

**JOHN WATSON & COMPANY LIMITED**  
**ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31 MARCH 2003**



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COMPANIES HOUSE 09/01/04

# JOHN WATSON & COMPANY LIMITED

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# JOHN WATSON & COMPANY LIMITED

## DIRECTORS' REPORT FOR THE YEAR ENDED 31 MARCH 2003

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The directors present their report and financial statements for the year ended 31 March 2003.

### 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 4.

### 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 2002:

John M Watson

Jean K Watson

Kirsty Watson

(Resigned 9 December 2002)

Allan McDonnell

Robert McLachlan

### Directors' interests

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

	Ordinary shares of £ 1 each	
	31 March 2003	1 April 2002
John M Watson	-	-
Jean K 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 2003

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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 2003

**JOHN WATSON & COMPANY LIMITED**

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

We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of the company for the year ended 31 March 2003 prepared under section 226 of the Companies Act 1985.

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 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 audit opinion**

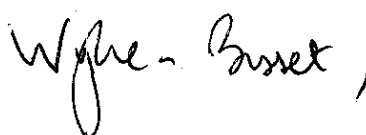
We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did 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 4 to 16 are properly prepared in accordance with that provision.

**Wylie & Bisset**

Chartered Accountants  
**Registered Auditor**



15 May 2003

135 Wellington Street  
Glasgow  
G2 2XE

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**The UK 200 Group**  
PRACTISING CHARTERED ACCOUNTANTS

**IAA** International Association  
of Practising Accountants

# JOHN WATSON & COMPANY LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
<b>Gross profit</b>		1,983,377	2,046,479
Administrative expenses		(1,705,415)	(1,781,046)
<b>Operating profit</b>	<b>2</b>	<b>277,962</b>	<b>265,433</b>
Investment income	<b>3</b>	-	(2,598)
Other interest receivable and similar income		-	115
Interest payable and similar charges	<b>4</b>	(128,929)	(109,450)
<b>Profit on ordinary activities before taxation</b>		<b>149,033</b>	<b>153,500</b>
Tax on profit on ordinary activities	<b>5</b>	(74,510)	(183,202)
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>74,523</b>	<b>(29,702)</b>
Dividends	<b>6</b>	-	(25,000)
<b>Retained profit/(loss) for the year</b>	<b>16</b>	<b>74,523</b>	<b>(54,702)</b>

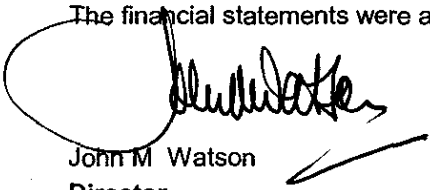
# JOHN WATSON & COMPANY LIMITED

## ABBREVIATED BALANCE SHEET AS AT 31 MARCH 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Tangible assets	7		3,280,502		1,958,938
<b>Current assets</b>					
Stocks	8	476,357		181,220	
Debtors	9	1,255,218		884,255	
Deferred tax asset	9	-		-	
Cash at bank and in hand		952		1,599	
		<u>1,732,527</u>		<u>1,067,074</u>	
<b>Creditors: amounts falling due within one year</b>	10	<u>(2,062,736)</u>		<u>(1,193,702)</u>	
<b>Net current liabilities</b>			<u>(330,209)</u>		<u>(126,628)</u>
<b>Total assets less current liabilities</b>			2,950,293		1,832,310
<b>Creditors: amounts falling due after more than one year</b>	11		(1,733,022)		(772,387)
<b>Provisions for liabilities and charges</b>	12				
Deferred tax liability			(230,249)		(123,426)
<b>Accruals and deferred income</b>	13		<u>(54,000)</u>		<u>(78,000)</u>
			<u>933,022</u>		<u>858,497</u>
<b>Capital and reserves</b>					
Called up share capital	15		205,000		205,000
Profit and loss account	16		<u>728,022</u>		<u>653,497</u>
<b>Shareholders' funds - equity interests</b>	17		<u>933,022</u>		<u>858,497</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 2003

  
John M. Watson  
Director

# JOHN WATSON & COMPANY LIMITED

## CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

	2003		2002	
	£	£	£	£
<b>Net cash inflow from operating activities</b>		275,172		1,431,400
<b>Returns on investments and servicing of finance</b>				
Interest received	-		115	
Interest paid	(128,929)		(109,450)	
<b>Net cash outflow for returns on investments and servicing of finance</b>		(128,929)		(109,335)
<b>Taxation</b>		(97,765)		2,869
<b>Capital expenditure</b>				
Payments to acquire tangible assets	(337,191)		(277,849)	
Receipts from sales of tangible assets	38,840		23,000	
<b>Net cash outflow for capital expenditure</b>		(298,351)		(254,849)
<b>Equity dividends paid</b>		-		(25,000)
<b>Net cash (outflow)/inflow before management of liquid resources and financing</b>		(249,873)		1,045,085
<b>Financing</b>				
Other new long term loans	-		50,000	
Government grant received	-		30,000	
Repayment of other long term loans	(30,500)		-	
Capital element of finance lease contracts	(518,057)		(591,344)	
<b>Net cash outflow from financing</b>		(548,557)		(511,344)
<b>(Decrease)/increase in cash in the year</b>		(798,430)		533,741



# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2003

1	Reconciliation of operating profit to net cash inflow from operating activities		2003	2002
			£	£
	Operating profit		277,962	265,433
	Depreciation of tangible assets		585,693	575,647
	Loss on disposal of tangible assets		5,193	17,150
	(Increase)/decrease in stocks		(295,137)	143,710
	(Increase)/decrease in debtors		(300,661)	427,352
	Increase in creditors within one year		26,122	26,108
	Movement on grant provision		(24,000)	(24,000)
	Net cash inflow from operating activities		275,172	1,431,400

2	Analysis of net debt	1 April 2002	Cash flow	Other non- 31 March 2003 cash changes
		£	£	£
	Net cash:			
	Cash at bank and in hand	1,599	(647)	952
	Bank overdrafts	(221,455)	(797,783)	(1,019,238)
		(219,856)	(798,430)	(1,018,286)
	Debt:			
	Finance leases	(999,111)	518,057	(1,614,097)
	Debts falling due after one year	(245,001)	30,500	(214,501)
		(1,244,112)	548,557	(1,614,097)
	Net debt	(1,463,968)	(249,873)	(3,327,938)

3	Reconciliation of net cash flow to movement in net debt	2003	2002
		£	£
	(Decrease)/increase in cash in the year	(798,430)	533,741
	Cash outflow from decrease in debt and lease financing	548,557	541,344
	Change in net debt resulting from cash flows	(249,873)	1,075,085
	New finance lease	(1,614,097)	(63,000)
	Movement in net debt in the year	(1,863,970)	1,012,085
	Opening net debt	(1,463,968)	(2,476,053)
	Closing net debt	(3,327,938)	(1,463,968)

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

### 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 on a straight line basis over the period of the relevant agreement.

#### 1.5 Stock and work in progress

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

#### 1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17.

#### 1.7 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

#### 1.8 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.

2 Operating profit	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation of tangible assets	585,693	575,647
Loss on disposal of tangible assets	5,193	17,150
Auditors' remuneration	16,000	10,800
and after crediting:		
Government grants	24,000	24,000

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

<b>3</b>	<b>Investment income</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Income from fixed asset investments	-	(2,598)
		<u>          </u>	<u>          </u>
<b>4</b>	<b>Interest payable</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	On bank loans and overdrafts	8,605	15,023
	On other loans wholly repayable within 5 years	34,000	22,000
	Hire purchase interest	84,256	72,427
	On overdue tax	2,068	-
		<u>          </u>	<u>          </u>
		<u>128,929</u>	<u>109,450</u>

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

5	Taxation	2003	2002
		£	£
	<b>Domestic current year tax</b>		
	U.K. corporation tax	(70,302)	59,776
	Adjustment for prior years	37,989	-
		<u>(32,313)</u>	<u>59,776</u>
	<b>Current tax charge</b>		
	<b>Deferred tax</b>		
	Deferred tax charge/credit current year	106,823	(10,574)
	Deferred tax adjustment previous year	-	134,000
		<u>106,823</u>	<u>123,426</u>
		<u>74,510</u>	<u>183,202</u>
	<b>Factors affecting the tax charge for the year</b>		
	Profit on ordinary activities before taxation	<u>149,033</u>	<u>153,500</u>
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00 % (2002 : 30.00 %)	<u>44,710</u>	<u>46,050</u>
	Effects of:		
	Non deductible expenses	72,811	20,225
	Depreciation add back	-	172,694
	Capital allowances	(221,804)	(141,398)
	Tax losses utilised	22,087	-
	Adjustments to previous periods	37,989	-
	Other tax adjustments	11,894	(37,795)
		<u>(77,023)</u>	<u>13,726</u>
	<b>Current tax charge</b>	<u>(32,313)</u>	<u>59,776</u>
6	Dividends	2003	2002
		£	£
	Ordinary interim paid	<u>-</u>	<u>25,000</u>

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

### 7 Tangible fixed assets

	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1 April 2002	4,552,300	136,437	221,610	4,910,347
Additions	1,870,127	35,521	45,640	1,951,288
Disposals	-	-	(63,382)	(63,382)
At 31 March 2003	6,422,427	171,958	203,868	6,798,253
<b>Depreciation</b>				
At 1 April 2002	2,789,042	105,602	56,763	2,951,407
On disposals	-	-	(19,349)	(19,349)
Charge for the year	527,491	16,589	41,613	585,693
At 31 March 2003	3,316,533	122,191	79,027	3,517,751
<b>Net book value</b>				
At 31 March 2003	3,105,894	49,767	124,841	3,280,502
At 31 March 2002	1,763,257	30,834	164,847	1,958,938

