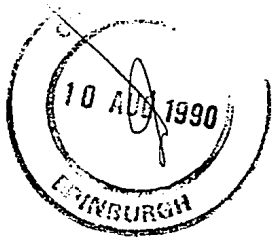
SC 80613

A M GILLIES LIMITED

Directors' Report and Accounts

For the year ended 31 July 1989



SCOTT-MONCRIEFF
THOMSON & SHIELLS
CHARTERED ACCOUNTANTS

80613

A M GILLIES LIMITED

Directors' Report and Accounts

For the year ended 31 July 1989



A M GILLIES LIMITED

Directors' Report and Accounts

For the year ended 31 July 1989

Contents

	Page
Directors' Report	1
Auditors' Report to the Members	2
Profit and Loss Account	3
Balance Sheet	4
Statement of Source and Application of Funds	5
Notes to the Accounts	6 - 10

Directors

A M Gillies
W K Stein

Secretary

A M Gillies

Auditors

Scott-Moncrieff, Thomson & Shiells CA

Bankers

Bank of Scotland

Solicitors

Brodies WS

Registered office

15 Atholl Crescent
Edinburgh
EH3 8HA

A M GILLIES LIMITED

Directors' Report

Auditors' report to the Directors

The directors submit their annual report and audited accounts for the year ended 31 July 1989.

Results for the year

The results for the year are as shown in the attached accounts, the directors recommend that no dividend be paid.

Principal activities and review of the business

The principal activity of the company during the year was that of a building contractor. Despite the continuing competition, the accounts show an increase in turnover which the company hopes to maintain in the current year and a return to profitability.

Share Capital

On 31 July 1989 a further 16,000 14.5% Redeemable Preference shares of £1 each were issued.

Directors and their interests

The directors during the year and their interests in the share capital of the company, including family interests were as follows:

	Ordinary shares of £1 each	
	30 July 1989	30 July 1988
Mr A M Gillies	-	-
Mr W K Stein	1,200	1,200

In accordance with the Articles of Association none of the directors fall due to retire. Mr A M Gillies is a director of, and major shareholder in, Isertal Limited and his interest in the share capital is disclosed in the directors report of that company.

Auditors

A resolution to re-appoint Scott-Moncrieff, Thomson & Shiells CA as auditors will be put to the members at the annual general meeting.

By order of the board

Secretary

Edinburgh 9/8/ 1990

A M GILLIES LIMITED

Auditors' Report to the Members

We have audited the accounts on pages 3 to 10 in accordance with Auditing Standards having regard to the following matters.

At the balance sheet date the company had net liabilities of £34,619. It's continued existance is dependant upon future profitable trading and upon the continuing support of its bankers and the holding company Isertal Limited.

Subject to the matter referred to above, in our opinion the accounts give a true and fair view of the state of the company's affairs at 31 July 1989, and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Scott-Moncrieff Thomson Shiels

SCOTT-MONCRIEFF, THOMSON & SHIELLS
Chartered Accountants
17 Melville Street
Edinburgh

9 August 1990

A M GILLIES LIMITED

Profit and Loss Account

For the year ended 31 July 1989

	Notes	1989 £	1989 £	1988 £	1988 £
Turnover	2		493,999		458,222
Cost of sales			(405,933)		(352,003)
Gross profit			88,066		106,219
Administration expenses			(107,781)		(95,124)
Operating (loss)/ profit	4		(19,715)		11,905
Other income	5	4,020		57	
Interest payable	6	(7,671)		(5,326)	
			(3,651)		(5,269)
(Loss)/profit on ordinary activities before taxation			(23,366)		5,826
Taxation	7		-		1,053
(Loss)/profit for the financial year			(23,366)		6,879
Accumulated losses brought forward			(47,253)		(54,132)
Accumulated losses carried forward			(70,619)		(47,253)

The notes on pages 6 to 10 form part of these accounts.

A M GILLIES LIMITED

Balance Sheet

As at 31 July 1989

	Notes	1989 £	1989 £	1988 £	1988 £
Fixed assets					
Tangible assets	8		18,105		11,045
Current assets					
Stocks	9	65,088		90,751	
Debtors	10	90,113		28,191	
Cash at bank and in hand		187		8,697	
		155,388		127,639	
Creditors : Amounts falling due within one year	11	(204,966)		(165,659)	
Net current (liabilities)			(49,578)		(38,020)
Total assets less current liabilities			(31,473)		(26,975)
Creditors : Amounts falling due after more than one year	12		(2,868)		-
Provision for liabilities and charges					
Deferred taxation	13		(278)		(278)
			(34,619)		(27,253)
Capital and reserves					
Called up share capital	14		36,000		20,000
Profit and loss account			(70,619)		(47,253)
			(34,619)		(27,253)

The accounts were approved by the directors on 9/8/90

..... Director

..... Director

The notes on pages 6 to 10 form part of these accounts.

