

**CAIRNMUIR LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**31 DECEMBER 2003**



**HURST MORRISON THOMSON LLP**  
Chartered Accountants & Registered Auditors  
5 Fairmile  
Henley-on-Thames  
Oxfordshire  
RG9 2JR

# **CAIRNMUIR LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 2003**

<b>CONTENTS</b>	<b>PAGE</b>
Officers and professional advisers	<b>1</b>
The directors' report	<b>2</b>
Independent auditors' report to the shareholders	<b>4</b>
Profit and loss account	<b>6</b>
Balance sheet	<b>7</b>
Notes to the financial statements	<b>8</b>
<b>The following pages do not form part of the financial statements</b>	
Detailed profit and loss account	<b>13</b>
Notes to the detailed profit and loss account	<b>14</b>

# **CAIRNMUIR LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **The board of directors**

P Dolan  
A Watson

### **Company secretary**

M Harney

### **Registered office**

1 Cameron Court  
Winwick Quay  
Warrington  
Cheshire  
WA2 8RE

### **Auditors**

Hurst Morrison Thomson LLP  
Chartered Accountants  
& Registered Auditors  
5 Fairmile  
Henley-on-Thames  
Oxfordshire  
RG9 2JR

# **CAIRNMUIR LIMITED**

## **THE DIRECTORS' REPORT** *(continued)*

### **YEAR ENDED 31 DECEMBER 2003**

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

#### **PRINCIPAL ACTIVITIES**

The company's principal activity during the year was that of a holding company.

#### **DIRECTORS**

The directors who served the company during the year were as follows:

P Dolan  
J Farrell  
A Watson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

J Farrell resigned as a director on 7 November 2003.

#### **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 consistently;

make judgements and estimates that are reasonable and prudent; 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. 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.

# CAIRNMUIR LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 2003

### SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Signed on behalf of the directors



~~P. Dolan~~ M B HARNEY

Director COMPANY SECRETARY

Approved by the directors on 3<sup>rd</sup> June 2004

# CAIRNMUIR LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 2003



HURST MORRISON THOMSON

5 Fairmile Henley-on-Thames  
Oxfordshire RG9 2JR

telephone: 01491 579866

facsimile: 01491 573397

email: hmt@hmtgroup.co.uk

www.hmtgroup.com

We have audited the financial statements on pages 6 to 11 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 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 DIRECTORS AND AUDITORS

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

### BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

# CAIRNMUIR LIMITED

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS *(continued)*

YEAR ENDED 31 DECEMBER 2003

### OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



5 Fairmile  
Henley-on-Thames  
Oxfordshire  
RG9 2JR

HURST MORRISON THOMSON LLP  
Chartered Accountants  
& Registered Auditors

3 June 2004  
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# CAIRNMUIR LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 2003

	Note	2003 £	2002 £
<b>TURNOVER</b>		—	—
Administrative expenses		32,496	261,787
Other operating income	2	—	(120,000)
<b>OPERATING LOSS</b>	3	(32,496)	(141,787)
Interest receivable		5	5
Interest payable		(23,464)	(35,407)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(55,955)	(177,189)
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(55,955)	(177,189)
Non-equity dividends paid		(108,000)	48,000
<b>RETAINED PROFIT/(LOSS) FOR THE FINANCIAL YEAR</b>		<u>52,045</u>	<u>(225,189)</u>

The notes on pages 8 to 11 form part of these financial statements.



# CAIRNMUIR LIMITED

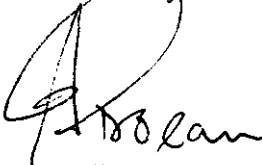
## BALANCE SHEET

31 DECEMBER 2003

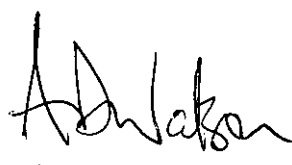
	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Intangible assets	4	236,583	253,481
Tangible assets	5	3,250	5,398
Investments	6	1	1
		<u>239,834</u>	<u>258,880</u>
<b>CURRENT ASSETS</b>			
Debtors	7	18,229	19,146
<b>CREDITORS: Amounts falling due within one year</b>	8	418,090	360,098
<b>NET CURRENT LIABILITIES</b>		<u>(399,861)</u>	<u>(340,952)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(160,027)</u>	<u>(82,072)</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	9	—	130,000
		<u>(160,027)</u>	<u>(212,072)</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	11	30,200	30,200
Share premium account		509,900	509,900
Profit and loss account	12	(700,127)	(752,172)
<b>DEFICIENCY (including non-equity interests)</b>		<u>(160,027)</u>	<u>(212,072)</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on the 03.06.04 and are signed on their behalf by:



P Dolan



A Watson

The notes on pages 8 to 11 form part of these financial statements.

