

174690

J & D PIERCE (CONTRACTS) LIMITED
ABBREVIATED FINANCIAL ACCOUNTS
YEAR ENDED
31 JULY 2004



JOHN KERR & COMPANY
CHARTERED ACCOUNTANTS

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Directors	James Pierce
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	Derek Pierce
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Secretary	James Pierce
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Registered Office	Unit 14 Caledonia Road Glengarnock Ayrshire KA14 3DA
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Registered Number	174690
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Auditors	John Kerr & Company Chartered Accountants 32a Hamilton Street Saltcoats KA21 5DS
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REPORT OF DIRECTORS

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The directors present their report with the audited financial statements of the company for the year ended 31 July 2004.

Principal Activity

The principal activity of the company in the year under review was that of steel fabrication.

Review of Business

The results for the year end and the financial position are shown in the annexed financial statements.

Dividends

The total distribution of dividends for the year ended 31 July 2004 was £63,400. (2003: £101,600).

Directors

The directors during the year under review were:

James Pierce

Derek Pierce

The beneficial interest of the directors holding office on 31 July 2004 in the issued share capital of the company were as follows:

	<u>31.7.2004</u>	<u>31.7.2003</u>
	£	£
<u>Ordinary £1 Shares</u>		
James Pierce	60,000	60,000
Derek Pierce	40,000	40,000
	=====	=====

Statement of Directors Responsibilities

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 and loss of the company for that period. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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.

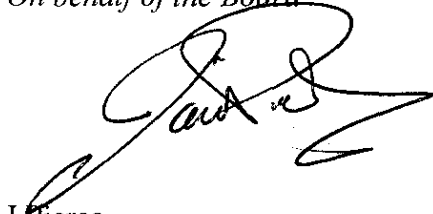
REPORT OF DIRECTORS - CONTINUED

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Auditors

John Kerr & Company, Chartered Accountants were appointed during the year. A resolution to reappoint them will be proposed in accordance with Section 385 of the Companies Act 1985.

On behalf of the Board

A handwritten signature in black ink, appearing to read 'J. Pierce', is written over the text 'On behalf of the Board'.

J Pierce
Secretary
2 December 2004

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS

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We have audited the abbreviated financial statements of J & D Pierce (Contracts) Limited for the year ended 31 July 2004 which comprise Profit and Loss Account, the Balance Sheet, the Cash Flow Statement, the Statement of Total Recognised Gains and Losses and the related notes. These abbreviated financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the abbreviated financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

Our Responsibility is to audit the abbreviated financial statements in accordance with legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the abbreviated 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

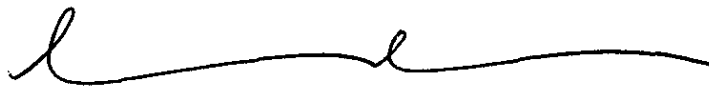
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An Audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates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

In our opinion, the accounts give a true and fair view of the state of the company's affairs as at 31 July 2004, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Registered Auditors

John Kerr & Company
32 A Hamilton Street
Saltcoats
Ayrshire
KA21 5DS


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PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2004

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	<u>Notes</u>	<u>2004</u> £	<u>2003</u> £
Gross Profit		1,515,459	1,668,246
Administrative expenses		1,407,599	1,218,720
Operating Profit	4	107,860	449,526
Interest receivable and similar income		3	368
Rent Received		15,000	13,750
		122,863	463,644
Interest payable and similar charges	5	60,417	35,495
Profit on ordinary activities before taxation		62,446	428,149
Tax on profit on ordinary activities	6	7,767	78,853
Profit for the Financial Year after taxation		54,679	349,296
Dividends - Paid	7	63,400	61,600
- Proposed		-	40,000
Retained profit brought forward		(8,721) 1,108,531	247,696 860,835
Retained profit brought forward		1,099,810	1,108,531

Continuing Operations

None of the company's activities were acquired or discontinued during the current year or previous period.

Total recognised gains and losses

The company has no recognised gains or losses other than the profits for the current year or previous period.

