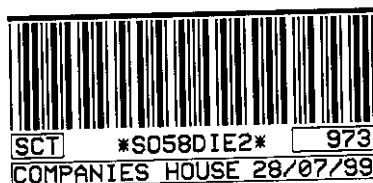


S & D HARPER LIMITED

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1998



WAM

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

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 1998.

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 1998 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
25 May 1999

S & D HARPER LIMITEDABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
FIXED ASSETS			
Tangible assets	2	207663	156753
CURRENT ASSETS			
Stocks		180352	132525
Debtors		76424	73938
Cash at bank and in hand		539	324
		257315	206787
CREDITORS: amounts falling due within one year	3	(151710)	(110887)
NET CURRENT ASSETS		105605	95900
TOTAL ASSETS LESS CURRENT LIABILITIES		313268	252653
CREDITORS: amounts falling due after more than one year		(52500)	(30528)
PROVISIONS FOR LIABILITIES AND CHARGES		(1665)	(1665)
NET ASSETS		258533	220460
CAPITAL AND RESERVES			
Called up share capital	4	40000	40000
Profit and loss account		218533	180460
EQUITY SHAREHOLDERS FUNDS		258533	220460

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 25 May 1999.

S A HARPER

Director



NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

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 1998

2 Tangible assets

	<u>Tangible fixed assets</u> £
COST	
At 31 December 1997	271360
Additions	71774
Disposals	(15800)
At 31 December 1998	327334
DEPRECIATION	
At 31 December 1997	114607
Charge for year	16389
Disposals	(11325)
At 31 December 1998	119671
NET BOOK VALUE	
At 31 December 1998	207663

3 Creditors

Creditors include the following:

	<u>1998</u> £	<u>1997</u> £
Bank overdraft	(45019)	(11722)
Loan repayable in instalments within five years	(52500)	(41500)
Loan not wholly repayable in instalments within five years	(15000)	-
	(112519)	(53222)

The loan and overdraft are secured.

4 Share capital

	<u>1998</u> £	<u>1997</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 £21000 for the use of these premises (1997 - £17600).

(b) Included in creditors at the year end is an amount of £9011 due to the company's directors (1997 - £9157). This amount is interest free and has no fixed terms for repayment.