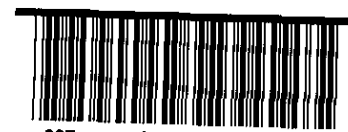


**JOHN WATSON & COMPANY LIMITED**

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 2001**



SCT SLVZX1NS 0313  
COMPANIES HOUSE 19/06/01

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# JOHN WATSON & COMPANY LIMITED

## CONTENTS

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	Page
Directors' report	1 - 2
Auditors' report	3
Profit and loss account	4
Abbreviated balance sheet	5
Cash flow statement	6
Notes to the cash flow statement	7
Notes to the abbreviated accounts	8 - 14

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# JOHN WATSON & COMPANY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

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The directors present their report and financial statements for the year ended 31 March 2001.

### Principal activities and review of the business

The principal activity of the company in the year under review was colour and general printers.

### Results and dividends

The results for the year are set out on page 5.

### Market value of land and buildings

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

### Directors

The following directors have held office since 1 April 2000:

John M Watson  
Jean K Watson  
Kirsty Watson  
Allan McDonnell  
Robert McLachlan

### Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2001	1 April 2000
John M Watson	-	-
Jean K Watson	-	-
Kirsty Watson	-	-
Allan McDonnell	-	-
Robert McLachlan	-	-

### Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Wylie & Bisset be reappointed as auditors of the company will be put to the Annual General Meeting.

# JOHN WATSON & COMPANY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2001

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### 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 or 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;
- 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.

On behalf of the board



Allan McDonnell

Director

15 May 2001

**AUDITORS' REPORT TO JOHN WATSON & COMPANY LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts set out on pages 5 to 14, together with the financial statements of the company for the year ended 31 March 2001 prepared under section 226 of the Companies Act 1985.

**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 that provision and to report our opinion to you.

**Basis of opinion**

We have carried out the procedures we considered 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 Companies Act 1985, and the abbreviated accounts on pages 5 to 14 are properly prepared in accordance with that provision.



**Wylie & Bisset**

15 May 2001

**Chartered Accountants  
Registered Auditor**

135 Wellington Street  
Glasgow  
G2 2XE

# JOHN WATSON & COMPANY LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2001

	Notes	2001 £	2000 £
<b>Gross profit</b>		2,035,440	1,151,104
Administrative expenses		(1,648,943)	(1,081,152)
Other operating income		46,250	53,000
<b>Operating profit</b>	<b>2</b>	<u>432,747</u>	<u>122,952</u>
Investment income	<b>3</b>	-	949
Interest payable and similar charges	<b>4</b>	(119,753)	(55,586)
<b>Profit on ordinary activities before taxation</b>		<u>312,994</u>	<u>68,315</u>
Tax on profit on ordinary activities	<b>5</b>	4,516	2,869
<b>Profit on ordinary activities after taxation</b>	<b>15</b>	<u><u>317,510</u></u>	<u><u>71,184</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

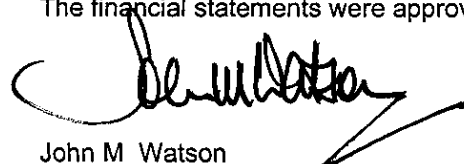
# JOHN WATSON & COMPANY LIMITED

## ABBREVIATED BALANCE SHEET AS AT 31 MARCH 2001

	Notes	2001 £	£	2000 £	£
<b>Fixed assets</b>					
Tangible assets	6	2,233,886		1,740,467	
Investments	7	2,598		2,598	
		<u>2,236,484</u>		<u>1,743,065</u>	
<b>Current assets</b>					
Stocks	8	324,930		183,360	
Debtors	9	1,314,476		911,134	
Cash at bank and in hand		2,234		482	
		<u>1,641,640</u>		<u>1,094,976</u>	
<b>Creditors: amounts falling due within one year</b>	10	(1,642,573)		(1,312,106)	
<b>Net current liabilities</b>			(933)		(217,130)
<b>Total assets less current liabilities</b>		<u>2,235,551</u>		<u>1,525,935</u>	
<b>Creditors: amounts falling due after more than one year</b>	11	(1,250,352)		(901,996)	
<b>Accruals and deferred income</b>	12	(72,000)		(28,250)	
		<u>913,199</u>		<u>595,689</u>	
<b>Capital and reserves</b>					
Called up share capital	14	205,000		205,000	
Profit and loss account	15	708,199		390,689	
<b>Shareholders' funds</b>	16	<u>913,199</u>		<u>595,689</u>	

