

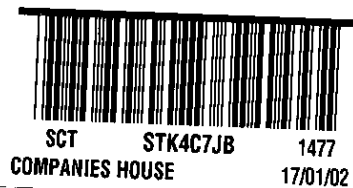
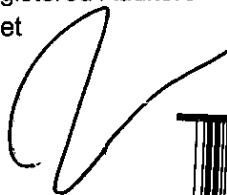
JOHN GORDON & SON LIMITED

ABBREVIATED FINANCIAL STATEMENTS

30 June 2001

Registered number
93530

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



JOHN GORDON & SON LIMITED
Abbreviated Financial Statements
Year Ended 30 June 2001

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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 2001**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2001.

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.

Last year it was reported that competitive pressures from the Baltic States ensured operating margins were wafer thin.

Sadly these conditions have continued to deteriorate and taken with Government stealth taxes such as climate levy and increased transportation costs through fuel increases it is difficult if not impossible to forecast when profitable trading conditions will obtain.

The Directors and Shareholders would like to place on record their appreciation of the efforts and commitment of all sections of the workforce and management to continue to seek ways of reducing costs.

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:

	2001	2000
	£	£
Dividends paid on ordinary share	<u>36,100</u>	<u>36,100</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	
	2001	2000
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	102,366	-
E J Brodie	-	-
J M Crowther	-	-
A McAra	-	-
P A G Mackenzie	-	-

Fixed Assets

Information relating to changes in fixed assets is given in note 8 to the financial statements. The market value of interests in 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 2001

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:

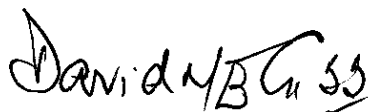
- select suitable accounting policies, as described on page 7, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business; and
- state 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 2001.

A handwritten signature in black ink, appearing to read 'David M E Gibb' with a stylized flourish at the end.

D M E GIBB
Company secretary

JOHN GORDON & SON LIMITED
Auditors' Report
Year Ended 30 June 2001

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

Independent Auditors' Report
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 2001 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

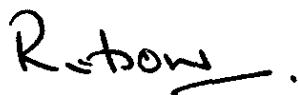
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of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



Ritsons
Chartered Accountants and Registered Auditors

10 August 2001

103 High
ELGIN
Moray
IV30 1EB

JOHN GORDON & SON LIMITED
Abbreviated Profit and Loss Account
for the year ended 30 June 2001

	Notes	2001 £	2000 £
Gross profit		1,630,539	1,870,765
Distribution costs		(881,819)	(803,794)
Administrative expenses		(482,249)	(491,072)
Operating profit	2	<u>266,471</u>	<u>575,899</u>
Interest receivable		-	185
Interest payable	5	(206,667)	(250,429)
Profit on ordinary activities before taxation		<u>59,804</u>	<u>325,655</u>
Tax on profit on ordinary activities	6	(14,897)	(61,852)
Profit for the financial year		<u>44,907</u>	<u>263,803</u>
Dividends:			
ordinary dividend on equity shares	7	(36,100)	(36,100)
Retained profit for the financial year	20	<u>8,807</u>	<u>227,703</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

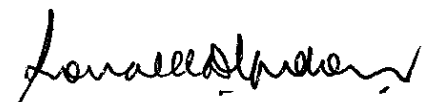
The company has no recognised gains or losses other than the profit for the above two financial years.

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

JOHN GORDON & SON LIMITED
Abbreviated Balance Sheet
as at 30 June 2001

	Notes	2001 £	2000 £
Fixed assets			
Tangible assets	8	3,630,777	3,854,800
Investments	9	1,500	1,500
		<u>3,632,277</u>	<u>3,856,300</u>
Current assets			
Stocks	10	655,068	768,291
Debtors	11	2,085,564	2,079,768
Cash at bank and in hand		403	452
		<u>2,741,035</u>	<u>2,848,511</u>
Creditors: amounts falling due within one year	12	(2,889,703)	(2,834,091)
Net current (liabilities)/assets		<u>(148,668)</u>	<u>14,420</u>
Total assets less current liabilities		<u>3,483,609</u>	<u>3,870,720</u>
Creditors: amounts falling due after more than one year	13	(1,613,556)	(2,019,776)
Provisions for liabilities and charges			
Deferred taxation	16	(337,046)	(323,281)
Government grants	17	(19,624)	(23,087)
		<u>(356,670)</u>	<u>(346,368)</u>
		<u>1,513,383</u>	<u>1,504,576</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	894,076	885,269
Shareholders' funds:	21	<u>1,513,383</u>	<u>1,504,576</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 2001

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 2001

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

This is stated after charging:

	2001 £	2000 £
Depreciation of owned fixed assets	449,211	488,032
Gain on disposal of fixed assets	(5,787)	-
Auditors' remuneration	4,000	3,600
Amortisation of government grants	(3,463)	(4,075)

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2001

3 Directors' emoluments	2001	2000
	£	£
Emoluments receivable	116,486	120,307
Pension costs	38,541	38,342
	<u>155,027</u>	<u>158,649</u>
4 Staff costs	2001	2000
	£	£
Wages and salaries	1,569,277	1,512,584
Social security costs	140,419	132,784
Other pension costs	63,959	66,463
	<u>1,773,655</u>	<u>1,711,831</u>
Average number of employees during the year	Number	Number
Management and administration	18	18
Production	77	72
	<u>95</u>	<u>90</u>
5 Interest payable	2001	2000
	£	£
Bank loan and overdraft	91,032	103,945
Hire purchase contracts	115,635	146,484
	<u>206,667</u>	<u>250,429</u>
6 Taxation	2001	2000
	£	£
Corporation tax based on the results for the year at 10%	495	-
Underprovision in respect of previous years corporation tax	637	-
Transfer to/(from) deferred taxation	13,765	61,852
	<u>14,897</u>	<u>61,852</u>
7 Equity dividends	2001	2000
	£	£
Equity dividends on ordinary shares	<u>36,100</u>	<u>36,100</u>

