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Report of the Directors and Financial Statements
for the Year Ended 31 March 2002
for
Pat Munro (Alness) Ltd



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for the Year Ended 31 March 2002**

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Pat Munro (Alness) Ltd

**Company Information
for the Year Ended 31 March 2002**

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:

Blueprint Audit Limited
Registered Auditor
10 Ardross Street
Inverness
IV3 5NS

ACCOUNTANTS:

Tenon Limited
10 Ardross Street
Inverness
IV3 5NS

Pat Munro (AIness) Ltd

**Report of the Directors
for the Year Ended 31 March 2002**

The directors present their report with the financial statements of the company for the year ended 31 March 2002.

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 2002.

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 2002 in the issued share capital of the company were as follows:

	31.3.02	1.4.01
Ordinary shares 1 shares		
A C Munro	3,666	7,000
P Munro	5,000	5,000
B K Munro	3,334	667
C MacRae	1,334	667

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.

ON BEHALF OF THE BOARD:


.....
A C Munro - SECRETARY

Dated:

19.12.02

Pat Munro (Ales) Ltd

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

We have audited the financial statements of Pat Munro (Ales) Ltd for the year ended 31 March 2002 on pages four to fifteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Report of the Directors 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.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Blueprint Audit Limited

Blueprint Audit Limited
Registered Auditor
10 Ardross Street
Inverness
IV3 5NS

Dated: *19 December 2002*

Pat Munro (Alness) Ltd

**Profit and Loss Account
for the Year Ended 31 March 2002**

		<u>31.3.02</u>	<u>31.3.01</u>
	Notes	£	£
TURNOVER		8,096,511	6,499,505
Cost of sales		<u>6,768,131</u>	<u>5,694,846</u>
GROSS PROFIT		1,328,380	804,659
Administrative expenses		<u>985,625</u>	<u>601,086</u>
OPERATING PROFIT	3	342,755	203,573
Interest receivable and similar income		<u>73,034</u>	<u>83,621</u>
		415,789	287,194
Interest payable and similar charges	4	<u>43,170</u>	<u>45,462</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		372,619	241,732
Tax on profit on ordinary activities	5	<u>41,686</u>	<u>55,448</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		330,933	186,284
Retained profit brought forward		<u>1,935,806</u>	<u>1,749,522</u>
RETAINED PROFIT CARRIED FORWARD		<u>£2,266,739</u>	<u>£1,935,806</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.

The notes form part of these financial statements

Pat Munro (Alness) Ltd**Balance Sheet
31 March 2002**

		<u>31.3.02</u>		<u>31.3.01</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		2,069,569		1,768,916
CURRENT ASSETS:					
Stocks	7	754,269		690,797	
Debtors	8	1,124,342		956,512	
Cash at bank and in hand		<u>1,459,080</u>		<u>1,209,552</u>	
		3,337,691		2,856,861	
CREDITORS: Amounts falling due within one year	9	<u>2,277,004</u>		<u>1,846,947</u>	
NET CURRENT ASSETS:			<u>1,060,687</u>		<u>1,009,914</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			3,130,256		2,778,830
CREDITORS: Amounts falling due after more than one year	10		(243,909)		(149,359)
PROVISIONS FOR LIABILITIES AND CHARGES:	12		<u>(599,608)</u>		<u>(673,665)</u>
			<u><u>£2,286,739</u></u>		<u><u>£1,955,806</u></u>
CAPITAL AND RESERVES:					
Called up share capital	13		13,335		13,335
Capital redemption reserve	14		6,665		6,665
Profit and loss account			<u>2,266,739</u>		<u>1,935,806</u>
SHAREHOLDERS' FUNDS:	16		<u><u>£2,286,739</u></u>		<u><u>£1,955,806</u></u>

ON BEHALF OF THE BOARD:


