

605. Howe
REGISTERED NUMBER: 095134 (Scotland)

Acumen
accountants + advisors

**REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002
FOR
LES TAYLOR CONTRACTORS LIMITED**



CONTENTS OF THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002

	Page
Company Information	1
Report of the Directors	2
Report of the Independent Auditors	4
Consolidated Profit and Loss Account	5
Consolidated Balance Sheet	6
Company Balance Sheet	7
Cash Flow Statement	8
Notes to the Cash Flow Statement	9
Notes to the Financial Statements	11

LES TAYLOR CONTRACTORS LIMITED

COMPANY INFORMATION
for the Year Ended 31 December 2002

DIRECTORS:

L P Taylor
Mrs J S Taylor
S P Gilmartin
I Nelson

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 2002

The directors present their report with the financial statements of the company for the year ended 31 December 2002.

PRINCIPAL ACTIVITIES

The principal activities of the company in the year under review were those of earthworks, civil engineering specialising in bridgeworks and structural repairs, 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 Les Taylor Construction Limited that of civil engineering.

With effect from 1 January 2002, the trading activities of Les Taylor Construction Limited were taken over by the company.

REVIEW OF BUSINESS

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

DIVIDENDS

No dividends will be distributed for the year ended 31 December 2002.

DIRECTORS

The directors during the year under review were:

L P Taylor
Mrs J S Taylor
S P Gilmartin
I Nelson

The beneficial interests of the directors holding office on 31 December 2002 in the issued share capital of the company were as follows:

	31.12.02	1.1.02
Ordinary "A" £1 shares		
L P Taylor	281,630	281,630
Mrs J S Taylor	275,000	275,000
S P Gilmartin	128,852	128,852
I Nelson	-	-
Ordinary "B" £1 shares		
L P Taylor	-	-
Mrs J S Taylor	-	-
S P Gilmartin	100	100
I Nelson	-	-

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.

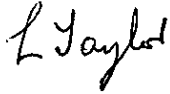
LES TAYLOR CONTRACTORS LIMITED

**REPORT OF THE DIRECTORS
for the Year Ended 31 December 2002**

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:

A handwritten signature in black ink, appearing to read 'L Taylor', is positioned above the printed name of the director.

L P Taylor - Director

16 October 2003

LES TAYLOR CONTRACTORS LIMITED

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 2002 on pages five to twenty one. These financial statements have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 transactions with the company 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 United Kingdom 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 affairs of the company and of the group as at 31 December 2002 and of the profit of the group 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

16 October 2003

LES TAYLOR CONTRACTORS LIMITED

**CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the Year Ended 31 December 2002**

		<u>2002</u>	<u>2001</u>
	Notes	£	£
TURNOVER		20,587,258	19,913,181
Cost of sales		<u>16,303,922</u>	<u>16,432,144</u>
GROSS PROFIT		4,283,336	3,481,037
Administrative expenses		<u>3,134,357</u>	<u>2,047,709</u>
		1,148,979	1,433,328
Other operating income		<u>364</u>	<u>-</u>
OPERATING PROFIT	3	1,149,343	1,433,328
Interest receivable and similar income		<u>78,901</u>	<u>78,160</u>
		1,228,244	1,511,488
Interest payable and similar charges	4	<u>179,014</u>	<u>115,565</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,049,230	1,395,923
Tax on profit on ordinary activities	5	<u>290,339</u>	<u>418,507</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		758,891	977,416
Retained profit brought forward		<u>4,141,374</u>	<u>3,197,916</u>
		4,900,265	4,175,332
Purchase of own shares		-	(88,975)
Revaluation reserve release		<u>16,030</u>	<u>55,017</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£4,916,295</u></u>	<u><u>£4,141,374</u></u>

