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A.G. WAUGH AND SONS LIMITED
ACCOUNTS FOR THE YEAR ENDED
28th FEBRUARY 1995

GREAVES, WEST & AYRE
CHARTERED ACCOUNTANTS
BERWICK UPON TWEED



A.G. WAUGH AND SONS LIMITED

DIRECTORS REPORT FOR THE YEAR ENDED 28th FEBRUARY 1995

Responsibility for the Preparation of the Financial Statements

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 as at the end of the year and of its profit or loss for the financial year. In preparing the financial statements, the directors are required to select suitable accounting policies and apply them consistently, make judgements and estimates that are reasonable and prudent, state whether applicable accounting standards have been followed, and 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.

Principal Activities

During the year the company has continued its stone crushing operations, which continues to be the companys principal activity though a small amount of farming still takes place. The company has also diversified into forestry products via operations in Kielder Forest.

Results

	1995	1994
Loss after taxation	(41193)	11652

The directors recommend that no dividend be paid (1994 Nil), and that all of the profit after taxation be transferred to reserves.

Future Developments

The company is seeking to rationalise its stone crushing operations. However, due to adverse trading conditions the Directors continue to look for alternative profitable opportunities.

Fixed Assets

Changes in fixed assets are detailed in note 2 to the accounts.

A.G. WAUGH AND SONS LIMITED

DIRECTORS REPORT CONTINUED

Directors Interests

<u>In Shares of the Company</u>	<u>Class of Share</u>	<u>1995</u>	<u>1994</u>
A.G. Waugh	£1 Ordinary	8000	8000
E.D. Waugh	£1 Ordinary	7000	7000
S.G. Waugh	£1 Ordinary	9000	9000

During the period the company traded in conjunction with Kielder Forest Products Limited, a company with which A.G. Waugh and S.G. Waugh are directors. As at 28th February 1995 Kielder Forest Products Limited owed £49910 to A.G. Waugh and Sons Limited.

By Order of the Board

E.D. Waugh
.....
E.D. Waugh

DATE...19/12/95...

Company Secretary

ACCOUNTANTS REPORT TO THE DIRECTORS OF

A.G. WAUGH AND SONS LIMITED

As described on pages 1 and 5 you are responsible for the preparation of the accounts and you consider that the company is exempt from an audit. In accordance with your instructions and in order to assist you to fulfil your responsibilities, we have prepared the accounts on pages 4 to 12 from the accounting records and from the information and explanations supplied to us. We have not carried out an audit.

Greaves West & Ayre

GREAVES, WEST & AYRE
CHARTERED ACCOUNTANTS
BERWICK UPON TWEED

DATE ...19/12/95...

A.G. WAUGH AND SONS LIMITED
BALANCE SHEET AS AT 28th FEBRUARY 1995

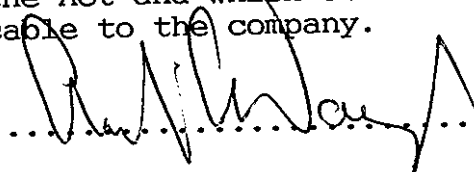
<u>1994</u>		<u>Notes</u>	
	FIXED ASSETS		
404,029	Tangible assets	2	328,786
	CURRENT ASSETS		
2,000	Stock		-
-	Estimated value of growing crops		10,084
43,396	Debtors	3	64,866
205	Cash in hand		205
			<u>75,155</u>
45,601			
	Less : CREDITORS		
258,287	Amounts due within one year	4	<u>260,860</u>
(212,686)	NET CURRENT LIABILITIES		(185,705)
			<u>143,081</u>
191,343	TOTAL ASSETS LESS CURRENT LIABILITIES		
	Creditors due in more than one year	5	<u>106,821</u>
113,889			<u>36,260</u>
77,454	NET ASSETS		<u><u>36,260</u></u>


A.G. WAUGH AND SONS LIMITED
BALANCE SHEET AS AT 28th FEBRUARY 1995

<u>1994</u>		<u>Notes</u>	
	CAPITAL AND RESERVES		
30,000	Share capital	6	30,000
404	Share premium account		404
66,694	Revaluation reserve		66,694
(19,644)	Profit and loss account		(60,838)
			36,260
77,454			

In the directors' opinion the company was entitled under Section 249(a)1 of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 28th February 1995. No member of the company has requested an audit.

The directors are responsible for ensuring the company keeps accounting records which comply with Section 221 of the Act and for preparing accounts which give a true and fair view of the state of affairs of the company as at the end of each financial year and its profit or loss for each year in accordance with the requirements of Section 226 of the Act and which otherwise comply with its requirements, so far as applicable to the company.

