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Global Highland Management Services Limited

Report and Accounts

5 April 2000

 ERNST & YOUNG

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COMPANIES HOUSE 22/12/00

Global Highland Management Services Limited

Registered No. 172021

DIRECTORS

R J MacGregor

P C Swanson

G Barrie

SECRETARY

R J MacGregor

AUDITORS

Ernst & Young

Moray House

16 Bank Street

Inverness

IV1 1QY

BANKERS

Bank of Scotland

39 Albyn Place

Aberdeen

AB1 1YN

SOLICITORS

McGrigor Donald

Pacific House

70 Wellington Street

Glasgow

G2 6SB

REGISTERED OFFICE

MacGregor House

103 High Street

Invergordon

 **ERNST & YOUNG**

Global Highland Management Services Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 5 April 2000.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £241,882. The directors recommend a dividend of £130,000.

PRINCIPAL ACTIVITY

The company's principal activities during the year were the provision of facilities management services to the onshore construction industry and the provision of labour for the construction, management and secretarial industries.

DIRECTORS AND THEIR INTERESTS

The directors at 5 April 2000 and their interests in the share capital of the company were as follows:

	<i>At 5 April 2000</i>	<i>At 5 April 1999</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
R J MacGregor	255,000	255,000
P C Swanson	255,000	255,000

DIRECTORS' RESPONSIBILITIES FOR 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.

Global Highland Management Services Limited

DIRECTORS' REPORT

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board

A handwritten signature in black ink, appearing to be 'R. e. l.', written over a horizontal line.

Secretary

15-12-00

 ERNST & YOUNG

REPORT OF THE AUDITORS to the members of Global Highland Management Services Limited

We have audited the accounts on pages 6 to 16, which have been under the historical cost convention and on the basis of the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

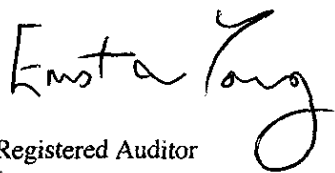
Basis of opinion

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 5 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Inverness

18/12/2000

Global Highland Management Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 5 April 2000

	Notes	2000 £	1999 £
TURNOVER	2	10,106,880	14,829,231
Cost of sales		9,131,090	13,503,066
GROSS PROFIT		975,790	1,326,165
Administrative expenses		675,268	668,397
OPERATING PROFIT	3	300,522	657,768
Interest receivable		32,304	13,049
Interest payable	5	(2,319)	(9,506)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		330,507	661,311
Tax on profit on ordinary activities	6	88,625	(213,860)
PROFIT FOR THE FINANCIAL YEAR		241,882	447,451
Dividends payable	7	130,000	-
PROFIT RETAINED FOR THE FINANCIAL YEAR		£111,882	£447,451

STATEMENT OF RECOGNISED GAINS AND LOSSES

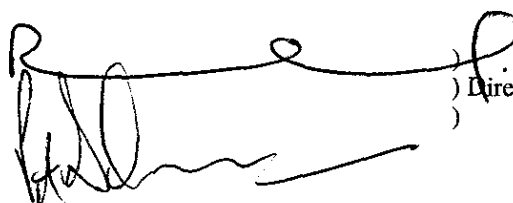
There are no recognised gains or losses other than the profit attributable to shareholders of the company of £241,882 in the year ended 5 April 2000 and £477,451 in the year ended 5 April 1999

Global Highland Management Services Limited

BALANCE SHEET

at 5 April 2000

	Notes	2000 £	1999 £
FIXED ASSETS			
Tangible assets	8	6,531	14,697
Investments	9	115,000	-
		<u>121,531</u>	<u>14,697</u>
CURRENT ASSETS			
Debtors	10	982,904	2,404,817
Cash at bank and in hand		491,462	880,400
		<u>1,474,366</u>	<u>3,285,217</u>
CREDITORS: amounts falling due within one year	11	688,897	2,504,796
NET CURRENT ASSETS		<u>785,469</u>	<u>780,421</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		907,000	795,118
CREDITORS: amounts falling due after more than one year		-	-
		<u>£907,000</u>	<u>£795,118</u>
CAPITAL AND RESERVES			
Called up share capital	13	510,000	510,000
Profit and loss account	14	397,000	285,118

