

LIGHTWAYS (CONTRACTORS) LIMITED

COMPANY NUMBER	SC64413
REGISTERED OFFICE	BLOCK 6 LOCHLANDS INDUSTRIAL ESTATE LARBERT FK5 3NS
AUDITORS	TENON AUDIT LIMITED UNIT 3, GATEWAY BUSINESS PARK BEANCROSS ROAD GRANGEMOUTH FK3 8WX
ACCOUNTANTS AND BUSINESS ADVISERS	TENON LIMITED UNIT 3, GATEWAY BUSINESS PARK BEANCROSS ROAD GRANGEMOUTH FK3 8WX

ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 2004

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DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2004

The directors present their report and the audited financial statements for the year ended 30th June 2004.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company continued to trade in road and footpath surfacing and all aspects of street lighting works.

RESULTS AND DIVIDENDS

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year and their interests in the company were as stated below:

	Ordinary shares	
	At 30th Jun '04	At 1st Jul '03
James Hornall	25,750	25,750
Steven James Beaton	2,250	2,250
John Gardner McLauchlan	-	-
Denise Hornall	-	-
James Wright	2,500	2,500
Robina Ferguson Wright	-	-

James Hornall has a beneficial interest in the shares of the company by virtue of the 3,500 shares held by members of his family. James Wright also has a beneficial interest in the 5,250 shares held by various members of his family.

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 the affairs of the company and of the profit or loss of the company for that year. 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

On 28th February 2005 our auditors, Blueprint Audit Limited, changed their name to Tenon Audit Limited and have signed the report in their new name.

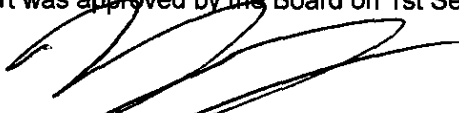
The company has by elective resolution under Section 386(1) of the Companies Act 1985 dispensed with the annual reappointment of the auditors. Tenon Audit Limited will be deemed to be reappointed for each succeeding financial year.

LIGHTWAYS (CONTRACTORS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE 2004

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

This report was approved by the Board on 1st September 2005 and signed on its behalf by

A handwritten signature in black ink, appearing to read 'John Gardner McLauchlan', written over the printed name.

JOHN GARDNER MCLAUCHLAN
COMPANY SECRETARY

**INDEPENDENT AUDITORS' REPORT TO LIGHTWAYS (CONTRACTORS) LIMITED
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 5 to 18, together with the financial statements of Lightways (Contractors) Limited for the year ended 30th June 2004 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985 in respect of the year ended 30th June 2004, and the abbreviated accounts on pages 5 to 18 are properly prepared in accordance with that provision.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Tenon Audit Limited

**TENON AUDIT LIMITED
REGISTERED AUDITOR
GRANGEMOUTH**

Dated: 6 October 2005

LIGHTWAYS (CONTRACTORS) LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 2004**

	Note	2004 £	2003 £
GROSS PROFIT		1,468,283	1,477,245
Administrative expenses		<u>(1,501,563)</u>	<u>(1,417,159)</u>
OPERATING (LOSS)/PROFIT	2	(33,280)	60,086
Interest payable and similar charges	3	<u>(44,719)</u>	<u>(59,150)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(77,999)	936
Tax on (loss)/profit on ordinary activities	5	<u>6,911</u>	<u>6,242</u>
(LOSS)/RETAINED PROFIT FOR THE YEAR		(71,088)	7,178
Retained profit brought forward		<u>400,861</u>	<u>393,683</u>
RETAINED PROFIT CARRIED FORWARD		<u>329,773</u>	<u>400,861</u>

All amounts relate to continuing activities.

There are no recognised gains or losses other than the loss or profit for the above two financial years.

The notes on pages 8 to 18 form an integral part of these accounts.

