

John Davidson (Holdings) Limited
Annual report and accounts
for the year ended 31 March 2000

Registered Number SC54871

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John Davidson (Holdings) Limited

Annual report and accounts for the year ended 31 March 2000

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John Davidson (Holdings) Limited

Directors and Advisors for the year ended 31 March 2000

Directors

E D Innes (Chairman)

A C Cooper

Secretary

E D Innes

Auditors

PricewaterhouseCoopers

Kintyre House

209 West George Street

GLASGOW, G2 2LW

Bankers

TSB Bank Scotland plc

21 Blythswood Square

GLASGOW, G2 4BL

Registered Office

39 Castle Street

EDINBURGH, EH2 3BH

Registered Number

SC54871

John Davidson (Holdings) Limited

Directors' report for the year ended 31 March 2000

Principal activities

The principal activity of the company is that of group holding company. The principal activity of the group is the distribution of pipes and associated products for use in building, civil engineering and agriculture.

The Directors consider the results for the year to be satisfactory.

Review of business and future developments

The Directors intend to continue to expand the product range where suitable products, offering potential growth, in turnover and gross margin are available.

Results and dividends

The results for the year are set out in the profit and loss account on page 5. The profit for the year after tax amounted to £338,356 (1999 - £180,843). The Directors have paid and proposed dividends of £200,000 (1999 - £162,987) and the profit retained of £138,356 (1999 - £17,856) will be added to reserves.

Year 2000

The group has experienced no material disruption or malfunctions to operations since 1 January 2000 arising from its own computer systems or equipment with embedded date-reliant computer chips. The lack of disruption from the group's own systems and equipment is attributed to the steps taken to address any identified risks prior to the change in date.

Directors and their interests

The Directors of the company who served during the year are those listed on page 1.

The interests of the Directors in the share capital of the company at the beginning and end of the year were as follows:

	2000	1999
	£	£
E D Innes - Ordinary shares of £1 each	58,000	58,000
A C Cooper - Ordinary shares of £1 each	19,000	19,000

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 March 2000 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

John Davidson (Holdings) Limited

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By order of the Board



E D Innes
Company Secretary
5 July 2000

John Davidson (Holdings) Limited

Auditors' report to the members of John Davidson (Holdings) Limited

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 2, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

We conducted our audit in accordance with 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 2000 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow
5 July 2000

John Davidson (Holdings) Limited

Profit and loss account for the year ended 31 March 2000

	Note	2000 £	1999 £
Turnover – (continuing operations)	2	19,804,374	20,176,682
Cost of sales		(16,143,309)	(16,652,296)
Gross profit		3,661,065	3,524,386
Distribution costs		(653,559)	(677,634)
Administrative costs		(2,440,670)	(2,460,063)
Operating profit		566,836	386,689
Interest receivable and similar income	6	6,489	1,554
Interest payable and similar charges	6	(108,948)	(170,027)
Profit on ordinary activities before taxation	3	464,377	218,216
Tax on profit on ordinary activities	7	(126,021)	(37,373)
Profit on ordinary activities after taxation		338,356	180,843
Dividends paid and proposed	8	(200,000)	(162,987)
Retained profit for the financial year	18	138,356	17,856

Statement of total recognised gains and losses

There is no difference between the reported profit for the years ended 31 March 2000 and 1999 and the total recognised gains and losses for these years.

The notes on pages 8 to 19 form part of these financial statements.

John Davidson (Holdings) Limited

Balance sheet as at 31 March 2000

		Group		Company	
	Note	2000	1999	2000	1999
		£	£	£	£
Fixed Assets					
Tangible assets	9	1,066,575	1,107,720	-	-
Investments	10	-	-	169,954	169,954
		1,066,575	1,107,720	169,954	169,954
Current assets					
Stock	11	1,717,494	1,317,135	-	-
Debtors	12	4,884,176	4,280,666	140,000	134,862
Cash at bank and in hand		3,650	3,750	-	-
		6,605,320	5,601,551	140,000	134,862
Creditors: amounts falling due within one year	13	(5,595,684)	(4,694,369)	(140,000)	(134,862)
Net current assets		1,009,636	907,182	-	-
Total assets less current liabilities		2,076,211	2,014,902	169,954	169,954
Creditors : amounts falling due after more than one year	14	(360,170)	(437,217)	-	-
Net assets		1,716,041	1,577,685	169,954	169,954
Capital and reserves					
Called up share capital	17	77,000	77,000	77,000	77,000
Capital redemption reserve	18	76,448	76,448	76,448	76,448
Capital reserve	18	1,278	1,278	1,278	1,278
Profit and loss account	18	1,561,315	1,422,959	15,228	15,228
Equity shareholders' funds	19	1,716,041	1,577,685	169,954	169,954

