

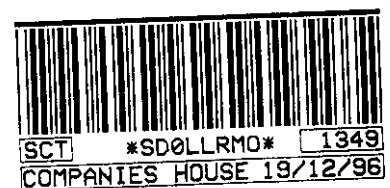
G DUNBAR & SONS (BUILDERS) LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTSfor the year ended
30 June 1996

Company Number SC 103821

BDO Stoy Hayward firms also in the South East. Ayr, Bacup, Belfast, Birmingham, Bristol, Bury St Edmunds, Cardiff, Edinburgh, Glasgow, Ipswich, Leeds, Manchester, Newcastle-upon-Tyne, Newmarket, Norwich, Nottingham, Peterborough, Poole, Rochdale, Saltcoats, Sheffield, Southampton, Stranraer, Sunderland, Wolverhampton

BDO Stoy Hayward – South East Firm has Offices in London, Bromley, Chelmsford, Epsom, Reading, Richmond, Ware and Wembley



DIRECTORS

Mr George A Dunbar
Mrs Terry Dunbar
Mr Andrew Dunbar

SECRETARY

G A Dunbar

REGISTERED OFFICE

56 Palmerston Place
Edinburgh
EH12 5AY

AUDITORS

BDO Stoy Hayward
56 Palmerston Place
Edinburgh
EH12 5AY

BANKERS

The Royal Bank of Scotland plc
17 Comiston Road
Edinburgh
EH10 6AA

G DUNBAR & SONS (BUILDERS) LIMITED**DIRECTORS' REPORT**

for the year ended 30 June 1996

FINANCIAL STATEMENTS

The directors present their report and the financial statements of the company for the year ended 30 June 1996.

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

- (1) select suitable accounting policies and then apply them consistently;
- (2) make judgements and estimates that are reasonable and prudent;
- (3) 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 maintaining 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.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £41,840.

The directors do not recommend the payment of a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity is that of a building contractor. The directors are confident of an improved result for the year ended 30 June 1996. The results for the current year reflect the improvement predicted in last years accounts and the directors are confident of a further improvement in 1997.

On 23 April 1996, agreement in principle was reached for the company to acquire a two thirds interest in Dunbar Management Investment Ltd, by acquiring the shares of non-related directors of that company for nil consideration. The completion of theis transaction is contingent on certain conditions precedent being met, and it had not been concluded by the approval date of these financial statements. The remaining third of the shares were acquired from G Dunbar on 28 June 1996.

G DUNBAR & SONS (BUILDERS) LIMITED

DIRECTORS' REPORT
for the year ended 30 June 1996

DIRECTORS AND THEIR INTERESTS

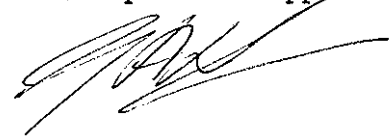
The directors of the company during the year and their interests in the share capital were as follows:

	Ordinary shares of £1 each	
	1996	1995
Mr George A Dunbar	8,000	8,000
Mrs Terry Dunbar	5,000	5,000
Mr Andrew Dunbar	1,000	1,000

AUDITORS

BDO Stoy Hayward offer themselves for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on 18 November 1996.



G A Dunbar
Secretary

AUDITORS' REPORT

to the members of G Dunbar & Sons (Builders) Limited

We have audited the financial statements on pages 5 to 14 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2, 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.

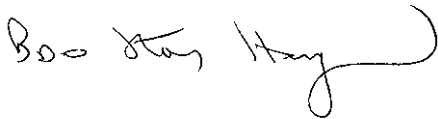
Basis of opinion

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 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

18 November 1996

G DUNBAR & SONS (BUILDERS) LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30 June 1996

	Notes	1996 £	1995 £
Turnover	2	2,645,766	1,995,558
Cost of sales		(2,287,225)	(1,789,653)
Gross profit		358,541	205,905
Administrative expenses		(305,471)	(221,233)
Other operating income	3	<u>4,810</u>	<u>13,965</u>
Operating profit/(loss)	5	57,880	(1,363)
Other interest receivable and similar income	7	-	294
Interest payable and similar charges	7	<u>(6,545)</u>	<u>(2,420)</u>
Profit/(loss) on ordinary activities before taxation		51,335	(3,489)
Tax on profit/(loss) on ordinary activities	8	<u>(9,495)</u>	<u>(592)</u>
Profit/(loss) for the year transferred to/(from) reserves	17	<u>41,840</u>	<u>(4,081)</u>

All trading arose from continuing operations.

Recognised gains and losses

There are no recognised gains and losses other than the profit/(loss) on ordinary activities after tax shown above.

