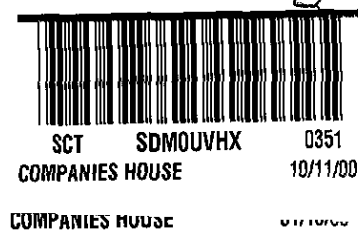


**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999
FOR
LES TAYLOR CONTRACTORS LIMITED**



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for the Year Ended 31 December 1999

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LES TAYLOR CONTRACTORS LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 1999

DIRECTORS:

L P Taylor
Mrs J S Taylor
S P Gilmartin

SECRETARY:

Masson & Glennie

REGISTERED OFFICE:

Broad House
Broad Street
Peterhead
AB42 6JA

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 1999

The directors present their report with the consolidated financial statements of the company for the year ended 31 December 1999.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of civil engineering, haulage and plant hire. The principal activities of its subsidiary companies were, in respect of J G Fowlie (Contractors) Limited, those of demolition experts and asbestos removal specialists and in respect of Black Isle Civil Engineering Limited, civil engineering specialising in bridgeworks and structural repairs.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 1999.

DIRECTORS

The directors during the year under review were:

L P Taylor
Mrs J S Taylor
S P Gilmartin

The beneficial interests of the directors holding office on 31 December 1999 in the issued share capital of the company were as follows:

	31.12.99	1.1.99
Ordinary "A" £1 shares		
L P Taylor	275,000	275,000
Mrs J S Taylor	275,000	275,000
S P Gilmartin	-	-
Ordinary "B" £1 shares		
L P Taylor	-	-
Mrs J S Taylor	-	-
S P Gilmartin	100	100

Share options granted to directors are detailed in note 17 of the notes to the financial statements.

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 group and of the profit or loss of the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

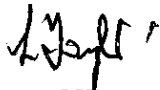
LES TAYLOR CONTRACTORS LIMITED

REPORT OF THE DIRECTORS
for the Year Ended 31 December 1999

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

Dated: 14 July 2000

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

We have audited the financial statements on pages five to nineteen which have been prepared under the historical cost convention and the accounting policies set out on page twelve.

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 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 state of affairs of the company and of the group as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



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

Dated: 14 July 2000

LES TAYLOR CONTRACTORS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 1999

		1999	1998
	Notes	£	£
TURNOVER		14,700,351	12,038,060
Cost of sales		<u>10,959,677</u>	<u>9,134,863</u>
GROSS PROFIT		3,740,674	2,903,197
Administrative expenses		<u>2,309,909</u>	<u>1,523,962</u>
		1,430,765	1,379,235
Other operating income		<u>6,517</u>	<u>558</u>
OPERATING PROFIT	3	1,437,282	1,379,793
Interest receivable and similar income		<u>47,208</u>	<u>16,028</u>
		1,484,490	1,395,821
Interest payable and similar charges	4	<u>158,083</u>	<u>267,598</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,326,407	1,128,223
Tax on profit on ordinary activities	5	<u>390,879</u>	<u>326,788</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		935,528	801,435
Retained profit brought forward		<u>1,629,939</u>	<u>828,504</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£2,565,467</u></u>	<u><u>£1,629,939</u></u>

CONTINUING OPERATIONS

None of the group's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

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

The notes form part of these financial statements

LES TAYLOR CONTRACTORS LIMITED

CONSOLIDATED BALANCE SHEET
31 December 1999

		1999		1998	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		5,162,424		4,722,835
CURRENT ASSETS:					
Stocks	9	796,490		1,349,777	
Debtors	10	1,838,789		1,834,903	
Cash in hand		<u>1,694,144</u>		<u>345,094</u>	
		4,329,423		3,529,774	
CREDITORS: Amounts falling due within one year	11	<u>4,994,876</u>		<u>4,135,087</u>	
NET CURRENT LIABILITIES:			<u>(665,453)</u>		<u>(605,313)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			4,496,971		4,117,522
CREDITORS: Amounts falling due after more than one year	12		(616,026)		(1,187,054)
PROVISIONS FOR LIABILITIES AND CHARGES:	16		<u>(570,441)</u>		<u>(555,492)</u>
			<u>£3,310,504</u>		<u>£2,374,976</u>
CAPITAL AND RESERVES:					
Called up share capital	17		550,100		550,100
Revaluation reserve	18		194,937		194,937
Profit and loss account			<u>2,565,467</u>		<u>1,629,939</u>
SHAREHOLDERS' FUNDS:	20		<u>£3,310,504</u>		<u>£2,374,976</u>

