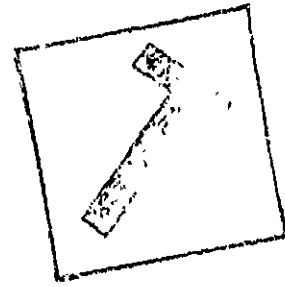
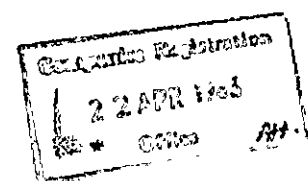


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BETT

BETT BROTHERS PLC
Annual Report 31st August, 1982



Bett Brothers plc

DIRECTORS

IAIN C. R. BETT
Chairman and Joint Managing Director.

RONALD MITCHELL
Joint Managing Director.

ALBERT A. BETT.

STEWART C. BLIG.

HELEN EASSON BETT.

WILLIAM F. ROBERTSON.

ANDREW MILNE.

JOHN M. CALDER.

ALEXANDER GIBSON.

SECRETARY

DENNIS C. ROBINS.

BANKERS

BANK OF SCOTLAND,
40 NETHERGATE, DUNDEE.

AUDITORS

MILLER, MCINTYRE & GELLATLY,
Chartered Accountants,
20 REFORM STREET, DUNDEE.

SOLICITORS

J. W. WYLLIE & HENDERSON,
4 KINNOULL STREET, PERTH.

REGISTERED OFFICE

9 COX STREET, DUNDEE, DD3 9HA.

REGISTRARS AND TRANSFER OFFICE

BANK OF SCOTLAND,
26A YORK PLACE, EDINBURGH, EH1 3EY.

Bett Brothers plc

NOTICE OF MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of Bett Brothers Public Limited Company, will be held at the Company's Registered Office, 9 Cox Street, Dundee, on Wednesday, 16th March, 1983, at 12 noon, for the following purposes:

1. To receive and consider the Accounts and the Report of the Directors for the year ended 31st August, 1982.
2. To declare a dividend.
3. To elect Directors.
4. To re-appoint the Auditors and to authorise the Directors to fix their remuneration.
5. To transact any other business of an Annual General Meeting.

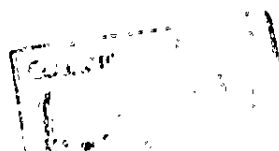
BY ORDER OF THE BOARD,

DENNIS C. ROBINS, *Secretary.*

*Cox Street,
Downfield, Dundee.
18th February, 1983.*

Notes:

1. A member is entitled to appoint one or more proxies who need not be members of the Company, to attend and, on a poll, vote instead of him. Proxy forms must be lodged with the Company Registrars not less than 48 hours before the time fixed for the meeting.
2. A statement showing the transactions in each Director's beneficial holding in the Company's shares together with copies of the Directors' service contracts, will be available for inspection at the Registered Office of the Company at Cox Street, Downfield, Dundee, during usual business hours (Saturdays excepted) from today until the Annual General Meeting and also fifteen minutes prior to and during the meeting.



CHAIRMAN'S STATEMENT

I wish to preface my first statement as your new chairman with a reference to the retirement on 31st August, 1982, of Mr Albert A. Bett and Mr Stewart C. Bett, from their respective posts of chairman and joint managing director.

The success of our Company since inception is due, in no small measure, to the combined efforts of these two gentlemen along with my late father. My fellow directors and I deem it a privilege and honour to have served under them and to have benefited from their extensive knowledge and experience of the building industry in Scotland.

Happily, both Mr Albert Bett and Mr Stewart Bett have agreed to remain on the board of directors.

I should also like to extend a welcome to Mr Ronald Mitchell who, as from 1st September, 1982, took over the reins of joint managing director from Mr Stewart Bett.

Accounts

The Group Profit for the year ended 31st August, 1982, after meeting all charges, including depreciation, but before adjusting for taxation and extraordinary items, amounted to £1,270,783 as compared with £1,715,830 in the previous year.

After adjusting for taxation, extraordinary items and deducting minority interests, the profit amounted to £978,883 as compared with £3,900,915 in the previous year. It should be noted, in looking at this comparison, that taxation for the year 1981 included a release of deferred taxation of £2,518,194.

An interim ordinary dividend of 1.20p per share has been paid and the directors now recommend a final dividend of 1.90p per share payable on the 17th March, 1983, to members on the register as at 22nd February, 1983, making a total distribution for the year of 3.10p per share (1981—3.10p).

