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**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2005
FOR
LES TAYLOR CONTRACTORS LIMITED**



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LES TAYLOR CONTRACTORS LIMITED

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LES TAYLOR CONTRACTORS LIMITED

COMPANY INFORMATION

for the Year Ended 31 December 2005

DIRECTORS:

L P Taylor
Mrs J S Taylor
I Nelson

SECRETARY:

Masson & Glennie

REGISTERED OFFICE:

Broad House
Broad Street
Peterhead
Aberdeenshire
AB42 1HY

REGISTERED NUMBER:

095134 (Scotland)

AUDITORS:

Acumen Accountants and Advisors Limited
Registered Auditors
Bon Accord House
Riverside Drive
ABERDEEN
AB11 7SL

LES TAYLOR CONTRACTORS LIMITED

REPORT OF THE DIRECTORS for the Year Ended 31 December 2005

The directors present their report with the financial statements of the company for the year ended 31 December 2005.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of earthworks, civil engineering, drainage, haulage and plant hire. The principal activities of its subsidiary, J G Fowlie (Contractors) Limited, were those of demolition experts and asbestos removal specialists.

These financial statements present information about the company as an individual undertaking and not about the group.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

During the year the company disposed of its North of Scotland operation. The directors are satisfied that the results achieved were within expectation and do not anticipate that the disposal of the Northern operation will impact on future trading.

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2005.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors during the year under review were:

L P Taylor	
Mrs J S Taylor	
S P Gilmartin	- resigned 30.11.05
I Nelson	

The beneficial interests of the directors holding office on 31 December 2005 in the issued share capital of the company were as follows:

	31.12.05	1.1.05
Ordinary "A" £1 shares		
L P Taylor	281,630	281,630
Mrs J S Taylor	275,000	275,000
I Nelson	-	-

During the year the company purchased 91,302 (2004: 37,550) of its own ordinary "A" £1 shares from Simon Gilmartin for a consideration of £1,450,000 (2004: £402,912). This represented 14% (2004: 5%) of the called up share capital for ordinary "A" £1 shares. The maximum number of ordinary "A" £1 shares held at any time during the year was 647,932.

Also during the year, the company purchased 100 of its own ordinary "B" £1 shares from Simon Gilmartin for a consideration of £100. This represented 100% of the called up share capital for ordinary "B" £1 shares. The maximum number of ordinary "B" £1 shares held at any time during the year was 100.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice.

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.

LES TAYLOR CONTRACTORS LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 December 2005

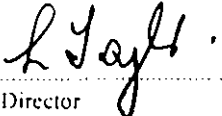
STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234Z.A of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Acumen Accountants and Advisors Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:


.....
L. P. Taylor - Director

Date: 22/08/06

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF LES TAYLOR CONTRACTORS LIMITED

We have audited the financial statements of Les Taylor Contractors Limited for the year ended 31 December 2005 on pages five to twenty one. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, 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 members those matters we are required to state to them in an 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 members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 Report of the Directors 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 other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended; and
- have been properly prepared in accordance with the Companies Act 1985.

Acumen Accountants & Advisors Limited

Acumen Accountants and Advisors Limited
Registered Auditors
Bon Accord House
Riverside Drive
ABERDEEN
AB11 7SL

Date: 22/08/06

LES TAYLOR CONTRACTORS LIMITED

**PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2005**

	Notes	2005 £	2004 £
TURNOVER			
Continuing operations		15,759,147	17,442,034
Discontinued operations		<u>3,774,365</u>	<u>5,803,658</u>
Cost of sales	2	<u>16,532,589</u>	<u>19,300,478</u>
GROSS PROFIT	2	3,000,923	3,945,214
Net operating expenses	2	<u>2,031,993</u>	<u>2,808,482</u>
OPERATING PROFIT	4	968,930	1,136,732
Continuing operations		732,283	727,809
Discontinued operations		<u>236,647</u>	<u>408,923</u>
Interest receivable and similar income		<u>87,029</u>	<u>65,662</u>
		1,055,959	1,202,394
Amounts written off investments	6	<u>-</u>	<u>30,000</u>
		1,055,959	1,172,394
Interest payable and similar charges	7	<u>(54,855)</u>	<u>88,606</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,110,814	1,083,788
Tax on profit on ordinary activities	8	<u>252,781</u>	<u>357,312</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		<u>858,033</u>	<u>726,476</u>