The financial statements on pages 5 to 19 were approved by the board of directors on 5 July 2000 and were signed on its behalf by:



E D Innes
Director

John Davidson (Holdings) Limited

Group cash flow statement for the year ended 31 March 2000

	Note	2000 £	1999 £
Net cash inflow from operating activities	20 (1)	848,681	699,536
Returns on investment and servicing of finance			
Interest paid		(115,728)	(170,435)
Interest received		-	64
Rent received		7,981	3,633
		(107,747)	(166,738)
Taxation			
Corporation tax repaid		-	4,362
Corporation tax paid		(25,052)	(94,534)
ACT paid		-	(39,088)
Tax paid		(25,052)	(129,260)
Capital expenditure			
Payments to acquire tangible fixed assets		(184,928)	(211,186)
Receipts from sales of tangible fixed assets		25,249	30,401
		(159,679)	(180,785)
Equity dividends paid		(172,987)	(168,852)
Net cash flow inflow before financing		383,216	53,901
Financing			
Repayment of borrowings	20 (2)	(70,342)	(57,762)
Increase/(decrease) in net cash	20 (3)	312,874	(3,861)

John Davidson (Holdings) Limited

Notes to the financial statements for the year ended 31 March 2000

1. Accounting policies

(i) Basis of accounting

These financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. Particulars of the significant accounting policies of the company and the group are given below.

(ii) Basis of consolidation

The group financial statements include the net assets and results of operations of the company and its subsidiary undertaking for the year ended 31 March 2000.

The investment in the subsidiary undertaking is stated at cost.

(iii) Tangible fixed assets and depreciation

Tangible fixed assets are shown at cost less accumulated depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less the estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	-	50 years
Motor vehicles	-	4 years
Plant and machinery	-	5 years
Fixtures and fittings	-	5 years

Leasehold improvements are depreciated in equal instalments over the shorter of the remaining period of the lease or their expected useful lives.

(iv) Stocks

Stocks are stated at the lower of cost and net realisable value.

(v) Deferred taxation

Deferred taxation on timing differences between profits computed for taxation purposes and profits as stated in the financial statements is provided only where there is reasonable evidence that it will become payable within the foreseeable future.

(vi) Operating leases

Rentals paid under operating leases are charged to income on a straight-line basis over the term of the lease.

(vii) Pensions

The group makes contributions to personal pension plans operated for certain employees. The charge in the year represents the contributions payable by the group.

John Davidson (Holdings) Limited

2. Turnover

Turnover represents the amounts derived from one class of business, being the sale of pipes and associated products for use in building, civil engineering and agriculture. It is stated net of discounts and value added tax and was derived almost exclusively in the United Kingdom.

3. Profit on ordinary activities before taxation

	2000 £	1999 £
Profit on ordinary activities before taxation is stated after charging/(crediting):-		
Depreciation	210,186	225,868
Auditors' remuneration - audit fees	14,000	19,000
- non audit fees	11,000	6,000
Operating lease rentals	183,572	107,101
Gain on sale of tangible fixed assets	(9,362)	(12,054)

4. Employees and staff costs

	2000 Number	1999 Number
The average number of persons employed by the group including directors during the year was:	84	86

	2000 £	1999 £
Wages and salaries	1,469,343	1,535,965
Social security costs	139,745	149,086
Pension and other costs	63,981	56,071
	1,673,069	1,741,122

John Davidson (Holdings) Limited

5. Directors' emoluments

	2000	1999
	£	£
Directors received the following remuneration:		
Aggregate emoluments	186,782	177,738
Company contributions paid to money purchase pension schemes	54,625	45,776
	241,407	223,514

Pension scheme benefits are accruing to two Directors (1999: two) under a money purchase pension.

