

**ABBREVIATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 30 JUNE 2003**

**FOR**

**CONTRAFLOW LIMITED**



**CONTENTS OF THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors on the Abbreviated Financial Statements</b>	<b>3</b>
<b>Abbreviated Profit and Loss Account</b>	<b>4</b>
<b>Abbreviated Balance Sheet</b>	<b>5</b>
<b>Cash Flow Statement</b>	<b>6</b>
<b>Notes to the Cash Flow Statement</b>	<b>7</b>
<b>Notes to the Abbreviated Financial Statements</b>	<b>9</b>

**CONTRAFLOW LIMITED**

**COMPANY INFORMATION  
FOR THE YEAR ENDED 30 JUNE 2003**

**DIRECTORS:**

J E A MacDonald  
L J Verth  
C W Scudds  
F Reid

**SECRETARY:**

L J Verth

**REGISTERED OFFICE:**

90 Mitchell Street  
Glasgow  
G1 3NQ

**REGISTERED NUMBER:**

105179 (Scotland)

**AUDITORS:**

Sinclair Wood & Co.  
Chartered Accountants  
& Registered Auditors  
Gordon Chambers  
90 Mitchell Street  
Glasgow  
G1 3NQ

**BANKERS:**

Bank of Scotland  
110 Queen Street  
Glasgow  
G1 3BY

# CONTRAFLOW LIMITED

## REPORT OF THE DIRECTORS FOR THE YEAR ENDED 30 JUNE 2003

The directors present their report with the financial statements of the company for the year ended 30 June 2003.

### PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of the manufacture of road signs and equipment together with the supply and hire of goods and services to the road maintenance sector.

### REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

### DIVIDENDS

Dividends of £281,000 were paid during the year (2002 : £289,000).

### DIRECTORS

The directors during the year under review were:

J E A MacDonald  
L J Verth  
C W Scudds  
F Reid

The beneficial interests of the directors holding office on 30 June 2003 in the issued share capital of the company were as follows:

	30.6.03	1.7.02
<b>Ordinary £1 shares</b>		
J E A MacDonald	60	60
L J Verth	40	40
C W Scudds	-	-
F Reid	-	-

### STATEMENT OF 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.

### AUDITORS

The auditors, Sinclair Wood & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

### ON BEHALF OF THE BOARD:



L J Verth - SECRETARY

Dated: 8 October 2003

**CONTRAFLOW LIMITED**

**REPORT OF THE INDEPENDENT AUDITORS TO  
CONTRAFLOW LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements on pages four to thirteen, together with the full financial statements of the company for the year ended 30 June 2003 prepared under Section 226 of the Companies Act 1985.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements 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 financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

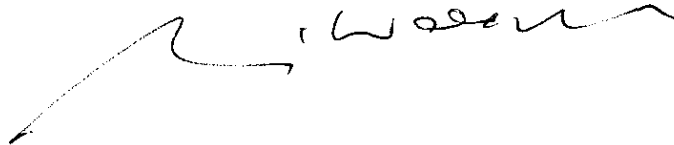
**Basis of opinion**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements 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 financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages four to thirteen are properly prepared in accordance with that provision.

Sinclair Wood & Co.  
Chartered Accountants  
& Registered Auditors  
Gordon Chambers  
90 Mitchell Street  
Glasgow  
G1 3NQ



Dated: 8 October 2003

**CONTRAFLOW LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 2003**

		<b>2003</b>	<b>2002</b>
	Notes	£	£
<b>GROSS PROFIT</b>		<b>1,421,442</b>	<b>1,222,019</b>
Administrative expenses		<u>925,373</u>	<u>802,175</u>
<b>OPERATING PROFIT</b>	<b>3</b>	<b>496,069</b>	<b>419,844</b>
Income from investments	<b>4</b>	<u>5</u>	<u>5</u>
		<b>496,074</b>	<b>419,849</b>
Interest payable and similar charges	<b>5</b>	<u>19,825</u>	<u>19,708</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>476,249</b>	<b>400,141</b>
Tax on profit on ordinary activities	<b>6</b>	<u>180,232</u>	<u>100,766</u>
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		<b>296,017</b>	<b>299,375</b>
Dividends	<b>7</b>	<u>281,000</u>	<u>289,000</u>
		<b>15,017</b>	<b>10,375</b>
Retained profit brought forward		<u>169,475</u>	<u>159,100</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b>£184,492</b>	<b>£169,475</b>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

