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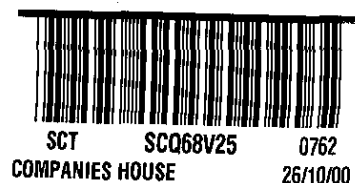
JOHN GORDON & SON LIMITED
ABBREVIATED FINANCIAL STATEMENTS

30 June 2000

Registered number
93530

RITSONS
Chartered Accountants & Registered Auditors
103 High Street
ELGIN
Moray
IV30 1EB

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JOHN GORDON & SON LIMITED
Abbreviated Financial Statements
Year Ended 30 June 2000

Contents

	Page
Company information	1
Directors' report	2 & 3
Auditors' report	4
Abbreviated profit and loss account	5
Abbreviated balance sheet	6
Notes to the financial statements	7 to 12

JOHN GORDON & SON LIMITED
Abbreviated Financial Statements
Officers and Professional Advisers

Directors

R D Gordon (Chairman)
E A G Gordon
R M Gordon (Joint Managing Director)
P S Gordon (Joint Managing Director)
A M Gordon
E J Brodie
J M Crowther
A McAra
P A G Mackenzie

Secretary

D M E Gibb

Auditors

Ritsons
Chartered Accountants
& Registered Auditors
103 High Street
ELGIN
Moray
IV30 1EB

Bankers

Bank of Scotland
73 High Street
Nairn
IV12 4BS

Registered office

Balblair Road
Nairn
IV12 5LT

Registered number

93530

JOHN GORDON & SON LIMITED**Directors' Report****Year Ended 30 June 2000**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2000.

Principal activities and review of the business

The company's principal activity during the year continued to be the felling, milling and marketing of British timber.

Profitability continues to be affected by very cheap Baltic timber and the continuing strength of sterling. The directors are not optimistic about the trading year ahead in view of the foregoing and continuing worries about residue markets.

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 recommended the following dividends:

	2000 £	1999 £
Dividends paid on ordinary shares	<u>36,100</u>	<u>24,000</u>

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 Ordinary shares	
	2000	1999
R D Gordon (Chairman)	154,782	154,782
E A G Gordon	-	-
R M Gordon (Joint Managing Director)	179,757	179,757
P S Gordon (Joint Managing Director)	179,757	179,757
A M Gordon (Appointed 28th April 2000)	102,366	-
E J Brodie	-	-
J M Crowther	-	-
A McAra	-	-
P A G Mackenzie	-	-

R D Gordon retired as Managing Director on 28 April 2000 after 46 years service with the company, initially as an employee, partner, sole proprietor and for the last 15 years as Managing Director of the limited liability company. The directors thanked R D Gordon for his contribution and unanimously asked him to accept the position of Chairman of the company.

R M Gordon and P S Gordon were appointed Joint Managing Directors on 28 April 2000.

Fixed Assets

Information relating to changes in fixed assets is given in note 8 to the financial statements. In the opinion of the directors the market value of interests in land and buildings held as fixed assets at the date of the financial statements was not less than their current carrying value and therefore, in accordance with Financial Reporting Standard 15, no depreciation has been charged as it is not material.

JOHN GORDON & SON LIMITED

Directors' Report

Year Ended 30 June 2000

Directors' responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

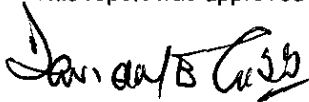
- select suitable accounting policies, as described on page 7, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for maintaining 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 accounts 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

A resolution to re-appoint Ritsons as auditors will be put to the members at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 10 August 2000.



D M E GIBB
Company secretary

JOHN GORDON & SON LIMITED
Auditors' Report
Year Ended 30 June 2000

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

Report of the auditors
to the shareholders of JOHN GORDON & SON LIMITED

We have examined the abbreviated accounts on pages 5 to 12, together with the financial statements of the company for the year ended 30 June 2000 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

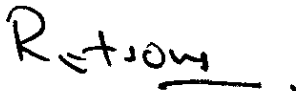
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of 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 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 page 5 to 12 are properly prepared in accordance with those provisions.



Ritsons
Chartered Accountants and Registered Auditors

103 High Street
ELGIN
Moray
IV30 1EB

10 August 2000

JOHN GORDON & SON LIMITED
Abbreviated Profit and Loss Account
for the year ended 30 June 2000

	Notes	2000 £	1999 £
Gross profit		1,870,765	1,267,766
Distribution costs		(803,794)	(664,930)
Administrative expenses		(491,072)	(432,074)
Operating profit	2	<u>575,899</u>	<u>170,762</u>
Interest receivable		185	6,422
Interest payable	5	(250,429)	(306,822)
Profit/(loss) on ordinary activities before taxation		<u>325,655</u>	<u>(129,638)</u>
Tax on profit/(loss) on ordinary activities	6	(61,852)	35,702
Profit/(loss) for the financial year		<u>263,803</u>	<u>(93,936)</u>
Dividends:			
ordinary dividend on equity shares	7	(36,100)	(24,000)
Retained profit/(loss) for the financial year	20	<u>227,703</u>	<u>(117,936)</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit/(loss) for the above two financial years.

