

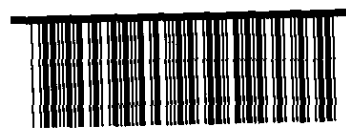
GLOBAL HIGHLAND MANAGEMENT SERVICES LIMITED

Report and Accounts

5 April 2002

SC172021

ERNST & YOUNG



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COMPANIES HOUSE 17/01/03

Global Highland Management Services Limited

Registered No. 172021

DIRECTORS

R J MacGregor
P C Swanson

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 2002.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £172,901. The directors recommend a final ordinary dividend amounting to £150,000.

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 increased by 78% to £8,654,901 during the year and the directors believe that the turnover can be maintained at this level in 2003.

DIRECTORS AND THEIR INTERESTS

The directors at 5 April 2002 and their interests in the share capital of the company were as follows:

	<i>At 5 April 2002</i>	<i>At 5 April 2001</i>
	<i>Ordinary shares</i>	<i>Ordinary shares</i>
R J MacGregor	255,000	255,000
P C Swanson	255,000	255,000

AUDITORS

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

13/1/2003

Global Highland Management Services Limited

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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL HIGHLAND MANAGEMENT SERVICES LIMITED

We have audited the company's financial statements for the year ended 5 April 2002 which comprise the Profit and Loss Account, Balance Sheet, Statement of Cash Flows and related notes 1 to 18. 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.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) has been expressly authorized to do so by our prior written consent

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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

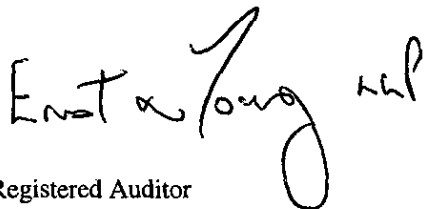
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF GLOBAL HIGHLAND
MANAGEMENT SERVICES LIMITED (continued)**

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 5 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Inverness

15/1/2003

Global Highland Management Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 5 April 2002

	Notes	2002 £	2001 £
TURNOVER	2	8,654,901	4,858,864
Cost of sales		7,000,397	4,107,420
GROSS PROFIT		1,654,504	751,444
Administrative expenses		1,401,042	741,013
OPERATING PROFIT	3	253,462	10,431
Profit on disposal of tangible fixed assets		-	3,445
Profit on disposal of fixed asset investments		-	143
Investments written off		35,000	-
		218,462	14,019
Other income		15,403	-
Interest receivable		20,741	43,036
Interest payable	5	-	(537)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		254,606	56,518
Tax on profit on ordinary activities	6	78,784	21,755
PROFIT FOR THE FINANCIAL YEAR		175,822	34,763
Dividends payable	7	150,000	-
PROFIT RETAINED FOR THE FINANCIAL YEAR		£25,822	£34,763

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £175,822 in the year ended 5 April 2002 and £34,763 in the year ended 5 April 2001.

Global Highland Management Services Limited

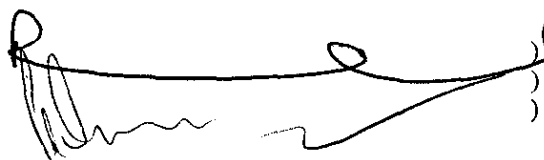
BALANCE SHEET

at 5 April 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	8	45,704	29,899
Investments	9	-	25,000
		<u>45,704</u>	<u>54,899</u>
CURRENT ASSETS			
Debtors	10	1,589,403	564,564
Cash at bank and in hand		424,743	705,702
		<u>2,014,146</u>	<u>1,270,266</u>
CREDITORS: amounts falling due within one year	11	1,095,186	383,402
NET CURRENT ASSETS		<u>918,960</u>	<u>886,864</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£964,664</u>	<u>£941,763</u>

CAPITAL AND RESERVES

Called up share capital	12	510,000	510,000
Profit and loss account	13	454,664	431,763


