

MACKAY'S OF CAMBRIDGE LIMITED

Financial Statements

for the year ended

31 March 2001



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Mackay's of Cambridge Limited

Company Information

Company No: 1273862

Chairman

D R H Mackay

Registered Office

85 East Road
Cambridge
CB1 1BY

Directors

D R H Mackay
Mrs J N Moore
D J Mackay
N R Mackay

Secretary

Mrs J N Moore

Auditors

Peters Elworthy & Moore
Salisbury House
Station Road
Cambridge
CB1 2LA

Bankers

Barclays Bank plc
PO Box No 2
Bene't Street
Cambridge
CB2 3PZ

Mackay's of Cambridge Limited

Directors' Report

for the year ended 31 March 2001

The directors submit their report together with the audited financial statements for the year ended 31 March 2001.

Directors' Statement

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 of the Company for that period. In preparing those financial statements the directors 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 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.

Principal Activity and Business Review

The principal activities of the business are those of general engineering and retail ironmongery and the directors intend to continue and develop these activities.

The directors consider the state of the Company's affairs to be satisfactory and do not recommend a dividend on the ordinary shares.

Directors and their Interests

The directors who served during the year and their beneficial interests in the share capital of the Company were as follows:

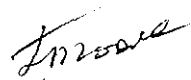
	Ordinary £1 shares	
	At 31 March 2001	At 31 March 2000
D R H Mackay (Chairman)	-	-
Mrs J N Moore	1	1
D J Mackay	779	779
N R Mackay	780	780

Throughout the year, Mrs J N Moore held jointly with Mr D W Collison, who is a former partner in the Company's auditors, Peters Elworthy & Moore, an interest as trustee in 400 ordinary shares. Mrs E J Richardson, a partner in Peters Elworthy & Moore, held a further interest as trustee in 1,040 ordinary shares.

Auditors

The Auditors, Peters Elworthy & Moore, Chartered Accountants, have indicated that they are willing to be re-appointed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



Mrs J N Moore
SECRETARY
14 November 2001

Mackay's of Cambridge Limited

Auditors' Report to the Shareholders

on the Financial Statements for the year ended 31 March 2001

We have audited the financial statements on pages 4 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors

As described on page 1, 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.

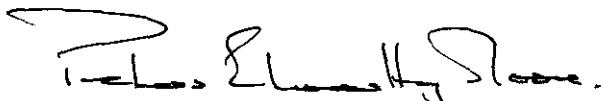
Basis of Opinion

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 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PETERS ELWORTHY & MOORE
Chartered Accountants and
Registered Auditors

CAMBRIDGE
23 November 2001

Mackay's of Cambridge Limited

Profit and Loss Account

for the year ended 31 March 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Turnover	2		3,338,703		3,075,015
Change in stocks of finished goods and Work in progress			(40,546)		12,572
			<hr/> 3,298,157		<hr/> 3,087,587
Raw materials and consumables			(1,433,545)		(1,250,525)
			<hr/> 1,864,612		<hr/> 1,837,062
Staff costs	3	1,523,698		1,369,971	
Depreciation		95,323		98,161	
Other operating charges		418,639		516,829	
		<hr/>	(2,037,660)	<hr/>	(1,984,961)
Operating (loss)	4		(173,048)		(147,899)
Rent receivable, less outgoings			23,995		21,476
Interest receivable			-		98
Interest payable and similar charges	5		(58,330)		(39,299)
			<hr/> (207,383)		<hr/> (165,624)
(Loss) on ordinary activities before tax					
Tax on ordinary activities	6		-		-
			<hr/>		<hr/>
Retained (loss) for the financial year	14		(207,383)		(165,624)
			<hr/>		<hr/>

All amounts relate to continuing activities.

There have been no recognised gains or losses other than the loss for the financial year, and all profits and losses have been accounted for on an historical cost basis.

The attached notes form part of these financial statements.

