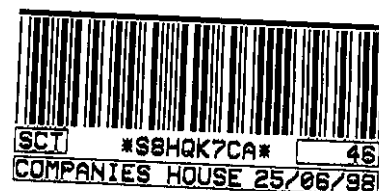


S & D HARPER LIMITED
ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997



W D Johnston & Carmichael
Chartered Accountants
Commerce House
South Street
Elgin
IV30 1JE

S & D HARPER LIMITED

DIRECTORS

S A Harper
Mrs D Harper
D Harper
S Harper

SECRETARY AND REGISTERED OFFICE

Wink & McKenzie
87 High Street
Elgin
IV30 1EA

AUDITORS

W D Johnston & Carmichael
Commerce House
South Street
Elgin
IV30 1JE

BANKERS

Clydesdale Bank plc
151 High Street
Elgin
IV30 1BW

SOLICITORS

Wink & McKenzie
87 High Street
Elgin
IV30 1EA

Registered in Scotland Number 80635.

AUDITORS' REPORT TO S & D HARPER LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the financial statements of S & D Harper Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1997.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246(5) and (6) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether the abbreviated accounts have been properly prepared in accordance with that section.

BASIS OF OPINION

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

OPINION

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act in respect of the year ended 31 December 1997 and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that section.



W D JOHNSTON & CARMICHAEL CA
Registered Auditors

Elgin
29 May 1998

S & D HARPER LIMITEDABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 1997

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
FIXED ASSETS			
Tangible assets	2	156753	161712
CURRENT ASSETS			
Stocks		132525	93509
Debtors		73938	104696
Cash at bank and in hand		324	3974
		206787	202179
CREDITORS: amounts falling due within one year	3	(110887)	(135939)
NET CURRENT ASSETS		95900	66240
TOTAL ASSETS LESS CURRENT LIABILITIES		252653	227952
CREDITORS: amounts falling due after more than one year		(30528)	(46566)
PROVISIONS FOR LIABILITIES AND CHARGES		(1665)	(1820)
NET ASSETS		220460	179566
CAPITAL AND RESERVES			
Called up share capital	4	40000	40000
Profit and loss account		180460	139566
EQUITY SHAREHOLDERS FUNDS		220460	179566

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 29 May 1998.

S A HARPER

Director



NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered to be material to the financial statements in both the current and preceding year.

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain land and buildings.

CASH FLOW STATEMENT

The financial statements do not include a cash flow statement because the company, as a small company, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 (Revised) "Cash Flow Statements".

DEPRECIATION

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

Tenant's improvements	-	2% straight line
Plant and machinery	-	20% to 25% reducing balance

STOCKS

Stocks are stated at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost comprises the invoiced price of goods and materials purchased on a first in first out basis.

DEFERRED TAXATION

Deferred taxation is provided under the liability method at current rates of taxation for all short term timing differences. Provision is also made for long term timing differences except those which are not expected to reverse in the foreseeable future.

LEASING AND HIRE PURCHASE COMMITMENTS

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their expected useful lives or, in the case of finance leases, the lease term whichever is shorter.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

TURNOVER

Turnover consists of the value of goods and services supplied in the year, excluding VAT.

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1997**2 Tangible assets**

	<u>Tangible fixed assets</u> £
COST	
At 31 December 1996	265166
Additions	20041
Disposals	(13847)
At 31 December 1997	271360
DEPRECIATION	
At 31 December 1996	103454
Charge for year	18122
Disposals	(6969)
At 31 December 1997	114607
NET BOOK VALUE	
At 31 December 1997	156753

3 Creditors

Creditors include the following:

	<u>1997</u> £	<u>1996</u> £
Bank overdraft	(11722)	(5498)
Loan repayable in instalments within five years	(41500)	(20000)
Loan not wholly repayable in instalments within five years	-	(35500)
	(53222)	(60998)

The loan and overdraft are secured.

4 Share capital

	<u>1997</u> £	<u>1996</u> £
Authorised, issued and fully paid 40000 ordinary shares of £1 each	40000	40000

5 Transactions with directors

(a) The company's trading premises are owned by S A Harper and Mrs D Harper, directors. During the year the company paid rent of £17600 on these premises (1996 - £9600).

(b) Included in creditors at the year end is an amount of £9157 due to the company's directors (1996 - £21305). This amount is interest free and has no fixed terms for repayment.