

**LAING MANAGEMENT (SCOTLAND) LIMITED**

**ACCOUNTS FOR THE YEAR ENDED**

**31 DECEMBER 2000**



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COMPANIES HOUSE 815101  
A15 0323  
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SC  
Company Registration No 75712

**DIRECTORS' REPORT**

The directors submit their report and the financial statements for the year ended 31 December 2000.

**REVIEW OF THE YEAR**

The loss for the year before taxation was £532,680 (1999 - £1,635,184 (profit)).

The directors are proposing the payment of a dividend of £2,000,000 (1999 - £nil).

The principal activity of the company is management contracting.

On 16 November 2000 the Board of John Laing plc announced its intention to dispose of the Group's Construction Division, including LAING MANAGEMENT (SCOTLAND) LIMITED. The Group has appointed advisors and indicative offers were received during January 2001. Discussions with potential purchasers are continuing.

**DIRECTORS**

The directors during the year were:

A Aikenhead	- resigned 30 April 2000
B F Ainsworth	
S H Hay	

**DIRECTORS' INTERESTS**

On 18 May 2000 John Laing plc obtained shareholder approval to enfranchise its Ordinary A (non-voting) Shares of 25p each with effect from 31 May 2000. From that date such shares ranked *pari passu* in all respects with the existing Ordinary Shares of 25p each. In addition, share options previously granted over Ordinary A (non-voting) Shares became options over Ordinary Shares. A compensatory Scrip Issue of 1 for every 20 Ordinary Shares held on 30 May 2000 was made to the holders of Ordinary Shares on that date.

No director had any interest in the shares of the company.

Other than as stated below, no director has any interests in the shares or share option schemes of John Laing plc, the company's ultimate parent company, including family and non-beneficial interests, as registered in accordance with the Companies Act 1985.

The interests of B F Ainsworth, being also a director of Laing Management Limited, are recorded in the register maintained by that company.

**DIRECTORS' REPORT** (Continued)**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 for that period. In preparing those 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**AUDITOR**

Pursuant to a shareholders' resolution, the company is not obliged to reappoint its auditor annually and KPMG Audit Plc will therefore continue in office.

On behalf of the board



**B F AINSWORTH**

Director

27 March 2001

**AUDITOR'S REPORT**

To the members of Laing Management (Scotland) Limited

We have audited the financial statements on pages 4 to 10.

***Respective responsibilities of directors and auditor***

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 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 with the company is not disclosed.

***Basis of 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 the company's affairs as at 31 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
London  
27 March 2001

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31 DECEMBER 2000**

	Notes	2000 £	1999 £
Turnover		1,947,284	16,486,427
Cost of sales		(2,360,964)	(14,430,243)
<b>Gross (loss) / profit</b>		<b>(413,680)</b>	<b>2,056,184</b>
Administration expenses	2	(119,000)	(421,000)
<b>(Loss) / profit on ordinary activities before taxation</b>	2	<b>(532,680)</b>	<b>1,635,184</b>
Group tax relief receivable / (payable): Current year		143,659	(496,383)
Taxation	3	14,876	1,518
<b>(Loss) / profit attributable to shareholders</b>		<b>(374,145)</b>	<b>1,140,319</b>
Dividend payable		(2,000,000)	-
<b>Retained (loss) / profit for the year</b>		<b>(2,374,145)</b>	<b>1,140,319</b>

All gains and losses are recognised in the profit and loss account.

A statement of movements on reserves is given in Note 10.

All items in the profit and loss account relate to continuing operations.

There is no material difference between the result as disclosed in the Profit and Loss Account and the result on an unmodified historic cost basis.

**BALANCE SHEET AT 31 DECEMBER 2000**

	Notes	2000 £	1999 £
<b>FIXED ASSETS</b>			
Investments		1	1
<b>CURRENT ASSETS</b>			
Debtors: - due within one year	7	1,785,059	5,813,728
- due after more than one year	7	20,000	70,000
		<u>1,805,059</u>	<u>5,883,728</u>
<b>CREDITORS:</b> amounts falling due within one year	8	<u>(1,189,624)</u>	<u>(2,879,272)</u>
<b>NET CURRENT ASSETS</b>		<b>615,435</b>	<b>3,004,456</b>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
	9	(5,629)	(20,505)
<b>NET ASSETS</b>		<u><b>609,807</b></u>	<u><b>2,983,952</b></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital			
Authorised, allotted, called up and fully paid 1,000 ordinary shares of £1 each		1,000	1,000
Profit and loss account	10	608,807	2,982,952
<b>EQUITY SHAREHOLDERS' FUNDS</b>	10	<u><b>609,807</b></u>	<u><b>2,983,952</b></u>