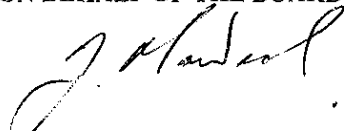
**CONTRAFLOW LIMITED**

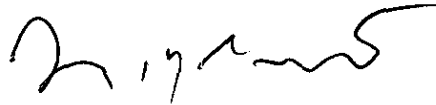
**ABBREVIATED BALANCE SHEET**  
**30 JUNE 2003**

		2003		2002	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	8		478,842		388,745
<b>CURRENT ASSETS:</b>					
Stocks	9	119,026		71,522	
Debtors	10	822,722		696,925	
Investments	11	459		459	
Cash at bank and in hand		169,185		71,647	
		<u>1,111,392</u>		<u>840,553</u>	
<b>CREDITORS: Amounts falling due within one year</b>	12	<u>1,261,295</u>		<u>981,136</u>	
<b>NET CURRENT LIABILITIES:</b>			<u>(149,903)</u>		<u>(140,583)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			<u>328,939</u>		<u>248,162</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	13		(104,136)		(66,369)
<b>PROVISIONS FOR LIABILITIES AND CHARGES:</b>	15		<u>(40,211)</u>		<u>(12,218)</u>
			<u><u>£184,592</u></u>		<u><u>£169,575</u></u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	16		100		100
Profit and loss account			<u>184,492</u>		<u>169,475</u>
<b>SHAREHOLDERS' FUNDS:</b>	18		<u><u>£184,592</u></u>		<u><u>£169,575</u></u>

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

**ON BEHALF OF THE BOARD:**

  
J E A MacDonald - DIRECTOR

  
L J Verth - DIRECTOR

Approved by the Board on 8 October 2003

The notes form part of these financial statements

CONTRAFLOW LIMITED

CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2003

	Notes	2003		2002	
		£	£	£	£
Net cash inflow from operating activities	1		727,313		557,484
Returns on investments and servicing of finance	2		(19,820)		(19,703)
Taxation			(103,894)		(39,323)
Capital expenditure	2		(217,061)		(189,507)
Equity dividends paid			(281,000)		(289,000)
			105,538		19,951
Financing	2		(8,000)		135,635
Increase in cash in the period			£97,538		£155,586
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period			97,538		155,586
Cash inflow from increase in debt and lease financing			(72,972)		(44,427)
Change in net debt resulting from cash flows			24,566		111,159
Movement in net debt in the period			24,566		111,159
Net debt at 1 July			(81,034)		(192,193)
Net debt at 30 June			£(56,468)		£(81,034)

The notes form part of these financial statements



CONTRAFLOW LIMITED

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2003

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	496,069	419,844
Depreciation charges	120,428	94,795
Loss on sale of fixed assets	6,536	5,979
(Increase)/Decrease in stocks	(47,504)	15,095
Increase in debtors	(125,797)	(267,652)
Increase in creditors	277,581	289,423
<b>Net cash inflow from operating activities</b>	<b>727,313</b>	<b>557,484</b>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2003 £	2002 £
<b>Returns on investments and servicing of finance</b>		
Interest paid	(5,538)	(7,681)
Interest element of hire purchase or finance lease rentals payments	(14,287)	(12,027)
Dividends received	5	5
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>(19,820)</b>	<b>(19,703)</b>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(243,186)	(196,257)
Sale of tangible fixed assets	26,125	6,750
<b>Net cash outflow for capital expenditure</b>	<b>(217,061)</b>	<b>(189,507)</b>
<b>Financing</b>		
Amount introduced by directors	281,000	289,000
Amount withdrawn by directors	(289,000)	(153,365)
<b>Net cash (outflow)/inflow from financing</b>	<b>(8,000)</b>	<b>135,635</b>

