

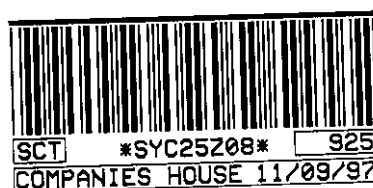
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D.M. GEDDES & SONS LIMITED

ABBREVIATED ACCOUNTS

for the year ended 31 January, 1997

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Reid & Fraser, Chartered Accountants, Wick & Thurso

D.M. GEDDES & SONS LIMITED

Registered No. SC032829

DIRECTORS

Mrs. M.H. Geddes
W. Falconer
D. Mackay
Mrs. I. Falconer
K. Falconer
Mrs. K. Cameron

SECRETARY

Mrs. K. Cameron

AUDITORS

Reid & Fraser
15 Princes Street
THURSO
Caithness
KW14 7BQ

BANKERS

Bank of Scotland
25 Olrig Street
THURSO
Caithness
KW14 7HQ

SOLICITORS

Young Robertson & Co
29 Traill Street
THURSO
Caithness
KW14 8EQ

REGISTERED OFFICE

Sinclair Lane
HALKIRK
Caithness
KW12 6YF

D.M. GEDDES & SONS LIMITED

Directors' Report

The directors present their report and the audited financial statements of the Company for the year ended 31 January, 1997.

PRINCIPAL ACTIVITIES

The principal activities of the Company continues to be building contractors and joinery manufacturers.

The results for the year are set out on page 5.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

DIVIDENDS

The directors recommend that no dividend be paid.

FIXED ASSETS

The movements in tangible fixed assets are set out in note 9 to the financial statements.

DIRECTORS AND THEIR INTERESTS

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

	1997 Number	1996 Number
Ordinary shares of £1 each		
Mrs. M.H. Geddes	100	100
Mr. W. Falconer	5,677	5,177
Mr. D. Mackay	-	-
Mrs. I. Falconer	-	-
Mr. K. Falconer (appointed 23/10/96)	-	-
Mrs. K. Cameron (appointed 23/10/96)	-	-

STATEMENT OF 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 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.

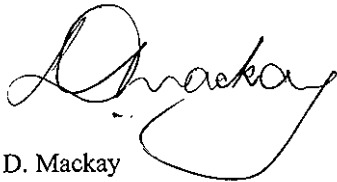
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets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

Directors' Report

AUDITORS

A resolution in accordance with section 386 of the Companies Act 1985 to dispense with the obligation to appoint auditors annually was passed on 22 July, 1996 and accordingly Reid & Fraser, Chartered Accountants, shall be deemed re-appointed as auditors.

On behalf of the board

A handwritten signature in dark ink, appearing to read 'D. Mackay', with a large, sweeping flourish at the end.

D. Mackay
Director

5 September, 1997

REPORT OF THE AUDITORS
to the directors of D.M. Geddes & Sons Limited

We have examined the abbreviated financial statements on pages 5 to 15 together with the annual financial statements of D.M. Geddes & Sons Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 January, 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to prepare abbreviated financial statements and whether they have been properly prepared in accordance with that schedule.

Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions claimed in the directors' statement on page 6 and that the abbreviated financial statements have been properly prepared from those annual financial statements. The scope of our work does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the directors are entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section B of Part III of Schedule 8 to that Act in respect of the year ended 31 January, 1997 and the abbreviated financial statements on pages 5 to 15 have been properly prepared in accordance with Schedule 8 to that Act.

Other information

As auditors of the company, we reported to the members on 8 September, 1997 on the annual financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31 January, 1997, and our audit report was as follows:

"We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and on the basis of 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 the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

REPORT OF THE AUDITORS
to the directors of D.M. Geddes & Sons Limited

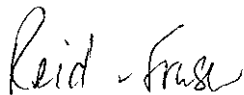
Basis of opinion

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 January, 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985."



Reid & Fraser,
Chartered Accountants
Registered Auditor
THURSO
Caithness

8 September, 1997

D.M. GEDDES & SONS LIMITED**Abbreviated Profit and Loss Account
for the year ended 31 January, 1997**

	Notes	1997 £	1996 £
Gross profit	2	724,010	668,934
Administrative expenses		651,783	601,076
OPERATING PROFIT	3	72,227	67,858
Interest payable	4	14,988	17,838
Interest receivable	5	(4,808)	(413)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		62,047	50,433
Tax on profit on ordinary activities	8	6,800	(9,676)
Profit for the financial year		55,247	60,109

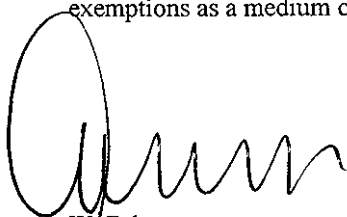
All activities relate only to continuing operations. There are no recognised gains or losses other than the profit for the year.

