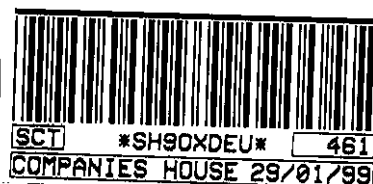


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**SCOTT REUTER LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**PERIOD ENDED 30 JUNE 1998**

**Rutherford Manson Dowds**  
**Chartered Accountants**  
**17 Blythswood Square**  
**Glasgow**  
**G2 4AD**



**SCOTT REUTER LIMITED**  
**REPORT AND FINANCIAL STATEMENTS**  
**PERIOD ENDED 30 JUNE 1998**

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**SCOTT REUTER LIMITED**

**COMPANY INFORMATION**

<b>DIRECTORS:</b>	Dr T A Clark G J Hughes W W Evans
<b>SECRETARY:</b>	W W Evans
<b>REGISTERED OFFICE:</b>	14 William Street Paisley Renfrewshire PA1 2NA
<b>BANKERS:</b>	Clydesdale Bank PLC Dunn Square Branch 1 Causewayside Street Paisley PA1 1BH
<b>SOLICITORS:</b>	MacRoberts Solicitors 27 Melville Street Edinburgh EH3 7JF
<b>AUDITORS:</b>	Rutherford Manson Dowds Chartered Accountants 17 Blythswood Square Glasgow G2 4AD
<b>COMPANY NUMBER:</b>	SC 111482

## **SCOTT REUTER LIMITED**

### **DIRECTORS' REPORT**

The Directors present their report and the audited financial statements for the seventeen month period ended 30 June 1998.

#### **Principal activity**

The company's principal activity during the period was marine related joinery contracting.

#### **Results, business review and future prospects**

The profit for the period after taxation amounted to £46,082 (1997 - £19,566). The Directors recommend that no final dividend be paid and accordingly £46,082 has been transferred to reserves.

The Directors consider that the results for the period and the financial position at 30 June 1998 are satisfactory, and that the prospects for the future of the company remain healthy.

On 30 October 1997 the company and its immediate parent company were acquired by Semple Cochrane PLC.

#### **Directors**

The present membership of the board is set out on page 1. No director had any interest in the share capital of the company at 31 January 1997 and 30 June 1998.

Dr T A Clark and W W Evans were appointed as directors of the company on 30 October 1997. Neither Dr T A Clark or W W Evans had any interest in the shares of the company at the date of their appointments. All Directors are also Directors of Semple Cochrane PLC, the ultimate parent company. Their interests in the shares of that company are disclosed in its financial statements.

M D Brooshooft resigned as a Director on 30 October 1997. J Keenan resigned as a Director on 16 February 1998.

#### **Year 2000 compliance**

The Directors have taken the appropriate steps to ensure as far as possible that the company's computer hardware and software are year 2000 compliant. No major problems or costs are foreseen in this area.

**SCOTT REUTER LIMITED**  
**DIRECTORS' REPORT - Continued**

**Auditors**

Dalglish & Tullo resigned as auditors on 28 October 1997 and Rutherford Manson Dowds were appointed as auditors from that date.

A resolution to re-appoint Rutherford Manson Dowds as auditors will be proposed at the Annual General Meeting.

**BY ORDER OF THE BOARD**



**W W Evans**  
**Secretary**

**28 September 1998**

## SCOTT REUTER LIMITED

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The Directors are required under company law 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 of the company for that period. In preparing those financial statements, they are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the 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 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' REPORT TO THE SHAREHOLDERS  
OF  
SCOTT REUTER LIMITED**

We have audited the financial statements set out on pages 6 to 14 which have been prepared under the accounting policies set out on page 8.

