Report of the Directors and

Financial Statements for the Year Ended 31 July 2000

for

CADZOW HEAVY HAULAGE LIMITED

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CADZOW HEAVY HAULAGE LIMITED

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for the Year Ended 31 July 2000

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Company Information

DIRECTORS:	E.J. Macauley Mrs M. Macauley
SECRETARY:	Mrs M. Macauley
REGISTERED OFFICE:	15 Forrest Street BLANTYRE G72 0JP
REGISTERED NUMBER:	53552 (Scotland)
AUDITORS:	Sharles, Chartered Accountants Registered Auditors 29 Brandon Street HAMILTON ML3 6DA
BANKERS:	Clydesdale Bank PLC 135 Almada Street HAMILTON ML3 0EX

Report of the Directors
for the Year Ended 31 July 2000

The directors present their report with the financial statements of the company for the year ended 31 July 2000.

PRINCIPAL ACTIVITY
The principal activity of the company in the year under review was that of the haulage of heavy plant and equipment.

REVIEW OF BUSINESS
The results for the year and financial position of the company are as shown in the annexed financial statements.

The directors consider the profit achieved on ordinary activities, before taxation, to be satisfactory given the difficult trading conditions.

DIVIDENDS
No dividends will be distributed for the year ended 31 July 2000.

FUTURE DEVELOPMENTS
The directors aim to maintain the management policies which have resulted in the company's growth in recent years.

EVENTS SINCE THE END OF THE YEAR
Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS
The directors during the year under review were:

E.J. Macauley
Mrs M. Macauley
J. Gardiner - resigned 30.4.00

The beneficial interests of the directors holding office on 31 July 2000 in the issued share capital of the company were as follows:

	31.7.00	1.8.99
Ordinary £1 shares		
E.J. Macauley	142,000	142,000
Mrs M. Macauley	18,000	18,000

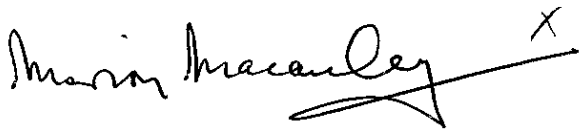
STATEMENT OF DIRECTORS' RESPONSIBILITIES
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, 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.

AUDITORS
The auditors, Sharles, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:



Mrs M. Macauley - SECRETARY

Dated: 5 April 2001

SHARLES

Report of the Auditors to the Shareholders of Cadzow Heavy Haulage Limited

We have audited the financial statements on pages five to eighteen which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on page eleven.

Respective responsibilities of directors and auditors
As described on page two 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.

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

Sharles, Chartered Accountants
Registered Auditors
29 Brandon Street
HAMILTON
ML3 6DA

Dated: 5 April 2001

CADZOW HEAVY HAULAGE LIMITED

Profit and Loss Account
for the Year Ended 31 July 2000

	Notes	2000 £	1999 £
TURNOVER	2	**3,538,661**	3,682,436
Cost of sales		**2,789,390**	2,669,893
GROSS PROFIT		**749,271**	1,012,543
Administrative expenses		**873,103**	1,103,259
		(123,832)	(90,716)
Other operating income	3	**241,000**	315,667
OPERATING PROFIT	5	**117,168**	224,951
Interest receivable and similar income	6	**57,995**	65,236
		175,163	290,187
Interest payable and similar charges	7	**59,888**	52,151
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		**115,275**	238,036
Tax on profit on ordinary activities	8	**28,027**	65,307
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		**87,248**	172,729
Retained profit brought forward		**1,741,839**	1,472,681
		1,829,087	1,645,410
Gain realised on sale of property		**-**	96,429
Transfer from revaluation reserve		**5,007**	-
RETAINED PROFIT CARRIED FORWARD		**£1,834,094**	£1,741,839

CONTINUING OPERATIONS
None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES
The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

CADZOW HEAVY HAULAGE LIMITED

Profit and Loss Account
for the Year Ended 31 July 2000

Note of Historical Cost Profits and Losses
for the Year Ended 31 July 2000

	2000	1999
	£	£
REPORTED PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**115,275**	238,036
Gain realised on sale of property	-	96,429
Difference between historical cost depreciation and actual depreciation based on revalued amount	**5,007**	-
HISTORICAL COST PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	**£120,282**	£334,465
Historical cost profit for the year retained after taxation	**£92,255**	£269,158