ON BEHALF OF THE BOARD:



L P Taylor - DIRECTOR

Approved by the Board on 14 July 2000

The notes form part of these financial statements

LES TAYLOR CONTRACTORS LIMITED

BALANCE SHEET - COMPANY
31 December 1999

	1999		1998	
	£	£	£	£
FIXED ASSETS:				
Tangible assets		4,896,040		4,372,825
Investments		<u>614,677</u>		<u>614,677</u>
		5,510,717		4,987,502
CURRENT ASSETS:				
Stocks	756,394		1,324,777	
Debtors	1,445,067		1,627,449	
Cash in hand	<u>1,605,528</u>		<u>246,856</u>	
	3,806,989		3,199,082	
CREDITORS: Amounts falling due within one year	<u>4,725,694</u>		<u>3,918,834</u>	
NET CURRENT LIABILITIES:		<u>(918,705)</u>		<u>(719,752)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:		4,592,012		4,267,750
CREDITORS: Amounts falling due after more than one year		(606,724)		(1,142,133)
PROVISIONS FOR LIABILITIES AND CHARGES:		<u>(548,992)</u>		<u>(529,200)</u>
		<u>£3,436,296</u>		<u>£2,596,417</u>
CAPITAL AND RESERVES:				
Called up share capital		550,100		550,100
Revaluation reserve		194,937		194,937
Profit and loss account		<u>2,691,259</u>		<u>1,851,380</u>
SHAREHOLDERS' FUNDS:		<u>£3,436,296</u>		<u>£2,596,417</u>

ON BEHALF OF THE BOARD:

L Taylor

L P Taylor - DIRECTOR

Approved by the Board on 14 July 2000

The notes form part of these financial statements

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 1999

	Notes	1999		1998	
		£	£	£	£
Net cash inflow from operating activities	1		3,372,598		1,955,465
Returns on investments and servicing of finance	2		(110,875)		(251,570)
Taxation			(268,987)		(13,929)
Capital expenditure - non hp/fl	2		(302,714)		(573,369)
Financing	2		(1,571,208)		(1,051,865)
Increase in cash in the period			<u>£1,118,814</u>		<u>£64,731</u>
 Reconciliation of net cash flow to movement in net debt	 3				
Increase in cash in the period		1,118,814		64,731	
Cash outflow from decrease in debt and lease financing		<u>1,571,208</u>		<u>1,051,865</u>	
Change in net debt resulting from cash flows			2,690,022		1,116,597
New hire purchase and finance lease agreements			<u>(949,395)</u>		<u>(1,260,220)</u>
Movement in net debt in the period			1,740,627		(143,623)
Net debt at 1 January			<u>(2,121,109)</u>		<u>(1,977,484)</u>
Net debt at 31 December			<u>£(380,482)</u>		<u>£(2,121,109)</u>

The notes form part of these financial statements

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 1999

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

	1999 £	1998 £
Operating profit	1,437,282	1,379,793
Depreciation charges	691,376	628,217
Loss on sale of fixed assets	121,146	63,358
Decrease/(Increase) in stocks	553,287	(667,103)
Decrease/(Increase) in debtors	(3,886)	(475,286)
Increase in creditors	<u>573,393</u>	<u>1,026,485</u>
Net cash inflow from operating activities	<u><u>3,372,598</u></u>	<u><u>1,955,465</u></u>

NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 1999

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

	1999 £	1998 £
Returns on investments and servicing of finance		
Interest received	47,208	16,028
Interest paid	(71,781)	(132,119)
Interest element of hire purchase payments	<u>(86,302)</u>	<u>(135,479)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(110,875)</u>	<u>(251,570)</u>
Capital expenditure		
Purchase of tangible fixed assets - non hp/fl	(755,155)	(844,546)
Sale of tangible fixed assets	452,441	397,656
Purchase of fixed asset investments	<u>-</u>	<u>(126,479)</u>
Net cash outflow from capital expenditure	<u>(302,714)</u>	<u>(573,369)</u>
Financing		
Loans repaid in the year	(428,042)	(55,863)
Capital element of hire purchase and finance lease rental payments	<u>(1,143,166)</u>	<u>(996,003)</u>
Net cash outflow from financing	<u>(1,571,208)</u>	<u>(1,051,865)</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE CASH FLOW STATEMENT for the Year Ended 31 December 1999

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.99 £	Cash flow £	At 31.12.99 £
Net cash:			
Cash at bank and in hand	345,094	1,349,050	1,694,144
Bank overdraft	<u>(413,721)</u>	<u>(230,238)</u>	<u>(643,959)</u>
	<u>(68,627)</u>	<u>1,118,812</u>	<u>1,050,185</u>
Debt:			
Hire purchase	(1,374,176)	193,771	(1,180,405)
Bank loans	<u>(678,304)</u>	<u>428,042</u>	<u>(250,262)</u>
	<u>(2,052,480)</u>	<u>621,813</u>	<u>(1,430,667)</u>
Total	<u>(2,121,107)</u>	<u>1,740,625</u>	<u>(380,482)</u>
Analysed in Balance Sheet			
Cash at bank and in hand	345,094		1,694,144
Bank overdraft	(413,721)		(643,959)
Bank loans			
within one year	(121,779)		(47,630)
between 2 - 5 years	(487,118)		(190,522)
after five years	(69,407)		(12,110)
Hire purchase			
within one year	(743,647)		(767,011)
after one year	<u>(630,529)</u>		<u>(413,394)</u>
	<u>(2,121,107)</u>		<u>(380,482)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

1. ACCOUNTING POLICIES

Accounting convention

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

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.

Freehold land and property	- 4% on cost
Plant	- at variable rates on reducing balance
Office equipment	- at variable rates on reducing balance
Motor vehicles	- 25% on reducing balance
Equipment	- 25% on cost

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.

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 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.

Hire purchase and leasing commitments

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Pensions

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

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 as incurred.

Basis of consolidation

The consolidated financial statements include the company and all of its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated fully on consolidation.

2. STAFF COSTS

	1999	1998
	£	£
Wages and salaries	5,059,686	4,124,940
Social security costs	453,526	375,400
Other pension costs	55,892	33,739
	<u>5,569,104</u>	<u>4,534,079</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

2. STAFF COSTS - continued

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

	1999	1998
Management	4	3
Administration	12	5
Drivers, labourers and plant operators	<u>183</u>	<u>150</u>
	<u>199</u>	<u>158</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	1999 £	1998 £
Hire of plant and machinery	333,672	848,200
Depreciation - owned assets	691,377	625,774
Loss on disposal of fixed assets	121,146	63,358
Auditors' remuneration	<u>7,500</u>	<u>10,000</u>
	<u>1,249,781</u>	<u>668,185</u>

Information regarding the highest paid director is as follows:

	1999 £	1998 £
Emoluments etc	<u>1,184,930</u>	<u>668,185</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Bank interest	14,341	63,440
Bank loan interest	57,440	68,679
Hire purchase interest	<u>86,302</u>	<u>135,479</u>
	<u>158,083</u>	<u>267,598</u>

5. TAXATION

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

	1999 £	1998 £
UK corporation tax	372,928	145,177
Prior year - under provision	10,409	-
Corporation tax recoverable	(7,407)	-
Deferred taxation	<u>14,949</u>	<u>181,611</u>
	<u>390,879</u>	<u>326,788</u>

UK corporation tax has been charged at 30.2% (1998 - 30.14%).