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 15 May 2001

  
John M Watson  
Director

# JOHN WATSON & COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

	2001 £	2000 £
<b>Net cash inflow/(outflow) from operating activities</b>	576,720	(28,239)
<b>Returns on investments and servicing of finance</b>		
Interest paid	(119,753)	(55,586)
Dividends received	-	949
<b>Net cash outflow for returns on investments and servicing of finance</b>	(119,753)	(54,637)
<b>Taxation</b>	4,516	(369)
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(262,282)	(402,936)
Receipts from sales of tangible assets	3,500	25,765
<b>Net cash outflow for capital expenditure</b>	(258,782)	(377,171)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>	202,701	(460,416)
<b>Financing</b>		
Other new long term loans	50,000	145,001
Government grant received	90,000	35,000
Capital element of finance lease contracts	(346,746)	(175,631)
<b>Net cash (outflow)/inflow from financing</b>	(206,746)	4,370
<b>Decrease in cash in the year</b>	(4,045)	(456,046)

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2001

<b>1</b>	<b>Reconciliation of operating profit to net cash outflow from operating activities</b>		<b>2001</b>	<b>2000</b>
			£	£
	Operating profit		432,747	122,952
	Depreciation of tangible assets		579,639	304,491
	(Profit)/loss on disposal of tangible assets		(3,500)	9,408
	Increase in stocks		(141,570)	(118,180)
	Increase in debtors		(403,342)	(349,056)
	Increase in creditors within one year		158,996	55,146
	Movement on grant provision		(46,250)	(53,000)
	<b>Net cash outflow from operating activities</b>		<b>576,720</b>	<b>(28,239)</b>
<b>2</b>	<b>Analysis of net debt</b>	<b>1 April 2000</b>	<b>Cash flow</b>	<b>Other non- 31 March 2001</b>
			<b>cash changes</b>	
		£	£	£
	Net cash:			
	Cash at bank and in hand	482	1,752	-
	Bank overdrafts	(750,034)	(5,797)	-
		<u>(749,552)</u>	<u>(4,045)</u>	<u>-</u>
	Debt:			
	Finance leases	(1,063,425)	346,746	(810,776)
	Debts falling due after one year	(145,001)	(50,000)	-
		<u>(1,208,426)</u>	<u>296,746</u>	<u>(810,776)</u>
	Net debt	<u>(1,957,978)</u>	<u>292,701</u>	<u>(2,476,053)</u>
<b>3</b>	<b>Reconciliation of net cash flow to movement in net debt</b>		<b>2001</b>	<b>2000</b>
			£	£
	Decrease in cash in the year		(4,045)	(456,046)
	Cash (inflow)/outflow from (increase)/decrease in debt and lease financing		296,746	30,630
			<u>292,701</u>	<u>(425,416)</u>
	Change in net debt resulting from cash flows			
	New finance lease		(810,776)	(791,869)
	<b>Movement in net debt in the year</b>		<b>(518,075)</b>	<b>(1,217,285)</b>
	Opening net debt		(1,957,978)	(740,693)
	<b>Closing net debt</b>		<b>(2,476,053)</b>	<b>(1,957,978)</b>

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

### 1 Accounting policies

#### 1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

#### 1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

#### 1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

#### 1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

#### 1.6 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

#### 1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

#### 1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

#### 1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

<b>2 Operating profit</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Depreciation of tangible assets	579,639	304,491
Auditors' remuneration	9,250	8,600
and after crediting:		
Government grants	46,250	53,000

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

<b>3</b>	<b>Investment income</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	Income from fixed asset investments	-	949
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Interest payable</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	37,200	21,821
	On other loans wholly repayable within 5 years	10,750	-
	Hire purchase interest	71,803	33,710
	On overdue tax	-	55
		<u>119,753</u>	<u>55,586</u>
<b>5</b>	<b>Taxation</b>	<b>2001</b>	<b>2000</b>
		<b>£</b>	<b>£</b>
	<b>Prior years</b>		
	U.K. corporation tax	(4,516)	(2,869)
		<u>          </u>	<u>          </u>

The company has estimated losses of £- (2000 - £187,224) available for carry forward against future trading profits.

The company has a potential deferred tax liability of approximately £152,000 which has not been provided in the financial statements.

