

REGISTERED NUMBER: 45228 (Scotland)

ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 OCTOBER 2003
FOR
WILLIAM JOHNSTON & CO (ENGINEERS) LTD



WILLIAM JOHNSTON & CO (ENGINEERS) LTD

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for the Year Ended 31 October 2003**

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WILLIAM JOHNSTON & CO (ENGINEERS) LTD

COMPANY INFORMATION

for the Year Ended 31 October 2003

| | |
|---------------------------|---|
| DIRECTORS: | T R McKnight C T McKnight A C McEwen |
| SECRETARY: | A C McEwen |
| REGISTERED OFFICE: | 39 Mauchline Street Glasgow G5 8HQ |
| REGISTERED NUMBER: | 45228 (Scotland) |
| AUDITORS: | Haines Watts Q Court 3 Quality Street Edinburgh EH4 5BP |
| SOLICITORS: | Tods Murray WS 33 Bothwell Street Glasgow G2 6NL |

**REPORT OF THE INDEPENDENT AUDITORS TO
WILLIAM JOHNSTON & CO (ENGINEERS) LTD
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages three to seven, together with the full financial statements of the company for the year ended 31 October 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our 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 246 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 Sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to 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 full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages three to seven are properly prepared in accordance with those provisions.

Haines Watts

Haines Watts
Q Court
3 Quality Street
Edinburgh
EH4 5BP

Date: *2nd April 2004*

WILLIAM JOHNSTON & CO (ENGINEERS) LTD

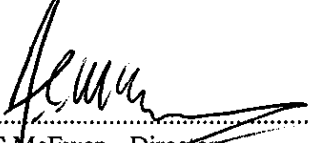
ABBREVIATED BALANCE SHEET

31 October 2003


| | | 31.10.03 | | 31.10.02 | |
|--|-------|----------------|-----------------|----------------|-----------------|
| | Notes | £ | £ | £ | £ |
| FIXED ASSETS: | | | | | |
| Intangible assets | 2 | | - | | - |
| Tangible assets | 3 | | 127,052 | | 245,334 |
| Investments | 4 | | 3,800 | | 3,800 |
| | | | <u>130,852</u> | | <u>249,134</u> |
| CURRENT ASSETS: | | | | | |
| Stocks | | 163,150 | | 146,332 | |
| Debtors | | 621,688 | | 643,906 | |
| Cash at bank and in hand | | 70,314 | | 205,770 | |
| | | <u>855,152</u> | | <u>996,008</u> | |
| CREDITORS: Amounts falling due within one year | 5 | <u>581,478</u> | | <u>643,763</u> | |
| NET CURRENT ASSETS: | | | <u>273,674</u> | | <u>352,245</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES: | | | 404,526 | | 601,379 |
| CREDITORS: Amounts falling due after more than one year | 5 | | (3,263) | | (37,609) |
| PROVISIONS FOR LIABILITIES AND CHARGES: | | | <u>(5,500)</u> | | <u>(1,950)</u> |
| | | | <u>£395,763</u> | | <u>£561,820</u> |
| CAPITAL AND RESERVES: | | | | | |
| Called up share capital | 6 | | 2,217 | | 2,500 |
| Capital redemption reserve | | | 288 | | - |
| Profit and loss account | | | 393,258 | | 559,320 |
| SHAREHOLDERS' FUNDS: | | | <u>£395,763</u> | | <u>£561,820</u> |

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

ON BEHALF OF THE BOARD:



 A C McEwen - Director



 T R McKnight - Director

Approved by the Board on 2-4-4

The notes form part of these abbreviated accounts

**NOTES TO THE ABBREVIATED ACCOUNTS
for the Year Ended 31 October 2003**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax and discounts allowed, and are attributable to the one principal activity of the company.

Intangible fixed assets

Intangible fixed assets are written off evenly over five years.

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.

| | |
|-----------------------|---------------|
| Land and buildings | - 2% on cost |
| Plant and machinery | - 15% on cost |
| Fixtures and fittings | - 15% on cost |
| Motor vehicles | - 25% on cost |

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pension costs

The company operates defined contribution schemes and a small self administered scheme for executives. The assets of the schemes are held separately from those of the company, with the defined contribution schemes independently administered.

Pension contributions payable for the year are charged to the profit and loss account.

Foreign currencies

Transactions in foreign currencies are recorded at the date of the transaction. Assets and liabilities denominated in a foreign currency are translated at the closing balance sheet rate.

WILLIAM JOHNSTON & CO (ENGINEERS) LTD

**NOTES TO THE ABBREVIATED ACCOUNTS
for the Year Ended 31 October 2003**

2. INTANGIBLE FIXED ASSETS

| | Total |
|------------------------|--------------|
| | £ |
| COST: | |
| At 1 November 2002 | |
| and 31 October 2003 | <u>2,540</u> |
| AMORTISATION: | |
| At 1 November 2002 | |
| and 31 October 2003 | <u>2,540</u> |
| NET BOOK VALUE: | |
| At 31 October 2003 | <u>-</u> |

3. TANGIBLE FIXED ASSETS

| | Total |
|-------------------------|------------------|
| | £ |
| COST: | |
| At 1 November 2002 | 560,299 |
| Additions | 2,370 |
| Disposals | <u>(152,419)</u> |
| At 31 October 2003 | <u>410,250</u> |
| DEPRECIATION: | |
| At 1 November 2002 | 314,965 |
| Charge for year | 31,170 |
| Eliminated on disposals | <u>(62,937)</u> |
| At 31 October 2003 | <u>283,198</u> |
| NET BOOK VALUE: | |
| At 31 October 2003 | <u>127,052</u> |
| At 31 October 2002 | <u>245,334</u> |

