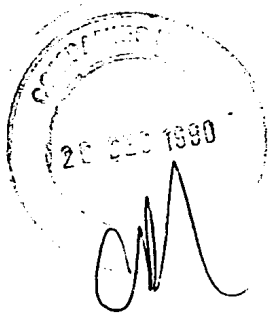
Reg No 80613

A M GILLIES LIMITED

Directors' Report and Accounts

For the year ended 31 July 1990



A M GILLIES LIMITED

Directors' Report and Accounts

For the year ended 31 July 1990

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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

For the year ended 31 July 1990

The directors submit their annual report and audited accounts for the year ended 31 July 1990.

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. The accounts show an increase in turnover which the company hopes to maintain in the current year and further increase its profitability.

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	
	31 July 1990	31 July 1989
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 C/ as auditors will be put to the members at the annual general meeting.

By order of the board

Edinburgh 5 December 1990

Secretary

A M GILLIES LIMITED

Auditors' Report to the Members

For the year ended 31 July 1990

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 £33,247. 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 1990, and of its profit 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 Shiells

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

5 December 1990

A M GILLIES LIMITED

Profit and Loss Account

For the year ended 31 July 1990

	Notes	1990		1989	
		£	£	£	£
Turnover	2		896,697		493,999
Cost of sales			(761,241)		(405,933)
Gross profit			135,456		88,066
Administration expenses			(117,027)		(107,781)
Operating profit/(loss)	4		18,429		(19,715)
Other income	5	-		4,020	
Interest payable	6	(17,335)		(7,671)	
			(17,335)		(3,651)
Profit/(loss) on ordinary activities before taxation			1,094		(23,366)
Taxation	7		278		-
Profit/(loss) for the financial year			1,372		(23,366)
Accumulated losses brought forward			(70,619)		(47,253)
Accumulated losses carried forward			(69,247)		(70,619)

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

A M GILLIES LIMITED

Balance Sheet

As at 31 July 1990

	Notes	1990		1989	
		£	£	£	£
Fixed assets					
Tangible assets	8		17,540		18,105
Current assets					
Stocks	9	39,241		65,088	
Debtors	10	225,674		90,113	
Cash at bank and in hand		95		187	
		265,010		155,388	
Creditors : Amounts falling due within one year	11	(315,387)		(204,966)	
Net current liabilities			(50,377)		(49,578)
Total assets less current liabilities			(32,837)		(31,473)
Creditors : Amounts falling due after more than one year	12		(410)		(2,868)
Provision for liabilities and charges					
Deferred taxation	13		-		(278)
			(33,247)		(34,619)
Capital and reserves					
Called up share capital	14		36,000		36,000
Profit and loss account			(69,247)		(70,619)
			(33,247)		(34,619)

The accounts were approved by the directors on 5/12/90

..... Director

W K Stein ..... 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 1990

	1990		1989	
	£	£	£	£
Source of funds				
Profit/(loss) before taxation		1,094		(23,366)
Adjustment for items not involving the movement of funds :				
Gain on sale of fixed assets	-		(3,389)	
Depreciation	6,588		8,217	
		6,588		4,828
Total from operations		7,682		(18,538)
Funds from other sources				
Proceeds from sale of fixed assets	-		5,644	
Proceeds of share issue	-	-	16,000	21,644
		7,682		3,106
Application of funds				
Purchase of fixed assets		6,023		17,532
		1,659		(14,426)
(Decrease)/increase in working capital				
Stocks		(25,847)		(25,663)
Debtors		135,561		61,922
Creditors		(182,346)		42,939
		(72,632)		79,198
Movement in net liquid funds				
Bank overdraft		74,291		(93,624)
		1,659		(14,426)

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 1990

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 £896,697 (1989 - £493,999) 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 :-

	1990	1989
Office and management	4	4
Tradesmen and manual workers	20	18
	24	22

3. Staff numbers and costs - continued

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

	1990 £	1989 £
Wages and salaries	162,293	133,944
Social security costs	13,677	11,453
Pension costs	4,587	2,956
	180,557	148,353

4. Operating profit

	1990 £	1989 £
The operating profit is stated after charging:		
Directors' remuneration	18,800	15,225
Hire of plant and machinery	13,627	4,064
Auditors' remuneration including expenses	4,000	4,000
Depreciation	6,588	8,217
Leasing charges	8,606	6,583

5. Other income

	1990 £	1989 £
Gain on sale of fixed assets	-	3,389
Interest received	-	631
	-	4,020

6. Interest payable

	1990 £	1989 £
Interest on bank overdraft and loans wholly repayable within five years	16,755	6,598
Hire purchase interest	580	1,073
	17,335	7,671

7. Taxation

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

	1990 £	1989 £
Transferred from deferred tax account	278	-

8. Tangible assets

	Plant & machinery £	Motor vehicles £	Furniture & fittings £	Office equipment £	Total £
Cost					
At 1 August 1989	4,768	25,786	120	19,732	50,406
Additions	3,853	-	-	2,170	6,023
At 31 July 1990	8,621	25,786	120	21,902	56,429
Depreciation					
At 1 August 1989	1,968	16,020	84	14,229	32,301
Provided for year	863	3,254	12	2,459	6,588
At 31 July 1990	2,831	19,274	96	16,688	38,889
Net book value					
At 31 July 1990	5,790	6,512	24	5,214	17,540
At 31 July 1989	2,800	9,766	36	5,503	18,105

9. Stocks

	1990 £	1989 £
Work-in-progress	39,241	65,088

10. Debtors

	1990 £	1989 £
Trade debtors	41,803	48,095
Amounts due from group companies	143,236	42,018
Other debtors	40,635	-
	225,674	90,113

11. **Creditors** : Amounts falling due within one year

	1990 £	1989 £
Bank loans and overdraft	10,731	85,114
Trade creditors	254,693	60,895
Social security and other taxes	38,405	48,133
Accruals	9,100	4,000
Hire purchase creditors	2,458	2,458
Payments received in advance	-	4,366
	315,387	204,966

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. The bank also holds a letter of guarantee for A M Gillies for £50,000 and life assurance over his life.

12. **Creditors** : Amounts falling due after one year

	1990 £	1989 £
Hire purchase creditors	410	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:

	1990		1989	
	Potential Liability £	Amount Provided £	Potential Liability £	Amount Provided £
Accelerated capital allowances	34,450	-	34,067	278

14. Called up share capital

	1990 £	1989 £
Authorised		
Ordinary £1 shares	5,000	5,000
Redeemable preference £1 shares	31,000	31,000
	36,000	36,000
Issued		
Ordinary £1 shares fully paid	5,000	5,000
Redeemable preference £1 shares	31,000	31,000
	36,000	36,000

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 (1989 - £Nil).

Capital expenditure authorised by the Directors but not contracted for was £Nil (1989 - £Nil).