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

### 6 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2000	3,316,034	118,106	186,431	3,620,571
Additions	1,047,000	15,208	10,850	1,073,058
Disposals	(10,000)	-	-	(10,000)
At 31 March 2001	4,353,034	133,314	197,281	4,683,629
<b>Depreciation</b>				
At 1 April 2000	1,738,620	84,065	57,419	1,880,104
On disposals	(10,000)	-	-	(10,000)
Charge for the year	532,361	12,312	34,966	579,639
At 31 March 2001	2,260,981	96,377	92,385	2,449,743
<b>Net book value</b>				
At 31 March 2001	2,092,053	36,937	104,896	2,233,886
At 31 March 2000	1,577,414	34,041	129,012	1,740,467

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
<b>Net book values</b>			
At 31 March 2001	1,670,098	11,950	1,682,048
At 31 March 2000	1,233,349	15,934	1,249,283
<b>Depreciation charge for the year</b>			
31 March 2001	391,711	3,984	395,695
31 March 2000	157,665	5,311	162,976

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

### 7 Fixed asset investments

	Listed investments £
<b>Cost</b>	
At 1 April 2000 & at 31 March 2001	2,598

### 8 Stocks and work in progress

	2001 £	2000 £
Work in progress	231,805	55,831
Finished goods and goods for resale	93,125	127,529
	<u>324,930</u>	<u>183,360</u>

### 9 Debtors

	2001 £	2000 £
Trade debtors	1,104,833	641,409
Corporation tax	2,869	2,869
Other debtors	480	103,166
Prepayments and accrued income	11,615	12,186
	<u>1,314,476</u>	<u>911,134</u>

### 10 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	755,831	750,034
Net obligations under hire purchase contracts	472,104	306,430
Trade creditors	207,461	152,189
Taxes and social security costs	119,774	25,314
Other creditors	7,731	-
Accruals and deferred income	79,672	78,139
	<u>1,642,573</u>	<u>1,312,106</u>

The bank overdraft is secured by a bond and a floating charge over the company's assets and by a guarantee of £450,000 from the ultimate parent company.

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

11 Creditors: amounts falling due after more than one year	2001 £	2000 £
Other loans	195,001	145,001
Net obligations under hire purchase contracts	1,055,351	756,995
	<u>1,250,352</u>	<u>901,996</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	195,001	145,001
	<u>195,001</u>	<u>145,001</u>
<b>Loan maturity analysis</b>		
	<u></u>	<u></u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	517,585	369,760
Repayable between one and five years	1,274,803	924,385
	<u>1,792,388</u>	<u>1,294,145</u>
Finance charges and interest allocated to future accounting periods	(264,933)	(230,720)
	<u>1,527,455</u>	<u>1,063,425</u>
Included in liabilities falling due within one year	(472,104)	(306,430)
	<u>1,055,351</u>	<u>756,995</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

## 12 Accruals and deferred income

	Government grants £
Balance at 1 April 2000	28,250
Grants received during the year	90,000
Amortisation in the year	(46,250)
Balance at 31 March 2001	<u>72,000</u>

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

### 13 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 pension cost charge represents contributions payable by the company to the fund and amounted to £48140 (2000 - £40040).

14 Share capital	2001 £	2000 £
<b>Authorised</b>		
205,000 Ordinary shares of £ 1 each	205,000	205,000
<b>Allotted, called up and fully paid</b>		
205,000 Ordinary shares of £ 1 each	205,000	205,000

### 15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2000	390,689
Retained profit for the year	317,510
Balance at 31 March 2001	708,199

16 Reconciliation of movements in shareholders' funds	2001 £	2000 £
Profit for the financial year	317,510	71,184
Opening shareholders' funds	595,689	524,505
Closing shareholders' funds	913,199	595,689

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2001

17 Directors' emoluments	2001 £	2000 £
Emoluments for qualifying services	237,294	144,842
Company pension contributions to money purchase schemes	21,714	13,867
	<u>259,008</u>	<u>158,709</u>

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	86,029	52,760
Company pension contributions to money purchase schemes	2,500	7,747
	<u>88,529</u>	<u>60,507</u>

## 18 Employees

### Number of employees

The average monthly number of employees (including directors) during the year was:

	2001 Number	2000 Number
Workshop	67	47
Administration	8	8
Sales Representatives	5	5
	<u>80</u>	<u>60</u>

### Employment costs

	£	£
Wages and salaries	1,406,479	898,428
Social security costs	146,559	81,425
Other pension costs	48,141	40,040
	<u>1,601,179</u>	<u>1,019,893</u>

## 19 Ultimate parent company

The ultimate parent company is John Watson (Holdings) Limited a company incorporated in Great Britain.