The notes form part of these financial statements

CONTRAFLOW LIMITED

NOTES TO THE CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 JUNE 2003

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1/7/02 £	Cash flow £	At 30/6/03 £
Net cash:			
Cash at bank and in hand	71,647	97,538	169,185
	<u>71,647</u>	<u>97,538</u>	<u>169,185</u>
Liquid resources:			
Current asset investments	459	-	459
	<u>459</u>	<u>-</u>	<u>459</u>
Debt:			
Hire purchase or finance leases	(153,140)	(72,972)	(226,112)
	<u>(153,140)</u>	<u>(72,972)</u>	<u>(226,112)</u>
Total	<u>(81,034)</u>	<u>24,566</u>	<u>(56,468)</u>
<b>Analysed in Balance Sheet</b>			
Cash at bank and in hand	71,647		169,185
Current asset investments	459		459
Hire purchase or finance leases			
within one year	(86,771)		(121,976)
after one year	(66,369)		(104,136)
	<u>(81,034)</u>		<u>(56,468)</u>

The notes form part of these financial statements

# CONTRAFLOW LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 1. ACCOUNTING POLICIES

#### Accounting convention

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

#### Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

#### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Improvements to property	- 20% on a straight line basis
Plant, fittings and equipment	- 15% on a reducing balance basis
Motor vehicles	- 33% on a reducing balance basis

#### Stocks

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

Stocks of equipment and goods for hire are written off over their expected useful lives of 2 years.

#### Deferred tax

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

#### Pensions

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. Contributions payable for the year are charged in the profit and loss account.

#### Investments

Current asset investments are stated at the lower of cost or market value. For listed investments, market value is based on the closing middle market price on a recognised stock exchange.

#### Leasing and hire purchase commitments

Assets held under finance leases or hire purchase contracts are capitalised under tangible fixed assets in the balance sheet and depreciated over their useful economic lives. The capital element of the future payments is treated as a liability and the interest element charged to the profit and loss account.

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the agreement.

### 2. STAFF COSTS

	2003	2002
	£	£
Wages and salaries	144,318	259,358
Other pension costs	15,385	31,513
	<u>159,703</u>	<u>290,871</u>

The average monthly number of employees during the year was as follows:

	2003	2002
Full-time	<u>30</u>	<u>28</u>

**CONTRAFLOW LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	2003	2002
	£	£
Hire of plant and machinery	1,078	2,219
Depreciation - owned assets	120,428	94,795
Loss on disposal of fixed assets	6,536	5,979
Auditors' remuneration	5,438	6,394
	<u>144,318</u>	<u>259,358</u>
Directors' emoluments	<u>144,318</u>	<u>259,358</u>

**4. INCOME FROM INVESTMENTS**

	2003	2002
	£	£
Dividends received	5	5
	<u>5</u>	<u>5</u>

**5. INTEREST PAYABLE AND SIMILAR CHARGES**

	2003	2002
	£	£
Bank interest and charges	5,538	7,681
Hire purchase interest	14,287	12,027
	<u>19,825</u>	<u>19,708</u>

**6. TAXATION**

**Analysis of the tax charge**

The tax charge on the profit on ordinary activities for the year was as follows:

	2003	2002
	£	£
Current tax:		
UK corporation tax	152,239	103,894
Deferred tax:		
Deferred taxation	27,993	(3,128)
Tax on profit on ordinary activities	<u>180,232</u>	<u>100,766</u>

**7. DIVIDENDS**

	2003	2002
	£	£
Equity shares:		
Ordinary - interim paid	281,000	289,000
	<u>281,000</u>	<u>289,000</u>

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**8. TANGIBLE FIXED ASSETS**