P. Munro - DIRECTOR

Approved by the Board on 19.12.02

The notes form part of these financial statements

Pat Munro (Ainess) Ltd

**Cash Flow Statement
for the Year Ended 31 March 2002**

		<u>31.3.02</u>		<u>31.3.01</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		869,804		90,780
Returns on investments and servicing of finance	2		29,864		22,244
Taxation			(44,646)		(45,452)
Capital expenditure	2		(779,462)		(540,385)
			75,560		(472,813)
Financing	2		173,968		122,604
Increase/(Decrease) in cash in the period			<u>£249,528</u>		<u>£(350,209)</u>
Reconciliation of net cash flow to movement in net funds	3				
Increase/(Decrease) in cash in the period		249,528		(350,209)	
Cash inflow from increase in debt and lease financing		<u>(173,968)</u>		<u>(122,605)</u>	
Change in net funds resulting from cash flows			<u>75,560</u>		<u>(472,814)</u>
Movement in net funds in the period			75,560		(472,814)
Net funds at 1 April			<u>909,887</u>		<u>1,382,701</u>
Net funds at 31 March			<u>£985,447</u>		<u>£909,887</u>

The notes form part of these financial statements

**Notes to the Cash Flow Statement
for the Year Ended 31 March 2002**

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

	31.3.02 £	31.3.01 £
Operating profit	342,755	203,573
Depreciation charges	455,101	474,678
Loss on sale of fixed assets	23,708	-
Profit on sale of fixed assets	-	(17,089)
Quarry reinstatement provision	(28,024)	(18,499)
Increase in stocks	(63,472)	(293,329)
(Increase)/Decrease in debtors	(167,830)	45,167
Increase/(Decrease) in creditors	<u>307,566</u>	<u>(303,721)</u>
Net cash inflow from operating activities	<u>869,804</u>	<u>90,780</u>

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

	31.3.02 £	31.3.01 £
Returns on investments and servicing of finance		
Interest received	73,034	83,621
Interest paid	(20,742)	(37,046)
Interest element of hire purchase payments	<u>(22,428)</u>	<u>(24,331)</u>
Net cash inflow for returns on investments and servicing of finance	<u>29,864</u>	<u>22,244</u>
Capital expenditure		
Purchase of tangible fixed assets	(842,175)	(581,028)
Sale of tangible fixed assets	<u>62,713</u>	<u>40,643</u>
Net cash outflow for capital expenditure	<u>(779,462)</u>	<u>(540,385)</u>
Financing		
HP repayments	(197,682)	(179,845)
New HP agreements	<u>371,650</u>	<u>302,449</u>
Net cash inflow from financing	<u>173,968</u>	<u>122,604</u>

Notes to the Cash Flow Statement
for the Year Ended 31 March 2002

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.4.01 £	Cash flow £	At 31.3.02 £
Net cash:			
Cash at bank and in hand	<u>1,209,552</u>	<u>249,528</u>	<u>1,459,080</u>
	<u>1,209,552</u>	<u>249,528</u>	<u>1,459,080</u>
Debt:			
Hire purchase	<u>(299,665)</u>	<u>(173,968)</u>	<u>(473,633)</u>
	<u>(299,665)</u>	<u>(173,968)</u>	<u>(473,633)</u>
Total	<u>909,887</u>	<u>75,560</u>	<u>985,447</u>
Analysed in Balance Sheet			
Cash at bank and in hand	1,209,552		1,459,080
Hire purchase			
within one year	(150,306)		(229,724)
after one year	<u>(149,359)</u>		<u>(243,909)</u>
	<u>909,887</u>		<u>985,447</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2002**

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, then
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

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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

	31.3.02	31.3.01
	£	£
Wages and salaries	2,216,985	2,018,003
Social security costs	188,829	181,002
Other pension costs	29,200	53,000
	<u>2,435,014</u>	<u>2,252,005</u>

Notes to the Financial Statements
for the Year Ended 31 March 2002

2. STAFF COSTS - continued

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

	31.3.02	31.3.01
Management	4	4
Administration	11	10
Operations	<u>95</u>	<u>96</u>
	<u>110</u>	<u>110</u>