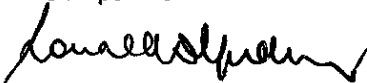
The notes on pages 7 to 12 form part of these financial statements.

JOHN GORDON & SON LIMITED
Abbreviated Balance Sheet
as at 30 June 2000

	Notes	2000 £	1999 £
Fixed assets			
Tangible assets	8	3,854,800	4,074,852
Investments	9	1,500	1,500
		<u>3,856,300</u>	<u>4,076,352</u>
Current assets			
Stocks	10	768,291	717,219
Debtors	11	2,079,768	1,973,550
Cash at bank and in hand		452	1,112
		<u>2,848,511</u>	<u>2,691,881</u>
Creditors: amounts falling due within one year	12	(2,834,091)	(2,665,775)
Net current assets		<u>14,420</u>	<u>26,106</u>
Total assets less current liabilities		<u>3,870,720</u>	<u>4,102,458</u>
Creditors: amounts falling due after more than one year	13	(2,019,776)	(2,536,994)
Provisions for liabilities and charges			
Deferred taxation	16	(323,281)	(261,429)
Government grants	17	(23,087)	(27,162)
		<u>(346,368)</u>	<u>(288,591)</u>
		<u>1,504,576</u>	<u>1,276,873</u>
Capital and reserves			
Called up share capital	18	616,662	616,662
Other reserves	19	2,645	2,645
Profit and loss account	20	885,269	657,566
Shareholders' funds:		<u>1,504,576</u>	<u>1,276,873</u>
	21	<u>1,504,576</u>	<u>1,276,873</u>

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

R D GORDON (CHAIRMAN)



Approved by the board on 10 August 2000

The notes on pages 7 to 12 form part of these financial statements.

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2000

1 Accounting policies

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and equipment	15% reducing balance
Motor vehicles	25% reducing balance
Computer equipment	20% on cost

The directors are of the opinion that the future value of the building will be at least equal to the current carrying value and therefore, in accordance with Financial Reporting Standard 15, no depreciation has been charged as it is not material.

Stocks

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

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected in the foreseeable future, calculated at the rate at which it is estimated that the tax will be payable.

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.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Government Grants

Grants received are treated as deferred income in accordance with Statement of Standard Accounting Practice No 4 in the year of receipt and are transferred to the profit and loss over the life of the asset to which they refer.

2 Operating profit

	2000 £	1999 £
This is stated after charging:		
Depreciation of owned fixed assets	488,032	544,323
Auditors' remuneration	3,600	3,600
Amortisation of government grants	<u>(4,075)</u>	<u>(6,438)</u>

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2000

3 Directors' emoluments	2000	1999
	£	£
Emoluments receivable	120,307	176,773
Pension costs	38,342	36,027
	<u>158,649</u>	<u>212,800</u>
4 Staff costs	2000	1999
	£	£
Wages and salaries	1,512,584	1,392,579
Social security costs	132,784	124,471
Other pension costs	66,463	66,259
	<u>1,711,831</u>	<u>1,583,309</u>
Average number of employees during the year	Number	Number
Management and administration	18	15
Production	72	83
	<u>90</u>	<u>98</u>
5 Interest payable	2000	1999
	£	£
Bank loan and overdraft	103,945	127,310
Hire purchase contracts	146,484	179,512
	<u>250,429</u>	<u>306,822</u>
6 Taxation	2000	1999
	£	£
Adjustment in respect of previous years corporation tax	-	1,000
Transfer to/(from) deferred taxation	61,852	(36,702)
	<u>61,852</u>	<u>(35,702)</u>
7 Equity dividends	2000	1999
	£	£
Equity dividends on ordinary shares	<u>36,100</u>	<u>24,000</u>

Interim dividends were paid amounting to 7.8 pence per share (1999 - 7.8 pence per share).
R D Gordon waived his right to any dividends declared.

