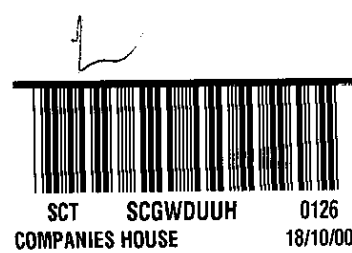


40439

Harry Lawson Limited

**Directors' report and accounts
for the year ended 31 May 2000**



Harry Lawson Limited

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Harry Lawson Limited

Company information

Directors HBS Lawson (Chairman)
HS Lawson

Secretary Mrs E Gourlay

Registered office Baluniefield Depot
Balunie Drive
Broughty Ferry
Dundee
DD4 8UU

Auditors Henderson Loggie
Chartered Accountants
Royal Exchange
Dundee
DD1 1DZ

Bankers Clydesdale Bank Plc
92 High Street
Dundee
DD1 9DD

Registered number 40439

Harry Lawson Limited

Directors' report

The directors have pleasure in submitting their annual report and accounts for the year ended 31 May 2000.

Activities and review of business

The company carries on the business of haulage contractors.

Financial

The results of the year are set out in the profit and loss account. The directors do not recommend the payment of a dividend.

Introduction of the single European currency

The directors consider that the introduction of the Euro is having no significant impact on the company's operations.

Directors

The directors of the company at the date of this report are shown on page 1.

The directors' beneficial interests in the share capital of the company were as follows:-

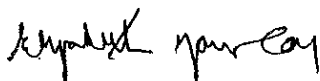
	Ordinary shares of £1	
	31 May 2000	1 June 1999
HBS Lawson	7,000	7,000
HS Lawson	6,500	6,500

The director retiring by rotation is Mr HBS Lawson who is eligible and offers himself for re-election.

Auditors

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

By order of the board



Mrs E Gourlay
Secretary

29 September 2000

Harry Lawson Limited

Statement of directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Harry Lawson Limited

Report of the auditors to the shareholders of Harry Lawson Limited

We have audited the accounts on pages 5 to 13.

Respective responsibilities of the directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

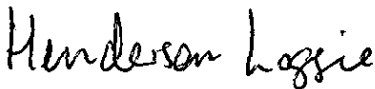
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

Depreciation has not been provided on freehold buildings for the reason stated in the Accounting Policies. Financial Reporting Standard No 15 requires that depreciation be provided on all fixed assets having a finite life and that the rate of depreciation used be disclosed. In the absence of an estimate of the remaining useful life of the buildings we are unable to form a view as to the amount of depreciation which should have been provided under the standard.

Except for the foregoing, in our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 May 2000 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Henderson Loggie
Chartered Accountants
Registered Auditors
Dundee

29 September 2000

Harry Lawson Limited

Profit and loss account for the year ended 31 May 2000

	Note	2000 £	1999 £
Turnover	2	4,736,412	3,915,698
Cost of sales		(4,476,126)	(3,613,442)
Gross profit		260,286	302,256
Administration expenses		(261,447)	(294,783)
Other operating income	3	67,878	61,413
Operating profit	4-6	66,717	68,886
Gain on disposal of fixed assets	7	130,351	-
Profit on ordinary activities before net interest payable		197,068	68,886
Interest payable	8	(6,323)	(2,301)
Profit on ordinary activities before taxation		190,745	66,585
Taxation	9	(12,723)	(8,364)
Profit for the financial year		178,022	58,221
Note of historical cost profits and losses			
Profit on ordinary activities before taxation		190,745	66,585
Realisation of property revaluation gains of previous years		62,000	-
Historical cost profit on ordinary activities before taxation		252,745	66,585
Historical cost profit on ordinary activities after taxation		240,022	58,221

The movements on reserves are given in note 16.

There are no recognised gains or losses other than the profit for the year of £178,022 (1999 - £58,221).

Such results represent the only movements in shareholders' funds.