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 2003	2,059,097	-	2,059,097
At 31 March 2002	1,307,699	8,963	1,316,662
<b>Depreciation charge for the year</b>			
31 March 2003	205,377	-	205,377
31 March 2002	425,399	2,987	428,386

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

8	Stocks and work in progress	2003	2002
		£	£
	Work in progress	428,370	161,147
	Finished goods and goods for resale	47,987	20,073
		<u>476,357</u>	<u>181,220</u>
9	Debtors	2003	2002
		£	£
	Trade debtors	709,816	671,508
	Corporation tax	70,302	-
	Other debtors	213,087	240
	Prepayments and accrued income	53,508	10,335
		<u>1,255,218</u>	<u>884,255</u>
10	Creditors: amounts falling due within one year	2003	2002
		£	£
	Bank loans and overdrafts	1,019,238	221,455
	Net obligations under hire purchase contracts	576,630	471,725
	Trade creditors	316,620	115,294
	Corporation tax	-	59,776
	Other taxes and social security costs	60,420	159,393
	Other creditors	918	11,685
	Accruals and deferred income	88,910	154,374
		<u>2,062,736</u>	<u>1,193,702</u>

The bank overdraft is secured by a bond and a floating charge over the company's assets and those of the parent company, John Watson (Holdings) Limited. In addition the parent company has granted a fixed charge over its freehold property and a guarantee of £450,000.

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

11 Creditors: amounts falling due after more than one year	2003 £	2002 £
Other loans	214,501	245,001
Net obligations under hire purchase contracts	1,518,521	527,386
	<u>1,733,022</u>	<u>772,387</u>
<b>Analysis of loans</b>		
Wholly repayable within five years	214,501	245,001
	<u>214,501</u>	<u>245,001</u>
<b>Loan maturity analysis</b>		
	<u></u>	<u></u>
<b>Net obligations under hire purchase contracts</b>		
Repayable within one year	675,847	544,152
Repayable between one and five years	1,757,714	642,909
	<u>2,433,561</u>	<u>1,187,061</u>
Finance charges and interest allocated to future accounting periods	(338,410)	(187,950)
	<u>2,095,151</u>	<u>999,111</u>
Included in liabilities falling due within one year	(576,630)	(471,725)
	<u>1,518,521</u>	<u>527,386</u>

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

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

### 12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 April 2002	123,426
Profit and loss account	106,823
	<hr/>
Balance at 31 March 2003	230,249
	<hr/>

The deferred tax liability is made up as follows:

	2003 £	2002 £
Accelerated capital allowances	244,238	123,426
Tax losses available	(13,989)	-
	<hr/>	<hr/>
	230,249	123,426
	<hr/>	<hr/>
Provision for deferred taxation	230,249	123,426
	<hr/>	<hr/>

### 13 Accruals and deferred income

	Government grants £
Balance at 1 April 2002	78,000
Amortisation in the year	(24,000)
	<hr/>
Balance at 31 March 2003	54,000
	<hr/>

### 14 Pension costs

#### Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	55,310	62,682
	<hr/>	<hr/>



# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

<b>15 Share capital</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
205,000 Ordinary shares of £ 1 each	205,000	205,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>		
205,000 Ordinary shares of £ 1 each	205,000	205,000
	<u>          </u>	<u>          </u>
<b>16 Statement of movements on profit and loss account</b>		<b>Profit and loss account £</b>
Balance at 1 April 2002		653,499
Retained profit for the year		74,523
		<u>          </u>
Balance at 31 March 2003		728,022
		<u>          </u>
<b>17 Reconciliation of movements in shareholders' funds</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Profit/(Loss) for the financial year	74,523	(29,702)
Dividends	-	(25,000)
	<u>          </u>	<u>          </u>
Net addition to/(depletion in) shareholders' funds	74,523	(54,702)
Opening shareholders' funds	858,497	913,199
	<u>          </u>	<u>          </u>
Closing shareholders' funds	933,022	858,497
	<u>          </u>	<u>          </u>
<b>18 Directors' emoluments</b>	<b>2003</b>	<b>2002</b>
	<b>£</b>	<b>£</b>
Emoluments for qualifying services	169,808	323,885
Company pension contributions to money purchase schemes	15,824	19,654
	<u>          </u>	<u>          </u>
	185,632	343,539
	<u>          </u>	<u>          </u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2002 - 2 ).

# JOHN WATSON & COMPANY LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 MARCH 2003

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### 19 Employees

#### Number of employees

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

	2003 Number	2002 Number
Workshop	58	48
Administration	16	9
Sales Representatives	5	5
	<u>79</u>	<u>62</u>

#### Employment costs

	£	£
Wages and salaries	1,313,967	1,543,660
Social security costs	120,007	149,424
Other pension costs	55,310	62,682
	<u>1,489,284</u>	<u>1,755,766</u>

### 20 Ultimate parent company

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