D.M. GEDDES & SONS LIMITED

Abbreviated Balance Sheet as at 31 January, 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	9	538,350	542,630
Investments	10	129,000	26,000
		667,350	568,630
Current assets			
Stock	11	349,487	493,190
Debtors	12	553,894	855,425
Cash at bank and in hand		35,575	244
		938,956	1,348,859
Creditors: amounts falling due within one year	13	795,116	1,155,328
Net current assets		143,840	193,531
Total assets less current liabilities		811,190	762,161
Creditors: amounts falling due after more than one year			
Loans	14	82,946	69,138
Obligations under finance leases	15	4,218	17,079
		87,164	86,217
Provisions for liabilities and charges	17	42,341	49,506
		129,505	135,723
Net assets		681,685	626,438
Capital and reserves			
Called up share capital	18	5,777	5,777
Capital redemption reserve	19	6,223	6,223
Profit and loss account	20	669,685	614,438
Equity Shareholders' funds		681,685	626,438

The directors have taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985, on the grounds that the company is entitled to the benefit of those exemptions as a medium company.



W. Falconer
Director
5 September, 1997

D.M. GEDDES & SONS LIMITED

Cash Flow Statement for year ended 31 January, 1997

	Note	1997 £	1996 £
Net cash inflow/(outflow) from operating activities (see note below)		479,812	(162,554)
Returns on investment and servicing of finance			
Interest received		4,808	413
Interest paid		(14,988)	(17,838)
Dividends paid		-	-
Net cash outflow from returns on investment and servicing of finance		(10,180)	(17,425)
Taxation			
Corporation tax paid		(272)	-
Investing activities			
Payments to acquire investments		(103,000)	(7,000)
Payments to acquire tangible fixed assets		(74,209)	(59,730)
Receipts from sales of tangible fixed assets		-	9,645
Net cash outflow from investing activities		(177,209)	(57,085)
Net cash inflow/(outflow) before financing		292,151	(237,064)
Financing			
New long term loans	22	31,000	75,000
Repayment of long term loan	22	(9,657)	(966)
Repayment of principal under finance leases	22	(27,376)	(57,020)
Net cash (outflow)/inflow from financing		(6,033)	17,014
Increase/(decrease) in cash and cash equivalents	23	286,118	(220,050)
Note:			
Reconciliation of operating profit to net cash flow from operating activities:			
Operating profit before interest		72,227	67,858
Depreciation		77,782	80,873
Loss on disposal of fixed assets		707	7,943
Decrease/(increase) in stock		143,703	(286,469)
Decrease/(increase) in debtors		301,531	(255,118)
(Decrease)/increase in creditors		(116,138)	222,359
Net cash inflow/(outflow) from operating activities		479,812	(162,554)

**Notes to the abbreviated financial statements
For the year ended 31 January, 1997**

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

The company is exempt from the requirement to prepare group accounts by virtue of section 248 of the Companies Act 1985. These accounts therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax. In respect of long-term contracts, turnover represents the sales value of work done in the year, including estimates of amounts not invoiced.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold property	2% Straight Line
Leasehold property	2% Straight Line
Plant and Machinery	15% Reducing Balance
Motor Vehicles	25% Reducing Balance

Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is thought probable that a liability or asset will arise in the foreseeable future.

Pension costs

The company operates two defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of each scheme.

D.M. GEDDES & SONS LIMITED

Notes to the abbreviated financial statements For the year ended 31 January, 1997

2 GROSS PROFIT

Gross profit comprises turnover, less cost of sales.