Harry Lawson Limited

Balance sheet at 31 May 2000

		2000	1999
		£	£
Fixed assets			
Tangible assets	10	316,207	458,999
Investments	11	100	100
		<u>316,307</u>	<u>459,099</u>
Current assets			
Stocks	12	45,242	49,395
Debtors	13	1,158,502	1,008,087
Cash at bank and in hand		137,864	17,930
		<u>1,341,608</u>	<u>1,075,412</u>
Creditors			
Amounts falling due within one year	14	663,545	718,163
		<u>663,545</u>	<u>718,163</u>
Net current assets		<u>678,063</u>	<u>357,249</u>
Total assets less current liabilities		<u>994,370</u>	<u>816,348</u>
Capital and reserves			
Called up share capital	15	20,000	20,000
Share premium account		18,900	18,900
Revaluation reserve	16	218,747	280,747
Profit and loss account	16	736,723	496,701
		<u>994,370</u>	<u>816,348</u>
Shareholders' funds		<u>994,370</u>	<u>816,348</u>

These accounts were approved by the board of directors on 29 September 2000 and were signed on its behalf by:



HS Lawson
Director

Harry Lawson Limited

Cash flow statement for the year ended 31 May 2000

	Note	2000 £	1999 £
Net cash outflow from operating activities	17	(83,272)	(77,102)
Returns on investments and servicing of finance			
Interest received		299	629
Interest paid		(7,208)	(2,930)
		<u>(6,909)</u>	<u>(2,301)</u>
Taxation			
Corporation tax recovered		1,033	6,166
Capital expenditure			
Purchase of fixed assets		(1,543)	(4,000)
Sale of fixed assets		272,116	2,250
		<u>270,573</u>	<u>(1,750)</u>
Increase/(decrease) in cash	18	<u><u>181,425</u></u>	<u><u>(74,987)</u></u>

Harry Lawson Limited

Notes to the accounts

1 Accounting policies

Basis of preparation

The accounts have been prepared under the historical cost convention, modified to include the revaluation of land and buildings and in accordance with applicable accounting standards.

Consolidation

The company and its subsidiary comprise a medium sized group. The company has taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts. The accounts therefore present information about the company as an individual undertaking and not about its group.

Depreciation

Depreciation is provided to write off the cost or valuation of fixed tangible assets by equal instalments over their estimated useful economic lives as follows:-

Plant and machinery	-	3 - 10 years
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No depreciation has been provided on freehold property as it is the opinion of the directors that the value of the property is in excess of the original cost.

Freehold land is not depreciated.

Stocks

Stocks are valued at the lower of cost or net realisable value and comprise vehicle spares and fuel.

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. No provision for deferred taxation is made if there is reasonable evidence that such deferred taxation will not be payable in the foreseeable future.

Pensions

The company operates a defined contribution pension scheme which requires contributions to be made to a separately administered fund. Contributions are charged to the profit and loss account as incurred.

Harry Lawson Limited

Notes to the accounts (continued)

2 Turnover

Turnover arises wholly from the business of haulage contractors.

3 Other operating income

	2000	1999
	£	£
Rental income	37,878	31,413
Group management charges	20,000	20,000
Management charge	10,000	10,000
	<u>67,878</u>	<u>61,413</u>

4 Operating profit

Operating profit is stated after charging:

Depreciation of fixed tangible assets	7,330	9,843
Hire of plant and machinery	632,527	569,916
Auditors remuneration - audit	5,300	5,300
- other services	1,000	2,300
	<u>646,157</u>	<u>587,359</u>

and after crediting:

Release of pension provision	69,436	56,000
	<u>69,436</u>	<u>56,000</u>

5 Staff costs

The average number of employees during the year analysed by department was:

	No.	No.
Haulage	75	66
Administration, including directors	14	14
	<u>89</u>	<u>80</u>

Employee costs

	£	£
Wages and salaries	1,364,444	1,218,592
Social security costs	121,403	115,746
Other pension costs	5,105	5,105
	<u>1,490,952</u>	<u>1,339,443</u>

6 Directors

Aggregate emoluments	72,266	72,033
Pension contributions	5,105	5,105
	<u>77,371</u>	<u>77,138</u>

Retirement benefits are accruing to one director under a money purchase scheme.

Harry Lawson Limited

Notes to the accounts (continued)

7 Gain on disposal of fixed assets

During the year the company sold its depot in Airdrie, which gave rise to a gain on sale of £130,351. There is no capital gains tax liability in respect of this.