The notes form part of these financial statements

LES TAYLOR CONTRACTORS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the Year Ended 31 December 2005

	2005 £	2004 £
PROFIT FOR THE FINANCIAL YEAR	858,033	726,476
Unrealised gain on property revaluation	707,453	-
TOTAL RECOGNISED GAINS AND LOSSES		
RELATING TO THE YEAR	<u>1,565,486</u>	<u>726,476</u>


The notes form part of these financial statements

LES TAYLOR CONTRACTORS LIMITED

BALANCE SHEET
31 December 2005

	Notes	2005 £	2004 £
FIXED ASSETS			
Intangible assets	9	86,042	-
Tangible assets	10	7,252,564	6,848,464
Investments	11	538,198	488,198
		<u>7,876,804</u>	<u>7,336,662</u>
CURRENT ASSETS			
Stocks	12	923,500	622,544
Debtors	13	2,350,516	3,999,379
Investments	14	410,852	361,075
Cash in hand		2,093,766	1,849,829
		<u>5,778,634</u>	<u>6,832,827</u>
CREDITORS			
Amounts falling due within one year	15	<u>5,605,502</u>	<u>6,252,042</u>
NET CURRENT ASSETS		<u>173,132</u>	<u>580,785</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>8,049,936</u>	<u>7,917,447</u>
CREDITORS			
Amounts falling due after more than one year	16	(665,883)	(598,576)
PROVISIONS FOR LIABILITIES	20	<u>(471,855)</u>	<u>(522,059)</u>
NET ASSETS		<u><u>6,912,198</u></u>	<u><u>6,796,812</u></u>
CAPITAL AND RESERVES			
Called up share capital	21	556,630	648,032
Share premium	22	771,614	771,614
Revaluation reserve	22	961,577	297,633
Capital redemption reserve	22	142,212	50,810
Profit and loss account	22	4,480,165	5,028,723
SHAREHOLDERS' FUNDS	28	<u><u>6,912,198</u></u>	<u><u>6,796,812</u></u>

The financial statements were approved by the Board of Directors on 22/08/06 and were signed on its behalf by:


I. P. Taylor - Director

LES TAYLOR CONTRACTORS LIMITED

CASH FLOW STATEMENT
for the Year Ended 31 December 2005

	Notes	2005 £	2004 £
Net cash inflow from operating activities	1	3,143,454	3,300,684
Returns on investments and servicing of finance	2	141,884	(22,944)
Taxation		(452,635)	(225,852)
Capital expenditure and financial investment	2	(1,262,347)	(2,400,455)
Acquisitions and disposals	2	275,000	-
		<u>1,845,356</u>	<u>651,433</u>
Financing	2	(1,449,875)	(173,195)
Increase in cash in the period		<u>395,481</u>	<u>478,238</u>

Reconciliation of net cash flow to movement in net funds

	3		
Increase in cash in the period		395,481	478,238
Cash outflow from increase in liquid resources		49,777	361,075
Cash inflow from increase in debt and lease financing		<u>(123,592)</u>	<u>(309,329)</u>
Change in net funds resulting from cash flows		<u>321,666</u>	<u>529,984</u>
Movement in net funds in the period		321,666	529,984
Net funds/(debt) at 1 January		429,292	(100,692)
Net funds at 31 December		<u>750,958</u>	<u>429,292</u>

The notes form part of these financial statements

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE CASH FLOW STATEMENT for the Year Ended 31 December 2005

