A M GILLIES LIMITED

Registered Number: SC080613

Directors' Report and Financial Statements

For the year ended 27 August 2000



A M GILLIES LIMITED

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For the year ended 27 August 2000

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Directors

A M Gillies
W K Stein

Secretary

A M Gillies

Auditors

Scott-Moncrieff
Chartered Accountants
Registered Auditor
17 Melville Street
Edinburgh
EH3 7PH

Bankers

Bank of Scotland
38 St Andrew Square
Edinburgh
EH2 2YR

Solicitors

Brodies WS
15 Atholl Crescent
Edinburgh

Registered office

15 Atholl Crescent
Edinburgh
EH3 8HA

A M GILLIES LIMITED

Directors' Report

For the year ended 27 August 2000

The directors submit their annual report and audited financial statements for the year ended 27 August 2000.

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 other than cumulative preference dividends, and that the profit 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 carries out significant amounts of work for other group companies, and since the balance sheet date the group directors have secured new tenancies in properties owned by the holding company which will provide further work for the company.

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 2000	27 August 1999
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;

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 appoint Scott-Moncrieff as auditors, in accordance with section 385 of the Companies Act 1985 will be put to the members at the annual general meeting.

By order of the board

A M Gillies
Secretary

27/6/ 2001

A M GILLIES LIMITED

Auditors' Report to the Members

For the year ended 27 August 2000

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.

In forming our opinion, we have considered the adequacy of the disclosures made in note 10 to the financial statements, concerning the company's ability to meet the company's bank overdraft liability and other liabilities that may become payable on demand. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Scott-Moncrieff

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

27 June 2001

A M GILLIES LIMITED

Profit and Loss Account

For the year ended 27 August 2000

	Notes	2000 £	1999 £
Turnover	2	351,871	478,970
Cost of sales		(312,748)	(454,697)
Gross profit		39,123	24,273
Administrative expenses		(27,429)	(67,847)
Operating profit/(loss) - continuing operations	4	11,694	(43,574)
Interest payable	5	(1,077)	(1,353)
Profit/ (loss) on ordinary activities before taxation		10,617	(44,927)
Tax on profit/(loss) on ordinary activities	6	-	-
Profit/(loss) on ordinary activities after taxation		10,617	(44,927)
Dividends	7	(4,495)	(4,495)
(Loss)/profit for the financial year	14	6,122	(49,422)

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

There is no difference between the profit on ordinary activities for the year stated above and its historical cost equivalent.

None of the company's activities were acquired or discontinued during the above two financial years.

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

A M GILLIES LIMITED

Balance Sheet

As at 27 August 2000

	Notes	2000		1999	
		£	£	£	£
Fixed assets					
Tangible assets	8		8,436		13,484
Current assets					
Debtors	9	235,135		225,067	
Cash at bank and in hand		290		246	
		235,425		225,313	
Creditors : Amounts falling due within one year	11	(356,255)		(357,309)	
Net current liabilities			(120,830)		(131,996)
Total assets less current liabilities			(112,394)		(118,512)
Creditors: Amounts falling due after more than one year	12		(59,458)		(59,462)
			(171,852)		(177,974)
Capital and reserves					
Equity share capital			5,000		5,000
Non-equity share capital			31,000		31,000
Called up share capital	13		36,000		36,000
Profit and loss account	14		(207,852)		(213,974)
Shareholders' funds			(171,852)		(177,974)

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and were approved by the board of directors on 2001 and signed on its behalf by

..... Director

W K Stein

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

1. Accounting policies

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.

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.

Pension

The company operates a defined contribution pension scheme for one of the directors. There were no contributions to the scheme outstanding at the balance sheet date.

2. Turnover

Turnover and the profit on ordinary activities are attributable to the company's principal activity of building contractors within the 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 :-	2000 Number	1999 Number
Office and management	2	2
Tradesmen and manual workers	5	4
	7	6

The aggregate remuneration and associated costs of the company's employees were:-	2000 £	1999 £
Wages and salaries	102,530	85,592
Social security costs	9,262	9,342
Pension costs	1,962	2,863
	113,754	97,797
Directors' remuneration		
- As managers (including benefits in kind)	42,566	34,969
- Pension contributions	1,962	2,863
Directors' emoluments	44,528	37,832

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

4. Operating (loss)/profit

The operating (loss)/profit is stated after charging:	2000 £	1999 £
Hire of plant and machinery	2,930	3,514
Auditors' remuneration		
- for services as auditors	4,000	2,800
- for accountancy and tax services	-	1,200
Depreciation	6,467	6,840

5. Interest payable

	2000 £	1999 £
Hire purchase interest	1,077	1,353

6. Tax on profit/(loss) on ordinary activities

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

7. Dividends

	2000 £	1999 £
Non-equity dividends on preference shares		
Due for payment on 31 March accrued	2,248	2,248
Due for payment on 31 October accrued	2,247	2,247
	4,495	4,495

8. Tangible assets

Cost	Plant & machinery £	Motor vehicles £	Office equipment £	Total £
At 28 August 1999	10,916	41,529	25,085	77,530
Additions	-	-	1,419	1,419
At 27 August 2000	10,916	41,529	26,504	78,949
Depreciation				
At 28 August 1999	10,639	29,808	23,599	64,046
Provided for year	213	5,861	393	6,467
At 27 August 2000	10,852	35,669	23,992	70,513
Net book value				
At 27 August 2000	64	5,860	2,512	8,436
At 27 August 1999	277	11,721	1,486	13,484

The net book value of motor vehicles held under hire purchase agreements was £5,860 (1999 £11,721). Depreciation provided during the year on these assets was £5,861 (1999 £5,861).

