

MEARNS SAWMILLS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31 MARCH 1999

WILLIAMSON & DUNN

Chartered Accountants & Registered Auditors
3 West Craibstone Street
Aberdeen

AB11 6YW

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MEARNS SAWMILLS LIMITED

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

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MEARNS SAWMILLS LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 13, together with the financial statements of the company for the year ended 31 March 1999 prepared under Section 226 of the Companies Act 1985.

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 page 4 to 13 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

6.7.1999

MEARNS SAWMILLS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MARCH 1999

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 1999.

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:

	1999 £	1998 £
Dividends paid on ordinary shares	<u>50,000</u>	<u>50,000</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 31 March 1999	At 1 April 1998
Mr W M GORDON	1,020	1,020
Mrs V M GORDON	<u>300</u>	<u>300</u>

YEAR 2000

The directors have confirmed that all year 2000 issues have now been addressed. The costs incurred by the company were not material.

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.

MEARNS SAWMILLS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MARCH 1999

DIRECTORS' RESPONSIBILITIES *(continued)*

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 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.

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 ...6/7/1999

MEARNS SAWMILLS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MARCH 1999

	Note	1999 £	1998 £
GROSS PROFIT		101,270	101,250
OPERATING COSTS:			
Other operating charges		3,697	4,118
OPERATING PROFIT	3	97,573	97,132
Interest payable	4	(4,513)	(4,016)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		93,060	93,116
Tax on profit on ordinary activities	5	19,884	19,886
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		73,176	73,230
Dividends	6	50,000	50,000
RETAINED PROFIT FOR THE FINANCIAL YEAR		23,176	23,230
Balance brought forward		600,097	576,867
Balance carried forward		623,273	600,097

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

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

The notes on pages 8 to 13 form part of these financial statements.

MEARNS SAWMILLS LIMITED

ABBREVIATED BALANCE SHEET

31 MARCH 1999

	Note	1999	1998
		£	£
FIXED ASSETS			
Tangible assets	7	-	-
Investments	8	104,500	104,500
		<u>104,500</u>	<u>104,500</u>
CURRENT ASSETS			
Debtors	9	930,874	857,458
Cash at bank and in hand		382	25
		<u>931,256</u>	<u>857,483</u>
CREDITORS: Amounts falling due within one year	10	(10,483)	(9,886)
NET CURRENT ASSETS		<u>920,773</u>	<u>847,597</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>1,025,273</u>	<u>952,097</u>
CREDITORS: Amounts falling due after more than one year	11	(400,000)	(350,000)
		<u>625,273</u>	<u>602,097</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	2,000	2,000
Profit and loss account	15	623,273	600,097
SHAREHOLDERS' FUNDS	16	<u>625,273</u>	<u>602,097</u>

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

These financial statements were approved by the directors on the 6th July 1999 and are signed on their behalf by:


MR W M GORDON

The notes on pages 8 to 13 form part of these financial statements.

MEARNS SAWMILLS LIMITED

CASH FLOW STATEMENT

YEAR ENDED 31 MARCH 1999

	1999		1998	
	£	£	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES		24,757		28,024
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE				
Interest paid	(4,513)		(4,016)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(4,513)		(4,016)
TAXATION		(19,887)		(23,668)
EQUITY DIVIDENDS PAID		(50,000)		(50,000)
CASH OUTFLOW BEFORE FINANCING		(49,643)		(49,660)
FINANCING				
Net inflow from other long-term creditors	50,000		50,000	
NET CASH INFLOW FROM FINANCING		50,000		50,000
INCREASE IN CASH		<u>357</u>		<u>340</u>
RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES				
		1999		1998
		£		£
Operating profit		97,573		97,132
Increase in debtors		(73,416)		(71,060)
Increase in creditors		600		1,952
Net cash inflow from operating activities		<u>24,757</u>		<u>28,024</u>

The notes on pages 8 to 13 form part of these financial statements.

MEARNS SAWMILLS LIMITED

CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 MARCH 1999

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999		1998	
	£	£	£	£
Increase in cash in the period	357		340	
Net cash inflow from other long-term creditors	(50,000)		(50,000)	
Change in net debt		(49,643)		(49,660)
Net debt at 1 April 1998		(349,975)		(300,315)
Net debt at 31 March 1999		<u>(399,618)</u>		<u>(349,975)</u>

ANALYSIS OF CHANGES IN NET DEBT

	At 1 Apr 1998	Cash flows	At 31 Mar 1999
	£	£	£
Net cash:			
Cash in hand and at bank	25	357	382
Debt due after one year	(350,000)	(50,000)	(400,000)
Net debt	<u>(349,975)</u>	<u>(49,643)</u>	<u>(399,618)</u>

The notes on pages 8 to 13 form part of these financial statements.

