

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST, 1999
FOR
RAE BROWN & COMPANY LIMITED**

**GORDON M. LEFEVRE & CO
CHARTERED CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS
14 GOLDEN SQUARE
ABERDEEN
AB10 1WJ**

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RAE BROWN & COMPANY LIMITED
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RAE BROWN & COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS:

**Rae C. Brown
Winifred Brown**

SECRETARY:

Winifred Brown

REGISTERED OFFICE:

**25a Farburn Terrace,
Dyce,
Aberdeen.
AB21 7DR**

REGISTERED NUMBER:

SC081744

AUDITORS:

**Gordon M. Lefevre & Co.,
Chartered Certified Accountants,
Registered Auditors,
14 Golden Square,
Aberdeen.
AB10 1WJ**

RAE BROWN & COMPANY LIMITED

REPORT OF THE DIRECTORS

The Directors present their Report with the financial statements of the Company for the year ended 31st August, 1999.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The principal activity of the company 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 for the period and dividends paid are set out on page four. The directors recommend that no further dividend be paid in respect of the period under review.

DIRECTORS

The Directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:-

Name	Class of Capital	1999	1998
Rae C. Brown	Ordinary £1 Shares	220	120
Winifred Brown	Ordinary £1 Shares	100	50

THE YEAR 2000

Assuring the ongoing operation of the business and computer systems is a key focus of the directors. A comprehensive review of all systems has been carried out to ensure that:-

- (1) all business and computer systems will correctly process future dates; and
- (2) our trading relationships with suppliers and customers will continue to operate without disruption.

The total estimated costs of these reviews have not been quantified but are not expected to be material.

STATEMENT OF 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 and of the profit or loss of the company for that period. In preparing those financial statements the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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. 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.

AUDITORS

The Auditors, Gordon M. Lefevre & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

In preparing this report, the directors have taken advantage of special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

ON BEHALF OF THE BOARD

Winifred Brown

Winifred Brown

SECRETARY

Approved by the Board on 15th December, 1999.

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
RAE BROWN & COMPANY LIMITED**

We have audited the financial statements on pages four to eight which have been prepared under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two 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

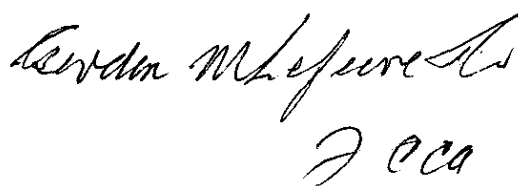
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments by the directors in the preparation of 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 31st August, 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Gordon M. Lefevre & Co.,
Chartered Certified Accountants,
Registered Auditors,
14 Golden Square,
Aberdeen.
AB10 1WJ
15th December, 1999

Handwritten signature of Gordon M. Lefevre in cursive script, followed by the letters 'JCCA' in a similar style.

RAE BROWN & COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st August, 1999

	Notes	1999 £	1998 £
TURNOVER	2	897,242	895,677
Cost of Sales		<u>643,490</u>	<u>652,454</u>
GROSS PROFIT		253,752	243,223
Administrative Expenses		<u>187,939</u>	<u>138,122</u>
OPERATING PROFIT	3	65,813	105,101
Interest Receivable and Similar Income	4	<u>12,939</u>	<u>15,249</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		78,752	120,350
Tax on Profit on Ordinary Activities		<u>16,480</u>	<u>27,350</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		62,272	93,000
Dividends	5	<u>106,500</u>	<u>64,000</u>
		(44,228)	29,000
Retained Profit brought forward		<u>402,545</u>	<u>373,545</u>
RETAINED PROFIT CARRIED FORWARD		<u>358,317</u>	<u>402,545</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and 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 August, 1999

