

D MATHESON & SON LIMITED

REPORT AND ACCOUNTS

For the year ended 31 May 2000

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D MATHESON & SON LIMITED

DIRECTORS

John M Matheson
Donald C Matheson
Donald L Matheson
Mrs Jennifer Matheson

SECRETARY

Donald C Matheson

AUDITORS

Chiene & Tait, C.A.
61 Dublin Street
EDINBURGH
EH3 6NL

BANKERS

The Royal Bank of Scotland
29 Harbour Road
INVERNESS
IV1 1NU

Standard Life Bank
30 Lothian Road
EDINBURGH
EH1 2DH

SOLICITORS

South Forrest
8 Ardross Terrace
INVERNESS
IV3 5NW

REGISTERED OFFICE

2 Fraser Street
INVERNESS
IV1 1DW

D MATHESON & SON LIMITED

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 31 May 2000.

Principle Activity

The principle activity of the company is that of plumbing and heating engineers.

Directors and their interests

The directors at 31 May 2000 and their interests in the share capital of the company were as follows:-

	Ordinary shares of £1 each	
	31 May 2000 £	31 May 1999 £
J M Matheson	400	400
D C Matheson	400	400
D L Matheson	100	100
Mrs J Matheson	100	100

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

Donations

Charitable donations during the year amounted to £487.

Auditors

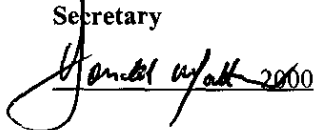
A resolution to re-appoint Chiene & Tait, C.A. as auditors will be proposed at the annual general meeting.

Small company provisions

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD

D C MATHESON
Secretary



6 OCTOBER 2000



AUDITORS' REPORT TO THE MEMBERS OF

D MATHESON & SON LIMITED

We have audited the accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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

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

Chiene & Tait, C.A.

CHIENE & TAIT, CA
Registered Auditors
61 Dublin Street
Edinburgh EH3 6NL

12 October 2000

D MATHESON & SON LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 May 2000**

	Note	2000 £	1999 £
Turnover	2	514,085	549,446
Cost of sales		301,595	328,398
		-----	-----
Gross profit		212,490	221,048
Administrative expenses		206,150	201,930
		-----	-----
Operating profit	3	6,340	19,118
Loss on disposal of fixed assets		-	(1,620)
Interest receivable		359	352
Interest payable	4	(2,923)	(2,240)
		-----	-----
Profit on ordinary activities before taxation		3,776	15,610
Tax on profit on ordinary activities	5	1,501	3,139
		-----	-----
Profit for the financial year		2,275	12,471
Retained profits brought forward		37,801	25,330
		-----	-----
Retained profits carried forward		40,076	37,801
		=====	=====

There are no recognised gains or losses other than the profit of the company for the year ended 31 May 2000.

D MATHESON & SON LIMITED

BALANCE SHEET

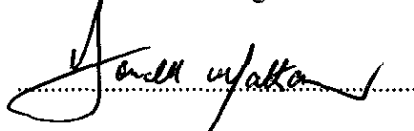
Year ended 31 May 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	6		50,097		62,203
Current assets					
Stock and work-in progress	7	22,990		26,027	
Debtors	8	46,238		55,410	
Cash at bank and in hand		7,862		6,384	
		-----		-----	
		77,090		87,821	
Creditors: Amounts falling due within one year	9	81,975		93,175	
		-----		-----	
Net current liabilities			(4,885)		(5,354)
Total assets less current liabilities			45,212		56,849
Creditors: Amounts falling due after more than one year	10		4,136		18,048
			-----		-----
			41,076		38,801
			=====		=====
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account			40,076		37,801
			-----		-----
Total shareholders' funds			41,076		38,801
			=====		=====

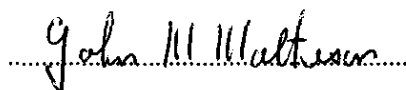
Directors' statement

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Approved by the Board of Directors and signed on its behalf by:



D C Matheson



J M Matheson

6 October 2000

D MATHESON & SON LIMITED

NOTES ON THE ACCOUNTS

Year ended 31 May 2000

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful economic life as follows.

<i>Property improvements</i>	<i>10% reducing balance</i>
<i>Plant and tools</i>	<i>15% reducing balance</i>
<i>Motor vehicles</i>	<i>25% reducing balance</i>
<i>Office equipment</i>	<i>15% reducing balance</i>
<i>Computer</i>	<i>25% straight line</i>

Stock

Stock is valued at the sales price less profit margin after making allowance for any obsolete or slow moving items.