CONTINUING OPERATIONS

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

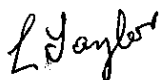
LES TAYLOR CONTRACTORS LIMITED

CONSOLIDATED BALANCE SHEET

31 December 2002

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS:					
Intangible assets	7		(76,698)		(102,264)
Tangible assets	8		7,066,736		6,569,902
Investments	9		<u>-</u>		<u>-</u>
			6,990,038		6,467,638
CURRENT ASSETS:					
Stocks	10	1,407,796		882,138	
Debtors	11	3,041,077		3,565,954	
Cash in hand		<u>1,411,079</u>		<u>1,604,458</u>	
		5,859,952		6,052,550	
CREDITORS: Amounts falling due within one year	12	<u>4,836,557</u>		<u>5,079,580</u>	
NET CURRENT ASSETS:			<u>1,023,395</u>		<u>972,970</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			8,013,433		7,440,608
CREDITORS: Amounts falling due after more than one year	13		(644,751)		(844,269)
PROVISIONS FOR LIABILITIES AND CHARGES:	17		<u>(652,240)</u>		<u>(638,788)</u>
			<u>£6,716,442</u>		<u>£5,957,551</u>
CAPITAL AND RESERVES:					
Called up share capital	18		685,582		685,582
Share premium	19		771,614		771,614
Revaluation reserve	20		329,691		345,721
Capital redemption reserve	21		13,260		13,260
Profit and loss account			<u>4,916,295</u>		<u>4,141,374</u>
SHAREHOLDERS' FUNDS:	24		<u>£6,716,442</u>		<u>£5,957,551</u>

ON BEHALF OF THE BOARD:



L P Taylor - Director

Approved by the Board on 16 October 2003

The notes form part of these financial statements

LES TAYLOR CONTRACTORS LIMITED

COMPANY BALANCE SHEET

31 December 2002

		2002		2001	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	8		6,908,117		6,452,130
Investments	9		<u>518,198</u>		<u>644,666</u>
			7,426,315		7,096,796
CURRENT ASSETS:					
Stocks	10	1,212,190		787,138	
Debtors	11	3,115,257		3,969,713	
Cash in hand		<u>1,411,079</u>		<u>1,425,413</u>	
		5,738,526		6,182,264	
CREDITORS: Amounts falling due within one year	12	<u>5,753,658</u>		<u>6,114,772</u>	
NET CURRENT (LIABILITIES)/ASSETS:			<u>(15,132)</u>		<u>67,492</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			7,411,183		7,164,288
CREDITORS: Amounts falling due after more than one year	13		(644,751)		(844,269)
PROVISIONS FOR LIABILITIES AND CHARGES:	17		<u>(628,988)</u>		<u>(625,534)</u>
			<u>£6,137,444</u>		<u>£5,694,485</u>
CAPITAL AND RESERVES:					
Called up share capital	18		685,582		685,582
Share premium	19		771,614		771,614
Revaluation reserve	20		329,691		345,721
Capital redemption reserve	21		13,260		13,260
Profit and loss account			<u>4,337,297</u>		<u>3,878,308</u>
SHAREHOLDERS' FUNDS:	24		<u>£6,137,444</u>		<u>£5,694,485</u>

ON BEHALF OF THE BOARD:



L P Taylor - Director

Approved by the Board on 16 October 2003

The notes form part of these financial statements

LES TAYLOR CONTRACTORS LIMITED

CONSOLIDATED CASH FLOW STATEMENT
for the Year Ended 31 December 2002

		2002		2001	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		2,663,025		1,968,976
Returns on investments and servicing of finance	2		(100,113)		(37,405)
Taxation			(361,856)		(175,717)
Capital expenditure	2		<u>(1,011,421)</u>		<u>(501,008)</u>
			1,189,635		1,254,846
Financing	2		<u>(870,753)</u>		<u>(1,209,917)</u>
Increase in cash in the period			<u>£318,882</u>		<u>£44,929</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase in cash in the period		318,882		44,929	
Cash outflow from decrease in debt and lease financing		<u>992,353</u>		<u>1,120,942</u>	
Change in net debt resulting from cash flows			1,311,235		1,165,871
New finance leases			<u>(792,792)</u>		<u>(1,258,932)</u>
Movement in net debt in the period			518,443		(93,061)
Net debt at 1 January			<u>(791,845)</u>		<u>(698,784)</u>
Net debt at 31 December			<u>£(273,402)</u>		<u>£(791,845)</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 2002

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

	2002 £	2001 £
Operating profit	1,149,343	1,433,328
Depreciation charges	1,085,113	1,010,495
Loss on sale of fixed assets	197,232	104,994
Profit on sale of fixed assets	(534)	-
(Increase)/Decrease in stocks	(525,658)	309,121
Decrease/(Increase) in debtors	524,877	(1,139,796)
Increase in creditors	232,652	250,834
Net cash inflow from operating activities	<u>2,663,025</u>	<u>1,968,976</u>