The accounts on pages 4 to 10 were approved by the Board of Directors on 27 March 2001 and were signed on its behalf by:



**B F AINSWORTH**  
**DIRECTOR**

## NOTES

(forming part of the financial statements)

## 1. ACCOUNTING POLICIES

(a) Basis of preparation of accounts

These accounts have been prepared under the historical cost accounting rules and in accordance with the reporting requirements of the Companies Act 1985, together with applicable accounting standards. The Company has implemented Financial Reporting Standards 15 (Tangible Fixed Assets) and 16 (Current Tax). These have had no material effect on the Company's results and no prior year adjustments were necessary.

The Company is a wholly owned subsidiary undertaking of John Laing plc, the Company's ultimate parent company, and is exempt from the requirement to prepare its own cash flow statement.

(b) Turnover

Turnover comprises invoiced sales and value of work done on long-term contracts.

(c) Long-term contracts

Amounts recoverable on contracts, which are included in debtors, are stated at cost, plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments. Cost for this purpose includes valuations of all work done by subcontractors, whether certified or not and all overheads other than those relating to the general administration of the relevant companies. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments on account.

(d) Pension costs

These are provided systematically over the average remaining future service lives of employees (see note 6). Differences between the amounts charged in the profit and loss account and payments made are treated as assets or liabilities in the balance sheet. Deferred tax is accounted for on these assets and liabilities.

(e) Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences in the treatment of certain items for taxation and accounting purposes. Provision for deferred taxation is not made unless there is reasonable evidence that it will be payable in the foreseeable future.

NOTES (Continued)

2. ITEMS IN PROFIT AND LOSS ACCOUNT

	2000 £	1999 £
(Loss) / profit on ordinary activities before taxation is stated after charging:		
Auditor's remuneration for audit services	-	2,023
Pension charge (see note 6)	50,000	5,000

In the current year the audit fee was paid by the parent company.

From 1 January 1999 the administration expenses, and the cash and VAT balances of the company together with those of certain other Laing Construction plc subsidiaries been recorded in John Laing Construction Limited. The administration expenses are recharged to the relevant companies at the year end via a management charge using the following apportionment method:

- business development costs except those directly incurred by Laing Engineering Limited and O C Summers Limited are allocated 100% to the company's fellow subsidiary company Laing Limited;
- administration expenses specifically attributable to the Engineering and Utilities Division are allocated equally between Laing Engineering Limited and O C Summers Limited;
- all other administration expenses are allocated between John Laing Construction Limited, Laing Limited, Laing Management Limited, Laing Engineering Limited, Laing Management (Scotland) Limited and O C Summers Limited based on these companies' turnover for the year.

3. TAXATION

	2000 £	1999 £
The taxation credit comprises :		
Deferred taxation - current year	(14,876)	(1,518)

4. EMOLUMENTS OF DIRECTORS

	2000 £	1999 £
Directors' emoluments :		
All directors	26,199	23,160
Highest paid director	18,272	15,301

The highest paid director is a member of a defined benefit scheme, under which the accrued pension to which he would be entitled from normal retirement date if he were to retire at the year end, was £54,727 (1999: £54,379).

Retirement benefits are accruing to all the directors under defined benefit schemes in both years.

No directors exercised any share options in John Laing plc shares in either year.



**NOTES (Continued)**

**5. STAFF NUMBERS AND COSTS**

	2000	1999
The average number of persons employed by the company (including directors) was	<u>12</u>	<u>30</u>
The aggregate payroll costs of these persons were as follows:		
	£	£
Employee costs		
Wages and salaries	381,437	1,249,271
Social security costs	31,322	103,094
Other pension costs	50,000	5,000
	<u>462,759</u>	<u>1,357,365</u>

*The majority of employees of John Laing plc and its subsidiaries have contracts of employment with John Laing Services Limited, a subsidiary of John Laing plc. The staff costs and average staff numbers disclosed above relate to direct employees of the company and the employees of John Laing Services Limited who are engaged only in the operations of the company and whose costs have been recharged to the company.*

**6. PENSION COSTS**

The Company is a member of the John Laing plc Group which operates a number of pension schemes, all of which are of the defined benefit type. The assets of these schemes are held in separate trustee-administered funds. Contributions to the schemes are assessed in accordance with the advice of a qualified actuary using the projected unit funding method for the schemes that are open to new entrants and the attained age funding method for the scheme that is closed to new entrants.

