

D MATHESON & SON LIMITED
REPORT and FINANCIAL STATEMENTS
For the year ended 31 May 2001



D MATHESON & SON LIMITED

DIRECTORS

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

SECRETARY

Donald C Matheson

ACCOUNTANTS

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 financial statements for the year ended 31 May 2001.

Principle Activity

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

Directors and their interests

The directors at 31 May 2001 and their interests in the share capital of the company were as follows:-

	Ordinary shares of £1 each	
	31 May 2001 £	31 May 2000 £
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 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 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 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 £462 (2000: £487).

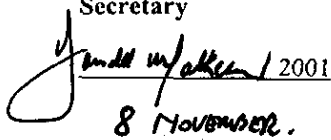
Small company provisions

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



8 November.

D MATHESON & SON LIMITED**PROFIT AND LOSS ACCOUNT****Year ended 31 May 2001**

	Note	2001 £	2000 £
Turnover	2	497,792	514,085
Cost of sales		289,629	296,015
		-----	-----
Gross profit		208,163	218,070
Administrative expenses		219,570	211,730
		-----	-----
Operating (loss)/profit	3	(11,407)	6,340
Interest receivable		353	359
Interest payable	4	(2,438)	(2,923)
		-----	-----
(Loss)/profit on ordinary activities before taxation		(13,492)	3,776
Tax on (loss)/profit on ordinary activities	5	(1,521)	1,501
		-----	-----
(Loss)/profit for the financial year		(11,971)	2,275
Retained profits brought forward		40,076	37,801
		-----	-----
Retained profits carried forward		28,105	40,076
		=====	=====

A statement of recognised gains and losses is not shown as all gains and losses are recognised in the profit and loss account.

D MATHESON & SON LIMITED

BALANCE SHEET

Year ended 31 May 2001

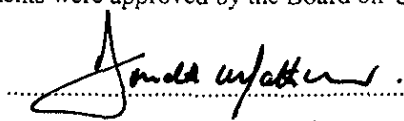
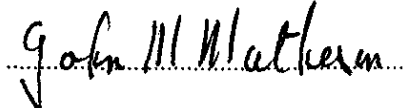
	Note	£	2001 £	£	2000 £
Fixed assets					
Tangible assets	6		42,227		50,097
Current assets					
Stock and work-in progress	7	30,932		22,990	
Debtors	8	53,047		46,238	
Cash at bank and in hand		8,156		7,862	
		92,135		77,090	
Creditors: Amounts falling due within one year	9	102,374		81,975	
Net current liabilities			(10,239)		(4,885)
Total assets less current liabilities			31,988		45,212
Creditors: Amounts falling due after more than one year	10		2,883		4,136
			29,105		41,076
Capital and reserves					
Called up share capital	11		1,000		1,000
Profit and loss account			28,105		40,076
Total shareholders' funds			29,105		41,076

In preparing these financial statements:

- (a) The directors are of the opinion that the company is entitled to the exemption from audit conferred by Section 249A(1) of the Companies Act 1985;
- (b) No notice has been deposited under Section 249B(2) of the Companies Act 1985, and
- (c) The directors acknowledge their responsibilities for:
 - (i) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and
 - (ii) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of this Act relating to financial statements, so far as applicable to the company.

These financial statements 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).

The financial statements were approved by the Board on 8 November 2001 and signed on its behalf by:

D C Matheson

J M Matheson

D MATHESON & SON LIMITED

NOTES to the FINANCIAL STATEMENTS

Year ended 31 May 2001

1. Accounting policies

Accounting convention

The financial statements have been 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.

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

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 (loss)/profit is stated after charging:

	2001 £	2000 £
Depreciation of owned assets	10,265	8,029
Depreciation of assets held under finance leases and hire purchase agreements	3,673	7,932
Auditors' remuneration	-	2,800
Directors' remuneration	123,229	120,179
Operating lease rentals	597	367
	=====	=====

During the year all of the directors had benefits accruing under money purchase schemes.

D MATHESON & SON LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

Year ended 31 May 2001

4. Interest payable	2001	2000
	£	£
On bank loans and overdrafts	1,102	1,431
Hire purchase interest	1,336	1,492
	<u>2,438</u>	<u>2,923</u>

5. Taxation

Based on (loss)/profit for the year		
Corporation tax	(1,267)	1,521
(Over) provision for previous years	(254)	(20)
	<u>(1,521)</u>	<u>1,501</u>

6. Tangible assets	Property Improvements	Plant & Vehicles	Office Equipment	Total
	£	£	£	£
Cost				
At 1 June 2000	7,650	82,193	20,952	110,795
Additions	-	6,068	-	6,068
Disposals	-	-	-	-
	<u>7,650</u>	<u>88,261</u>	<u>20,952</u>	<u>116,863</u>
At 31 May 2001				
Depreciation				
At 1 June 2000	5,692	41,941	13,065	60,698
Charge for year	195	11,346	2,397	13,938
On disposals	-	-	-	-
	<u>5,887</u>	<u>53,287</u>	<u>15,462</u>	<u>74,636</u>
At 31 May 2001				
Net book values				
At 31 May 2001	<u>1,763</u>	<u>34,974</u>	<u>5,490</u>	<u>42,227</u>
At 31 May 2000	<u>1,958</u>	<u>40,252</u>	<u>7,887</u>	<u>50,097</u>

Assets with a net book value of £11,018 (2000: £24,087) were held under hire purchase agreements at the year end.

D MATHESON & SON LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

Year ended 31 May 2001

7. Debtors	2001	2000
	£	£
Trade debtors	47,988	42,710
Other debtors	1,267	565
Prepayments	3,792	2,963
	<u>53,047</u>	<u>46,238</u>

8. Creditors: Amounts falling due within one year

Trade creditors	32,095	19,616
Bank overdraft	35,408	15,215
Accruals	5,875	7,549
Other tax and social security costs	22,501	19,326
Current instalments due on loans	4,169	8,612
Corporation tax	-	1,521
Directors' loans	211	211
Hire purchase creditors	2,115	9,925
	<u>102,374</u>	<u>81,975</u>

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.

9. Creditors: Amounts falling due after more than one year	2001	2000
	£	£
Hire purchase creditors	-	2,115
Bank loans (wholly repayable within 5 years)	2,883	2,021
	<u>2,883</u>	<u>4,136</u>

The current instalments due on the above are included in note 8 above.

10. Called up share capital	2001	2000
	£	£
Ordinary shares of £1 each		
Authorised, allotted, issued and fully paid	1,000	1,000
	<u>1,000</u>	<u>1,000</u>

11. 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 £23,908 (2000: £22,315).

D MATHESON & SON LIMITED

NOTES to the FINANCIAL STATEMENTS (Contd.)

Year ended 31 May 2001

12. Operating lease commitments

	2001	2000
	£	£
The company had the following annual commitments under non-cancellable operating leases expiring:		
Within two to five years	597	597
Over five years	-	-
	<u>597</u>	<u>597</u>

13. 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.

14. Going concern

The company relies upon a bank overdraft facility in order to meet its day to day working capital requirements.

This facility entitles the company to call on funds of up to £40,000 if required. At present the company is operating within the facility and the directors anticipate that they shall continue to be able to operate within this facility or any future facility negotiated with the bank. On the assumption that the company is able to operate within their agreed facility, the directors consider it appropriate to prepare the financial statements on the going concern basis.

16. Capital commitments

Capital expenditure on two vans with a combined value of £15,785 has been contracted for but not provided for in the financial statements (2000: £Nil).