

MEARNS SAWMILLS LIMITED
ABBREVIATED ACCOUNTS
FOR
31 MARCH 2003



SCT 8Q4VDR13 0032
COMPANIES HOUSE 06/01/04

WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

MEARNS SAWMILLS LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

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MEARNS SAWMILLS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is sawmilling and related activities.

The company has had a satisfactory year and the directors anticipate that the company will continue to trade at this level in the foreseeable future.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2003	2002
	£	£
Dividends paid on ordinary shares	<u>40,000</u>	<u>—</u>

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At	At
	31 March 2003	1 April 2002
Mr W M GORDON	1,200	1,200
Mrs V M GORDON	<u>300</u>	<u>300</u>

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

MEARNS SAWMILLS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 2003

AUDITORS

A resolution to re-appoint Williamson & Dunn as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Craig House
Stanley
Perthshire
PH1 4NG

Signed on behalf of the directors



W M GORDON
Director

Approved by the directors on 2.10.03

MEARNS SAWMILLS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 12, 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 shareholders, as a body, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them 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 and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 on pages 4 to 12 are properly prepared in accordance with those provisions.

Williamson - Dunn C.A.

WILLIAMSON & DUNN
Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen
AB11 6YW

2.10.03
.....

MEARNS SAWMILLS LIMITED**ABBREVIATED PROFIT AND LOSS ACCOUNT****YEAR ENDED 31 MARCH 2003**

	Note	2003 £	2002 £
GROSS PROFIT		51,225	41,215
OPERATING COSTS:			
Other operating charges		<u>1,659</u>	<u>3,136</u>
OPERATING PROFIT	2	49,566	38,079
Interest payable	4	22	2,623
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		49,544	35,456
Tax on profit on ordinary activities	5	9,407	7,173
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		40,137	28,283
Dividends	6	40,000	—
RETAINED PROFIT FOR THE FINANCIAL YEAR		137	28,283
Balance brought forward		<u>647,357</u>	<u>619,074</u>
Balance carried forward		<u>647,494</u>	<u>647,357</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 12 form part of these abbreviated accounts.

MEARNS SAWMILLS LIMITED

ABBREVIATED BALANCE SHEET

31 MARCH 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	—	—
Investments	8	104,500	104,500
		<u>104,500</u>	<u>104,500</u>
CURRENT ASSETS			
Debtors	9	1,055,203	1,053,178
Cash at bank		23	127
		<u>1,055,226</u>	<u>1,053,305</u>
CREDITORS: Amounts falling due within one year	10	<u>10,232</u>	<u>8,448</u>
NET CURRENT ASSETS		<u>1,044,994</u>	<u>1,044,857</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,149,494</u>	<u>1,149,357</u>
CREDITORS: Amounts falling due after more than one year	11	<u>500,000</u>	<u>500,000</u>
		<u>649,494</u>	<u>649,357</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2,000	2,000
Profit and loss account		<u>647,494</u>	<u>647,357</u>
SHAREHOLDERS' FUNDS	15	<u>649,494</u>	<u>649,357</u>

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.

These abbreviated accounts were approved by the directors on the 2.10.03 and are signed on their behalf by:


MR W M GORDON

The notes on pages 8 to 12 form part of these abbreviated accounts.

MEARNS SAWMILLS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 2003

	2003		2002	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		47,091		10,529
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	<u>(22)</u>		<u>(2,623)</u>	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(22)		(2,623)
TAXATION		(7,173)		(6,690)
EQUITY DIVIDENDS PAID		(40,000)		—
(DECREASE)/INCREASE IN CASH		<u>(104)</u>		<u>1,216</u>

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003	2002
	£	£
Operating profit	49,566	38,079
(Increase)/decrease in debtors	(2,025)	44,450
Decrease in creditors	(450)	(72,000)
Net cash inflow from operating activities	<u>47,091</u>	<u>10,529</u>

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003	2002
	£	£
(Decrease)/increase in cash in the period	<u>(104)</u>	<u>1,216</u>
	(104)	1,216
Change in net debt	(104)	1,216
Net debt at 1 April 2002	(499,873)	(501,089)
Net debt at 31 March 2003	<u>(499,977)</u>	<u>(499,873)</u>

The notes on pages 8 to 12 form part of these abbreviated accounts.

MEARNS SAWMILLS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 2003

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 2002 £	Cash flows £	At 31 Mar 2003 £
Net cash:			
Cash in hand and at bank	<u>127</u>	<u>(104)</u>	<u>23</u>
Debt:			
Debt due after 1 year	<u>(500,000)</u>	<u>-</u>	<u>(500,000)</u>
Net debt	<u>(499,873)</u>	<u>(104)</u>	<u>(499,977)</u>

The notes on pages 8 to 12 form part of these abbreviated accounts.

