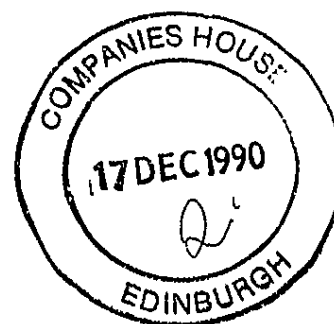


MACKAY & MACLEOD ENGINEERING LIMITED

ABBREVIATED ACCOUNTS

FOR THE 18 MONTH PERIOD TO 31 JULY 1990



R W M & K M MACKENZIE & CO

CHARTERED ACCOUNTANTS

GEANIES HOUSE

FEARN

TAIN

ROSS--SHIRE

IV20 1TW

REPORT OF THE AUDITORS TO THE DIRECTORS OF
MACKAY & MACLEOD ENGINEERING LIMITED

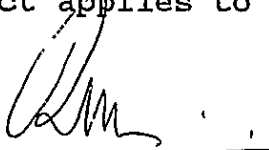
In our opinion the directors are entitled by Section 247 to 249 of the Companies Act 1985 to deliver abbreviated financial statements in respect of the period ended 31 July 1990 and in particular the abbreviated financial statements have been properly prepared in accordance with Schedule 8 to that Act. We are not required to express an audit opinion on the truth and fairness of these abbreviated financial statements.

We reported, as auditors of Mackay & MacLeod Engineering Limited, to the members on 7th Nov. 1990 on the company's financial statements prepared under Section 227 of the Companies Act 1985 for the period ended 31 July 1990 and our audit opinion was as follows:-

"We have audited the financial statements on pages 3 to 13 in accordance with approved auditing standards.

In our opinion the company is entitled to the exemptions under Section 248 of the Companies Act 1985 as amended by Section 13 (3) of the Companies Act 1989 from the preparation of group accounts as a medium sized group.

We are of the opinion that the financial statements have been correctly prepared under the Historical Cost Convention and that they give a true and fair view of the state of the company's affairs at 31 July 1990 and of the profit and source and application of funds for the period then ended and comply with the Companies Act 1985 as amended by the 1989 Act insofar as the provisions of that Act applies to the financial statements."



R W M & K M MACKENZIE & CO
 CHARTERED ACCOUNTANTS
 GEANIES HOUSE
 FEARN
 TAIN
 ROSS-SHIRE
 IV20 1TW

7/11/90

MACKAY & MACLEOD ENGINEERING LIMITEDBALANCE SHEET AS AT 31 JULY 1990

	<u>Note</u>	<u>1990</u>	<u>1989</u>
		£	£
FIXED ASSETS		107,965	23,850
		-----	-----
CURRENT ASSETS			
Stock & Work-in-Progress	1	106,679	71,810
Debtors		494,133	163,152
Cash in Hand		205	227
		-----	-----
		601,017	235,189
		-----	-----
CREDITORS: Amounts falling due within one year	2	561,626	243,171
		-----	-----
NET CURRENT ASSETS / (LIABILITIES)		39,391	(7,982)
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		147,356	15,868
CREDITORS: Amounts falling due outwith one year		(44,382)	(9,567)
Provision for Deferred Taxation		(7,900)	-
		-----	-----
		95,074	6,301
		=====	=====
CAPITAL AND RESERVES			
Share Capital	3	10,000	2
Profit and Loss Account		73,504	6,299
Deferred Income Reserve		11,570	-
		-----	-----
		95,074	6,301
		=====	=====

In preparing the abbreviated accounts the directors have taken advantage of the exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

M. B. Kydd M B Kydd Director

Angus S Christie A S Christie Director

The notes on pages 3 to 4 form part of these accounts

MACKAY & MACLEOD ENGINEERING LIMITEDNOTES TO THE ACCOUNTS AT 31 JULY 1990**1 ACCOUNTING POLICIES**Accounting Convention

The accounts are prepared under the Historical Cost Convention.

Group Accounts

The company is entitled to the exemptions under Section 248 of the Companies Act 1985 as amended by Section 13 (3) of the Companies Act 1989 from the preparation of Group Accounts as a medium sized group.

Depreciation

Depreciation is charged on the Fixed Assets at the following rates:-

	<u>1990</u>	<u>1989</u>
Plant & Equipment	- 25% Reducing Balance	20% Reducing Balance
Vehicles	- 25% Reducing Balance	25% Reducing Balance

With the exception of plant to the value of £60,000 which is depreciated at 12.5% straightline basis.

Leased Assets

Assets leased under finance leases are treated as if they had been purchased at the start of the lease and the capital elements of the leasing commitments are shown as lease liabilities. Depreciation on these assets is charged to Profit and Loss Account and the leasing charges are split between capital and interest with the former being deducted from lease liabilities and the latter being charged to profit and loss account.

Stocks & Work-in-Progress

Stocks are valued at the lower of cost and net realisable value. Work-in-Progress is valued at direct cost only.

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.

Comparative Figures

	<u>1990</u>	<u>1989</u>
Comparative Accounting Periods	18 Months	15 Months

MACKAY & MACLEOD ENGINEERING LIMITEDNOTES TO THE ACCOUNTS AT 31 JULY 1990**2 BANK OVERDRAFT**

	<u>1990</u>	<u>1989</u>
	£	£
Bank Overdraft	174,613	113,623
	=====	=====

The bank overdraft is secured with a Bond and Floating Charge held over all company assets to which there is a Ranking Agreement with the Highlands & Islands Development Board as follows:

Ranking being to the extent of Bank £58,000 and the HIDB £39,680 with the Bank to rank thereafter for any reversion prior to any further claim by the Board.

3 SHARE CAPITAL

	<u>Authorised</u>		<u>Allocated, Issued and Fully Paid</u>	
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	£	£	£	£
Ordinary Shares of £1 each	10,000	100	10,000	2