TAYLOR & FRASER LIMITED

Report and Accounts

30 June 2002



Registered Number : SC155035

Company Registration Number: SC155035

DIRECTORS
P S Taylor
R E Vernon
J Hamilton
G S Fingland
C S Taylor

SECRETARY
Mrs E Kennedy

AUDITORS
Ernst & Young LLP
George House
50 George Square
Glasgow
G2 1RR

BANKERS
Lloyds TSB Scotland plc
15 Brown Street
Glasgow
G2 8PE

SOLICITORS
McDonalds
Solicitors
1 Claremont Terrace
Glasgow
G3 7UQ

REGISTERED OFFICE
117 Abercorn Street
Paisley
PA3 4DH

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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 June 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £222,588. The directors recommend no dividend for the year.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company continues to be involved in the supply and installation of heating and ventilation systems to the industrial and commercial sectors.

Overall activity in the industry has been reasonable, however, the anticipated slow down in the economy may see trading conditions in the construction industry deteriorating.

DIRECTORS AND THEIR INTERESTS

The directors at 30 June 2002 and their interests in the share capital of the company were as follows:

	At 30 June 2002 Ordinary	*At 1 July 2001 Ordinary*
P S Taylor	-	-
R E Vernon	-	-
J Hamilton	-	-
G S Fingland	-	-
C S Taylor	-	-

P S Taylor, R E Vernon and C S Taylor are also directors of the ultimate parent undertaking and their interests in the shares of Laighpark Limited are disclosed in that company's accounts.

AUDITORS

A resolution to reappoint Ernst & Young LLP as the company's auditors will be put to the forthcoming annual general meeting.

By order of the board

Mrs E Kennedy
Secretary

25 October 2002

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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 of the company for that period. In preparing those accounts, 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 accounts 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 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.

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INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF TAYLOR & FRASER LIMITED

We have audited the company's financial statements for the year ended 30 June 2002 which comprise the Profit and Loss Account, Balance Sheet, Cash Flow Statement, Statement of Total Recognised Gains and Losses and the related notes 1 to 19. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30 June 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Registered Auditor
Glasgow

25 October 2002

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 2002

	Notes	2002 £	2001 £
TURNOVER	2	8,690,994	7,191,307
Cost of sales		7,231,232	5,879,254
GROSS PROFIT		1,459,762	1,312,053
Administrative expenses		1,185,937	1,069,102
OPERATING PROFIT	3	273,825	242,951
(Loss)/profit on disposal of tangible fixed assets		(1,305)	2,085
		272,520	245,036
Net interest receivable	6	35,410	29,996
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		307,930	275,032
Tax on profit on ordinary activities	7	85,342	69,227
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	222,588	205,805

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
There were no recognised gains or losses other than the profit attributable to shareholders of the company of £222,588 in the year ended 30 June 2002 and of £205,805 in the year ended 30 June 2001.

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BALANCE SHEET
at 30 June 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	236,130	263,681
CURRENT ASSETS			
Stocks	9	220,045	218,020
Debtors	10	1,183,452	1,717,642
Cash at bank and in hand		1,596,478	168,667
		2,999,975	2,104,329
CREDITORS: amounts falling due within one year	12	2,133,617	1,481,894
NET CURRENT ASSETS		866,358	622,435
TOTAL ASSETS LESS CURRENT LIABILITIES		1,102,488	886,116
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	13	-	6,216
		1,102,488	879,900
CAPITAL AND RESERVES			
Called up share capital	14/15	300,000	300,000
Profit and loss account	16	802,488	579,900
SHAREHOLDERS' FUNDS:			
Equity		902,488	679,900
Non-equity		200,000	200,000
		1,102,488	879,900

P S Taylor
Director

25 October 2002

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STATEMENT OF CASH FLOWS
for the year ended 30 June 2002

	Notes	2002 £	2001 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	16(a)	1,533,814	(57,880)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	16(b)	35,410	29,996
TAXATION	16(b)	(75,705)	(56,922)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	16(b)	(65,708)	(183,664)
FINANCING	16(b)	-	(83,595)
DECREASE IN CASH		1,427,811	(352,065)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	Notes	2002 £	2001 £
Decrease in cash		1,427,811	(352,065)
Cash used to repay capital element of loans		-	83,595
CHANGE IN NET FUNDS RESULTING FROM CASH FLOWS BEING MOVEMENT IN NET FUNDS	16(c)	1,427,811	(268,470)
NET FUNDS AT 1 JULY		168,667	437,137
NET FUNDS AT 30 JUNE		1,596,478	168,667

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NOTES TO THE ACCOUNTS
at 30 June 2002

1 ACCOUNTING POLICIES

Accounting convention
The accounts are prepared under the historical cost convention.

