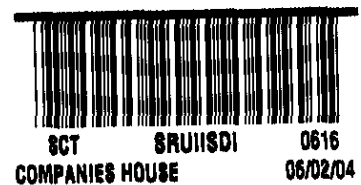


**ISLEBURN MACKAY AND MACLEOD LIMITED**  
**ABBREVIATED ACCOUNTS**  
**31 JULY 2003**



**R W M & K M MACKENZIE & CO**  
Chartered Accountants & Registered Auditors  
Geanies House  
TAIN  
Ross-shire  
IV20 1TW

# **ISLEBURN MACKAY AND MACLEOD LIMITED**

## **ABBREVIATED ACCOUNTS**

**YEAR ENDED 31 JULY 2003**

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<b>CONTENTS</b>	<b>PAGES</b>
Officers and professional advisers	<b>1</b>
The directors' report	<b>2 to 3</b>
Independent auditors' report to the company	<b>4</b>
Abbreviated profit and loss account	<b>5</b>
Abbreviated balance sheet	<b>6</b>
Cash flow statement	<b>7 to 8</b>
Notes to the abbreviated accounts	<b>9 to 18</b>

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# ISLEBURN MACKAY AND MACLEOD LIMITED

## OFFICERS AND PROFESSIONAL ADVISERS

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<b>The board of directors</b>	M B Kydd J S York
<b>Company secretary</b>	T R H Phillips
<b>Registered office</b>	Johnstone House 52 - 54 Rose Street ABERDEEN AB10 1HA
<b>Auditors</b>	R W M & K M MacKenzie & Co Chartered Accountants & Registered Auditors Geanies House TAIN Ross-shire IV20 1TW
<b>Bankers</b>	Bank of Scotland P O Box 9 9 High Street INVERNESS IV1 1JB
<b>Solicitors</b>	Ledingham Chalmers Johnstone House 52-54 Rose Street ABERDEEN AB10 1HA

# ISLEBURN MACKAY AND MACLEOD LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 JULY 2003

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The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 July 2003.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was the provision of general engineering services. These comprised workshop fabrication, vessel and rig repair and mobilisation, site installation and related site services. The company provided stevedoring services at Invergordon.

During the year, the company expanded its facilities by the purchase of freehold property at Highland Deephaven, Evanton and the lease of workshop space and yardage at Nigg, also on the Cromarty Firth. Associated with this was a programme of major capital investment in rolling presses and welding equipment.

The directors believe that as a result of these commitments, and founded on a broad skill base, the company is uniquely well placed to benefit from market opportunities, particularly in the rapidly growing renewables sector

### RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

### DIRECTORS

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

M B Kydd  
J S York

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

### 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 pages 9 to 10, 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.

# ISLEBURN MACKAY AND MACLEOD LIMITED

## THE DIRECTORS' REPORT *(continued)*

**YEAR ENDED 31 JULY 2003**

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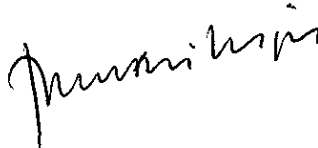
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **AUDITORS**

The auditors, R W M & K M MacKenzie & Co, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 15 March 2000.

Registered office:  
Johnstone House  
52 - 54 Rose Street  
ABERDEEN  
AB10 1HA

Signed by order of the directors



T R H Phillips  
Company Secretary

Approved by the directors on 2 February 2004

**ISLEBURN MACKAY AND MACLEOD LIMITED**  
**INDEPENDENT AUDITORS' REPORT TO THE COMPANY**  
**PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

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We have examined the abbreviated accounts on pages 5 to 18, together with the financial statements of the company for the year ended 31 July 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company's shareholders, as a body, in accordance with Section 247B 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 THE DIRECTORS AND THE AUDITORS**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A 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 section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

**BASIS OF OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered 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 section 246A(3) of the Act, and the abbreviated accounts on pages 5 to 18