8 Net interest payable

	2000 £	1999 £
Interest on bank overdraft	6,622	2,930
Interest received on bank deposits	(299)	(629)
	<u>6,323</u>	<u>2,301</u>

9 Taxation

Current year

Corporation tax	-	131
Deferred tax	13,887	11,200
	<u>13,887</u>	<u>11,331</u>

Prior year

Corporation tax	(1,164)	(1,029)
Deferred tax	-	(1,938)
	<u>12,723</u>	<u>8,364</u>

10 Fixed tangible assets

	Freehold property £	Vehicles, plant and machinery £	Total £
Cost or valuation			
At 31 May 1999	442,046	702,384	1,144,430
Additions	-	1,543	1,543
Disposals	(137,000)	(118,314)	(255,314)
	<u>305,046</u>	<u>585,613</u>	<u>890,659</u>
At 31 May 2000			
Depreciation			
At 31 May 1999	-	685,431	685,431
Charge for year	-	7,330	7,330
Disposals	-	(118,309)	(118,309)
	<u>-</u>	<u>574,452</u>	<u>574,452</u>
At 31 May 2000			
Net Book Value			
At 31 May 2000	<u>305,046</u>	<u>11,161</u>	<u>316,207</u>
At 31 May 1999	<u>442,046</u>	<u>16,953</u>	<u>458,999</u>

Harry Lawson Limited

Notes to the accounts (continued)

10 Fixed tangible assets (continued)

Included in freehold property is the cost of land amounting to £90,000 (1999- £90,000).

Details of revalued assets are given below:-

	2000 £	1999 £
Land and buildings		
At 1977 open market value	231,000	368,000
Historical cost of revalued assets	7,089	82,089

11 Fixed asset investments

Subsidiary company

20,000 ordinary £1 shares at cost

Less – provision

20,000	20,000
(19,900)	(19,900)
100	100

The company owns the whole issued share capital of John Hunter and Sons (Transport) Limited, a dormant company registered in Scotland.

12 Stocks

Spares

Goods for resale

2000 £	1999 £
43,151	49,395
2,091	-
45,242	49,395

13 Debtors

Trade debtors

Amount due from associate company

Other debtors

Prepayments and accrued income

Deferred taxation

947,433	742,015
23,500	23,500
8,073	53,266
179,496	175,419
-	13,887
1,158,502	1,008,087

Harry Lawson Limited

Notes to the accounts (continued)

14 Creditors

	2000 £	1999 £
Bank overdraft (secured)	-	61,491
Trade creditors	367,786	332,121
Other taxes and social security	151,926	120,328
Other creditors and accruals	140,833	204,092
Corporation tax	-	131
Amount due to associate company	3,000	-
	<u>663,545</u>	<u>718,163</u>

The Clydesdale Bank plc holds a floating charge secured over all the assets of the company.

15 Called up share capital

	2000 £	1999 £
Authorised, allotted, called up and fully paid		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

16 Reserves

	Revaluation Reserve £	Profit and loss account £
At 31 May 1999	280,747	496,701
Retained profit for the year	-	178,022
Transfer from revaluation reserve	(62,000)	62,000
At 31 May 2000	<u>218,747</u>	<u>736,723</u>

The distributable profits of the company are £736,723 (1999 - £496,701).

Harry Lawson Limited

Notes to the accounts (continued)

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

	2000 £	1999 £
Operating profit	66,717	68,886
Gain on sale of fixed assets	(3,344)	(2,248)
Depreciation	7,330	9,843
Decrease in stocks	4,153	8,938
Increase in debtors	(164,302)	(266,016)
Increase in creditors	6,174	103,495
Net cash outflow from operating activities	(83,272)	(77,102)

18 Analysis of changes in net debt

	At 1 June 1999	Cash flow	At 31 May 2000 £
Cash at bank and in hand	17,930	119,934	137,864
Overdrafts	(61,491)	61,491	-
	(43,561)	181,425	137,864

19 Related party transactions

Harry Lawson Limited trades with Lawson Trailer Rentals Limited a company of which Mr HS Lawson is also a director. The nature of the trade is the leasing of vehicles and trailers from Lawson Trailer Rentals Limited to Harry Lawson Limited. Rental payments to Lawson Trailer Rentals Limited during the year amounted to £606,427 (1999 - £544,627). The company also trades with Lawson Properties Limited, of which Mr HS Lawson is a director. The nature of the trade is property rental. Harry Lawson Limited paid Lawson Properties Limited £24,000 (1999 - £24,000) for the rental of property during the year and received a management charge of £20,000 (1999 - £20,000) from Lawson Trailer Rentals Limited.

No amounts were owed to Lawson Properties Limited at 31 May 2000. Lawson Trailer Rentals Limited were owed £20,500 (1999 - £23,500) at 31 May 2000.

20 Guarantees

There is a cross guarantee between Harry Lawson Limited, Lawson Trailer Rentals Limited and their respective subsidiary companies. The company has also granted a bond and floating charge and a standard security over specific land and buildings to the Clydesdale Bank plc.

21 Ultimate controlling party

The party with the ultimate control of the company is H S Lawson.