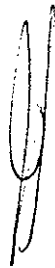


McKERCHAR AND MACNAUGHTON LIMITED
FINANCIAL STATEMENTS
14 JANUARY 1997



Company Registration Number 33621

MOIR WOOD & CO
Chartered Accountants
3 Kinnoull Street
Perth

McKERCHAR AND MACNAUGHTON LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 14 JANUARY 1997

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McKERCHAR AND MACNAUGHTON LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 14 JANUARY 1997

The directors present their report and the unaudited financial statements of the company for the year ended 14 January 1997.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The only activity of the company during the year was the lease of property.

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

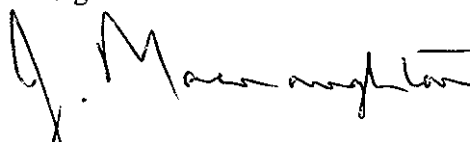
	Ordinary Shares of £1.00 each	
	At 14 Jan 97	At 15 Jan 96
Mr J Macnaughton	7,416	7,416
Miss C A Macnaughton	11,708	11,708
Mrs R Macnaughton	<u>4,292</u>	<u>4,292</u>

CLOSE COMPANY PROVISIONS

In the opinion of the directors, the company is a close company within the meaning of S.414 Income and Corporation Taxes Act, 1988 (as amended).

Registered office:
2 Bank Street
Aberfeldy
Perthshire
PH15 2BA

Signed on behalf of the directors


James Macnaughton
Company secretary

Approved by the directors on 28.10.1997

McKERCHAR AND MACNAUGHTON LIMITED**PROFIT AND LOSS ACCOUNT****YEAR ENDED 14 JANUARY 1997**

	Note	1997 £	1996 £
TURNOVER:	2	12,000	12,000
Administrative expenses		(10,410)	(10,367)
OPERATING PROFIT	3	1,590	1,633
Interest receivable and similar income	6	33	11
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>1,623</u>	<u>1,644</u>
Tax on profit on ordinary activities	7	(394)	(146)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>1,229</u>	<u>1,498</u>
Balance brought forward		(25,940)	(27,438)
BALANCE CARRIED FORWARD		<u>(24,711)</u>	<u>(25,940)</u>

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

McKERCHAR AND MACNAUGHTON LIMITED**BALANCE SHEET****14 JANUARY 1997**

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	8	20,237	20,237
CURRENT ASSETS			
Debtors	9	5,518	5,639
Cash at bank and in hand		7,789	6,171
		<u>13,307</u>	<u>11,810</u>
CREDITORS: Amounts falling due within one year	10	<u>(1,692)</u>	<u>(1,424)</u>
NET CURRENT ASSETS		11,615	10,386
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>31,852</u>	<u>30,623</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	42,000	42,000
Revaluation reserve		14,522	14,522
Other reserves	12	41	41
Profit and loss account		<u>(24,711)</u>	<u>(25,940)</u>
SHAREHOLDERS' FUNDS	13	<u>31,852</u>	<u>30,623</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These financial statements were approved by the directors on the28.10.1997 and are signed on their behalf by:

Catherine A. Macnaughton
MISS C A MACNAUGHTON

McKERCHAR AND MACNAUGHTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 14 JANUARY 1997

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant	-	20% reducing balance basis
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No depreciation is provided on freehold land or buildings. The directors, having assessed the lives of the buildings consider that the residual values are such that depreciation is immaterial.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	1997 £	1996 £
United Kingdom	<u>12,000</u>	<u>12,000</u>

3. OPERATING PROFIT

Operating profit is stated after charging:

	1997 £	1996 £
Directors' remuneration	<u>10,000</u>	<u>10,000</u>

McKERCHAR AND MACNAUGHTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 14 JANUARY 1997

4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1997 No.	1996 No.
Administration	<u>3</u>	<u>3</u>

The aggregate payroll costs of the above were:

	1997 £	1996 £
Wages and salaries	10,000	10,000
Social security costs	<u>121</u>	<u>120</u>
	<u>10,121</u>	<u>10,120</u>

5. DIRECTORS' EMOLUMENTS

The directors' emoluments were:

	1997 £	1996 £
Remuneration as directors	<u>10,000</u>	<u>10,000</u>

6. INTEREST RECEIVABLE AND SIMILAR INCOME

	1997 £	1996 £
Bank interest receivable	<u>33</u>	<u>11</u>

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax based on the results for the year at 24% (1996 - 25%)	393	146
Adjustment to provision in previous years	<u>1</u>	<u>-</u>
	<u>394</u>	<u>146</u>

McKERCHAR AND MACNAUGHTON LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 14 JANUARY 1997

8. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant £	Total £
COST OR VALUATION			
At 15 January 1996 and 14 January 1997	<u>19,512</u>	<u>1,500</u>	<u>21,012</u>
DEPRECIATION			
At 15 January 1996	<u>-</u>	<u>775</u>	<u>775</u>
At 14 January 1997	<u>-</u>	<u>775</u>	<u>775</u>
NET BOOK VALUE			
At 14 January 1997	<u>19,512</u>	<u>725</u>	<u>20,237</u>
At 14 January 1996	<u>19,512</u>	<u>725</u>	<u>20,237</u>

Revaluation of fixed assets

Freehold land and buildings at 14 January 1996 comprised:

	£
Cost	4,990
1984 Revaluation	14,522
	<u>19,512</u>

On an historical cost basis freehold land and buildings would have been included as £4,990 (1996 - £4,990).

9. DEBTORS

	1997 £	1996 £
Other debtors	<u>5,518</u>	<u>5,639</u>

Included within other debtors due within one year were loans of £1,394 (1996 £1,444) and £2,568 (1996 £2,568) to J Macnaughton and Mrs J S Macnaughton respectively, both of whom are directors. The maximum amounts outstanding during the year were £1,444 and £2,568.

McKERCHAR AND MACNAUGHTON LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 14 JANUARY 1997****10. CREDITORS: Amounts falling due within one year**

	1997	1996
	£	£
Other creditors including taxation and social security:		
Corporation Tax	394	143
Other creditors	223	206
Directors current accounts	<u>1,075</u>	<u>1,075</u>
	<u>1,692</u>	<u>1,424</u>

11. SHARE CAPITAL**Authorised share capital:**

	1997	1996
	£	£
42,000 Ordinary shares of £1 each	<u>42,000</u>	<u>42,000</u>

Allotted, called up and fully paid:

	1997	1996
	£	£
Ordinary share capital	<u>42,000</u>	<u>42,000</u>

12. OTHER RESERVES

	1997	1996
	£	£
Capital redemption reserve	<u>41</u>	<u>41</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the financial year	1,229	1,498
Opening shareholders' equity funds	<u>30,623</u>	<u>29,125</u>
Closing shareholders' equity funds	<u>31,852</u>	<u>30,623</u>