

**FINANCIAL STATEMENTS
FOR YEAR ENDED
31ST DECEMBER, 2006
FOR
RAE BROWN & COMPANY LIMITED**

**MICHAEL J WALKER & CO
INCORPORATED FINANCIAL ACCOUNTANTS
75 BON ACCORD STREET
ABERDEEN
AB11 6ED**

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RAE BROWN & COMPANY LIMITED
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RAE BROWN & COMPANY LIMITED

COMPANY INFORMATION

DIRECTOR:	Gavin Farquhar
SECRETARIES:	Ledingham Chalmers LLP
REGISTERED OFFICE	Johnstone House, 52 54 Rose Street, Aberdeen. AB10 1HA.
REGISTERED NUMBER:	SC081744
ACCOUNTANTS:	Michael J Walker & Co., Incorporated Financial Accountants, 75 Bon Accord Street, Aberdeen AB11 6ED

RAE BROWN & COMPANY LIMITED

REPORT OF THE DIRECTOR

The Director presents his Report with the financial statements of the Company for the year ended 31st December, 2006

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company's principal activity for the year under review was building contracting. The results for the period and the financial position at the period end were considered satisfactory and continued growth is expected in the foreseeable future.

RESULTS AND DIVIDEND

The results of the company and dividends paid for the period are set out on page three. The director recommends that no further dividend be paid in respect of the period under review.

DIRECTOR

The Director of the company in office during the year and his beneficial interest in the issued share capital was as follows:

Name	Class of Capital	2006	2005
Gavin Farquhar	Ordinary £1 Shares		

AUDITORS

The director has decided to take advantage of the provisions of section 249A of the Companies Act 1985 and therefore an audit has not been carried out for the year under review.

ON BEHALF OF THE BOARD



Ledingham Chalmers LLP
SECRETARIES

Approved by the Board on 10th May, 2007

RAE BROWN & COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year 31st December, 2006.

	Notes	2006 (12 months) £	2005 (16 months) £
TURNOVER	2	1,497,854	1,809,682
Cost of Sales		<u>998,708</u>	<u>1,196,306</u>
GROSS PROFIT		499,146	613,376
Administrative Expenses		<u>237,785</u>	<u>276,893</u>
OPERATING PROFIT	3	261,361	336,483
Interest Receivable and Similar Income	4	<u>6,418</u>	<u>13,909</u>
		267,779	350,392
Interest Payable and Similar Charges		<u>57</u>	<u>—</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		267,722	350,392
Tax on Profit on Ordinary Activities		<u>48,189</u>	<u>68,042</u>
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		219,533	282,350
Dividends	5	<u>26,800</u>	<u>208,000</u>
		192,733	74,350
Retained Profit brought forward		<u>355,562</u>	<u>281,212</u>
RETAINED PROFIT CARRIED FORWARD		<u>548,295</u>	<u>355,562</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current or previous years

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years

The notes form part of these financial statements

RAE BROWN & COMPANY LIMITED

BALANCE SHEET
as at 31st December, 2006

	Notes	£	2006 £	£	2005 £
FIXED ASSETS:					
Tangible Assets	6		113,218		86,293
CURRENT ASSETS:					
Stock	7	14,003		50,231	
Debtors	8	411,066		137,215	
Cash at bank		<u>302,804</u>		<u>327,513</u>	
			727,873		514,959
CREDITORS: Amounts falling due within one year	9	<u>292,476</u>		<u>245,370</u>	
NET CURRENT ASSETS:			<u>435,397</u>		<u>269,589</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>548,615</u>		<u>355,882</u>
CAPITAL AND RESERVES:					
Called up share capital	11		320		320
Profit and loss account			<u>548,295</u>		<u>355,562</u>
Shareholders' funds	12		<u>548,615</u>		<u>355,882</u>


The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the period ending 31st December, 2006

The members have not required the company to obtain an audit of its financial statements for the year ended 31st December, 2006, in accordance with Section 249B(2) of the Companies Act 1985

The director acknowledges his responsibilities for

- (a) ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company

ON BEHALF OF THE BOARD



Gavin Farquhar
DIRECTOR

Approved by the Board on 10th May, 2007

The notes form part of these financial statements

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for year ended 31st December, 2006.**1. ACCOUNTING POLICIES****Accounting convention**

The financial statements have been prepared under the historical cost convention

Financial Reporting Standard Number 1

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter

Land and Buildings	Not provided
Plant and Machinery	25% on reducing balance
Office Equipment	25% on reducing balance
Motor Vehicles	25% on reducing balance

No depreciation is provided on freehold buildings. The company follows a programme of regular refurbishment and maintenance of its property which includes the re-instatement of the fabric of the buildings, where necessary, in order to maintain them to a high standard. Accordingly, in the opinion of the director, any element of depreciation would be immaterial and no provision has been made.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items. Work in progress is included at surveyor's valuation of the work performed.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company, and derive wholly from the United Kingdom.

