C° House

McBains Cooper (Scotland) Limited

FINANCIAL STATEMENTS

for the year ended

30th June 2002

Company Registration No. SC187484

McBains Cooper (Scotland) Limited
DIRECTORS AND OFFICERS

DIRECTORS

A D Cormack
M L Ritchie
P A J Currie
G C Fagan

SECRETARY

P A J Currie

COMPANY NUMBER

SC187484 (Scotland)

REGISTERED OFFICE

40 South Methven Street,
Perth,
PH1 5NU

AUDITORS

Baker Tilly
46 Clarendon Road
Watford
Herts.
WD17 1HE

McBains Cooper (Scotland) Limited
DIRECTORS' REPORT

The directors submit their report and financial statements of McBains Cooper Scotland Limited for the year ended 30th June 2002.

PRINCIPAL ACTIVITIES

The principal activity of the Company during the year was that of the provision of quantity surveying services within the property and construction industry.

REVIEW OF THE BUSINESS

On 1st July 2001, the trade, fixed assets and work in progress of the McBains Cormack partnership were transferred to the company. Consideration was by way of a loan from the partners; Mr. Cormack and Mr. Ritchie, of £85,000. During the year this loan was converted into seven Ordinary shares.

The results for the year and the financial position at the year end were considered satisfactory by the directors who expect continued growth in the foreseeable future.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £ 32,486.

The directors do not recommend payment of an ordinary dividend.

DIRECTORS

The following directors have held office since 1 July 2001:-

A D Cormack
M L Ritchie
P A J Currie
G C Fagan

DIRECTORS' INTERESTS IN SHARES

Directors' interests in the shares of the ultimate holding Company, including family interests, were as follows:

	30.6.02	30.6.01
'A' Ordinary Shares of £1 each		
A D Cormack	98,214	-
M L Ritchie	39,286	-
P A J Currie	-	-
G C Fagan	375,000	375,000
'B' Ordinary Shares of £1 each		
A D Cormack	-	-
M L Ritchie	-	-
P A J Currie	-	-
G C Fagan	68,281	-
Preference Shares of £1 each		
A D Cormack	-	-
M L Ritchie	-	-
P A J Currie	-	-
G C Fagan	110,000	-
Redeemable Shares of £1 each		
A D Cormack	60,714	-
M L Ritchie	24,286	-
P A J Currie	-	-
G C Fagan	348,190	-
Participating Shares of £1 each		
A D Cormack	75,000	-
M L Ritchie	25,000	-
P A J Currie	-	-
G C Fagan	150,000	-

AUDITORS

A resolution to appoint Baker Tilly, Chartered Accountants will be put to the members at the Annual General Meeting.

On behalf of the board

P A J Currie
Director

Date: 25.2.2003

McBains Cooper (Scotland) Limited
DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

a. select suitable accounting policies and then apply them consistently;

b. make judgements and estimates that are reasonable and prudent;

c. 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF McBAINS COOPER (SCOTLAND) LIMITED

We have audited the financial statements on pages 6 to 14.

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 auditor's 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 Directors' Report 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Director's Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

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 as at 30th June 2002 and the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BAKER TILLY
Registered Auditor
Chartered Accountants
46 Clarendon Road
Watford
Herts. WD17 1HE

Date: 6 March 2003

McBains Cooper (Scotland) Limited
PROFIT AND LOSS ACCOUNT
for the year ended 30th June 2002

	Notes	2002 £	2001 £
TURNOVER	1	378,511	-
Cost of Sales		(219,643)	-
Gross Profit		158,868	-
Other operating expenses	2	(118,002)	-
OPERATING PROFIT		40,866	-
Interest payable	3	(5)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	40,861	-
Taxation	6	(8,375)	-
RETAINED PROFIT FOR THE YEAR	14	32,486	-

The operating profit for the year arises from the Company's continuing operations.

No separate Statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the Profit and Loss Account.

McBains Cooper (Scotland) Limited
BALANCE SHEET
as at 30th June 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Intangible assets	7	10,387	-
Tangible assets	8	9,968	-
		20,355	-
CURRENT ASSETS			
Work in Progress	9	99,599	
Debtors	10	157,274	2
		256,873	2
CREDITORS: Amounts falling due within one year	11	(159,042)	-
NET CURRENT ASSETS		97,831	2
TOTAL ASSETS LESS CURRENT LIABILITIES		118,186	2
CREDITORS: Amounts falling due after more than one year		-	-
		118,186	2
CAPITAL AND RESERVES			
Called up share capital	12	707	2
Share premium account	13	84,993	-
Profit and loss account	14	32,486	-
SHAREHOLDERS' FUNDS	15	118,186	2

Approved by the board on ....25.2.2003..

G C Fagan
Director

BASIS OF ACCOUNTING

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

GOING CONCERN

The accounts have been prepared on a going concern basis based on the directors' projections of future trading performance.

GOODWILL

Goodwill representing the excess of the purchase price compared with the fair value of assets acquired is capitalised and written off over 20 years as in the opinion of the directors, this represents the period over which the goodwill is effective.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation.

