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A M GILLIES LIMITED

Directors' Report and Financial Statements

For the year ended 27 August 1994



A M GILLIES LIMITED

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For the year ended 27 August 1994

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Directors

A M Gillies
W K Stein

Secretary

A M Gillies

Auditors

Scott-Moncrieff, Chartered Accountants

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 27 August 1994

The directors submit their annual report and audited financial statements for the year ended 27 August 1994.

Results for the year

The results for the year are as shown in the attached financial statements. The directors recommend that no dividend be paid, and that the loss for the year be carried to reserves.

Principal activities and review of the business

The principal activity of the company during the year was that of a building contractor.

The company has suffered a bad year due to the continued down-turn in the building trade.

Directors and their interests

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. 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	
	27 August 1994	27 August 1993
Mr A M Gillies	-	-
Mr W K Stein	1,200	1,200

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:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

Directors' responsibilities - continued

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.

Auditors

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

By order of the board

Edinburgh 7 September 1995

Secretary
A M Gillies

A M GILLIES LIMITED

Auditors' Report to the Members

For the year ended 27 August 1994

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

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 27 August 1994 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Scott-Moncrieff

SCOTT-MONCRIEFF
Chartered Accountants and Registered Auditors
17 Melville Street
Edinburgh
EH3 7PH

7 September 1995

A M GILLIES LIMITED

Profit and Loss Account

For the year ended 27 August 1994

	Notes	1994 £	1993 £
Turnover - continuing operations	2	236,946	781,424
Cost of sales		(242,788)	(646,395)
Gross (loss)/profit		(5,842)	135,029
Administration expenses		(46,182)	(90,332)
Operating (loss)/profit - continuing operations	4	(52,024)	44,697
Interest payable	5	(301)	(26,665)
(Loss)/profit on ordinary activities before taxation		(52,325)	18,032
Taxation	6	-	-
(Loss)/profit for the financial period	12	(52,235)	18,032

The company has no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements

A M GILLIES LIMITED

Balance Sheet

As at 27 July 1994

	Notes	1994		1993	
		£	£	£	£
Fixed assets					
Tangible assets	7		11,398		20,781
Current assets					
Stocks	8	41,430		12,408	
Debtors	9	369,218		261,606	
Cash at bank and in hand		38		38	
		410,686		274,052	
Creditors : Amounts falling due within one year	10	(464,787)		(285,211)	
Net current liabilities			(54,101)		(11,159)
Total assets less current liabilities			(42,703)		9,622
Capital and reserves					
Called up share capital	11		36,000		36,000
Profit and loss account	12		(78,703)		(26,378)
	13		(42,703)		9,622

The financial statements were approved by the directors on 7 September 1995

W K Stein ..... Director

W K Stein

The notes on pages 6 to 10 form part of these financial statements

1. Accounting policies

Comparative figures

The comparative figures are for the period 1 August 1992 to 27 August 1993.

Basis of accounting

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

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
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.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership the assets are treated as if they had been purchased outright. The amount capitalised is the cost of the asset to the lessor and this is depreciated over its useful economic life. The corresponding leasing commitments are shown as amounts payable to the lessor. Lease payments are split between capital and interest. The interest element is charged to the profit and loss account while the capital portion reduces the amounts payable to the lessor.

Cash Flow Statement

The company is defined as a small company and has taken advantage of the exemption under Financial Reporting Standard 1 not to prepare a Cash Flow Statement.

2. Turnover

Turnover and the profit on ordinary activities are attributable to the company's principal activity of building contractors within UK. Turnover represents sales invoiced, net of value added tax.

3. Staff numbers and costs

The average weekly number of employees during the year was made up as follows :-	1994 Number	1993 Number
Office and management	3	4
Tradesmen and manual workers	7	8
	10	12

The aggregate remuneration and associated costs of the company's employees were:-	1994 £	1993 £
Wages and salaries	135,536	178,599
Social security costs	10,944	16,222
Pension costs	-	7,940
	146,480	202,761

All pension payments relate to contributions by the company to employee personal pension plans.

4. Operating (loss)/profit

The operating profit is stated after charging:	1994 £	1993 £
Directors' remuneration	25,439	19,911
Hire of plant and machinery	6,217	7,419
Auditors' remuneration including expenses	4,350	4,200
Depreciation	10,272	11,420
Leasing charges	5,060	4,719

5. Interest payable

	1994 £	1993 £
Interest on bank overdraft and loans wholly repayable within five years	-	25,310
Hire purchase interest	301	1,355
	301	26,665

6. Taxation

There is no liability to taxation due to the incidence of losses.

7. Tangible assets

Cost	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
At 28 August 1993	10,916	45,097	24,259	80,272
Additions	-	-	889	889
At 27 August 1994	10,916	45,097	25,148	81,161
Depreciation				
At 28 August 1993	6,119	32,293	21,079	59,491
Provided for year	988	7,860	1,424	10,272
At 27 August 1994	7,107	40,153	22,503	69,763
Net book value				
At 27 August 1994	3,809	4,944	2,645	11,398
At 27 August 1993	4,797	12,804	3,180	20,781

8. Stocks

	1994 £	1993 £
Raw materials	-	1,500
Work in progress	41,430	10,908
	41,430	12,408

9. Debtors

	1994 £	1993 £
Trade debtors	2,949	25,364
Amounts due from group companies	366,269	235,726
Other debtors	-	516
	369,218	261,606

10. **Creditors :** Amounts falling due within one year	1994 £	1993 £
Bank loans and overdraft	239,626	172,598
Trade creditors	70,728	66,048
Amounts due to group companies	39,418	-
Social security and other taxes	97,561	32,232
Accruals	17,272	4,678
Other creditors	182	4,385
Hire purchase creditors	-	5,270
	464,787	285,211

The Bank of Scotland holds letters of guarantee and offset from Isertal Limited.

11. **Called up share capital**	1994 £	1993 £
Authorised		
Ordinary £1 shares	5,000	5,000
Redeemable preference £1 shares	31,000	31,000
	36,000	36,000
Issued		
Ordinary £1 shares	5,000	5,000
Redeemable preference £1 shares	31,000	31,000
	36,000	36,000

12. Reserves

	£
Balance at 28 August 1993	(26,378)
Loss for the financial year	(52,325)
Balance at 27 August 1994	(78,703)

13. Reconciliation of movement in shareholders' funds

	1994 £	1993 £
Loss for the financial year	(52,325)	18,032
Shareholders' funds at 28 August 1993	9,622	(8,410)
Shareholders' funds at 27 August 1994	(42,703)	9,622

14. Holding company

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

15. Commitments and contingent liabilities

Capital expenditure contracted for but not provided in the financial statements amounted to £Nil (1993 - £Nil).

Capital expenditure authorised by the directors but not contracted for was £Nil (1993 - £Nil).