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

1. ACCOUNTING POLICIES

Basis of accounting

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

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium-sized group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and Machinery - over 6 years

Pension costs

The subsidiary companies operate a defined contribution pension scheme on behalf of certain directors. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2003	2002
	£	£
Directors' emoluments	—	—
Auditors' remuneration		
- as auditors	<u>700</u>	<u>650</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of administrative staff	<u>2</u>	<u>2</u>

No salaries or wages have been paid to employees, including the directors, during the year.

4. INTEREST PAYABLE

	2003	2002
	£	£
Interest payable on bank borrowing	22	123
Other similar charges payable	—	2,500
	<u>22</u>	<u>2,623</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2003	2002
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2002 - 20%)	9,407	7,173
Total current tax	<u>9,407</u>	<u>7,173</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 19% (2002 - 20%).

	2003	2002
	£	£
Profit on ordinary activities before taxation	<u>49,544</u>	<u>35,456</u>
Profit/(loss) on ord actvs by rate of tax	9,413	7,091
Capital allowances in excess of depreciation	(6)	(8)
Items not deductible for tax purposes	—	90
Total current tax (note 5(a))	<u>9,407</u>	<u>7,173</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

6. DIVIDENDS

The following dividends have been paid in respect of the year:

	2003 £	2002 £
Dividend paid on ordinary shares	<u>40,000</u>	<u>—</u>

7. TANGIBLE FIXED ASSETS

	Total £
COST	
At 1 April 2002 and 31 March 2003	<u>4,000</u>
DEPRECIATION	
At 1 April 2002	<u>4,000</u>
At 31 March 2003	<u>4,000</u>
NET BOOK VALUE	
At 31 March 2003	<u>—</u>
At 31 March 2002	<u>—</u>

8. INVESTMENTS

	Subsidiary Undertakings £	Other Investments £	Total £
COST			
At 1 April 2002 and 31 March 2003	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>
NET BOOK VALUE			
At 31 March 2003	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>
At 31 March 2002	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

8. INVESTMENTS *(continued)*

Subsidiary Undertakings

The company's investment in its subsidiary companies represents the cost of acquisition of the whole of the ordinary share capital in Tulloch Timber (Nairn) Limited and Perthshire Timber Company Limited, both companies are registered in Scotland and are sawmill operators.

	Profit and Loss		Capital and Reserves	
	At 31.3.03	At 1.4.02	At 31.3.03	At 1.4.02
	£	£	£	£
Perthshire Timber Company Ltd	35,159	30,680	518,077	482,918
Tulloch Timber (Nairn) Ltd	18,350	(106,206)	141,179	122,829

Other Investments

This comprises a property bond which had a surrender value at 31 March 2003 of £2,462 (2002 - £2,613).

9. DEBTORS

	2003	2002
	£	£
Trade debtors	1,225	1,265
Amounts owed by group undertakings	1,053,978	1,051,913
	<u>1,055,203</u>	<u>1,053,178</u>

10. CREDITORS: Amounts falling due within one year

	2003	2002
	£	£
Other creditors including taxation:		
Corporation tax	9,407	7,173
Accruals and deferred income	825	1,275
	<u>10,232</u>	<u>8,448</u>

11. CREDITORS: Amounts falling due after more than one year

	2003	2002
	£	£
Other creditors:		
Directors loan	<u>500,000</u>	<u>500,000</u>

Other creditors comprises a loan which bears no interest and has no fixed terms for repayment.

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MARCH 2003

12. PENSIONS

The subsidiary companies operate a defined contribution scheme on behalf of certain directors. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions are paid based upon the recommendations of a qualified actuary. The annual commitment under the scheme is for contributions of £8,000 (2002 - £7,500). There were no outstanding or prepaid contributions at the year end.

13. CONTINGENCIES

- a) The company has guaranteed, without limit, the bank loans and overdrafts of Tulloch Timber (Nairn) Limited and Perthshire Timber Company Limited. At 31 March 2003 this amounted to £113,790 (2002 - £362,983).
- b) The subsidiary companies have a contingent liability in respect of a guarantee in favour of the Forestry Commission:

	2003 £	2002 £
Tulloch Timber (Nairn) Limited	-	-
Perthshire Timber Company Limited	nil	30,000

14. SHARE CAPITAL

Authorised share capital:

	2003 £	2002 £
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>	<u>2,000</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	40,137	28,283
Dividends	<u>(40,000)</u>	<u>-</u>
	137	28,283
Opening shareholders' equity funds	<u>649,357</u>	<u>621,074</u>
Closing shareholders' equity funds	<u>649,494</u>	<u>649,357</u>

All of the above funds are attributable to the equity interests.