LIGHTWAYS (CONTRACTORS) LIMITED

**BALANCE SHEET
AS AT 30TH JUNE 2004**

		2004		2003	
	Note	£	£	£	£
FIXED ASSETS					
Tangible assets	6		571,843		647,786
CURRENT ASSETS					
Stocks	7	333,218		324,174	
Debtors	8	1,180,917		1,369,815	
Cash at bank and in hand		1,650		1,519	
		<u>1,515,785</u>		<u>1,695,508</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(1,501,393)</u>		<u>(1,641,034)</u>	
NET CURRENT ASSETS			<u>14,392</u>		<u>54,474</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>586,235</u>		<u>702,260</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10		(166,462)		(204,967)
PROVISION FOR LIABILITIES AND CHARGES	11		-		(6,432)
NET ASSETS			<u><u>419,773</u></u>		<u><u>490,861</u></u>
CAPITAL AND RESERVES					
Called up share capital	12		78,500		78,500
Other reserves	13		11,500		11,500
Profit and loss account	13		329,773		400,861
EQUITY SHAREHOLDERS' FUNDS	14		<u><u>419,773</u></u>		<u><u>490,861</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The abbreviated accounts were approved by the Board on 1st September 2005 and signed on its behalf by

**JAMES HORNALL
DIRECTOR**



The notes on pages 8 to 18 form an integral part of these accounts.

LIGHTWAYS (CONTRACTORS) LIMITED**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30TH JUNE 2004**

	Notes	2004 £	2003 £
RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
Operating (loss)/profit		(33,280)	60,086
Depreciation		242,115	265,016
(Gain)/loss on sale of fixed assets		(3,966)	10,917
(Increase)/Decrease in stocks		(9,044)	60,082
Decrease/(Increase) in debtors		176,278	(52,063)
(Decrease)/Increase in creditors		(199,637)	254,014
NET CASH INFLOW FROM OPERATING ACTIVITIES		172,466	576,218
CASH FLOW STATEMENT			
Net cash inflow from operating activities		172,466	576,218
Returns on investments and servicing of finance	17	(44,719)	(59,150)
Taxation	17	(936)	-
Capital expenditure	17	(162,206)	16,064
		(35,395)	533,132
Financing	17	(77,447)	(289,397)
(Decrease)/Increase in cash in the year		(112,842)	243,735
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 18)			
(DECREASE)/INCREASE IN CASH IN THE YEAR		(112,842)	243,735
Cash outflow from increase in debts and lease financing		166,786	289,397
Change in net funds resulting from cash flows		53,944	533,132
New finance leases		(89,339)	-
Movement in net debt in the year		(35,395)	533,132
Net debt at 1st July 2003		(482,315)	(1,015,447)
NET DEBT AT 30TH JUNE 2004		(517,710)	(482,315)

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

1. ACCOUNTING POLICIES

1.1. Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Heritable Property	-	2% Straight Line
Lease Imprvmnts	-	25% Straight Line
Plant & Equip.	-	20% - 33.33% Straight Line
Office Equip.	-	16.67% & 33.33% Straight Line
Motor Vehicles	-	25% - 50% Straight Line
Vans & Lorries	-	20% & 33.33% Straight Line

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.5. Stock and work in progress

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes the purchase cost of raw materials.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on the normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

1.6. Pensions

The company operates a defined contribution scheme. The pension costs charged in the financial statements represent the contribution payable by the company during the year.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

1.7. Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date, where transactions or events that result in an obligation to pay more or a right to pay less tax in the future have occurred by the balance sheet date with certain limited exceptions.

Deferred tax is calculated on an undiscounted basis at the tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date. No deferred tax asset is included in these financial statements as its recoverability at this stage is relatively uncertain.

2. OPERATING (LOSS)/PROFIT	2004 £	2003 £
Operating (loss)/profit is stated after charging:		
Depreciation of tangible assets	242,115	265,016
Operating lease rentals - Land and buildings	17,500	26,000
Auditors' remuneration	2,650	4,250
	<u>262,265</u>	<u>295,266</u>
and after crediting:		
Profit/(loss) on disposal of tangible fixed assets	3,966	10,917
	<u>266,231</u>	<u>306,183</u>
 3. INTEREST PAYABLE AND SIMILAR CHARGES	 2004 £	 2003 £
On bank loans and overdrafts	15,641	16,347
Hire purchase interest	28,056	40,846
On overdue tax	1,022	1,957
	<u>44,719</u>	<u>59,150</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

4. EMPLOYEES

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2004 Number	2003 Number
Sales / administration	24	23
Production	78	83
	102	106

