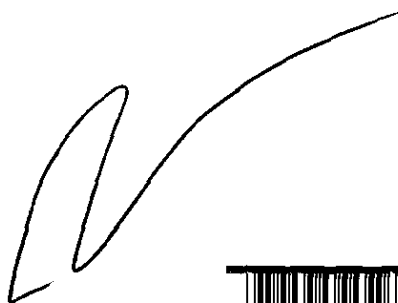


GLOBAL HIGHLAND MANAGEMENT SERVICES LIMITED

Report and Accounts

5 April 2001

172021





SCT SRSM563B 1407
COMPANIES HOUSE 26/11/01

Global Highland Management Services Limited

Registered No. 172021

DIRECTORS

R J MacGregor

P C Swanson

G Barrie

(resigned 12 March 2001)

SECRETARY

R J MacGregor

AUDITORS

Ernst & Young LLP

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

Moray House

16 Bank Street

Inverness

IV1 1QY

 **ERNST & YOUNG**

Global Highland Management Services Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 5 April 2001.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to 38,742. No dividends are proposed.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

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.

Turnover has decreased by 52% to £4.86m during the year, due principally to a reduction in trade relating to the onshore construction industry.

DIRECTORS AND THEIR INTERESTS

The directors at 5 April 2001 and their interests in the share capital of the company were as follows:

	<i>At 5 April 2001</i>	<i>At 5 April 2000</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
R J MacGregor	255,000	255,000
P C Swanson	255,000	255,000

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001.

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming annual general meeting.

By order of the board



Secretary

20 November 2001

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.

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

We have audited the accounts on pages 5 to 14, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 8.

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.

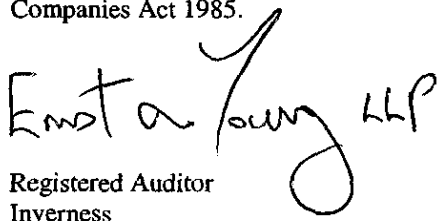
Basis of opinion

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Registered Auditor
Inverness

22 November 2001

Global Highland Management Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 5 April 2001

	Notes	2001 £	2000 £
TURNOVER	2	4,858,864	10,106,880
Cost of sales		4,107,420	9,131,090
GROSS PROFIT		751,444	975,790
Administrative expenses		741,013	680,268
OPERATING PROFIT	3	10,431	295,522
Profit on disposal of tangible fixed assets		3,445	5,000
Profit on disposal of fixed asset investments		143	-
		14,019	300,522
Interest receivable		43,036	32,304
Interest payable	5	(537)	(2,319)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		56,518	330,507
Tax on profit on ordinary activities	6	21,755	88,625
PROFIT FOR THE FINANCIAL YEAR		34,763	241,882
Dividends payable	7	-	130,000
PROFIT RETAINED FOR THE FINANCIAL YEAR		£34,763	£111,882

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £34,763 in the year ended 5 April 2001 and £241,882 in the year ended 5 April 2000.

Global Highland Management Services Limited

BALANCE SHEET at 5 April 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	29,899	6,531
Investments	9	25,000	115,000
		<u>54,899</u>	<u>121,531</u>
CURRENT ASSETS			
Debtors	10	564,564	982,904
Cash at bank and in hand		705,702	491,462
		<u>1,270,266</u>	<u>1,474,366</u>
CREDITORS: amounts falling due within one year	11	383,402	688,897
NET CURRENT ASSETS		<u>886,864</u>	<u>785,469</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		941,763	907,000
CREDITORS: amounts falling due after more than one year		-	-
		<u>£941,763</u>	<u>£907,000</u>
CAPITAL AND RESERVES			
Called up share capital	12	510,000	510,000
Profit and loss account	13	431,763	397,000
		<u>£941,763</u>	<u>£907,000</u>