Fixed assets
All fixed assets are recorded at cost.

Depreciation
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition, of each asset evenly over its expected useful life as follows:

Plant and machinery	-	25% straight line
Fixtures and fittings	-	25% straight line
Commercial motor vehicles	-	$33^1/_3$% straight line
Other motor vehicles	-	25% reducing balance

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be reasonable.

Stocks
Stocks have been valued at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Work in progress
The basis of valuation is direct cost uplifted for attributable overheads and, where appropriate, attributable profits. Provision is made for possible losses on individual contracts.

Attributable profits are recognised where the directors consider that the outcome of a contract can be prudently ascertained and is calculated on a percentage of the excess of payments to account over cost to date and is dependent on the stage the contract has reached.

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 exception:

- 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.

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

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NOTES TO THE ACCOUNTS
at 30 June 2002

2 TURNOVER

Turnover, which is stated net of value added tax, represents the value of goods and services supplied to customers during the year. All the turnover is attributable to the principal activity of supplying and installing heating and ventilation systems and was earned in the United Kingdom.

3 OPERATING PROFIT

	2002	*2001*
	£	£
This is stated after charging:		
Depreciation owned fixed assets	91,954	65,224
Auditors' remuneration	15,000	15,000
Operating lease rentals - plant and machinery	-	10,188

4 DIRECTORS' EMOLUMENTS

	2002	*2001*
	£	£
Emoluments	251,440	199,718
Company contributions paid to defined contribution pension schemes	10,992	4,332
	No.	*No.*
Members of defined contribution pension schemes	2	2

5 STAFF COSTS

	2002	*2001*
	£	£
Wages and salaries	1,163,167	1,129,825
Social security costs	109,455	108,774
Other pension costs	20,980	16,573
	1,293,602	1,255,172

The average number of employees during the year, including directors, was as follows:

	No.	*No.*
Directors	5	5
Management and administration	12	12
Production	37	38
	54	55

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NOTES TO THE ACCOUNTS
at 30 June 2002

6 NET INTEREST RECEIVABLE

	2002 £	2001 £
Deposit interest	35,410	30,549
Loan interest	-	(553)
	35,410	29,996

7 TAX

(a) Tax on profit on ordinary activities

	Note	2002 £	2001 £
Corporation tax		91,451	63,456
Deferred taxation	13	(6,216)	5,324
		85,235	68,780
Adjustments in respect of previous years:			
Corporation tax		107	447
		85,342	69,227

(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 30% (2001 – 30%). The differences are reconciled below:

	2002 £000	2001 £000
Profit on ordinary activities	307,930	275,032
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 – 30%)	92,379	82,510
Disallowable expenses and non-taxable income	1,990	(1,500)
Depreciation in excess of capital allowances	7,591	(5,324)
Adjustments in respect of previous periods	107	447
Others	(10,509)	(12,230)
	91,558	63,903

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8 TANGIBLE FIXED ASSETS

	Plant and machinery £	*Fixtures and fittings* £	*Motor Vehicles* £	*Total* £
Cost:				
At 1 July 2001	68,974	39,959	347,837	456,770
Additions	-	7,051	100,982	108,033
Disposals	-	-	(93,929)	(93,929)
At 30 June 2002	68,974	47,010	354,890	470,874
Depreciation:				
At 1 July 2001	30,448	27,683	134,958	193,089
Provided during year	14,936	7,130	69,888	91,954
Disposals	-	-	(50,299)	(50,299)
At 30 June 2002	45,384	34,813	154,547	234,744
Net book value				
At 30 June 2002	23,590	12,197	200,343	236,130
At 1 July 2001	38,526	12,276	212,879	263,681

9 STOCKS

	2002 £	*2001* £
Materials for use on contracts	197,759	184,985
Consumables	22,286	33,035
	220,045	218,020

The difference between purchase price or production cost of stocks and their replacement cost is not material.

10 DEBTORS - all receivable within one year

	Note	*2002* £	*2001* £
Trade debtors		877,745	1,177,418
Other debtors		42,800	24,786
Prepayments		33,521	29,440
Amounts recoverable on long term contracts	11	229,386	485,998
		1,183,452	1,717,642

Included in trade debtors is an amount of £184,821 (2001 - £142,603) which is due after more than one year.

