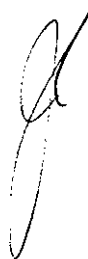


$A^2 + B$

GRAMPIAN TEST & CERTIFICATION LIMITED
(Company Number: 122818)

ABBREVIATED ACCOUNTS

30 NOVEMBER 1995



Anderson Anderson & Brown
Chartered Accountants

A²+B

ANDERSON
ANDERSON
& BROWN

CHARTERED
ACCOUNTANTS

REPORT OF THE AUDITORS TO THE DIRECTORS OF
GRAMPIAN TEST & CERTIFICATION LIMITED PURSUANT TO PARAGRAPH 24
OF SCHEDULE 8 TO THE COMPANIES ACT 1985, AS AMENDED

We have examined the abbreviated accounts on pages 3 to 7 together with the full accounts of Grampian Test & Certification Limited for the year ended 30 November 1995. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 3 and that the abbreviated accounts have been properly prepared from the full accounts.

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985, as amended, to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 30 November 1995 and the abbreviated accounts on pages 3 to 7 have been properly prepared in accordance with that Schedule.

As auditors of Grampian Test & Certification Limited, we reported to the members on ~~November~~ 1996 on the full accounts prepared under Section 226 of the Companies Act 1985, as amended, for the year ended 30 November 1995 and our audit report was as follows:

"We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 6 and 7.

Respective responsibilities of directors and auditors

As described on page 6 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether or not the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

A²+B

ANDERSON
ANDERSON
& BROWN

CHARTERED
ACCOUNTANTS

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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 November 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

Anderson Anderson & Brown.

Registered Auditor
Aberdeen

1 November 1996

GRAMPIAN TEST & CERTIFICATION LIMITED
ABBREVIATED BALANCE SHEET - 30 NOVEMBER 1995

²
A + B

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	3	<u>496,785</u>	<u>429,734</u>
CURRENT ASSETS			
Stocks and work in progress		432,406	367,870
Debtors		692,543	655,327
Cash in hand		<u>1,379</u>	<u>-</u>
		1,126,328	1,023,197
CREDITORS: amounts falling due within one year	4	<u>1,140,271</u>	<u>983,674</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(13,943)</u>	<u>39,523</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		482,842	469,257
CREDITORS: amounts falling due after more than one year	4	112,858	109,395
PROVISION FOR LIABILITIES AND CHARGES		<u>12,442</u>	<u>14,683</u>
		<u>£ 357,542</u>	<u>£ 345,179</u>
CAPITAL AND RESERVES			
Equity share capital		105,000	105,000
Non-equity share capital		<u>104,285</u>	<u>104,285</u>
Called up share capital	5	209,285	209,285
Profit and loss account		<u>148,257</u>	<u>135,894</u>
SHAREHOLDERS' FUNDS		<u>£ 357,542</u>	<u>£ 345,179</u>

The directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 of the Companies Act 1985, as amended, on the grounds that in the directors' opinion the company qualifies as a small company.

A M Melville

Director - A M Melville

D T Melville

Director - D T Melville

29/10/96 Date

GRAMPIAN TEST & CERTIFICATION LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS - 30 NOVEMBER 1995

A²+B

1. STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- (a) select suitable accounting policies and then apply them consistently;
- (b) make judgements and estimates that are reasonable and prudent;
- (c) state whether or not applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and,
- (d) prepare the accounts 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 which enable them to ensure that the accounts 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.

2. ACCOUNTING POLICIES

(a) *Basis of accounts preparation*

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

(b) *Depreciation*

The cost of fixed assets is written off by equal monthly instalments over their expected useful lives as follows:

Leasehold buildings	5-20 years
Plant and machinery	10 years
Furniture and fittings	5-10 years
Motor vehicles	4-8 years

(c) *Stocks and work in progress*

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow-moving items. In the case of work in progress, cost comprises direct materials and labour.

GRAMPIAN TEST & CERTIFICATION LIMITED

NOTES ON THE ABBREVIATED ACCOUNTS - 30 NOVEMBER 1995

 $A^2 + B$ **2. ACCOUNTING POLICIES (continued)****(d) *Deferred taxation***

Provision is made for deferred taxation, using the liability method, on all timing differences to the extent that it is probable that the liability will crystallise.

