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T. M. SIMPSON LIMITED

DIRECTORS' REPORT

AND

STATEMENT OF ACCOUNTS

FOR YEAR ENDED 31ST DECEMBER, 19[illegible]

French & Cowan
Incorporating
Kirk & Johnston
Chartered Accountants
144 St. Vincent Street
GLASGOW
G2 5LT

REPORT OF THE DIRECTORS TO BE PRESENTED AT
THE ANNUAL GENERAL MEETING OF THE COMPANY

The Directors submit herewith -

1. Directors' Report
2. Auditors' Report
3. Accounts of the Company for the year ended 31st December, 1981

The Directors have to report that the year's working resulted in a profit of		£ 62,308
to which must be added : Taxation		39,230
		£ 101,538
and deducted: Extraordinary Items	£ 40,532	
Proposed Dividends	7,200	
		47,732
		£ 53,806
Reserves Brought Forward		436,852
giving a Balance at Credit of Reserves of		£ 490,658

which the Directors recommend be carried forward.

A note of Turnover and of the profitability thereof appears in the appended Profit and Loss Account.

The principal activity of the Company is that of Plumbing Contractors and is carried on entirely in the U.K. There have been no significant changes in the activities of the Company.

In the Directors' opinion, the market value of the Company's interests in land and buildings exceeds the value at which they are shown in the Balance Sheet.

The Directors of the Company are Messrs. T. M. Simpson, M. Lambie, R. Miller, C. C. B. Simpson and R. McElhinney.

The Directors do not hold any shares in this Company. Mr. T. M. Simpson and Mr. C. C. B. Simpson hold 650 and 3,000 Ordinary Shares respectively in T. M. Simpson (Holdings) Limited.

Messrs. C. C. B. Simpson and R. Miller retire at this time, and, being eligible, offer themselves for re-election.

Messrs. French & Cowan, C.A., incorporating Kirk & Johnston, C.A., 144 St. Vincent Street, Glasgow, G2 5LT have intimated their willingness to continue in office.

Directors.

Registered Office

144 St. Vincent Street

T. M. SIMPSON LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 1981

	Notes				1980
ASSETS EMPLOYED					
Fixed Assets	6	£	163,277	£	158,473
Inter Group Balances	7		(176,077)		(325,739)
Current Assets	8		1,179,182		1,434,036
Current Liabilities	9		(635,724)		(789,918)
		£	530,658	£	476,852
Financed by:-					
CAPITAL AND RESERVES					
Share Capital	10	£	40,000	£	40,000
Reserves	5		490,658		436,852
		£	530,658	£	476,852

Directors.

T. M. SIMPSON LIMITED

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Directors.

T. M. SIMPSON LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR TO 31ST DECEMBER, 1981

	Notes				1980
Turnover	1	£	2,597,318	£	3,251,187
Sales to Outside Parties			1,649,160		3,026,523
Inter Group Trading			948,158		224,664
Trading Profit (Loss) Before Taxation	2	£	62,308	£	(77,966)
Taxation	3		39,230		107,411
Profit After Taxation		£	101,538	£	29,445
Extraordinary Items	4		40,532	£	–
Prior Year Adjustment – Depreciation			–		4,021
Dividends			7,200		362,222
		£	47,732	£	366,243
Retained Profit (Loss) Transferred to Reserves	5	£	53,806	£	(336,798)

T. M. SIMPSON LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31ST DECEMBER, 1981

1. ACCOUNTING POLICIES

Turnover — Turnover is calculated on the basis of work performed during the year together with the invoiced value of sales of other trading activities.

Depreciation of Fixed Assets — Depreciation is provided on all Fixed Assets in use, with the exception of Land which is considered will not permanently depreciate in value. Depreciation rates are calculated so that assets are written down to residual value over their estimated useful lives. Plant, Vehicles, Tools, Equipment and Furniture are depreciated using the Reducing Balance method at a rate of 25% per annum. For Buildings, the annual rate is 2% using the straight line method.

Stock — Stock is valued at the lower of cost or net realisable value.

Work in Progress — Contracts are valued at the lower of cost or net realisable value with provisions made for any foreseeable losses. Cash received on account has been deducted from the figures as shown in the Balance Sheet.

Deferred Tax Account — Provision for deferred taxation is made using the liability method. Where it is considered that no liability will arise in the foreseeable future, no provision is made.

2. TRADING PROFIT is stated after charging:-

		1980
Directors' Emoluments	£ 54,541	£ 55,464
Depreciation	27,609	28,038
Loss (Gain) on Sale of Fixed Assets	2,249	(7,763)
Audit Fee	1,350	1,350
and after crediting:-		
Interest Received	35,669	40,330

Emoluments of Directors and Employees of the Company, excluding Pension Contributions.

Chairman, who is also the highest paid Director	£ 22,500	£ 24,584

The pre-tax emoluments of other Directors fell into the following ranges -

£ 0 - £ 5,000	2	2
£ 5,001 - £10,000	1	1
£10,001 - £15,000	1	1

No employees pre-tax emoluments exceeded £20,000.