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NOTES TO THE ACCOUNTS
at 30 June 2002

11 LONG TERM CONTRACTS

	Note	2002 £	2001 £
Cost plus attributable profit less provisions for losses		13,060,155	10,005,005
Less payments received on account		12,830,769	9,519,007
Amounts recoverable on contracts	10	229,386	485,998

12 CREDITORS: amounts falling due within one year

	2002 £	2001 £
Payments on account on long term contracts	933,894	-
Trade creditors	1,013,489	1,320,443
Corporation tax	81,481	65,628
Other taxes and social security costs	26,159	32,599
Other creditors	-	945
Accruals	78,594	62,279
	2,133,617	1,481,894

13 DEFERRED TAXATION

The movements in deferred taxation during the current and previous years are as follows:

	Note	2002 £	2001 £
At 1 July		6,216	892
(Credit)/charge for the year	7	(6,216)	5,324
At 30 June		-	6,216

Deferred taxation is fully provided in the accounts as follows:

	Provided 2002 £	Provided 2001 £
Capital allowances in advance of depreciation	-	6,216

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NOTES TO THE ACCOUNTS
at 30 June 2002

14 SHARE CAPITAL

The authorised, allotted and fully paid share capital of the company consisted of:

	Authorised 2002 and 2001 No.	*Allotted, called up and fully paid 2002 and 2001 £*
Ordinary shares of £1 each	300,000	100,000
Preference shares of £1 each	200,000	200,000
	500,000	300,000

15 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	*Profit and loss account £*	*Total £*
At 1 July 2000	300,000	374,095	674,095
Profit for the year	-	205,805	205,805
At 30 June 2001	300,000	579,900	879,900
Profit for the year	-	222,588	222,588
At 30 June 2002	300,000	802,488	1,102,488

16 NOTES TO THE STATEMENT OF CASH FLOWS

(a) Reconciliation of operating profit to net cash inflow from operating activities:

	2002 £	*2001 £*
Operating profit	273,825	242,951
Depreciation	91,954	65,224
(Increase) in stocks	(2,025)	(36,934)
Decrease/(increase) in debtors	534,190	(523,150)
Increase in creditors	635,870	194,029
Net cash inflow from operating activities	1,533,814	(57,880)

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16 NOTES TO THE STATEMENT OF CASH FLOWS (continued)

(b) Analysis of cash flows for headings netted in the statement of cash flows:

	2002 £	*2001* £
Returns on investments and servicing of finance		
Interest received	35,410	30,549
Interest paid	-	553
	35,410	29,996
Taxation		
Corporation tax paid	(75,705)	(56,922)
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(108,033)	(185,749)
Receipts from sales of tangible fixed assets	42,325	2,085
	(65,708)	(183,664)
Financing		
Repayments of capital element of loans	-	(83,595)

(c) Analysis of changes in net funds

	At 1 July 2001 £	*Cash flow* £	*At 30 June 2002* £
Cash at bank and in hand	168,667	1,427,811	1,596,478

17 COMMITMENTS

(a) Capital:

The company had no contracted capital expenditure at 30 June 2002 (2001 - £Nil).

(b) Pensions:

The company operates a number of defined contribution pension schemes for its directors and senior employees. The assets of the schemes are held separately from those of the company in an independently administered fund. There were no unpaid contributions outstanding at the year end (2001 - £Nil).

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17 COMMITMENTS (continued)

(c) Financial:

At 30 June 2002 the company had annual commitments under non-cancellable operating leases as follows:

	Computer equipment	
	2002	*2001*
	£	*£*
Operating leases which expire:		
within one year	-	3,396
in two to five years	-	-
	-	3,396

18 PARENT UNDERTAKING AND CONTROLLING PARTY

In the directors' opinion the company's immediate and ultimate parent undertaking and controlling party is Laighpark Limited, a company incorporated in Scotland.

19 RELATED PARTY TRANSACTIONS

The company trades with Werko Limited, a company owned by Barnaigh Limited, in which P S Taylor has an interest.

Transactions with Werko Limited during the year were:

	2002	*2001*
	£	*£*
Sales	308,115	490,617
Purchases	293,808	507,367
Rental of premises	50,000	50,000
Rental of motor vehicle	18,247	18,247
Purchase of motor vehicles	-	25,500

At 30 June 2002 £385,127 (2001 - £586,474) due by Werko Limited is included in trade debtors.

At 30 June 2002 £347,176 (2001 - £650,659) due to Werko Limited is included in trade creditors.

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