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

	2002 £	2001 £
Returns on investments and servicing of finance		
Interest received	78,901	78,160
Interest paid	(34,374)	(48,497)
Interest element of hire purchase payments	<u>(144,640)</u>	<u>(67,068)</u>
Net cash outflow for returns on investments and servicing of finance	<u>(100,113)</u>	<u>(37,405)</u>
Capital expenditure		
Purchase of tangible fixed assets	(1,746,121)	(1,086,536)
Sale of tangible fixed assets	<u>734,700</u>	<u>585,528</u>
Net cash outflow for capital expenditure	<u>(1,011,421)</u>	<u>(501,008)</u>
Financing		
Loan repayments in year	(199,214)	(27,776)
Net HP repayments	(793,136)	(1,093,166)
Amount introduced by directors	121,597	-
Purchase of own shares	<u>-</u>	<u>(88,975)</u>
Net cash outflow from financing	<u>(870,753)</u>	<u>(1,209,917)</u>

LES TAYLOR CONTRACTORS LIMITED

**NOTES TO THE CASH FLOW STATEMENT
for the Year Ended 31 December 2002**

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.1.02 £	Cash flow £	Other non-cash changes £	At 31.12.02 £
Net cash:				
Cash at bank and in hand	1,604,458	(193,379)		1,411,079
Bank overdraft	<u>(863,703)</u>	<u>512,261</u>		<u>(351,442)</u>
	<u>740,755</u>	<u>318,882</u>		<u>1,059,637</u>
Debt:				
Hire purchase	(1,333,386)	793,139	(792,792)	(1,333,039)
Debts falling due within one year	(43,271)	43,271	-	-
Debts falling due after one year	<u>(155,943)</u>	<u>155,943</u>	<u>-</u>	<u>-</u>
	<u>(1,532,600)</u>	<u>992,353</u>	<u>(792,792)</u>	<u>(1,333,039)</u>
Total	<u>(791,845)</u>	<u>1,311,235</u>	<u>(792,792)</u>	<u>(273,402)</u>
Analysed in Balance Sheet				
Cash at bank and in hand	1,604,458			1,411,079
Bank overdraft	(863,703)			(351,442)
Hire purchase				
within one year	(645,060)			(688,288)
after one year	(688,326)			(644,751)
Debts falling due within one year	(43,271)			-
Debts falling due after one year	<u>(155,943)</u>			<u>-</u>
	<u>(791,845)</u>			<u>(273,402)</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

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, excluding value added tax.

Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business in 2000, is being written off 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 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 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 as incurred.

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 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.

Pensions

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

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.

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002

2. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	7,483,872	7,186,168
Social security costs	336,333	253,476
Other pension costs	<u>202,435</u>	<u>46,993</u>
	<u>8,022,640</u>	<u>7,486,637</u>

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

	2002	2001
Management	4	5
Administration	28	31
Drivers, labourers and plant operators	<u>247</u>	<u>218</u>
	<u>279</u>	<u>254</u>

3. OPERATING PROFIT

The operating profit is stated after charging:

	2002	2001
	£	£
Hire of plant and machinery	1,055,113	733,371
Depreciation - owned assets	662,218	640,062
Depreciation - assets on hire purchase contracts	448,461	395,999
Loss on disposal of fixed assets	196,698	104,994
Goodwill written off	(25,566)	(25,566)
Auditors' remuneration	18,000	17,500
Non-audit work	<u>8,110</u>	<u>8,293</u>
	<u>1,076,141</u>	<u>534,578</u>

Information regarding the highest paid director is as follows:

	2002	2001
	£	£
Emoluments etc	<u>616,737</u>	<u>243,609</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank interest	18,837	36,350
Interest charged by suppliers	1,183	-
Bank loan interest	14,354	12,147
Hire purchase interest	<u>144,640</u>	<u>67,068</u>
	<u>179,014</u>	<u>115,565</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

5. TAXATION

Analysis of the tax charge

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

	2002 £	2001 £
Current tax:		
UK corporation tax	277,480	362,448
Prior year - under provision	(593)	(2,081)
Corporation tax recoverable	-	(6)
Total current tax	276,887	360,361
Deferred taxation	13,452	58,146
Tax on profit on ordinary activities	<u>290,339</u>	<u>418,507</u>