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

6. PROFIT FOR THE FINANCIAL YEAR

As permitted by Section 230 of the Companies Act 1985, the holding company's profit and loss has not been included in these financial statements. The profit for the financial year includes the following:

	1999 £	1998 £
Holding company's profit for the financial year:	<u>839,789</u>	<u>630,302</u>

7. TANGIBLE FIXED ASSETS

	Freehold land and property	Plant	Office equipment
	£	£	£
COST:			
At 1 January 1999	599,494	5,358,223	67,987
Additions	71,660	1,415,456	12,204
Disposals	-	(929,273)	(5,644)
At 31 December 1999	<u>671,154</u>	<u>5,844,406</u>	<u>74,547</u>
DEPRECIATION:			
At 1 January 1999	82,379	1,541,817	35,573
Charge for year	22,226	556,213	5,265
Eliminated on disposals	-	(385,302)	(4,257)
At 31 December 1999	<u>104,605</u>	<u>1,712,728</u>	<u>36,581</u>
NET BOOK VALUE:			
At 31 December 1999	<u>566,549</u>	<u>4,131,678</u>	<u>37,966</u>
At 31 December 1998	<u>517,115</u>	<u>3,816,405</u>	<u>32,413</u>
	Motor vehicles	Equipment	Totals
	£	£	£
COST:			
At 1 January 1999	568,216	79,139	6,673,059
Additions	174,530	30,700	1,704,550
Disposals	(80,434)	(17,500)	(1,032,851)
At 31 December 1999	<u>662,312</u>	<u>92,339</u>	<u>7,344,758</u>
DEPRECIATION:			
At 1 January 1999	224,083	66,369	1,950,221
Charge for year	95,361	12,312	691,377
Eliminated on disposals	(52,205)	(17,500)	(459,264)
At 31 December 1999	<u>267,239</u>	<u>61,181</u>	<u>2,182,334</u>
NET BOOK VALUE:			
At 31 December 1999	<u>395,073</u>	<u>31,158</u>	<u>5,162,424</u>
At 31 December 1998	<u>344,133</u>	<u>12,769</u>	<u>4,722,835</u>

Included in land and buildings is freehold land valued at £49,241 (1998 - £49,241) which is not depreciated.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

7. TANGIBLE FIXED ASSETS - continued

The freehold property and land was revalued in December 1995 by Aberdeen and Northern (Estates) Limited at £490,000 and by G A Valuation and Survey Limited at £325,000. The valuers are independent and the valuations were based on market value. The directors have reflected the mid value of the two valuations in the accounts. The valuation has been made in accordance with RICS Statements of Asset Valuation Practice and Guidance Notes.

Included within the net book value of tangible fixed assets above are assets held under hire purchase agreements amounting to £2,120,257 (1998: £2,370,275) in respect of Plant and machinery, £55,173 (1998: £75,145) in respect of Motor vehicles and £nil (1998: £2,937) in respect of Equipment.

8. FIXED ASSET INVESTMENTS

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

J G Fowlie (Contractors) Limited

Nature of business: Demolition & asbestos removal specialists

	%
Class of shares:	holding
Ordinary	100.00

Black Isle Civil Engineering Limited

Nature of business: Civil engineering

	%
Class of shares:	holding
Ordinary	100.00

The results of the subsidiaries above have been included in the consolidated accounts.

9. STOCKS

	1999	1998
	£	£
Raw materials and consumables	55,096	50,855
Goods for resale	26,920	21,922
Work in progress	714,474	1,277,000
	<u>796,490</u>	<u>1,349,777</u>

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999	1998
	£	£
Trade debtors	1,601,334	1,638,647
Other debtors	2,407	10,208
Prepayments	235,048	186,048
	<u>1,838,789</u>	<u>1,834,903</u>

LES TAYLOR CONTRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999**

**11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1999 £	1998 £
Bank loans and overdrafts (see note 13)	691,589	535,500
Hire purchase contracts (see note 14)	767,011	743,647
Trade creditors	1,408,883	1,533,519
Directors' loan	6,398	6,243
Other creditors	69,336	55,498
Social security & other taxes	321,517	300,400
Taxation	380,167	273,224
Accruals & deferred income	<u>1,349,975</u>	<u>687,056</u>
	<u>4,994,876</u>	<u>4,135,087</u>