Mackay's of Cambridge Limited

Balance Sheet

as at 31 March 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible fixed assets	7		1,704,448		1,626,626
Current assets					
Stock and work in progress	8	402,832		443,379	
Debtors	9	574,127		483,626	
Cash at bank and in hand		1,415		1,415	
		978,374		928,420	
Creditors: Amounts falling due within one year	10	(1,437,698)		(1,063,663)	
Net current (liabilities)/assets			(459,324)		(135,243)
Total assets less current liabilities			1,245,124		1,491,383
Creditors: Amounts falling due after more than one year	11		(221,851)		(260,727)
Net assets			1,023,273		1,230,656
Capital and reserves					
Called up share capital	13		3,000		3,000
Profit and loss account	14		640,584		847,967
Revaluation reserve	14		379,689		379,689
Equity shareholders' funds			1,023,273		1,230,656

ON BEHALF OF THE BOARD



D R H Mackay
Director

Approved by the board on 14 November 2001

The attached notes form part of these financial statements

Mackay's of Cambridge Limited

Cash Flow Statement

for the year ended 31 March 2001

	Notes	2001 £	2000 £
Reconciliation of operating loss to net cash (outflow)/inflow from operating activities			
Operating (loss)		(173,048)	(147,899)
Depreciation charges		95,323	98,161
Profit on sale of tangible fixed assets		-	(642)
Decrease/(increase) in stocks		40,547	(31,227)
(Increase) in debtors		(90,501)	(61,140)
Increase in creditors		134,273	101,524
Net cash (outflow)/inflow from operating activities		6,594	(41,223)
Returns on investments and servicing of finance	15	(34,335)	(17,725)
Capital expenditure	15	(173,145)	(37,574)
		(200,886)	(96,522)
Financing	15	113,630	(36,504)
(Decrease) in cash	15	(87,256)	(133,026)
Reconciliation of net cash flow to movement in net debt			
(Decrease) in cash in the year		(87,256)	(133,026)
Cash inflow from new loan		(150,000)	-
Cash used to repay bank loans		36,370	36,504
Change in net debt		(200,886)	(96,522)
Net cash/(debt) at 1 April 2000		(545,693)	(449,171)
Net (debt)/cash at 31 March 2001	15	(746,579)	(545,693)

The attached notes form part of these financial statements

Mackay's of Cambridge Limited

Notes to the Financial Statements

for the year ended 31 March 2001

1 Principal accounting policies

Accounting convention

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of freehold property.

Turnover

Turnover represents amounts receivable, excluding value added tax, for goods invoiced during the year.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets over their estimated useful lives by annual instalments at the following rates.

Freehold property	-	2% on cost or valuation
Plant and machinery	-	15% on net book value
Motor vehicles	-	25% on net book value
Fixtures, fittings and office equipment	-	15% on net book value
Computer equipment	-	25% on net book value

Revaluation of freehold property

Financial Reporting Standard 15, "Tangible Fixed Assets" has been adopted by the company for the year ended 31 March 2001. Freehold properties have not been revalued since 30 July 1993. The valuation of all previously revalued assets still held at 31 March 2001 has been carried forward from earlier periods, in accordance with the transitional arrangements under FRS 15.

Stocks

Stocks are valued at the lower of cost and net realisable value. In the case of work in progress and finished goods, cost includes an appropriate proportion of fixed and variable factory overhead expenses.

Deferred taxation

Provision is made for deferred taxation in respect of all material timing differences only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

Pension costs

The Company's pension obligations are covered by contributions paid to a group personal pension scheme. Contributions are written off to the profit and loss account in the year in which they are paid.

2 Turnover

The turnover arose from the following activities within the United Kingdom:

	2001 £	2000 £
Retail ironmongery	1,934,536	1,802,646
General engineering	1,404,167	1,272,369
	<u>3,338,703</u>	<u>3,075,015</u>