**Respective responsibilities of Directors and auditors**

As described on page 4 the company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**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 30 June 1998 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

**28 September 1998**

**Chartered Accountants  
Registered Auditors**

**SCOTT REUTER LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**PERIOD ENDED 30 JUNE 1998**

	Note	£	Year ended 31.1.97 £
Turnover	2	577,873	240,523
Cost of sales		443,296	186,185
<b>Gross profit</b>		134,577	54,338
Administrative expenses		85,276	34,577
<b>Operating profit</b>	3	49,301	19,761
Interest payable and similar charges	5	2,782	195
<b>Profit on ordinary activities before taxation</b>		46,519	19,566
Tax on profit on ordinary activities	6	437	-
<b>Retained profit for the financial period/year</b>	11	46,082	19,566

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

Profit for the financial period/year	46,082	19,566
Unrealised surplus on revaluation of fixed assets	9,724	-
<b>Total recognised gains and losses relating to the period/year</b>	55,806	19,566

**NOTE OF HISTORICAL COST PROFITS AND LOSSES**

No note of historical cost profits and losses is given as, in accordance with Financial Reporting Standard No 3, the Directors are of the view that the difference is not material.



SCOTT REUTER LIMITED

BALANCE SHEET

AT 30 JUNE 1998

	Note	£	£	31.1.97 £
<b>Fixed assets</b>				
Tangible assets	7		11,025	-
				-----
<b>Current assets</b>				
Work in progress		26,861		7,133
Debtors	8	189,605		104,723
Cash at bank and in hand		1,270		110
		-----		-----
		217,736		111,966
<b>Creditors: Amount falling due within one year</b>	9	(212,280)		(151,291)
		-----		-----
<b>Net current assets/(liabilities)</b>			5,456	(39,325)
			-----	-----
<b>Net assets</b>			16,481	(39,325)
			=====	=====
<b>Capital and reserves</b>				
Called up share capital	10		50,200	50,200
Revaluation reserve	11		9,724	-
Profit and loss account	11		(43,443)	(89,525)
			-----	-----
<b>Total equity shareholders' funds</b>	12		16,481	(39,325)
			=====	=====

The financial statements on pages 6 to 14 were approved by the Board on 28 September 1998.



Dr T A Clark  
Director

# SCOTT REUTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

PERIOD ENDED 30 JUNE 1998

### 1 Accounting policies

#### Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for certain fixed assets which are included at valuation.

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from the requirement to produce a cash flow statement on the grounds that it is a wholly owned subsidiary of a parent undertaking who prepares a consolidated cash flow statement dealing with the cash flows of the group.

#### Depreciation

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Plant and machinery	20% reducing balance
Motor vehicles	25% reducing balance
Equipment and furnishings	20% reducing balance

Those policies represent a change from those reported in prior periods to be consistent with the group depreciation policy. In the opinion of the directors the effect of this change on the financial statements for the current and prior periods is immaterial.

#### Operating leases

Rental costs paid under operating leases are charged to the profit and loss account in equal amounts over the period of the leases.

#### Work in progress

Work in progress is valued at the lower of cost (raw materials plus direct labour costs) and net realisable value.

#### Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**SCOTT REUTER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS - Continued**

**PERIOD ENDED 30 JUNE 1998**

**2 Turnover**

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activity, principally within the United Kingdom, stated net of value added tax.

**3 Operating profit**

		<b>Year ended 31.1.97</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Auditors' remuneration	800	800
Depreciation of tangible fixed assets	595	2,475
Operating lease rentals		
- plant and machinery	-	595
	=====	=====

**4 Directors and employees**

		<b>Year ended 31.1.97</b>
	<b>£</b>	<b>£</b>
<b>Staff costs including Director's emoluments</b>		
Wages and salaries	162,668	100,958
Social security costs	14,316	7,422
	-----	-----
	176,984	108,380
	=====	=====
	<b>Number</b>	<b>Number</b>
<b>Average number of persons employed including Executive Directors</b>		
Office and management	1	1
Production	8	4
	-----	-----
	9	5
	=====	=====
	<b>£</b>	<b>£</b>
<b>Directors' emoluments:</b>		
Emoluments	28,263	20,639
	=====	=====

SCOTT REUTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

PERIOD ENDED 30 JUNE 1998

5 Interest payable and similar charges

		Year ended 31.1.97
	£	£
Bank overdraft interest	2,782	195
	=====	=====

6 Taxation

		Year ended 31.1.97
	£	£
Corporation tax on profit for the period at 31%	437	-
	=====	=====

