

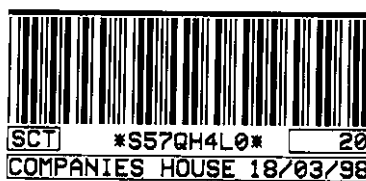
CRAIG BUILDERS ENGINEERS LIMITED

Company Number SCO80602

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1997

J R PARK & CO
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
BALTIC CHAMBERS
50 WELLINGTON STREET
GLASGOW
G2 6HJ



IAM

CRAIG BUILDERS ENGINEERS LIMITED

DIRECTORS REPORT

YEAR ENDED 30 JUNE 1997

The Directors submit their report and the audited financial statements for the year ended 30 June 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of general building and blacksmiths.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The profit and loss account for the year is set out on page 4. No dividend is recommended.

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:

- 1 select suitable accounting policies and then apply them consistently;
- 2 make judgements and estimates that are reasonable and prudent;
- 3 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.

TANGIBLE FIXED ASSETS

Movements in tangible fixed assets are shown in note 6 to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year and their interests in the issued share capital were:-

	30.6.97	30.6.96
	<u>Ordinary Shares</u>	<u>Ordinary Shares</u>
David R Craig	50	50
George B Craig	25	25
William Everson	-	-

CRAIG BUILDERS ENGINEERS LIMITED

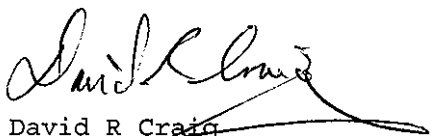
DIRECTORS REPORT

YEAR ENDED 30 JUNE 1997

AUDITORS

A resolution will be proposed at the forthcoming Annual General Meeting to reappoint J R Park & Co as auditors until the next General Meeting at which accounts are presented.

BY ORDER OF THE BOARD


David R Craig
Secretary

24 October 1997

AUDITORS REPORT TO THE SHAREHOLDERS OF

CRAIG BUILDERS ENGINEERS LIMITED

We have audited the financial statements on pages 4 to 9 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.

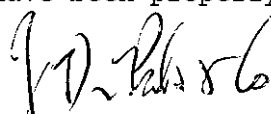
Basis of opinion

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 30 June 1997 and of its loss for the year then ended and have been properly prepared in accordance with The Companies Act 1985.


J R PARK & CO
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS
Baltic Chambers
50 Wellington Street
Glasgow
G2 6HJ

24 October 1997

CRAIG BUILDERS ENGINEERS LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 1997

	Notes	1997 £	1996 £
TURNOVER	2	118,391	181,500
Cost of Sales		87,469 -----	125,412 -----
GROSS PROFIT		30,922	56,088
Administrative Expenses		48,745 -----	49,098 -----
OPERATING (LOSS)/PROFIT	4	(17,823)	6,990
Taxation	5	- -----	- -----
Profit on Ordinary Activities After Taxation		(17,823) =====	6,990 =====

The notes on pages 7 to 10 form part of these financial statements

CRAIG BUILDERS ENGINEERS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

YEAR ENDED 30 JUNE 1997

	1997 £	1996 £
(Loss)/Profit For the Financial Year	(17,823) -----	6,990 -----
Total Gains and Losses Recognised Since Last Annual Report	(17,823) =====	6,990 =====

NOTE OF HISTORICAL COST PROFITS AND

LOSSES FOR THE YEAR ENDED 30 JUNE 1997

The reported loss on ordinary activities before taxation is the same as the historical cost profit.

The notes on pages 7 to 10 form part of these financial statements

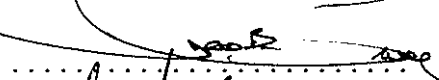
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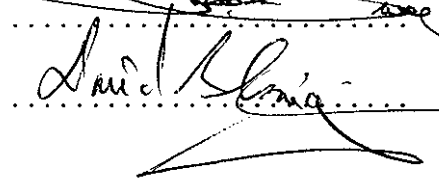
BALANCE SHEET

AS AT 30 JUNE 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible Assets	6	4,368 -----	3,726 -----
CURRENT ASSETS			
Stock		890	952
Debtors	7	24,914	57,008
Cash at Bank and on Hand		1,264 -----	2,061 -----
		27,068	60,021
Creditors: Amounts Falling Due Within One Year	8	41,171 -----	55,659 -----
NET CURRENT ASSETS/(LIABILITIES)		(14,103) -----	4,362 -----
TOTAL ASSETS LESS CURRENT LIABILITIES		(9,735) =====	8,088 =====
CAPITAL & RESERVES			
Called Up Share Capital	9	100	100
Profit and Loss Account	10	(9,835) -----	7,988 -----
SHAREHOLDERS FUNDS (Represented By Net Assets Above)		(9,735) =====	8,088 =====

These accounts were approved by the Board on 24 October 1997.