Geanies House  
TAIN  
Ross-shire  
IV20 1TW

R W M & K M MACKENZIE & CO  
Chartered Accountants  
& Registered Auditors

2 February 2004

# ISLEBURN MACKAY AND MACLEOD LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JULY 2003

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	Note	2003 £	2002 £
<b>GROSS PROFIT</b>		<b>1,498,012</b>	<b>1,971,384</b>
Administrative expenses		<u>1,431,994</u>	<u>1,789,111</u>
<b>OPERATING PROFIT</b>	<b>2</b>	<b>66,018</b>	<b>182,273</b>
Interest receivable	<b>4</b>	<b>9,402</b>	<b>34,223</b>
Interest payable and similar charges	<b>5</b>	<b>(43,865)</b>	<b>(107,233)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u><b>31,555</b></u>	<u><b>109,263</b></u>
Tax on profit on ordinary activities	<b>6</b>	<b>(32,600)</b>	<b>34,508</b>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<u><b>64,155</b></u>	<u><b>74,755</b></u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 9 to 18 form part of these abbreviated accounts.

# ISLEBURN MACKAY AND MACLEOD LIMITED


## ABBREVIATED BALANCE SHEET

31 JULY 2003

	Note	2003 £	2002 £
<b>FIXED ASSETS</b>			
Tangible assets	7	3,281,342	1,016,477
<b>CURRENT ASSETS</b>			
Stocks	8	191,021	381,275
Debtors	9	4,920,188	3,236,582
Cash at bank and in hand		517,343	544,064
		5,628,552	4,161,921
<b>CREDITORS: Amounts falling due within one year</b>	10	5,570,155	3,698,851
<b>NET CURRENT ASSETS</b>		58,397	463,070
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,339,739	1,479,547
<b>CREDITORS: Amounts falling due after more than one year</b>	11	1,582,474	252,109
		1,757,265	1,227,438
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	14	153,300	60,400
Government grants	15	372,772	—
		1,231,193	1,167,038
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	18	650,000	650,000
Revaluation reserve	19	30,190	58,883
Profit and loss account	20	551,003	458,155
<b>SHAREHOLDERS' FUNDS</b>	21	1,231,193	1,167,038

These abbreviated financial statements have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on the 2 February 2004 and are signed on their behalf by:

  
M B Kydd  
Director

The notes on pages 9 to 18 form part of these abbreviated accounts.



# ISLEBURN MACKAY AND MACLEOD LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 JULY 2003

	2003 £	2002 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>1,185,017</b>	<b>2,057,448</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Income from group undertakings	–	28,125
Interest received	9,402	6,098
Interest paid	(25,235)	(94,900)
Interest element of hire purchase	(18,630)	(12,333)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>(34,463)</b>	<b>(73,010)</b>
<b>TAXATION</b>	<b>78,001</b>	<b>(31,051)</b>
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire tangible fixed assets	(2,494,326)	(274,286)
Receipts from sale of fixed assets	16,472	18,688
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>(2,477,854)</b>	<b>(255,598)</b>
<b>CASH (OUTFLOW)/INFLOW BEFORE FINANCING</b>	<b>(1,249,299)</b>	<b>1,697,789</b>
<b>FINANCING</b>		
Repayment of bank loans	119,818	(28,312)
Capital element of hire purchase	1,689,939	109,845
New grants received	372,772	–
<b>NET CASH INFLOW FROM FINANCING</b>	<b>2,182,529</b>	<b>81,533</b>
<b>INCREASE IN CASH</b>	<b>933,230</b>	<b>1,779,322</b>
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES</b>		
	2003 £	2002 £
Operating profit	66,018	182,273
Depreciation	216,227	172,357
(Profit)/Loss on disposal of fixed assets	(3,238)	15,438
Decrease/(increase) in stocks	190,254	(43,779)
(Increase)/decrease in debtors	(1,663,064)	1,643,650
Increase in creditors	2,378,820	87,509
<b>Net cash inflow from operating activities</b>	<b>1,185,017</b>	<b>2,057,448</b>

The notes on pages 9 to 18 form part of these abbreviated accounts.

