

Global Highland Management Services Limited

Report and Abbreviated Accounts

5 April 2003

ERNST & YOUNG



Global Highland Management Services Limited

Registered No: 172021

Directors

R J MacGregor

P C Swanson – resigned 26 January 2004

I R MacGregor – appointed 26 January 2004

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

Directors' report

The directors present their report and financial statements for the year ended 5 April 2003.

Results and dividends

The profit for the year, after taxation, amounted to £105,503. The directors recommend a final ordinary dividend amounting to £50,000, making the total of ordinary dividends of £80,000 for the year.

Principal activities and review of the business

The principal activity of the company during the year was 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 2003 and their interests in the share capital of the company were as follows:

	<i>At 5 April 2003 Ordinary shares</i>	<i>At 6 April 2002 Ordinary shares</i>
R J MacGregor	255,000	255,000
P C Swanson	255,000	255,000

Auditors

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

By order of the board



R J MacGregor
Secretary

31 / 1 / 2004

Statement of directors' responsibilities in respect of the financial statements

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.

Independent auditors' report

to Global Highland Management Services Limited pursuant to section 247B of the Companies Act

1985

We have examined the company's abbreviated accounts for the year ended 5 April 2003 which comprise the *Profit and Loss Account, Statement of Total Recognised Gains and Losses, Abbreviated Balance Sheet, Statement of Cash Flows* and the related notes 1 to 17, which have been prepared in accordance with applicable United Kingdom law, together with the company's financial statements for the year ended 5 April 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

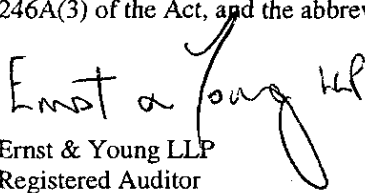
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act, and the abbreviated accounts are properly prepared in accordance with that provision.



Ernst & Young LLP
Registered Auditor
Inverness

4/2 2004

Abbreviated profit and loss account

for the year ended 5 April 2003

	Notes	2003 £	2002 £
Gross profit		1,140,669	1,654,504
Administrative expenses		1,014,604	1,385,639
Operating profit	2	126,065	268,865
Bank interest receivable	5	18,836	20,741
Loss on disposal of investments	6	—	(35,000)
		18,836	(14,259)
Profit on ordinary activities before taxation		144,901	254,606
Tax on profit on ordinary activities	7	39,398	78,784
Profit on ordinary activities after taxation		105,503	175,822
Dividends:			
ordinary dividends on equity shares	8	80,000	150,000
Profit retained for the financial year		25,503	25,822

Statement of total recognised gains and losses

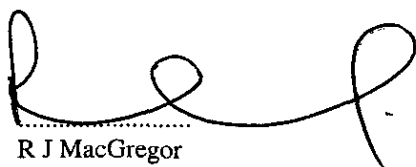
There are no recognised gains or losses other than the profit of £105,503 attributable to the shareholders for the year ended 5 April 2003 (2002 - profit of £175,822).

Abbreviated balance sheet

at 5 April 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	48,258	45,704
Current assets			
Debtors	10	936,886	1,589,403
Cash at bank		539,288	424,743
		1,476,174	2,014,146
Creditors: amounts falling due within one year	11	508,154	1,092,265
Net current assets		968,020	921,881
Total assets less current liabilities		1,016,278	967,585
Accruals and deferred income			
Deferred government grants	12	23,190	—
		993,088	967,585
Capital and reserves			
Called up share capital	15	510,000	510,000
Profit and loss account	16	483,088	457,585
Equity shareholders' funds	16	993,088	967,585

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.