	Improvements to property	Plant, fittings and equipment	Motor vehicles	Totals
	£	£	£	£
<b>COST:</b>				
At 1 July 2002	4,720	180,214	597,566	782,500
Additions	-	4,396	238,790	243,186
Disposals	-	-	(96,546)	(96,546)
At 30 June 2003	4,720	184,610	739,810	929,140
<b>DEPRECIATION:</b>				
At 1 July 2002	3,469	76,811	313,475	393,755
Charge for year	920	15,958	103,550	120,428
Eliminated on disposals	-	-	(63,885)	(63,885)
At 30 June 2003	4,389	92,769	353,140	450,298
<b>NET BOOK VALUE:</b>				
At 30 June 2003	331	91,841	386,670	478,842
At 30 June 2002	1,251	103,403	284,091	388,745

The net book value of the company's fixed assets includes £290,192 (2002 - £215,723) in respect of assets held under finance leases or hire purchase contracts. Depreciation charged on these assets in the year amounted to £65,506 (2002 - £54,203).

**9. STOCKS**

	2003 £	2002 £
Equipment and goods for hire	119,026	71,522

**10. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2003 £	2002 £
Trade debtors	536,711	507,044
Prepayments and accrued income	286,011	189,881
	822,722	696,925

**11. CURRENT ASSET INVESTMENTS**

	2003 £	2002 £
Listed investments	459	459

Market value of listed investments at 30 June 2003 - £1,102 (2002 - £1,436).

**CONTRAFLOW LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 2003**

**12. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	2003	2002
	£	£
Trade creditors	113,134	65,771
Directors' loan account	281,000	289,000
Hire purchase creditors	121,976	86,771
Social security and other taxes	114,524	104,638
Current corporation tax	152,239	103,894
Accruals and deferred income	478,422	331,062
	<u>1,261,295</u>	<u>981,136</u>

**13. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	2003	2002
	£	£
Hire purchase creditors	<u>104,136</u>	<u>66,369</u>

**14. SECURED DEBTS**

The bank overdraft facilities are secured by a bond and floating charge over the whole of the company's assets.

**15. PROVISIONS FOR LIABILITIES AND CHARGES**

	2003	2002
	£	£
Deferred taxation	<u>40,211</u>	<u>12,218</u>
	<b>Deferred tax</b>	
	£	
Balance at 1 July 2002	12,218	
Charge to profit and loss	27,993	
	<u>40,211</u>	
Balance at 30 June 2003	<u>40,211</u>	

**16. CALLED UP SHARE CAPITAL**

Authorised:

Number:	Class:	Nominal value:	2003	2002
			£	£
100,000	Ordinary	£1	<u>100,000</u>	<u>100,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2003	2002
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>

# CONTRAFLOW LIMITED

## NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2003

### 17. RELATED PARTY DISCLOSURES

The company was under the control of J E A MacDonald throughout the current and previous year. Mr MacDonald is a director and majority shareholder.

During the year the company made sales of £35,869 (2002 : £12,398) to Dee-Organ Limited, an other company controlled by J E A MacDonald. Purchases from Dee-Organ Limited in the year amounted to £41,163(2002 : £42,668).

At 30 June 2003 the company's trade debtors included £5,305 due by Dee-Organ Limited (2002 : £2,573) and trade creditors included £607 due to Dee-Organ Limited (2002 : £1,239).

The directors made net withdrawals of £289,000 from their loan accounts during the year ended 30 June 2003 and at that date the total amount of directors' loans stood at £281,000 (2002 : £289,000). It is the policy of the company to negotiate all related party transactions on an arm's-length basis.

### 18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the financial year	296,017	299,375
Dividends	(281,000)	(289,000)
<b>Net addition to shareholders' funds</b>	<b>15,017</b>	<b>10,375</b>
Opening shareholders' funds	169,575	159,200
<b>Closing shareholders' funds</b>	<b>184,592</b>	<b>169,575</b>
 Equity interests	 <u>184,592</u>	 <u>169,575</u>