

**INTEGRATED ENGINEERING SERVICES
(ABERDEEN) LIMITED
ABBREVIATED ACCOUNTS
FOR
31 DECEMBER 2002**



WILLIAMSON & DUNN

Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

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INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 2002

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was the provision of expertise in the engineering fields of heating, ventilation and air conditioning.

The company has experienced a successful and profitable year in 2002 and has achieved its yearly aim of *increasing growth*.

The company expects a general decline in the North Sea Petrochemical industry in 2003 and as such has targeted new areas of work, from both the onshore and international markets in its fields.

It still anticipates turnover to increase in 2003 and looks forward to maintaining an increase in profits over or in line with previous years.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

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 December 2002	At 1 January 2002 or later date of appointment
Mr J T Dunlevy	750	750
Mrs R E Dunlevy	100	100
Mr J Edmond	150	150
Mr G Finnie	(Appointed 18 February 2002)	
	—	—

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 pages 7 to 8, and then apply them consistently;

make judgements and estimates that are reasonable and prudent; and

prepare the financial statements on the going concern basis unless it is inappropriate to

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2002

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.

AUDITORS

A resolution to re-appoint Williamson & Dunn as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
18 Bon Accord Square
Aberdeen
AB11 6DJ

Signed on behalf of the directors



J EDMOND
Director

Approved by the directors on 21/10/03

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 17, together with the financial statements of the company for the year ended 31 December 2002 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the 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 those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered 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 financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts on pages 4 to 17 are properly prepared in accordance with those provisions.

Williamson & Dunn C.A.

WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

21/12/03
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INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
GROSS PROFIT		2,229,539	2,056,616
OPERATING COSTS:			
Staff costs	2	1,945,845	1,789,375
Depreciation written off fixed assets	3	16,640	17,075
Exceptional items	3	35,341	—
Other operating charges		164,451	148,175
OPERATING PROFIT	3	67,262	101,991
Interest receivable		6,824	3,356
Interest payable and similar charges	5	(3,566)	(4,955)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		70,520	100,392
Tax on profit on ordinary activities	6	12,015	28,346
RETAINED PROFIT FOR THE FINANCIAL YEAR		58,505	72,046
Balance brought forward		429,464	357,418
Balance carried forward		<u>487,969</u>	<u>429,464</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 7 to 17 form part of these abbreviated accounts.

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

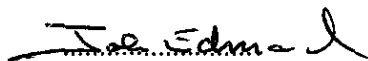
ABBREVIATED BALANCE SHEET

31 DECEMBER 2002

	Note	2002 £	2001 £
FIXED ASSETS			
Tangible assets	7	83,405	53,065
CURRENT ASSETS			
Total stock	8	49,122	52,790
Debtors	9	638,113	612,836
Cash at bank and in hand		193,326	212,599
		880,561	878,225
CREDITORS: Amounts falling due within one year	10	464,690	497,353
NET CURRENT ASSETS		415,871	380,872
TOTAL ASSETS LESS CURRENT LIABILITIES		499,276	433,937
CREDITORS: Amounts falling due after more than one year	11	6,942	2,000
		492,334	431,937
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	14	3,365	1,473
		488,969	430,464
CAPITAL AND RESERVES			
Called-up equity share capital	18	1,000	1,000
Profit and loss account		487,969	429,464
SHAREHOLDERS' FUNDS	19	488,969	430,464

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 21/12/03 and are signed on their behalf by:


MR J EDMOND


MR G FINNIE

The notes on pages 7 to 17 form part of these abbreviated accounts.

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 2002

	Note	2002 £	2001 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	20	45,687	270,818
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	20	3,258	(1,599)
TAXATION	20	(22,441)	(7,050)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	20	(46,980)	(9,414)
CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(20,476)	252,755
FINANCING	20	1,203	(15,631)
(DECREASE)/INCREASE IN CASH	20	<u>(19,273)</u>	<u>237,124</u>

The notes on pages 7 to 17 form part of these abbreviated accounts.

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

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:

Plant & machinery	- 20% straight line
Fixtures & fittings	- 10% to 25% straight line
Motor vehicles	- 25% straight line

Stocks

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

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.