Certain shareholders waived the interim dividend aggregating £23,947 net and have also waived the proposed final dividend aggregating £59,673 net, thereby reducing the cost of dividends to the Company from £465,000 to £381,380, a saving of £83,620 (1981—£90,337).

Trading Activities

Building Activities

The results for the year, although coming up to forecast, have to be looked at in the light of the recession in the building industry which continued, unabated, during the year and which affected the performance of all our divisions and companies engaged in or allied to construction activities.

Although interest rates started to fall during the year, the downward trend came too late in the year to have any significant effect on sales of private houses.

However, the benefits of establishing an improved comprehensive selling organisation were beginning to emerge towards the year end and there is evidence of this continuing.

On the general contracting side several new contracts in the public sector were secured and work on these contracts has been progressing satisfactorily. It should be noted, however, that competition in this sector is very keen and margins are minimal.

Net Income from Investment Property

Bett Brothers (Properties) Limited suffered slightly from a year in which there were fewer rent reviews, heavier repair bills, and where some adjustments to the rent roll had to be made as a result of tenant liquidations.

An acceptable contribution to group profits was, nevertheless, made by this Company, notwithstanding difficult trading conditions.

Licensed Premises

Sales through the licensed retail outlets of Bett Inns Limited were less buoyant and were restricted during part of the year by the temporary closure of two of its popular establishments which required refurbishment.

The effect of these trading conditions on the contribution to group profit by that company are as noted in the accounts.

Commercial Vehicles Distributorship

Bett Trucks Limited, in its first ten months of trading, was engaged mainly in establishing itself in the Tayside, Fife and Stirling regions, as the Leyland Truck distributors, and whilst steady progress was made, the Company was not able to make a contribution to the group profit in this initial period.

Future Prospects

In the light of the continuing recession I expect trading conditions throughout the group to remain difficult. However, in spite of these difficulties some measure of optimism is justified.

In the private housing sector the benefits of establishing our own selling organisation are now being felt and sales in the first quarter of the current year are significantly ahead of last year at this time.

Action will continue to be taken in order to contain and reduce costs through rationalisation. These reduced overheads, coupled with falling interest rates, should these be sustained, along with increased turnover experienced during the first quarter, give grounds for looking forward to an improved situation in the current year.

In view, however, of all the uncertainties, it is not possible to forecast the year's outcome with any degree of accuracy.

Finally, my sincere thanks are extended to my co-directors and all employees of the group for their hard work and efforts in meeting the challenges confronting them in a most difficult year.

IAIN C. R. BETT.

REPORT OF THE DIRECTORS

The Directors submit their Report and Accounts for the year ended 31st August, 1982.

1. PROFITS AND DIVIDENDS

The profits of the Group for the year, after taxation and deducting minority interests and extraordinary items, amounted to	£	£
From which the directors have made the following appropriations:		978,883
Interim ordinary dividend paid of 1.20p per share	156,053	
Proposed final ordinary dividend of 1.90p per share	<u>225,327</u>	
		<u>381,380</u>
Leaving a balance retained of		<u>597,503</u>

2. DIRECTORS

The directors retiring by rotation are Messrs Iain C. R. Bett, John M. Calder and Alexander Gibson and, being eligible, offer themselves for re-election. The current service contracts of these directors expire on 16th January, 1988.

The interests of directors, including their families, in the issued share capital of Bett Brothers plc was as follows:

	31.8.82 Ordinary 20p	31.8.81 Ordinary 20p
Albert A. Bett	1,550,000	1,550,000
Stewart C. Bett	1,735,900	1,735,900
Helen Easson Bett	1,507,500	1,507,500
Iain C. R. Bett	978,250	978,250
William F. Robertson	16,000	16,000
Ronald Mitchell	11,500	11,500
Andrew Milne	18,000	18,000
John M. Calder	19,437	19,437
Alexander Gibson	12,000	8,000

Between 31st August, 1982 and 31st January, 1983 no changes in the above holdings have been notified.

Substantial Shareholders

Apart from the directors' and family interests listed above, the directors were aware of the undernoted interests amounting to 5% or more of the Company's issued share capital.

Mrs Mary Ross Bett	1,033,000 shares
The Prudential Assurance Company Ltd.	778,000 shares
Mrs Christina B. Szwedowski	1,170,000 shares
Clydesdale Bank (London) Nominees Ltd.	800,000 shares

Disclosable Contracts

Messrs Albert A. Bett and Iain C. R. Bett were directors of D. H. Morris & Company Limited, electrical contractors, during the year and held a material interest in that Company.