6. Interest

	2000	1999
	£	£
Interest receivable and similar income		
Rent receivable	6,489	1,490
Interest receivable	-	64
	6,489	1,554
Interest payable and similar charges		
Bank term loan repayable by instalments over more than five years	34,944	47,238
Other interest	141	-
Bank overdraft	73,863	122,789
	108,948	170,027

John Davidson (Holdings) Limited

7. Tax on profit on ordinary activities

	2000	1999
	£	£
The tax charge comprises:		
UK corporation tax at 25% (1999: 21%)	120,166	48,285
Adjustment from previous years	5,855	(10,912)
	126,021	37,373

8. Dividends

	2000	1999
	£	£
Equity dividends on ordinary shares		
Interim paid	60,000	50,000
Final proposed	140,000	112,987
	200,000	162,987

John Davidson (Holdings) Limited

9. Tangible assets

	Freehold land & buildings	Leasehold improvements	Motor vehicles	Plant & machinery	Fixtures & fittings	Total
	£	£	£	£	£	£
Cost						
At 31 March 1999	580,522	264,646	880,444	247,075	179,194	2,151,881
Additions	-	12,000	36,341	7,575	129,012	184,928
Disposals	-	-	(180,232)	(20,440)	(27,623)	(228,295)
As at 31 March 2000	580,522	276,646	736,553	234,210	280,583	2,108,514
Depreciation						
As at 31 March 1999	104,652	98,972	525,466	218,347	96,724	1,044,161
Charge for the year	9,539	12,178	135,756	15,314	37,399	210,186
Disposals	-	-	(164,482)	(20,440)	(27,486)	(212,408)
At 31 March 2000	114,191	111,150	496,740	213,221	106,637	1,041,939
Net book value						
At 31 March 2000	466,331	165,496	239,813	20,989	173,946	1,066,575
At 31 March 1999	475,870	165,674	354,978	28,728	82,470	1,107,720

10. Investments

	2000	1999
	£	£
Company		
Shares in subsidiary undertaking	22,228	22,228
Amounts due by subsidiary undertaking	147,726	147,726
	169,954	169,954

The investment in subsidiary undertaking at 31 March 2000 represents the cost of the 100% interest in the ordinary share capital of John Davidson (Pipes) Limited, a company registered in Scotland. Its principal activity is the distribution of pipes and associated products for use in building, civil engineering and agriculture.

John Davidson (Holdings) Limited

11. Stocks

	2000	1999
	£	£
Group		
Goods for resale	1,717,494	1,317,135

12. Debtors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	4,436,833	4,049,202	-	-
Prepayments and accrued income	447,343	228,786	-	-
Amounts owed by subsidiary undertaking	-	-	140,000	134,862
Corporation tax recoverable	-	2,678	-	-
	4,884,176	4,280,666	140,000	134,862

13. Creditors – amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank overdraft	625,083	938,057	-	-
Bank term loan (note 14)	73,362	66,657	-	-
Trade creditors	4,273,638	3,070,714	-	-
Other taxation and social security	135,389	246,633	-	-
Accruals and deferred income	228,046	237,446	-	-
Corporation tax	120,166	-	-	-
ACT payable	-	21,875	-	21,875
Dividend	140,000	112,987	140,000	112,987
	5,595,684	4,694,369	140,000	134,862

John Davidson (Holdings) Limited

14. Creditors – Amounts falling due after more than one year

	2000	1999
	£	£
Group		
Bank term loan	433,532	503,874
Less: amount falling due within one year (Note 13)	(73,362)	(66,657)
	360,170	437,217

The bank term loan is repayable by monthly instalments over a term not exceeding 10 years from August 1995 with interest charged at 2% above the bank base rate.

15. Security

The bank overdraft and bank term loan are secured over all the assets of the company by way of debenture and floating charge.