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

1. ACCOUNTING POLICIES *(continued)*

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 have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

2. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2002	2001
	No	No
Number of management staff	7	7
Number of offshore personnel	33	31
Number of other staff	15	13
	<u>55</u>	<u>51</u>

The aggregate payroll costs of the above were:

	2002	2001
	£	£
Wages and salaries	1,711,977	1,587,430
Social security costs	173,158	159,476
Other pension costs	60,710	42,469
	<u>1,945,845</u>	<u>1,789,375</u>

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2002	2001
	£	£
Depreciation of owned fixed assets	10,819	7,411
Depreciation of assets held under hire purchase agreements	5,709	11,699
Loss/(Profit) on disposal of fixed assets	112	(2,035)
Auditors' remuneration		
- as auditors	3,200	4,633
Operating lease costs:		
Land and buildings	14,086	11,284
Plant and equipment	2,630	-
Net (profit)/loss on foreign currency translation	(933)	2,183
Exceptional item - director's loan written off	<u>35,341</u>	<u>-</u>

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

4. DIRECTORS' EMOLUMENTS

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

	2002	2001
	£	£
Aggregate emoluments	207,167	110,000
Value of company pension contributions to money purchase schemes	29,208	11,500
	<u>236,375</u>	<u>121,500</u>

Emoluments of highest paid director:

	2002	2001
	£	£
Total emoluments (excluding pension contributions):	91,000	55,000
Value of company pension contributions to money purchase schemes	24,000	11,500
	<u>115,000</u>	<u>66,500</u>

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

	2002	2001
	No	No
Money purchase schemes	<u>3</u>	<u>2</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Interest payable on bank borrowing	1,247	1,814
Finance charges	2,162	2,511
Other similar charges payable	157	630
	<u>3,566</u>	<u>4,955</u>

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2002 £	2001 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2001 - 20%)	10,123	26,875
Over/under provision in prior year	—	(2)
Total current tax	10,123	26,873
Deferred tax:		
Increase in deferred tax provision (note 14)		
Capital allowances	1,892	1,473
Tax on profit on ordinary activities	12,015	28,346

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2001 - 20%).

	2002 £	2001 £
Profit on ordinary activities before taxation	70,520	100,392
Profit/(loss) on ord actvs by rate of tax	13,399	20,078
Disallowables for tax purposes	(2,038)	8,210
Timing differences	(1,366)	(1,415)
Change in tax rates	128	—
Total current tax (note 6(a))	10,123	26,873

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

7. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 January 2002	66,361	86,267	39,727	192,355
Additions	434	30,993	23,070	54,497
Disposals	—	(267)	(14,327)	(14,594)
At 31 December 2002	66,795	116,993	48,470	232,258
DEPRECIATION				
At 1 January 2002	66,004	55,666	17,620	139,290
Charge for the year	125	6,264	10,139	16,528
On disposals	—	—	(6,965)	(6,965)
At 31 December 2002	66,129	61,930	20,794	148,853
NET BOOK VALUE				
At 31 December 2002	666	55,063	27,676	83,405
At 31 December 2001	357	30,601	22,107	53,065

Hire purchase agreements

Included within the net book value of £83,405 is £23,048 (2001 - £34,881) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £5,709 (2001 - £11,699).

8. STOCKS

	2002 £	2001 £
Stock	<u>49,122</u>	<u>52,790</u>

9. DEBTORS

	2002 £	2001 £
Trade debtors	597,196	541,703
VAT recoverable	17,378	19,815
Other debtors	19,563	15,863
Loans from directors	—	30,500
Prepayments and accrued income	3,976	4,955
	<u>638,113</u>	<u>612,836</u>

The interest free loan to John Edmond of £35,341 was written off during the year.

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

10. CREDITORS: Amounts falling due within one year

	2002 £	2001 £
Trade creditors	270,150	336,127
Other creditors including taxation and social security:		
Corporation tax	17,000	29,318
PAYE and social security	51,903	40,565
Hire purchase agreements	8,193	11,932
Other creditors	113,821	79,411
Loans from directors	3,623	—
	<u>194,540</u>	<u>161,226</u>
	<u>464,690</u>	<u>497,353</u>

11. CREDITORS: Amounts falling due after more than one year

	2002 £	2001 £
Other creditors:		
Hire purchase agreements	<u>6,942</u>	<u>2,000</u>

12. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2002 £	2001 £
Amounts payable within 1 year	8,193	11,932
Amounts payable between 2 to 5 years	6,942	2,000
	<u>15,135</u>	<u>13,932</u>

13. PENSIONS

The company operates defined contribution pension schemes on behalf of its directors and employees. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions are paid based upon the recommendations of a qualified actuary. The annual commitment under these schemes are for contributions of £69,592 (2001 - £42,469). There were no contributions prepaid or outstanding at the 31 December 2002.

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

14. DEFERRED TAXATION

	2002 £	2001 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	1,473	—
Profit and loss account movement arising during the year	1,892	1,473
Provision carried forward	<u>3,365</u>	<u>1,473</u>

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

	2002 £	2001 £
Excess of taxation allowances over depreciation on fixed assets	3,365	1,473
	<u>3,365</u>	<u>1,473</u>

15. COMMITMENTS UNDER OPERATING LEASES

At 31 December 2002 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings 2002 £	2001 £
Operating leases which expire:		
Within 2 to 5 years	<u>14,086</u>	<u>11,284</u>

16. CONTINGENCIES

The company has granted a cross guarantee without limit in favour of the Clydesdale Bank plc between itself and the following companies in which Mr J T Dunlevy has an interest.