R J MacGregor
Director



I R MacGregor
Director

2004

Statement of cash flows

for the year ended 5 April 2003

	<i>Notes</i>	2003 £	2002 £
/			
Net cash inflow from operating activities	17(a)	355,957	(242,060)
Returns on investments and servicing of finance	17(b)	18,836	20,741
Taxation	17(c)	(78,550)	(14,832)
Capital expenditure and financial investment	17(d)	(1,698)	(44,808)
Equity dividends paid		(180,000)	—
Increase/(decrease) in cash		<u>114,545</u>	<u>(280,959)</u>

Reconciliation of net cash flow to movement in net funds

		2003 £	2002 £
Increase/(decrease) in cash		<u>114,545</u>	<u>(280,959)</u>
Movement in net funds		<u>114,545</u>	<u>(280,959)</u>
Net funds at 6 April	17(e)	<u>424,743</u>	<u>705,702</u>
Net funds at 5 April	17(e)	<u>539,288</u>	<u>424,743</u>

Notes to the abbreviated accounts

at 5 April 2003

1. Accounting policies

Basis of preparation

The financial statements 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, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Computer Equipment	- year 1 - 40%; year 2 - 25%; year 3 - 25%; year 4 - 10%
Office Equipment	- year 1 - 40%; year 2 - 25%; year 3 - 25%; year 4 - 10%
Motor Vehicles	- over 1 year straight line
Leasehold Improvements	- year 1 - 40%; year 2 - 25%; year 3 - 25%; year 4 - 10%

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account over the expected useful lives of the relevant assets by equal annual instalments.

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 a rate at which it is estimated that the tax will be payable.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Operating lease agreements

Rentals payable under operating leases are charged in the Profit and Loss Account on a straight line basis over the lease term.

Pension costs

The company makes contributions to personal pension plans for certain employees of the company. These contributions are charged in the profit and loss account as they become payable in accordance with the rules of the schemes.

Notes to the abbreviated accounts

at 5 April 2003

2. Operating profit

This is stated after charging/(crediting):

	2003 £	2002 £
Auditors' remuneration - audit services	5,250	5,000
- non-audit services	5,700	7,875
	<u>10,950</u>	<u>12,875</u>
Depreciation of owned fixed assets	<u>37,794</u>	<u>19,003</u>
Operating lease rentals - vehicles	31,849	22,110
Net profit on foreign currency translation	(61,132)	(15,403)
Government grants released re fixed assets	<u>(15,460)</u>	<u>-</u>

3. Staff costs

	2003 £	2002 £
Wages and salaries	606,156	632,349
Social security costs	57,283	59,187
Staff pension contributions (note)	10,478	-
	<u>673,917</u>	<u>691,536</u>

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

	2003 No.	2002 No.
Administrative staff	<u>25</u>	<u>24</u>

4. Directors' emoluments

	2003 £	2002 £
Emoluments	<u>84,046</u>	<u>88,349</u>

5. Interest receivable

	2003 £	2002 £
Bank interest receivable	<u>18,836</u>	<u>20,741</u>

6. Loss on disposal of investments

	2003 £	2002 £
Investments written off	<u>-</u>	<u>(35,000)</u>

Notes to the abbreviated accounts

at 5 April 2003

7. Tax

(a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2003 £	2002 £
<i>Current tax:</i>		
UK corporation tax	39,632	78,784
Tax (over)/under provided in previous years	(234)	–
Total current tax (note 7(b))	<u>39,398</u>	<u>78,784</u>

(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% (2002 - 30%). The differences are reconciled below:

	2003 £	2002 £
Profit on ordinary activities before taxation	<u>144,901</u>	<u>254,606</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002 - 30%)	43,470	76,382
Disallowed expenses and non taxable income	(1,383)	21,772
Decelerated/(accelerated) capital allowances	11,891	(8,109)
Others	(14,346)	(11,261)
Adjustments in respect of previous periods	(234)	–
Total current tax (note 7(a))	<u>39,398</u>	<u>78,784</u>

8. Dividends

	2003 £	2002 £
Equity dividends on ordinary shares:		
Interim paid	30,000	–
Final proposed	50,000	150,000
	<u>80,000</u>	<u>150,000</u>