.....  A.G. Waugh

.....  E.D. Waugh

DATE 19.12.95

A.G. WAUGH AND SONS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28th FEBRUARY 1995

<u>1994</u>		<u>Notes</u>	
154,035	Turnover	1	100,205
87,270	Cost of sales		102,320
66,765	Gross loss		(2,115)
33,624	Administrative expenses		19,646
33,141	Operating loss	7	(21,761)
21,489	Interest payable	9	19,432
	Loss from ordinary operations		
11,652	before tax		(41,193)
-	Taxation		-
11,652	Loss for the financial year		(41,193)
(31,296)	Profit and loss account brought forward		(19,645)
(19,644)	Profit and loss account carried forward		(60,838)

There were no further gains or losses during the period other than those shown above.

A.G. WAUGH AND SONS LIMITED
NOTES FORMING PART OF THE ACCOUNTS FOR THE
YEAR ENDED 28th FEBRUARY 1995

1. Accounting Policies

a) Basis of Accounting

The accounts are prepared under the historic cost convention.

b) Stocks

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

c) Depreciation

Depreciation is calculated so as to write off the cost of assets over their estimated useful economic lives. Freehold property is not depreciated because in the opinion of the directors it is well maintained and no reduction in its value is expected. Other assets are depreciated as shown below :-

Property improvements	10% straight line
Implements	15% reducing balance
Tractors	25% reducing balance
Motor vehicles	25% reducing balance
Plant and equipment	20% reducing balance

d) Turnover

Turnover represents all goods and services sold or provided net of V.A.T.

e) Deferred Taxation

No provision for deferred taxation has been made as any potential future liability is covered by corporation tax losses carried forward.

A.G. WAUGH AND SONS LIMITED

NOTES FORMING PART OF THE ACCOUNTS CONTINUED

2. Fixed Assets

	Freehold Land and Buildings	Implements
Cost		
Brought forward	205012	5446
Additions	9304	-
Disposals	-	-
	214316	5446
Depreciation		
Brought forward	23840	4470
Charge this year	2650	146
On disposals	-	-
	26490	4616
Net Book Value 1995	187826	830
Net Book Value 1994	181172	976

A.G. WAUGH AND SONS LIMITED

NOTES FORMING PART OF THE ACCOUNTS CONTINUED

Fixed Assets Continued

	Tractors	Motor Vehicles	Plant and Equipment	Total
Cost				
Brought forward	2878	25350	365808	604494
Additions	-	28240	2325	39869
Disposals	-	(18815)	(83400)	(102215)
	2878	34775	284733	542148
Depreciation				
Brought forward	2239	8085	161831	200465
Charge this year	160	4691	43090	50737
On disposals	-	(3436)	(34404)	(37840)
	2399	9340	170517	213362
Net Book Value 1995	479	25435	114216	328786
Net Book Value 1994	639	17265	203977	404029

The Company's freehold land and buildings were valued at £187,000 on 6th July 1992 by George F. White, Chartered Surveyors, Alnwick.

A.G. WAUGH AND SONS LIMITED

NOTES FORMING PART OF THE ACCOUNTS CONTINUED

	<u>1995</u>	<u>1994</u>
3. Debtors		
Trade debtors	9068	18619
Payments in advance	1996	2030
Other debtors	53802	22747
	<u>64866</u>	<u>43396</u>

4. Creditors : Amounts falling due within one year :

Trade creditors	4993	2385
Accruals	3832	3719
Other taxes and social security costs	-	4236
Directors current accounts	17237	1383
Bank overdraft	222247	224068
Hire purchase creditor	12551	22496
	<u>260860</u>	<u>258287</u>

The bank borrowings are secured by a floating charge over all of the company's assets, and those of Kielder Forest Products Limited, and also by a guarantee from A.G. Waugh and Mrs. E.D. Waugh.

5. Creditors

Amounts falling due after more than one year :		
Hire purchase creditors	3330	10398
Directors loan account	103491	103491
	<u>106821</u>	<u>113889</u>

6. Share Capital

<u>Authorised</u>		
30000 Ordinary £1 shares	<u>30000</u>	<u>30000</u>
 <u>Authorised, Issued and Fully Paid</u>		
30000 Ordinary £1 shares	<u>30000</u>	<u>30000</u>

A.G. WAUGH AND SONS LIMITED

NOTES FORMING PART OF THE ACCOUNTS CONTINUED

	<u>1995</u>	<u>1994</u>
7. Operating Profit		
This is stated after charging the following items :-		
Depreciation	61618	41660
Auditors fees	3250	3050
Staff costs	1000	10660
	<u> </u>	<u> </u>