3. OPERATING PROFIT

The operating profit is stated after charging

	2006 (12 months)	2005 (16 months)
Depreciation – owned assets	10,457	8,690
Loss on disposal of fixed assets	242	718
Loss on disposal of investments	=====	3,695
		=====
Directors emoluments – salaries	=====	131,712
		=====

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for year ended 31st December, 2006.

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	2006 (12 months)	2005 (16 months)
Deposit account interest	6,418	12,930
Dividends	—	979
	<u>6,418</u>	<u>13,909</u>

5. DIVIDENDS

	2006 (12 months)	2005 (16 months)
Interim	26,800	208,000
	<u>26,800</u>	<u>208,000</u>

6. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant and Machinery	Office Equipment	Motor Vehicles	Total
COST OR VALUATION					
At 1 st January, 2006	68,550	11,362	7,573	62,887	150,372
Additions		8,472	829	30,124	39,425
Disposals	—	—	—	(23,368)	(23,368)
At 31 st December, 2006	<u>68,550</u>	<u>19,834</u>	<u>8,402</u>	<u>69,643</u>	<u>166,429</u>
DEPRECIATION					
At 1 st January, 2006		11,059	6,316	46,704	64,079
Charge for year		1,318	425	8,714	10,457
Eliminated on disposal	—	—	—	(21,325)	(21,325)
At 31 st December, 2006	<u>—</u>	<u>12,377</u>	<u>6,741</u>	<u>34,093</u>	<u>53,211</u>
NET BOOK VALUE					
At 31 st December, 2006	<u>68,550</u>	<u>7,457</u>	<u>1,661</u>	<u>35,550</u>	<u>113,218</u>
At 31 st August, 2005	<u>68,550</u>	<u>303</u>	<u>1,257</u>	<u>16,183</u>	<u>86,293</u>

7. STOCKS

	2006	2005
Stock	14,003	23,429
Work in Progress	—	26,802
	<u>14,003</u>	<u>50,231</u>

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December, 2006

8. DEBTORS

	2006	2005
Amounts falling due within one year		
Trade debtors	100,920	92,353
Other debtors	300,177	36,344
Prepayments	<u>9,969</u>	<u>8,518</u>
	<u>411,066</u>	<u>137,215</u>

9 CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	2006	2005
Trade creditors	133,520	79,820
Other loans (See Note 10)	102	102
Other taxes and P A Y E	51,804	33,076
Taxation	48,189	68,042
Accrued expenses	<u>58,861</u>	<u>64,330</u>
	<u>292,476</u>	<u>245,370</u>

10. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below

	2006	2005
Amounts falling due within one year or on demand		
Other loans	<u>102</u>	<u>102</u>

11. CALLED UP SHARE CAPITAL

	2006	2005
Authorised:		
Number: Class: Nominal Value:		
10,000 Ordinary £1	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid:		
Number: Class: Nominal Value:		
320 Ordinary £1	<u>320</u>	<u>320</u>

12./

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st December, 2006.

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2006 (12 months)	2005 (16 months)
Profit for the financial year	219,533	282,350
Dividends	<u>26,800</u>	<u>208,000</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	192,733	74,350
Opening shareholders' funds	<u>355,882</u>	<u>281,532</u>
CLOSING SHAREHOLDERS' FUNDS	<u>548,615</u>	<u>355,882</u>

13. PARENT UNDERTAKINGS AND RELATED PARTIES

The immediate and ultimate parent undertaking is James Blake & Sons (1863) Limited who own 100% of the issued share capital in the company. Amounts due to the company by the parent undertaking, repayable upon demand, are as follows

	2006	2005
Loans to related parties	250,470	==

During the period under review the parent undertaking provided management services to the company for which it received fees as follows

	2006	2005
Services provided	17,000	==