3. OPERATING PROFIT

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

	31.3.02	31.3.01
	£	£
Hire of plant and machinery	271,660	421,569
Depreciation - owned assets	308,755	367,341
Depreciation - assets on hire purchase contracts	146,346	107,337
Loss/(Profit) on disposal of fixed assets	23,708	(17,089)
Auditors' remuneration	<u>6,500</u>	<u>6,500</u>
Directors' emoluments	338,648	229,522
Directors' pension contributions to money purchase schemes	<u>29,200</u>	<u>53,000</u>

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

Money purchase schemes	<u>3</u>	<u>3</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.3.02	31.3.01
	£	£
Emoluments etc	<u>116,576</u>	<u>78,552</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.3.02	31.3.01
	£	£
Other Interest	20,742	21,131
Hire Purchase	<u>22,428</u>	<u>24,331</u>
	<u>43,170</u>	<u>45,462</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2002**

5. TAXATION

Analysis of the tax charge

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

	31.3.02 £	31.3.01 £
Current tax:		
UK corporation tax	87,719	44,646
Deferred tax:		
Deferred Taxation	(46,033)	10,802
Tax on profit on ordinary activities	<u>41,686</u>	<u>55,448</u>

UK corporation tax has been charged at 27% (2001 - 23%).

6. TANGIBLE FIXED ASSETS

	<u>Heritable property</u>	<u>Vehicles plant and equipment</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 April 2001	357,362	3,058,128	3,415,490
Additions	100,319	741,856	842,175
Disposals	-	(306,277)	(306,277)
At 31 March 2002	<u>457,681</u>	<u>3,493,707</u>	<u>3,951,388</u>
DEPRECIATION:			
At 1 April 2001	50,054	1,596,520	1,646,574
Charge for year	27,124	427,977	455,101
Eliminated on disposals	-	(219,856)	(219,856)
At 31 March 2002	<u>77,178</u>	<u>1,804,641</u>	<u>1,881,819</u>
NET BOOK VALUE:			
At 31 March 2002	<u>380,503</u>	<u>1,689,066</u>	<u>2,069,569</u>
At 31 March 2001	<u>307,308</u>	<u>1,461,608</u>	<u>1,768,916</u>

Included in Heritable Property is land stated at a cost of £76781 (2001 - £26781).

Notes to the Financial Statements
for the Year Ended 31 March 2002

6. TANGIBLE FIXED ASSETS - continued

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

	<u>Vehicles plant and equipment</u>
	£
COST:	
At 1 April 2001	698,309
Transferred to ownership	<u>353,450</u>
At 31 March 2002	<u>1,051,759</u>
DEPRECIATION:	
At 1 April 2001	235,402
Charge for year	<u>146,346</u>
At 31 March 2002	<u>381,748</u>
NET BOOK VALUE:	
At 31 March 2002	<u>670,011</u>
At 31 March 2001	<u>462,907</u>

7. STOCKS

	31.3.02	31.3.01
	£	£
Raw Materials and Consumables	8,000	8,000
Work in Progress	<u>746,269</u>	<u>682,797</u>
	<u>754,269</u>	<u>690,797</u>

8. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	31.3.02	31.3.01
	£	£
Trade Debtors	1,052,190	813,232
Other Debtors	3,000	82,851
Prepayments	<u>69,152</u>	<u>60,429</u>
	<u>1,124,342</u>	<u>956,512</u>

**Notes to the Financial Statements
for the Year Ended 31 March 2002**

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

	31.3.02 £	31.3.01 £
Hire purchase contracts (see note 11)	229,724	150,306
Trade Creditors	797,696	745,389
Other Creditors	500,723	479,359
V.A.T.	53,838	69,742
Social Security & Other Taxes	65,073	60,428
Taxation	87,719	44,646
Accrued Expenses	542,231	297,077
	<u>2,277,004</u>	<u>1,846,947</u>