3. TAXATION

Group Relief	£ 40,108	£ 107,411
Adjustments for Prior Years	878	-
	£ 39,230	£ 107,411

4. EXTRAORDINARY ITEMS represents Income Tax and National Insurance Contributions on workmen's expenses paid within the previous seven years without appropriate deductions.

T. M. SIMPSON LIMITED

NOTES TO THE ACCOUNTS

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T. M. SIMPSON LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31ST DECEMBER, 1981

(CONT.)

5. RESERVES

				1980
As at 1st January, 1981	£	436,852	£	773,650
Retained Profits (Loss) for Year		53,806		(336,798)
	£	490,658	£	436,852

6. FIXED ASSETS

	Property	Plant and Machinery	Total
Cost at 1st January, 1981	£ 118,576	£ 149,376	£ 267,952
Additions at Cost	-	29,951	29,951
	£ 118,576	£ 179,327	£ 297,903
Disposals at Cost	-	27,653	27,653
Cost at 31st December, 1981	£ 118,576	£ 151,674	£ 270,250
Accumulated Depreciation	16,414	80,910	97,324
	£ 102,162	£ 70,764	£ 172,926
H.P. Agreement	-	9,649	9,649
	£ 102,162	£ 61,115	£ 163,277

Comparative Figures at 31st December, 1980

	Property	Plant and Machinery	Total
Aggregate Depreciation	£ 12,393	£ 78,093	£ 90,486
H.P. Agreements	-	18,993	18,993
Written Down Value	£ 106,183	£ 52,290	£ 158,473

7. INTER GROUP BALANCES

T. M. Simpson Limited is wholly owned by T. M. Simpson (Holdings) Limited.

				1980
Due from Group Companies	£	305,562	£	189,609
Due to Group Companies		481,639		515,348
	£	(176,077)	£	(325,739)

8. CURRENT ASSETS

Stock	£	150,665	£	201,406
Work in Progress		765,382		1,015,774
Debtors		48,227		44,135
Taxation		-		608
Group Relief		213,024		171,281
Cash on Hand		1,884		832
	£	1,179,182	£	1,434,036

9. CURRENT LIABILITIES

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T. M. SIMPSON LIMITED

NOTES TO THE ACCOUNTS

YEAR TO 31ST DECEMBER, 1981

(CONT.)

9. CURRENT LIABILITIES

		1980
Creditors	£ 388,140	£ 483,195
Dividends Payable	7,200	~
Bank Overdraft	240,384	306,723
	£ 635,724	£ 789,918

The Clydesdale Bank Limited holds a floating charge, dated 25th March, 1971, to the extent of £500,000.

10. SHARE CAPITAL

Authorised, Issued and Fully Paid		
40,000 Ordinary Shares of £1 each	£ 40,000	£ 40,000

T. M. SIMPSON LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

Year to 31st December	1981	1980
Profit (Loss) Before Taxation	£ 62,308	£ (77,966)
Adjustment for Items not involving the Movement of Funds:		
Depreciation	27,609	28,038
Extraordinary Items	(40,532)	–
(Gain) Loss on Sales of Fixed Assets	2,249	(7,763)
Funds Generated by Trading	£ 51,634	£ (57,691)
Hire Purchase Agreements	–	11,580
Sale of Fixed Assets	4,633	20,321
Corporation Tax Recovered	45	–
Dividends Received	–	23,000
Total Funds Generated	£ 56,312	£ (2,790)

APPLICATION OF FUNDS

	1981	1980
Purchase of Fixed Assets	£ 29,951	£ 40,933
Dividends	–	375,240
Group Relief Paid	1,635	–
Advance Corporation Tax	–	1,217
Hire Purchase Creditor	9,344	18,568
	£ 40,930	£ 435,958

INCREASE (DECREASE) IN WORKING CAPITAL

	1981	1980
Stock	£ (50,741)	£ (48,924)
Work in Progress	(250,392)	(68,797)
Debtors	4,407	30,782
Creditors	95,035	121,492
Group Relief	–	(52,716)
Inter Group Balances	149,662	(324,965)
	£ (52,009)	£ (343,128)
	£ (11,079)	£ 92,830
Increase (Decrease) in Cash Balances	67,391	(95,620)
	£ 56,312	£ (2,790)

REPORT OF THE AUDITORS

TO THE MEMBERS OF T. M. SIMPSON LIMITED

We have examined the Accounts of T. M. Simpson Limited set out on pages two to seven. These have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

In our opinion, the Accounts give a true and fair view of the state of affairs at 31st December, 1981 and of the profit and source and application of funds for the year then ended and comply with the Companies Acts 1948 to 1981.

French & Cowan C.A.

FRENCH & COWAN
INCORPORATING
KIRK & JOHNSTON
CHARTERED ACCOUNTANTS
GLASGOW

19th May, 1982