(e) *Hire purchase and lease contracts*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease on a straight line basis.

Rentals paid under operating leases are charged to income over the term of the lease.

(f) *Pensions*

The company contributes towards defined contribution pension schemes. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

3. TANGIBLE FIXED ASSETS

	£
COST	
At 30 November 1994	561,606
Additions	128,182
Disposals	<u>(2,500)</u>
At 30 November 1995	<u>687,288</u>
DEPRECIATION	
At 30 November 1994	131,872
Charge for year	59,777
Relating to disposals	<u>(1,146)</u>
At 30 November 1995	<u>190,503</u>
Net book amounts at:	
30 November 1995	<u>£ 496,785</u>
30 November 1994	<u>£ 429,734</u>

The net book value of tangible fixed assets includes an amount of £180,233 (1994 - £140,039) in respect of assets held under hire purchase and lease contracts.

GRAMPIAN TEST & CERTIFICATION LIMITED
NOTES ON THE ABBREVIATED ACCOUNTS - 30 NOVEMBER 1995

A²+B

4. CREDITORS

Bank borrowings, comprising of a bank overdraft of £193,259 (1994 - £175,482) and a bank loan of £57,711 (1994 - £78,323), are secured by a standard security over the company's property and by a floating charge over the assets of the company.

The floating charge is subject to a Ranking Agreement between the Bank and Scottish Enterprise. There is also a letter of waiver releasing book debts from the amount of the bond and floating charge granted in favour of Royal Bank Invoice Finance Limited.

Another loan, amounting to £10,000, is secured by a second standard security over the company's property and by a second floating charge over the assets of the company.

5. CALLED UP SHARE CAPITAL

	1995 & 1994 £
Authorised, allotted, called up and fully paid:	
105,000 Ordinary shares of £1 each	105,000
44,985 Cumulative Convertible Participating Preferred Ordinary shares of £1 each	44,985
59,300 11% Cumulative Redeemable Preference shares of £1 each	<u>59,300</u>
	<u>£ 209,285</u>

a) Profits are applied, as available, in the following order:

Cumulative redeemable preference shares - 11 pence per share.

Cumulative convertible participating preferred ordinary shares (CCPPO) - fixed dividend of 11 pence per share followed by a participating dividend which together with the fixed dividend equals 11% of net profit divided by 44,985.

Ordinary shares - dividend per share equal to total dividend per share payable on CCPPO shares.

The balance is distributed to the holders of the CCPPO and ordinary shares according to the amounts paid up on each category.

5. CALLED UP SHARE CAPITAL (continued)

- b) On liquidation assets are applied, as available, in the following order:

Cumulative redeemable preference shares - £1.25 per share plus arrears of dividends.
CCPPO shares - an amount equal to subscription price plus arrears of dividends.
Ordinary shares - £1 per share.

The balance is payable to the holders of the CCPPO and ordinary shares according to the amounts paid up on each category.

- c) Any holder of the cumulative convertible participating preferred ordinary shares can at any time or times convert all or part of the shares into the same number of ordinary shares.

The cumulative redeemable preference shares are redeemable at a price of £1.25 per share in equal tranches on 30 April 1996 and 30 November 1996. At the date of signing the accounts the redemption due to take place in April has not taken place.

- d) All CCPPO and ordinary shares hold one vote.

COPY FOR REGISTRAR

JOSEPH JACK (MATERIALS HANDLING) LIMITED

ABBREVIATED ACCOUNTS
for
YEAR ENDED 28 FEBRUARY 1996

COMPANY NUMBER: SC092578

91



AUDITORS' REPORT TO THE DIRECTORS OF JOSEPH JACK (MATERIALS HANDLING) LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5 together with the full accounts of **JOSEPH JACK (MATERIALS HANDLING) LIMITED** for the year ended 28th February 1996. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the Directors' Statement on page 2 and that the abbreviated accounts have been properly prepared from the full accounts.

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 28th February 1996, and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with that Schedule.

On 28th October 1996 we reported, as auditors of **JOSEPH JACK (MATERIALS HANDLING) LIMITED**, to the members on the full accounts, prepared under Section 226 of the Companies Act 1985 for the year ended 28th February 1996, and our audit report was as follows:-

"We have audited the accounts on pages 5 to 14.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of accounts. It is our responsibility as auditors to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 that we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 accounts.