4. FIXED ASSET INVESTMENTS

Investments (neither listed nor unlisted) were as follows:

| | 31.10.03 | 31.10.02 |
|-----------------------|--------------|--------------|
| | £ | £ |
| Vintage car - at cost | <u>3,800</u> | <u>3,800</u> |

WILLIAM JOHNSTON & CO (ENGINEERS) LTD

NOTES TO THE ABBREVIATED ACCOUNTS for the Year Ended 31 October 2003

5. CREDITORS

The following secured debts are included within creditors:

| | 31.10.03 | 31.10.02 |
|-------------------------|---------------|----------------|
| | £ | £ |
| Bank overdrafts | 21,274 | 14,721 |
| Hire purchase contracts | 18,183 | 85,714 |
| | <u>39,457</u> | <u>100,435</u> |

6. CALLED UP SHARE CAPITAL

| Authorised: | | | | |
|--------------------|-----------------------|----------------|---------------|--------------|
| Number: | Class: | Nominal value: | 31.10.03 | 31.10.02 |
| | | | £ | £ |
| 4,917,400 | Ordinary A | £0.01 | 49,174 | 6,500 |
| (31.10.02 - 6,500) | | | | |
| 1,000 | Ordinary B | £0.01 | 10 | - |
| 816 | Redeemable Preference | £1.00 | 816 | - |
| | | | <u>50,000</u> | <u>6,500</u> |

| Allotted, issued and fully paid: | | | | |
|----------------------------------|-----------------------|----------------|--------------|--------------|
| Number: | Class: | Nominal value: | 31.10.03 | 31.10.02 |
| | | | £ | £ |
| 140,100 | Ordinary A | £0.01 | 1,401 | 2,500 |
| (31.10.02 - 2,500) | | | | |
| 500 | Ordinary B | £0.01 | 5 | - |
| 811 | Redeemable Preference | £1.00 | 811 | - |
| | | | <u>2,217</u> | <u>2,500</u> |

The following shares were allotted and fully paid for cash at par during the year:

500 Ordinary B shares of £0.01 each

During the year, and following the company's buy back of certain shareholdings, the company's share structure was amended. The authorised share capital was increased to £50,000. Certain shareholdings of the existing Ordinary £1 shares in issue were converted into Redeemable Preference shares of £1 each. The remaining Ordinary £1 shares were then reclassified as Ordinary 1 pence shares. In addition, each of 10 of the existing unissued Ordinary £1 shares were converted and reclassified as 100 Ordinary B 1 pence shares. 500 of the Ordinary B 1 pence shares were then issued at par. The Redeemable Preference shares will be redeemed at a future date to be decided upon by the company at an amount of £1,000 per share.

7. TRANSACTIONS WITH DIRECTORS

The following loans to directors subsisted during the year ended 31 October 2003:

| | £ |
|---|--------------|
| T R McKnight | |
| Balance outstanding at start of year | (14,966) |
| Balance outstanding at end of year | 417 |
| Maximum balance outstanding during year | <u>1,139</u> |

WILLIAM JOHNSTON & CO (ENGINEERS) LTD

NOTES TO THE ABBREVIATED ACCOUNTS for the Year Ended 31 October 2003

TRANSACTIONS WITH DIRECTORS - continued

C T McKnight

| | |
|---|--------------|
| Balance outstanding at start of year | - |
| Balance outstanding at end of year | 1,387 |
| Maximum balance outstanding during year | <u>1,561</u> |

A C McEwen

| | |
|---|--------------|
| Balance outstanding at start of year | - |
| Balance outstanding at end of year | 2,412 |
| Maximum balance outstanding during year | <u>2,412</u> |

The loans to the directors are interest free and repayable on demand.

8. RELATED PARTY DISCLOSURES

In March 2003, 283 Ordinary £1 shares held by I J McKnight were bought back by the company for a consideration of £283,000. In July 2003, 500 Ordinary 1 pence shares held by Mrs J McKnight were bought back by the company for a consideration of £5,000.

Part of the company's premises are owned by the company pension scheme for which rentals of £21,917 were paid in the year. This followed an increase in the rental from £12,000 pa to £29,000 pa from April 2003. There were no outstanding rent payments at either 31 October 2003 or 2002.

The company's agency in the south of England was operated by the brother of I J and T R McKnight. A commercial rate of commission was paid, dependent on the level of turnover through the agency. Certain other expenses of the agency were met by the company, and, in addition, a company car was provided. This arrangement ceased after March 2003 and the car was transferred for a consideration of £25.

Following the change in management, the vehicles previously provided as benefits in kind to the directors and family were sold to the relevant employees at a commercial rate. The amounts paid were as follows:-

| | |
|--------------------|---------|
| Craig T McKnight | £10,500 |
| Ian J McKnight | £31,925 |
| T Richard McKnight | £34,200 |

Included within sundry debtors is an amount of £3,315 due by the former director, Mr I J McKnight on loan account. An amount of £2,910 was repaid at the start of November, the remaining balance of £405 being attributable to mobile phone costs.

The company is under the control of the members of the McKnight family.