Employment costs

	2004 £	2003 £
Wages and salaries	2,153,511	2,224,833
Social security costs	231,100	212,904
Other pension costs	18,554	22,453
	2,403,165	2,460,190

4.1. DIRECTORS' EMOLUMENTS

	2004 £	2003 £
Remuneration and other emoluments	186,749	181,220
Pension contributions	9,864	9,863
	196,613	191,083
	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	4	4

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

5. TAXATION ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES	2004	2003
	£	£
(a) Analysis of charge in the year		
Current tax:		
In respect of the year:		
UK Corporation Tax based on the results for the year at 19% (2003 - 19%)	-	14,035
Transfer from deferred taxation	(6,432)	(20,277)
	(6,432)	(6,242)
Prior years		
UK Corporation Tax	(479)	-
Tax on (Loss)/profit on ordinary activities	(6,911)	(6,242)
(b) Factors affecting current tax charge		
The tax assessed on the (Loss)/profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of at 19% (30th June 2003 - 19%).		
	2004	2003
	£	£
(Loss)/profit on ordinary activities before taxation	(77,999)	936
(Loss)/profit on ordinary activities by rate of tax	(14,820)	178
Expenses not deductible for tax purposes	4,749	3,193
Depreciation for the year in excess of capital allowances	10,060	21,241
Utilisation of tax losses	11	(10,577)
	-	14,035

LIGHTWAYS (CONTRACTORS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004

6. TANGIBLE FIXED ASSETS	Heritable Property	Lease Imprvmts	Plant & Equip.	Office Equip.	Motor Vehicles	Vans & Lorries	Total
	£	£	£	£	£	£	£
Cost							
At 1st July 2003	251,803	47,537	265,237	257,241	114,452	1,163,996	2,100,266
Additions	-	-	11,585	24,995	403	149,342	186,325
Disposals	-	-	(166,314)	(124,870)	(72,384)	(193,540)	(557,108)
At 30th June 2004	251,803	47,537	110,508	157,366	42,471	1,119,798	1,729,483
Depreciation							
At 1st July 2003	75,258	24,981	237,517	243,626	72,472	798,626	1,452,480
On disposals	-	-	(165,196)	(124,870)	(53,349)	(193,540)	(536,955)
Charge for the period	5,036	7,422	14,565	16,152	13,907	185,033	242,115
At 30th June 2004	80,294	32,403	86,886	134,908	33,030	790,119	1,157,640
Net book values							
At 30th June 2004	171,509	15,134	23,622	22,458	9,441	329,679	571,843
At 30th June 2003	176,545	22,556	27,720	13,615	41,980	365,370	647,786

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

6.1.

Included overleaf are assets held under finance leases or hire purchase contracts as follows:

Asset description	2004		2003	
	Net	Depreciation	Net	Depreciation
	book value	charge	book value	charge
	£	£	£	£
Plant & Equip.	9,827	5,359	15,186	5,359
Motor Vehicles	331,357	196,860	399,564	201,215
	<u>341,184</u>	<u>202,219</u>	<u>414,750</u>	<u>206,574</u>

7. STOCKS

	2004	2003
	£	£
Raw materials and consumables	318,408	249,089
Work in progress	14,810	65,193
	<u>333,218</u>	<u>314,282</u>
Finished goods and goods for resale	-	9,892
	<u>333,218</u>	<u>324,174</u>

8. DEBTORS

	2004	2003
	£	£
Trade debtors	1,068,179	1,271,415
Other debtors	25,308	18,710
Prepayments and accrued income	87,430	79,690
	<u>1,180,917</u>	<u>1,369,815</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

**9. CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR**

	2004	2003
	£	£
Bank overdraft	189,250	76,277
Bank loan - (Note 10)	15,000	15,000
Net obligations under finance leases and hire purchase contracts	148,648	187,590
Trade creditors	939,441	1,124,580
Corporation tax	-	14,035
Other taxes and social security costs	159,301	156,159
Accruals and deferred income	49,753	67,393
	<u>1,501,393</u>	<u>1,641,034</u>

The bank loan and overdraft noted above are secured by a bond and floating charge over all the assets of the company and by a standard security over the heritable property.