 Directors
 20 November 2001

Global Highland Management Services Limited

STATEMENT OF CASH FLOWS for the year ended 5 April 2001

	Notes	2001 £	2000 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	14(a)	227,749	996,592
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	14(b)	42,499	29,985
TAXATION	14(b)	(98,773)	(210,635)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	14(b)	42,765	(123,157)
EQUITY DIVIDENDS PAID		-	(130,000)
FINANCING	14(b)	-	(1,837)
INCREASE IN CASH		<u>£214,240</u>	<u>£560,948</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT			
		2001 £	2000 £
Increase in cash		214,240	560,948
Cash used to repay capital element of finance lease and hire purchase payments		-	1,837
Change in net debt resulting from cash flows	14(c)	<u>214,240</u>	<u>562,785</u>
MOVEMENT IN NET FUNDS/DEBT		<u>214,240</u>	<u>562,785</u>
NET FUNDS/DEBT AT 6 APRIL	14(c)	491,462	(71,323)
NET FUNDS/DEBT AT 5 APRIL	14(c)	<u>£705,702</u>	<u>£491,462</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2001

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 over its expected useful life, as follows:

Motor vehicles	-	over 1 year straight line
Office equipment	-	over 1 year straight line
Computer equipment	-	over 1 year straight line
Leasehold improvements	-	over 3 years reducing balance

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

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:

	2001	2000
	£	£
Operating lease rentals - plant and machinery	9,275	23,473
- land and buildings	-	9,250
Auditor's remuneration	3,900	3,750
Depreciation of owned fixed assets	26,946	16,323
Directors' remuneration	117,943	103,159
	<u> </u>	<u> </u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS at 5 April 2001

4. STAFF COSTS

	2001 £	2000 £
Wages and salaries	408,348	490,803
Social security costs	37,474	48,400
Other pension costs	-	-
	<u>£445,822</u>	<u>£539,203</u>

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

	2001 No.	2000 No.
Administration	17	18
Directors	3	3
	<u>20</u>	<u>21</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loans and overdrafts	-	1,954
Finance charges payable under finance leases and hire purchase contracts	-	332
Other interest charges	537	-
	<u>£537</u>	<u>£2,286</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
UK corporation tax	14,832	91,850
Under/(over)provided in previous year	6,923	(3,225)
	<u>£21,755</u>	<u>£88,625</u>

7. DIVIDENDS AND OTHER APPROPRIATIONS

	2001 £	2000 £
Equity dividend proposed on ordinary shares	-	£130,000

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS at 5 April 2001

8. TANGIBLE FIXED ASSETS

	<i>Motor Vehicles</i> £	<i>Office equipment</i> £	<i>Computer equipment</i> £	<i>Leasehold improvements</i> £	<i>Total</i> £
Cost or valuation:					
At 6 April 2000	24,925	4,589	72,775	-	102,289
Additions	1,700	24,823	16,718	7,887	51,128
Disposals	(6,040)	-	-	-	(6,040)
At 5 April 2001	20,585	29,412	89,493	7,887	147,377
Depreciation:					
At 6 April 2000	24,111	4,589	67,058	-	95,758
Provided during the period	1,967	9,929	12,404	3,155	27,455
Relating to disposals	(5,735)	-	-	-	(5,735)
At 5 April 2001	20,343	14,518	79,462	3,155	117,478
Net book value:					
At 5 April 2001	£242	£14,894	£10,031	£4,732	£29,899
At 6 April 2000	£814	£ -	£5,717	£ -	£6,531

9. INVESTMENTS

	<i>Unlisted Investments</i> £
Cost:	
At 6 April 2000	115,000
Additions	25,000
Disposals	(115,000)
At 5 April 2001	£25,000

10. DEBTORS

	<i>2001</i> £	<i>2000</i> £
Trade debtors	555,510	955,783
Prepayments and accrued income	9,054	27,121
	£564,564	£982,904

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS at 5 April 2001

11. CREDITORS: amounts falling due within one year

	2001	2000
	£	£
Trade creditors	120,467	175,743
Other creditors	20,394	39,699
Accruals	70,783	137,797
Other taxes and social security costs	156,926	243,808
Corporation tax	14,832	91,850
	<u>£383,402</u>	<u>£688,897</u>