9. Debtors

	2000 £	1999 £
Trade debtors	6,551	16,276
Amounts due from group companies	228,584	208,791
	235,135	225,067

10. Going Concern

The directors are of the opinion that it is appropriate to prepare the financial statements under the going concern basis of accounting.

The company meets its day to day working capital requirements through an overdraft facility provided to the Isertal Group which is repayable on demand. The overdraft facility of £275,000 is valid until 30 September 2001 and the Group expects to be able to work within the limit and this is anticipated to continue. These views are based on the Group's plan and on discussions with the company's bankers.

The group has agreed to support the company for the foreseeable future and will not require repayment of the group loans until the company is in a position to do so.

The Bank of Scotland hold letters of cross guarantee and offset with Isertal Limited and a letter from Mr A M Gillies and Mrs C A Gillies.

11. Creditors : Amounts falling due within one year

	2000	1999
	£	£
Bank overdraft	237,060	117,457
Trade creditors	10,493	10,714
Social security and other taxes	70,524	207,983
Accruals	28,948	15,978
Hire purchase creditors	4,498	4,498
Loan from director	4,732	-
Other creditors	-	679
	356,255	357,309

In connection with the bank overdraft, the Bank of Scotland holds letters of cross guarantee and offset with Isertal Limited and a letter of guarantee from Mr A M Gillies and Mrs C A Gillies.

12. Creditors : Amounts falling due after more than one year

	2000	1999
	£	£
Unpaid dividends	56,459	51,964
Hire purchase creditors (all due within 2 to 5 years)	2,999	7,498
	59,458	59,462

13. Called up share capital

	2000	1999
	£	£
Authorised		
Ordinary £1 shares	5,000	5,000
Redeemable preference £1 shares	31,000	31,000
	36,000	36,000
Issued and fully paid		
Equity		
Ordinary £1 shares	5,000	5,000
Non-equity		
Redeemable preference £1 shares	31,000	31,000
	36,000	36,000

Rights of non-equity interests

Cumulative redeemable preference shares

(1) Entitle holders to a preference dividend of 14.5% per annum per share payable on 31 March and 31 October each year.

(2) On a winding up, rank prior to ordinary shares.

(3) When dividend is over six months in arrears, holders are entitled to vote.

(4) May be redeemed at the option of the holder out of profits available for dividend or from a fresh issue of shares. One month's notice is required and dividends are payable to the date of redemption.

14. Profit and loss reserve

	Profit and Loss Account £
At 28 August 1999	(213,974)
Profit for the financial year	10,617
Dividends	(4,495)
At 27 August 2000	(207,852)

15. Reconciliation of movement in shareholders' funds

	2000 £	1999 £
Profit/(loss) for the financial year	10,617	(44,927)
Dividends	(4,495)	(4,495)
Shareholders' funds at 28 August 1999	(177,974)	(128,552)
Shareholders' funds at 27 August 2000	(171,852)	(177,974)

16. Analysis of shareholders' funds

	2000 £	1999 £
Equity interests	(259,311)	(260,938)
Non-equity interests		
14.5% cumulative redeemable preference shares of £1	31,000	31,000
Unpaid dividends:		
14.5% cumulative redeemable preference shares of £1	56,459	51,964
	(171,852)	(177,974)

Unpaid dividends have been accrued over the preceding 13 years.

17. Holding company

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

18. Related party transactions

The company has taken advantage of the exemption under Financial Reporting Standard 8, in relation to subsidiary companies whose voting rights are controlled within the group to the extent of 90% or more, not to disclose transactions with other group companies.
Included within creditors is £4,732 (1999 £0) owed to W K Stein, director, for expenses in the year. There are no fixed terms of repayment and no interest is charged.

A M GILLIES LIMITED

Detailed Profit and Loss Account

For the year ended 27 August 2000

		2000		1999
	£	£	£	£
Turnover		351,871		487,970
Cost of sales				
Labour	71,467		60,915	
Directors' remuneration	38,488		32,183	
Pension costs and keyman insurance	3,052		4,249	
Materials	15,357		21,821	
Travel and accommodation	10,756		12,075	
Motor expenses	9,958		10,615	
Subcontractors	160,740		309,325	
Plant hire	2,930		3,514	
	312,748		454,697	
Opening work in progress	-		-	
	312,748		454,697	
Closing work in progress	-		-	
		(312,748)		(454,697)
		39,123		24,273
Administration expenses				
Wages and salaries	1,836		1,836	
Electricity	613		2,923	
Rent, rates and insurance	-		(52)	
Telephone	2,809		2,186	
Stationery, software & m/c maintenance	4,997		3,637	
Advertising	3,944		200	
Audit and accountancy fees	4,000		2,800	
Professional fees	-		109	
Hire purchase interest	1,077		1,353	
Bank charges	327		340	
Bank interest	(1)		(2)	
VAT surcharges and interest	(3,890)		38,911	
I Rev interest/pr period tax	-		5,622	
Depreciation	6,467		6,840	
Miscellaneous	1,219		2,497	
Machinery repairs	36		-	
Inter company charges	5,072		-	
Gain on sale of asset		-		-
		(28,506)		(69,200)
Profit/(loss) for the financial year		10,617		(44,927)
Dividends on preference shares		(4,495)		(4,495)
		6,122		(49,422)