3 OPERATING PROFIT

	1997 £	1996 £
Operating profit is stated after charging:		
Depreciation of owned fixed assets	54,760	49,071
Depreciation of assets held under finance leases and hire purchase contracts	23,022	31,802
Loss on disposal of tangible fixed assets	707	7,943
Auditors' remuneration	3,360	3,200
	<u>81,849</u>	<u>92,016</u>

4 INTEREST PAYABLE

Bank loans (partly repayable after five years)	7,880	1,915
Bank overdraft	2,186	7,308
Finance and hire purchase contracts	4,922	8,615
	<u>14,988</u>	<u>17,838</u>

5 INTEREST RECEIVABLE

Bank interest	4,808	413
	<u>4,808</u>	<u>413</u>

6 STAFF COSTS

Employees

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

Production	85	85
Administration	14	14
	<u>99</u>	<u>99</u>

Costs in respect of these employees:

Wages and salaries	1,177,680	1,176,249
Social security costs	100,974	95,402
Other pension costs	18,343	18,675
	<u>1,296,997</u>	<u>1,290,326</u>

**Notes to the abbreviated financial statements
For the year ended 31 January, 1997**

7 DIRECTORS' EMOLUMENTS

	1997 £	1996 £
Fees	-	-
Other emoluments (including pension contributions)	142,484	88,205
	<u>142,484</u>	<u>88,205</u>

Emoluments (excluding pension contributions)

Chairman	33,949	33,957
Highest paid director	35,038	34,947

**Directors' emoluments excluding pension contributions,
fell within the following ranges:-**

	1997 No.	1996 No.
£ Nil - 5,000	1	1
£5,001 - 10,000	-	1
£10,001 - 15,000	1	-
£15,001 - 20,000	1	-
£30,001 - 35,000	2	2
£35,001 - 40,000	1	-

8 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the profit for the year:		
UK corporation tax at 24% (1996 - 25%)	13,965	272
Deferred taxation (note 17)	(7,165)	(9,948)
	<u>6,800</u>	<u>(9,676)</u>

D.M. GEDDES & SONS LIMITED

Notes to the abbreviated financial statements
For the year ended 31 January, 1997

9 TANGIBLE FIXED ASSETS

	Freehold Property £	Leasehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
Cost					
At 1 February, 1996	98,315	112,271	618,952	257,471	1,087,009
Additions	-	-	63,490	10,719	74,209
Disposals	-	-	-	(3,975)	(3,975)
At 31 January, 1997	98,315	112,271	682,442	264,215	1,157,243
Depreciation					
At 1 February, 1996	5,898	13,814	354,970	169,697	544,379
Charge for year	1,966	2,242	49,126	24,448	77,782
Eliminated on disposal	-	-	-	(3,268)	(3,268)
At 31 January, 1997	7,864	16,056	404,096	190,877	618,893
Net book value					
At 31 January, 1997	90,451	96,215	278,346	73,338	538,350
At 1 February, 1996	92,417	98,457	263,982	87,774	542,630

The net book value of Plant and Machinery and Motor Vehicles includes amounts of £40,951 (1996 - £48,179) and £47,372 (1996 - £63,166) in respect of assets held under finance leases and hire purchase contracts.

10 INVESTMENTS

	Investment in subsidiary undertaking £
Cost:	
At 1 February, 1996	26,000
Additions	103,000
At 31 January, 1997	129,000

The investment in subsidiary undertaking comprises a holding of 100% of the issued ordinary share capital of Brownhill Precast Concrete Company Limited, a company registered in Scotland.

During its latest financial year, Brownhill Precast Concrete Company Limited made a profit after tax of £5,070 (1996 - £1,372), and at the end of that year the aggregate of its capital and reserves was £170,738 (1996 - £165,668).

D.M. GEDDES & SONS LIMITED

Notes to the abbreviated financial statements For the year ended 31 January, 1997

11 STOCKS

	1997 £	1996 £
Raw materials and consumables	226,703	200,348
Work in progress	122,784	292,842
	<u>349,487</u>	<u>493,190</u>

12 DEBTORS

Trade debtors	266,754	611,005
Amounts recoverable on long term contracts	256,699	183,303
Prepayments and accrued income	30,441	45,802
Other debtors	-	15,315
	<u>553,894</u>	<u>855,425</u>

13 CREDITORS: Amounts falling due within one year

Bank overdraft (note 16)	-	250,787
Bank loans (note 14)	12,431	4,896
Trade creditors	395,742	658,806
Amounts owed to associated company	70,827	77,732
Other taxes and social security costs	101,433	79,590
Corporation tax	13,965	272
Directors' loan accounts	85,915	2,460
Accruals	101,942	53,409
Obligations under finance leases and hire purchase contracts (note 15)	12,861	27,376
	<u>795,116</u>	<u>1,155,328</u>

14 LOANS

Wholly repayable within five years:		
Bank loan of £31,000	26,677	-
Not wholly repayable within five years		
Bank loan of £75,000 at 2.5% over bank base rate, repayable in monthly instalments	68,700	74,034
	<u>95,377</u>	<u>74,034</u>
Less: Included in creditors: amounts falling due within one year	12,431	4,896
	<u>82,946</u>	<u>69,138</u>
Amounts repayable/		

D.M. GEDDES & SONS LIMITED

Notes to the abbreviated financial statements For the year ended 31 January, 1997

14 LOANS Cont'd

	1997 £	1996 £
Amounts repayable:		
Within one year	12,431	4,896
Between one and two years	13,664	5,369
Between two and five years	32,835	18,807
In five years or more	36,447	44,962
	<u>95,377</u>	<u>74,034</u>

The amounts are disclosed net of finance charges allocated to future periods.

