

McBains Cooper (Scotland) Limited

FINANCIAL STATEMENTS

for the year ended

30th June 2003



Company Registration No. SC187484

McBains Cooper (Scotland) Limited

DIRECTORS AND OFFICERS

DIRECTORS

A D Cormack
M L Ritchie
P A J Currie
M A Thirkettle

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 1JJ

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 2003.

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

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 £ 2,207.

The directors do not recommend payment of an Ordinary dividend.

DIRECTORS

The following directors have held office since 1 July 2002:-

A D Cormack

M L Ritchie

P A J Currie

M A Thirkettle

(Appointed 11th July 2003)

McBains Cooper (Scotland) Limited

DIRECTORS' REPORT

DIRECTORS' INTERESTS IN SHARES

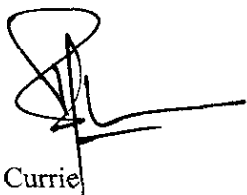
Directors' interests in the shares of the ultimate holding Company, including family interests, were as follows:

	30.6.03	30.6.02
'A' Ordinary Shares of £1 each		
A D Cormack	98,214	98,214
M L Ritchie	39,286	39,286
P A J Currie	-	-
M A Thirkettle	300,000	300,000
'B' Ordinary Shares of £1 each		
A D Cormack	-	-
M L Ritchie	-	-
P A J Currie	-	-
M A Thirkettle	21,581	21,581
Preference Shares of £1 each		
A D Cormack	-	-
M L Ritchie	-	-
P A J Currie	-	-
M A Thirkettle	15,000	15,000
Redeemable Shares of £1 each		
A D Cormack	60,714	60,714
M L Ritchie	24,286	24,286
P A J Currie	-	-
M A Thirkettle	197,231	197,231
Participating Shares of £1 each		
A D Cormack	88,245	75,000
M L Ritchie	30,298	25,000
P A J Currie	-	-
M A Thirkettle	165,459	125,000

AUDITORS

A resolution to re-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:.....

12-3-2004

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 2003 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 1JJ

Date: 7 April 2004

McBains Cooper (Scotland) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30th June 2003

	<i>Notes</i>	2003 £	2002 £
TURNOVER	1	519,653	378,511
Cost of Sales		(305,524)	(219,643)
Gross Profit		<u>214,129</u>	<u>158,868</u>
Other operating expenses	2	(210,895)	(118,002)
OPERATING PROFIT		<u>3,234</u>	<u>40,866</u>
Interest payable	3	(16)	(5)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>3,219</u>	<u>40,861</u>
Taxation	6	(1,012)	(8,375)
RETAINED PROFIT FOR THE YEAR	14	<u><u>2,207</u></u>	<u><u>32,486</u></u>

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.

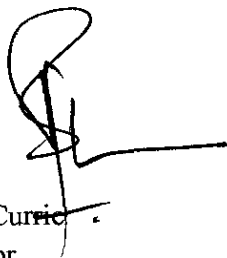
McBains Cooper (Scotland) Limited

BALANCE SHEET

as at 30th June 2003

	Notes	2003 £	2002 £
FIXED ASSETS			
Intangible assets	7	9,840	10,387
Tangible assets	8	8,278	9,968
		<u>18,118</u>	<u>20,355</u>
CURRENT ASSETS			
Work in Progress	9	69,782	99,599
Debtors	10	109,717	157,274
Cash at bank and in hand		8,961	-
		<u>188,459</u>	<u>256,873</u>
CREDITORS: Amounts falling due within one year	11	(86,185)	(159,042)
NET CURRENT ASSETS		<u>102,275</u>	<u>97,831</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>120,393</u>	<u>118,186</u>
CREDITORS: Amounts falling due after more than one year		-	-
		<u>120,393</u>	<u>118,186</u>
CAPITAL AND RESERVES			
Called up share capital	12	707	707
Share premium account	13	84,993	84,993
Profit and loss account	14	34,693	32,486
SHAREHOLDERS' FUNDS	15	<u>120,393</u>	<u>118,186</u>

Approved by the board on 12 March 2004



P A J Currie
Director

McBains Cooper (Scotland) Limited

ACCOUNTING POLICIES

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

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 occurred at the balance sheet date. Timing differences are differences between the Company's taxable profits and its results as stated in the financial statements.

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.

PENSIONS CONTRIBUTIONS

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

McBains Cooper (Scotland) Limited

ACCOUNTING POLICIES

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.

