

Company Registration No. SCO48282 (Scotland)

NORMAND & THOMSON (HILLEND) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 6 JANUARY 2000



NORMAND & THOMSON (HILLEND) LIMITED

COMPANY INFORMATION

Directors	Brian R Forrester John Flockhart James Cassie
Secretary	David M Walker
Company number	SCO48282
Registered office	Hillend Industrial Estate Dunfermline
Auditors	Hutton & Philp 30 Queen Anne Street Dunfermline
Business address	Hillend Industrial Estate Dunfermline
Bankers	Bank of Scotland 1 Bothwell Street Dunfermline Fife KY11 3AG

NORMAND & THOMSON (HILLEND) LIMITED

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NORMAND & THOMSON (HILLEND) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 6 JANUARY 2000

Principal activities and review of the business

The principal activity of the company continued to be that of metal fabrication and the sale of associated products.

The directors are satisfied with the results for the year, given the difficult trading conditions which prevail in the engineering industry at this time, and consider the state of affairs of the company to be satisfactory.

Results and dividends

The results for the year are set out on page 4.

No dividends were paid during the year.

Future developments

The directors do not foresee any significant changes to the business in the near future.

Directors

The following directors have held office since 7 January 1999:

Brian R Forrester
John Flockhart
James Cassie

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary of £ 1 each	
	6 January 2000	7 January 1999
James Cassie	-	-
John Flockhart	370	370
Brian R Forrester	930	930

Taxation status

The company was a close company within the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Hutton & Philp be reappointed as auditors of the company will be put to the Annual General Meeting.

NORMAND & THOMSON (HILLEND) LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 6 JANUARY 2000

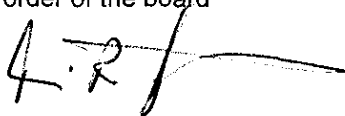
Directors' responsibilities

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 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. They 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.

By order of the board

A handwritten signature in black ink, appearing to read 'B. R. Forrester', with a long horizontal stroke extending to the right.

Brian R Forrester

Director

1 November 2000

NORMAND & THOMSON (HILLEND) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF NORMAND & THOMSON (HILLEND) LIMITED

As explained in note 1, no provision has been made for the depreciation of heritable property. This is not in accordance with the requirements of Statement of Standard Accounting Practice No. 12 and of Schedule 4 to the Companies Act 1985.

Except for the absence of this provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 6th January 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, 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 financial statements 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 financial statements.

Qualified opinion arising from disagreement of accounting treatment

As explained in note 1, no provision has been made for the depreciation of heritable property. This is not in accordance with the requirements of Statement of Standard Accounting Practice No. 12 and of Schedule 4 to the Companies Act 1985.

Except for the absence of this provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 6th January 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hutton & Philp
Registered Auditor
30 Queen Anne Street
Dunfermline

Hutton & Philp CA

1 November 2000

NORMAND & THOMSON (HILLEND) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 6 JANUARY 2000

	Notes	2000 £	1999 £
Turnover	2	3,062,798	3,209,157
Cost of sales		(2,529,223)	(2,641,847)
Gross profit		533,575	567,310
Administrative expenses		(346,287)	(354,319)
Other operating income		18,500	3,387
Operating profit	3	205,788	216,378
Other interest receivable and similar income	4	7,327	10,508
Interest payable and similar charges	5	(81,092)	(103,411)
Profit on ordinary activities before taxation		132,023	123,475
Tax on profit on ordinary activities	6	(25,462)	(25,185)
Profit on ordinary activities after taxation	16	106,561	98,290

The profit and loss account has been prepared on the basis that all operations are continuing operations.

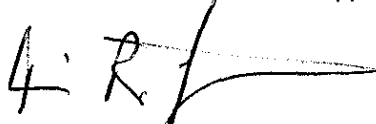
There are no recognised gains and losses other than those passing through the profit and loss account.