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

Year ended 31 December 2005

	Continuing £	Discontinued £	Total £
Operating profit	732,283	236,647	968,930
Depreciation charges	1,462,046	11,321	1,473,367
Profit on disposal of fixed assets	(369,414)	917	(368,497)
Increase in stocks	(217,292)	(83,664)	(300,956)
Decrease in debtors	911,643	737,231	1,648,874
(Decrease)/Increase in creditors	422,532	(700,796)	(278,264)
Net cash inflow from continuing operating activities	2,941,798		
Net cash inflow from discontinued operating activities		201,656	
Net cash inflow from operating activities			3,143,454

Year ended 31 December 2004

	Continuing £	Discontinued £	Total £
Operating profit	727,809	408,923	1,136,732
Depreciation charges	1,401,131	12,122	1,413,253
Loss on disposal of fixed assets	50,374	(770)	49,604
Decrease in stocks	385,968	(211,746)	174,222
Decrease in debtors	338,791	(279,202)	59,589
(Decrease)/Increase in creditors	181,030	286,254	467,284
Net cash inflow from continuing operating activities	3,085,103		
Net cash inflow from discontinued operating activities		215,581	
Net cash inflow from operating activities			3,300,684

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2005 £	2004 £
Returns on investments and servicing of finance		
Interest received	87,029	65,662
Interest paid	(7,356)	(12,152)
Interest element of hire purchase payments	62,211	(76,454)
Net cash inflow/(outflow) for returns on investments and servicing of finance	141,884	(22,944)
Capital expenditure and financial investment		
Purchase of intangible fixed assets	(87,500)	-
Purchase of tangible fixed assets	(2,523,141)	(2,583,775)
Purchase of fixed asset investments	(50,000)	-
Sale of tangible fixed assets	1,448,071	544,395
Purchase of current asset investment	(49,777)	(361,075)
Net cash outflow for capital expenditure and financial investment	(1,262,347)	(2,400,455)
Acquisitions and disposals		
Goodwill on sale of BICE division	275,000	-
Net cash inflow for acquisitions and disposals	275,000	-

The notes form part of these financial statements

LES TAYLOR CONTRACTORS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 2005**

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT - continued

	2005 £	2004 £
Financing		
Capital repayments in year	123,592	309,329
Amount withdrawn by directors	(123,367)	(79,612)
Share buyback	(1,450,100)	(402,912)
Net cash outflow from financing	<u>(1,449,875)</u>	<u>(173,195)</u>

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.1.05 £	Cash flow £	At 31.12.05 £
Net cash:			
Cash at bank and in hand	1,849,829	243,937	2,093,766
Bank overdraft	(513,507)	151,544	(361,963)
	<u>1,336,322</u>	<u>395,481</u>	<u>1,731,803</u>
Liquid resources:			
Current asset investments	361,075	49,777	410,852
	<u>361,075</u>	<u>49,777</u>	<u>410,852</u>
Debt:			
Hire purchase	(1,268,105)	(123,592)	(1,391,697)
	<u>(1,268,105)</u>	<u>(123,592)</u>	<u>(1,391,697)</u>
Total	<u>429,292</u>	<u>321,666</u>	<u>750,958</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

for the Year Ended 31 December 2005

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

Turnover

Turnover represents net invoiced sales of goods and services excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2005, is being amortised evenly over its estimated useful life of five years.

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.

Freehold property	- 4% on cost, Over period of the lease and No depreciation on investment property
Plant and machinery	- 20% on reducing balance and 15% on reducing balance
Fixtures and fittings	- 33% on cost, 25% on cost and 15% on reducing balance
Motor vehicles	- 25% on cost

Stocks

Stocks 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.

Work in progress is valued in accordance with long term work in progress per Statement of Standard Accounting Practice 9, due to the nature of the ongoing contracts at the year end.

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

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

Group financial statements

These financial statements only present information about the company and do not contain information relating to the group as a whole. This information is presented in the consolidated financial statements for the group.

