERVE

	31.3.00 £	31.3.99 £
Purchase of Own Shares	<u>6,665</u>	<u>-</u>

15. CONTINGENT LIABILITIES

The company has granted to its bankers a right of set-off in respect of advances made to Pat Munro (Contractors) Ltd.

**Notes to the Financial Statements
for the Year Ended 31 March 2000**

16. TRANSACTIONS WITH DIRECTORS

1) The directors are also directors of Pat Munro (Contractors) Ltd and Pat Munro (Holdings) Ltd. £4610 is due from Pat Munro (Contractors) Ltd (£150 in 1999) and an amount is due to Pat Munro (Holdings) Ltd of £19,826 (£19,826 in 1999). All amounts are unsecured, interest free and there are no specific terms for repayment. Trade Creditors and Other Creditors include amounts of £287,383 and £64,508 respectively (£218,146 and £11,742 in 1999) due to Pat Munro (Contractors) Ltd arising from normal trading.

2) During the year the company incurred hire charges of £126,091 (£100,564 in 1999) for lorries and plant provided by Pat Munro (Contractors) Ltd. It also acquired £22,000 of development land (£12,000 in 1999) from Pat Munro (Contractors) Ltd.

3) Three of the directors are also partners in the farming partnership of A & P Munro. Included in Other Debtors is an amount of £58,451 (£38,951 in 1999) due from the partnership. During the year the company charged the partnership for labour and insurance totalling £19,500 (£19,500 in 1999). Included in Trade Debtors is an amount of £2,736 due from the partnership (£5,330 in 1999). Included in Trade Creditors is an amount of £3,915 due to the partnership.

4) Included in Other Creditors is an amount due to the directors of the company of £282,824 (£244,012 in 1999)

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.00	31.3.99
	£	£
Profit for the financial year	288,569	342,603
Repurchase of shares from reserves	(1,496,077)	-
Net (reduction)/addition to shareholders' funds	(1,207,508)	342,603
Opening shareholders' funds	2,977,030	2,634,427
Closing shareholders' funds	1,769,522	2,977,030
 Equity interests	 1,769,522	 2,977,030