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

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.

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
Motor Vehicles	-	over 4 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 PARTICULARS OF EMPLOYEES

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

	1999 No.	1998 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.

3 OPERATING PROFIT

Operating profit is stated after charging:

	1999 £	1998 £
Directors' emoluments	-	-
Auditors' remuneration		
- as auditors	<u>500</u>	<u>500</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

4 INTEREST PAYABLE

	1999 £	1998 £
Interest payable on bank borrowing	13	16
Other similar charges payable	4,500	4,000
	<u>4,513</u>	<u>4,016</u>

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
In respect of the year:		
Corporation tax based on the results for the year at 21% (1998 - 21%)	19,883	19,886
Adjustment in respect of previous years:		
Corporation tax	1	-
	<u>19,884</u>	<u>19,886</u>

6 DIVIDENDS

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

	1999 £	1998 £
Dividends paid on equity shares	<u>50,000</u>	<u>50,000</u>

7 TANGIBLE FIXED ASSETS

	Total £
COST	
At 1 April 1998 and 31 March 1999	<u>4,000</u>
DEPRECIATION	
At 1 April 1998	<u>4,000</u>
At 31 March 1999	<u>4,000</u>
NET BOOK VALUE	
At 31 March 1999	<u>-</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

8 INVESTMENTS

	Subsidiary Undertakings £	Other Investments £	Total £
COST			
At 1 April 1998 and 31 March 1999	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>
NET BOOK VALUE			
At 31 March 1999	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>
At 31 March 1998	<u>100,000</u>	<u>4,500</u>	<u>104,500</u>

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 31.3.99	At 1.4.98	At 31.3.99	At 1.4.98
	£	£	£	£
Perthshire Timber Company Ltd	38,226	41,641	402,641	364,415
Tulloch Timber (Nairn) Ltd	73,200	(3,476)	460,415	387,215

Other Investments

This comprises a property bond which had a surrender value at 31 March 1999 of £2,704 (1998 - £2,700).

9 DEBTORS

	1999 £	1998 £
Trade debtors	275	275
Amounts owed by group undertakings	930,599	857,183
	<u>930,874</u>	<u>857,458</u>

10 CREDITORS: Amounts falling due within one year

	1999 £	1998 £
Corporation tax	7,383	7,386
Accruals and deferred income	3,100	2,500
	<u>10,483</u>	<u>9,886</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

10 CREDITORS: Amounts falling due within one year *(continued)*

The bank overdraft is secured by a floating charge over the company assets and by cross guarantee from Perthshire Timber Company Limited and Tulloch Timber (Nairn) Limited.

11 CREDITORS: Amounts falling due after more than one year

	1999 £	1998 £
Other creditors:		
Other creditors	400,000	350,000

Other creditors includes the following:

- a) A loan of £70,000 which bears interest at 7.1% per annum and has no fixed terms for repayment.
- b) A loan of £330,000 which bears no interest and has no fixed terms for repayment.

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 £5,000 (1998 - £5,000). There were no outstanding or prepaid contributions at the year end.

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

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 1999 this amounted to £146,388 (1998 - £355,531).
- b) The subsidiary companies have a contingent liability in respect of a guarantee in favour of the Forestry Commission:

	1999 £	1998 £
Tulloch Timber (Nairn) Limited	-	70,000
Perthshire Timber Company Limited	30,000	30,000
	<u>30,000</u>	<u>100,000</u>

14 SHARE CAPITAL

Authorised share capital:

	1999 £	1998 £
2,000 Ordinary shares of £1 each	<u>2,000</u>	<u>2,000</u>

Allotted, called up and fully paid:

	1999 £	1998 £
Ordinary share capital	<u>2,000</u>	<u>2,000</u>

15 PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
Balance brought forward	600,097	576,867
Retained profit for the financial year	<u>23,176</u>	<u>23,230</u>
Balance carried forward	<u>623,273</u>	<u>600,097</u>

MEARNS SAWMILLS LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1999

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	73,176	73,230
Dividends	(50,000)	(50,000)
	<u>23,176</u>	<u>23,230</u>
Opening shareholders' equity funds	602,097	578,867
Closing shareholders' equity funds	<u>625,273</u>	<u>602,097</u>

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