# ISLEBURN MACKAY AND MACLEOD LIMITED

## CASH FLOW STATEMENT *(continued)*

**YEAR ENDED 31 JULY 2003**

### RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
Increase in cash in the period	933,230	1,779,322
Net cash (inflow) from/outflow from bank loans	(119,818)	28,312
Cash outflow in respect of hire purchase	(1,689,939)	(109,845)
	<u>(876,527)</u>	<u>1,697,789</u>
<b>Change in net debt</b>	<b>(876,527)</b>	<b>1,697,789</b>
<b>Net debt at 1 August 2002</b>	<b>(781,296)</b>	<b>(2,479,085)</b>
<b>Net debt at 31 July 2003</b>	<b><u>(1,657,823)</u></b>	<b><u>(781,296)</u></b>

### ANALYSIS OF CHANGES IN NET DEBT

	At 1 Aug 2002 £	Cash flows £	At 31 Jul 2003 £
Net cash:			
Cash in hand and at bank	544,064	(26,721)	517,343
Overdrafts	(959,951)	959,951	—
	<u>(415,887)</u>	<u>933,230</u>	<u>517,343</u>
Debt:			
Debt due within 1 year	(22,524)	(21,429)	(43,953)
Debt due after 1 year	(128,512)	(98,389)	(226,901)
Hire purchase agreements	(214,373)	(1,689,939)	(1,904,312)
	<u>(365,409)</u>	<u>(1,809,757)</u>	<u>(2,175,166)</u>
<b>Net debt</b>	<b><u>(781,296)</u></b>	<b><u>(876,527)</u></b>	<b><u>(1,657,823)</u></b>

The notes on pages 9 to 18 form part of these abbreviated accounts.

# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

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### 1. ACCOUNTING POLICIES

#### Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

#### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax, plus any accrued income provided for.

#### Fixed assets

All fixed assets are initially recorded at cost.

#### 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:

Cranes	- 13%	per annum straight line
Other engineering plant	- 25%	per annum reducing balance
Vehicles	- 25% - 30%	per annum reducing balance
Computer and electronic equipment	- 20% - 33%	per annum straight line
Furniture & fittings	- 20%	per annum reducing balance
Freehold Improvements	- 4%	per annum straight line
Leasehold property	- 25%	per annum straight line

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

#### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### Work in progress

Work in progress is valued on the basis of direct costs. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress. Where a contract is substantially complete and there is a reasonable degree of certainty of the outcome, a provision may be made in "Other Debtors" for revenue receivable in respect of recognised costs which will reflect an element of profit for that contract.

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# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

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### 1. ACCOUNTING POLICIES *(continued)*

#### Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value.

The capital element of the future payments is treated as a liability and the interest is the profit and loss account on a straight line basis.

#### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

#### Pension costs

The company operates defined contribution pension schemes for employees. The assets of the schemes are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

#### Deferred government grants

Deferred government grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

### 2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Directors' emoluments	—	—
Depreciation of owned fixed assets	132,920	142,374
Depreciation of assets held under hire purchase agreements	83,307	29,983
(Profit)/Loss on disposal of fixed assets	(3,238)	15,438
Auditors' remuneration		
- as auditors	6,500	6,500
Operating lease costs:		
Plant and equipment	3,059	4,779

# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

### 3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003	2002
	No	No
Number of production staff	120	115
Number of administrative staff	21	19
	<u>141</u>	<u>134</u>

The aggregate payroll costs of the above were:

	2003	2002
	£	£
Wages and salaries	3,919,045	4,121,403
Social security costs	398,345	409,071
	<u>4,317,390</u>	<u>4,530,474</u>

### 4. INTEREST RECEIVABLE

	2003	2002
	£	£
Bank interest receivable	9,402	6,098
Interest from group undertakings	—	28,125
	<u>9,402</u>	<u>34,223</u>

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	2003	2002
	£	£
Interest payable on bank borrowing	22,464	81,711
Finance charges	18,630	12,333
Other similar charges payable	2,771	13,189
	<u>43,865</u>	<u>107,233</u>

Interest paid to group undertakings amounted to £Nil (2002 - £26,250).

# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

### 6. TAX ON PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in the year

	2003 £	2002 £
Current tax:		
In respect of the year:		
UK Corporation tax based on the results for the year at 19% (2002 - 24.20%)	(127,261)	28,000
Over/under provision in prior year	1,761	(1,292)
Total current tax	(125,500)	26,708
Deferred tax:		
Increase in deferred tax provision	92,900	7,800
Tax on profit on ordinary activities	(32,600)	34,508

#### (b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2002 - 24.20%).

	2003 £	2002 £
Profit on ordinary activities before taxation	31,555	109,263
Profit/(loss) on ordinary activities by rate of tax	5,995	26,442
Accelerated capital allowances	(85,809)	(1,221)
Disallowed expenses	3,602	2,971
Over/under provision prior year	1,761	(1,292)
Current year losses used at marginal rates of tax	(51,103)	—
Sundry tax adjusting items	54	(192)
Total current tax (note 6(a))	(125,500)	26,708

# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

### 7. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Total £
<b>COST OR VALUATION</b>			
At 1 August 2002	393,779	1,280,125	1,673,904
Additions	181,554	2,312,772	2,494,326
Disposals	—	(58,451)	(58,451)
<b>At 31 July 2003</b>	<b>575,333</b>	<b>3,534,446</b>	<b>4,109,779</b>
<b>DEPRECIATION</b>			
At 1 August 2002	56,012	601,415	657,427
Charge for the year	23,143	193,084	216,227
On disposals	—	(45,217)	(45,217)
<b>At 31 July 2003</b>	<b>79,155</b>	<b>749,282</b>	<b>828,437</b>
<b>NET BOOK VALUE</b>			
<b>At 31 July 2003</b>	<b>496,178</b>	<b>2,785,164</b>	<b>3,281,342</b>
At 31 July 2002	337,767	678,710	1,016,477

An independent valuation of the company's freehold property was carried out by Alan Torrance Associates, Chartered Surveyors, Invergordon on an open market basis as at 5 December 1997. On the basis of this valuation, the directors are satisfied that the market value of the freehold property is not materially different from the value carried in these accounts.

In addition a valuation was carried out on 3 December 1997 of the plant and equipment held by the company at that date by Messers Shirlaw Allan & Co, Valuers, of Renfrew on a "going concern" basis.

# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

### 7. TANGIBLE FIXED ASSETS *(continued)*

In respect of certain fixed assets stated at valuations, the comparable historical cost and depreciation values are as follows:

	2003 £	2002 £
Net book value at end of year	<u>39,448</u>	<u>52,598</u>
Historical cost	<u>212,515</u>	<u>212,515</u>
Depreciation:		
At 1 August 2002	190,238	182,813
Charge for year	<u>13,019</u>	<u>7,425</u>
At 31 July 2003	<u>203,257</u>	<u>190,238</u>
Net historical cost value:		
At 31 July 2003	<u>9,258</u>	<u>22,277</u>
At 1 August 2002	<u>22,277</u>	<u>29,702</u>

#### Hire purchase agreements

Included within the net book value of £3,281,342 is £2,187,289 (2002 - £256,516) relating to assets held under hire purchase agreements. The depreciation charged to the abbreviated accounts in the year in respect of such assets amounted to £83,307 (2002 - £29,983).

### 8. STOCKS

	2003 £	2002 £
Stock	80,907	127,907
Work in progress	<u>110,114</u>	<u>253,368</u>
	<u>191,021</u>	<u>381,275</u>

### 9. DEBTORS

	2003 £	2002 £
Trade debtors	3,388,579	2,762,597
Amounts owed by group undertakings	248,369	39,906
Corporation tax repayable	20,542	—
Other debtors	384,230	88,056
Prepayments and accrued income	<u>878,468</u>	<u>346,023</u>
	<u>4,920,188</u>	<u>3,236,582</u>



# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

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

	2003	2002
	£	£
Pension Fund Loan	200,000	—
Bank loans and overdrafts	43,953	982,475
Trade creditors	3,840,123	874,539
Amounts owed to group undertakings	59,097	476,146
Corporation tax	—	26,957
Other taxation and social security	212,732	310,916
Hire purchase agreements	548,739	90,776
Other creditors	665,511	937,042
	<u>5,570,155</u>	<u>3,698,851</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2003	2002
	£	£
Bank loans and overdrafts	<u>43,953</u>	<u>982,475</u>

The bank term loan and overdraft are included in the Group borrowing which is secured as follows:

- (i) Bond and floating charge over the whole assets of the group companies.
- (ii) Standard Securities over group premises.
- (iii) Life cover over the life of a director.

