

Scott Reuter Limited

Report and Accounts

30 June 2000

Registered No. SC111482

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Scott Reuter Limited

Registered No. SC111482

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Scott Reuter Limited

Registered No. SC111482

DIRECTORS

T A Clark (resigned 24 March 2000)
W W Evans (resigned 24 March 2000)
G J Hughes (resigned 20 June 2000)
R J Hynd (appointed 17 March 2000)
I Kirkpatrick (appointed 17 March 2000, resigned 12 March 2001)
R Lundy (appointed 20 June 2000)
M Smith (appointed 12 March 2001)

SECRETARY

R J Hynd

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

BANKERS

Bank of Scotland
110 St Vincent Street
Glasgow
G2 5EJ

SOLICITORS

Maclay Murray & Spens
151 St Vincent Street
Glasgow
G2 5NJ

REGISTERED OFFICE

14 William Street
Paisley
Renfrewshire
PA1 2NA

Scott Reuter Limited

DIRECTORS' REPORT for the year ended 30 June 2000

The directors present their report and accounts for the year ended 30 June 2000.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £42,000 (1999: £85,000). The directors are unable recommend a dividend and accordingly the profit of £42,000 has been transferred to reserves.

PRINCIPAL ACTIVITY

The company's principal activity during the year continued to be that of marine related joinery contracting.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Directors consider that the results for the year and the financial position at 30 June 2000 are satisfactory and that the prospects for the future of the company remain healthy.

DIRECTORS AND THEIR INTERESTS

The present membership of the board is set out on page 1. No director had any interest in the share capital of the company during the year.

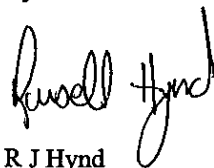
The interests of the Directors in the ultimate parent company, Semple Cochrane PLC, are disclosed in that company's financial statements.

AUDITORS

Ernst & Young were appointed by the directors during the year to fill the casual vacancy arising from the resignation of the previous auditors in April 2000. Accordingly, a resolution concerning their appointment will be proposed at the Annual General Meeting.

Ernst & Young has stated that, during 2001, it is intending to transfer its business to a limited liability partnership, incorporated under the Limited Liability Partnerships Act 2000, to be called Ernst & Young LLP. If this happens, it is the current intention of the Directors to use their statutory powers to treat the appointment of Ernst & Young as extending to Ernst & Young LLP.

By order of the board



R J Hynd
Secretary

20 April 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

REPORT OF THE AUDITORS
to the shareholders of Scott Reuter Limited

We have audited the accounts on pages 5 to 12, which have been prepared under the historical cost convention as modified by the revaluation of fixed assets and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the accounts concerning the basis of preparation. The accounts have been prepared on a going concern basis the validity of which is dependent on the company's bankers not demanding payment from the company under certain cross guarantees. The accounts do not include any adjustments that would result from such a demand. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 30 June 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
Glasgow

20 April 2001

Scott Reuter Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 June 2000

	<i>Notes</i>	<i>2000</i> <i>£000</i>	<i>1999</i> <i>£000</i>
TURNOVER	3	521	750
Cost of sales		(422)	(560)
GROSS PROFIT		99	190
Administrative expenses		(81)	(78)
OPERATING PROFIT	4	18	112
Interest receivable/(payable)	7	2	(5)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		20	107
Tax on profit on ordinary activities	8	22	(22)
PROFIT RETAINED FOR THE FINANCIAL YEAR		42	85

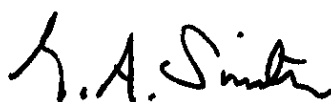
The company has no recognised gains and losses, other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

Scott Reuter Limited

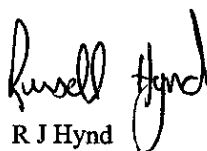
BALANCE SHEET at 30 June 2000

	Notes	2000 £000	1999 £000
FIXED ASSETS			
Tangible assets	9	22	9
		<u>22</u>	<u>9</u>
CURRENT ASSETS			
Work in progress		39	11
Debtors	10	260	102
Cash at bank and in hand		-	88
		<u>299</u>	<u>201</u>
CREDITORS: amounts falling due within one year	11	(177)	(108)
NET CURRENT ASSETS		<u>122</u>	<u>93</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>144</u>	<u>102</u>
CREDITORS: amounts falling due after more than one year		-	-
		<u>144</u>	<u>102</u>
CAPITAL AND RESERVES			
Called up share capital	12	50	50
Revaluation reserve	13	10	10
Profit and loss account	13	84	42
		<u>144</u>	<u>102</u>