The bank loan of £150,000 is being repaid by 120 installments of £1,250 at an interest rate of 2.5% over bank base rate.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

**10. CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR**

	2004	2003
	£	£
Bank loan	62,500	77,500
Net obligations under finance leases and hire purchase contracts	103,962	127,467
	166,462	204,967
Loans		
Repayable in one year or less, or on demand (Note 9)	15,000	15,000
Repayable between one and two years	15,000	15,000
Repayable between two and five years	45,000	45,000
Repayable in five years or more	2,500	17,500
	77,500	92,500

The bank loan is secured by a bond and floating charge over all the assets of the company and by a standard security over the heritable property.

**Net obligations under finance leases
and hire purchase contracts**

Repayable within one year	148,648	187,590
Repayable between one and five years	103,962	127,467
	252,610	315,057

Balances due on HP/Finance Lease agreements are secured on the assets to which they relate.

11. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is analysed over the following timing differences:

	Provided	
	2004	2003
	£	£
Accelerated capital allowances	-	6,432
Movements on the provision for deferred taxation are:	2004	2003
	£	£
At 1st July 2003	6,432	26,709
Transferred to profit and loss account	(6,432)	(20,277)
At 30th June 2004	-	6,432

LIGHTWAYS (CONTRACTORS) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

12. SHARE CAPITAL	2004	2003
	£	£
Authorised equity		
45,000 Ordinary shares of £2 each	<u>90,000</u>	<u>90,000</u>
Allotted, called up and fully paid equity		
39,250 Ordinary shares of £2 each	<u>78,500</u>	<u>78,500</u>
13. EQUITY RESERVES		
	Profit and loss account	Capital redemption reserve
	£	£
At 1st July 2003	400,861	11,500
Loss for the year	(71,088)	-
At 30th June 2004	<u>329,773</u>	<u>11,500</u>
14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS		
	2004	2003
	£	£
(Loss)/profit for the year	(71,088)	7,178
Opening shareholders' funds	<u>490,861</u>	<u>483,683</u>
Closing shareholders' funds	<u>419,773</u>	<u>490,861</u>
Analysis of shareholders funds:		
Equity	<u>419,773</u>	<u>490,861</u>
15. FINANCIAL COMMITMENTS		
At 30th June 2004 the company had annual commitments under non-cancellable operating leases as follows:		
	Land and buildings	
	2004	2003
	£	£
Expiry date:		
Between one and five years	<u>17,500</u>	<u>17,500</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004

16. TRANSACTIONS WITH DIRECTORS

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amounts owed		Maximum
	2004	2003	in year
	£	£	£
James Hornall	1,000	-	1,000

17. GROSS CASH FLOWS

	2004	2003
	£	£
Returns on investments and servicing of finance		
Interest paid	(44,719)	(59,007)
Interest element of finance lease rental payments	-	(143)
	<u>(44,719)</u>	<u>(59,150)</u>
Taxation		
Corporation tax paid	(14,035)	-
Corporation tax repaid	12,620	-
	<u>(1,415)</u>	<u>-</u>
Capital expenditure		
Payments to acquire tangible assets	(186,325)	(31,936)
Receipts from sales of tangible assets	24,119	48,000
	<u>(162,206)</u>	<u>16,064</u>
Financing		
Repayment of long term bank loan	(15,000)	(15,000)
Repayment of hire purchase contracts and finance leases	(151,786)	(274,397)
New hire purchase contracts and finance leases	89,339	-
	<u>(77,447)</u>	<u>(289,397)</u>

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30TH JUNE 2004**

18. ANALYSIS OF CHANGES IN NET DEBT

	Opening balance	Cash flows	HP increase	Closing balance
	£	£	£	£
Cash at bank and in hand	1,519	131	-	1,650
Overdrafts	(76,277)	(112,973)	-	(189,250)
	<u>(74,758)</u>	<u>(112,842)</u>	<u>-</u>	<u>(187,600)</u>
Debt due within one year	(15,000)	-	-	(15,000)
Debt due after one year	(77,500)	15,000	-	(62,500)
Finance leases	(315,057)	151,786	(89,339)	(252,610)
	<u>(407,557)</u>	<u>166,786</u>	<u>(89,339)</u>	<u>(330,110)</u>
Net debt	<u>(482,315)</u>	<u>53,944</u>	<u>(89,339)</u>	<u>(517,710)</u>