G DUNBAR & SONS (BUILDERS) LIMITED

BALANCE SHEET
as at 30 June 1996

	Notes	£	1996 £	1995 £
FIXED ASSETS				
Tangible assets	9		104,818	29,177
Investments	10		<u>30,000</u>	<u>-</u>
			134,818	29,177
CURRENT ASSETS				
Stocks	11	153,813		32,506
Debtors: amounts falling due within one year	12	557,195		318,295
: amounts falling due after more than one year	12	-		129,239
Cash at bank and in hand		<u>450</u>		<u>416</u>
		711,458		480,456
CREDITORS: amounts falling due within one year	13	<u>(635,204)</u>		<u>(375,456)</u>
Net current assets			<u>76,254</u>	<u>105,000</u>
Total assets less current liabilities			211,072	134,177
CREDITORS: amounts falling due after more than one year	14		<u>(42,741)</u>	<u>(7,686)</u>
			<u>168,331</u>	<u>126,491</u>
CAPITAL AND RESERVES				
Called up share capital	16		14,000	14,000
Profit and loss account	17		<u>154,331</u>	<u>112,491</u>
Equity shareholders' funds			<u>168,331</u>	<u>126,491</u>

The financial statements on pages 5 to 14 were approved by the Board on 18 November 1996.

G A Dunbar.....Director

G DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1996

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. The annual depreciation rates are as follows:

Motor vehicles	-	25% straight line
Equipment and fittings	-	15% straight line
Plant & Machinery	-	10% straight line

Stock and work in progress

Work in progress is based on the surveyor's valuations at the year end allowing for costs to completion, total contract value and progress payments received.

Leasing and hire purchase commitments

Assets obtained under hire purchase and leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments, and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract, in order to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

Deferred taxation

Provision is made for deferred taxation under the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

G DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1996

Pension costs

The company operates defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the company. The company makes contributions which are charged to the profit and loss account in the year in which they become payable.

2. TURNOVER

Turnover represents the value of work done during the year.

3. OTHER OPERATING INCOME

	1996 £	1995 £
Administration and management charge	-	10,000
Insurance claim	<u>4,810</u>	<u>3,965</u>

4. STAFF COSTS

(a) Number of employees

The average monthly number of persons (including directors) employed by the company during the year was:

	1996 Number	1995 Number
Administration	6	4
Production	<u>6</u>	<u>9</u>
	<u>12</u>	<u>13</u>

(b) Employment costs

	£	£
Wages and salaries	217,473	197,698
Social security costs	21,466	18,630
Other pension costs	<u>51,200</u>	<u>14,940</u>
	<u>290,139</u>	<u>231,268</u>

G DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1996

5. OPERATING PROFIT/(LOSS) is stated after charging or (crediting):	1996 £	1995 £
Depreciation: owned fixed assets	7,087	6,462
Depreciation: assets under hire purchase contracts	21,110	2,783
Profit on disposal of fixed assets	(10,500)	855
Directors' emoluments	159,292	104,470
Auditors' remuneration	11,440	9,780
Operating lease rentals: - plant and machinery	<u>114,514</u>	<u>79,004</u>
6. DIRECTORS		
(a) Emoluments	1996 £	1995 £
The emoluments of directors of the company were:		
Remuneration as executives (including benefits-in-kind)	108,092	89,530
Pension contributions	<u>51,200</u> <u>159,292</u>	<u>14,940</u> <u>104,470</u>
(b) Bandings		
Fees and other emoluments disclosed above (excluding pension contributions) include amounts paid to:		
The chairman (highest-paid director)	<u>62,639</u>	<u>49,413</u>
Other directors' emoluments (excluding pension contributions) were in the following ranges:	Number	Number
£20,001 to £25,000	<u>1</u>	<u>1</u>
7. INTEREST	1996 £	1995 £
(a) Interest receivable		
Other interest receivable	<u>-</u>	<u>294</u>
(b) Interest payable		
On loans and overdrafts repayable: within five years	4,143	1,598
On hire purchase contracts: terminating within five years	<u>2,402</u> <u>6,545</u>	<u>822</u> <u>2,420</u>

G DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1996

8. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1996 £	1995 £
Based on the profit/(loss) for the year:		
Corporation tax	<u>9,495</u>	<u>592</u>

9. TANGIBLE FIXED ASSETS

	Motor vehicles £	Equipment and fittings £	Plant & Machinery £	Total £
Cost				
1 July 1995	59,939	22,746	-	82,685
Additions	40,400	11,821	51,617	103,838
Disposals	(34,150)	-	-	(34,150)
30 June 1996	<u>66,189</u>	<u>34,567</u>	<u>51,617</u>	<u>152,373</u>
Depreciation				
1 July 1995	42,493	11,015	-	53,508
Charge for the year	17,857	5,178	5,162	28,197
Disposals	(34,150)	-	-	(34,150)
30 June 1996	<u>26,200</u>	<u>16,193</u>	<u>5,162</u>	<u>47,555</u>
Net book value				
Owned assets	1	18,374	14,955	33,330
Hire purchased assets	39,988	-	31,500	71,488
30 June 1996	<u>39,989</u>	<u>18,374</u>	<u>46,455</u>	<u>104,818</u>
Owned assets	248	11,731	-	11,979
Hire purchased assets	17,198	-	-	17,198
30 June 1995	<u>17,446</u>	<u>11,731</u>	<u>-</u>	<u>29,177</u>