D. H. Morris & Company Limited had regular contracts with our Company on open competitive terms during the year, the amount payable under contract totalling £92,610.

3. ACTIVITIES

The principal activities of the Group include building and civil engineering contracting, property investment, management of licensed premises and commercial vehicles sales and servicing.

4. LAND AND BUILDINGS

The current use value of the land and buildings, as valued by the Company as at 31st August, 1982, has been incorporated in the accounts. (See Notes on the Accounts—8).

5. EXPORTS

There was no export business during the financial year.

6. EMPLOYEES

The average number of employees of the Group in each week of the year was 898. The aggregate remuneration paid to these employees for the year was £5,335,735.

The aims of the Manpower Services Commission "Fit for Work" campaign form the basis of group policy on the employment of disabled persons who are given equal opportunity and encouragement as far as recruitment, training, personal development and promotion are concerned.

7. CHARITABLE AND POLITICAL DONATIONS

Charitable donations amounted to £82. No contributions for political purposes were made.

8. CLOSE COMPANY

To the best of the directors' knowledge, the Company is not a close company under the Income and Corporation Taxes Act, 1970.

9. AUDITORS

In accordance with Section 14 of the Companies Act, 1976, a resolution proposing the re-appointment of Messrs Miller, McIntyre & Gellatly, Chartered Accountants, as auditors of the Company, will be put to the Annual General Meeting.

BY ORDER OF THE BOARD,

DENNIS C. ROBINS,

Secretary.

18th February, 1983

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31st August, 1982

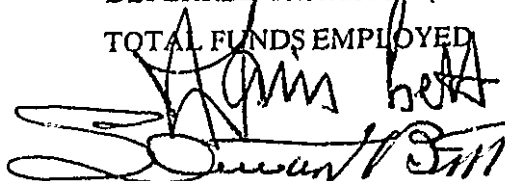
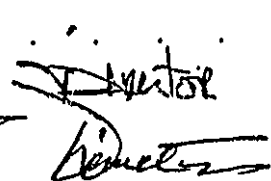
	£	1982	£	1981	£
TURNOVER (Note 2)		<u>17,087,885</u>		<u>17,650,731</u>	
GROUP OPERATING PROFIT					
Building activities		1,843,698		1,796,504	
Net income from investment property		802,014		834,012	
Licensed premises		48,459		83,722	
Commercial vehicles distributorship		(123,770)		—	
Interest received		<u>14,253</u>		<u>8,698</u>	
		2,584,654		2,722,936	
<i>Deduct—</i>					
Directors' emoluments (Note 3)	180,276		168,696		
Auditors' remuneration	19,370		14,010		
Depreciation	232,486		245,061		
Interest charges (Note 4)	<u>881,739</u>		<u>579,339</u>		
		1,313,871		1,007,106	
PROFIT BEFORE TAXATION		1,270,783		1,715,830	
TAXATION (Note 5)		<u>237,880</u>		<u>(2,187,125)</u>	
PROFIT AFTER TAXATION		1,032,903		3,902,955	
MINORITY INTERESTS		<u>(10,858)</u>		<u>2,040</u>	
		1,043,761		3,900,915	
EXTRAORDINARY ITEMS (Note 6)		<u>64,878</u>		<u>—</u>	
PROFIT FOR YEAR		978,883		3,900,915	
DIVIDENDS (Note 7)		<u>381,380</u>		<u>374,663</u>	
PROFIT RETAINED		<u>597,503</u>		<u>3,526,252</u>	