The pension costs disclosed in these accounts are derived from the formal triennial valuation of the schemes as at 31 March 1999 which were reviewed as at 31 March 2000. The principal assumptions underlying this valuation for accounting purposes were that the return on the schemes' investments would average 8.0% a year in future and salaries would increase at the rate of 5.0% a year plus a promotional salary scale. The method and assumptions employed in the valuation used to determine the funding policy are identical except for the return on the schemes' investments which was assumed to be 7.0% a year and for the closed scheme only the salary increase assumption was 6.0% a year.

At the date of the last formal actuarial valuation, the market value of the assets of the schemes was £651.0 million and the actuarial value of those assets represented 120% of the benefits that had accrued to the members.

There were no pension contributions made by the Company (1999 - £nil). The pension cost for accounting purposes was £50,000 (1999 - £5,000), and as a result, the prepayment in respect of the amortisation of surpluses that are being recognised over the remaining service lives of employees, decreased from £70,000 to £20,000.

**NOTES (Continued)**

**7 DEBTORS**

	31 December 2000 £	31 December 1999 £
Due within one year :		
Amounts recoverable on contracts	584,086	3,117,000
Trade debtors	830,924	9,557
Amounts owed by group undertakings	370,049	2,687,171
	<u>1,785,059</u>	<u>5,813,728</u>
Due after more than one year :		
Pensions prepayment	20,000	70,000
	<u>20,000</u>	<u>70,000</u>

**8. CREDITORS**

	31 December 2000 £	31 December 1999 £
Amounts falling due within one year :		
Trade creditors and subcontractor accruals	1,116,624	2,056,889
Payments on account	73,000	326,000
Amounts owed to group undertakings	-	496,383
	<u>1,189,624</u>	<u>2,879,272</u>

**9. PROVISIONS FOR LIABILITIES AND CHARGES**

	Deferred Taxation £	
At 1 January 2000	20,505	
Profit and loss account	(14,876)	
At 31 December 2000	<u>5,629</u>	
	2000 £	1999 £
Excess of capital allowances over depreciation	(371)	(495)
Short term timing differences	6,000	21,000
	<u>5,629</u>	<u>20,505</u>

There are no unprovided deferred taxation liabilities in either year.

**NOTES (Continued)**

**10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000			1999
	Share capital	Profit and loss account	Total shareholders' funds	Total
	£	£	£	£
At beginning of year	1,000	2,982,952	2,983,952	1,843,633
(Loss) / profit for the year		(374,145)	(374,145)	1,140,319
Dividend payable		(2,000,000)	(2,000,000)	-
At end of year	1,000	608,807	609,807	2,983,952

**11. GUARANTEES AND CONTINGENT LIABILITIES**

As is usual there are claims against the company and by the company arising in the normal course of trading, which are in the process of settlement and which in some cases may involve litigation. Full provision has been made in these accounts for all amounts which the directors consider may become payable by the company or non recoverable from clients on account of such claims. The company, in conjunction with other group companies within the John Laing group of companies, has guaranteed certain borrowings of John Laing plc.

**12. TRANSACTIONS WITH RELATED PARTIES**

As a greater than 90% subsidiary of John Laing plc the company has taken advantage of the exemption under Financial Reporting Standard 8, not to provide information on related party transactions with other undertakings within the John Laing group. Note 13 gives details of how to obtain a copy of the published financial statements of John Laing plc.

**13. ULTIMATE PARENT AND CONTROLLING COMPANY**

The company is a member of the John Laing group of companies, its ultimate parent and controlling company being John Laing plc, a company registered in England and Wales. Copies of the consolidated accounts of John Laing plc and the parent undertaking of the smallest group of undertakings in which the accounts of the company are consolidated, Laing Construction plc, which is also registered in England and Wales, are available from their registered offices at Page Street, London NW7 2ER.