

SC 40439 .

Harry Lawson Limited

**Directors' report and accounts
for the year ended 31 May 2002**



Harry Lawson Limited

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Harry Lawson Limited

Company information

Directors

HS Lawson
HBS 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 2002.

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.

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:-

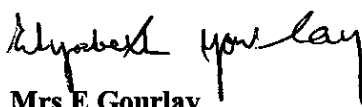
	Ordinary shares of £1	
	31 May 2002	1 June 2001
HS Lawson	6,500	6,500
HBS Lawson	6,000	6,000

The director retiring by rotation is Mr HS 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

4 November 2002

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

Independent auditors' report to the shareholders of Harry Lawson Limited

We have audited the accounts of Harry Lawson Limited for the year ended 31 May 2002 on pages 5 to 14. These accounts have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

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

We report to you our opinion as to whether the accounts 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 accounts, 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 directors' report 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 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 the affairs of the company as at 31 May 2002 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Henderson Loggie

Henderson Loggie
Chartered Accountants
Registered Auditors
Dundee

4 November 2002

Harry Lawson Limited

Profit and loss account for the year ended 31 May 2002

	Note	2002 £	2001 £
Turnover	2	5,445,864	5,435,341
Cost of sales		(4,744,799)	(4,702,831)
Gross profit		701,065	732,510
Administration expenses		(411,793)	(428,316)
Other operating income	3	49,085	41,724
Operating profit	4-6	338,357	345,918
Net interest receivable	7	25,708	17,769
Profit on ordinary activities before taxation		364,065	363,687
Taxation	8	(101,480)	(101,000)
Profit for the financial year		262,585	262,687

The movements on reserves are given in note 16.

There are no recognised gains or losses other than the profit for the year of £262,585 (2001 - £262,687).

Such results represent the only movements in shareholders' funds.

Harry Lawson Limited

Balance sheet at 31 May 2002

		2002	2001
		£	£
Fixed assets			
Tangible assets	9	837,635	311,155
Investments	10	100	100
		<u>837,735</u>	<u>311,255</u>
Current assets			
Stocks	11	63,769	44,712
Debtors	12	1,017,231	1,045,119
Cash at bank and in hand		614,004	707,118
		<u>1,695,004</u>	<u>1,796,949</u>
Creditors			
Amounts falling due within one year	13	956,337	851,147
Net current assets		<u>738,667</u>	<u>945,802</u>
Total assets less current liabilities		<u>1,576,402</u>	<u>1,257,057</u>
Provision for liabilities and charges			
Deferred taxation	14	56,760	-
		<u>1,519,642</u>	<u>1,257,057</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	218,747
Profit and loss account	16	1,261,995	999,410
Shareholders' funds		<u>1,519,642</u>	<u>1,257,057</u>

These accounts were approved by the board of directors on 4 November 2002 and were signed on its behalf by:



HS Lawson
Director

Harry Lawson Limited

Cash flow statement for the year ended 31 May 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities	17	539,316	551,674
Returns on investments and servicing of finance			
Interest received		29,039	18,258
Interest paid		(3,331)	(709)
		<u>25,708</u>	<u>17,549</u>
Taxation			
Corporation tax paid		(99,720)	-
Capital expenditure			
Purchase of fixed assets		(566,168)	(2,619)
Sale of fixed assets		7,750	2,650
		<u>(558,418)</u>	<u>31</u>
(Decrease)/increase in cash	18	<u>(93,114)</u>	<u>569,254</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.

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

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. This is a change in accounting policy following the implementation of FRS19. The adoption of the standard has not required a prior period adjustment.

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.

2 Turnover

Turnover arises wholly from the business of haulage contractors.

Harry Lawson Limited

Notes to the accounts (continued)

3	Other operating income	2002	2001
		£	£
	Rental income	25,535	31,724
	Management charge	10,000	10,000
	Other income	13,550	-
		<u>49,085</u>	<u>41,724</u>
4	Operating profit		
	Operating profit is stated after charging:		
	Depreciation of fixed tangible assets	39,685	7,669
	Hire of plant and machinery	708,856	636,315
	Auditors remuneration - audit	4,750	4,750
	- other services	1,025	1,000
		<u>7,747</u>	<u>1,948</u>
	and after crediting:		
	Gain on sale of fixed asset	<u>7,747</u>	<u>1,948</u>
5	Staff costs	No.	No.
	The average number of employees during the year analysed by department was:		
	Haulage	72	72
	Administration, including directors	12	14
		<u>84</u>	<u>86</u>
	Employee costs	£	£
	Wages and salaries	1,582,823	1,398,058
	Social security costs	143,543	127,123
	Other pension costs	4,706	21,329
		<u>1,731,072</u>	<u>1,546,510</u>
6	Directors		
	Aggregate emoluments	87,707	75,991
	Pension contributions	4,528	20,105
		<u>92,235</u>	<u>96,096</u>