The notes on pages 10, 11, 12, 13 and 14 form part of these accounts

Bett Brothers plc

CONSOLIDATED BALANCE SHEET as at 31st August, 1982

	1982		1981	
	£	£	£	£
FIXED ASSETS (Note 8)				
Freehold land and buildings		11,879,994		11,860,179
Plant, vehicles and equipment		999,175		903,090
		<u>12,879,169</u>		<u>12,763,269</u>
INVESTMENTS (Note 9)		3,550		3,550
CURRENT ASSETS				
Feu-duties	111,858		124,949	
Stock (Note 10)	947,597		731,530	
Work in progress (Note 11)	11,355,634		10,821,669	
Trade and other debtors	2,369,523		1,678,389	
Bank balances and cash	1,427,609		1,235,666	
	<u>16,212,221</u>		<u>14,592,203</u>	
CURRENT LIABILITIES				
Trade and other creditors	2,257,156		2,161,746	
Taxation	419,992		851,657	
Bank overdrafts and short term loans (Note 12)	8,525,760		6,269,405	
Dividend	225,327		220,610	
	<u>11,428,235</u>		<u>9,503,418</u>	
NET CURRENT ASSETS		4,783,986		5,088,785
		<u>17,666,705</u>		<u>17,855,604</u>
FINANCED BY				
SHARE CAPITAL AND RESERVES	Authorised	Issued	Authorised	Issued
15,000,000 Ordinary Shares of 20p each	<u>3,000,000</u>	3,000,000	<u>3,000,000</u>	3,000,000
Reserves (Note 13)		14,193,641		14,184,636
		<u>17,193,641</u>		<u>17,184,636</u>
MINORITY INTERESTS		150,075		168,997
LOANS (Note 14)		162,271		284,251
DEFERRED TAXATION (Note 15)		160,718		217,720
TOTAL FUNDS EMPLOYED		<u>17,666,705</u>		<u>17,855,604</u>

IAIN C. R. BETT, *Director*.
 RONALD MITCHELL, *Director*.

The notes on pages 10, 11, 12, 13 and 14 form part of these accounts

Bett Brothers plc

BALANCE SHEET as at 31st August, 1982

	1982		1981	
	£	£	£	£
FIXED ASSETS (Note 8)				
Freehold land and buildings		1,128,000		1,144,000
Plant, vehicles and equipment		<u>739,082</u>		<u>701,358</u>
		1,867,082		1,845,358
INVESTMENTS (Note 9)		3,000		3,000
SUBSIDIARY COMPANIES				
Shares at cost	201,984		199,813	
Advances	<u>4,618,739</u>		<u>3,076,826</u>	
	4,820,723		3,276,639	
Due to subsidiaries	<u>—</u>	4,820,723	<u>198,990</u>	3,077,649
CURRENT ASSETS				
Feu-duties	109,668		122,578	
Stock (Note 10)	266,091		294,523	
Work in progress (Note 11)	10,898,926		10,117,620	
Trade and other debtors	1,460,479		1,079,847	
Bank balances and cash	<u>13,462</u>		<u>13,998</u>	
	12,748,626		11,628,566	
CURRENT LIABILITIES				
Trade and other creditors	1,427,527		1,533,647	
Taxation	155,815		140,731	
Bank overdraft and short term loans (Note 12)	7,332,910		4,746,711	
Dividend	<u>225,327</u>		<u>220,610</u>	
	9,141,579		6,641,699	
NET CURRENT ASSETS		<u>3,607,047</u>		<u>4,986,867</u>
		<u>10,297,852</u>		<u>9,912,874</u>
FINANCED BY				
SHARE CAPITAL AND RESERVES	Authorised	Issued	Authorised	Issued
15,000,000 Ordinary Shares of 20p each	<u>3,000,000</u>	3,000,000	<u>3,000,000</u>	3,000,000
Reserves (Note 13)		<u>7,242,212</u>		<u>6,780,723</u>
		10,242,212		9,780,723
DEFERRED TAXATION (Note 15)		<u>55,640</u>		<u>132,151</u>
TOTAL FUNDS EMPLOYED		<u>10,297,852</u>		<u>9,912,874</u>

IAIN C. R. BETT, Director.
RONALD MITCHELL, Director.

The notes on pages 10, 11, 12, 13 and 14 form part of these accounts

Bett Brothers plc

SOURCE AND APPLICATION OF THE GROUP'S FUNDS

<i>Source of Funds</i>	1982		1981	
	£	£	£	£
Profit before taxation but after extraordinary items		1,205,905		1,715,830
Depreciation		232,486		245,061
Disposals of fixed assets		95,533		110,804
Loans received		48,332		—
		<u>1,582,256</u>		<u>2,071,695</u>
<i>Application of Funds</i>				
Additions to fixed assets	1,038,311		1,494,845	
Decrease in minority interest arising from purchase of shares	2,170		7,191	
Part-repayment of loans	170,312		22,322	
Dividends paid	376,663		362,751	
Taxation paid	<u>726,547</u>		<u>248,099</u>	
		<u>2,314,003</u>		<u>2,135,208</u>
<i>Net (Decrease) in Working Capital</i>		(731,747)		(63,513)
viz:—				
Feu-duties (decrease)	(13,091)		(15,031)	
Stock increase/(decrease)	216,067		(231,319)	
Work-in-progress increase	533,965		1,403,348	
Trade and other debtors increase	691,134		202,969	
Liquid funds (decrease)	(2,064,412)		(1,106,737)	
Trade and other creditors (increase)	<u>(95,410)</u>		<u>(316,743)</u>	
		<u>(731,747)</u>		<u>(63,513)</u>

NOTES ON THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounting policies adopted for items which are judged material or critical in determining profit for the year and in stating the financial position are included under the appropriate heading in the notes.

