

81744.

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST AUGUST, 1998
FOR
RAE BROWN & COMPANY LIMITED**

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



RAE BROWN & COMPANY LIMITED
INDEX TO THE FINANCIAL STATEMENTS

| | Page |
|--|-------------|
| Company Information | 1 |
| Report of the Directors | 2 |
| Report of the Auditors | 3 |
| Profit and Loss Account | 4 |
| Balance Sheet | 5 |
| Notes to the Financial Statements | 6 |
| Trading Account | 9 |

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, 1998.

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 | 1998 | 1997 |
|----------------|--------------------|------|------|
| Rae C. Brown | Ordinary £1 Shares | 120 | 120 |
| Winifred Brown | Ordinary £1 Shares | 50 | 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.

CHARITABLE CONTRIBUTIONS

The company made minor charitable contributions during the period under review.

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

X Winifred Brown

Winifred Brown
SECRETARY

Approved by the Board on 11th May, 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, 1998 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
11th May, 1999

Gordon M. Lefevre & Co.
J.C.C.

RAE BROWN & COMPANY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31st August, 1998

| | Notes | 1998 £ | 1997 £ |
|--|-------|-------------------------|-------------------------|
| TURNOVER | 2 | 895,677 | 829,971 |
| Cost of Sales | | <u>652,454</u> | <u>505,460</u> |
| GROSS PROFIT | | 243,223 | 324,511 |
| Administrative Expenses | | <u>138,122</u> | <u>187,637</u> |
| OPERATING PROFIT | 3 | 105,101 | 136,874 |
| Interest Receivable and Similar Income | 4 | <u>15,249</u> | <u>10,801</u> |
| | | 120,350 | 147,675 |
| Interest Payable and Similar Charges | | <u>-</u> | <u>19</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | 120,350 | 147,656 |
| Tax on Profit on Ordinary Activities | | <u>27,350</u> | <u>34,899</u> |
| PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION | | 93,000 | 112,757 |
| Dividends | 5 | <u>64,000</u> | <u>64,000</u> |
| | | 29,000 | 48,757 |
| Retained Profit brought forward | | <u>373,545</u> | <u>324,788</u> |
| RETAINED PROFIT CARRIED FORWARD | | <u>402,545</u> ===== | <u>373,545</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.

RAE BROWN & COMPANY LIMITED

BALANCE SHEET
as at 31st August, 1998

| | Notes | £ | 1998 £ | 1997 £ |
|--|-------|----------------|----------------|----------------|
| FIXED ASSETS: | | | | |
| Tangible Assets | 6 | | 114,034 | 114,213 |
| CURRENT ASSETS: | | | | |
| Stocks | 7 | 15,053 | | 67,626 |
| Debtors | 8 | 127,488 | | 59,411 |
| Cash at bank | | <u>289,818</u> | | <u>237,198</u> |
| | | 432,359 | | 364,235 |
| CREDITORS: Amounts falling due within one year | 9 | <u>143,528</u> | | <u>104,583</u> |
| NET CURRENT ASSETS: | | | <u>288,831</u> | <u>259,652</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | | <u>402,865</u> | <u>373,865</u> |
| CAPITAL AND RESERVES: | | | | |
| Called up share capital | 10 | | 320 | 320 |
| Profit and loss account | | | <u>402,545</u> | <u>373,545</u> |
| Shareholders' funds | 11 | | <u>402,865</u> | <u>373,865</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

X 
Rae C. Brown
DIRECTOR

Approved by the Board on 11th May, 1999.

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1998

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

1998 1997

The operating profit is stated after charging/(crediting)

| | | |
|------------------------------------|---------|--------|
| Depreciation - owned assets | 15,159 | 15,221 |
| Profit on disposal of fixed assets | (2,513) | - |
| Auditors' Remuneration | 3,510 | 3,781 |
| | ===== | ===== |
| Directors Emoluments - Salaries | 53,154 | 77,480 |
| - Pension Contributions | 6,044 | 4,650 |
| | ===== | ===== |

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1998

4. INTEREST RECEIVABLE AND SIMILAR INCOME

| | 1998 | 1997 |
|--------------------------|--------------|--------------|
| Deposit Account Interest | 15,249 | 10,801 |
| | <u>=====</u> | <u>=====</u> |

5. DIVIDENDS

| | 1998 | 1997 |
|-------|--------------|--------------|
| Final | 64,000 | 64,000 |
| | <u>=====</u> | <u>=====</u> |

6. TANGIBLE FIXED ASSETS

| | Land & Buildings | Plant & Machinery | Office Equipment | Motor Vehicles | Total |
|---------------------------|---------------------|----------------------|---------------------|-------------------|----------------|
| COST OR VALUATION: | | | | | |
| At 1st September, 1997 | 68,550 | 11,012 | 6,006 | 119,498 | 205,066 |
| Added | - | - | - | 16,467 | 16,467 |
| Sold | - | - | - | (15,715) | (15,715) |
| At 31st August 1998 | <u>68,550</u> | <u>11,012</u> | <u>6,006</u> | <u>120,250</u> | <u>205,818</u> |
| DEPRECIATION: | | | | | |
| At 1st September, 1997 | - | 9,670 | 4,752 | 76,431 | 90,853 |
| Charge for year | - | 335 | 313 | 14,511 | 15,159 |
| Eliminated on Disposal | - | - | - | (14,228) | (14,228) |
| At 31st August, 1998 | <u>-</u> | <u>10,005</u> | <u>5,065</u> | <u>76,714</u> | <u>91,784</u> |
| NET BOOK VALUE: | | | | | |
| At 31st August, 1998 | <u>68,550</u> | <u>1,007</u> | <u>941</u> | <u>43,536</u> | <u>114,034</u> |
| At 31st August, 1997 | <u>68,550</u> | <u>1,342</u> | <u>1,254</u> | <u>43,067</u> | <u>114,213</u> |

7. STOCKS

| | 1998 | 1997 |
|------------------|---------------|---------------|
| Stock | 600 | 500 |
| Work in progress | 14,453 | 67,126 |
| | <u>15,053</u> | <u>67,626</u> |

RAE BROWN & COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31st August, 1998

8. DEBTORS

| | 1998 | 1997 |
|--------------------------------------|----------------|---------------|
| Amounts falling due within one year: | | |
| Trade debtors | 105,424 | 52,453 |
| Other debtors | 14,253 | - |
| Prepayments | <u>7,811</u> | <u>6,958</u> |
| | <u>127,488</u> | <u>59,411</u> |

9. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

| | 1998 | 1997 |
|--------------------------|----------------|----------------|
| Trade creditors | 69,579 | 20,571 |
| Other creditors | - | 2,295 |
| Other Taxes and P.A.Y.E. | 24,665 | 13,853 |
| Taxation | 13,403 | 18,899 |
| Accrued expenses | <u>35,881</u> | <u>48,965</u> |
| | <u>143,528</u> | <u>104,583</u> |

10. CALLED UP SHARE CAPITAL

| | | | 1998 | 1997 |
|----------------------------------|----------|----------------|---------------|---------------|
| 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> |

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

| | 1998 | 1997 |
|-------------------------------------|----------------|----------------|
| Profits for the financial year | 93,000 | 112,757 |
| Dividends | <u>64,000</u> | <u>64,000</u> |
| NET ADDITION TO SHAREHOLDERS' FUNDS | 29,000 | 48,757 |
| Opening shareholders' funds | <u>373,865</u> | <u>325,108</u> |
| CLOSING SHAREHOLDERS' FUNDS | <u>402,865</u> | <u>373,865</u> |