 13/1/2003
) Directors

<u>£964,664</u>	<u>£941,763</u>
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Global Highland Management Services Limited

STATEMENT OF CASH FLOWS for the year ended 5 April 2002

	Notes	2002 £	2001 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	14(a)	(242,060)	227,749
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	14(b)	20,741	42,499
TAXATION	14(b)	(14,832)	(98,773)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT	14(b)	(44,808)	42,765
(DECREASE)/INCREASE IN CASH		<u>£(280,959)</u>	<u>£214,240</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

		2002 £	2001 £
(Decrease)/increase in cash		(280,959)	214,240
MOVEMENT IN NET FUNDS		<u>(280,959)</u>	<u>214,240</u>
NET FUNDS AT 6 APRIL	14(c)	705,702	491,462
NET FUNDS AT 5 APRIL	14(c)	<u>£424,743</u>	<u>£705,702</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2002

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.

An analysis of turnover by geographical market is given below:

	2002 £	2001 £
United Kingdom	4,586,833	4,587,267
Europe	4,068,068	271,597
	<u>£8,654,901</u>	<u>£4,858,864</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2002

3. OPERATING PROFIT

This is stated after charging:

	2002	2001
	£	£
Operating lease rentals - plant and machinery	22,110	9,275
Auditor's remuneration - audit	5,000	3,900
- non audit		
Depreciation of owned fixed assets	19,003	27,455
Directors' remuneration	88,349	117,943
	<u> </u>	<u> </u>

4. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	632,349	408,348
Social security costs	59,187	37,474
Other pension costs	-	-
	<u>£691,536</u>	<u>£445,822</u>

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

	2002	2001
	No.	No.
Administration	24	17
Directors	2	3
	<u>26</u>	<u>20</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Other interest charges	£ -	£537
	<u> </u>	<u> </u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2002

6. TAX

(a) Tax on profit on ordinary activities

	2002	2001
	£	£
The tax charge is made up as follows:		
<i>Current tax</i>		
UK corporation tax	78,784	14,832
Under provided in previous year	-	6,923
	<u>£78,784</u>	<u>£21,755</u>

(b) Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2001 – 20%). The differences are reconciled below:

	2002	2001
	£	£
Profit on ordinary activities before tax	254,606	56,518
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001 – 20%)	76,382	11,304
Disallowed expenses and non-taxable income	21,772	4,230
Capital allowances in excess of depreciation	(8,109)	(701)
Adjustments in respect of previous periods	-	6,923
Others	(11,261)	-
Total current tax (note 6(a))	<u>£78,784</u>	<u>£21,755</u>

7. DIVIDENDS AND OTHER APPROPRIATIONS

	2002	2001
Equity dividend proposed on ordinary shares	£150,000	£ -

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2002

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 2001	20,585	29,412	89,493	7,887	147,377
Additions	-	19,725	15,083	-	34,808
At 5 April 2002	20,585	49,137	104,576	7,887	182,185
Depreciation:					
At 6 April 2001	20,343	14,518	79,462	3,155	117,478
Provided during the year	242	10,945	5,839	1,977	19,003
At 5 April 2002	20,585	25,463	85,301	5,132	136,481
Net book value:					
At 5 April 2002	£ -	£23,674	£19,275	£2,755	£45,704
At 6 April 2001	£242	£14,894	£10,031	£4,732	£29,899

9. INVESTMENTS

	<i>Unlisted Investments</i> £
Cost:	
At 6 April 2001	25,000
Additions	10,000
Written off	(35,000)
At 5 April 2002	£ -

10. DEBTORS

	<i>2002</i> £	<i>2001</i> £
Trade debtors	1,288,327	555,510
Prepayments and accrued income	20,108	9,054
Other debtors	108,000	-
Other taxes	172,968	-
	<u>£1,589,403</u>	<u>£564,564</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2002

11. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Trade creditors	72,863	120,467
Other creditors	51,578	20,394
Accruals	130,799	70,783
Other taxes and social security costs	608,241	156,926
Corporation tax	81,705	14,832
Proposed dividend	150,000	-
	<u>£1,095,186</u>	<u>£383,402</u>

12. SHARE CAPITAL

	2002	Authorised	Allotted, called up and fully paid	
	No.	2001	2002	2001
	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 2000	510,000	397,000	907,000
Profit for the year	-	34,763	34,763
At 5 April 2001	510,000	431,763	941,763
Profit for the year	-	172,901	172,901
Proposed dividend	-	(150,000)	(150,000)
At 5 April 2002	<u>£510,000</u>	<u>£454,664</u>	<u>£964,664</u>

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2002

14. NOTES TO THE STATEMENT OF CASH FLOWS

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

	2002	2001
	£	£
Operating profit	253,462	10,431
Depreciation	19,003	27,455
(Increase)/decrease in debtors	(1,024,839)	418,340
Increase/(decrease) in creditors	494,911	(228,477)
Exchange gain	15,403	-
Net cash (outflow)/inflow from operating activities	£(242,060)	£227,749

(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	20,741	43,036
Interest paid	-	(537)
	£20,741	£42,499

	2002	2001
	£	£
TAXATION		
Corporation tax paid	£(14,832)	£(98,773)

	2002	2001
	£	£
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		
Payment to acquire tangible fixed assets	(34,808)	(51,128)
Payments to acquire fixed asset investments	(10,000)	(25,000)
Receipts from sales of fixed asset investments	-	115,143
Receipts from sales of tangible fixed assets	-	3,750
	£(44,808)	£42,765

(c) Analysis of changes in net funds

	At 6 April 2001	Cash flow	Other changes	At 5 April 2002
Cash at bank and in hand	£705,702	£(280,959)	£ -	£424,743

Global Highland Management Services Limited

NOTES TO THE ACCOUNTS

at 5 April 2002

15. OTHER FINANCIAL COMMITMENTS

At 5 April 2002 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Plant and machinery</i>	
	2002	2001
	£	£
Operating leases which expire:		
Within one year	3,709	2,462
Within two to five years	14,861	8,152
	<u>£18,570</u>	<u>£10,614</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.

	2002	2001
	£	£
Amount outstanding at 6 April	358	17,376
Monies advanced by company during year	125,578	358
Monies repaid during year	(125,358)	(17,376)
	<u>£578</u>	<u>£358</u>

The maximum amount outstanding during the year was £125,000 (2001 - £17,376).

17. RELATED PARTIES

- Turnover includes £1,287 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 (2001 - £Nil). During the year the company purchased services from MacGregor Industrial Supplies Limited for £53,928. At the balance sheet date the amount outstanding was £51,503 (2001 - £26,375). 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 £2,432 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 £Nil (2001 - £1,411). During the year purchases of goods and services amounted to £1,528. There were no monies due to the company at the balance sheet date (2001 - £Nil). 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 2002

17. RELATED PARTIES (continued)

- c) During the year, the company purchased services from Alchemy Media Limited for £6,998. At the balance sheet date the amount outstanding was £Nil (2001 - £43,532). P C Swanson had an interest in these transactions due to his shareholding in Alchemy Media Limited.
- d) Turnover includes £75,536 of sales to a related party, Global Highland Training & Consulting Limited. At the balance sheet date the amount due from Global Highland Training & Consulting Limited was £10,726 (2001 - £Nil). During the year, the company purchased services from Global Highland Training & Consulting Limited for £76,760. At the balance sheet date the amount outstanding was £Nil (2001 - £Nil).

A loan of £108,000 is also due from Global Highland Training & Consulting Limited at the balance sheet date. There are no fixed terms for repayment of the loan and no interest is due.

R J MacGregor and P C Swanson had an interest in these transactions due to their shareholdings in Global Highland Training & Consulting Limited.

18. CONTROLLING PARTY

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