2. TURNOVER

	1982 £	1981 £
Building activities—instalments on contract work done and private housing sales	13,289,411	15,050,996
Investment property—gross rental income	961,867	958,922
Licensed premises—gross sales	1,611,936	1,640,813
Commercial vehicles distributorship—sales and service	1,224,671	—
	<u>17,087,885</u>	<u>17,650,731</u>

The above figures are exclusive of value added tax and inter-company turnover.

3. REMUNERATION OF DIRECTORS

Emoluments of chairman: £20,100 (1981—£20,100).

Emoluments of highest paid director: £22,376 (1981—£20,251).

Emoluments of all other directors:

Range	1982 Number	1981 Number
£5,001 — £10,000	1	—
£10,001 — £15,000	—	1
£15,001 — £20,000	1	2
£20,001 — £25,000	5	4

4. INTEREST CHARGES

	1982 £	1981 £
Overdrafts and loans repayable within 5 years	866,254	567,714
Other interest	15,485	11,625
	<u>881,739</u>	<u>579,339</u>

5. TAXATION

	1982 £	1981 £
Corporation Tax on profits for the year at 52%	288,371	312,215
Deferred Taxation (Note 15)	(50,491)	18,854
Release of taxation deferred by stock relief	—	(2,518,194)
	<u>237,880</u>	<u>(2,187,125)</u>

The charge for taxation has been reduced by £373,735 (1981—£563,070) in respect of stock relief.

6. EXTRAORDINARY ITEMS

	1982 £	1981 £
Costs associated with closure and relocation of certain building activities	135,162	—
Tax relief thereon	(70,284)	—
	<u>64,878</u>	<u>—</u>

7. DIVIDENDS

	£	1982 £	£	1981 £
Ordinary Shares				
Interim dividend of 1.20p per share	180,000		180,000	
Less waived	<u>23,947</u>	156,053	<u>25,947</u>	154,053
Proposed final dividend of 1.90p per share	285,000		285,000	
Less waived	<u>59,673</u>	<u>225,327</u>	<u>64,390</u>	<u>220,610</u>
		<u>381,380</u>		<u>374,663</u>
Earnings per ordinary share		1982		1981
Profit attributable to ordinary shareholders		£978,883		£3,900,915
Ordinary shares in issue		15,000,000		15,000,000
Earnings per ordinary share of 20p		6.53p		26.01p

8. FIXED ASSETS

	Group		Bett Brothers plc	
	Freehold Land and Buildings £	Plant Vehicles and Equipment £	Freehold Land and Buildings £	Plant Vehicles and Equipment £
COST OR VALUATION				
At 31st August, 1981	11,860,179	2,744,917	1,144,000	2,219,472
Additions	614,207	424,104	5,423	257,222
Disposals	—	(308,891)	—	(203,842)
	<u>12,474,386</u>	<u>2,860,130</u>	<u>1,149,423</u>	<u>2,272,852</u>
Deficit on revaluation	(594,392)	—	(21,423)	—
At 31st August, 1982	<u>11,879,994</u>	<u>2,860,130</u>	<u>1,128,000</u>	<u>2,272,852</u>
DEPRECIATION				
At 31st August, 1981	—	1,841,827	—	1,518,114
On disposals	—	(213,358)	—	(150,325)
Charge for year	—	232,486	—	165,981
At 31st August, 1982	—	<u>1,860,955</u>	—	<u>1,533,770</u>
NET BOOK AMOUNT	<u>11,879,994</u>	<u>999,175</u>	<u>1,128,000</u>	<u>739,082</u>

Freehold Land and Buildings

A valuation, on an existing use basis, of the Group's freehold land and buildings was carried out by the directors of Bett Brothers (P) Limited in the sum of £11,879,994. This figure has been incorporated in the Accounts. No provision for tax on the surplus arising from re-valuations has been made as no liability is contemplated in the foreseeable future.