12. SHARE CAPITAL

	2001	Authorised 2000	Allotted, called up and fully paid 2001	2000
	No.	No.		
Ordinary shares of £1 each	1,000,000	1,000,000	£510,000	£510,000

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £	Profit and loss account £	Shareholders' funds £
At 6 April 1999	510,000	285,118	795,118
Profit for the year	-	241,882	241,882
Dividends	-	(130,000)	(130,000)
At 5 April 2000	<u>510,000</u>	<u>397,000</u>	<u>907,000</u>
Profit for the year	-	34,763	34,763
At 5 April 2001	<u>£510,000</u>	<u>£431,763</u>	<u>£941,763</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2001

14. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2001 £	2000 £
Operating profit	10,431	300,522
Depreciation	27,455	16,323
Decrease/(increase) in debtors	418,340	1,421,913
(Decrease)/increase in creditors	(228,477)	(742,166)
Net cash inflow from operating activities	<u>£227,749</u>	<u>£996,592</u>

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

	2001 £	2000 £
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest received	43,036	32,304
Interest paid	(537)	(1,987)
Interest element of finance lease rentals payments	-	(332)
	<u>£42,499</u>	<u>£29,985</u>

	2001	2000
TAXATION		
Corporation tax paid	£(98,773)	£(210,635)

	2001 £	2000 £
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payment to acquire tangible fixed assets	(51,128)	(8,157)
Payments to acquire fixed asset investments	(25,000)	(115,000)
Receipts from sales of fixed asset investments	115,143	-
Receipts from sales of tangible fixed assets	3,750	-
	<u>£42,765</u>	<u>£(123,157)</u>

	2001 £	2000 £
FINANCING		
Issue of ordinary shares	-	-
Repayments of capital element of finance leases and hire purchase contracts	-	(1,837)
	<u>£ -</u>	<u>£(1,837)</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS at 5 April 2001

14. NOTES TO THE STATEMENT OF CASH FLOWS

(c) Analysis of changes in net funds

	<i>At 6 April 2000</i>	<i>Cash flow</i>	<i>Other changes</i>	<i>At 5 April 2001</i>
Cash at bank and in hand	£491,462	£214,240	£ -	£705,702

15. OTHER FINANCIAL COMMITMENTS

At 5 April 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>2001 £</i>	<i>2000 £</i>
Operating leases which expire:		
Within one year	2,462	7,649
Within two to five years	8,152	20,062
	<u>£10,614</u>	<u>£27,711</u>

16. 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.

	<i>2001 £</i>	<i>2000 £</i>
Amount outstanding at 6 April	17,376	-
Monies advanced by company during year	358	17,376
Monies repaid during year	(17,376)	-
Amount outstanding at 5 April	<u>£358</u>	<u>£17,376</u>

The maximum amount outstanding during the year was £17,376 (2000 - £17,376).

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2001

17. RELATED PARTIES

- a) Turnover includes £6,137 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 (2000 - £Nil). During the year the company purchased services from MacGregor Industrial Supplies Limited for £520,236. At the balance sheet date the amount outstanding was £26,375 (2000 - £5,594). 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.
- b) Turnover includes £59,250 of sales to a related party, Northern Communications Group Limited. During the year purchases of goods and services amounted to £29,781. The directors of Global Highland Management Services Limited had a shareholding in Northern Communications Group Limited until 13 December 2000.
- c) Turnover includes £1,730 of sales to a related party, Ross County Football Club Limited. At the balance sheet date the amount due from Ross County Football Club Limited was £1,411 (2000 - £Nil). During the year purchases of goods and services amounted to £1,270. There were no monies due to the company at the balance sheet date (2000 - £Nil). R J MacGregor had an interest in these transactions due to his shareholding in Ross County Football Club Limited.
- d) Turnover includes £1,276 of sales to a related party, Alchemy Media Limited. At the balance sheet date the amount due from Alchemy Media Limited was £1,499. During the year, the company purchased services from Alchemy Media Limited for £37,048. At the balance sheet date the amount outstanding was £43,532. P C Swanson had an interest in these transactions due to his shareholding in Alchemy Media Limited.

18. CONTROLLING PARTY

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