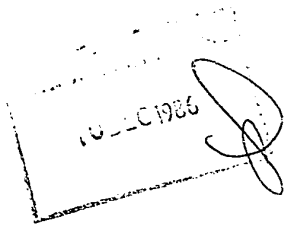
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A.N. GILLIES LIMITED

REPORT AND MODIFIED ACCOUNTS

For the year ended 31st July 1985



A.M. GILLIES LIMITED

REPORT OF THE AUDITORS TO THE DIRECTORS

UNDER SECTION 247 OF THE COMPANIES ACT 1985

As auditors of A.M. Gillies Limited on 2nd December 1986 we reported under Section 236 of the Companies Act 1985 on the accounts of the company prepared under Section 227 of the Companies Act 1985 for the year ended 31st July 1985 as follows:-

1. We have audited the financial statements on pages 3 to 10 in accordance with approved auditing standards except that the scope of our audit was limited by the matter referred to in paragraph 3 below.

2. At the balance sheet date the company had a deficit of net current assets of £61,465 and of net assets of £34,063. It's continued existence is therefore dependant upon future profitable trading and upon the continuing support of its bankers and other group members.

3. During the course of the year the company experienced considerable difficulties in the running of the computerised accounting system as a consequence of which errors have arisen with the accounting records. We have been unable to quantify the effect of this upon the financial statements and consequently have been unable to satisfy ourselves as to the completeness and accuracy of the accounting records.

4. In view of the significance of the foregoing we have been unable to form an opinion as to:

   i) whether or not the financial statements give a true and fair view of the state of the company's affairs at 31st July 1985 and of its loss and source and application of funds for the year then ended and

   ii) whether or not the financial statements comply with the provisions of the Companies Act 1985.

We have examined the modified accounts on pages 2 to 3, which have been properly prepared from the accounts of the company prepared under Section 227 of the Companies Act 1985 for the year ended 31st July 1985 in the manner permitted for a small company under Schedule 8 of the Companies Act 1985.

In our opinion, the company satisfied the requirements for exemption appropriate to a small company under Sections 247 and 249 of the Companies Act 1985.

EDINBURGH 2nd December 1986

SCOTT-MONCRIEFF, THOMSON & SHIELLS, C.A.

A.M. GILLIES LIMITED

BALANCE SHEET

As at 31st July 1985

			Notes		
		FIXED ASSETS			
£ 47,023		Tangible Assets			£ 39,918
		CURRENT ASSETS			
	£ 64,464	Stocks		£ 25,744	
	44,800	Debtors		77,748	
	2,076	Cash at Bank and in Hand		2,144	
	£111,340			£105,636	
	120,399	**CURRENT LIABILITIES** Creditors : Amounts falling due within one year		167,101	
(9,059)		**NET CURRENT LIABILITIES**			(61,465)
£ 37,964		**TOTAL (LIABILITIES)/ASSETS LESS CURRENT LIABILITIES**			£(21,547)
18,528		Creditors : Amounts falling due after more than one year H.P. Creditors			9,438
		PROVISION FOR LIABILITIES AND CHARGES			
3,078		Deferred Taxation			3,078
£ 16,358		**NET ASSETS**			£(34,063)
		CAPITAL AND RESERVES			
£ 5,000		Called up share capital	2		£ 5,000
11,358		Profit and Loss Account			(39,063)
£ 16,358					£(34,063)

In preparing these Modified Accounts:

(a) We have relied upon the exemptions for individual accounts under Section 247 to 249 of the Companies Act 1985.
(b) We have done so on the grounds that the Company is entitled to the benefit of those exemptions as a Small Company.

..... Director

..... Director

2nd December 1986 Date

The Notes on page 3 form part of these Accounts.

A.M. GILLIES LIMITED

NOTES TO THE ACCOUNTS

For the year ended 31st July 1985

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared on the historical cost basis of accounting.

Depreciation

Depreciation is provided on all fixed assets at rates calculated to write off the cost or valuation, less estimated residual value, of each asset evenly over its expected useful life as follows:-

Plant and Machinery	10 years
Motor Vehicles	4 years
Furniture and Fittings	10 years
Office Equipment	6 2/3 years

Stocks and Work in Progress

Stocks are valued at the lower of cost and net realisable value in the ordinary course of business. Cost of work-in-progress includes all production overheads and the appropriate proportion of indirect overhead expenses.

Deferred Taxation

Deferred taxation is provided on the liability method unless there is reasonable probability that such liability will not arise within three years of the end of the financial year. Advance corporation tax recoverable is deducted from the deferred taxation liability.

2. CALLED UP SHARE CAPITAL

	1985	1984
Authorised		
Ordinary £1 shares	£ 5,000	£ 5,000
Issued		
Ordinary £1 shares fully paid	£ 5,000	£ 5,000