TURNOVER

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

McBains Cooper (Scotland) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 2003

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

2003	2002
£	£

Administrative expenses

<u>210,895</u>	<u>118,002</u>
----------------	----------------

3. INTEREST PAYABLE

2003	2002
£	£

On bank loans and overdrafts

<u>16</u>	<u>5</u>
-----------	----------

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

2003	2002
£	£

Profit on ordinary activities before taxation is stated after charging / (crediting):

Amortisation of intangible assets

547	547
-----	-----

Depreciation of tangible assets:

Charge for the period:

owned assets

3,012	4,098
-------	-------

leased assets

-	-
---	---

Loss on disposals

3,010	-
-------	---

Auditors' remuneration

<u>2,800</u>	<u>3,700</u>
--------------	--------------

McBains Cooper (Scotland) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 2003

5. EMPLOYEES

The average monthly number of persons (including directors) employed by the Company during the year was:	2003 No.	2002 No.
Consultants	5	3
Administrative	2	2
	<u>7</u>	<u>5</u>

Staff costs for the above persons:

Wages and salaries	187,630	182,080
Social security costs	19,912	16,896
	<u>207,542</u>	<u>198,976</u>

DIRECTORS' REMUNERATION

	2003 £	2002 £
Emoluments for qualifying services	<u>101,431</u>	<u>101,409</u>

6. TAXATION

	2003 £	2002 £
Based on the profit for the period:		
U.K. Corporation tax	<u>1,012</u>	<u>8,375</u>

Factors affecting the tax charge for the year:

Profit on ordinary activities before taxation	<u>3,219</u>	<u>40,861</u>
---	--------------	---------------

Profit on ordinary activities before taxation multiplied by the standard rate of UK corporation tax of 30% (2002: 20%)

	<u>965</u>	<u>8,172</u>
--	------------	--------------

Effects of:

Non-deductible expenses	1,362	83
Depreciation in excess of capital allowances	(48)	120
Tax losses utilised	-	-
Other tax adjustments	(1,267)	-
	<u>47</u>	<u>203</u>

Current tax charge	<u>1,012</u>	<u>8,375</u>
--------------------	--------------	--------------

McBains Cooper (Scotland) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 2003

7. INTANGIBLE FIXED ASSETS

	<i>Goodwill</i>
	£
Cost	
1 July 2002	10,934
Additions	-
30 June 2003	<u>10,934</u>
Provision for diminution in value	
1 July 2002	547
Charge in the period	547
30 June 2003	<u>1,094</u>
Net Book Value	
30 June 2003	<u>9,840</u>
30 June 2002	<u>10,387</u>

8. TANGIBLE FIXED ASSETS

	<i>Computer Equipment</i>	<i>Fixtures, Fittings & Equipment</i>	<i>Motor Vehicles</i>	<i>Total</i>
	£	£	£	£
Cost				
1 July 2002	6,981	2,739	4,346	14,066
Transfers within Group	-	-	13,746	13,746
Disposals	-	-	(4,346)	(4,346)
30 June 2003	<u>6,981</u>	<u>2,739</u>	<u>13,746</u>	<u>23,466</u>
Accumulated Depreciation				
1 July 2002	2,327	685	1,086	4,098
Charge in the period	2,327	685	-	3,012
Transfers within Group	-	-	9,164	9,164
Disposals	-	-	(1,086)	(1,086)
30 June 2003	<u>4,654</u>	<u>1,370</u>	<u>9,164</u>	<u>15,188</u>
Net Book Value				
30 June 2003	<u>2,327</u>	<u>1,370</u>	<u>4,582</u>	<u>8,278</u>
30 June 2002	<u>4,654</u>	<u>2,054</u>	<u>3,260</u>	<u>9,968</u>

McBains Cooper (Scotland) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 2003

9. WORK IN PROGRESS	2003	2002
	£	£
Work in progress	<u>69,782</u>	<u>99,599</u>
10. DEBTORS	2003	2002
	£	£
Due within one year		
Trade debtors	107,102	96,167
Amounts owed by group undertakings	-	31,710
Other debtors	700	29,397
Prepayments and accrued income	1,915	-
	<u>109,717</u>	<u>157,274</u>
11. CREDITORS: Amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	-	2,077
Trade creditors	4,361	21,030
Amounts owed to group undertakings	26,413	106,348
Corporation tax	877	8,375
Other taxes and social security costs	46,534	21,212
Accruals and deferred income	8,000	-
	<u>86,185</u>	<u>159,042</u>
12. SHARE CAPITAL	2003	2002
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid		
707 Ordinary shares of £1 each	<u>707</u>	<u>707</u>
13. SHARE PREMIUM ACCOUNT		

During 2002, loans from Mr. Cormack and Mr. Ritchie; the former 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.

McBains Cooper (Scotland) Limited

NOTES TO THE FINANCIAL STATEMENTS

for the year ended 30th June 2003

14. STATEMENT OF MOVEMENT ON RESERVES

	Profit and Loss Account	
	2003	2002
	£	£
1st July	32,486	-
Retained profit for the year	2,207	32,486
30th June	<u>34,693</u>	<u>32,486</u>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003	2002
	£	£
Profit for the financial year	2,207	32,486
Issue of Ordinary shares	-	705
Premium on the issue of Ordinary shares	-	84,993
Dividends	-	-
Net addition to shareholders' funds	<u>2,207</u>	<u>118,184</u>
Opening shareholders' funds	118,186	2
Closing shareholders' funds	<u>120,393</u>	<u>118,186</u>

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 2003 the ultimate controlling party was McBains Cooper PLC, a company incorporated in England & Wales.

18. RELATED PARTY TRANSACTIONS

The Company rents an office property from Mr. A. Cormack; during the year, rent totalling £8,000 was due to Mr. A. Cormack, and paid shortly after the year end (2002 - £7,000).