# CAIRNMUIR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 1. ACCOUNTING POLICIES

#### Basis of accounting

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).

#### Consolidation

The company was, at the end of the year, a wholly-owned subsidiary of another company incorporated in the EEC and in accordance with section 228 of the Companies Act 1985, is not required to produce, and has not published, consolidated accounts.

#### Amortisation

Amortisation 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:

Goodwill - 5% straight line

#### 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 & Machinery - 20%-30% straight line

### 2. OTHER OPERATING INCOME

	2003	2002
	£	£
Management charges receivable	—	120,000

### 3. OPERATING LOSS

Operating loss is stated after charging:

	2003	2002
	£	£
Directors' emoluments	—	—
Amortisation	16,898	15,769
Depreciation of owned fixed assets	2,148	3,441

# CAIRNMUIR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2003

### 4. INTANGIBLE FIXED ASSETS

	Goodwill £
<b>COST</b>	
At 1 January 2003 and 31 December 2003	<u>271,576</u>
<b>AMORTISATION</b>	
At 1 January 2003	18,095
Charge for the year	<u>16,898</u>
At 31 December 2003	<u>34,993</u>
<b>NET BOOK VALUE</b>	
At 31 December 2003	<u>236,583</u>
At 31 December 2002	<u>253,481</u>

### 5. TANGIBLE FIXED ASSETS

	Plant & Machinery £
<b>COST</b>	
At 1 January 2003 and 31 December 2003	<u>9,523</u>
<b>DEPRECIATION</b>	
At 1 January 2003	4,125
Charge for the year	<u>2,148</u>
At 31 December 2003	<u>6,273</u>
<b>NET BOOK VALUE</b>	
At 31 December 2003	<u>3,250</u>
At 31 December 2002	<u>5,398</u>

### 6. INVESTMENTS

	Investments in subsidiary Undertakings £
<b>COST</b>	
At 1 January 2003 and 31 December 2003	<u>1</u>
<b>NET BOOK VALUE</b>	
At 31 December 2003	<u>1</u>
At 31 December 2002	<u>1</u>

# CAIRNMUIR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2003

#### 6. INVESTMENTS *(continued)*

The company owns 100% of the issued share capital of the companies listed below,

##### Aggregate capital and reserves

Kitsons Environmental Europe Limited	1,051,570	726,609
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##### Profit and (loss) for the year

Kitsons Environmental Europe Limited	324,961 ✓	230,698 ✓
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Under the provision of section 228 of the Companies Act 1985 the company is exempt from preparing consolidated accounts and has not done so, therefore the accounts show information about the company as an individual entity.

#### 7. DEBTORS

	2003 £	2002 £
Trade debtors	10,474	10,552
Other debtors	7,755	8,594
	<u>18,229</u>	<u>19,146</u>

#### 8. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	—	2,309
Trade creditors	5,540	22,019
Amounts owed to group undertakings	357,550	42,770
Other creditors	55,000	293,000
	<u>418,090</u>	<u>360,098</u>

#### 9. CREDITORS: Amounts falling due after more than one year

	2003 £	2002 £
Other creditors	—	130,000
	<u>—</u>	<u>130,000</u>

#### 10. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

# CAIRNMUIR LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### YEAR ENDED 31 DECEMBER 2003

#### 11. SHARE CAPITAL

##### Authorised share capital:

	2003	2002
	£	£
1,000 Ordinary shares of £0.10 each	100	100
1,000 Institutional ordinary shares of £0.10 each	100	100
300,000 Preference shares of £0.10 each	30,000	30,000
	<u>30,200</u>	<u>30,200</u>

##### Allotted, called up and fully paid:

	2003		2002	
	No	£	No	£
Ordinary shares of £0.10 each	1,000	100	1,000	100
Institutional ordinary shares of £0.10 each	1,000	100	1,000	100
Preference shares of £0.10 each	300,000	30,000	300,000	30,000
	<u>302,000</u>	<u>30,200</u>	<u>302,000</u>	<u>30,200</u>

#### 12. PROFIT AND LOSS ACCOUNT

	2003	2002
	£	£
Balance brought forward	(752,172)	(526,983)
Retained profit/(accumulated loss) for the financial year	52,045	(225,189)
Balance carried forward	<u>(700,127)</u>	<u>(752,172)</u>

#### 13. ULTIMATE PARENT COMPANY

The parent company of the smallest and largest group is Kitsons Group Limited, a company incorporated in England and Wales.