

G. DUNBAR & SONS (BUILDERS) LIMITED
FINANCIAL STATEMENTS

FOR
THE YEAR ENDED 30 JUNE 2003

Company Registration Number SC 103821



G. DUNBAR & SONS (BUILDERS) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

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G. DUNBAR & SONS (BUILDERS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 30 JUNE 2003

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30 June 2003.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of a building contractor. The results for the year under review are considered to be acceptable under the current economic climate, however, the directors are optimistic that performance will be improved during the forthcoming year.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 30 June 2003	At 1 July 2002
G. Dunbar	9,400	9,400
T. Dunbar	2,800	2,800
A. Dunbar	1,000	1,000
C. Adams	800	800

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

CHARITABLE CONTRIBUTIONS

During the year the company made various charitable contributions totalling £621 (2002-£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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 8, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

G. DUNBAR & SONS (BUILDERS) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30 JUNE 2003

CREDITORS PAYMENT POLICY

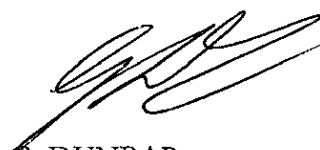
It is the company's policy to pay creditors within the terms of their contracts.

AUDITORS

A resolution to re-appoint McCabes as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
56 Palmerston Place
Edinburgh
EH12 5AY

Signed by order of the directors



G. DUNBAR
Company Secretary

Approved by the directors on

19 / 1

2004

G. DUNBAR & SONS (BUILDERS) LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 30 JUNE 2003

We have audited the financial statements on pages 4 to 16, which have been prepared under the historical cost convention, and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholders those matters we are required to state to them in auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities on page 1.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it. Our responsibilities do not extend to any other information.

BASIS OF OPINION

We conducted our audit in accordance with United Kingdom 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 company's state of affairs as at 30 June 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



56 Palmerston Place
Edinburgh
EH12 5AY

2004

McCABES
Chartered Accountants
& Registered Auditors

19/1/

G. DUNBAR & SONS (BUILDERS) LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30 JUNE 2003

	Note	2003 £	2002 £
TURNOVER		4,293,430	3,596,926
Cost of sales		<u>3,919,204</u>	<u>3,281,568</u>
GROSS PROFIT		374,226	315,358
Administrative expenses		280,143	238,506
Other operating income		-	(128)
OPERATING PROFIT	2	<u>94,083</u>	<u>76,980</u>
Interest payable	5	<u>61,318</u>	<u>76,979</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		32,765	1
Tax on profit on ordinary activities	6	<u>7,679</u>	<u>2,651</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		25,086	(2,650)
Proposed Dividend		-	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		25,086	(2,650)
Balance brought forward		<u>157,407</u>	<u>160,057</u>
Balance carried forward		<u><u>182,493</u></u>	<u><u>157,407</u></u>

All of the activities of the company are classed as continuing. The company has no recognised gains or losses other than the results for the year as set out above.

The notes on pages 8 to 16 form part of these financial statements

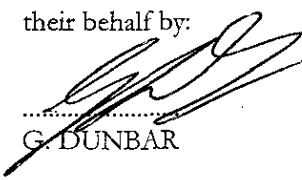
G. DUNBAR & SONS (BUILDERS) LIMITED

BALANCE SHEET

30 JUNE 2003

	Note	2003 £	2002 £
FIXED ASSETS			
Tangible assets	7	39,364	41,116
Investments	8	30,000	30,000
		<u>69,364</u>	<u>71,116</u>
CURRENT ASSETS			
Stocks	9	1,374,727	725,557
Debtors	10	2,406,786	923,060
Cash at bank and in hand		100	205
		<u>3,781,613</u>	<u>1,648,822</u>
CREDITORS: Amounts falling due within one year	11	<u>3,652,895</u>	<u>1,546,289</u>
NET CURRENT ASSETS		<u>128,718</u>	<u>102,533</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>198,082</u>	<u>173,649</u>
PROVISION FOR LIABILITIES AND CHARGES			
Deferred Taxation	12	<u>1,589</u>	<u>2,242</u>
		<u>196,493</u>	<u>171,407</u>
CAPITAL AND RESERVES			
Called-up equity share capital	14	14,000	14,000
Profit and loss account	15	182,493	157,407
SHAREHOLDERS' FUNDS		<u>196,493</u>	<u>171,407</u>

These financial statements were approved by the directors on the 19 / 1 2004, and are signed on their behalf by:


G. DUNBAR

The notes on pages 8 to 16 form part of these financial statements.

