

Company Registration Number SC45366

**D MATHESON & SON LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MAY 2004**



D MATHESON & SON LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

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
The following pages do not form part of the financial statements	
Detailed profit and loss account	12 to 13

D MATHESON & SON LIMITED

OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

John M Matheson
Donald L Matheson
Jennifer Matheson

Company Secretary

Jennifer 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 2004

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31 May 2004.

Principal activities

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

The directors and their interests in the 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 2004	At 1 June 2003
John M Matheson	400	400
Donald L Matheson	100	100
Jennifer 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 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

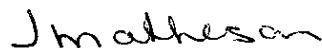
During the year the company made the following contributions:

	2004 £	2003 £
Charitable	279	354

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



Jennifer Matheson
Company Secretary

Approved by the directors on 20.12.04

D MATHESON & SON LIMITED



ACCOUNTANTS' REPORT TO THE DIRECTORS

YEAR ENDED 31 MAY 2004

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 2004, 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

.....22/5/04.....

D MATHESON & SON LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2004

	Note	2004 £	2003 £
Turnover		716,726	573,941
Cost of sales		<u>396,973</u>	<u>310,800</u>
Gross profit		319,753	263,141
Administrative expenses		<u>270,361</u>	<u>230,125</u>
Operating profit	2	49,392	33,016
Interest receivable		2,516	1,060
Interest payable		<u>(2,128)</u>	<u>(1,072)</u>
Profit on ordinary activities before taxation		49,780	33,004
Tax on profit on ordinary activities	4	<u>9,783</u>	<u>4,292</u>
Profit on ordinary activities after taxation		39,997	28,712
Equity dividends paid and proposed		<u>6,250</u>	<u>8,000</u>
Retained profit for the financial year		<u>33,747</u>	<u>20,712</u>

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

D MATHESON & SON LIMITED

BALANCE SHEET

31 MAY 2004

	Note	£	2004 £	2003 £
Fixed assets				
Tangible assets	5		58,284	42,848
Current assets				
Stocks		60,544		47,577
Debtors	6	43,067		42,589
Cash at bank		130,001		35,775
		233,612		125,941
Creditors: amounts falling due within one year	7	175,506		95,342
Net current assets			58,106	30,599
Total assets less current liabilities			116,390	73,447
Creditors: amounts falling due after more than one year	8		13,918	5,479
			102,472	67,968
Provisions for liabilities and charges				
Deferred taxation	10		968	211
			101,504	67,757
Capital and reserves				
Called-up equity share capital	12	1,000		1,000
Profit and loss account	13	100,504		66,757
Shareholders' funds			101,504	67,757

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.

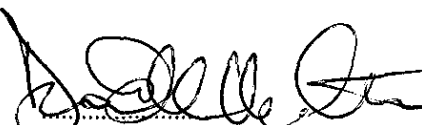
The directors acknowledge their responsibilities for:

- 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 20/12/04 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 2004

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 & vehicles	- 15-25% Reducing balance
Office equipment	- 15-25% 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 reflects 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.

D MATHESON & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

2. Operating profit

Operating profit is stated after charging:

	2004 £	2003 £
Staff pension contributions	11,204	8,929
Depreciation of owned assets	3,265	7,331
Depreciation of assets held under hire purchase agreements	15,238	8,620
Loss on disposal of fixed assets	3,384	1,364

3. Directors' emoluments

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

	2004 £	2003 £
Aggregate emoluments	109,027	80,397
Value of company pension contributions to money purchase schemes	15,924	13,677
	<u>124,951</u>	<u>94,074</u>

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

	2004 No	2003 No
Money purchase schemes	<u>3</u>	<u>3</u>

4. Taxation on ordinary activities

	2004 £	2003 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year	9,026	5,413
Over/under provision in prior year	—	(629)
Total current tax	<u>9,026</u>	<u>4,784</u>
Deferred tax:		
Origination and reversal of timing differences (note 10)		
Capital allowances	1,085	94
Other	(328)	(586)
Total deferred tax (note 10)	<u>757</u>	<u>(492)</u>
Tax on profit on ordinary activities	<u>9,783</u>	<u>4,292</u>

D MATHESON & SON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 MAY 2004

5. Tangible fixed assets

	Property improvements £	Plant & vehicles £	Office equipment £	Total £
Cost				
At 1 June 2003	7,650	84,800	22,181	114,631
Additions	–	44,101	2,572	46,673
Disposals	–	(34,240)	–	(34,240)
At 31 May 2004	7,650	94,661	24,753	127,064
Depreciation				
At 1 June 2003	6,222	45,872	19,689	71,783
Charge for the year	143	17,260	1,100	18,503
On disposals	–	(21,506)	–	(21,506)
At 31 May 2004	6,365	41,626	20,789	68,780
Net book value				
At 31 May 2004	1,285	53,035	3,964	58,284
At 31 May 2003	1,428	38,928	2,492	42,848

Hire purchase agreements

Included within the net book value of £58,284 is £45,710 (2003 - £25,861) 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 £15,238 (2003 - £8,620).

6. Debtors

	2004 £	2003 £
Trade debtors	29,666	34,618
Other debtors	13,401	7,971
	43,067	42,589

7. Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	9,948	13,551
Trade creditors	54,132	29,670
Corporation tax	9,026	5,413
Other taxation and social security	25,231	20,212
Hire purchase agreements	15,860	11,589
Other creditors	61,309	14,907
	175,506	95,342

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 2004

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

	2004 £	2003 £
Hire purchase agreements	<u>13,918</u>	<u>5,479</u>

9. 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 £27,128 (2003: £22,606). As at the year end the total amount outstanding and due to the schemes was £2,878 (2003: £2,015).

10. Deferred taxation

	2004 £	2003 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	211	703
Profit and loss account movement arising during the year	<u>757</u>	<u>(492)</u>
Provision carried forward	<u>968</u>	<u>211</u>

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

	2004 £	2003 £
Excess of taxation allowances over depreciation on fixed assets	1,882	797
Other timing differences	<u>(914)</u>	<u>(586)</u>
	<u>968</u>	<u>211</u>

11. 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 £6,050 was charged during the year (2003 - £8,450).

The company has no ultimate controlling party.

12. Share capital

Authorised share capital:

	2004 £	2003 £
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2004 No	£	2003 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 2004

13. Profit and loss account

	2004	2003
	£	£
Balance brought forward	66,757	46,045
Retained profit for the financial year	33,747	20,712
Balance carried forward	<u>100,504</u>	<u>66,757</u>