Investment property

Investment property is shown at most recent valuation carried out by the directors of the company. Any aggregate surplus or deficit arising from changes in market value is transferred to a revaluation reserve.

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

2. ANALYSIS OF OPERATIONS

	Continuing £	2005 Discontinued £	Total £
Cost of sales	<u>13,200,247</u>	<u>3,332,342</u>	<u>16,532,589</u>
Gross profit	<u>2,558,900</u>	<u>442,023</u>	<u>3,000,923</u>
Net operating expenses:			
Administrative expenses	1,859,898	205,376	2,065,274
Other operating income	(33,281)	-	(33,281)
	<u>1,826,617</u>	<u>205,376</u>	<u>2,031,993</u>
	Continuing £	2004 Discontinued £	Total £
Cost of sales	<u>14,172,759</u>	<u>5,127,719</u>	<u>19,300,478</u>
Gross profit	<u>3,269,275</u>	<u>675,939</u>	<u>3,945,214</u>
Net operating expenses:			
Administrative expenses	2,582,263	267,016	2,849,279
Other operating income	(40,797)	-	(40,797)
	<u>2,541,466</u>	<u>267,016</u>	<u>2,808,482</u>

3. STAFF COSTS

	2005 £	2004 £
Wages and salaries	6,431,312	6,574,021
Social security costs	365,478	281,862
Other pension costs	190,161	435,697
	<u>6,986,951</u>	<u>7,291,580</u>

The average monthly number of employees during the year was as follows:

	2005	2004
Management	6	6
Administration	24	24
Drivers, labourers and plant operators	182	193
	<u>212</u>	<u>223</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

4. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2005	2004
	£	£
Plant & equipment hire	462,417	595,370
Depreciation - owned assets	1,006,256	1,032,065
Depreciation - assets on hire purchase contracts	465,663	381,238
(Profit)/Loss on disposal of fixed assets	(368,497)	49,604
Goodwill amortisation	1,458	-
Auditors' remuneration	22,450	14,750

Directors' emoluments	537,633	542,414
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Information regarding the highest paid director is as follows:

	2005	2004
	£	£
Emoluments etc	241,063	245,004

5. EXCEPTIONAL ITEMS

Included within administrative expenses for the year ended 31 December 2004 are exceptional items of £400,000 comprising a loan of £200,000 due from Simon Gilmartin, a director of the company, and a balance of £200,000 due from Dudley Developments Limited, both of which have been written off during the year.

6. AMOUNTS WRITTEN OFF INVESTMENTS

The company's investment of £30,000 in its subsidiary undertaking, Les Taylor Construction Limited, was written off in 2004 as Les Taylor Construction Limited has ceased to trade and had net assets of £43 as at 31 December 2004.

7. INTEREST PAYABLE AND SIMILAR CHARGES

	2005	2004
	£	£
Bank interest	6,591	12,152
Interest payable	765	-
Hire purchase	(62,211)	76,454
	(54,855)	88,606

Included in the hire purchase interest charge is the release of provisions in respect of finance charges no longer expected to crystallise.

8. TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows:

	2005	2004
	£	£
Current tax:		
UK corporation tax	302,985	397,282
Deferred tax	(50,204)	(39,970)
Tax on profit on ordinary activities	252,781	357,312

UK corporation tax has been charged at 30% (2004 - 30%).

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

8. TAXATION - continued

Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below:

	2005 £	2004 £
Profit on ordinary activities before tax	<u>1,110,814</u>	<u>1,083,788</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2004 - 30%)	333,244	325,136
Effects of:		
Difference between capital allowances and depreciation	57,667	42,514
Loss on disposal of assets	(110,549)	14,881
Non allowable expenses added back	17,467	14,751
Income subject to chargeable gains, covered by losses brought forward	<u>5,156</u>	<u>-</u>
Current tax charge	<u>302,985</u>	<u>397,282</u>

Factors that may affect future tax charges

No provision has been made for the deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief. The total amount unprovided for is £199,500. At present, it is not envisaged that any tax will become payable in the foreseeable future.