.....  George B Craig, Director

.....  David R Craig, Director

The notes on pages 7 to 10 form part of these financial statements

CRAIG BUILDERS ENGINEERS LIMITED

NOTES ON THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1997

1 ACCOUNTING POLICIES

Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with specified accounting standards.

Depreciation

Depreciation is provided at rates calculated to write off the cost of each asset except freehold land and buildings over its expected useful life as follows:

Fittings	-	33% on a reducing balance basis
Motor Vehicles	-	25% on a reducing balance basis
Plant & Machinery	-	15% on a reducing balance basis

Stock

Stock is valued consistently at the lower of cost and net realisable value.

Taxation

Full provision is made for United Kingdom taxation on results of the year.

Deferred tax is provided under the liabilities method, to the extent that a liability is considered likely to crystallise, on all timing differences.

The provision is made at the rate at which it is anticipated the liability will crystallise.

2 TURNOVER

Turnover represents the invoiced amount of goods sold stated net of value added tax.

3 STAFF COSTS

	1997 £	1996 £
Wages and Salaries	21,405	26,507
Social Security Costs	1,864	2,651
	-----	-----
	23,269	29,158
	=====	=====

The average weekly number of employees during the year was:

2	2
===	===

CRAIG BUILDERS ENGINEERS LIMITED**NOTES ON THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 1997****4 OPERATING (LOSS)/PROFIT**

	1997 £	1996 £
This is stated after charging:		
Directors Remuneration	14,791	15,860
Auditors Remuneration	1,000	715
Depreciation of Owned Assets	1,003	920

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the profit for the year		
Corporation Tax at 25%	-	-

Due to the incidence of losses brought forward no provision for taxation is required.

6 FIXED ASSETS

	FITTINGS £	PLANT & MACHINERY £	MOTOR VEHICLES £	TOTAL £
COST OR VALUATION				
As at 1 July 1996	14,621	18,856	2,800	36,277
Additions	-	1,670	1,550	3,220
Disposals	-	-	(2,800)	(2,800)
	-----	-----	-----	-----
As at 30 June 1997	14,621	20,526	1,550	36,697
	=====	=====	=====	=====
DEPRECIATION				
As at 1 July 1996	14,571	16,755	1,225	32,551
Disposals	-	-	(1,225)	(1,225)
Charge for Year	50	565	388	1,003
	-----	-----	-----	-----
As at 30 June 1997	14,621	17,320	388	32,329
	=====	=====	=====	=====
NET BOOK VALUE				
As at 30 June 1997	-	3,206	1,162	4,368
	=====	=====	=====	=====
NET BOOK VALUE				
As at 30 June 1996	50	2,101	1,575	3,726
	=====	=====	=====	=====

7 DEBTORS

	1997 £	1996 £
Trade Debtors	22,817	55,872
Associate Companies	2,097	1,136
	-----	-----
	24,914	57,008
	=====	=====

CRAIG BUILDERS ENGINEERS LIMITED**NOTES ON THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 1997****8 CREDITORS: Amounts Falling Due Within One Year**

	1997 £	1996 £
Trade Creditors	2,193	14,952
Other Taxes and Social Security Costs	3,638	3,682
Accrued Charges	763	636
Associate Companies	34,577	36,204
Other Creditors	-	185
	-----	-----
	41,171	55,659
	=====	=====

An associate company which is owed £31,742 has undertaken not to seek repayment of the debt to the prejudice of other creditors.

9 CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised, issued and fully paid 100 ordinary shares of £1 each	100 ===	100 ===

10 RESERVES

	Profit & Loss Account £	Total £
As at 1 July 1996	7,988	7,988
(Loss)/Profit for the Financial Year	(17,823)	(17,823)
	-----	-----
As at 30 June 1997	(9,835)	(9,835)
	=====	=====

11 RECONCILIATION OF SHAREHOLDERS FUNDS

	1997 £	1996 £
(Loss)/Profit for Financial Year	(17,823)	6,990
	-----	-----
Net Movement in Shareholders Funds	(17,823)	6,990
Opening Shareholders Funds	8,088	1,098
	-----	-----
Closing Shareholders Funds	(9,735)	8,088
	=====	=====

CRAIG BUILDERS ENGINEERS LIMITED

NOTES ON THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1997

12 CAPITAL COMMITMENTS

There were no capital commitments either contracted for or authorised by the directors at 30 June 1997.

13 RELATED PARTIES

The company trades with other companies controlled by the directors both as a customer and as a supplier. All transactions are contracted on an arms length basis.