Integrated Engineering Design (Aberdeen) Limited
Integrated Catering Equipment (UK) Limited
Container Company (Aberdeen) Limited
The Test House(UK) Limited
Wellington Property Holdings Limited

At 31 December 2002 the potential liability was £484,133 (2001 - £334,962).

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

17. RELATED PARTY TRANSACTIONS

The company was under the control of Mr J T Dunlevy throughout the current and previous year. Mr J T Dunlevy is the managing director and majority shareholder.

During the year various administration costs incurred by the companies occupying Lomond House were recharged amongst each other on a cost basis. In addition the companies traded with each other on a commercial basis. Mr J T Dunlevy is a common shareholder in each of the companies. The value of the transactions during the year and the amounts outstanding were as follows:-

	Sales £	Sales ledger £
Container Company (Aberdeen) Limited	15,585	9,947
Integrated Catering Equipment (UK) Limited	36,713	5,893
Integrated Engineering Design (Aberdeen) Limited	4,861	1,132
	Purchases £	Purchase ledger £
Container Company (Aberdeen) Limited	15,578	4,317
Integrated Catering Equipment (UK) Limited	6,875	128
Integrated Engineering Design (Aberdeen) Limited	5,532	1,531
Wellington Property Holdings Limited	18,082	873

Mr J T Dunlevy is also the controlling shareholder and a director of Wellington Property Holdings Limited which owns Lomond House. The rent payable during the year was £14,086(2001-£11,284).

At 31 December 2001 Mr J Edmond had a loan outstanding to the company of £35,341. This was written off as an exceptional item during the year.

18. SHARE CAPITAL

Authorised share capital:

	2002 £	2001 £
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

Allotted, called up and fully paid:

	2002 No	£	2001 No	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	58,505	72,046
Opening shareholders' equity funds	430,464	358,418
Closing shareholders' equity funds	<u>488,969</u>	<u>430,464</u>

20. NOTES TO THE STATEMENT OF CASH FLOWS

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2002 £	2001 £
Operating profit	67,262	101,991
Depreciation	16,528	19,110
Loss/(Profit) on disposal of fixed assets	112	(2,035)
Decrease in stocks	3,668	1,768
Increase in debtors	(25,277)	(4,348)
(Decrease)/increase in creditors	(16,606)	154,332
Net cash inflow from operating activities	<u>45,687</u>	<u>270,818</u>

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

	2002 £	2001 £
Interest received	6,824	3,356
Interest paid	(1,404)	(2,444)
Interest element of hire purchase	(2,162)	(2,511)
Net cash inflow/(outflow) from returns on investments and servicing of finance	<u>3,258</u>	<u>(1,599)</u>

TAXATION

	2002 £	2001 £
TAXATION	<u>(22,441)</u>	<u>(7,050)</u>

CAPITAL EXPENDITURE

	2002 £	2001 £
Payments to acquire tangible fixed assets	(54,497)	(15,458)
Receipts from sale of fixed assets	7,517	6,044
Net cash outflow from capital expenditure	<u>(46,980)</u>	<u>(9,414)</u>

INTEGRATED ENGINEERING SERVICES (ABERDEEN) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 DECEMBER 2002

20. NOTES TO THE STATEMENT OF CASH FLOWS *(continued)*

FINANCING

	2002	2001
	£	£
Capital element of hire purchase	1,203	(15,631)
Net cash inflow/(outflow) from financing	<u>1,203</u>	<u>(15,631)</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2002	2001
	£	£
(Decrease)/increase in cash in the period	(19,273)	237,124
Cash outflow in respect of hire purchase	<u>(1,203)</u>	<u>15,631</u>
	(20,476)	252,755
Change in net funds	(20,476)	252,755
Net funds at 1 January 2002	<u>198,667</u>	<u>(54,088)</u>
Net funds at 31 December 2002	<u>178,191</u>	<u>198,667</u>

ANALYSIS OF CHANGES IN NET FUNDS

	At 1 Jan 2002	Cash flows	At 31 Dec 2002
	£	£	£
Net cash:			
Cash in hand and at bank	<u>212,599</u>	<u>(19,273)</u>	<u>193,326</u>
Debt:			
Hire purchase agreements	<u>(13,932)</u>	<u>(1,203)</u>	<u>(15,135)</u>
Net funds	<u>198,667</u>	<u>(20,476)</u>	<u>178,191</u>