Plant Vehicles and Equipment

Regional development grants have been applied to reduce the cost of the relevant assets. Depreciation is calculated to write-off the net cost of plant, vehicles and equipment over their expected normal lives by annual instalments ranging from 15% to 30%.

NOTES ON THE ACCOUNTS

9. INVESTMENTS

	Group		Bett Brothers plc	
	1982	1981	1982	1981
Unlisted shares at cost (Directors' valuation 31st August, 1982, £3,000)	£3,000	£3,000	£3,000	£3,000
Listed shares at cost (Market value 31st August, 1982, £1,070)	550	550	—	—
	<u>£3,550</u>	<u>£3,550</u>	<u>£3,000</u>	<u>£3,000</u>

10. STOCK

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

11. WORK IN PROGRESS

Work in progress, which includes amounts paid for land purchased for development, is valued at cost, including materials, labour, oncosts, and any attributable profit, and after making full provisions for contingencies and anticipated losses and after deducting payments on account as follows:

Group	£22,347,906	(1981—£29,737,838)
Bett Brothers plc	£20,361,421	(1981—£26,820,759)

12. BANK OVERDRAFTS AND SHORT TERM LOANS

	Group		Bett Brothers plc	
	1982	1981	1982	1981
Bank overdrafts	£7,950,760	£6,169,405	£6,757,910	£4,646,711
Short term loans (secured)	575,000	100,000	575,000	100,000
	<u>£8,525,760</u>	<u>£6,269,405</u>	<u>£7,332,910</u>	<u>£4,746,711</u>

13. RESERVES

	Group		Bett Brothers plc	
	Revenue	Capital	Revenue	Capital
At 31st August, 1981	£9,588,406	£4,596,230	£6,258,438	£522,285
Deficit on revaluation of freehold land and build- ings	—	(594,392)	—	(21,423)
Discount on increase of hold- ing in subsidiary	—	5,894	—	—
Profit retained for year	597,503	—	482,912	—
	<u>£10,185,909</u>	<u>£4,007,732</u>	<u>£6,741,350</u>	<u>£500,862</u>

14. LOANS—SECURED

	1982	1981
Repaid during year	—	£152,500
Repayable by equal monthly instalments with a final payment in 1988 (Rate of interest 6%)	£41,403	48,104
Repayable by equal monthly instalments with a final payment in 1990 (Rate of interest 6%)	65,807	75,522
Repayable by equal monthly instalments with a final payment in 1992 (Rate of interest 6%)	48,332	—
(The above loans have been guaranteed by the Parent Company).		
Building society loan	6,729	8,125
	<u>£162,271</u>	<u>£284,251</u>

15. DEFERRED TAXATION

	Group		Bett Brothers plc	
	1982	1981	1982	1981
Capital allowances in excess of the depreciation charge in the Accounts	£321,978	£372,469	£216,900	£286,900
Advance Corporation Tax	(161,260)	(154,749)	(161,260)	(154,749)
	<u>£160,718</u>	<u>£217,720</u>	<u>£55,640</u>	<u>£132,151</u>

Provision is made for deferred taxation on the liability method to the extent that a liability is expected to arise in the foreseeable future.

In addition to the amount already provided, the contingent liability for deferred taxation, which is considered unlikely to be payable in the foreseeable future, comprises:—

	1982	1981	1982	1981
Stock relief	£3,454,999	£3,081,264	£3,036,300	£2,699,600
Potential capital gains on the revaluation of freehold land and buildings	1,187,000	1,365,000	144,500	150,900
	<u>£4,641,999</u>	<u>£4,446,264</u>	<u>£3,180,800</u>	<u>£2,850,500</u>

16. CAPITAL EXPENDITURE

Commitments for capital expenditure at 31st August, 1982, of the Group and Bett Brothers plc, not provided in these Accounts, amounted to approximately:

Group	£22,172 (1981 — £1,295)
Bett Brothers plc	£ — (1981 — £ —)

17. LAND PURCHASES

Commitments of the Group and Bett Brothers plc at 31st August, 1982, for the purchase of land for development, amounted to approximately:

Group	£574,200 (1981 — £1,149,615)
Bett Brothers plc	£574,200 (1981 — £1,149,615)

Settlement in respect of the above amounts is subject to planning permission being obtained.