The financial statements on pages 5 to 12 were approved by the board of directors on 20 April 2001 and were signed on its behalf by:



M Smith
Director



R J Hynd
Director

NOTES TO THE ACCOUNTS

at 30 June 2000

1. **FUNDAMENTAL ACCOUNTING CONCEPT**

The accounts have been prepared on the going concern basis, which assumes that the company will continue in operational existence for the foreseeable future.

As described in note 17, the company has entered into cross guarantees with other group companies as part of its banking arrangements. At 30 June 2000 the group had net borrowings of £14,174,000. No provision has been made in the accounts for this potential liability.

The validity of the going concern basis is dependent on the group's bankers not demanding payment from the company under these cross guarantees.

On 8 January 2001, the shareholders of the company's ultimate parent undertaking, Semple Cochrane PLC, passed the resolutions required to effect the conversion of £12 million of existing debt due to the Governor and Company of the Bank of Scotland "the Bank" into share capital in Semple Cochrane PLC. The Bank also agreed to provide the group with additional banking facilities of £9 million, giving the group term loan and guarantee facilities of £13.45 million and short term working capital facilities of £8 million. At 20 April 2001, the value of group net borrowings under cross guarantee amounted to £10.8 million.

The future availability of banking facilities is dependent upon the ultimate parent company's bankers continuing to support the Semple Cochrane PLC Group as a going concern, in accordance with the ultimate parent company's business strategy. This strategy has been discussed with and reviewed by the ultimate parent company's bankers, whose support is based on that strategy.

If the group were unable to trade satisfactorily and the group's banking facilities were withdrawn, the company would have to honour its commitment under the cross guarantees. In this event, it is unlikely that the company would be able to continue in operational existence and adjustments would have to be made to reduce the balance sheet values to their recoverable amount and provide for further liabilities that might arise.

In view of the new funding arrangements with the Bank referred to above, the directors of the company believe that the group is capable of operating within the level of its existing facilities. Together with the improvement in group trading that they believe will materialise, the directors of the company consider that it is appropriate to prepare the accounts on a going concern basis.

2. **ACCOUNTING POLICIES**

Basis of preparation

These financial statements are prepared under the historical cost convention, as modified by the revaluation of certain tangible fixed assets, the accounting policies set out below and in accordance with applicable accounting standards.

Depreciation

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

Fixtures and Fittings	20% reducing balance
Motor Vehicles	25% reducing balance
Plant and Machinery	20% reducing balance

Operating Leases

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

NOTES TO THE ACCOUNTS
at 30 June 2000

Work in Progress

Work in progress is valued at the lower of cost and estimated net realisable value. Cost comprises the actual cost of raw materials and an appropriate proportion of labour and direct overheads.

Turnover and profit is not recognised on short-term contracts until these are complete.

The net realisable value of long-term contracts has been arrived at having regard to estimated cost to completion. A prudent level of profit attributable to the contract activity is taken if the final outcome of such contracts can be reliably assessed.

On all contracts, full provision is made for any losses in the year in which they are first foreseen.

Deferred taxation

Deferred taxation is provided at the relevant tax rate on differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements, to the extent that it is probable that a liability or asset will crystallise in the future.

3. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

Turnover is attributable to the principal activity of marine related joinery contracting.

Turnover is entirely generated within the United Kingdom.

4. OPERATING PROFIT

This is stated after charging:

	2000 £000	1999 £000
Depreciation of owned tangible fixed assets	3	2
Auditors' remuneration	2	2
Operating lease rentals — other	5	7
	<u> </u>	<u> </u>

5. DIRECTORS' EMOLUMENTS

	2000 £000	1999 £000
Emoluments	-	6
	<u> </u>	<u> </u>

All directors have been remunerated through Semple Cochrane PLC. These amounts are disclosed in the group accounts.