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

	31.3.02 £	31.3.01 £
Hire purchase contracts (see note 11)	<u>243,909</u>	<u>149,359</u>

11. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	31.3.02 £	31.3.01 £
Gross obligations repayable:		
Within one year	255,384	168,305
Between one and five years	<u>272,921</u>	<u>169,236</u>
	<u>528,305</u>	<u>337,541</u>
Finance charges repayable:		
Within one year	25,660	17,999
Between one and five years	<u>29,012</u>	<u>19,877</u>
	<u>54,672</u>	<u>37,876</u>
Net obligations repayable:		
Within one year	229,724	150,306
Between one and five years	<u>243,909</u>	<u>149,359</u>
	<u>473,633</u>	<u>299,665</u>

12. PROVISIONS FOR LIABILITIES AND CHARGES

	31.3.02 £	31.3.01 £
Quarry Reinstatement Provision	443,941	471,965
Deferred tax	<u>155,667</u>	<u>201,700</u>
	<u>599,608</u>	<u>673,665</u>

Notes to the Financial Statements
for the Year Ended 31 March 2002

12. PROVISIONS FOR LIABILITIES AND CHARGES - continued

	Deferred tax £	Quarry provision £
Balance at 1 April 2001	201,700	471,965
Movement in year	<u>(46,033)</u>	<u>(28,024)</u>
Balance at 31 March 2002	<u>155,667</u>	<u>443,941</u>
Deferred tax provision	31.3.02 £	31.3.01 £
Accelerated Capital Allowances	<u>155,667</u>	<u>201,700</u>
	<u>155,667</u>	<u>201,700</u>

13. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.3.02 £	31.3.01 £
50,000	Ordinary shares	1	<u>50,000</u>	<u>50,000</u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.3.02 £	31.3.01 £
13,335	Ordinary shares	1	<u>13,335</u>	<u>13,335</u>

14. CAPITAL REDEMPTION RESERVE

	31.3.02 £	31.3.01 £
Purchase of Own Shares	<u>6,665</u>	<u>6,665</u>

15. TRANSACTIONS WITH DIRECTORS

1) The directors are also directors of Pat Munro (Contractors) Ltd. Trade Debtors includes an amount of £5672 (£13733 in 2001) due by that company. Trade Creditors and Other Creditors include amounts of £35,599 and £90,743 respectively (£333,080 and £82922 in 2001) due to Pat Munro (Contractors) Ltd. During the year the company incurred hire charges of £29,673 (£79,534 in 2001) for lorries and plant provided by Pat Munro (Contractors) Ltd. It also acquired £64,680 of development land (£48,000 in 2001) from Pat Munro (Contractors) Ltd.

2) A C Munro and P Munro are also directors of Pat Munro (Holdings) Ltd. An amount of £19,826 (£19,826 in 2001) is due to Pat Munro (Holdings) Ltd. This amount is unsecured, interest free and there are no specific terms for repayment.

3) Three of the directors are also partners in the farming partnership of A & P Munro. Included in Other Debtors is an amount of £nil (£78,951 in 2001) due from the partnership. During the year the company charged the partnership for labour and insurance totalling £20,500 (£20,500 in 2001).

4) Included in Other Creditors is an amount due to the directors of the company of £387,853 (£374,311 in 2001).

Notes to the Financial Statements
for the Year Ended 31 March 2002

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.3.02 £	31.3.01 £
Profit for the financial year	330,933	186,284
Repurchase of shares from reserves	<u> </u>	<u> </u>
Net addition to shareholders' funds	330,933	186,284
Opening shareholders' funds	<u>1,955,806</u>	<u>1,769,522</u>
Closing shareholders' funds	<u>2,286,739</u>	<u>1,955,806</u>
Equity interests	<u>2,286,739</u>	<u>1,955,806</u>