Qualified opinion arising from disagreement about accounting treatment

Depreciation of heritable property has not been provided for the reason stated in note 1 to these accounts. Statement of Standard Accounting Practice No 12 requires that depreciation be provided on all fixed assets having a finite life.

Except for the absence of a provision for depreciation on heritable property, in our opinion the accounts give a true and fair view of the state of the company's affairs as at 28th February 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."



MOORES ROWLAND

Chartered Accountants
Registered Auditors
Edinburgh

28 October, 1996

JOSEPH JACK (MATERIALS HANDLING) LIMITED

ABBREVIATED BALANCE SHEET

As at 28 February 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	2	318,433	331,710
Investments	3	57,488	52,573
		<hr/>	<hr/>
		375,921	384,283
		<hr/>	<hr/>
CURRENT ASSETS			
Stocks		94,667	65,712
Debtors		428,654	308,273
Cash in hand		37	49
		<hr/>	<hr/>
		523,358	374,034
		<hr/>	<hr/>
CREDITORS – amounts falling due within one year	4	450,869	319,846
		<hr/>	<hr/>
NET CURRENT ASSETS		72,489	54,188
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		448,410	438,471
		<hr/>	<hr/>
CREDITORS – amounts falling due after more than one year	4	179,697	182,594
		<hr/>	<hr/>
TOTAL NET ASSETS		<u>268,713</u>	<u>255,877</u>
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Called up share capital	5	20,000	20,000
Profit and loss account		248,713	235,877
		<hr/>	<hr/>
		<u>268,713</u>	<u>255,877</u>
		<hr/>	<hr/>

- (i) In preparing these abbreviated accounts we have relied upon the exemptions conferred by Section A of part III of Schedule 8 to the Companies Act 1985.
- (ii) We have done so on the grounds that the company is entitled to the benefit of these exemptions as a small company.

Michael A. Jack

M. A. JACK

28 October, 1996

NOTES TO THE ABBREVIATED ACCOUNTS

1. ACCOUNTING POLICIES

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Turnover

Turnover represents the amounts receivable from customers for goods sold and services provided, excluding value added tax.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets other than heritable property so as to write them off over their anticipated useful lives at the following annual rates on a straight line basis:

Office equipment	– 10%
Plant and machinery	– 20%
Motor vehicles	– 10% and 20%

No depreciation is provided on heritable property as, in the opinion of the directors, no provision is considered necessary. This treatment is not in accordance with Statement of Standard Accounting Practice No. 12 (Accounting for Depreciation).

Stocks

Stocks are valued at the lower of cost, including appropriate overhead expenses, and net realisable value.

Lease and hire purchase contracts

Assets being acquired under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their anticipated useful lives. The obligation to make future rental payments, net of future finance charges, is recognised as a liability in the balance sheet. The interest element of the lease and hire purchase payments is charged to the profit and loss account at a constant rate over the period of the agreement.

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

Investments

Investments held as fixed assets are stated at cost.

Pensions

The company operates a defined contribution pension scheme. Contributions to the scheme are charged to the profit and loss account as incurred.

JOSEPH JACK (MATERIALS HANDLING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (Contd.)

2. TANGIBLE FIXED ASSETS

	Total £
COST	
As at 1 March 1995	449,386
Additions	10,834
Disposals	(33,005)
	<hr/>
As at 28 February 1996	427,215
	<hr/>
DEPRECIATION	
As at 1 March 1995	117,676
Charge for year	24,126
Disposals	(33,020)
	<hr/>
As at 28 February 1996	108,782
	<hr/>
NET BOOK VALUE	
As at 28 February 1996	318,433
	<hr/> <hr/>
As at 28 February 1995	331,710
	<hr/> <hr/>

3. FIXED ASSET INVESTMENTS

	1996 £	1995 £
Interest in 'timeshare' property at cost	42,978	37,653
Other listed investments	1,510	1,510
Interest in Estlest Limited	13,000	13,000
	<hr/>	<hr/>
	57,488	52,163
	<hr/> <hr/>	<hr/> <hr/>

JOSEPH JACK (MATERIALS HANDLING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (Contd.)

4. CREDITORS

The following bank loans and overdrafts have been secured by the company.