The notes on pages 9 to 15 form part of these financial statements

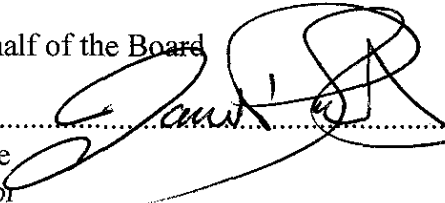
BALANCE SHEET
AS AT 31 JULY 2004

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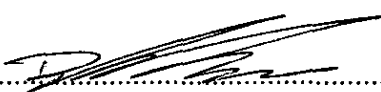
		<u>2004</u>	<u>2003</u>
	Notes	£	£
<u>Fixed Assets</u>			
Tangible Assets	8	2,008,594	1,732,368
<u>Current Assets</u>			
Stock and WIP	9	5,000	5,000
Debtors	10	2,116,434	2,464,752
Cash at Bank		457,645	422,025
		<u>2,579,079</u>	<u>2,891,777</u>
Creditors: Amounts falling due within one year	11	2,776,204	3,021,275
Net Current Liabilities		<u>(197,125)</u>	<u>(129,498)</u>
Total Assets Less Current Liabilities		1,811,469	1,602,870
Creditors: Amounts falling due after more than one year	12	(466,992)	(263,277)
Provision for Liabilities and charges	16	(144,667)	(131,062)
		<u>1,199,810</u>	<u>1,208,531</u>
<u>Capital and Reserves</u>			
Called up share capital	17	100,000	100,000
Profit and loss account		1,099,810	1,108,531
Shareholders funds	19	<u>1,199,810</u>	<u>1,208,531</u>

The abbreviated accounts are prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to medium sized companies. These abbreviated accounts were approved by the board on 2 December 2004.

On behalf of the Board



J Pierce
Director



D Pierce
Director

The notes on pages 9 to 15 form part of the financial statements.

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2004

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	Notes	<u>2004</u>	<u>2003</u>
	£	£	£
Net cash flow from operating activities	1	781,604	395,336
Returns on investments and servicing of finance	2	(45,414)	(21,377)
Taxation		(61,803)	(26,714)
Capital expenditure	2	(477,608)	(325,792)
Equity dividends paid		(20,700)	(101,600)
		<u>176,079</u>	<u>(80,147)</u>
Financing	2	(310,243)	(253,470)
Increase/(Decrease) in cash in the period		<u>(134,164)</u>	<u>(333,617)</u>
Reconciliation of net cash flow to movement in net debt			
Increase/(Decrease) in cash in the period		(134,164)	(333,617)
Cash outflow from increase in debt and lease financing	3	(163,588)	19,410
Change in net debt resulting from cash flows		(297,752)	(314,207)
New finance leases		138,050	200,000
New Bank loan		240,000	-
Movement in net debt in the period		<u>80,298</u>	<u>(114,207)</u>
Net debt at 1 August 2003		(650,673)	(536,466)
Net debt at 31 July 2004		<u>(570,375)</u>	<u>(650,673)</u>

The notes on pages 9 to 15 form part of the financial statements.

NOTE TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2004

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1 Reconciliation of operating profit to net cash inflow from operating activities

	<u>2004</u>	<u>2003</u>
	£	£
Operating profit	107,860	367,311
Depreciation charges	199,118	175,770
Loss on sale of fixed assets	2,264	18,194
Decrease/(Increase) in Debtors	372,611	(757,129)
Increase in creditors	99,751	591,190
	<u> </u>	<u> </u>
Net cash inflow from operating activities	781,604	395,336
	<u> </u>	<u> </u>

2 Analysis of cash flows for headings netted in the cash flow statement.

	<u>2004</u>	<u>2003</u>
	£	£
<i>Returns on investments and servicing of finance</i>		
Interest received	3	368
Interest paid	(18,886)	(8,326)
Interest element of hire purchase payments	(41,531)	(27,169)
Rental income received	15,000	13,750
	<u> </u>	<u> </u>
Net cash outflow for returns on investments and serving of finance	(45,414)	(21,377)
	<u> </u>	<u> </u>
<i>Capital Expenditure</i>		
Purchase of tangible fixed assets	(545,556)	(367,992)
Sale of tangible fixed assets	67,948	42,200
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	(477,608)	(325,792)
	<u> </u>	<u> </u>

	<u>2004</u>	<u>2003</u>
	£	£
<i>Financing</i>		
Loan repayments	(37,879)	(29,821)
Hire Purchase	(176,583)	(189,588)
Amount withdrawn by directors	(95,781)	(34,061)
	<u> </u>	<u> </u>
Net cash (outflow) from financing	(310,243)	(253,470)
	<u> </u>	<u> </u>

The notes on pages 9 to 15 form part of these financial statements

NOTE TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 JULY 2004

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3 Analysis of changes in net debt

	<u>1.8.03</u>	<u>Cash Flow</u>	<u>31.7.04</u>
	£	£	£
Net cash			
Cash at bank	422,025	35,620	457,645
Bank Overdraft	(591,085)	208,266	(382,819)
	(169,060)	243,886	74,826
Debt			
Hire Purchase	(442,153)	38,533	(403,620)
Debts falling due within one year	(29,200)	(2,425)	(31,625)
Debts falling due after one year	(10,260)	(199,696)	(209,956)
	(481,613)	(163,588)	(645,201)
Total	(650,673)	80,298	(570,375)

