

D MATHESON & SON LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2003



SCT SLY1FP6M
COMPANIES HOUSE

0149
14/10/03

D MATHESON & SON LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2003

Contents	Pages
Officers and professional advisers	1
The directors' report	2
Accountants' report to the directors	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6 to 10

D MATHESON & SON LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

John M Matheson
Donald L Matheson
Jennifer Matheson

Company Secretary

Donald C Matheson

Accountants

Chiene & Tait, CA
61 Dublin Street
Edinburgh
EH3 6NL

Bankers

The Royal Bank of Scotland Plc
29 Harbour Road
Inverness
IV1 1NU

Standard Life Bank
30 Lothian Road
Edinburgh
EH1 2DH

Solicitors

South Forrest
8 Ardross Terrace
Inverness
IV3 5NW

D MATHESON & SON LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MAY 2003

The directors present their report and the unaudited financial statements of the company for the year ended 31 May 2003.

Principal activities

The principal activity of the company during the year was that of plumbing and heating engineers.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 May 2003	At 1 June 2002
John M Matheson	400	400
Donald L Matheson	100	100
Jennifer Matheson	<u>100</u>	<u>100</u>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

Donations

During the year the company made the following contributions:

	2003 £	2002 £
Charitable	<u>354</u>	<u>383</u>

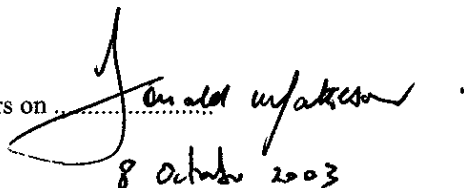
Small company provisions

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

Signed by order of the directors

Donald C Matheson
Company Secretary

Approved by the directors on


8 October 2003

D MATHESON & SON LIMITED



ACCOUNTANTS' REPORT TO THE DIRECTORS

YEAR ENDED 31 MAY 2003

As described on the balance sheet, the directors of the company are responsible for the preparation of the financial statements for the year ended 31 May 2003, set out on pages 4 to 10.

You consider that the company is exempt from an audit under the Companies Act 1985.

In accordance with your instructions we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.

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

8 October 2003

D MATHESON & SON LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2003

	Note	2003 £	2002 £
Turnover		573,941	574,347
Cost of sales		310,800	315,067
Gross profit		263,141	259,280
Administrative expenses		230,125	224,058
Operating profit	2	33,016	35,222
Interest receivable		1,060	530
Interest payable		(1,072)	(2,342)
Profit on ordinary activities before taxation		33,004	33,410
Tax on profit on ordinary activities	4	4,292	7,470
Profit on ordinary activities after taxation		28,712	25,940
Dividends	5	8,000	8,000
Retained profit for the financial year		20,712	17,940

The notes on pages 6 to 10 form part of these financial statements.

D MATHESON & SON LIMITED

BALANCE SHEET

31 MAY 2003

	Note	£	2003 £	2002 £
Fixed assets				
Tangible assets	6		42,848	51,850
Current assets				
Stock		47,577		34,753
Debtors	7	42,589		59,472
Cash at bank		35,775		25,393
		125,941		119,618
Creditors: amounts falling due within one year	8	95,342		113,643
Net current assets			30,599	5,975
Total assets less current liabilities			73,447	57,825
Creditors: amounts falling due after more than one year	9		5,479	10,077
			67,968	47,748
Provisions for liabilities and charges				
Deferred taxation	11		211	703
			67,757	47,045
Capital and reserves				
Called-up equity share capital	13		1,000	1,000
Profit and Loss Account	14		66,757	46,045
Shareholders' funds			67,757	47,045

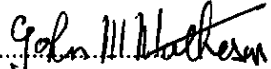
The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

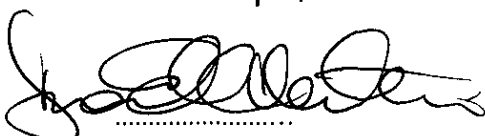
The directors acknowledge their responsibilities for:

- ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- 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 the Act relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 8/10/03 and are signed on their behalf by:


John M Matheson


Donald L Matheson

The notes on pages 6 to 10 form part of these financial statements.