G. DUNBAR & SONS (BUILDERS) LIMITED

CASH FLOW STATEMENT

YEAR ENDED 30 JUNE 2003

	Note	2003 £	2002 £
Net Cash Inflow from operating activities		(1,382,834)	284,296
Returns on Investments and Servicing of Finance			
Interest Paid		<u>(55,213)</u>	<u>(76,092)</u>
Net Cash Outflow From Returns on Investments and Servicing Of Finance		<u>(55,213)</u>	<u>(76,092)</u>
Taxation		<u>(3,107)</u>	<u>(10,606)</u>
Capital Expenditure			
Payments for Tangible Assets		<u>(8,579)</u>	<u>(169)</u>
		<u>(8,579)</u>	<u>(169)</u>
Net Cash Flow before financing		<u>(1,449,733)</u>	<u>197,429</u>
Financing			
Repayment of loans		<u>-</u>	<u>(300,000)</u>
(Decrease) in Cash		<u>(1,449,733)</u>	<u>(102,571)</u>
 Reconciliation of Operating Profit to Net Cash Inflow From Operating activities			
Operating Profit		94,083	76,980
Depreciation		10,331	11,001
Increase in Stocks		(649,170)	752,788
Increase in Debtors		(1,483,726)	(501,492)
Increase in Creditors		<u>645,648</u>	<u>(54,981)</u>
Net cash inflow from operating activities		<u>(1,382,834)</u>	<u>284,296</u>

G. DUNBAR & SONS (BUILDERS) LIMITED

CASH FLOW STATEMENT (continued)

YEAR ENDED 30 JUNE 2003

Reconciliation of Net Cash Flow to movement in Net Debt

	2003 £	2002 £
(Decrease) in cash in the period	(1,449,733)	(102,571)
Net debt at 1 July 2002	<u>(955,435)</u>	<u>(852,864)</u>
Net debt at 30 June 03	<u>(2,405,168)</u>	<u>(955,435)</u>

Analysis of Changes in Net Debt

	At 1 July 02 £	Cash Flows £	At 30 June 03 £
Net cash:			
Cash in hand and at bank	205	(105)	100
Overdrafts	(955,640)	(1,449,628)	(2,405,268)
	<u>(955,435)</u>	<u>(1,449,733)</u>	<u>(2,405,168)</u>
Net Debt	<u>(955,435)</u>	<u>(1,449,733)</u>	<u>(2,405,168)</u>

The notes on pages 8 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Consolidation

In the opinion of the directors, the company and its subsidiary undertakings comprise a medium group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

Turnover

The turnover shown in the profit and loss account represents the value of work done during the year, exclusive of Value Added Tax. Profits in respect of sales of properties are included in the accounts where legal completion has taken place by the end of the financial year.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant and Machinery	- 10% Straight Line
Equipment & Fittings	- 15% Straight Line
Motor Vehicles	- 25% Straight Line

Investment property

Investment property is revalued annually, and the aggregate surplus or deficit is transferred to the revaluation reserve. The directors consider that this accounting policy results in the financial statements giving a true and fair view.

Work in progress and finished goods

Work in progress is valued on the basis of direct costs plus attributable overheads based on the normal level of activity. Provision is made for any foreseeable losses where appropriate. Profit is included in the valuation of work in progress where the outcome of the project can be foreseen with reasonable certainty.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold;

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on a undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

G. DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

1. ACCOUNTING POLICIES (Continued)

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

Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risk of ownership remain with the lessor are charged against profit on a straight-line basis over the period of the lease.