SCOTT REUTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

PERIOD ENDED 30 JUNE 1998

7 Tangible fixed assets

	Plant & Machinery £	Equipment & Furnishings £	Motor Vehicles £	Total £
<b>Cost or valuation</b>				
At 1 February 1997	7,466	12,353	12,000	31,819
Additions	1,896	-	-	1,896
On revaluation	1,018	-	-	1,018
	-----	-----	-----	-----
At 30 June 1998	10,380	12,353	12,000	34,733
	-----	-----	-----	-----
<b>Depreciation</b>				
At 1 February 1997	7,466	12,353	12,000	31,819
Charge for the period	521	17	57	595
On revaluation	(7,466)	(340)	(900)	(8,706)
	-----	-----	-----	-----
At 30 June 1998	521	12,030	11,157	23,708
	-----	-----	-----	-----
<b>Net book value</b>				
At 30 June 1998	9,859	323	843	11,025
	=====	=====	=====	=====
At 31 January 1997	-	-	-	-
	=====	=====	=====	=====

Shirlaw, Allan & Company Limited, Auctioneers & Valuers, valued the assets of the company as at 20 April 1998 on an open market basis at £16,470, giving a surplus on revaluation of £9,724.

8 Debtors

	£	31.1.97 £
Trade debtors	8,828	58,836
Amounts due from group undertakings	167,949	42,730
Other debtors	12,828	3,157
	-----	-----
	189,605	104,723
	=====	=====

SCOTT REUTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

PERIOD ENDED 30 JUNE 1998

9 Creditors: Amounts falling due  
within one year

	£	31.1.97 £
Bank overdraft	47,643	100,525
Trade creditors	78,038	18,695
Amounts due to group undertakings	35,745	19,301
Corporation tax	437	-
Other taxes and social security costs	13,018	6,412
Other creditors	4,375	-
Accruals	33,024	6,358
	-----	-----
	212,280	151,291
	=====	=====

The bank overdraft is secured by a floating charge over the assets of the company together with a letter of cross guarantee and offset from all group companies (note 15).

10 Share capital

	£	31.1.97 £
<b>Authorised</b>		
Ordinary shares of £1 each	80,000	80,000
	=====	=====
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	50,200	50,200
	=====	=====

11 Reserves

	Revaluation Reserve £	Profit and Loss Account £
At 1 February 1997	-	(89,525)
Retained profit for the financial period	-	46,082
Surplus on revaluation of fixed assets	9,724	-
	-----	-----
At 30 June 1998	9,724	(43,443)
	=====	=====

# SCOTT REUTER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS - Continued

PERIOD ENDED 30 JUNE 1998

### 12 Reconciliation of movements in shareholders' funds

	£	31.1.97 £
<b>Profit for the period/year</b>	46,082	19,566
Surplus on revaluation of fixed assets	9,724	-
Net movement in shareholders' funds	55,806	19,566
Opening shareholders' funds	(39,325)	(58,891)
<b>Closing shareholders' funds</b>	16,481	(39,325)

### 13 Ultimate parent undertaking

The company's immediate parent company is Forth Estuary Engineering Limited, a company registered in Scotland.

The company's ultimate parent company from 1 February 1997 until 30 October 1997 was Forth Estuary Engineering (Holdings) Limited, a company registered in Scotland. On 30 October 1997 the entire share capital of the company was acquired by Semple Cochrane PLC. It has included Scott Reuter Limited in its group financial statements. Copies of the group accounts may be obtained from the registered office of the group; 14 William Street, Paisley, Renfrewshire, PA1 2NA.

### 14 Related party transactions

As noted in Note 13, the company is a wholly owned subsidiary of Semple Cochrane PLC. The company has therefore taken advantage of the exemptions available under Financial Reporting Standard 8 with regard to the non-disclosure of transactions between group companies which are eliminated in the ultimate parent company's consolidated financial statements.

### 15 Cross guarantees

The company has entered into cross guarantees with other group companies as part of its banking arrangements. At 30 June 1998 there were no net borrowings.

SCOTT REUTER LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

PERIOD ENDED 30 JUNE 1998

16 Operating lease commitments

The company has annual commitments payable in the year to 30 June 1999 under operating leases as follows:

	Plant and Machinery £
Leases expiring:	
Within one year	2,301
Between two and five years	384
	-----
	2,685
	=====