	1996 £	1995 £
Falling due within one year	<u>68,935</u>	<u>54,854</u>
Falling due after one year	<u>98,609</u>	<u>86,560</u>

5. CALLED UP SHARE CAPITAL

	1996 £	1995 £
Authorised		
100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

MORENCOURT LIMITED

(Incorporated In Scotland Number 121018)

ABBREVIATED FINANCIAL STATEMENTS

YEAR ENDED 31ST MAY 1996

[Handwritten signature]



Deans and Company, C.A.,
1 Melgund Place,
HAWICK.

MORENCOURT LIMITED**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 apply them consistently;

make reasonable and prudent judgements and estimates;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the Financial Statements;

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the Financial Statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS' REPORT TO THE DIRECTORS**OF MORENCOURT LIMITED**

We have examined the Abbreviated Accounts on pages 3 to 6 together with the full Financial Statements of Morencourt Limited prepared under section 226 of the Companies Act 1985 for the year ended 31st May 1996.

Respective Responsibilities of Directors and Auditors

The Directors are responsible for preparing the Abbreviated Accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the Abbreviated Accounts have been properly prepared in accordance with the Schedule.

Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated Accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this does not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31st May 1996, and the abbreviated Accounts on pages 3 to 6 have been properly prepared in accordance with that schedule.

Other Information

On 30th October 1996, we reported, as auditors of Morencourt Limited to the members on the full Financial Statements prepared under section 226 of the Companies Act 1985 for the year ended 31st May 1996, and our audit report was as follows :-

"We have audited the financial statements on pages 4 to 9 which have been prepared under the accounting policies set out on page 6.

Respective Responsibilities of Directors and Auditors

As described on page 2, 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.

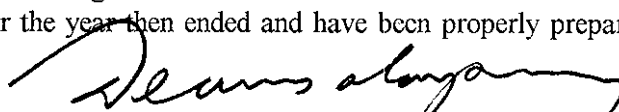
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Going Concern

In forming our opinion we have considered the adequacy of the disclosure made in note 1 of the Financial Statements concerning the uncertainty as to the continuation and renewal of the Company's bank overdraft facility and the continuation of the support provided by the Company's creditors. In view of the significance of this uncertainty we consider that it should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st May 1996 and of its results for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Deans and Company, C.A.,
Registered Auditor,

1 Melgund Place,
HAWICK.
30th October 1996

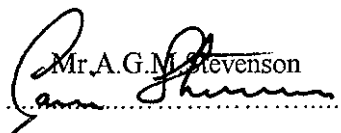
MORENCOURT LIMITED**ABBREVIATED BALANCE SHEET****AS AT 31ST MAY 1996**


	<u>Note</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>Fixed Assets</u>			
Tangible Assets	2	802,312	802,014
<u>Current Assets</u>			
Debtors	4	3,590	201,295
Cash at bank and in hand		50,000	50,000
		<u>53,590</u>	<u>251,295</u>
<u>Creditors: amounts falling due within one year</u>	5	<u>(867,228)</u>	<u>(1,122,670)</u>
Net Current Liabilities		<u>(813,638)</u>	<u>(871,375)</u>
Total Assets less Current Liabilities		<u>(11,326)</u>	<u>(69,361)</u>
<u>Capital and Reserves</u>			
Called Up Share Capital	6	100	100
Profit and Loss Account		<u>(11,426)</u>	<u>(69,461)</u>
Total Shareholders' Funds		<u>(11,326)</u>	<u>(69,361)</u>

The Directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985, on the grounds that the Company is entitled to the benefits of these exemptions as a small company.

The Financial Statements on pages 3 to 6 were approved by the Board of Directors on 30th October 1996.

The notes on pages 4 to 6 form part of these Financial Statements.


Mr. A.G.M. Stevenson
.....DIRECTOR


Mr. M.J. Rowley
.....DIRECTOR

MORENCOURT LIMITED**NOTES ON ABBREVIATED FINANCIAL STATEMENTS****31ST MAY 1996****1. Accounting Policies****Basis of Accounting**

The Financial Statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is entitled to the exemptions available in Sections 246 to 247 of the Companies Act 1985 for small companies.

The Financial Statements have been prepared under the going concern basis which assumes the Company will continue in operational existence for the foreseeable future. The validity of this assumption depends on the continued support of the Company's creditors. If the Company was unable to continue in operational existence for the foreseeable future, adjustments would have to be made to the Company's Balance Sheet to reduce the assets to their recoverable amounts, and to provide for further liabilities that might arise. It would also be necessary to reclassify fixed assets and long term liabilities as current assets and current liabilities.