Analyses in Balance Sheet

	<u>2004</u>	<u>2003</u>
	£	£
Cash at Bank	457,645	422,025
Bank Overdraft	(382,819)	(591,085)
Hire purchase within one year	(146,584)	(189,136)
after one year	(257,036)	(253,017)
Debts falling due within one year	(31,625)	(29,200)
Debts falling due after one year	(209,956)	(10,260)
	(570,375)	(650,673)

The notes on pages 9 to 15 form part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

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1 Accounting Policies

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents sales of goods to external customers at invoiced amount less value added tax, solely to the United Kingdom market.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Buildings	2%	on cost
Plant & Machinery	10%	on reducing balance
Fittings & Equipment	20%	on reducing balance
Motor Vehicles	25%	on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors there is reasonable probability that the liability will not arise in the foreseeable future.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter. The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

2 Staff Costs

	<u>2004</u>	<u>2003</u>
	£	£
Wages and salaries	1,991,185	1,605,197
Social Security costs	194,101	176,650
	2,185,286	1,781,847

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004 - (CONTINUED)

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2	<u>Staff Costs - continued</u>	<u>2004</u>	<u>2003</u>
		£	£
	Directors	2	2
	Others	91	80
		—	—
		93	82
		==	==
3	<u>Directors</u>	<u>2004</u>	<u>2003</u>
		£	£
	Directors emoluments consist of:		
	Fees as directors	37,823	27,169
	Employers national insurance	3,634	2,056
		—	—
		41,457	29,225
		=====	=====
4	<u>Operating profit</u>	<u>2004</u>	<u>2003</u>
	<i>The operating profit is stated after charging/crediting</i>	£	£
	Hire of plant and machinery	169,843	126,394
	Depreciation - owned assets	137,538	83,640
	Depreciation - assets of hire purchase contracts	61,580	92,130
	Loss/(Profit) on disposal of fixed assets	2,264	18,194
	Auditors remuneration	4,076	4,332
		—	—
		375,301	324,690
		=====	=====
5	<u>Interest payable and similar charges</u>	<u>2004</u>	<u>2003</u>
		£	£
	Bank Overdraft interest	14,131	4,825
	Bank loan interest	4,755	3,501
	Hire Purchase interest	41,531	27,169
		—	—
		60,417	35,495
		=====	=====

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

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6 Taxation

The tax charge on the profit on ordinary activities for the year was as follows:-

	<u>2004</u>	<u>2003</u>
	£	£
UK corporation tax	(5,438)	62,203
Deferred taxation	13,605	16,650
Overprovision in previous year	(400)	-
	<u>7,767</u>	<u>78,853</u>

UK corporation tax has been charged at 19% (2003 - 19%).

7 Dividends

	<u>2004</u>	<u>2003</u>
	£	£
Equity shares : Dividend	<u>63,400</u>	<u>101,600</u>

8 Tangible Fixed Assets

	<u>Buildings</u>	<u>Plant & Machinery</u>	<u>Fittings & Equipment</u>	<u>Motor Vehicles</u>	<u>Totals</u>
	£	£	£	£	£
<u>Cost & Valuation</u>					
As at 1 August 2003	372,479	1,559,654	79,325	320,607	2,332,065
Additions	217,220	172,506	27,848	127,982	545,556
Disposals	-	(6,873)	-	(106,854)	(113,727)
As at 31 July 2004	589,699	1,725,287	107,173	341,735	2,763,894

Depreciation

As at 1 August 2003	25,496	417,010	35,678	121,513	599,697
Charge for Year	11,793	117,165	12,405	57,755	199,118
Eliminated on disposals	-	(3,055)	-	(40,460)	(43,515)
As at 31 July 2004	37,289	531,120	48,083	138,808	755,300

Net Book Value

As at 31 July 2004	552,410	1,194,167	59,090	202,927	2,008,594
As at 31 July 2003	346,983	1,142,644	43,647	199,094	1,732,368

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

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8 Tangible Fixed Assets - Continued

Cost or valuation at 31 July 2004 is represented by:

Fixed assets, included in the above, which are held under hire purchase or lease hire contracts are as follows:-