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2000

8 Tangible fixed assets

	Heritable Property £	Motor Vehicles £	Plant and machinery £	Total £
Cost				
At 1 July 1999	1,028,796	185,377	5,478,156	6,692,329
Additions	4,454	33,485	235,042	272,981
Disposals	-	(27,403)	-	(27,403)
At 30 June 2000	<u>1,033,250</u>	<u>191,459</u>	<u>5,713,198</u>	<u>6,937,907</u>
Depreciation				
At 1 July 1999	-	114,457	2,503,020	2,617,477
Charge for the year	-	19,255	468,777	488,032
On disposals	-	(22,402)	-	(22,402)
At 30 June 2000	<u>-</u>	<u>111,310</u>	<u>2,971,797</u>	<u>3,083,107</u>
Net book value				
At 30 June 2000	<u>1,033,250</u>	<u>80,149</u>	<u>2,741,401</u>	<u>3,854,800</u>
At 30 June 1999	<u>1,028,796</u>	<u>70,920</u>	<u>2,975,136</u>	<u>4,074,852</u>

	2000 £	1999 £
Net book value of plant and machinery included above held under hire purchase contracts	<u>1,797,950</u>	<u>2,133,789</u>
Depreciation charged on those assets amount to	<u>330,831</u>	<u>291,859</u>

9 Investments

	2000 £	1999 £
Unlisted investments	<u>1,500</u>	<u>1,500</u>

10 Stocks

	2000 £	1999 £
Raw materials	376,569	369,712
Finished goods	<u>391,722</u>	<u>347,507</u>
	<u>768,291</u>	<u>717,219</u>

11 Debtors

	2000 £	1999 £
Trade debtors	2,021,735	1,910,441
Other debtors	-	4,500
Prepayments and accrued income	<u>58,033</u>	<u>58,609</u>
	<u>2,079,768</u>	<u>1,973,550</u>

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2000

12 Creditors: amounts falling due within one year	2000	1999
	£	£
Bank loan and overdraft	1,141,768	1,045,326
Obligations under hire purchase contracts	279,451	313,070
Trade creditors	879,857	945,979
Directors current accounts	70,347	47,609
Other taxes and social security costs	208,443	164,106
Other creditors	36,150	27,950
Accruals and deferred income	218,075	121,735
	<u>2,834,091</u>	<u>2,665,775</u>
13 Creditors: amounts falling due after one year	2000	1999
	£	£
Bank loan	583,333	666,668
Obligations under hire purchase contracts	1,186,443	1,470,326
Directors' loan accounts	250,000	400,000
	<u>2,019,776</u>	<u>2,536,994</u>

The bank term loan bears interest at 8.775% per annum and is repayable by quarterly instalments of £20,833.

The directors loans are granted interest free.

14 Loans	2000	1999
	£	£
<i>Analysis of maturity of debt:</i>		
Within one year or on demand	83,332	83,332
Between two and five years	333,328	333,328
After five years	500,005	733,340
	<u>916,665</u>	<u>1,150,000</u>

Securities Granted

Bank overdraft and bank term loan:

- (a) Bond and floating charge over all assets of the company.
- (b) Standard security over certain heritable properties.

15 Obligations under hire purchase agreements	2000	1999
	£	£
<i>Amounts payable:</i>		
Within one year	279,451	313,070
Within two to five years	1,186,443	1,164,200
After five years	-	306,126
	<u>1,465,894</u>	<u>1,783,396</u>

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2000

16 Deferred taxation

	2000 £	1999 £
At 1 July 1999	261,429	290,298
Increase/(Decrease) in provision	61,852	(36,702)
Adjustment for ACT on dividends	-	7,833
At 30 June 2000	<u>323,281</u>	<u>261,429</u>

Deferred taxation provided in the accounts are as follows:

	Provided 2000 £	Provided 1999 £
Capital allowances in advance of depreciation	382,782	407,111
Tax losses available	<u>(59,501)</u>	<u>(145,682)</u>
	<u>323,281</u>	<u>261,429</u>

17 Government grants

	2000 £	1999 £
Received and receivable:		
At 1 July 1999	65,943	64,298
Receivable during year	-	1,645
At 30 June 2000	<u>65,943</u>	<u>65,943</u>
Amortisation:		
At 1 July 1999	38,781	32,343
Credit to profit and loss account	4,075	6,438
At 30 June 2000	<u>42,856</u>	<u>38,781</u>
Net balance at 30 June 2000	<u>23,087</u>	<u>27,162</u>

18 Share capital

	2000 £	1999 £
Authorised:		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	2000 No	1999 No
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>616,662</u>	<u>616,662</u>

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2000

19 Other Reserves	2000	1999
	£	£
Capital reserve		
At 1 July 1999	2,645	2,645
At 30 June 2000	<u>2,645</u>	<u>2,645</u>
 20 Profit and loss account	 2000	 1999
	£	£
At 1 July 1999	657,566	775,502
Retained profit/(loss)	227,703	(117,936)
At 30 June 2000	<u>885,269</u>	<u>657,566</u>
 21 Reconciliation of movement in shareholders' funds	 2000	 1999
	£	£
At 1 July 1999	1,276,873	1,394,809
Profit/(loss) for the financial year	263,803	(93,936)
Dividends	(36,100)	(24,000)
At 30 June 2000	<u>1,504,576</u>	<u>1,276,873</u>