15 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

Amounts payable:		
Within one year	12,861	27,376
Within two to five years	4,218	17,079
	<u>17,079</u>	<u>44,455</u>

The amounts are disclosed net of finance charges allocated to future periods.

16 SECURITY FOR BANK BORROWINGS

The bank overdraft and bank loan are secured by a standard security over freehold property and by a bond and floating charge on the assets of the company.

17 PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation are as follows:-

	1997 £	1996 £
Capital allowances in advance of depreciation:		
At 1 February, 1996	49,506	59,454
Credit for the year	(7,165)	(9,948)
At 31 January, 1997	<u>42,341</u>	<u>49,506</u>

18 SHARE CAPITAL

Authorised

100,000 Ordinary shares of £1 each

100,000	100,000
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Allotted, called up and fully paid

5,777 Ordinary shares of £1 each

5,777	5,777
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D.M. GEDDES & SONS LIMITED

Notes to the abbreviated financial statements For the year ended 31 January, 1997

19 CAPITAL REDEMPTION RESERVE

	1997 £	1996 £
At 1 February, 1996	6,223	6,223
Transfer during year	-	-
At 31 January, 1997	<u>6,223</u>	<u>6,223</u>

20 PROFIT AND LOSS ACCOUNT

At 1 February, 1996	614,438	554,329
Retained profit for the year	62,551	60,109
At 31 January, 1997	<u>676,989</u>	<u>614,438</u>

21 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

At 1 February, 1996	626,438	566,329
Profit for the year	62,551	60,109
At 31 January, 1997	<u>688,989</u>	<u>626,438</u>

22 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital £	1997 Loans and finance lease obligations £	Share capital £	1996 Loans and finance lease obligations £
At 1 February	5,777	118,488	5,777	69,202
New loan raised	-	31,000	-	75,000
Inception of finance lease contracts	-	-	-	32,272
Repayment of long term loan	-	(9,657)	-	(966)
Repayment of principal on finance leases	-	(27,376)	-	(57,020)
At 31 January	<u>5,777</u>	<u>112,455</u>	<u>5,777</u>	<u>118,488</u>

D.M. GEDDES & SONS LIMITED

Notes to the abbreviated financial statements For the year ended 31 January, 1997

23 CASH AND CASH EQUIVALENTS

	1997 £	1996 £
Changes in the year		
At 1 February	(250,543)	(30,493)
Net cash inflow/(outflow)	286,118	(220,050)
At 31 January	<u>35,575</u>	<u>(250,543)</u>

	1997 £	Change in year £	1996 £	Change in year £	1995 £
Analysis of balances					
Cash at bank and in hand	35,575	35,331	244	195	49
Bank overdraft	-	250,787	(250,787)	(220,245)	(30,542)
At 31 January	<u>35,575</u>	<u>286,118</u>	<u>(250,543)</u>	<u>(220,050)</u>	<u>(30,493)</u>

24 CONTINGENT LIABILITY

The Company has given its bank a cross guarantee in respect of Brownhill Precast Concrete Company Limited, a subsidiary undertaking.

25 RELATED PARTY TRANSACTIONS

The company has identified the following transactions which fall to be disclosed under the terms of FRS 8:

During the year the company purchased goods in the normal course of business from Brownhill Precast Concrete Company Limited, its subsidiary undertaking, for £36,129. The price charged was the normal market price in the case of each individual purchase. The company also paid property rental charges of £5,000 to its subsidiary undertaking.

The company purchased the remaining 68% of the ordinary share capital of Brownhill Precast Concrete Company Limited. 1300 and 1275 ordinary shares were purchased from Mr. W. Falconer and Mrs. I. Falconer, who are directors, for a consideration of £52,000 and £51,000 respectively.

At the balance sheet date the amount due to Brownhill Precast Concrete Company Limited was £70,827.