The notes form part of these financial statements

Balance Sheet
31 July 2000

	Notes	2000 £	2000 £	1999 £	1999 £
FIXED ASSETS:					
Tangible assets	9		**1,326,805**		1,768,173
CURRENT ASSETS:					
Stocks	10	**500**		500	
Debtors	11	**1,247,326**		1,375,290	
Cash at bank and in hand		**1,105,213**		1,074,374	
		2,353,039		2,450,164	
CREDITORS: Amounts falling due within one year	12	**1,250,433**		1,508,009	
NET CURRENT ASSETS:			**1,102,606**		942,155
TOTAL ASSETS LESS CURRENT LIABILITIES:			**2,429,411**		2,710,328
CREDITORS: Amounts falling due after more than one year	13		**(34,233)**		(376,164)
PROVISIONS FOR LIABILITIES AND CHARGES:	16		**(115,753)**		(141,987)
NET ASSETS			**£2,279,425**		£2,192,177
CAPITAL AND RESERVES:					
Called up share capital	17		**200,000**		200,000
Revaluation reserve	18		**245,331**		250,338
Profit and loss account			**1,834,094**		1,741,839
SHAREHOLDERS' FUNDS	21		**£2,279,425**		£2,192,177

ON BEHALF OF THE BOARD:



B.J. Macauley - DIRECTOR

Approved by the Board on 5 April 2001

The notes form part of these financial statements

CADZOW HEAVY HAULAGE LIMITED

Cash Flow Statement
for the Year Ended 31 July 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Net cash inflow from operating activities	1		**546,943**		322,549
Returns on investments and servicing of finance	2		**(1,893)**		13,085
Taxation			**(55,335)**		(49,949)
Capital expenditure	2		**208,678**		75,760
			698,393		361,445
Financing	2		**(667,554)**		(225,920)
Increase in cash in the period			**£30,839**		£135,525
Reconciliation of net cash flow to movement in net funds	3				
Increase in cash in the period		**30,839**		135,525	
Cash outflow from decrease in debt and lease financing		**680,080**		231,313	
Change in net funds resulting from cash flows			**710,919**		366,838
New finance leases			**-**		(402,700)
Movement in net funds in the period			**710,919**		(35,862)
Net funds at 1 August			**277,177**		313,039
Net funds at 31 July			**£988,096**		£277,177

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 July 2000

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2000 £	1999 £
Operating profit	**117,168**	224,951
Depreciation charges	**339,823**	419,115
Loss on sale of fixed assets	**7,001**	30,000
Profit on sale of fixed assets	**(114,134)**	(70,109)
Decrease/(Increase) in debtors	**127,964**	(110,870)
Increase/(Decrease) in creditors	**69,121**	(170,538)
Net cash inflow from operating activities	**546,943**	322,549

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest received	**57,995**	65,236
Interest paid	**(1,862)**	(1,461)
Interest element of hire purchase payments	**(58,026)**	(50,690)
Net cash (outflow)/inflow for returns on investments and servicing of finance	**(1,893)**	13,085
Capital expenditure		
Purchase of tangible fixed assets	**(198,822)**	(93,240)
Sale of tangible fixed assets	**407,500**	169,000
Net cash inflow for capital expenditure	**208,678**	75,760
Financing		
Loan repayments in year	**-**	(65,000)
Capital element of hire purchase repayments	**(680,080)**	(231,313)
Amount withdrawn by directors	**12,526**	70,393
Net cash outflow from financing	**(667,554)**	(225,920)

The notes form part of these financial statements

Notes to the Cash Flow Statement
for the Year Ended 31 July 2000

3. **ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.8.99 £	Cash flow £	At 31.7.00 £
Net cash:			
Cash at bank and in hand	1,074,374	30,839	1,105,213
	1,074,374	30,839	1,105,213
Debt:			
Hire purchase	(797,197)	680,080	(117,117)
	(797,197)	680,080	(117,117)
Total	277,177	710,919	988,096
Analysed in Balance Sheet			
Cash at bank and in hand	1,074,374		1,105,213
Hire purchase			
within one year	(421,033)		(82,884)
after one year	(376,164)		(34,233)
	277,177		988,096

