

SC 130511

DIRECTORS' REPORT AMENDED

Rybka Smith Ginsler and

Battle Scotland Limited

Report and Financial Statements

Year Ended

30 June 2001



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BDO Stoy Hayward
Chartered Accountants

Rybka Smith Ginsler and Battle Scotland Limited

Annual report and financial statements for the year ended 30 June 2001

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Directors

D MacLeod
N F Fischer (Non-executive)
P May
C Hodge
C D F Matson (Non-executive)
R Armstrong (Non-executive)

Secretary and registered office

P May, Caledonia House, 24 Rutland Street, Edinburgh, EH1 2AN

Company number

130511

Auditors

BDO Stoy Hayward, 8 Baker Street, London, W1U 3LL

Rybka Smith Ginsler and Battle Scotland Limited

Report of the directors for the year ended 30 June 2001

The directors present their report together with the audited financial statements for the year ended 30 June 2001.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

The directors do not recommend the payment of a dividend for the year under review.

Principal activities, review of business and future developments

The company supplies engineering design services.

The company has seen continued growth in both turnover and profitability this financial year. The company has opened a new office in Inverness during the year and this has contributed to the company's overall success. The directors confidently predict further growth both in turnover and profitability for the future.

Directors

The directors of the company from 1 July 2000 and their interests in the ordinary share capital of the company were:

		Number of £1 ordinary shares held	
		30 June 2001	30 June 2000
T Q Battle	(resigned 15 November 2001)	800	2,000
D MacLeod		5,500	5,500
B A Bath	(resigned 15 November 2001)	-	-
N F Fischer		-	-
P May		1,500	1,500
C Hodge		2,200	1,000
C D F Matson	(appointed 7 November 2000)	-	-
R Armstrong	(appointed 15 November 2001)	-	-

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 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; and
- 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

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



P May
Secretary

27 May 2002

Report of the independent auditors

To the shareholders of Rybka Smith Ginsler and Battle Scotland Limited

We have audited the financial statements of Rybka Smith Ginsler and Battle Scotland Limited for the year ended 30 June 2001 on pages 6 to 16 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'BDO Stoy Hayward', with a stylized flourish at the end.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
London

27 May 2002

Rybka Smith Ginsler and Battle Scotland Limited

Profit and loss account for the year ended 30 June 2001

	Note	2001 £	2000 £
Turnover	2	1,960,373	1,452,141
Cost of sales		616,032	622,871
Gross profit		1,344,341	829,270
Administrative expenses		1,213,814	681,653
Operating profit	3	130,527	147,617
Other interest receivable and similar income	6	17,841	650
Interest payable and similar charges	7	(1,753)	(3,630)
Profit on ordinary activities before taxation		146,615	144,637
Taxation on profit on ordinary activities	8	34,989	37,461
Profit on ordinary activities after taxation retained for the year		111,626	107,176
Retained profit brought forward		149,316	42,140
Retained profit carried forward		260,942	149,316

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the profit for the year.

The notes on pages 8 to 16 form part of these financial statements.

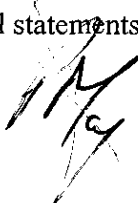
Rybka Smith Ginsler and Battle Scotland Limited

Balance sheet at 30 June 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	9		149,805		67,715
Current assets					
Stocks	10	13,051		2,975	
Debtors	11	749,989		686,232	
Cash at bank and in hand		456,927		303,010	
			1,219,967	992,217	
Creditors: amounts falling due within one year	12	1,072,639		875,251	
Net current assets			147,328		116,966
Total assets less current liabilities			297,133		184,681
Creditors: amounts falling due after more than one year	13	3,563		7,649	
Provision for liabilities and charges	14	12,628		7,716	
			16,191		15,365
			280,942		169,316
Capital and reserves					
Called up share capital	15		20,000		20,000
Profit and loss account	16		260,942		149,316
Equity shareholders' funds			280,942		169,316

The financial statements were approved by the Board on 27 May 2002.

P May
Director



The notes on pages 8 to 16 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention. The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Tangible fixed assets

All additions to tangible fixed assets are stated at cost.

Depreciation

Depreciation is provided to write off the cost less estimated residual values, of all tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Furniture and office equipment	- 20% per annum straight line
Motor vehicles	- to reduce the net book value to realisable value

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Long-term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses. Where the outcome of each long-term contract can be assessed with reasonable certainty before its conclusion, the attributable profit is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Leased assets

Operating lease annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

1 Accounting policies (*continued*)

Pensions

Contributions to personal pension schemes are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

This is arrived at after charging:

	2001 £	2000 £
Depreciation of tangible fixed assets	24,262	10,542
Hire of plant and machinery - operating leases	45,496	39,112
Hire of other assets - operating leases	39,938	31,500
Auditors' remuneration - audit services	7,250	6,600
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2001 £	2000 £
Wages and salaries	1,065,410	826,501
Social security costs	121,216	67,868
Other pension costs	21,634	20,872
	<u> </u>	<u> </u>
	1,208,260	915,241
	<u> </u>	<u> </u>

The average number of employees (including directors) during the year was 31 (2000 - 20).

5 Directors' remuneration

	2001 £	2000 £
Directors' emoluments and fees	341,003	206,961
Company contributions to money purchase pension schemes	11,592	9,660
	<u> </u>	<u> </u>

5 Directors' remuneration

The total emoluments payable to the highest paid director in respect of emoluments was £168,038 (2000 - £113,847).