Interim dividends were paid amounting to 7.8 pence per share (2000 - 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 2001

8 Tangible fixed assets

	Heritable Property £	Motor Vehicles £	Plant and machinery £	Total £
Cost				
At 1 July 2000	1,033,250	191,459	5,713,198	6,937,907
Additions	18,666	36,558	175,227	230,451
Disposals	-	(10,595)	(94,994)	(105,589)
At 30 June 2001	<u>1,051,916</u>	<u>217,422</u>	<u>5,793,431</u>	<u>7,062,769</u>
Depreciation				
At 1 July 2000	-	111,310	2,971,797	3,083,107
Charge for the year	-	25,551	423,660	449,211
On disposals	-	(9,182)	(91,144)	(100,326)
At 30 June 2001	<u>-</u>	<u>127,679</u>	<u>3,304,313</u>	<u>3,431,992</u>
Net book value				
At 30 June 2001	<u>1,051,916</u>	<u>89,743</u>	<u>2,489,118</u>	<u>3,630,777</u>
At 30 June 2000	<u>1,033,250</u>	<u>80,149</u>	<u>2,741,401</u>	<u>3,854,800</u>

	2001 £	2000 £
Net book value of plant and machinery included above held under hire purchase contracts	<u>1,429,242</u>	<u>1,797,950</u>
Depreciation charged on those assets amount to	<u>251,919</u>	<u>330,831</u>

9 Investments

	2001 £	2000 £
Unlisted investments at cost	<u>1,500</u>	<u>1,500</u>

10 Stocks

	2001 £	2000 £
Raw materials	171,153	376,569
Finished goods	<u>483,915</u>	<u>391,722</u>
	<u>655,068</u>	<u>768,291</u>

11 Debtors

	2001 £	2000 £
Trade debtors	2,043,067	2,021,735
Prepayments and accrued income	<u>42,497</u>	<u>58,033</u>
	<u>2,085,564</u>	<u>2,079,768</u>

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2001

12 Creditors: amounts falling due within one year	2001	2000
	£	£
Bank loan and overdraft	1,291,599	1,141,768
Trade creditors	827,744	879,857
Obligations under hire purchase contracts	307,909	279,451
Directors current accounts	90,222	70,347
Corporation tax	495	-
Other taxes and social security costs	217,948	208,443
Other creditors	37,167	36,150
Accruals and deferred income	116,619	218,075
	<u>2,889,703</u>	<u>2,834,091</u>

13 Creditors: amounts falling due after one year	2001	2000
	£	£
Bank loan	500,001	583,333
Obligations under hire purchase contracts	963,555	1,186,443
Directors' loan account	150,000	250,000
	<u>1,613,556</u>	<u>2,019,776</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	2001	2000
	£	£
Analysis of maturity of debt:		
Within one year or on demand	173,554	153,679
Between two and five years	333,328	333,328
After five years	316,673	500,005
	<u>823,555</u>	<u>987,012</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	2001	2000
	£	£
Amounts payable:		
Within one year	307,909	279,451
Within two to five years	963,555	1,186,443
	<u>1,271,464</u>	<u>1,465,894</u>

JOHN GORDON & SON LIMITED
Notes to the Abbreviated Financial Statements
Year Ended 30 June 2001

16 Deferred taxation

	2001	2000
	£	£
At 1 July 2000	323,281	261,429
Increase/(Decrease) in provision	13,765	61,852
At 30 June 2001	<u>337,046</u>	<u>323,281</u>

Deferred taxation provided in the accounts are as follows:

	Provided	Provided
	2001	2000
	£	£
Capital allowances in advance of depreciation	371,798	382,782
Tax losses available	<u>(34,752)</u>	<u>(59,501)</u>
	<u>337,046</u>	<u>323,281</u>

17 Government grants

	2001	2000
	£	£
Received and receivable:		
At 1 July 2000	65,943	65,943
At 30 June 2001	<u>65,943</u>	<u>65,943</u>
Amortisation:		
At 1 July 2000	42,856	38,781
Credit to profit and loss account	3,463	4,075
At 30 June 2001	<u>46,319</u>	<u>42,856</u>
Net balance at 30 June 2001	<u>19,624</u>	<u>23,087</u>

18 Share capital

	2001	2000
	£	£
Authorised:		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	2001	2000
	No	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 2001

19 Other Reserves	2001	2000
	£	£
Capital reserve		
At 1 July 2000	2,645	2,645
At 30 June 2001	<u>2,645</u>	<u>2,645</u>
 20 Profit and loss account	 2001	 2000
	£	£
At 1 July 2000	885,269	657,566
Retained profit	8,807	227,703
At 30 June 2001	<u>894,076</u>	<u>885,269</u>
 21 Reconciliation of movement in shareholders' funds	 2001	 2000
	£	£
At 1 July 2000	1,504,576	1,276,873
Profit for the financial year	44,907	263,803
Dividends	(36,100)	(36,100)
At 30 June 2001	<u>1,513,383</u>	<u>1,504,576</u>