Whilst the Directors are presently uncertain regarding the matters mentioned above, they believe it is appropriate for the Financial Statements to be prepared on the going concern basis.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:-

Fixtures and Fittings

25% Reducing Balance

Freehold Property is shown net of development grant, and is not depreciated owing to its recent completion. It is the Company's policy to maintain the property in a good state of repair.

At 31st May 1996, the Directors are continuing to source tenants for the development, and as any valuation of the property as an investment property will be dependent on the nature of tenants and tenancy agreements, the Directors feel it would be inappropriate to revalue the property in accordance with Statement of Standard Accounting Practice 19 until sufficient tenancies are sourced.

Deferred Taxation

Provision for deferred taxation is made using the liability method on short term timing differences which are not expected to continue in the future.

2. Tangible Fixed Assets

	<u>Fixtures and Fittings</u>	<u>Land and Buildings</u>	<u>Total</u>
<u>Cost or Valuation</u>	<u>£</u>	<u>£</u>	<u>£</u>
As at 31st May 1995	6,526	798,143	804,669
Additions	754	700	1,454
	<hr/>	<hr/>	<hr/>
As at 31st May 1996	7,280	798,843	806,123
	<hr/>	<hr/>	<hr/>
<u>Depreciation</u>			
As at 31st May 1995	2,655	-	2,655
Charge for year	1,156	-	1,156
	<hr/>	<hr/>	<hr/>
As at 31st May 1996	3,811	-	3,811
	<hr/>	<hr/>	<hr/>

MORENCOURT LIMITEDNOTES ON FINANCIAL STATEMENTS31ST MAY 19962. Tangible Fixed Assets (Contd.)

	<u>Fixtures and Fittings</u>	<u>Land and Buildings</u>	<u>Total</u>
<u>Net Book Value</u>	<u>£</u>	<u>£</u>	<u>£</u>
As at 31st May 1996	3,469	798,843	802,312
As at 31st May 1995	3,871	798,143	802,014

When sufficient tenants have been sourced, the property will be included in the Balance Sheet in accordance with Statement of Standard Accounting Practice 19.

3. Land and Buildings

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Freehold	798,843	798,143

Future Capital Commitments £Nil (1995 £Nil).

4. Debtors

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Amounts falling due within one year		
Trade Debtors	1,195	201,295
Prepayments	2,395	-
	3,590	201,295

5. Creditors: amounts falling due within one year

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade Creditors	68,815	68,566
Bank Overdraft	644,940	840,191
G.L.S. Limited	37,297	44,239
Cruden Investments Limited	100,000	100,000
Social Security and Other Taxes	5,035	4,690
Accruals and Sundry Creditors	11,141	64,984
	867,228	1,122,670

G.L.S. Limited is a company registered in Scotland which is under the control of Mr A.G.M.Stevenson.

Repayment of the loan from G.L.S. Limited is subject to conditions contained within a Letter of Postponement dated 30th June 1992 to the Company's bankers.

Cruden Investments Limited is a company registered in Scotland. Cruden Investments Limited hold 19 £1 Ordinary Shares in Morencourt Limited.

Bank borrowing is secured by Standard Security over the company's heritable properties. In addition, the Company's bankers hold a Bond and Floating Charge to an unlimited extent, together with a personal guarantee dated 10th February 1990, for an amount of £100,000 from a third party.

MORENCOURT LIMITED**NOTES ON FINANCIAL STATEMENTS****31ST MAY 1996****6. Called Up Share Capital**

	<u>Number of</u> <u>shares</u>	<u>1996</u> <u>£</u>	<u>Number of</u> <u>shares</u>	<u>1995</u> <u>£</u>
<u>Authorised</u>				
Equity shares				
Authorised Share Capital - ordinary	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<u>Allotted, called up and fully paid</u>				
Equity shares				
Authorised Share Capital - ordinary	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

7. The Company is a close company as defined by the Income and Corporation Taxes Act 1988.

8. Contingent Liabilities

Under the terms of an agreement, Scottish Borders Enterprise Limited will participate in any profits realised by the project to an extent of 50% of any profit above an agreed 'base' level.