	Notes	£	1999 £	£	1998 £
FIXED ASSETS:					
Tangible Assets	6		124,715		114,034
CURRENT ASSETS:					
Stocks	7	24,390		15,053	
Debtors	8	203,977		127,488	
Investments	9	39,697		-	
Cash at bank		<u>135,837</u>		<u>289,818</u>	
		403,901		432,359	
CREDITORS: Amounts falling due within one year					
	10	<u>169,979</u>		<u>143,528</u>	
NET CURRENT ASSETS:			<u>233,922</u>		<u>288,831</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>358,637</u>		<u>402,865</u>
CAPITAL AND RESERVES:					
Called up share capital	11		320		320
Profit and loss account			<u>358,317</u>		<u>402,545</u>
Shareholders' funds	12		<u>358,637</u>		<u>402,865</u>

In preparing these financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

ON BEHALF OF THE BOARD



Rae C. Brown
DIRECTOR

Approved by the Board on 15th December, 1999.

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1999

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
Motor Vehicles	-	25% on reducing balance
Office Equipment	-	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 directors, any element of depreciation would be immaterial and no provision has been made.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

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/(crediting)

	1999	1998
Depreciation - owned assets	18,721	15,159
Profit on disposal of fixed assets	(810)	(2,153)
Auditors' Remuneration	2,750	3,510
	<u> </u>	<u> </u>
Directors Emoluments - Salaries	48,195	53,154
- Pension Contributions	45,700	6,044
	<u> </u>	<u> </u>

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1999

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999	1998
Deposit Account Interest	11,869	15,249
Dividends	<u>1,070</u>	<u>-</u>
	<u>12,939</u>	<u>15,249</u>

5. DIVIDENDS

	1999	1998
Final	<u>106,500</u>	<u>64,000</u>

6. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant & Machinery	Office Equipment	Motor Vehicles	Total
COST OR VALUATION:					
At 1st September, 1998	68,550	11,012	6,006	120,251	205,819
Added	-	-	45	44,500	44,545
Sold	<u>-</u>	<u>-</u>	<u>-</u>	<u>(63,429)</u>	<u>(63,429)</u>
At 31st August 1999	<u>68,550</u>	<u>11,012</u>	<u>6,051</u>	<u>101,322</u>	<u>186,935</u>
DEPRECIATION:					
At 1st September, 1998	-	10,005	5,065	76,715	91,785
Charge for year	-	252	246	18,223	18,721
Eliminated on Disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(48,286)</u>	<u>(48,286)</u>
At 31st August, 1999	<u>-</u>	<u>10,257</u>	<u>5,311</u>	<u>46,652</u>	<u>62,220</u>
NET BOOK VALUE:					
At 31st August, 1999	<u>68,550</u>	<u>755</u>	<u>740</u>	<u>54,670</u>	<u>124,715</u>
At 31st August, 1998	<u>68,550</u>	<u>1,007</u>	<u>941</u>	<u>43,536</u>	<u>114,034</u>

7. STOCKS

	1999	1998
Stock	500	600
Work in progress	<u>23,890</u>	<u>14,453</u>
	<u>24,390</u>	<u>15,053</u>

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1999

8. DEBTORS

	1998	1998
Amounts falling due within one year:		
Trade debtors	42,300	105,424
Other debtors	152,845	14,253
Prepayments	<u>8,832</u>	<u>7,811</u>
	<u>203,977</u>	<u>127,488</u>

9. INVESTMENTS

	1999	1998
Other investments	<u>39,697</u>	<u>-</u>

The company holds listed investments with a value of £41,550 (1998:£nil), of which £41,550 (1998:£nil), are listed on a recognised stock exchange. The total listed investments have a market value of £41,550 (1998:£nil).

10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	1999	1998
Trade creditors	43,470	69,579
Other Taxes and P.A. Y.E.	5,798	24,665
Taxation	6,959	13,403
Accrued expenses	<u>113,752</u>	<u>35,881</u>
	<u>169,979</u>	<u>143,528</u>

11. CALLED UP SHARE CAPITAL

			1999	1998
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. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1998
Profits for the financial year	62,272	93,000
Dividends	<u>106,500</u>	<u>64,000</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	(44,228)	29,000
Opening shareholders' funds	<u>402,865</u>	<u>373,865</u>
CLOSING SHAREHOLDERS' FUNDS	<u>358,637</u>	<u>402,865</u>