G. DUNBAR & SONS (BUILDERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2003

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2003 £	2002 £
Depreciation	10,331	11,000
Pension contributions	1,240	10,807
Auditors' fees	4,300	4,200
Operating leases:		
Plant and machinery	4,398	4,398
Others	22,954	27,196
	<u> </u>	<u> </u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003 No.	2002 No.
Production	11	8
Administration	4	3
	<u>15</u>	<u>11</u>
	£	£

Wages and Salaries	203,524	146,452
Employers NIC	19,219	15,020
Pension Costs	1,240	10,807
	<u>223,983</u>	<u>172,279</u>

4. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £	2002 £
Aggregate emoluments	<u>64,542</u>	<u>40,727</u>

The emoluments of three of the company directors, G.Dunbar, A.Dunbar and C Adams were paid through the subsidiary company, Dunbar Management Investments Ltd. The total amount of such emoluments paid was £ 153,000 (2002 - £120,000).

G. DUNBAR & SONS (BUILDERS) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 2003

5. Interest Payable and Similar Charges

	2003 £	2002 £
Bank interest	57,228	58,630
Loan interest	4,090	18,349
	<u>61,318</u>	<u>76,979</u>

6.(a) TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
Current Tax:		
UK Corporation tax on profits		
Of the period	8,345	3,120
Adjustments in respect of previous periods	(13)	106
	<u>8,332</u>	<u>3,226</u>
Deferred Tax:		
Origination and reversal of timing differences	(653)	(575)
Tax on profit on ordinary activities	<u>7,679</u>	<u>2,651</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 19% (2002 – 19%)

	2003 £	2002 £
Profit on ordinary activities before taxation	32,765	1
Profit on ordinary activities multiplied by rate of tax	6,225	-
Expenses not deductible for tax purposes	1,624	3,894
Depreciation for period in excess of capital allowances	496	(774)
Adjustments to tax charge in respect of previous periods	(13)	106
	<u>8,332</u>	<u>3,226</u>

G. DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

7. TANGIBLE FIXED ASSETS

	Investment Property £	Plant & Machinery £	Equipment & Fittings £	Motor Vehicles £	Total £
COST or VALUATION					
At 1 July 2002	15,000	61,813	29,568	5,996	112,377
Additions	-	-	929	7,650	8,579
Disposals	-	-	-	(5,996)	(5,996)
At 30 June 2003	<u>15,000</u>	<u>61,813</u>	<u>30,497</u>	<u>7,650</u>	<u>114,960</u>
DEPRECIATION					
At 1 July 2002	-	40,610	24,656	5,995	71,261
Charge for the year	-	6,181	2,236	1,914	10,331
On disposals	-	-	-	(5,996)	(5,996)
At 30 June 2003	<u>-</u>	<u>46,791</u>	<u>26,892</u>	<u>1,913</u>	<u>75,596</u>
NET BOOK VALUE					
At 30 June 2003	<u>15,000</u>	<u>15,022</u>	<u>3,605</u>	<u>5,738</u>	<u>39,364</u>
At 30 June 2002	<u>15,000</u>	<u>21,203</u>	<u>4,912</u>	<u>1</u>	<u>41,116</u>

Investment property was valued by the directors at 30 June 2003 who are satisfied that its cost is reflective of market value.

8. INVESTMENTS

	2003 £	2002 £
Subsidiary	<u>30,000</u>	<u>30,000</u>

The company owns a 100% investment of ordinary shares in Dunbar Management Investment Limited, a property development and investment company. The subsidiary undertaking made a profit for the year ended 30 June 2003 of £22,483, (2002 - Profit £161,005). Aggregate capital and reserves at that date were £599,402 (2002 - £390,919).

9. STOCKS

	2003 £	2002 £
Long term contract balances:		
Net cost less foreseeable losses	<u>1,374,727</u>	<u>725,557</u>
	<u>1,374,727</u>	<u>725,557</u>

G. DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

10. DEBTORS

	2003 £	2002 £
Trade debtors	61,092	646,398
Amounts owed by group undertakings	-	52,186
Other debtors	4,042	15,207
Vat repayable	27,569	-
Directors Loan	98,314	79,782
Recoverable income tax paid on directors loans	24,578	21,574
Prepayments and accrued income	10,341	3,104
Amounts recoverable on contracts	2,180,850	104,809
	<u>2,406,786</u>	<u>923,060</u>

The maximum outstanding amount on directors' loans during the year was £98,314 (2002 - £79,872). There is no interest charged and no fixed repayment terms.