8. Staff Costs

Salaries and wages	-	8811
Social security costs	-	849
Pension contributions	1000	1000
	<u> </u>	<u> </u>
	1000	10660
	<u> </u>	<u> </u>

Included in staff cost were directors emoluments as follows :-

Salary	-	8353
Social security costs	-	849
Pension contributions	1000	1000
	<u> </u>	<u> </u>
	1000	10202
	<u> </u>	<u> </u>

The average number of people employed during the year was as shown below :-

Production	2	2
Others	2	2
	<u> </u>	<u> </u>
	4	4
	<u> </u>	<u> </u>

9. Interest Payable

On bank overdraft	16435	17435
Hire purchase interest	3008	2195
	<u> </u>	<u> </u>
	19443	19630
	<u> </u>	<u> </u>

A.G. WAUGH AND SONS LIMITED

NOTES FORMING PART OF THE ACCOUNTS CONTINUED

10. Capital Commitments

There were no capital commitments at 28th February 1995. (1994 Nil).

11. Contingent Liabilities

There were no contingent liabilities at 28th February 1995. (1994 Nil).

12. 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 with an insurance company. The pension cost charge represents contributions payable by the company to the fund and amounted to £1000 (1994 £1000).

FARMING ACCOUNT

**TRADING AND PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 28th FEBRUARY 1995**

1994

	Crops Etc.		
11,160	Set-aside	18,207	
1,058	Grazing, wintering etc.	-	
12,218		18,207	
-	Closing growing crops	10,084	
12,218			28,291
	Variable Costs		
439	Fertilisers, seeds and sprays	6,634	
1,091	Contracting and work done	10,947	
-	Feed	61	
1,530			17,642
10,688	Gross Margin		10,649
	Other Income		
3,835	Rent and wayleave	4,308	
385	Forestry grant	9,763	
4,220			14,071
14,908	Balance Carried Forward		24,720

FARMING ACCOUNT

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 28th FEBRUARY 1995

1994

14,908	Balance Brought Forward		24,720
	Overhead Expenses		
458	Wages etc.	-	
468	Motor, tractor and implement repairs	804	
35	Licences and insurances	70	
-	Heat and light	1,940	
1,033	Rates	1,002	
75	Insurances	80	
-	Repairs	6,755	
318	Farmhouse repairs	1,022	
518	Fencing	979	
350	Audit and accountancy charges	400	
492	Sundry expenses	742	
3,747		13,794	
	Depreciation		
4,132	Property improvements	2,650	
172	Implements	146	
212	Tractors	160	
4,516		2,956	
8,263			16,750
6,645	Net Profit For Year		7,970

STONE CRUSHING ACCOUNT
TRADING AND PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 28th FEBRUARY 1995

1994			
117,955	Work done		57,843
	Direct Costs		
2,921	Plant hire	-	
8,000	Work done	-	
4,854	Crusher : Repairs	6,428	
15,775			6,428
102,180			51,415
	Overhead Expenses		
8,911	Motor and travel expenses	5,503	
5,177	Licences and insurances	3,774	
7,500	Rent	-	
1,063	Insurances	1,627	
1,279	Professional fees	208	
1,403	Postage, stationery, advertising and telephone	2,584	
1,700	Audit and accountancy charges	3,600	
278	Sundry expenses	3,183	
838	Bank charges	541	
17,435	Bank interest	16,435	
4,054	Hire purchase interest	2,517	
-	Loan interest	480	
49,638		40,452	
	Depreciation		
31,036	Plant and equipment	54,686	
6,018	Motor vehicles	4,440	
37,054		59,126	
86,692			99,578
5,520	Directors salary	-	
1,000	Directors pensions	1,000	
6,520			1,000
8,968	Net Loss For Year		(49,163)

KIELDER

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE
YEAR ENDED 28th FEBRUARY 1995

1994			
16,854	Work done		-
2,000	Closing stock		-
			<hr/>
18,854			-
6,616	Less : Purchases	-	
2,000	Opening stock	-	
			<hr/>
8,616			-
			<hr/>
10,238			-
	Direct Costs		
			<hr/>
3,000	Wages and work done	-	
2,046	Plant hire	-	
4,032	Haulage	-	
4,879	Crusher : Repairs	-	
			<hr/>
13,957			-
			<hr/>
(3,719)			-
	Other Income		
			<hr/>
9,404	D.T.I. grant		-
			<hr/>
5,685			-
	Overhead Expenses		
			<hr/>
2,867	Rent	-	
2,037	Postage, stationery,	-	
1,000	advertising and telephone	-	
60	Audit and accountancy fees	-	
3,682	Sundry expenses	-	
	Directors salary	-	
			<hr/>
9,646			-
			<hr/>
(3,961)	Net Profit For Year		-
			<hr/>