Scott Reuter Limited

NOTES TO THE ACCOUNTS

at 30 June 2000

6. STAFF COSTS

	2000 £000	1999 £000
Wages and salaries	271	281
Social security costs	27	27
	<u>298</u>	<u>308</u>

The monthly average number of employees during the year was as follows:

	2000 No.	1999 No.
Administration	-	1
Production	13	11
	<u>13</u>	<u>12</u>

7. INTEREST PAYABLE AND RECEIVABLE

	2000 £000	1999 £000
Bank loans and overdrafts	-	(5)
Bank interest receivable	2	-
	<u>2</u>	<u>(5)</u>

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £000	1999 £000
UK Corporation tax (group relief credit)/charge at 30% (1999 31%) based on the profit for the period.	(22)	22
Adjustments to prior years' tax position for corporation tax	-	-
	<u>(22)</u>	<u>22</u>

Scott Reuter Limited

NOTES TO THE ACCOUNTS at 30 June 2000

9. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £000	Motor Vehicles £000	Plant and Machinery £000	Total £000
Cost or valuation:				
At 1 July 1999	12	12	10	34
Additions	5	11	-	16
Disposals	-	-	-	-
At 30 June 2000	17	23	10	50
Depreciation:				
At 1 July 1999	12	11	2	25
Charge for the year	-	1	2	3
Disposals	-	-	-	-
At 30 June 2000	12	12	4	28
Net book value:				
At 30 June 2000	5	11	6	22
At 1 July 1999	-	1	8	9

Shirlaw, Allan & Company Limited, Auctioneers & Valuers, valued the assets of the company as at 20 April 1998 on an open market basis at £47,849, giving a surplus on revaluation of £8,677.

10. DEBTORS

	2000 £000	1999 £000
Trade debtors	26	90
Other debtors	5	1
Corporation tax	4	-
Amounts due from other group undertakings	225	11
	260	102

11. CREDITORS: amounts falling due within one year

	2000 £000	1999 £000
Bank overdraft	38	-
Trade creditors	26	17
Amounts owed to other group undertakings	54	38
Other taxes and social security costs	36	14
Accruals and deferred income	12	9
Other creditors	11	8
Corporation tax	-	22
	177	108

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 16).

Scott Reuter Limited

NOTES TO THE ACCOUNTS at 30 June 2000

12. SHARE CAPITAL

	2000 £000	1999 £000
Authorised 80,000 Ordinary shares of £1 each	80	80

	2000 £000	1999 £000
Allotted, called up and fully paid 50,200 Ordinary shares of £1 each	50	50

13. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	Share capital £000	Revaluation reserve £000	Profit and loss account £000	Total share- holders' funds £000
At 30 June 1999	50	10	42	102
Movement for the year	-	-	42	42
At 30 June 2000	50	10	84	144

14. OTHER FINANCIAL COMMITMENTS

Operating lease commitments

At 30 June 2000 the company had annual commitments under non-cancellable operating leases as set out below:

	2000 £000	Other 1999 £000
Operating leases which expire:		
Within one year	-	5
In two to five years	4	13
In over five years	-	-
	4	18

NOTES TO THE ACCOUNTS

at 30 June 2000

15. PARENT UNDERTAKING AND CONTROLLING PARTY

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

In the directors' opinion, the company's ultimate parent undertaking and controlling party is Semple Cochrane PLC which is incorporated in Scotland. Copies of its group accounts, which include the company, are available from the registered office of the group at 14 William Street, Paisley, Renfrewshire, PA1 2NA.

16. CASH FLOW STATEMENT AND RELATED PARTY DISCLOSURES

The company is a wholly-owned subsidiary of Semple Cochrane PLC and is included in the consolidated financial statements of Semple Cochrane PLC, which are publicly available. Consequently, the company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (revised 1996). The company is also exempt under the terms of Financial Reporting Standard 8 from disclosing related party transactions with entities that are part of the Semple Cochrane PLC group.

17. CROSS GUARANTEES

The company has entered into cross guarantees with other group companies as part of its banking arrangements. At 30 June 2000 the group had net borrowings of £14,174,000 (1999 £3,682,000).