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:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>1,049,230</u>	<u>1,395,923</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 28.318% (2001 - 28.581%)	297,121	398,969
Effects of:		
Excess allowances over depreciation	(71,378)	(60,603)
Profit/loss on disposal of fixed assets	55,701	30,008
Non allowable expenses	3,275	(2,787)
Prior year (under)/overprovision	(593)	2,081
Goodwill amortised	<u>(7,239)</u>	<u>(7,307)</u>
Current tax charge	<u>276,887</u>	<u>360,361</u>

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:

	2002 £	2001 £
Holding company's profit for the financial year:	<u>442,959</u>	<u>771,405</u>

LES TAYLOR CONTRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

7. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u>
	£
COST:	
At 1 January 2002	
and 31 December 2002	(127,830)
AMORTISATION:	
At 1 January 2002	(25,566)
Charge for year	(25,566)
At 31 December 2002	(51,132)
NET BOOK VALUE:	
At 31 December 2002	(76,698)
At 31 December 2001	(102,264)

Negative goodwill of £127,830 arose in respect of the acquisition during the year ended 31 December 2000 of the entire issued share capital of Les Taylor Construction Limited.

8. TANGIBLE FIXED ASSETS - Group

	<u>Freehold land and property</u>	<u>Plant</u>	<u>Office equipment</u>
	£	£	£
COST OR VALUATION:			
At 1 January 2002	835,540	7,580,087	103,457
Additions	202,440	2,104,505	2,718
Disposals	-	(1,632,560)	(49,699)
At 31 December 2002	1,037,980	8,052,032	56,476
DEPRECIATION:			
At 1 January 2002	161,258	2,318,550	53,351
Charge for year	35,446	901,175	7,818
Eliminated on disposals	-	(797,352)	(35,578)
At 31 December 2002	196,704	2,422,373	25,591
NET BOOK VALUE:			
At 31 December 2002	841,276	5,629,659	30,885
At 31 December 2001	674,282	5,261,538	50,106

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002

8. TANGIBLE FIXED ASSETS – Group - continued

	Motor vehicles	Equipment	Totals
	£	£	£
COST OR VALUATION:			
At 1 January 2002	981,544	99,439	9,600,067
Additions	222,500	6,750	2,538,913
Disposals	(264,392)	-	(1,946,651)
At 31 December 2002	<u>939,652</u>	<u>106,189</u>	<u>10,192,329</u>
DEPRECIATION:			
At 1 January 2002	425,350	71,658	3,030,167
Charge for year	151,285	14,955	1,110,679
Eliminated on disposals	(182,323)	-	(1,015,253)
At 31 December 2002	<u>394,312</u>	<u>86,613</u>	<u>3,125,593</u>
NET BOOK VALUE:			
At 31 December 2002	<u>545,340</u>	<u>19,576</u>	<u>7,066,736</u>
At 31 December 2001	<u>556,193</u>	<u>27,783</u>	<u>6,569,902</u>

Included in land and buildings is freehold land valued at £49,241 (2001 - £49,241) which is not depreciated.

The freehold property and land was revalued in December 2000 by Aberdeen and Northern (Estates) Limited at £685,000. 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.

Included within the net book value of tangible fixed assets above are assets held under hire purchase agreements amounting to £2,925,304 (2001: £2,840,007 in respect of plant and machinery and £60,140 (2001: £83,869) in respect of motor vehicles.

Cost or valuation at 31 December 2002 is represented by:

	Freehold land and property	Plant	Office equipment
	£	£	£
Valuation in 1995	194,937	-	-
Valuation in 2000	205,801	-	-
Cost	<u>637,242</u>	<u>8,052,032</u>	<u>56,476</u>
	<u>1,037,980</u>	<u>8,052,032</u>	<u>56,476</u>

	Motor vehicles	Equipment	Totals
	£	£	£
Valuation in 1995	-	-	194,937
Valuation in 2000	-	-	205,801
Cost	<u>939,652</u>	<u>106,189</u>	<u>9,791,591</u>
	<u>939,652</u>	<u>106,189</u>	<u>10,192,329</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002

8. TANGIBLE FIXED ASSETS - Company

	Freehold land and property	Plant	Office equipment
	£	£	£
COST OR VALUATION:			
At 1 January 2002	835,540	7,286,704	98,317
Additions	202,440	2,008,949	2,718
Disposals	-	(1,555,560)	(44,559)
At 31 December 2002	<u>1,037,980</u>	<u>7,740,093</u>	<u>56,476</u>
DEPRECIATION:			
At 1 January 2002	161,258	2,135,946	48,720
Charge for year	35,446	870,980	7,717
Eliminated on disposals	-	(748,878)	(30,845)
At 31 December 2002	<u>196,704</u>	<u>2,258,048</u>	<u>25,592</u>
NET BOOK VALUE:			
At 31 December 2002	<u>841,276</u>	<u>5,482,045</u>	<u>30,884</u>
At 31 December 2001	<u>674,282</u>	<u>5,150,759</u>	<u>49,598</u>