	<u>Plant & Machinery</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<u>Cost</u>			
As at 1 August 2003	995,988	108,126	1,104,114
Additions	138,050	-	138,050
HP Cleared	(244,997)	(108,126)	(353,123)
As at 31 July 2004	889,041	-	889,041
<u>Depreciation</u>			
As at 1 August 2003	221,262	47,587	268,849
Charge for Year	61,580	-	61,580
HP Cleared	(63,065)	(47,587)	(110,652)
As at 31 July 2004	219,777	-	219,777
<u>Net Book Value</u>			
As at 31 July 2004	669,264	-	669,264
As at 31 July 2003	774,726	60,539	835,265
9 <u>Stock</u>	<u>2004</u> £	<u>2003</u> £	
Stock	5,000	5,000	
10 <u>Debtors : Amounts falling due within one year</u>	<u>2004</u> £	<u>2003</u> £	
Trade Debtors	392,248	217,271	
Prepaid charges and other debtors	30,218	12,478	
Amounts recoverable under long term contracts	1,669,675	2,235,003	
Corporation Tax	5,438	-	
Directors' Loan	18,855	-	
	<u>2,116,434</u>	<u>2,464,752</u>	

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

13

11 <u>Creditors: Amounts falling due within one year</u>	<u>2004</u>	<u>2003</u>
	£	£
Bank loans and overdrafts	414,444	620,285
Hire purchase contracts	146,584	189,136
Trade Creditors	1,848,397	1,782,599
Directors current accounts	-	34,226
Social Security & other taxes	241,407	243,137
Taxation	-	62,203
Accrued charges and other creditors	125,372	89,689
	<u>2,776,204</u>	<u>3,021,275</u>

The bank loan is secured by a bond and floating charge over the property and first standard security over units 13/14 and plots 13 – 16 Caledonia Road.

12 <u>Creditors: Amounts falling due after more than one year</u>	<u>2004</u>	<u>2003</u>
	£	£
Bank Loans	209,956	10,260
Hire Purchase contracts	257,036	253,017
	<u>466,992</u>	<u>263,277</u>

13 Loans and Overdrafts

An analysis of the maturity of loans and overdrafts is given below:-

	<u>2004</u>	<u>2003</u>
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	382,819	591,085
Bank Loans	31,625	29,200
	<u>414,444</u>	<u>620,285</u>
Amounts falling due between one and two years		
Bank Loans	<u>31,625</u>	<u>10,260</u>
Amounts falling due between two and five years		
Bank Loans	<u>178,331</u>	<u>-</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

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13 Loans and Overdrafts - continued

There was one loan in existence at the year end. The loan is repayable on 27 April 2014 and carried an interest rate of base rate plus 2.5%.

14 <u>Obligations under hire purchase contracts</u>	<u>2004</u> £	<u>2003</u> £
Net obligations repayable:		
Within one year	146,584	189,136
Between one and five years	257,036	253,017
	<u>403,620</u>	<u>442,153</u>

15 Secured Debts

The following secured debts are included within creditors

	<u>2004</u> £	<u>2003</u> £
Bank overdrafts	382,819	591,085
Bank Loan	31,625	39,460
	<u>414,444</u>	<u>630,545</u>

The Royal Bank of Scotland hold a directors guarantee by James and Derek Pierce dated 10 February 1999 limited to £50,000, a bond and floating charge dated 29 January 1999 and a first standard security dated 7 July 1999 over units 13 - 14 and plots 13 - 16 Caledonia Road, Glengarnock.

16 <u>Provisions for Liabilities and Charges</u>	<u>2004</u> £	<u>2003</u> £
Deferred Taxation	<u>144,667</u>	<u>131,062</u>
Balance at 1 August 2003	131,062	114,412
Transfer from profit & loss	13,605	16,650
Balance as at 31 July 2004	<u>144,667</u>	<u>131,062</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2004

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17 Called Up Share Capital

<u>Authorised Number</u>	<u>Class</u>	<u>Nominal Value</u>	<u>2004 £</u>	<u>2003 £</u>
250,000	Ordinary	£1	250,000 =====	250,000 =====

<u>Allocated issued and fully paid Number</u>	<u>Class</u>	<u>Nominal Value</u>	<u>2004 £</u>	<u>2003 £</u>
100,000	Ordinary	£1	100,000 =====	100,000 =====

18 Controlling Parties

The company was under the control of the directors, Mr James Pierce and Mr Derek Pierce throughout the period. At the year end their interest in the company's issued share capital was 60% and 40% respectively.

19 Reconciliation of movements in shareholders' funds

	<u>2004 £</u>	<u>2003 £</u>
Profit for the financial year	54,679	349,296
Dividends	(63,400)	(101,600)
	-----	-----
Net additions to shareholders funds	(8,721)	247,696
Opening shareholders funds	1,208,531	960,835
	-----	-----
Closing shareholders funds	1,199,810 =====	1,208,531 =====
Equity interest	1,199,810 =====	1,208,531 =====