D MATHESON & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2003

1. Accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Property improvements	- 10% Reducing balance
Plant & tools	- 15% Reducing balance
Office equipment	- 15% Reducing balance

Stocks

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 the cost of the goods supplied together with work done to date.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRSSE 2002.

Deferred tax is provided on the liability method to take account of timing differences between the treatment for certain items for accounts purposes and the treatment for tax purposes. Tax deferred is accounted for in respect of all material timing differences. Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

2. Operating profit

Operating profit is stated after charging:

	2003	2002
	£	£
Staff pension contributions	8,929	8,314
Depreciation	15,951	17,430
Loss on disposal of fixed assets	1,364	1,695

D MATHESON & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2003

3. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £	2002 £
Aggregate emoluments	80,397	83,739
Value of company pension contributions to money purchase schemes	13,677	13,766
	<u>94,074</u>	<u>97,505</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2003 No	2002 No
Money purchase schemes	<u>3</u>	<u>4</u>

4. Tax on profit on ordinary activities

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	5,413	6,767
Over/under provision in prior year	(629)	-
Total current tax	<u>4,784</u>	<u>6,767</u>
Deferred tax:		
(Decrease)/Increase in deferred tax provision (note 11)		
Capital allowances	(492)	703
Tax on profit on ordinary activities	<u>4,292</u>	<u>7,470</u>

5. Dividends

The following dividends have been proposed in respect of the year:

	2003 £	2002 £
Proposed dividend on ordinary shares	<u>8,000</u>	<u>8,000</u>

D MATHESON & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2003

6. Tangible fixed assets

	Property improvements £	Plant & vehicles £	Office equipment £	Total £
Cost				
At 1 June 2002	7,650	91,450	21,436	120,536
Additions	–	13,768	745	14,513
Disposals	–	(20,418)	–	(20,418)
At 31 May 2003	7,650	84,800	22,181	114,631
Depreciation				
At 1 June 2002	6,063	45,049	17,574	68,686
Charge for the year	159	13,677	2,115	15,951
On disposals	–	(12,854)	–	(12,854)
At 31 May 2003	6,222	45,872	19,689	71,783
Net book value				
At 31 May 2003	1,428	38,928	2,492	42,848
At 31 May 2002	1,587	46,401	3,862	51,850

Hire purchase agreements

Included within the net book value of £42,848 is £25,861 (2002 - £23,681) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £8,620 (2002 - £4,517).

7. Debtors

	2003 £	2002 £
Trade debtors	34,618	48,998
Other debtors	7,971	10,474
	42,589	59,472

8. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	13,551	29,897
Trade creditors	29,670	33,174
Corporation tax	5,413	6,767
Other taxation and social security	20,212	22,699
Hire purchase agreements	11,589	7,395
Other creditors	14,907	13,711
	95,342	113,643

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

D MATHESON & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2003

9. Creditors: amounts falling due after more than one year

	2003 £	2002 £
Hire purchase agreements	<u>5,479</u>	<u>10,077</u>

10. Pensions

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 £22,606 (2002: £22,080). As at the year end the total amount outstanding and due to the schemes was £2,015 (2002: £1,660).

11. Deferred taxation

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	703	—
Profit and loss account movement arising during the year	<u>(492)</u>	<u>703</u>
Provision carried forward	<u>211</u>	<u>703</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	<u>211</u>	<u>703</u>
	<u>211</u>	<u>703</u>

12. Related party transactions

The company operates out of premises owned by J M Matheson, a director and shareholder, and D C Matheson, a shareholder. Rent amounting to £8,450 was charged during the year (2002 - £11,200).

During the year D C Matheson purchased a vehicle from the company on an arms length basis for £3,000.

The company has no ultimate controlling party.

13. Share capital

Authorised share capital:

	2003 £	2002 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2003 No	£	2002 No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

D MATHESON & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2003

14. Profit and loss account

	2003	2002
	£	£
Balance brought forward	46,045	28,105
Retained profit for the financial year	20,712	17,940
Balance carried forward	<u>66,757</u>	<u>46,045</u>