NOTES ON THE ACCOUNTS

18. SUBSIDIARY COMPANIES

	Country of Incorporation	Proportion of issued ordinary shares held by the Group %
A. Bruce & Son (Dundee) Ltd.	Scotland	100
Bett Trucks Ltd.	Scotland	100
Charles Dick & Son Ltd.	Scotland	100
Bett Brothers (Properties) Ltd.	Scotland	100
Bett Insulation Ltd.	Scotland	100
Pitkerro (P.H.V.) Ltd.	Scotland	100
Bett Inns Ltd.	Scotland	98
Bett Brothers Engineering Ltd.	Scotland	67
Spalding (Properties) Ltd.	Scotland	
Spalding (Insurance Brokers) Ltd.		

Bett Brothers plc

REPORT OF THE AUDITORS

TO THE MEMBERS OF BETT BROTHERS PLC

We have audited the accounts on pages 6 to 14 and 16 to 19 in accordance with approved auditing standards.

In our opinion the Accounts on pages 6 to 14, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings, give, under that convention, a true and fair view of the state of affairs of the Company and of the Group at 31st August, 1982, and of the profit and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 to 1981.

In our opinion the supplementary current cost accounts on pages 16 to 19 have been properly prepared in accordance with the accounting policies and methods described in the notes and give, under the current cost principles described in Statement of Standard Accounting Practice No. 16, a true and fair view of the state of affairs of the Group at 31st August, 1982 and of its results for the year then ended.

MILLER, McINTYRE & GELLATLY,

Chartered Accountants.

20 Reform Street, Dundee.

18th February, 1983.

Bett Brothers plc

CURRENT COST CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st August, 1982

	1982	1981
	£	£
TURNOVER	<u>17,087,885</u>	<u>17,650,731</u>
GROUP PROFIT BEFORE INTEREST AND TAXATION per the statutory accounts	2,152,522	2,295,169
ADJUSTMENTS TO:		
Depreciation (Note 2)	104,501	126,253
Cost of Sales (Note 3)	312,378	517,552
Monetary Working Capital (Note 4)	<u>89,569</u>	<u>70,281</u>
	506,448	714,086
OPERATING PROFIT	1,646,074	1,581,083
Interest per statutory accounts	<u>881,739</u>	<u>579,339</u>
	764,335	1,001,744
Gearing Adjustment (Note 5)	<u>86,105</u>	<u>107,470</u>
PROFIT BEFORE TAX*	850,440	1,109,214
Taxation (Note 6)	<u>237,880</u>	<u>(2,187,125)</u>
PROFIT AFTER TAX	612,560	3,296,339
Minority Interests (Note 7)	<u>12,378</u>	<u>2,486</u>
	624,938	3,298,825
Extraordinary Items per statutory accounts	<u>64,878</u>	<u>—</u>
PROFIT ATTRIBUTABLE TO SHAREHOLDERS	560,060	3,298,825
Dividends	<u>381,380</u>	<u>374,663</u>
PROFIT RETAINED	<u>178,680</u>	<u>2,924,162</u>
CURRENT COST EARNINGS per ordinary share of 20p	<u>3.73p</u>	<u>21.99p</u>

*Including Bett Brothers (Properties) Limited per statutory accounts £777,048 (1981—£818,833).

The notes on pages 18 and 19 form part of these accounts

Bett Brothers plc

CURRENT COST CONSOLIDATED BALANCE SHEET as at 31st August, 1982

	£	1982	£	£	1981	£
NET OPERATING ASSETS*						
Fixed Assets (Note 2)			13,414,343			13,399,405
Stocks and work in progress (Note 3)			7,889,955			7,998,228
Monetary Working Capital (Note 4)			3,645,063			2,898,864
			<u>24,949,361</u>			<u>24,296,497</u>
FINANCED BY						
SHAREHOLDERS' INTERESTS:						
Share Capital	3,000,000			3,000,000		
Reserves (Note 8)	17,946,791			16,909,562		
Proposed dividends	<u>225,327</u>			<u>220,610</u>		
		21,172,118			20,130,172	
NET BORROWINGS:						
Minority Interests (Note 7)	154,367			174,738		
Bank overdraft and loans	3,042,166			2,922,210		
Deferred accounts	164,227			217,720		
Other current liabilities	<u>416,483</u>			<u>851,657</u>		
		3,777,243			4,166,325	
		<u>24,949,361</u>			<u>24,296,497</u>	

*Including Bett Brothers (Properties) Limited per statutory accounts £5,245,934 (1981—£6,160,169).