9. INTANGIBLE FIXED ASSETS

	Goodwill £
COST	
Additions	<u>87,500</u>
At 31 December 2005	<u>87,500</u>
AMORTISATION	
Amortisation for year	<u>1,458</u>
At 31 December 2005	<u>1,458</u>
NET BOOK VALUE	
At 31 December 2005	<u>86,042</u>

EES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

10. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
COST OR VALUATION					
At 1 January 2005	1,552,980	8,563,674	68,601	1,087,650	11,272,905
Additions	-	2,266,934	536	255,671	2,523,141
Disposals	(136,161)	(2,598,757)	(20,060)	(365,652)	(3,120,630)
Revaluations	424,681	-	-	-	424,681
At 31 December 2005	1,841,500	8,231,851	49,077	977,669	11,100,097
DEPRECIATION					
At 1 January 2005	286,925	3,467,491	45,423	624,602	4,424,441
Charge for year	47,081	1,184,900	8,459	231,479	1,471,919
Eliminated on disposal	(35,893)	(1,473,914)	(17,318)	(238,930)	(1,766,055)
Revaluation adjustments	(282,772)	-	-	-	(282,772)
At 31 December 2005	15,341	3,178,477	36,564	617,151	3,847,533
NET BOOK VALUE					
At 31 December 2005	1,826,159	5,053,374	12,513	360,518	7,252,564
At 31 December 2004	1,266,055	5,096,183	23,178	463,048	6,848,464

Included in freehold property is investment property with a value of £500,000. This valuation has been agreed by the directors of the company. No depreciation has been charged in accordance with SSAP 19.

Cost or valuation at 31 December 2005 is represented by:

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1995	194,937	-	-	-	194,937
Valuation in 2000	205,801	-	-	-	205,801
Valuation in 2005	707,453	-	-	-	707,453
Cost	733,309	8,231,851	49,077	977,669	9,991,906
	1,841,500	8,231,851	49,077	977,669	11,100,097

If freehold properties had not been revalued they would have been included at the following historical cost:

	2005 £	2004 £
Cost	550,430	686,591
Aggregate depreciation	185,847	189,316

Freehold properties were valued on an open market basis on 20 June 2006 by Aberdeen and Northern (Estates) Limited.

The valuers are independent and the valuations were based on open market value. The valuation has been made in accordance with RICS Statements of Asset Valuation Practice and Guidance Notes.

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

10. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Plant and machinery £	Motor vehicles £	Totals £
COST OR VALUATION			
At 1 January 2005	2,983,040	95,929	3,078,969
Additions	1,685,350	-	1,685,350
Disposals	(95,000)	(29,250)	(124,250)
Transfer to ownership	(1,246,189)	-	(1,246,189)
At 31 December 2005	3,327,201	66,679	3,393,880
DEPRECIATION			
At 1 January 2005	719,982	39,937	759,919
Charge for year	443,509	22,154	465,663
Eliminated on disposal	(22,800)	(17,063)	(39,863)
Transfer to ownership	(521,951)	-	(521,951)
At 31 December 2005	618,740	45,028	663,768
NET BOOK VALUE			
At 31 December 2005	2,708,461	21,651	2,730,112
At 31 December 2004	2,263,058	55,992	2,319,050

11. FIXED ASSET INVESTMENTS

	Unlisted investments £
COST	
At 1 January 2005	518,198
Additions	50,000
At 31 December 2005	568,198
PROVISIONS	
At 1 January 2005 and 31 December 2005	30,000
NET BOOK VALUE	
At 31 December 2005	538,198
At 31 December 2004	488,198

The company's investments at the balance sheet date in the share capital of companies include the following:

J G Fowlie (Contractors) Limited

Nature of business: demolition & asbestos removal specialists

Class of shares:	% holding	2005 £	2004 £
Ordinary	100.00		
Aggregate capital and reserves		2,098,468	1,824,205
Profit for the year		274,263	266,629