Mackay's of Cambridge Limited

Notes to the Financial Statements

for the year ended 31 March 2001

3	Staff costs	2001	2000
		£	£
	Wages and salaries	1,378,250	1,238,683
	Social security costs	108,279	109,422
	Other pension costs	37,169	21,866
		<hr/>	<hr/>
		1,523,698	1,369,971
		<hr/>	<hr/>
	The average number of persons, including directors, employed during the year was:	Number	Number
	Office and management	32	30
	Sales and production	64	63
		<hr/>	<hr/>
		96	93
		<hr/>	<hr/>
	Staff costs include the following directors' emoluments:	£	£
	Management remuneration	120,000	-
		<hr/>	<hr/>
	The emoluments of the highest paid director were:	£	£
	Management remuneration	40,000	-
		<hr/>	<hr/>
4	Operating profit	2001	2000
		£	£
	The operating profit is shown after charging:		
	Auditors' remuneration	6,300	6,000
	Profit on sale of tangible fixed assets	-	(642)
		<hr/>	<hr/>
5	Interest payable	2001	2000
		£	£
	On bank loans and overdrafts repayable within five years	53,881	31,965
	On hire purchase agreements	4,449	7,334
		<hr/>	<hr/>
		58,330	39,299
		<hr/>	<hr/>

6 Tax on ordinary activities

No charge to Corporation Tax arises as a result of the loss for the year.

Mackay's of Cambridge Limited

Notes to the Financial Statements

for the year ended 31 March 2001

7 Tangible fixed assets	Freehold property	Plant and machinery	Motor vehicles	Fixtures, fittings and computer equipment	Total
	£	£	£	£	£
Cost or valuation					
At 1 April 2000 – at cost	878,567	830,483	68,582	168,651	1,946,283
At 1 April 2000 – at valuation	543,150	-	-	-	543,150
Additions	131	122,122	39,730	11,162	173,145
Disposals	-	-	-	-	-
At 31 March 2001	1,421,848	952,605	108,312	179,813	2,662,578
Depreciation					
At 1 April 2000	142,517	568,268	44,537	107,485	862,807
Charge for year	28,440	42,995	9,128	14,760	95,323
Disposals	-	-	-	-	-
At 31 March 2001	170,957	611,263	53,665	122,245	958,130
Net Book value					
At 31 March 2001	1,250,891	341,342	54,647	57,568	1,704,448
At 31 March 2000	1,279,200	262,215	24,045	61,166	1,626,626

The freehold property was valued at 30 July 1993 by Herring Baker & Harris, Chartered Surveyors, in the sum of £1,065,000. Of this valuation, a total of £521,850 has been apportioned to the part of the freehold property disposed of during the year ended 31 March 1997. The historical cost of the freehold property included in the balance sheet at 31 March 2001 was £1,042,159 (2000: £1,042,028)

Included in the above are the following assets held under finance lease or hire purchase agreements

	Plant and machinery £	Motor vehicles £	Total £
Net book value at 31 March 2001	36,798	37,731	74,529
Depreciation charge for year	6,494	6,818	13,312

Mackay's of Cambridge Limited

Notes to the Financial Statements

for the year ended 31 March 2001

8	Stocks	2001 £	2000 £
	Raw materials and consumables	39,270	39,270
	Work in progress	19,536	71,740
	Finished goods for resale	344,026	332,369
		<u>402,832</u>	<u>443,379</u>
9	Debtors	2001 £	2001 £
	Due within one year:		
	Trade debtors	497,303	378,062
	Other debtors	2,303	2,303
	Prepayments and accrued income	74,521	103,261
		<u>574,127</u>	<u>483,626</u>
10	Creditors: Amounts falling due within one year:	2001 £	2001 £
	Bank loans (see note 11)	189,807	36,807
	Bank overdrafts (secured)	372,674	285,418
	Trade creditors	614,883	395,838
	Other taxes and social security costs	166,564	76,772
	Other creditors	62,693	37,263
	Accruals and deferred income	31,077	231,565
		<u>1,437,698</u>	<u>1,063,663</u>
11	Creditors: Amounts falling due after more than one year:	2001 £	2001 £
	Bank loans repayable within five years	159,228	147,228
	Bank loan repayable after more than five years	26,285	77,655
	Hire purchase creditors	36,338	35,844
		<u>221,851</u>	<u>260,727</u>

The bank loan amounting to £225,320 at 31 March 2001 is repayable by monthly instalments over 10 years commencing September 1996 and bears interest at 2.75% above Barclays Bank base rate. An additional bank loan of £150,000 was advanced in January 2001, due for repayment in August 2001, and bears interest at 3% above Barclays Bank base rate.

