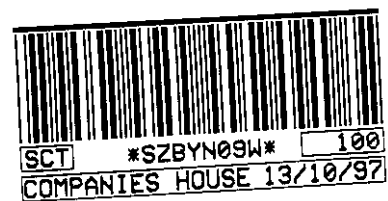


HUGH ALLAN (HOLDINGS) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

30 APRIL 1997

Registered number : 60310

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HUGH ALLAN (HOLDINGS) LIMITED

REPORT OF THE DIRECTORS for the year ended 30 April 1997

The directors present their annual report and financial statements for the year ended 30 April 1997.

Principal activity

The principal activity of the company during the year was that of a holding company.

Directors

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

	Ordinary shares of £1 each	
	1997	1996
H Allan	26,180	26,180
M Allan	26,820	26,820

Auditors

Andrew Duncan & Co have expressed their willingness to continue in office as auditors and a resolution proposing their re-appointment and remuneration will be submitted to the Annual General Meeting.

Small company exemptions

Advantage is taken, in the preparation of the directors' report of the special exemptions applicable to small companies conferred by Part VII of the Companies Act 1985.

On behalf of the board

8 Ardross Terrace
Inverness
10 September 1997


H Allan
Secretary

HUGH ALLAN (HOLDINGS) LIMITED

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.

On behalf of the board



H Allan
Director

10 September 1997

HUGH ALLAN (HOLDINGS) LIMITED

AUDITOR'S REPORT TO THE SHAREHOLDERS OF
HUGH ALLAN (HOLDINGS) LIMITED

We have audited the financial statements on pages 5 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 2 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.

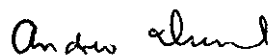
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 30 April 1997 and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

4 October 1997

Inverness



Andrew Duncan & Co
Chartered Accountant
and Registered Auditor

AUDITOR'S REPORT TO THE DIRECTORS OF
HUGH ALLAN (HOLDINGS) LIMITED

PURSUANT TO SECTION 248(3) OF THE COMPANIES ACT 1985

We have examined the financial statements of the company and its subsidiary undertaking for the year ended 30 April 1997.

Basis of opinion

The scope of our work for the purpose of this report was limited to confirming that the company is entitled to exemption from preparing group financial statements.

Opinion

In our opinion the company is entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985.

Inverness

Andrew Duncan & Co
Chartered Accountant
and Registered Auditor

HUGH ALLAN (HOLDINGS) LIMITED

ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention.

Investments

Fixed asset investments are stated at cost less provision for any permanent diminution in value.

Non-consolidation

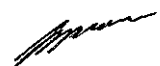
The company and its subsidiary comprise a small group. The company has taken advantage of the exemption provided by section 248 of the Companies Act not to prepare group accounts.

HUGH ALLAN (HOLDINGS) LIMITED

BALANCE SHEET
as at 30 April 1997

	Note	1997 £	1996 £
Fixed assets			
Investments	2	7,000	7,000
Current assets			
Debtors	3	115,623	115,623
Total assets less current liabilities		122,623	122,623
Capital and reserves			
Called up share capital	4	77,000	77,000
Profit and loss account		45,623	45,623
		122,623	122,623

Advantage is taken in the preparation of the financial statements of the special exemptions applicable to small companies conferred by Part VII of the Companies Act 1985. In the directors' opinion, the company is entitled to those exemptions as a small company.


H Allan
Director

10 September 1997

HUGH ALLAN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 April 1997

1 Profit and loss account

The company has not traded during the year and has made neither a profit nor a loss. No profit and loss account has therefore been prepared.

2 Investments

	1997 £	1996 £
Unlisted Cost	7,000	7,000

The company owns 100% of the ordinary share capital of Hugh Allan (Properties) Limited, a company incorporated in Scotland. The nature of the company's business is the letting of investment properties, bulk haulage and skip hire.

The share capital and reserves of Hugh Allan (Properties) Limited at 30 April 1997 were £75,251 (1996 - £68,290) and its profit for the year then ended was £6,961 (1996 - £27,235).

The aggregate amount of the total investment of the company in Hugh Allan (Properties) Limited by way of the equity method of valuation is £75,251 (1996 - £68,290).

The audit report of Hugh Allan (Properties) Limited was qualified due to the lack of independent specialist evidence available to the auditors regarding the company's investment properties. The investment properties are stated at their cost of acquisition of £625,022. They should be included in the balance sheet at their open market value and the aggregate surplus or deficit should be transferred to a revaluation reserve in accordance with Statement of Standard Accounting Practice 19. The auditors were unable to confirm due to the lack of independently prepared specialist evidence that the cost of the properties approximates their open market value.

3 Debtors

	£	£
Amounts owed by subsidiary undertaking	115,623	115,623

HUGH ALLAN (HOLDINGS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 April 1997

4 **Called up share capital**

	Authorised		Allotted, called up and fully paid	
	1997	1996	1997	1996
	£	£	£	£
Ordinary shares of £1 each	77,000	77,000	77,000	77,000

5 **Reconciliation of movements in shareholder's funds**

There was no movement in the shareholders' funds during the year.