SHARLES

The notes form part of these financial statements

1. ACCOUNTING POLICIES

Accounting convention
The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover
Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets
Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Heritable property	- 2% on cost
Plant and machinery	- 15% on cost
Fittings	- 20% on cost
Motor vehicles	- 25% on cost

The transitional arrangements of FRS 15 are being adopted in relation to heritable property, where the valuation of £397,840 has not been updated since 31 July 1989.

Stocks
Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase and leasing commitments
Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions
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. Contributions payable for the year are charged in the profit and loss account.

Deferred taxation
Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounting purposes using the liability method.

Deferred government grants
Government grants in respect of capital expenditure are credited to a deferred income account and are released over the expected useful lives of the relevant assets by equal annual instalments.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. OTHER OPERATING INCOME

	2000	1999
	£	£
Rents received	37,000	35,667
Management fee	204,000	280,000
	241,000	315,667

4. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	**963,712**	995,366
Social security costs	**102,100**	100,359
Other pension costs	**131,939**	194,428
	1,197,751	1,290,153

The average monthly number of employees during the year was as follows:

	2000	1999
Office & management	**6**	6
Drivers & plant operators	**28**	29
	34	35

5. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2000	1999
	£	£
Depreciation - owned assets	**291,469**	120,541
Depreciation - assets on hire purchase contracts	**48,354**	298,574
Profit on disposal of fixed assets	**(107,133)**	(40,109)
Auditors' remuneration	**7,500**	7,500
Management fee	**204,000**	280,000
Directors' emoluments (including benefits in kind)	**260,943**	289,121
Directors' pension contributions to money purchase schemes	**109,981**	182,483
Compensation to directors for loss of office	**25,000**	-

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	**2**	3

Information regarding the highest paid director is as follows:

	2000	1999
	£	£
Emoluments etc	**159,946**	158,924
Pension contributions to money purchase schemes	**90,523**	160,523

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	2000	1999
	£	£
Interest - short term deposits	**57,995**	65,236

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Interest - pension fund	-	1,461
Other interest	1,862	-
Hire purchase charges	58,026	50,690
	59,888	52,151

8. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	2000	1999
	£	£
UK corporation tax	35,410	55,335
Underprovision in prior year	18,851	-
Deferred taxation	(26,234)	9,972
	28,027	65,307

UK corporation tax has been charged at 21.25% (1999 - 24.77%).

9. TANGIBLE FIXED ASSETS

	Heritable property	Plant and machinery	Fittings	Motor vehicles	Totals
	£	£	£	£	£
COST OR VALUATION:					
At 1 August 1999	397,840	91,378	23,393	2,935,824	3,448,435
Additions	-	1,925	5,709	191,188	198,822
Disposals	-	(11,097)	(999)	(603,806)	(615,902)
At 31 July 2000	397,840	82,206	28,103	2,523,206	3,031,355
DEPRECIATION:					
At 1 August 1999	-	52,432	12,198	1,615,632	1,680,262
Charge for year	7,957	8,880	3,231	319,755	339,823
Eliminated on disposals	-	(4,096)	(999)	(310,440)	(315,535)
At 31 July 2000	7,957	57,216	14,430	1,624,947	1,704,550
NET BOOK VALUE:					
At 31 July 2000	389,883	24,990	13,673	898,259	1,326,805
At 31 July 1999	397,840	38,946	11,195	1,320,192	1,768,173

9. **TANGIBLE FIXED ASSETS - continued**

Cost or valuation at 31 July 2000 is represented by:

	Heritable property	Plant and machinery	Fittings	Motor vehicles	Totals
	£	£	£	£	£
Valuation in 1989	390,000	-	-	-	390,000
Cost	7,840	82,206	28,103	2,523,206	2,641,355
	397,840	82,206	28,103	2,523,206	3,031,355

If heritable property had not been revalued it would have been included at the following historical cost:

	2000	1999
	£	£
Cost	147,502	139,662
Aggregate depreciation	2,950	-

Heritable property was valued on an open market basis on 31 July 1989 by George Rusk & Co., Chartered Surveyors, Hamilton, in the sum of £510,000. There have been subsequent sales at 1989 value of £10,000 and £110,000.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles
	£
COST:	
At 1 August 1999	1,874,933
Disposals	(295,000)
Transferred to ownership	(1,354,279)
At 31 July 2000	225,654
DEPRECIATION:	
At 1 August 1999	749,415
Charge for year	48,354
Eliminated on disposals	(40,042)
Transferred to ownership	(681,165)
At 31 July 2000	76,562
NET BOOK VALUE:	
At 31 July 2000	149,092
At 31 July 1999	1,125,518

10. STOCKS

	2000	1999
	£	£
Stock	**500**	500

11. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Trade debtors	**1,116,229**	1,242,148
Prepayments & accrued income	**131,097**	133,142
	1,247,326	1,375,290

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000	1999
	£	£
Hire purchase contracts (see note 14)	**82,884**	421,033
Trade creditors	**569,514**	480,852
Directors current accounts	**202,564**	190,038
Other creditors	**82,000**	100,000
Other taxes	**43,861**	28,446
Taxation	**54,261**	55,335
Accruals	**215,349**	232,305
	1,250,433	1,508,009

13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000	1999
	£	£
Hire purchase contracts (see note 14)	**34,233**	376,164

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	2000 £	1999 £
Gross obligations repayable:		
Within one year	**93,085**	464,340
Between one and five years	**38,440**	426,608
	131,525	890,948
Finance charges repayable:		
Within one year	**10,201**	43,307
Between one and five years	**4,207**	50,444
	14,408	93,751
Net obligations repayable:		
Within one year	**82,884**	421,033
Between one and five years	**34,233**	376,164
	117,117	797,197

15. SECURED DEBTS

The following secured debts are included within creditors:

	2000 £	1999 £
Hire purchase contracts	**117,117**	797,197

Hire purchase contracts are secured over the assets concerned.

16. PROVISIONS FOR LIABILITIES AND CHARGES

	2000 £	1999 £
Deferred taxation	**115,753**	141,987

	Deferred taxation £
Balance at 1 August 1999	**141,987**
Over provision in prior year	**(16,049)**
Charge for year	**(10,185)**
Balance at 31 July 2000	**115,753**

17. CALLED UP SHARE CAPITAL

Authorised:

Number:	Class:	Nominal value:	2000 £	1999 £
1,000,000	Ordinary	£1	**1,000,000**	1,000,000

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2000 £	1999 £
200,000	Ordinary	£1	**200,000**	200,000

18. REVALUATION RESERVE

	2000 £	1999 £
Brought forward	**250,338**	346,767
Gain realised on sale of property	**-**	(96,429)
Transfer to profit and loss account	**(5,007)**	-
	245,331	250,338

19. RELATED PARTY DISCLOSURES

The company is controlled by E.J. Macauley, who owns 71% of the issued share capital of the company.
The Cadzow Heavy Haulage Limited related parties, as defined by Financial Reporting Standard 8, the nature of the relationship and the extent of the transactions with them are summarised below:

	2000 £	1999 £
Sales to Cadzow Plant Hire Limited on normal trading terms	**842,452**	1,062,043
Purchases from Cadzow Plant Hire Limited on normal trading terms	**19,334**	33,039
Amounts due from Cadzow Plant Hire Limited	**274,957**	434,304

Cadzow Heavy Haulage Limited and Cadzow Plant Hire Limited are subject to common ownership, directors and control.

20. POST BALANCE SHEET EVENTS

In September 2000, agreement was reached with J. Gardiner for the company to acquire his 5% shareholding in the company for the sum of £77,000.

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000	1999
	£	£
Profit for the financial year	**87,248**	172,729
Net addition to shareholders' funds	**87,248**	172,729
Opening shareholders' funds	**2,192,177**	2,019,448
Closing shareholders' funds	**2,279,425**	2,192,177
Equity interests	**2,279,425**	2,192,177

SHARIES