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

11 FIXED ASSET INVESTMENTS - continued

Les Taylor Construction Limited
Nature of business: Civil engineering

Class of shares:	% holding	2005	2004
Ordinary £1	100.00	£	£
Aggregate capital and reserves		-	43
Loss for the year		(43)	(31,426)

Leafhill Limited

Nature of business: operation of gravel & sand pits

Class of shares:	% holding	2005
Ordinary £1	100.00	£
Aggregate capital and reserves		(6,058)

12 STOCKS

	2005	2004
	£	£
Raw materials and consumables	93,519	15,000
Work-in-progress	829,981	607,544
	<u>923,500</u>	<u>622,544</u>

13 DEBTORS

	2005	2004
	£	£
Amounts falling due within one year:		
Trade debtors	2,013,262	3,326,709
Other debtors	80,306	28,617
Amounts due from associated undertakings	103	568,222
Accrued income	(1,964)	25,698
Prepayments	40,809	50,133
	<u>2,132,516</u>	<u>3,999,379</u>
Amounts falling due after more than one year:		
Other debtors	<u>218,000</u>	-
Aggregate amounts	<u>2,350,516</u>	<u>3,999,379</u>

14 CURRENT ASSET INVESTMENTS

	2005	2004
	£	£
Listed investments	<u>410,852</u>	<u>361,075</u>
Market value of listed investments at 31 December 2005 - £490,292 (2004 - £376,730)		

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued
for the Year Ended 31 December 2005

15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005	2004
	£	£
Bank loans and overdrafts (see note 17)	361,963	513,507
Hire purchase contracts (see note 18)	725,814	669,529
Trade creditors	1,638,337	1,904,388
Tax	247,632	397,282
Social security and other taxes	285,694	472,535
Other creditors	125,088	2,038
Amounts owed to group undertakings	1,829,283	1,648,241
Directors' current accounts	113,046	236,413
Accruals & deferred income	278,645	408,109
	<u>5,605,502</u>	<u>6,252,042</u>

Directors' loan of £113,046 comprise balances of £113,046 (2004: £235,930) due to Mr L. P Taylor and nil (2004: £483) due to Mr S P Gilmartin. The balance due from Mr S P Gilmartin at 31 December 2005 was £2,924 which has been transferred to other debtors as Mr S P Gilmartin resigned as a director on 30 November 2005.

16. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005	2004
	£	£
Hire purchase contracts (see note 18)	<u>665,883</u>	<u>598,576</u>

17. LOANS

An analysis of the maturity of loans is given below:

	2005	2004
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>361,963</u>	<u>513,507</u>

18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	2005	2004
	£	£
Gross obligations repayable:		
Within one year	775,813	724,881
Between one and five years	687,589	622,389
	<u>1,463,402</u>	<u>1,347,270</u>
Finance charges repayable:		
Within one year	49,999	55,352
Between one and five years	21,706	23,813
	<u>71,705</u>	<u>79,165</u>
Net obligations repayable:		
Within one year	725,814	669,529
Between one and five years	665,883	598,576
	<u>1,391,697</u>	<u>1,268,105</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

18. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES - continued

The following operating lease payments are committed to be paid within the timescales shown:

		Other operating leases
	2005	2004
	£	£
Expiring:		
Within one year	-	26,005
Between one and five years	26,832	3,828
	<u>26,832</u>	<u>29,833</u>

19. SECURED DEBTS

The following secured debts are included within creditors:

	2005	2004
	£	£
Bank overdrafts	361,963	513,507
Hire purchase contracts	1,391,697	1,268,105
	<u>1,753,660</u>	<u>1,781,612</u>

The bank overdraft is secured by a standard security over the property and a floating charge over all other assets of the company and of its subsidiary J G Fowlie (Contractors) Limited.