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

	2003	2002
	£	£
Bank loans and overdrafts	226,901	128,512
Hire purchase agreements	1,355,573	123,597
	<u>1,582,474</u>	<u>252,109</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2003	2002
	£	£
Bank loans and overdrafts	<u>226,901</u>	<u>128,512</u>

The bank term loan is secured as detailed above.

# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

### 11. CREDITORS: Amounts falling due after more than one year *(continued)*

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2003	2002
	£	£
Bank loans and overdrafts	<u>51,091</u>	<u>38,416</u>

The Bank Term Loans are repayable over 84 months and bear interest at Bank of Scotland Base rate plus 2% and 2.5%

### 12. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	2003	2002
	£	£
Amounts repayable:		
In one year or less or on demand	43,953	22,254
In more than one year but not more than two years	43,953	22,254
In more than two years but not more than five years	131,857	66,762
In more than five years	51,091	38,416
	<u>270,854</u>	<u>149,686</u>

### 13. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2003	2002
	£	£
Amounts payable within 1 year	617,683	102,687
Amounts payable between 1 and 2 years	567,756	94,312
Amounts payable between 3 and 5 years	965,856	44,378
	<u>2,151,295</u>	<u>241,377</u>
Less interest and finance charges relating to future periods	(246,983)	(27,004)
	<u>1,904,312</u>	<u>214,373</u>
Hire purchase agreements are analysed as follows:		
Current obligations	548,739	90,776
Non-current obligations	1,355,573	123,597
	<u>1,904,312</u>	<u>214,373</u>

# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

### 14. DEFERRED TAXATION

	2003 £	2002 £
The movement in the deferred taxation provision during the year was:		
Provision brought forward	60,400	52,600
Profit and loss account movement arising during the year	92,900	7,800
Provision carried forward	<u>153,300</u>	<u>60,400</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Excess of taxation allowances over depreciation on fixed assets	153,300	60,400
	<u>153,300</u>	<u>60,400</u>

### 15. GOVERNMENT GRANTS

	2003 £	2002 £
<b>Received and receivable:</b>		
Receivable during year	372,772	—
At 31 July 2003	<u>372,772</u>	<u>—</u>
<b>Amortisation:</b>		
At 31 July 2003	<u>—</u>	<u>—</u>
Net balance at 31 July 2003	<u>372,772</u>	<u>—</u>

### 16. COMMITMENTS UNDER OPERATING LEASES

At 31 July 2003 the company had annual commitments under non-cancellable operating leases as set out below.

	2003		2002	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	9,794	390	—	—
Within 2 to 5 years	323,836	4,096	50,778	5,146
	<u>333,630</u>	<u>4,486</u>	<u>50,778</u>	<u>5,146</u>

### 17. CONTINGENCIES

There is a Performance Bond in favour of a customer, amounting to £121,188 with expiry date 31/12/03.

# ISLEBURN MACKAY AND MACLEOD LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 JULY 2003

### 18. SHARE CAPITAL

#### Authorised share capital:

	2003	2002
	£	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

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

	2003		2002	
	No	£	No	£
Ordinary shares of £1 each	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>	<u>650,000</u>

### 19. REVALUATION RESERVE

	2003	2002
	£	£
Balance brought forward	58,883	76,209
Transfer to the Profit and Loss Account on realisation	<u>(28,693)</u>	<u>(17,326)</u>
Balance carried forward	<u>30,190</u>	<u>58,883</u>

### 20. PROFIT AND LOSS ACCOUNT

	2003	2002
	£	£
Balance brought forward	458,155	366,074
Retained profit for the financial year	64,155	74,755
Transfer from revaluation reserve	<u>28,693</u>	<u>17,326</u>
Balance carried forward	<u>551,003</u>	<u>458,155</u>

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	64,155	74,755
Opening shareholders' equity funds	<u>1,167,038</u>	<u>1,092,283</u>
Closing shareholders' equity funds	<u>1,231,193</u>	<u>1,167,038</u>

### 22. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Isleburn Limited.