The notes on pages 18 and 19 form part of these accounts

NOTES ON THE CURRENT COST ACCOUNTS

1. GENERAL

The current cost accounts have been prepared in accordance with Statement of Standard Accounting Practice Number 16. The accounting policies are the same as those used in the statutory accounts except as stated below. Where changes have been made in presentation, comparative figures have been adjusted accordingly.

2. FIXED ASSETS AND DEPRECIATION

Freehold land and buildings are stated at the valuation per the statutory accounts.

Plant, vehicles and equipment have been inflation adjusted by reference to indices published by the Central Statistical Office.

	Total £	Freehold Land and Buildings £	Plant Vehicles and Equipment £
Valuation or gross current cost	17,086,329	11,879,994	5,206,335
Accumulated depreciation	3,671,986	—	3,671,986
	<u>13,414,343</u>	<u>11,879,994</u>	<u>1,534,349</u>

The depreciation adjustment represents the difference between the current cost depreciation charge and the depreciation charge in the statutory accounts and includes an adjustment in respect of assets disposed of during the year.

3. STOCKS AND WORK IN PROGRESS AND COST OF SALES

Work in progress on long term contracts has been treated as a monetary item. Land stocks held for or in the course of development have been revalued internally on an individual basis. Other stocks have been restated at the lower of current cost, as determined by application of the relevant specific index, and net realisable value. The cost of sales adjustment is the difference between the current cost of stock at the date of sale and the cost in the statutory accounts.

4. MONETARY WORKING CAPITAL

The monetary working capital adjustment has been calculated by the averaging method using indices issued by the Central Statistical Office.

Monetary working capital comprises work in progress on long term contracts, feu-duties, debtors, creditors and related overdrafts.

5. GEARING ADJUSTMENT

The gearing adjustment is made on a group basis to represent the extent to which the assets of the Group are financed by borrowing. It is calculated by multiplying the total of the current cost operating adjustments by the ratio of average net borrowings to average total balance sheet financing.

6. TAXATION

No adjustment has been made to the treatment of taxation in the statutory accounts.

7. MINORITY INTERESTS

Amounts attributable to or by minority shareholders in the statutory accounts have been adjusted to reflect the restatement of Group income and net assets on a current cost basis.

8. RESERVES

	Current Cost Reserves £	Other Reserves £	Total Reserves £
Reserves at 31st August, 1981 . . .	7,881,600	9,027,962	16,909,562
Retained profit for year . . .	—	178,680	178,680
Adjustments—			
Monetary Working Capital . . .	89,569	—	89,569
Gearing	(86,105)	—	(86,105)
Revaluation adjustments during year:			
In statutory accounts	(594,392)	—	(594,392)
Additional in current cost accounts:			
Fixed assets	3,468	—	3,468
Stocks	1,440,115	—	1,440,115
Other reserve movements	—	5,894	5,894
	<u>8,734,255</u>	<u>9,212,536</u>	<u>17,946,791</u>

Bett Brothers plc

The activities of the Group include

General Building and Civil Engineering Contracting.
Development of Private Housing Estates.
Industrial and Commercial Property Development.
Design and Build (Package Deal) Contracts.
Precast Concrete Manufacturing.
Insulation.
Plumbing, Heating and Ventilation Engineering.
Licensed Victuallers.
Plant Hire.
Commercial Vehicles Distributorship.

Contracts currently being carried out for

Dundee District Council.
Dunfermline District Council.
Falkirk District Council.
Tayside Regional Council.
Tayside Health Board.
S.S.H.A.
D.O.E.
Bield Housing Association Ltd.
Standard Chartered Bank.
Scottish Gas Board.

Private Housing Sites under Development

St. Fort, Wormit.
St. Vigean, Arbroath.
Westhaven Park, Carnoustie.
Lochside Park, Forfar.
Strichen Road, Fraserburgh.
Woodlands Road, Blairgowrie.
Hayfield, Denny.
Showfield, Kirriemuir.
Inverbervie.
Hill Park, Monifieth.
Seabourne Gardens, Broughty Ferry.
Gowrie Park, Dundee.
Baldovie, Dundee.
Glamis Road, Dundee.
Baldrige, Dunfermline.
Pilmuir, Clackmannan.
Balfron.
Bannockburn.
Tweedbank.
Dunollie Gardens, Haddington.
Callander.
Gauldry.
Knightsbridge, Livingston.
Lundin Links.
Shieldhill, Falkirk.
Prestonhall, Glenrothes.
Balmore Park, Torrance.
Castle Court, Dundee.
Clova Court, Dundee.
Golf Gardens, Larkhall.