20. PROVISIONS FOR LIABILITIES

	2005	2004
	£	£
Deferred tax	<u>471,855</u>	<u>522,059</u>
		Deferred tax
		£
Balance at 1 January 2005		522,059
Accelerated Capital Allowances		(50,204)
Balance at 31 December 2005		<u>471,855</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

21. CALLED UP SHARE CAPITAL

Authorised: Number	Class:	Nominal value:	2005 £	2004 £
1,000,000	Ordinary "A"	£1	1,000,000	1,000,000
100	Ordinary "B"	£1	100	100
			<u>1,000,100</u>	<u>1,000,100</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2005 £	2004 £
556,630	Ordinary "A"	£1	556,630	647,932
(2004 - 647,932)				
NIL	Ordinary "B"	£1	-	100
(2004 - 100)				
			<u>556,630</u>	<u>648,032</u>

The A and B ordinary shares have full dividend rights; are not redeemable; carry equal rights on a winding up. The A ordinary shares carry full voting rights, whereas the B ordinary shares carry no voting rights.

During the year the company purchased 91,302 of its own ordinary "A" £1 shares and 100 of its own ordinary "B" £1 shares.

22. RESERVES

	Profit and loss account £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2005	5,028,723	771,614	297,633	50,810	6,148,780
Profit for the year	858,033	-	-	-	858,033
Purchase of own shares	(1,450,100)	-	-	91,402	(1,358,698)
Revaluation reserve	-	-	707,453	-	707,453
Transferred to profit & loss account in line with depreciation	15,686	-	(15,686)	-	-
Transfer to profit & loss account on disposal	27,823	-	(27,823)	-	-
At 31 December 2005	<u>4,480,165</u>	<u>771,614</u>	<u>961,577</u>	<u>142,212</u>	<u>6,355,568</u>

23. CONTINGENT LIABILITIES

A cross guarantee is held by the Bank of Scotland in respect of all sums owed by the company's subsidiary company, J G Fowle (Contractors) Limited.

24. CAPITAL COMMITMENTS

	2005 £	2004 £
Contracted but not provided for in the financial statements	<u>338,400</u>	<u>-</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued for the Year Ended 31 December 2005

25. RELATED PARTY DISCLOSURES

The following are considered to be related parties of Les Taylor Contractors Limited:

J G Fowlie (Contractors) Limited - wholly owned subsidiary of the company

Les Taylor Construction Limited - wholly owned subsidiary of the company

Terranova (Peterhead) Limited - a company controlled equally by L P Taylor and S P Gilmartin, directors and shareholders of the company.

Les Taylor Construction (Northern) Limited - a company in which L P Taylor owns 30% of the shares and is a director of the company.

Transactions with these related parties during the year were as follows:

The company made sales of £734,717 (2004: £563,135) to and purchases of £268,443 (2004: £260,718) from J G Fowlie (Contractors) Limited. At the balance sheet date the company owed J G Fowlie (Contractors) Limited a net amount of £1,626,059 (2004: £1,490,215).

At 31 December 2005 the company had an outstanding loan due from Terranova (Peterhead) Limited of £103 (2004: £568,222). The loan has been provided against in full as it is considered unlikely that the amount is recoverable.

A loan due to Les Taylor Construction Limited of £31,422 was written off in 2004.

At 31 December 2005 the company had an outstanding loan due from Les Taylor Construction (Northern) Limited of £260,000. During the year the company made sales of £46,707 to Les Taylor Construction (Northern) Limited.

All transactions between these companies were carried out at arms' length.

26. POST BALANCE SHEET EVENTS

On the 8 February 2006, the investment property that is included in the accounts at a value of £500,000 was transferred into the Les Taylor Contractors Directors Pension Fund for £498,000.

27. ULTIMATE CONTROLLING PARTY

The company is controlled by L P Taylor and Mrs J S Taylor.

28. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	858,033	726,476
Other recognised gains and losses relating to the year (net)	707,453	-
Purchase of own "A" shares	(1,450,000)	(402,912)
Purchase of own "B" shares	(100)	-
Net addition to shareholders' funds	115,386	323,564
Opening shareholders' funds	6,796,812	6,473,248
Closing shareholders' funds	6,912,198	6,796,812
Equity interests	6,912,198	6,796,812

LES TAYLOR CONTRACTORS LIMITED

**TRADING AND PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2005**

	2005		2004	
	£	£	£	£
Sales		19,533,512		23,245,692
Cost of sales				
Opening stock	25,000		-	
Opening work in progress	603,261		781,766	
Materials	4,226,062		4,809,176	
Labour costs	5,546,774		5,664,564	
Social security	339,733		253,067	
Plant & equipment hire	462,417		591,995	
Hired labour	1,794,860		3,422,860	
Hired haulage	298,262		473,316	
Vehicle costs & fuel	2,759,595		2,396,185	
Travel & subsistence	93,254		77,939	
Factory overheads	19,818		71,982	
Amortisation of intangible fixed assets				
Goodwill	1,458		-	
Depreciation of tangible fixed assets				
Freehold property	5,192		6,923	
Plant and machinery	1,179,138		1,092,957	
Fixtures and fittings	5,934		3,700	
Motor vehicles	231,944		257,309	
	17,592,702		19,903,739	
Closing stock	(78,519)		-	
Closing work in progress	(981,594)		(603,261)	
		16,532,589		19,300,478
GROSS PROFIT		3,000,923		3,945,214
Other income				
Rents received	33,281		9,375	
Intercompany loan written off	-		31,422	
Bank interest received	87,029		65,662	
		120,310		106,459
		3,121,233		4,051,673
Expenditure				
Rates and water	125,877		84,825	
Insurance	506,292		450,815	
Light and heat	35,169		31,105	
Interest on overdue PAYE	386		154	
Interest on overdue CT	5,962		-	
Directors' salaries	502,456		508,690	
Directors' social security	25,745		28,795	
Directors' pension contributions	108,990		360,172	
Admin wages/overheads	382,082		400,767	
Pension & sickness insurance	81,171		75,525	
Hire of plant and machinery	-		3,375	
Telephone	54,987		48,973	
Stationery, printing & advertising	57,788		69,767	
Repairs and renewals	131,445		31,415	
Miscellaneous expenses	181,278		144,556	
Audit & accountancy	33,940		34,650	
Legal & professional fees	44,395		31,568	
Consultancy	19,733		13,155	
Provision for bad debts	70,340		15,018	
Depreciation of tangible fixed assets				
Carried forward	2,368,036	3,121,233	2,333,325	4,051,673

This page does not form part of the statutory financial statements

LES TAYLOR CONTRACTORS LIMITED

TRADING AND PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2005

	2005		2004	
	£	£	£	£
Brought forward	2,368,036	3,121,233	2,333,325	4,051,673
Depreciation	49,701		52,364	
Exceptional items	-		400,000	
	<u> </u>	<u>2,417,737</u>	<u> </u>	<u>2,785,689</u>
		703,496		1,265,984
Finance costs				
Bank charges	16,034		13,986	
Bank interest	6,591		12,152	
Interest payable	765		-	
Hire purchase	(62,211)		76,454	
	<u> </u>	<u>(38,821)</u>	<u> </u>	<u>102,592</u>
		742,317		1,163,392
Profit/(Loss) on disposal of fixed assets				
Goodwill	275,000		-	
Freehold property	52,676		-	
Plant and machinery	(27,437)		(54,898)	
Fixtures and fittings	12,759		3,155	
Motor vehicles	55,499		2,139	
	<u> </u>	<u>368,497</u>	<u> </u>	<u>(49,604)</u>
		1,110,814		1,113,788
Amounts written off investments				
Provision for diminution in value of investment		-		30,000
NET PROFIT		<u>1,110,814</u>		<u>1,083,788</u>