The number of directors receiving contributions to personal pension plans was 2 (2000-2).

6 Other interest receivable and similar income

	2001 £	2000 £
Bank deposits	17,841	650
	<u>17,841</u>	<u>650</u>

7 Interest payable and similar charges

	2001 £	2000 £
Bank loans and overdrafts	12	2,960
Other loans	1,741	670
	<u>1,753</u>	<u>3,630</u>

8 Taxation on profit on ordinary activities

	2001 £	2000 £
<i>UK Corporation tax</i>		
<i>Current year</i>		
Current tax on income for the year	30,632	29,859
Transfer to deferred taxation account	4,912	7,596
	<u>35,544</u>	<u>37,455</u>
<i>Prior years</i>		
UK Corporation tax	(555)	6
	<u>34,989</u>	<u>37,461</u>

Rybka Smith Ginsler and Battle Scotland Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

9 Tangible fixed assets

	Motor vehicles £	Office equipment £	Total £
<i>Cost</i>			
At 1 July 2000	7,179	107,935	115,114
Additions	-	106,352	106,352
At 30 June 2001	7,179	214,287	221,466
<i>Depreciation</i>			
At 1 July 2000	7,179	40,220	47,399
Provided for the year	-	24,262	24,262
At 30 June 2001	7,179	64,482	71,661
<i>Net book value</i>			
At 30 June 2001	-	149,805	149,805
At 30 June 2000	-	67,715	67,715

Their were no capital commitments at either this or the previous balance sheet date.

10 Stocks

	2001 £	2000 £
Work in progress	13,051	2,975

Rybka Smith Ginsler and Battle Scotland Limited**Notes forming part of the financial statements for the year ended 30 June 2001 (Continued)****11 Debtors**

	2001 £	2000 £
Trade debtors	513,618	670,080
Other debtors	96,161	-
Prepayments and accrued income	57,500	16,152
Amounts recoverable on contracts	82,710	-
	<u>749,989</u>	<u>686,232</u>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	2001 £	2000 £
Payments received on account	443,941	330,456
Trade creditors	45,613	149,610
Taxation and social security	84,032	120,400
Corporation tax	30,632	29,859
Other creditors	-	12,919
Other loans	4,086	3,406
Accruals and deferred income	464,335	228,601
	<u>1,072,639</u>	<u>875,251</u>

13 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Other loans	3,563	7,649
	<u>3,563</u>	<u>7,649</u>

13 Creditors: amounts falling due after more than one year (*Continued*)

Maturity of debt:

	2001 £	2000 £
In one year or less, or on demand	4,086	3,406
In more than one year but not more than two years	3,563	4,086
In more than two years but not more than five years	-	3,563
	7,649	11,055

Rybka Smith Ginsler and Battle Scotland Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

14 Provision for liabilities and charges

	Deferred taxation £
At 1 July 2000	7,716
Charged to profit and loss account	4,912
At 30 June 2001	12,628

Deferred taxation

	2001 £	Provided 2000 £
The amount of deferred tax provided for is as follows:		
Accelerated capital allowances	12,628	7,716

There is no unprovided deferred tax.

15 Share capital

	2001 £	Authorised 2000 £	Allotted, called up and fully paid 2001 £	2000 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	20,000	20,000	20,000	20,000

16 Reserves

	Profit and loss account £
At 1 July 2000	149,316
Profit for the year	111,626
At 30 June 2001	260,942

17 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the year	111,626	107,176
Opening shareholders' funds	169,316	62,140
Closing shareholders' funds	280,942	169,316

18 Contingent liabilities

The company has entered into an unlimited cross guarantee with the company's bankers, The Royal Bank of Scotland Bank Plc, for the balances owing by Rybka Smith Ginsler and Battle London Limited. At the year end the amount guaranteed was £422,186 (2000 - £84,526).

19 Commitments under operating leases

As at 30 June 2001, the company had annual commitments under non-cancellable operating leases as set out below:

	2001 Land and buildings £	Other £	2000 Land and buildings £	Other £
Operating leases which expire:				
Within one year	7,396	10,327	5,000	-
In two to five years	-	25,166	-	41,689
After five years	30,000	-	-	-
	37,396	35,493	5,000	41,689

20 Related party disclosures

Directors' emoluments and fees include amounts invoiced by directors for consultancy services as follows:

T Q Battle	£21,600 (2000 - £6,000)
C D F Matson	£5,000 (2000 - £NIL)

20 Related party disclosures (*continued*)

During the year the company was involved in the following transactions with Rybka Smith Ginsler and Battle London Limited ('RSGB London'):

Management fee incurred	£38,146 (2000 - £34,765)
Fees received for work done on RSGB London projects	£52,773 (2000 - £NIL)
Fees paid for work done by RSGB London on projects for the company	£6,416 (2000 - £NIL)

These transactions are considered to be at an arm's length price and on normal commercial terms.

The outstanding balance between the companies at the year end was a debtor of £96,161 (2000 - £12,919 creditor).

Both companies are 50% owned by Rybka Smith and Ginsler Limited, a company incorporated in Canada.

In addition the company was involved in the following transactions with Rybka Smith and Ginsler Limited:

Consultancy fees received	£NIL (2000 - £33,009)
Management fee incurred	£130,000 (2000 - £26,228)

These transactions are considered to be at an arm's length price.

The outstanding balance between the companies at the year end was a debtor of £19,812 (2000 - £15,730).