 Directors

£907,000 £795,118

15-12-00

Global Highland Management Services Limited

STATEMENT OF CASH FLOWS

for the year ended 5 April 2000

	Notes	2000 £	1999 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	15(a)	996,592	(465,769)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	15(b)	29,985	3,543
TAXATION	15(b)	(210,635)	-
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	15(b)	(123,157)	(35,605)
EQUITY DIVIDENDS PAID		(130,000)	-
FINANCING	15(b)	(1,837)	(4,828)
INCREASE/(DECREASE) IN CASH		<u>£560,948</u>	<u>£(502,659)</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2000 £	1999 £
Increase/(decrease) in cash		560,948	(502,659)
Cash used to repay capital element of finance lease and hire purchase payments		1,837	4,830
Change in net debt resulting from cash flows	15(c)	<u>562,785</u>	<u>(497,829)</u>
MOVEMENT IN NET DEBT		<u>562,785</u>	<u>(497,829)</u>
NET DEBT AT 6 APRIL	15(c)	(71,323)	426,506
NET DEBT AT 5 APRIL	15(c)	<u>£491,462</u>	<u>£(71,323)</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2000

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

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

Motor vehicles	-	over 1 year
Office equipment	-	over 1 year
Computer equipment	-	over 1 year

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated that tax will be payable.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties which arise from the continuing ordinary activities of the company. All turnover arises in the UK.

3. OPERATING PROFIT

This is stated after charging:

	2000	1999
	£	£
Operating lease rentals - plant and machinery	23,473	19,337
- land and buildings	9,250	9,250
Auditor's remuneration	4,000	4,500
Depreciation of owned fixed assets	16,323	66,843
Depreciation of assets held under finance leases and hire purchase contracts	-	7,015
Directors' remuneration	103,159	74,661

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2000

4. STAFF COSTS

	2000	1999
	£	£
Wages and salaries	490,803	474,771
Social security costs	48,400	46,388
Other pension costs	-	-
	<u>£539,203</u>	<u>£521,159</u>

The monthly average number of employees during the year was as follows:

	2000	1999
	No.	No.
Administration	18	18
Directors	3	3
	<u>21</u>	<u>21</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000	1999
	£	£
Bank loans and overdrafts	1,954	9,284
Finance charges payable under finance leases and hire purchase contracts	332	222
	<u>£2,286</u>	<u>£9,506</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000	1999
	£	£
UK corporation tax	91,850	213,860
Overprovided in previous year	(3,225)	-
	<u>£88,625</u>	<u>£213,860</u>

7. DIVIDENDS AND OTHER APPROPRIATIONS

	2000	1999
Equity dividend proposed on ordinary shares	£130,000	£ -

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2000

8. TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i> £	<i>Office equipment</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost or valuation:				
At 6 April 1999	30,610	4,589	74,341	109,540
Additions	1,265	-	6,892	8,157
Disposals	(6,950)	-	(8,458)	(15,408)
At 5 April 2000	24,925	4,589	72,775	102,289
Depreciation:				
At 6 April 1999	30,453	3,051	61,339	94,843
Provided during the period	608	1,538	14,177	16,323
Relating to disposals	(6,950)	-	(8,458)	(15,408)
At 5 April 2000	24,111	4,589	67,058	95,758
Net book value:				
At 5 April 2000	£814	£ -	£5,717	£6,531
At 6 April 1999	£157	£1,538	£13,002	£14,697

9. INVESTMENTS

	<i>Unlisted Investments</i> £
Cost:	
At 6 April 1999	-
Additions	115,000
At 5 April 2000	£115,000

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2000

10. DEBTORS

	2000	1999
	£	£
Trade debtors	955,783	2,394,939
Prepayments and accrued income	27,121	9,416
Taxation recoverable	-	462
	<u>£982,904</u>	<u>£2,404,817</u>

11. CREDITORS: amounts falling due within one year

	2000	1999
	£	£
Bank overdraft	-	949,886
Obligations under finance leases and hire purchase contracts (note 12)	-	1,837
Trade creditors	175,743	322,792
Other creditors	39,699	84,679
Accruals	137,797	7,009
Other taxes and social security costs	243,808	924,733
Corporation tax	91,850	213,860
	<u>£688,897</u>	<u>£2,504,796</u>

The bank overdraft is secured.

12. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Obligations under finance leases and hire purchase contracts, all wholly repayable within five years, amounted to £Nil (1999 - £1,837).