11. CREDITORS: Amounts falling due within one year

	2003 £	2002 £
Bank loans and overdrafts	2,405,268	955,640
Trade creditors	386,968	478,404
Amounts due to group undertakings	32,052	-
Income tax payable on directors loans	9,826	3,049
Corporation Tax	8,345	3,120
PAYE and social security	20,028	9,311
Contract Accruals	743,620	26,712
Amount due to Pension Fund	32,100	32,100
Other Creditors	2,514	900
VAT	-	27,606
Accruals and deferred income	12,174	9,447
	<u>3,652,895</u>	<u>1,546,289</u>

In respect of bank loans and overdraft, The Bank of Scotland plc hold three standard securities over the company's assets and a bond and floating charge. West Lothian Council also hold a standard security over the company's assets. The loan from the pension scheme is charged at an interest rate of 3% above base and is repayable by 31 August 2004.

G. DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

12. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	2003	2002
	£	£
Provision brought forward	2,242	2,817
Decrease in provision	(653)	(575)
Provision carried forward	<u>1,589</u>	<u>2,242</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	2003	2002
	£	£
Excess of taxation allowances over depreciation on fixed assets	<u>1,589</u>	<u>2,242</u>

G. DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

13. RELATED PARTY TRANSACTIONS

The company was under the control of Mr G Dunbar throughout the current and previous year. Mr G Dunbar is the managing director and majority shareholder.

The following related party transactions occurred during the course of the year:

	2003 £	2002 £
Pension Scheme		
Loans (received)/repaid	-	297,900
Contract payments	-	(843,425)
Interest payable	(2,012)	(20,153)
Rent payable	<u>(6,000)</u>	<u>(6,000)</u>

	2003 £	2002 £
Directors		
G Dunbar loan repaid/(advanced)	(7,214)	(9,464)
A Dunbar loan repaid/(advanced)	(4,800)	(7,000)
C Adams loan repaid/(advanced)	(7,000)	(2,728)
T Dunbar loan repaid/(advanced)	<u>481</u>	<u>(6,000)</u>

	2003 £	2002 £
Dunbar Management Investments Limited		
Loans advanced	(84,238)	(24,882)
Management fees payable	<u>(169,787)</u>	<u>(284,013)</u>

Balances due (to)/from related parties

	2003 £	2002 £
Pension scheme	(32,100)	(32,100)
G Dunbar	62,461	55,247
A Dunbar	20,606	15,806
C Adams	9,729	2,729
T Dunbar	5,519	6,000
Dunbar Management Investments Limited	<u>(32,052)</u>	<u>52,186</u>

G. DUNBAR & SONS (BUILDERS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 2003

14. SHARE CAPITAL

Authorised share capital:

	2003	2002
	£	£
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

Allotted, called up and fully paid:

	2003	2002
	£	£
Ordinary share capital	<u>14,000</u>	<u>14,000</u>

15. PROFIT AND LOSS ACCOUNT

	2003	2002
	£	£
Balance brought forward	157,407	160,057
Retained profit/(loss) for the financial year	<u>25,086</u>	<u>(2,650)</u>
Balance carried forward	<u>182,493</u>	<u>157,407</u>

16. OPERATING LEASE COMMITMENTS

	2003	2002
	£	£
Annual commitments under non-cancellable operating leases are as follows:		
Other:		
Within one year	7,410	-
Within two to five years	<u>16,960</u>	<u>19,317</u>
	<u>24,370</u>	<u>19,317</u>

16. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS FUNDS'

	2003	2002
	£	£
Profit for financial year	<u>25,086</u>	<u>(2,650)</u>
Net additions to shareholders' funds	<u>25,086</u>	<u>(2,650)</u>
Opening shareholders' fund	171,407	174,057
Closing shareholders funds	<u>196,493</u>	<u>171,407</u>