A M GILLIES LIMITED

Statement of Source and Application of Funds

For the year ended 31 July 1989

	1989		1988	
	£	£	£	£
Source of funds				
(Loss)/Profit before taxation		(23,366)		5,826
Adjustment for items not involving the movement of funds :				
Gain on sale of fixed assets	(3,389)		-	
Depreciation	8,217		7,134	
Total generated from operations		4,828		7,134
		(17,538)		12,960
Funds from other sources				
Proceeds from sale of fixed assets	5,644		-	
Proceeds of share issue	16,000	21,644	15,000	15,000
		3,106		27,960
Application of funds				
Purchase of fixed assets		17,532		1,385
		(14,426)		26,575
Incease/(decrease) in working capital				
Stocks		(25,663)		76,051
Debtors		61,922		(23,085)
Creditors		42,939		(51,475)
		79,198		1,491
Movement in net liquid funds				
Bank overdraft		(93,624)		25,084
		(14,426)		26,575

The notes on pages 6 to 10 form part of these accounts

A M GILLIES LIMITED

Notes to the Accounts

For the year ended 31 July 1989

1. Accounting policies

Basis of accounting

The accounts have been prepared under the historical convention.

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 and finished goods 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. Turnover

Turnover and pre-tax profit are attributable to the company's principal activity of building contractors. The turnover of £493,999 (1988 - £458,222) was all earned in the UK.

3. Staff numbers and costs

The average weekly number of employees during the year was made up as follows :-

	1989	1988
Office and management	4	5
Tradesmen and manual workers	18	18
	22	23

3. Staff numbers and costs - continued

The aggregate remuneration and associated costs of the company's employees were:-

	1989 £	1988 £
Wages and salaries	133,944	124,039
Social security costs	11,453	10,820
Pension costs	2,956	1,150
	148,353	136,009

4. Operating loss

	1989 £	1988 £
The operating loss is stated after charging:		
Directors' remuneration	15,225	13,043
Hire of plant and machinery	4,064	8,120
Auditors' remuneration including expenses	4,000	3,700
Depreciation	8,217	7,134
Leasing charges	6,583	3,403

5. Other income

	1989 £	1988 £
Gain on sale of fixed assets	3,389	-
Interest received	631	57
	4,020	57

6. Interest payable

	1989 £	1988 £
Interest on bank overdraft and loans wholly repayable within five years	6,598	4,144
Hire purchase interest	1,073	1,182
	7,671	5,326

7. Taxation

There is no liability to taxation in the year due to tax losses carried forward.

	1989 £	1988 £
Transferred from deferred tax account	-	1,053

8. Tangible assets

	Plant & machinery £	Motor vehicles £	Furniture & fittings £	Office equipment £	Total £
Cost					
At 1 August 1988	3,647	30,894	120	16,339	51,000
Additions	1,121	13,018	-	3,393	17,532
Disposals	-	(18,126)	-	-	(18,126)
At 31 July 1989	4,768	25,786	120	19,732	50,406
Depreciation					
At 1 August 1988	1,492	27,063	72	11,328	39,955
Disposals	-	(15,871)	-	-	(15,871)
	1,492	11,192	72	11,328	24,084
Provided for year	476	4,828	12	2,901	8,217
At 31 July 1989	1,968	16,020	84	14,229	32,301
Net book value					
At 31 July 1989	2,800	9,766	36	5,503	18,105
At 31 July 1988	2,155	3,831	48	5,011	11,045

9. Stocks

	1989 £	1988 £
Work-in-progress	65,088	90,751

10. Debtors

	1989 £	1988 £
Trade debtors	48,095	28,191
Amounts due from group companies	42,018	-
	90,113	28,191

11. Creditors : Amounts falling due within one year

	1989 £	1988 £
Bank loans and overdraft	85,114	-
Trade creditors	60,895	107,850
Social security and other taxes	48,133	29,355
Other creditors	-	46
Accruals	4,000	3,700
Amounts due to group companies	-	4,773
Hire purchase creditors	2,458	3,313
Payments received in advance	4,366	16,622
	204,966	165,659

The bank overdraft has been guaranteed by Isertal Limited. This guarantee is secured by a standard security over part of Isertal's heritable property at Old Eskmills, Musselburgh.

12. Creditors : Amounts falling due after one year

	1989 £	1988 £
Hire purchase creditors	2,868	-

13. Deferred taxation

There is a potential liability for deferred taxation based on a corporation tax rate of 25% which has arisen as follows:

	1989		1988	
	Potential Liability £	Amount Provided £	Potential Liability £	Amount Provided £
Accelerated capital allowances	1,110	278	1,110	278

14. Called up share capital

	1989 £	1988 £
Authorised		
Ordinary £1 shares	5,000	5,000
Redeemable preference £1 shares	31,000	15,000
	36,000	20,000
Issued		
Ordinary £1 shares fully paid	5,000	5,000
Redeemable preference £1 shares	31,000	15,000
	36,000	20,000

15. Holding company

The ultimate holding comany is Isertal Limited, a company incorporated in Scotland.

16. Commitments and contingent liabilities

Capital expenditure contracted for but not provided in the accounts amounted to £Nil (1988 - £Nil).

Capital expenditure authorised by the Directors but not contracted for was £Nil (1988 - £Nil).