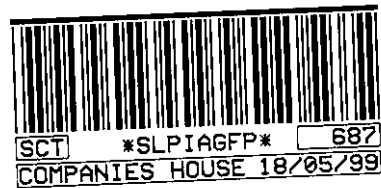


CRAIG BUILDERS ENGINEERS LIMITED
FINANCIAL STATEMENTS
30 JUNE 1998

Company Registration Number 080602

J.R. PARK & CO.
Chartered Accountants & Registered Auditors
Baltic Chambers
50 Wellington Street
Glasgow
G2 6HJ



CRAIG BUILDERS ENGINEERS LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1998

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CRAIG BUILDERS ENGINEERS LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 1998

The directors present their report and the financial statements of the company for the year ended 30 June 1998.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of general building and blacksmiths.

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 each	
		At 30 June 1998	At 1 July 1997
D R Craig		50	50
G B Craig		25	25
W Everson	(Retired 20 May 1998)		

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

AUDITORS

A resolution to re-appoint J.R. PARK & CO. as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

CRAIG BUILDERS ENGINEERS LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 1998

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
64 Darnley Street
Glasgow
G41 2SQ

Signed by order of the directors


DAVID R CRAIG
Company Secretary

Approved by the directors on 13 October 1998

CRAIG BUILDERS ENGINEERS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 JUNE 1998

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE 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 statements and to report our opinion to you.

BASIS OF OPINION

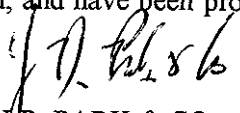
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 company's state of affairs as at 30 June 1998 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Baltic Chambers
50 Wellington Street
Glasgow
G2 6HJ


J.R. PARK & CO.
Chartered Accountants
& Registered Auditors

13 October 1998

CRAIG BUILDERS ENGINEERS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 1998

	Note	1998 £	1997 £
TURNOVER		86,213	118,391
Cost of sales		<u>73,851</u>	<u>102,262</u>
GROSS PROFIT		12,362	16,129
Administrative expenses		<u>23,519</u>	<u>33,952</u>
OPERATING LOSS	2	(11,157)	(17,823)
Tax on loss on ordinary activities		-	-
LOSS FOR THE FINANCIAL YEAR		<u>(11,157)</u>	<u>(17,823)</u>
Balance brought forward		<u>(9,835)</u>	<u>7,988</u>
Balance carried forward		<u>(20,992)</u>	<u>(9,835)</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.

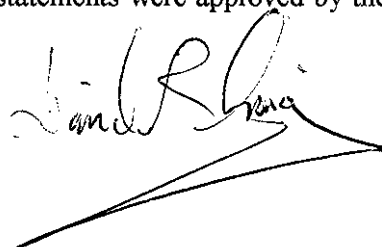
CRAIG BUILDERS ENGINEERS LIMITED**BALANCE SHEET****30 JUNE 1998**

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	3	<u>3,595</u>	<u>4,368</u>
CURRENT ASSETS			
Stocks		-	890
Debtors	4	20,029	24,914
Cash at bank and in hand		<u>117</u>	<u>1,264</u>
		20,146	27,068
CREDITORS: Amounts falling due within one year	5	<u>(44,633)</u>	<u>(41,171)</u>
NET CURRENT LIABILITIES		<u>(24,487)</u>	<u>(14,103)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(20,892)</u>	<u>(9,735)</u>
CAPITAL AND RESERVES			
Called-up equity share capital	7	100	100
Profit and loss account		<u>(20,992)</u>	<u>(9,835)</u>
DEFICIENCY	8	<u>(20,892)</u>	<u>(9,735)</u>

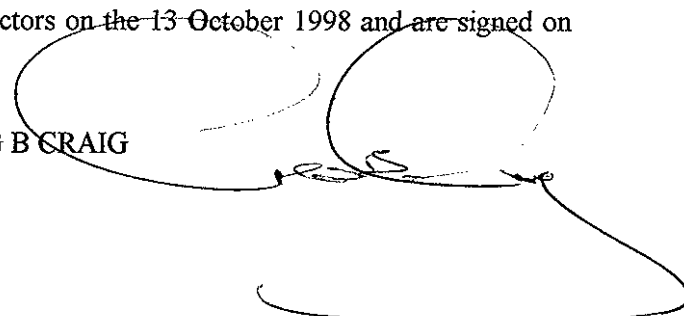
These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 13 October 1998 and are signed on their behalf by:

D R CRAIG



G B CRAIG



CRAIG BUILDERS ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1998

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

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 & Machinery	- 15% Reducing Balance Basis
Fixtures & Fittings	- 33% Reducing Balance Basis
Motor Vehicles	- 25% Reducing Balance Basis

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

2. OPERATING LOSS

Operating loss is stated after charging:

	1998 £	1997 £
Directors' emoluments	12,776	14,791
Depreciation	772	1,003
Loss on disposal of fixed assets	-	945
Auditors' fees	1,050	1,000
Operating lease costs:		
Land and buildings	<u>1,071</u>	<u>646</u>

CRAIG BUILDERS ENGINEERS LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30 JUNE 1998****3. TANGIBLE FIXED ASSETS**

	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST				
At 1 July 1997 and 30 June 1998	20,526	14,621	1,550	36,697
DEPRECIATION				
At 1 July 1997	17,321	14,621	388	32,330
Charge for the year	481	-	291	772
At 30 June 1998	17,802	14,621	679	33,102
NET BOOK VALUE				
At 30 June 1998	2,724	-	871	3,595
At 30 June 1997	3,205	-	1,162	4,367

4. DEBTORS

	1998 £	1997 £
Trade debtors	18,956	22,817
Associate companies	1,073	2,097
	<u>20,029</u>	<u>24,914</u>

5. CREDITORS: Amounts falling due within one year

	1998 £	1997 £
Trade creditors	3,995	2,193
Other creditors including:		
PAYE and social security	590	820
VAT	542	2,818
Associate companies	38,328	34,577
	<u>39,460</u>	<u>38,215</u>
Accruals and deferred income	1,178	763
	<u>44,633</u>	<u>41,171</u>

An associate company which is owed £36,940 has undertaken not to seek repayment of the debt to the prejudice of other creditors.

CRAIG BUILDERS ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1998

6. RELATED PARTY TRANSACTIONS

The company was under the control of Messrs George and David Craig throughout the current and previous year. They are also directors of other companies that they also control. These companies trade with each other. All transactions are contracted on an arms length basis.

7. SHARE CAPITAL

Authorised share capital:

	1998 £	1997 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	1998 £	1997 £
Ordinary share capital	<u>100</u>	<u>100</u>

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Loss for the financial year	(11,157)	(17,823)
Opening shareholders' equity funds	<u>(9,735)</u>	<u>8,088</u>
Closing shareholders' equity funds	<u>(20,892)</u>	<u>(9,735)</u>