**12. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	1999 £	1998 £
Bank loans (see note 13)	202,632	556,525
Hire purchase contracts (see note 14)	<u>413,394</u>	<u>630,529</u>
	<u>616,026</u>	<u>1,187,054</u>

13. LOANS AND OVERDRAFTS

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

	1999 £	1998 £
Amounts falling due within one year or on demand:		
Bank overdrafts	643,959	413,721
Bank loans	<u>47,630</u>	<u>121,779</u>
	<u>691,589</u>	<u>535,500</u>
Amounts falling due between two and five years:		
Bank loans	<u>190,522</u>	<u>487,118</u>
Amounts falling due in more than five years:		
Repayable by instalments		
Bank loans	<u>12,110</u>	<u>69,407</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

14. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase contracts	
	1999 £	1998 £
Gross obligations repayable:		
Within one year	832,001	827,864
Between one and five years	<u>437,077</u>	<u>667,644</u>
	<u>1,269,078</u>	<u>1,495,508</u>
Finance charges repayable:		
Within one year	64,990	84,217
Between one and five years	<u>23,683</u>	<u>37,115</u>
	<u>88,673</u>	<u>121,332</u>
Net obligations repayable:		
Within one year	767,011	743,647
Between one and five years	<u>413,394</u>	<u>630,529</u>
	<u>1,180,405</u>	<u>1,374,176</u>

The following payments are committed to be paid within one year:

	Operating leases	
	1999 £	1998 £
Expiring:		
Within one year	652	-
Between one and five years	<u>27,108</u>	<u>-</u>
	<u>27,760</u>	<u>-</u>

15. SECURED DEBTS

The following secured debts are included within creditors:

	1999 £	1998 £
Bank overdrafts	643,959	413,721
Bank loans	250,262	678,304
Hire purchase contracts	<u>1,180,405</u>	<u>1,374,176</u>
	<u>2,074,626</u>	<u>2,466,201</u>

16. PROVISIONS FOR LIABILITIES AND CHARGES

	1999 £	1998 £
Deferred taxation	<u>570,441</u>	<u>555,492</u>

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

16. PROVISIONS FOR LIABILITIES AND CHARGES - continued

	Deferred taxation £
Balance at 1 January 1999	555,492
Transfer from profit and loss	<u>14,949</u>
Balance at 31 December 1999	<u>570,441</u>

17. CALLED UP SHARE CAPITAL

Authorised:			1999	1998
Number:	Class:	Nominal value:	£	£
611,111	Ordinary "A"	£1	611,111	611,111
100	Ordinary "B"	£1	<u>100</u>	<u>100</u>
			<u>611,211</u>	<u>611,211</u>
Allotted, issued and fully paid:			1999	1998
Number:	Class:	Nominal value:	£	£
550,000	Ordinary "A"	£1	550,000	550,000
100	Ordinary "B"	£1	<u>100</u>	<u>100</u>
			<u>550,100</u>	<u>550,100</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.

Share Options

On 6 May 1994 a share option in respect of 61,111 ordinary "A" shares each was granted in favour of the director, Simon Gilmarin, under the employee share scheme. This option is exercisable between May 1997 and May 2004 at a price of £1.20 per share.

18. REVALUATION RESERVE

	1999	1998
	£	£
Brought forward	<u>194,937</u>	<u>194,937</u>

19. CONTINGENT LIABILITIES

Cross guarantees are held by the Bank of Scotland in respect of all sums owed by the company's subsidiary companies, J G Fowle (Contractors) Limited and Black Isle Civil Engineering Limited.

The Bank of Scotland holds a guarantee in favour of Fluor Daniels Limited with a maximum value of £125,490.94 which expires on 31 October 2000.

Aberdeenshire Council holds a performance bond for £30,000 which is due for release on 30 June 2002.

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 1999

20. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999	1998
	£	£
Profit for the financial year	<u>935,528</u>	<u>801,435</u>
Net addition to shareholders' funds	935,528	801,435
Opening shareholders' funds	<u>2,374,976</u>	<u>1,573,541</u>
Closing shareholders' funds	<u><u>3,310,504</u></u>	<u><u>2,374,976</u></u>
Equity interests	<u>3,310,504</u>	<u>2,374,976</u>