The bank loans and overdraft are secured by a first legal charge over the Company's freehold property and by a standard bank debenture over all assets. In addition, the bank loan of £150,000 is secured on the plant and machinery of the Company's engineering division.

Mackay's of Cambridge Limited

Notes to the Financial Statements

for the year ended 31 March 2001

12 Provision for liabilities and charges

2001
£

2000
£

The total amount of deferred tax not provided is as follows:

On revaluation of freehold property	114,000	114,000
On capital gain rolled over	233,000	233,000
On losses available for future relief	(139,000)	(95,000)
	<u>208,000</u>	<u>252,000</u>

13 Share capital

2001
£

2000
£

Authorised:

20,000 ordinary shares of £1 each	20,000	20,000
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Allotted, called up and fully paid:

3,000 ordinary shares of £1 each	3,000	3,000
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14 Statement of movements in reserves

Profit and
loss
account
£

Revaluation
reserve
£

Balance at 1 April 2000	847,967	379,689
Retained (loss) for the financial year	(207,383)	-
	<u>640,584</u>	<u>379,689</u>

Mackay's of Cambridge Limited

Notes to the Financial Statements

for the year ended 31 March 2001

15 Cash flow statement

(a)	Gross cash flows	2001	2000	
		£	£	
	Returns on investments and servicing of finance:			
	Rent received	23,995	21,476	
	Interest received	-	98	
	Interest paid	(58,330)	(39,299)	
		<hr/>	<hr/>	
		(34,335)	(17,725)	
		<hr/>	<hr/>	
	Capital expenditure:			
	Payments to acquire tangible fixed assets	(173,145)	(41,574)	
	Receipts from sales of tangible fixed assets	-	4,000	
		<hr/>	<hr/>	
		(173,145)	(37,574)	
		<hr/>	<hr/>	
	Financing:			
	Bank loan advanced	150,000	-	
	Net loan repayments	(36,730)	(36,804)	
		<hr/>	<hr/>	
		113,630	(36,804)	
		<hr/>	<hr/>	
(b)	Analysis of changes in net cash/(net debt)	At 1 April 2000	Cash Flows	At 31 March 2001
		£	£	£
	Cash at bank and in hand	1,415	-	1,415
	Bank overdraft	(285,418)	(87,256)	(372,674)
	Debt due within one year	(36,807)	(153,000)	(189,807)
	Debt due after one year	(224,883)	39,370	(185,513)
		<hr/>	<hr/>	<hr/>
	Total	(545,693)	(200,886)	(746,579)

Mackay's of Cambridge Limited

Notes to the Financial Statements

for the year ended 31 March 2001

16 Related party transactions

- (a) During the year, the Company traded on normal commercial terms with Messrs D Mackay, Ironmongers, a business in which the four directors of Mackay's of Cambridge Limited are partners.

	2001 £	2000 £
Total sales to Messrs D Mackay	39,828	13,077
Total purchases from Messrs D Mackay	4,800	5,163

- (b) Management charges payable by the company to Messrs D Mackay in respect of the year ended 31 March 2001 totalled £nil (2000: £115,000)
- (c) Expenses paid by the company and recharged to Messrs D Mackay in respect of the year ended 31 March 2001 totalled £17,583 (2000: £8,447).
- (d) The balance owed to Messrs D Mackay by the company at 31 March 2001 was £16,114 (2000: £3,155)
- (e) During the year, the company made sales on normal commercial terms to its directors as follows:

	2001 £	2000 £
Mr D R H Mackay	412	3,702
Mr D J Mackay	1,592	891
Mr N R Mackay	2,465	1,977

There were no outstanding balances at the year end in respect of these sales.

17 Controlling interest

In the opinion of the directors, a controlling interest in the ordinary shares of the company is represented by the combined holdings of Mr D J Mackay and Mr N R Mackay, who are connected persons for the purposes of Financial Reporting Standard no 8.