Notes to the abbreviated accounts

at 5 April 2003

9. Tangible fixed assets

	<i>Computer Equipment</i> £	<i>Office Equipment</i> £	<i>Motor Vehicles</i> £	<i>Leasehold Improvement</i> £	<i>Total</i> £
Cost:					
At 6 April 2002	104,576	49,137	20,585	7,887	182,185
Additions	39,563	785	–	–	40,348
At 5 April 2003	144,139	49,922	20,585	7,887	222,533
Depreciation:					
At 6 April 2002	85,301	25,463	20,585	5,132	136,481
Provided during the year	24,126	11,669	–	1,999	37,794
At 5 April 2003	109,427	37,132	20,585	7,131	174,275
Net book value:					
At 5 April 2003	34,712	12,790	–	756	48,258
At 6 April 2002	19,275	23,674	–	2,755	45,704

10. Debtors

	2003 £	2002 £
Trade debtors	767,239	1,288,327
Other debtors (note 14)	83,000	108,000
Prepayments and accrued income	70,347	20,108
Other taxes	16,300	172,968
	936,886	1,589,403

11. Creditors: amounts falling due within one year

	2003 £	2002 £
Trade creditors	53,341	72,863
Corporation tax	39,632	78,784
Other taxation and social security	268,571	608,241
Other creditors	28,597	51,578
Accruals and deferred income	68,013	130,799
Proposed final dividend	50,000	150,000
	508,154	1,092,265

Notes to the abbreviated accounts

at 5 April 2003

12. Accruals and deferred income

	<i>Deferred government grants</i>	
	2003	2002
	£	£
Received during the year	38,650	–
Released during the year	(15,460)	–
Balance as at 5 April	<u>23,190</u>	<u>–</u>

13. Commitments under operating leases

At 5 April 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	<i>Assets Other Than Land and buildings</i>	
	2003	2002
	£	£
Operating leases which expire:		
Within one year	15,534	3,709
In two to five years	17,192	14,861
	<u>32,726</u>	<u>18,570</u>

14. Transactions with directors

Included in 'prepayments and accrued income' (note 11) are advances to a director, P C Swanson. These advances are interest free and have no fixed repayment terms.

	2003	2002
	£	£
Amount outstanding at 6 April	578	358
Monies advanced by company during year	30,000	125,578
Monies repaid during year	30,578	125,358
Amount outstanding at 5 April	<u>–</u>	<u>578</u>

The maximum amount outstanding during the year was £30,000 (2002 - £125,000).

Included in 'prepayments and accrued income' (note 11) are advances to a director, R J MacGregor. These advances are interest free and have no fixed repayment terms.

	2003	2002
	£	£
Monies advanced by company during year	235	–
Amount outstanding at 5 April	<u>235</u>	<u>–</u>

The maximum amount outstanding during the year was £235 (2002 - £nil).

at 5 April 2003

	2003 £	Authorised 2002 £
Ordinary shares of £1 each	1,000,000	1,000,000

16. Reconciliation of shareholders' funds and movement on reserves

17. Notes to the statement of cash flows

	2003 £	2002 £
Operating profit	126,065	268,865
Depreciation	37,794	19,003
Deferred government grants released	(15,460)	–
Decrease/(increase) in debtors	652,517	(1,024,839)
(Decrease)/increase in creditors	(444,959)	494,911
Net cash inflow/(outflow) from operating activities	355,957	(242,060)

	2003 £	2002 £
Interest received	18,836	20,741

Notes to the abbreviated accounts

at 5 April 2003

17. Notes to the statement of cash flows (continued)

(c) Taxation

	2003 £	2002 £
Corporation tax paid	<u>(78,550)</u>	<u>(14,832)</u>

(d) Capital expenditure and financial investment

	2003 £	2002 £
Payments to acquire tangible fixed assets	(40,348)	(34,808)
Payments to acquire unlisted investments	—	(10,000)
Receipt of government grant	38,650	—
	<u>(1,698)</u>	<u>(44,808)</u>

(e) Analysis of changes in net funds

	At 6 April 2002 £	Cash flows £	At 5 April 2003 £
Cash at bank and in hand	424,743	114,545	539,288
	<u>424,743</u>	<u>114,545</u>	<u>539,288</u>

(f) Exceptional items

The receipts from the sales of tangible fixed assets of £nil (2002 - £nil) and from the sales of fixed asset investments of £nil (2002 - £nil) relate to the non-operating exceptional items, detailed in note .