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**Auditors' Report to the directors of Mitchell Timber (Leith) Limited
under Section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 3 to 8 together with the financial statements of Mitchell Timber (Leith) Limited for the year ended 30 April 2003 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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, for our work, for this report, or for the opinions we have formed.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 in respect of the year ended 30 April 2003, and the abbreviated accounts on pages 3 to 8 are properly prepared in accordance with those provisions.

Springfords LLP

**Springfords LLP
Chartered Accountants and
Registered Auditors**

8 October 2003

**Dundas House
Westfield Park
Eskbank
Edinburgh
EH22 3FB**



Mitchell Timber (Leith) Limited

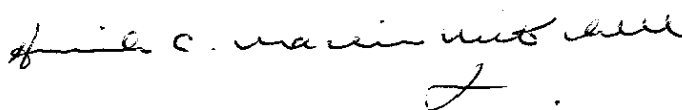
**Abbreviated Balance Sheet
as at 30 April 2003**

		2003		2002	
	Notes	£	£	£	£
Fixed Assets					
Tangible assets	3		171,415		858,937
Investments	3		3,103		3,103
			<u>174,518</u>		<u>862,040</u>
Current Assets					
Stocks		163,447		179,546	
Debtors		1,157,879		353,056	
Cash at bank and in hand		1,197		5,246	
		<u>1,322,523</u>		<u>537,848</u>	
Creditors: amounts falling due within one year	4	(1,230,390)		(466,790)	
Net Current Assets			<u>92,133</u>		<u>71,058</u>
Total Assets Less Current Liabilities			<u>266,651</u>		<u>933,098</u>
Creditors: amounts falling due after more than one year	5		(3,500)		(580,075)
Net Assets			<u>263,151</u>		<u>353,023</u>
Capital and Reserves					
Called up share capital	6		16,000		16,000
Revaluation reserve			-		97,762
Profit and loss account			247,151		239,261
Shareholders' Funds			<u>263,151</u>		<u>353,023</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies .

The abbreviated accounts were approved by the Board on 8 October 2003 and signed on its behalf by

H C MacLaine Mitchell
Director



The notes on pages 4 to 8 form an integral part of these financial statements.

Mitchell Timber (Leith) Limited

Notes to the Abbreviated Accounts for the year ended 30 April 2003

1. Accounting Policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention .

The company has taken advantage of the exemption in FRS1 from the requirement to produce a cashflow statement because it is a small company.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Freehold land	-	Nil
Freehold buildings	-	2.5% straight line
Fixtures, fittings and equipment	-	10 - 20% reducing balance
Motor vehicles	-	25% reducing balance
Computer equipment	-	12.5 - 25% straight line

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6. Stock

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

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.8. Deferred taxation

Provision is made for deferred taxation using the incremental liability approach to take account of all timing differences between the incidence of income and expenditure for taxation and accounting purposes that have originated but not reversed at the balance sheet date.

Mitchell Timber (Leith) Limited

**Notes to the Abbreviated Accounts
for the year ended 30 April 2003**

1.9. Group accounts

The company is entitled to the exemption under Section 248 of the Companies Act 1985 from the obligation to prepare group accounts. These financial statements therefore present information about the company as an individual and not about the group.

Mitchell Timber (Leith) Limited

**Notes to the Abbreviated Accounts
for the year ended 30 April 2003**

3. Fixed assets			
	Tangible	Investments	Total
	fixed assets		
	£	£	£
Cost			
At 1 May 2002	1,045,461	3,103	1,048,564
Additions	47,947	-	47,947
Disposals	(700,000)	-	(700,000)
At 30 April 2003	393,408	3,103	396,511
Depreciation			
At 1 May 2002	186,524	-	186,524
On disposals	(8,750)	-	(8,750)
Charge for year	44,219	-	44,219
At 30 April 2003	221,993	-	221,993
Net book values			
At 30 April 2003	171,415	3,103	174,518
At 30 April 2002	858,937	3,103	862,040

3.1. Investment details	2003	2002
	£	£
Subsidiary undertaking	3	3

Mitchell Timber (Leith) Limited

Notes to the Abbreviated Accounts for the year ended 30 April 2003

Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held Class	Holding
Subsidiary undertaking				
Broughton Building Limited	Scotland	Building Contractor	Ordinary	100%
Metco (Edinburgh) Limited	Scotland	Joinery Manufacturer	Ordinary	100%

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
	£	£
Broughton Building Limited	(11,793)	Dormant
Metco (Edinburgh) Limited	(114,473)	1,483

The market value of the listed investments as at 30 April 2003 was £1,650 (2002: £3,950).

4.	Creditors: amounts falling due within one year	2003	2002
		£	£
	Creditors include the following:		
	Secured creditors	863,624	165,035
		<hr/>	<hr/>
5.	Creditors: amounts falling due after more than one year	2003	2002
		£	£
	Include the following:		
	Instalments repayable after more than five years	-	380,769
		<hr/>	<hr/>
	Secured creditors	3,500	580,075
		<hr/>	<hr/>

Mitchell Timber (Leith) Limited

**Notes to the Abbreviated Accounts
for the year ended 30 April 2003**

6. Share capital	2003	2002
	£	£
Authorised		
10,000 Ordinary £1 shares of £1 each	10,000	10,000
6,000 Preference £1 shares of £1 each	6,000	6,000
	<u>16,000</u>	<u>16,000</u>
Allotted, called up and fully paid		
10,000 Ordinary £1 shares of £1 each	10,000	10,000
6,000 Preference £1 shares of £1 each	6,000	6,000
	<u>16,000</u>	<u>16,000</u>

7. Transactions with directors

The following directors had interest free loans during the year. The movements on these loans are as follows:

	Amount Owing		Maximum
	2003	2002	in year
	£	£	£
H C MacLaine Mitchell	<u>735,905</u>	<u>-</u>	<u>735,905</u>