NORMAND & THOMSON (HILLEND) LIMITED

BALANCE SHEET AS AT 6 JANUARY 2000

	Notes	2000 £	£	1999 £	£
Fixed assets					
Tangible assets	7	872,888		862,868	
Investments	8	132,836		132,836	
		<u>1,005,724</u>		<u>995,704</u>	
Current assets					
Stocks	9	125,254		266,696	
Debtors	10	739,983		608,622	
Cash at bank and in hand		262,872		195,599	
		<u>1,128,109</u>		<u>1,070,917</u>	
Creditors: amounts falling due within one year	11	<u>(519,527)</u>		<u>(559,119)</u>	
Net current assets		<u>608,582</u>		<u>511,798</u>	
Total assets less current liabilities		<u>1,614,306</u>		<u>1,507,502</u>	
Creditors: amounts falling due after more than one year	12	(963,835)		(963,835)	
Provisions for liabilities and charges	13	<u>(31,368)</u>		<u>(31,124)</u>	
		<u>619,103</u>		<u>512,543</u>	
Capital and reserves					
Called up share capital	15	3,700		3,700	
Revaluation reserve	16	252,368		252,368	
Other reserves	16	12,750		12,750	
Profit and loss account	16	350,285		243,725	
Shareholders' funds - equity interests	17	<u>619,103</u>		<u>512,543</u>	

The financial statements were approved by the Board on 1 November 2000



Brian R Forrester
Director

NORMAND & THOMSON (HILLEND) LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 6 JANUARY 2000

	2000 £	1999 £
Net cash inflow from operating activities	215,930	418,220
Returns on investments and servicing of finance		
Interest received	7,327	10,508
Interest paid	(93,900)	(92,592)
	<u> </u>	<u> </u>
Net cash outflow for returns on investments and servicing of finance	(86,573)	(82,084)
Taxation	(23,350)	29,044
Capital expenditure		
Payments to acquire tangible assets	(55,693)	(54,690)
Receipts from sales of tangible assets	6,710	28,636
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	(48,983)	(26,054)
Net cash inflow before management of liquid resources and financing	57,024	339,126
	<u> </u>	<u> </u>
Increase in cash in the year	<u>57,024</u>	<u>339,126</u>

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 6 JANUARY 2000

1	Reconciliation of operating profit to net cash inflow from operating activities	2000	1999
		£	£
	Operating profit	205,788	216,378
	Depreciation of tangible assets	39,478	35,545
	Profit on disposal of tangible assets	(515)	(6,691)
	Decrease in stocks	141,442	124,013
	(Increase)/decrease in debtors	(131,361)	118,895
	Decrease in creditors within one year	(38,902)	(69,920)
	Net cash inflow from operating activities	215,930	418,220

2	Analysis of net debt	7 January 1999	Cash flow	Other non-6 January 2000 cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	195,599	67,273	262,872
	Bank overdrafts	(20,394)	(10,249)	(30,643)
		<u>175,205</u>	<u>57,024</u>	<u>232,229</u>
	Debt:			
	Debts falling due after one year	(963,835)	-	(963,835)
	Net debt	(788,630)	57,024	(731,606)

3	Reconciliation of net cash flow to movement in net debt	2000	1999
		£	£
	Increase in cash in the year	57,024	339,126
	Cash inflow from increase in debt	-	-
	Movement in net debt in the year	57,024	339,126
	Opening net debt	(788,630)	(1,127,756)
	Closing net debt	(731,606)	(788,630)

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 6 JANUARY 2000

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Heritable property	Nil
Plant and machinery	7.5% reducing balance
Computer	33.3% straight line
Motor vehicles	25% reducing balance

Heritable property is maintained in good condition such that the realisable values of the properties taken as a whole are at least equal to their book values. Having regard to this, it is the opinion of the directors that depreciation of any such property as required by the Companies Act 1985 and standard accounting practice would not be material.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 6 JANUARY 2000

2 Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3 Operating profit	2000	1999
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	39,478	35,545
Auditors' remuneration	1,655	1,600

4 Other interest receivable and similar income	2000	1999
	£	£
Bank interest	7,327	10,217
Other interest	-	291

5 Interest payable	2000	1999
	£	£
On bank loans and overdrafts	259	4,003
On other loans wholly repayable within 5 years	80,316	99,408
On overdue tax	517	-

6 Taxation	2000	1999
	£	£
U.K. current year taxation		
U.K. corporation tax at 20% (1999 - 21%)	25,218	23,931
Deferred taxation	244	1,254

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 6 JANUARY 2000

7 Tangible fixed assets

	Heritable property £	Plant and machinery £	Computer £	Motor vehicles £	Total £
Cost or valuation					
At 7 January 1999	683,103	268,729	18,600	182,384	1,152,816
Additions	-	8,177	9,774	37,742	55,693
Disposals	-	-	-	(32,576)	(32,576)
At 6 January 2000	683,103	276,906	28,374	187,550	1,175,933
Depreciation					
At 7 January 1999	-	168,924	15,655	105,369	289,948
On disposals	-	-	-	(26,381)	(26,381)
Charge for the year	-	8,097	4,239	27,142	39,478
At 6 January 2000	-	177,021	19,894	106,130	303,045
Net book value					
At 6 January 2000	683,103	99,885	8,480	81,420	872,888
At 6 January 1999	683,103	99,805	2,945	77,015	862,868