Depreciation is provided on all tangible fixed assets at rates calculated to write of each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Computer equipment	33% Straight line
Fixtures, fittings & equipment	25% Straight line
Motor vehicles	25% Straight line

WORK IN PROGRESS

Work in progress is valued at cost by taking an appropriate proportion of the sales value of work completed on each contract. Provision is made for irrecoverable amounts.

DEFERRED TAXATION

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occured at the balance sheet date. Timing differences are differences between the Group's taxable profits and its results as stated in the financial statements.

Deferred tax is recognised in the Statement of Total Recognised Gains and Losses on revaluations where at the balance sheet date there is an agreement to sell the asset.

Deferred tax is recognised in respect of the retained earnings of overseas subsidiaries and associates only to the extent that, at the balance sheet date, dividends have been accrued as receivable or a binding agreement to distribute past earnings in future has been entered into by the subsidiary or associate.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard has not required a prior year adjustment. If the new policy had been in place in the previous period no liability would have been recognised as the conditions for recognition would not have been satisfied.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

PENSIONS CONTRIBUTIONS

The pension costs charged in the financial statements represent the contributions payable by the Company during the year.

TURNOVER

Turnover represents the invoiced value, net of Value Added Tax, of services provided to customers.

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The Company's turnover and profit before taxation were all derived from its principal activity wholly undertaken in the United Kingdom.

2. OTHER OPERATING EXPENSES

	2002	2001
	£	£
Administrative expenses	118,002	-

3. INTEREST PAYABLE

	2002	2001
	£	£
On bank loans and overdrafts	5	-

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2002	2001
	£	£
Profit on ordinary activities before taxation is stated after charging / (crediting):		
Amortisation of intangible assets	547	-
Depreciation of tangible assets:		
Charge for the period:		
owned assets	4,098	-
leased assets	-	-
Loss on disposals	-	-
Auditors' remuneration	3,700	-

5. EMPLOYEES

	2002	2001
The average monthly number of persons (including directors) employed by the Company during the year was:	No.	No.
Consultants	3	-
Adminstrative	2	-
	5	-
	£	£
Staff costs for the above persons:		
Wages and salaries	182,080	-
Social security costs	16,896	-
	198,976	-

DIRECTORS' REMUNERATION	2002	2001
	£	£
Emoluments for qualifying services	101,409	-

6. TAXATION

	2002	2001
	£	£
Based on the profit for the period:		
U.K. Corporation tax	8,375	-
Factors affecting the tax charge for the year:		
Profit on ordinary activities before taxation	40,861	-
Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 20%	8,172	-
Effects of:		
Non-deductible expenses	83	-
Depreciation in excess of capital allowances	120	-
	203	-
Current tax charge	8,375	-

7. INTANGIBLE FIXED ASSETS

	Goodwill
	£
Cost	
1 July 2001	-
Additions	10,934
30 June 2002	10,934
Provision for diminution in value	
1 July 2001	-
Charge in the period	547
30 June 2002	547
Net Book Value	
30 June 2002	10,387
30 June 2001	-

8. TANGIBLE FIXED ASSETS

	Computer Equipment	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£	£	£	£
Cost				
1 July 2001	-	-	-	-
Additions	6,981	2,739	4,346	14,066
Disposals	-	-	-	-
30 June 2002	6,981	2,739	4,346	14,066
Accumulated Depreciation				
1 July 2001	-	-	-	-
Charge in the period	2,327	685	1,086	4,098
Disposals	-	-	-	-
30 June 2002	2,327	685	1,086	4,098
Net Book Value				
30 June 2002	4,654	2,054	3,260	9,968
30 June 2001	-	-	-	-

9. WORK IN PROGRESS

	2002	2001
	£	£
Work in progress	99,599	-

10. DEBTORS

	2002	2001
	£	£
Due within one year		
Trade debtors	96,167	-
Amounts owed by group undertakings	31,710	-
Other debtors	29,397	2
	157,274	2

11. CREDITORS: Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	2,077	-
Trade creditors	21,030	-
Amounts owed to group undertakings	106,348	-
Corporation tax	8,375	-
Other taxes and social security costs	21,212	-
	159,042	-

12. SHARE CAPITAL

	2002	2001
	£	£
Authorised		
1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, issued and fully paid		
707 Ordinary shares of £1 each	707	2

13. SHARE PREMIUM ACCOUNT

During the year, loans from Mr. Cormack and Mr. Ritchie; the partners of the McBains Cormack partnership, totalling £85,000 were converted into seven ordinary shares, creating a balance on the share premium account of £84,993.

14. STATEMENT OF MOVEMENT ON RESERVES

	Profit and Loss Account	
	£	£
1 July 2001	-	-
Retained profit for the year	32,486	-
30 June 2002	32,486	-

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002	2001
	£	£
Profit for the financial year	32,486	-
Issue of Ordinary shares	*705*	-
Premium on the issue of Ordinary shares	84,993	-
Net addition to shareholders' funds	118,184	-
Opening shareholders' funds	2	2
Closing shareholders' funds	118,186	2

16. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £ nil.

17. CONTROL

The directors are of the opinion that at 30 June 2002 the immediate parent company was McBains Cooper PLC.

18. RELATED PARTY TRANSACTIONS

The Company has taken advantage of the exemptions conferred by the Financial Reporting Standard No. 8 from the requirement to make disclosures concerning related parties.