	Motor vehicles	Equipment	Totals
	£	£	£
COST OR VALUATION:			
At 1 January 2002	925,119	99,439	9,245,119
Additions	212,563	6,750	2,433,420
Disposals	(229,752)	-	(1,829,871)
At 31 December 2002	<u>907,930</u>	<u>106,189</u>	<u>9,848,668</u>
DEPRECIATION:			
At 1 January 2002	375,410	71,658	2,792,992
Charge for year	148,083	14,955	1,077,181
Eliminated on disposals	(149,899)	-	(929,622)
At 31 December 2002	<u>373,594</u>	<u>86,613</u>	<u>2,940,551</u>
NET BOOK VALUE:			
At 31 December 2002	<u>534,336</u>	<u>19,576</u>	<u>6,908,117</u>
At 31 December 2001	<u>549,708</u>	<u>27,783</u>	<u>6,452,130</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

8. TANGIBLE FIXED ASSETS - continued

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

Group and Company

	Plant	Motor vehicles	Totals
	£	£	£
COST:			
Additions	1,092,458	-	1,092,458
Disposals	(159,300)	(6,000)	(165,300)
Transferred to ownership	<u>2,782,328</u>	<u>110,000</u>	<u>2,892,328</u>
At 31 December 2002	<u>3,715,486</u>	<u>104,000</u>	<u>3,819,486</u>
DEPRECIATION:			
Charge for year	428,371	20,090	448,461
Eliminated on disposals	(34,768)	(3,986)	(38,754)
Transferred to ownership	<u>396,579</u>	<u>27,756</u>	<u>424,335</u>
At 31 December 2002	<u>790,182</u>	<u>43,860</u>	<u>834,042</u>
NET BOOK VALUE:			
At 31 December 2002	<u>2,925,304</u>	<u>60,140</u>	<u>2,985,444</u>

9. 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

Les Taylor Construction 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.

10. STOCKS

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Raw materials and consumables	15,000	15,000	15,000	15,000
Goods for resale	30,791	25,970	30,791	25,970
Work in progress	<u>1,362,005</u>	<u>841,168</u>	<u>1,166,399</u>	<u>746,168</u>
	<u>1,407,796</u>	<u>882,138</u>	<u>1,212,190</u>	<u>787,138</u>

LES TAYLOR CONTRACTORS LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002**

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

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
V.A.T.	107	-	-	-
Trade debtors	2,947,907	3,022,355	2,719,980	3,481,929
Other debtors	831	26,506	-	24,713
Accrued income	(1,578)	306,484	311,467	306,484
Unpaid share capital	28,270	28,270	28,270	28,270
Prepayments and accrued income	65,540	176,423	55,540	122,401
Directors' loan	-	5,916	-	5,916
	<u>3,041,077</u>	<u>3,565,954</u>	<u>3,115,257</u>	<u>3,969,713</u>

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

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts (see note 14)	351,442	906,974	1,039,114	838,654
Hire purchase contracts (see note 15)	688,288	645,060	688,288	645,060
Trade creditors	2,001,783	1,775,666	1,873,190	1,906,073
Directors' loan	121,597	-	121,597	-
Other creditors	69,362	7,773	57,785	7,773
Amounts owed to group undertakings	-	-	589,540	1,122,747
Social security & other taxes	578,660	626,777	508,078	550,260
Taxation	277,480	362,448	30,238	305,003
Accruals and deferred income	747,945	754,882	845,828	739,202
	<u>4,836,557</u>	<u>5,079,580</u>	<u>5,753,658</u>	<u>6,114,772</u>

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

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans (see note 14)	-	155,943	-	155,943
Hire purchase contracts (see note 15)	644,751	688,326	644,751	688,326
	<u>644,751</u>	<u>844,269</u>	<u>644,751</u>	<u>844,269</u>