Work in progress

Work in progress is valued at cost of goods supplied and work done.

Leased assets

Fixed assets acquired under finance leases or hire purchase contracts are included in the balance sheet at cost, appropriate provision being made for depreciation. The relating obligations are included in creditors. Interest payable is charged to the profit and loss account.

Operating lease rentals are charged to the profit and loss account as incurred.

Pensions

The company participates in an industry wide defined contribution pension scheme and operates separate money purchase schemes for the benefit of certain of the directors. The cost of the contributions made by the company to the scheme are charged to the profit and loss account as incurred.

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is attributable to one continuing activity.

3. Operating profit is stated after charging:

	2000	1999
	£	£
Depreciation of owned assets	8,029	7,695
Depreciation of assets held under finance leases and hire purchase agreements	7,932	10,706
Auditors' remuneration	2,800	2,250
Directors' remuneration	120,179	118,366
Loss on sale of motor vehicles	-	1,620
Operating lease rentals	367	367

During the year the directors were accruing benefits under money purchase schemes.

D MATHESON & SON LIMITED

NOTES ON THE ACCOUNTS (Contd.)

Year ended 31 May 2000

4. Interest payable	2000	1999
	£	£
On bank loans and overdrafts	1,431	1,608
Hire purchase interest	1,492	632
	<u>2,923</u>	<u>2,240</u>

5. Taxation

Based on profit for the year		
Corporation tax	1,521	4,082
(Over) provision for previous years	(20)	(943)
	<u>1,501</u>	<u>3,139</u>

6. Tangible assets

	Property Improvements	Plant & Vehicles	Office Equipment	Total
	£	£	£	£
Cost				
At 1 June 1999	7,650	81,245	18,045	106,940
Additions	-	948	2,907	3,855
Disposals	-	-	-	-
At 31 May 2000	<u>7,650</u>	<u>82,193</u>	<u>20,952</u>	<u>110,795</u>
Depreciation				
At 1 June 1999	5,474	28,812	10,451	44,737
Charge for year	218	13,129	2,614	15,961
On disposals	-	-	-	-
At 31 May 2000	<u>5,692</u>	<u>41,941</u>	<u>13,065</u>	<u>60,698</u>
Net book values				
At 31 May 2000	<u>1,958</u>	<u>40,252</u>	<u>7,887</u>	<u>50,097</u>
At 31 May 1999	<u>2,176</u>	<u>52,433</u>	<u>7,594</u>	<u>62,203</u>

Assets with a net book value of £24,087 (1999: £32,117) were held under hire purchase agreements at the year end.

7. Stock and work-in progress	2000	1999
	£	£
Materials	<u>22,990</u>	<u>26,027</u>

D MATHESON & SON LIMITED**NOTES ON THE ACCOUNTS (contd)****Year ended 31 May 2000**

8. Debtors	2000	1999
	£	£
Trade debtors	42,710	51,816
Other debtors	565	565
Prepayments	2,963	3,029
	46,238	55,410

9. Creditors: Amounts falling due within one year

Trade creditors	19,616	27,964
Bank overdraft	15,215	18,050
Accruals	7,549	6,751
Other tax and social security costs	19,326	16,318
Current instalments due on loans	8,612	8,084
Corporation tax	1,521	4,082
Directors' loans	211	211
Hire purchase creditors	9,925	11,715
	81,975	93,175

The bank loans and overdrafts are secured by a bond and floating charge over the assets of the company.

Mr J M Matheson and Mr D C Matheson, directors of the company, have provided a £20,000 personal guarantee to the company's bankers in respect of its borrowings.

10. Creditors: Amounts falling due after more than one year	2000	1999
	£	£
Hire purchase creditors	2,115	12,041
Bank loans (wholly repayable within 5 years)	2,021	6,007
	4,136	18,048

The current instalments due on the above are included in note 9 above.

11. Called up share capital	2000	1999
	£	£
Ordinary shares of £1 each		
Authorised, allotted, issued and fully paid	1,000	1,000

12. Pension scheme

The assets of the pension schemes are held separately from those of the company in independently administered funds. The pension cost represents contributions payable by the company to the funds and amounted to £22,315 (1999: £21,850).

D MATHESON & SON LIMITED

NOTES ON THE ACCOUNTS (contd)

Year ended 31 May 2000

13. Operating lease commitments	2000	1999
	£	£
The company had the following annual commitments under non-cancellable operating leases expiring:		
Within two to five years	597	290
Over five years	-	307
	597	597

14. Related party transactions

The company operates out of premises owned by J M Matheson and D C Matheson, directors of the company. No rent is charged.