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

Harry Lawson Limited

Notes to the accounts (continued)

7	Net interest receivable	2002 £	2001 £
	Interest on bank overdraft	(3,331)	(489)
	Interest received on bank deposits	29,039	18,258
		<u>25,708</u>	<u>17,769</u>
8	Taxation		
	UK Corporation tax	46,000	101,000
	Adjustment for prior years	(1,280)	-
		<u>44,720</u>	<u>101,000</u>
	Deferred tax		
	Charge for current year	56,622	-
	Adjustment for prior years	138	-
		<u>101,480</u>	<u>101,000</u>
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	<u>364,065</u>	<u>363,687</u>
	Tax thereon @ 30% (2001 - 30%)	<u>109,220</u>	<u>109,106</u>
	Effects of:		
	Non deductible expenses	1,889	1,325
	Capital allowances in excess of depreciation	(56,622)	1,527
	Losses utilised in year	-	(7,480)
	Marginal relief	(8,487)	(3,478)
	Adjustments to previous periods	(1,280)	-
		<u>(64,500)</u>	<u>(8,106)</u>
		<u>44,720</u>	<u>101,000</u>

Harry Lawson Limited

Notes to the accounts (continued)

9	Fixed tangible assets	Freehold	Vehicles, plant and	Total
		property £	machinery £	£
	Cost or valuation			
	At 31 May 2001	305,046	525,586	830,632
	Additions	-	566,168	566,168
	Disposals	-	(37,223)	(37,223)
	At 31 May 2002	305,046	1,054,531	1,359,577
	Depreciation			
	At 31 May 2001	-	519,477	519,477
	Charge for year	-	39,685	39,685
	Disposals	-	(37,220)	(37,220)
	At 31 May 2002	-	521,942	521,942
	Net Book Value			
	At 31 May 2002	305,046	532,589	837,635
	At 31 May 2001	305,046	6,109	311,155

Included in freehold property is the cost of land amounting to £90,000 (2001- £90,000).

Details of revalued assets are given below:-

	2002 £	2001 £
Land and buildings		
At 1977 open market value	231,000	231,000
Historical cost of revalued assets	7,089	7,089

10 Fixed asset investments

Subsidiary company		
20,000 ordinary £1 shares at cost	20,000	20,000
Less – provision	(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.

Harry Lawson Limited

Notes to the accounts (continued)

11	Stocks	2002 £	2001 £
	Spares	63,230	43,456
	Goods for resale	539	1,256
		<u>63,769</u>	<u>44,712</u>

12	Debtors		
	Trade debtors	871,057	912,396
	Amount due from associate company	1,610	1,610
	Other debtors	6,905	2,112
	Prepayments and accrued income	137,659	129,001
		<u>1,017,231</u>	<u>1,045,119</u>

13	Creditors		
	Trade creditors	528,404	438,827
	Other taxes and social security	220,486	144,485
	Other creditors and accruals	161,447	166,835
	Corporation tax	46,000	101,000
		<u>956,337</u>	<u>851,147</u>

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

14	Provision for liabilities and charges	Accelerated capital allowances £	Other timing differences £	Total £
	Deferred taxation:			
	Accelerated capital allowances			
	Transfer to profit and loss account	<u>56,760</u>	<u>-</u>	<u>56,760</u>

Deferred taxation is provided in full.

15	Called up share capital	2002 £	2001 £
	Authorised, allotted, called up and fully paid		
	20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Harry Lawson Limited

Notes to the accounts (continued)

16 Reserves

	Revaluation reserve £	Profit and loss account £
At 31 May 2001	218,747	999,410
Retained profit for the year	-	262,585
At 31 May 2002	218,747	1,261,995

The distributable profits of the company are £1,261,995 (2001 - £999,410).

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

	2002 £	2001 £
Operating profit	338,357	345,918
Gain on sale of fixed assets	(7,747)	(1,948)
Depreciation	39,685	7,669
(Increase)/decrease in stocks	(19,057)	8,449
Decrease in debtors	27,888	113,383
Increase in creditors	160,190	78,203
Net cash inflow from operating activities	539,316	551,674

18 Analysis of changes in net debt

	At 1 June 2001	Cash flow	At 31 May 2002 £
Cash at bank and in hand	707,118	(93,114)	614,004

Harry Lawson Limited

Notes to the accounts (continued)

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 renting vehicles and trailers from Lawson Trailer Rentals Limited to Harry Lawson Limited. Rental payments to Lawson Trailer Rentals Limited during the year amounted to £718,565 (2001 -£631,709). 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 (2001 - £24,000) for the rental of property during the year.

No amounts were owed to or from Lawson Properties Limited at 31 May 2002. Lawson Trailer Rentals Limited were due £1,610 - (2001 - £775) at 31 May 2002.

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.