14. LOANS AND OVERDRAFTS

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

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Amounts falling due within one year or on demand:				
Bank overdrafts	351,442	863,703	1,039,114	795,383
Bank loans	-	43,271	-	43,271
	<u>351,442</u>	<u>906,974</u>	<u>1,039,114</u>	<u>838,654</u>
Amounts falling due between one and two years:				
Bank loans	-	155,943	-	155,943

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

15. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES

	Hire purchase Contracts Group and Company	
	2002 £	2001 £
Gross obligations repayable:		
Within one year	782,316	764,179
Between one and five years	<u>702,085</u>	<u>798,149</u>
	<u>1,484,401</u>	<u>1,562,328</u>
Finance charges repayable:		
Within one year	94,028	119,119
Between one and five years	<u>57,334</u>	<u>109,823</u>
	<u>151,362</u>	<u>228,942</u>
Net obligations repayable:		
Within one year	688,288	645,060
Between one and five years	<u>644,751</u>	<u>688,326</u>
	<u>1,333,039</u>	<u>1,333,386</u>

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

	Operating Leases Group and Company	
	2002 £	2001 £
Expiring:		
Within one year	189	9,420
Between one and five years	<u>35,005</u>	<u>6,768</u>
	<u>35,194</u>	<u>16,188</u>

16. SECURED DEBTS

The following secured debts are included within creditors:

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Bank overdrafts	351,442	863,703	1,039,114	795,383
Bank loans	-	199,214	-	199,214
Hire purchase contracts	<u>1,333,039</u>	<u>1,333,386</u>	<u>1,333,039</u>	<u>1,333,386</u>
	<u>1,684,481</u>	<u>2,396,303</u>	<u>2,372,153</u>	<u>2,327,983</u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
Deferred taxation	<u>652,240</u>	<u>638,788</u>	<u>628,988</u>	<u>625,534</u>

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 December 2002

17. PROVISIONS FOR LIABILITIES AND CHARGES - continued

	Group	Company
	£	£
Balance at 1 January 2002	638,788	625,534
Arising in respect of accelerated capital allowances	<u>13,452</u>	<u>3,454</u>
Balance at 31 December 2002	<u><u>652,240</u></u>	<u><u>628,988</u></u>

18. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002	2001
			£	£
1,000,000	Ordinary "A"	£1	1,000,000	1,000,000
100	Ordinary "B"	£1	<u>100</u>	<u>100</u>
			<u><u>1,000,100</u></u>	<u><u>1,000,100</u></u>

Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002	2001
			£	£
100	Ordinary "B"	£1	<u>100</u>	<u>100</u>

Allotted and issued:				
Number:	Class:	Nominal value:	2002	2001
			£	£
685,482	Ordinary "A"	£1	<u><u>685,482</u></u>	<u><u>685,482</u></u>

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

19. SHARE PREMIUM

	2002	2001
	£	£
Brought forward	<u><u>771,614</u></u>	<u><u>771,614</u></u>

20. REVALUATION RESERVE

	2002	2001
	£	£
Brought forward	345,721	400,738
Revaluation reserve release	<u>(16,030)</u>	<u>(55,017)</u>
	<u><u>329,691</u></u>	<u><u>345,721</u></u>

21. CAPITAL REDEMPTION RESERVE

	2002	2001
	£	£
Purchase of own shares	<u><u>13,260</u></u>	<u><u>13,260</u></u>

22. 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 Fowlie (Contractors) Limited and Black Isle Civil Engineering Limited.

LES TAYLOR CONTRACTORS LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2002

23. RELATED PARTY DISCLOSURES

During the year the company received a loan of £415,042 from its wholly-owned subsidiary, Les Taylor Construction Limited. This loan has been written off as Les Taylor Construction Limited has ceased to trade.

During the year the company made sales of £131,798 (2001: £236,687) to its wholly-owned subsidiary, J G Fowlie (Contractors) Limited and purchased services totalling £215,885 (2001: £315,525) from this company. It also charged the company management and administration fees of £109,402. At 31 December 2002 it owed a net amount of £701,769 (2001: £448,308) to J G Fowlie (Contractors) Limited.

24. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	758,891	977,416
Purchase of own shares	-	(88,975)
Net addition to shareholders' funds	758,891	888,441
Opening shareholders' funds	<u>5,957,551</u>	<u>5,069,110</u>
Closing shareholders' funds	<u>6,716,442</u>	<u>5,957,551</u>
Equity interests	<u>6,716,442</u>	<u>5,957,551</u>