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
Historical cost at 7 January 1999 and at 6 January 2000	430,735
Depreciation based on cost	
At 7 January 1999	-
Charge for the year	-
At 6 January 2000	-
Net book values	
At 6 January 2000	-
At 6 January 1999	-

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 6 JANUARY 2000

8 Fixed asset investments

	Shares in subsidiary undertakings £
Cost or valuation	
At 7 January 1999 & at 6 January 2000	132,836

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Class	Shares held %
Subsidiary undertakings			
Sanmar Engineering Limited	Scotland	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Sanmar Engineering Limited	132,836	-

Sanmar Engineering Limited is a dormant company which did not trade during the year.

9 Stocks and work in progress

	2000 £	1999 £
Raw materials and consumables	52,026	61,306
Work in progress	54,254	180,193
Finished goods and goods for resale	18,974	25,197
	<u>125,254</u>	<u>266,696</u>

10 Debtors

	2000 £	1999 £
Trade debtors	731,649	601,563
Other debtors	1,125	-
Prepayments and accrued income	7,209	7,059
	<u>739,983</u>	<u>608,622</u>

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 6 JANUARY 2000

11 Creditors: amounts falling due within one year	2000 £	1999 £
Bank loans and overdrafts	30,643	20,394
Trade creditors	159,595	166,512
Corporation tax	23,753	21,884
Other taxes and social security costs	133,016	134,808
Other creditors	132,836	132,836
Accruals and deferred income	39,684	82,685
	<u>519,527</u>	<u>559,119</u>

The bank overdraft is secured by a Bond and Floating Charge over the assets of the company and by a Standard Security over part of the company's heritable property.
Other creditors represents a loan from the company's subsidiary.

12 Creditors: amounts falling due after more than one year	2000 £	1999 £
Other loans	<u>963,835</u>	<u>963,835</u>
Analysis of loans		
Wholly repayable within five years	<u>963,835</u>	<u>963,835</u>
	<u>963,835</u>	<u>963,835</u>

Other loans represent shareholders' loans which are unsecured and are repayable at the discretion of the board. Interest is payable on these loans at 3% over bank base rate.

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 6 JANUARY 2000

13 Provisions for liabilities and charges

	Deferred taxation £
Balance at 7 January 1999	31,386
Profit and loss account	(18)
Balance at 6 January 2000	31,368

Deferred tax is provided at 20% (1999 - 21%) analysed over the following timing differences:

	2000 £	Fully provided 1999 £
Accelerated capital allowances	31,106	33,047
Other timing differences	262	(1,923)
	31,368	31,124

14 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £40117 (1999 - £22996).

15 Share capital	2000 £	1999 £
Authorised		
20,000 Ordinary of £ 1 each	20,000	20,000
Allotted, called up and fully paid		
3,700 Ordinary of £ 1 each	3,700	3,700

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 6 JANUARY 2000

16 Statement of movements on reserves

	Revaluation reserve £	Other reserves £	Profit and loss account £
Balance at 7 January 1999	252,368	12,750	243,724
Retained profit for the year	-	-	106,561
Balance at 6 January 2000	252,368	12,750	350,285

17 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Profit for the financial year	106,561	98,290
Opening shareholders' funds	512,543	414,253
Closing shareholders' funds	619,103	512,543

18 Directors' emoluments

	2000 £	1999 £
Emoluments for qualifying services	73,793	72,872

NORMAND & THOMSON (HILLEND) LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 6 JANUARY 2000

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Manufacturing	51	58
Office & management	21	17
	<u>72</u>	<u>75</u>

Employment costs

	£	£
Wages and salaries	1,273,688	1,322,985
Social security costs	120,513	132,250
Other pension costs	45,813	44,720
	<u>1,440,014</u>	<u>1,499,955</u>

20 Related party transactions

The following summarises the material related party transactions:

Name	Relationship	Loan to company £	Interest paid for year £
John Flockhart	director	96,382	8,117
Brian R Forrester	director	242,261	20,401
Alan C Thomson	in partnership with B R Forrester	156,300	13,162
David M Walker	in partnership with B R Forrester	130,245	10,968

The above figures are inclusive of any transactions with the parties respective spouses.