10. FIXED ASSET INVESTMENTS

Undertakings in which the company has
a participating interest

	Shares £
Cost or valuation	
Additions	<u>30,000</u>
30 June 1996	<u>30,000</u>
Provision	-
1 July 1995 and 30 June 1996	<u>-</u>
Net book value	
30 June 1996	<u>30,000</u>

G DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1996

Details of the undertaking in which the company has a participating interest at the balance sheet date were as follows:

Name of company and business	Class of shares	Holding %	Country of registration
George Dunbar & Sons (Builders) Ltd	Ordinary	33.00	Scotland
Property Construction			

The undertaking in which the company has a participating interest made a loss for the year ended 30 June 1996 of £97,755. Aggregate capital and reserves at that date were (£221,887).

11. STOCKS

	1996 £	1995 £
Work in progress	<u>153,813</u>	<u>32,506</u>

12. DEBTORS

	1996 £	1995 £
Trade debtors	361,417	301,394
Amounts owed by undertakings in which the company has a participating interest	96,862	-
Amounts recoverable on contracts	47,855	54,702
Other debtors	48,501	82,506
Prepayments and accrued income	2,560	8,932
	<u>557,195</u>	<u>447,534</u>

Amounts falling due after more than one year and included in the debtors above are:

	1996 £	1995 £
Trade debtors	-	108,795
Other debtors	-	20,444
	<u>-</u>	<u>129,239</u>

Other debtors include a loan to a director of the company, G Dunbar, details of which are as follows:

	1996 £	1995 £
Amount outstanding at beginning of year	46,945	1,274
Amount outstanding at end of year	38,717	46,945
Maximum outstanding during the year	<u>46,945</u>	<u>46,945</u>

G DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1996

13. CREDITORS: amounts falling due within one year

	1996 £	1995 £
Bank overdraft	57,240	95,739
Contract accruals	105,577	23,717
Obligations under hire purchase contracts	12,113	3,335
Trade creditors	413,147	113,924
Corporation tax	9,495	-
Other taxes and social security costs	29,391	12,186
Other creditors	1,356	102,941
Accruals and deferred income	6,885	23,614
	<u>635,204</u>	<u>375,456</u>

14. CREDITORS: amounts falling due after more than one year

	1996 £	1995 £
Obligations under hire purchase contracts	<u>42,741</u>	<u>7,686</u>

15. FINANCIAL COMMITMENTS

(a) Liabilities under hire purchase contracts

The company has liabilities under hire purchase contracts, which are secured on the assets being purchased, as follows:-

	1996 £	1995 £
Amounts payable:		
Within one year	17,022	4,882
Between two and five years	<u>52,054</u>	<u>8,614</u>
	69,076	13,496
Less: finance charges allocated to future periods	<u>14,222</u>	<u>2,475</u>
	<u>54,854</u>	<u>11,021</u>

G DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1996

(b) Operating lease commitments

Buildings	1996 £	1995 £
Annual commitments which expire:		
Within one year	750	-
After five years	<u>11,250</u>	<u>-</u>
	<u>12,000</u>	<u>-</u>
Other leases	1996 £	1995 £
Annual commitments which expire:		
Within one year	1,350	-
Between two and five years	<u>6,204</u>	<u>-</u>
	<u>7,554</u>	<u>-</u>

16. SHARE CAPITAL

Authorised and allotted
share capital

	Authorised		Allotted, called up and fully paid	
	1996 Number	1995 Number	1996 £	1995 £
£1 Ordinary	<u>50,000</u>	<u>50,000</u>	<u>14,000</u>	<u>14,000</u>

17. RESERVES

Profit and
loss account
£

1 July 1995
Retained profit for the year
30 June 1996

112,491
41,840
154,331

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit/(loss) for the year	41,840	(4,081)
Opening shareholders' funds	<u>126,491</u>	<u>130,572</u>
	<u>168,331</u>	<u>126,491</u>

G DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30 June 1996

19. DIRECTOR'S MATERIAL INTEREST IN CONTRACT

The company has entered into contracts with Yearsweep Limited, a company in which Mr G Dunbar had a 33 1/3% interest. The total value of work invoiced during the year to June 1996 was £5,743. This represents paid invoices on contracts completed mainly in previous years.