16. Deferred taxation

There is no provision for deferred taxation (1999 - £nil). The potential deferred tax asset at a rate of 30% (1999: 30%) is £32,969 (1999: £29,480).

17. Called up share capital

	2000	1999
	£	£
Authorised:		
Equity share capital		
171,000 ordinary shares at £1 each	171,000	171,000
Non-equity share capital		
19,000 convertible shares of £1 each	19,000	19,000
	190,000	190,000
Issued and fully paid:		
Equity share capital		
77,000 (1999 – 77,000) ordinary shares of £1 each	77,000	77,000

The convertible shares have no rights to income, or capital or voting rights. The convertible shares shall be converted on the basis of one ordinary share for one convertible share. Conversion takes place on the achievement of aggregate profit targets as set out in the Company's Articles of Association.

John Davidson (Holdings) Limited

18. Reserves

	Capital redemption reserve	Capital reserve	Profit and loss account
	£	£	£
Group			
At 1 April 1999	76,448	1,278	1,422,959
Profit for the financial year	-	-	138,356
At 31 March 2000	76,448	1,278	1,561,315
Company			
At 1 April 1999 and 31 March 2000	76,448	1,278	15,228

John Davidson (Holdings) Limited

19. Reconciliation of movements in shareholders' funds

	2000 £	1999 £
Group		
Profit on ordinary activities after taxation	338,356	180,843
Dividends to shareholders	(200,000)	(162,987)
Net increase in shareholders' funds	138,356	17,856
Shareholders' funds at beginning of year	1,577,685	1,559,829
Shareholders' funds at end of year	1,716,041	1,577,685
Analysed as:		
Equity shareholders' funds	1,716,041	1,577,685
Company		
Profit on ordinary activities after taxation	200,000	162,987
Dividends to shareholders	(200,000)	(162,987)
Net increase in shareholders' funds	-	-
Shareholders' funds at beginning of year	169,954	169,954
Shareholders' funds at end of year	169,954	169,954
Analysed as:		
Equity shareholders' funds	169,954	169,954

John Davidson (Holdings) Limited

20. Reconciliation of operating profit to net cash flow from operating activities

(1) Reconciliation of operating profit to net cash flow from operating activities:

	2000 £	1999 £
Operating profit	566,836	386,689
Depreciation	210,186	225,868
Gain on sale of tangible fixed assets	(9,362)	(12,054)
(Increase)/decrease in stocks	(400,359)	312,583
(Increase)/decrease in debtors	(606,188)	676,761
Increase/(decrease) in creditors	1,087,568	(890,311)
Net cash inflow from operating activities	848,681	699,536

(2) Reconciliation of net cash flow for movements in net debt

	2000 £	1999 £
Increase/(decrease) in cash in the period	312,874	(3,861)
Cash outflow from decrease in debt	70,342	57,762
Change in net debt resulting from cash flows	383,216	53,901
Net debt at 1 April 1999	(1,438,181)	(1,438,181)
Net debt at 31 March 2000	(1,054,965)	(1,438,181)

John Davidson (Holdings) Limited

(3) Analysis of net debt

	At 1 April 1999	Cashflow	At 31 March 2000
	£'000	£'000	£'000
Net cash:			
Cash at bank and in hand	3,750	(100)	3,650
Bank overdraft	(938,057)	312,974	(625,083)
	(934,307)	312,874	(621,433)
Debt:			
Term loan payments due after one year	(503,874)	70,342	(433,532)
Total net debt	(1,438,181)	383,216	(1,054,965)

21. Operating leases

The group annual commitments in respect of non-cancellable operating leases, for land and buildings and motor vehicles are as follows:

	2000 £	1999 £
Between two and five years	55,843	47,500
After five years	127,729	75,751
	183,572	123,251

22. Capital commitments

	2000 £	1999 £
Group		
Expenditure contracted for	255,000	-

John Davidson (Holdings) Limited

23. Parent company profit and loss account

John Davidson (Holdings) Limited has not presented its own profit and loss account as permitted by Section 230 of the Companies Act 1985. The company's profit and loss account was approved by the Board on 5 July 2000. The profit before tax for the financial year dealt with in the financial statements of the company was £200,000. (1999: £162,987)