13. SHARE CAPITAL

	Authorised		Allotted. called up and fully paid	
	2000	1999	2000	1999
	No.	No.		
Ordinary shares of £1 each	1,000,000	1,000,000	£510,000	£510,000

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2000

14. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Shareholders' funds £
At 6 April 1998	509,998	(162,333)	347,665
Profit for the year	-	447,451	447,451
Allotted during the year	2	-	2
At 5 April 1999	510,000	285,118	795,118
Profit for the year	-	241,882	241,882
Dividend	-	(130,000)	(130,000)
At 5 April 2000	£510,000	£397,000	£907,000

15. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2000 £	1999 £
Operating profit	300,522	657,768
Depreciation	16,323	73,858
Decrease/(increase) in debtors	1,436,913	(2,122,238)
(Decrease)/increase in creditors	(757,166)	924,843
Net cash inflow from operating activities	996,592	(465,769)

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

	2000 £	1999 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	32,304	13,049
Interest paid	(1,987)	(9,284)
Interest element of finance lease rentals payments	(332)	(222)
	29,985	3,543

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2000

15. NOTES TO THE STATEMENT OF CASH FLOWS (continued)

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

	2000 £	1999 £
TAXATION		
Corporation tax paid	(210,635)	-
	<u>(210,635)</u>	<u>-</u>
	2000 £	1999 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payment to acquire tangible fixed assets	(8,157)	(36,128)
Payments to acquire fixed asset investments	(115,000)	-
Receipts from sales of fixed asset investments	-	523
	<u>(123,157)</u>	<u>(35,605)</u>
	2000 £	1999 £
FINANCING		
Issue of ordinary shares	-	2
Repayments of capital element of finance leases and hire purchase contracts	(1,837)	(4,830)
	<u>(1,837)</u>	<u>(4,828)</u>

(c) Analysis of changes in net debt

	At 6 April 1999 £	Cash flow £	Other changes £	At 5 April 2000 £
Cash at bank and in hand	880,400	(388,938)	-	491,462
Bank overdraft	(949,886)	949,886	-	-
Finance leases and hire purchase contracts	(1,837)	1,837	-	-
	<u>£(71,323)</u>	<u>£562,785</u>	<u>£ -</u>	<u>£491,462</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2000

16. OTHER FINANCIAL COMMITMENTS

At 5 April 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	2000	1999
	£	£
Operating leases which expire:		
Within one year	7,649	5,126
Within two to five years	20,062	20,086
	<u>£27,711</u>	<u>£25,212</u>

17. TRANSACTIONS WITH DIRECTORS

Included in "prepayments and accrued income" (note 10) are advances to a director, P Swanson. These advances are interest free and have no fixed repayment terms.

	2000	1999
	£	£
Amount outstanding at 6 April	-	-
Monies advanced by company during year	17,376	-
Amount outstanding at 5 April	<u>£17,376</u>	<u>£ -</u>

The maximum amount outstanding during the year was £17,376 (1999 - £Nil).

18. RELATED PARTIES

- Turnover includes £20,200 of sales to a related party, MacGregor Industrial Supplies Limited, for goods sold in the normal course of business. At the balance sheet date the amount due from MacGregor Industrial Supplies Limited was £Nil (1999 - £3,662). During the year the company purchased services from MacGregor Industrial Supplies Limited for £1,066,066. At the balance sheet date the amount outstanding was £5,594 (1999 - £135,807). J MacGregor, a close family member of R J MacGregor, had an interest in these transactions due to his shareholding in MacGregor Industrial Supplies Limited.
- Turnover includes £50,152 of sales to a related party, Northern Communications Limited. At the balance sheet date the amount due from Northern Communications Limited was £21,709 (1999 - £15,927). During the year purchases of goods and services amounted to £43,298. At the year end the amount outstanding was £12,833 (1999 - £4,999). The directors of Global Highland Management Services Limited had an interest in these transactions due to their shareholding in Northern Communications Limited.
- During the year £7,638 was paid out to the Ross County Football Club Limited. At the balance sheet date £Nil was due to Ross County Football Club Limited (1999 - £752). R J MacGregor had an interest in these transactions due to his shareholding in Ross County Football Club Limited.

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS at 5 April 2000

18. RELATED PARTIES

- d) Turnover includes £8,738 of sales to a related party, MacGregor Farm & Forestry Limited. At the balance sheet date the amount due from MacGregor Farm & Forestry Limited was £Nil (1999 - £2,749). R J MacGregor had an interest in these transactions due to his shareholding in MacGregor Farm & Forestry Limited.

19. CONTROLLING PARTY

The company is controlled by P C Swanson and R J MacGregor.