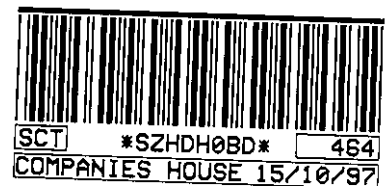


Westcrown Contracting Services Limited

Report and Accounts

31 March 1997

Company Registration Number SC 045884



Westcrown Contracting Services Limited

DIRECTORS

J W Haran
H M Alston
I K Finlayson
J F Haran
S Haran
R MacDonald
W F Thomson

Chairman

SECRETARY

I K Finlayson

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

BANKERS

Clydesdale Bank plc
30 St Vincent Street
Glasgow
G1 2HL

SOLICITORS

MacRoberts
152 Bath Street
Glasgow

REGISTERED OFFICE

Quay House
Quay Road North
Rutherglen
Glasgow
G73 1LD

COMPANY REGISTRATION NUMBER

SC 045884

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1997.

RESULTS AND DIVIDENDS

The loss for the year attributable to shareholders amounts to £167,325. The directors recommend that no dividend be paid and that the loss of £167,325 be deducted from retained profits.

PRINCIPAL ACTIVITY

The principal activity of the company is that of flooring contractors, the supply and fitting of proflit glass products and the supply and application of all forms of sealants and ceramic tiles in the building and construction industry.

FIXED ASSETS

The company acquired tangible fixed assets at a cost of £60,505. All movements in tangible fixed assets are shown in note 9.

DIRECTORS AND THEIR INTERESTS


All the directors listed on page 1 have held office throughout the year under review. In accordance with the Articles of Association no director is required to retire by rotation.

The interests of the directors in the share capital of group companies are shown on page 3.

AUDITORS

At the Annual General Meeting of the company held on 21 October 1994, an elective resolution was passed pursuant to Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually, accordingly Ernst & Young shall be deemed to be re-appointed as auditors.

On behalf of the board



J W Haran

Director

29 August 1997

Westcrown Contracting Services Limited

DIRECTORS' INTERESTS

According to the register, maintained as required under Section 325 of the Companies Act 1985, the interests of the directors in the share capital of the group companies were as follows:

31 MARCH 1997

Ordinary shares:

Westcrowns Limited *	340,050	5,764	11,527	115,270	23,054	-	5,764
J & W Haran Limited	10,234	-	-	-	10,783	-	-
Independent Glass Limited	15,360	-	-	-	7,680	-	-
Glass - Paisley Limited	11	-	-	-	5	-	-
Westcrown Contracting Services Limited	211	111	-	-	105	-	222
Westcrowns Building and Management Services Limited	105	-	-	-	53	-	-
Stevenson Thermal Insulation (Holdings) Limited	-	-	-	-	-	-	-

1 APRIL 1996 (OR DATE OF APPOINTMENT IF LATER)

Ordinary shares:

Westcrowns Limited	281,050	4,764	9,527	95,270	19,054	-	4,764
J & W Haran Limited	10,234	-	-	-	10,783	-	-
Independent Glass Limited	15,360	-	-	-	7,680	-	-
Glass - Paisley Limited	11	-	-	-	5	-	-
Westcrown Contracting Services Limited	211	111	-	-	105	-	222
Westcrowns Building and Management Services Limited	105	-	-	-	53	-	-
Stevenson Thermal Insulation (Holdings) Limited	-	-	-	-	-	-	-

* During the year Westcrowns Limited made a bonus issue of 0.2099 ordinary shares for each ordinary share held.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ACCOUNTS

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:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 to enable them to ensure that the accounts comply with the Companies Act. 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.

REPORT OF THE AUDITORS

to the members of Westcrown Contracting Services Limited

We have audited the accounts on pages 6 to 15, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the 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 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 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 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Chartered Accountants
Registered Auditor
Glasgow

29 August 1997

Westcrown Contracting Services Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 1997

	<i>Note</i>	<i>1997</i> £	<i>1996</i> £
TURNOVER	3	2,871,795	2,880,158
Cost of sales		(2,202,781)	(2,265,307)
GROSS PROFIT		669,014	614,851
Administrative expenses		(773,886)	(632,234)
OPERATING (LOSS)	4	(104,872)	(17,383)
Interest payable	7	(62,453)	(54,505)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(167,325)	(71,888)
Taxation	8	-	-
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	16	(167,325)	(71,888)

RECOGNISED GAINS AND LOSSES

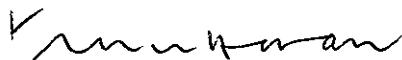
There are no recognised gains or losses other than the loss attributable to shareholders of the company of £167,325 in the year ended 31 March 1997 and £71,888 in the year ended 31 March 1996.

Westcrown Contracting Services Limited

BALANCE SHEET

at 31 March 1997

	<i>Note</i>	<i>1997</i> £	<i>1996</i> £
FIXED ASSETS			
Tangible assets	9	103,678	100,419
CURRENT ASSETS			
Stocks	10	196,590	91,172
Debtors	11	748,057	858,843
Cash at bank and in hand		657	1,308
		945,304	951,323
CREDITORS - amounts falling due within one year	12	(1,139,088)	(898,573)
NET CURRENT ASSETS		(193,784)	52,750
TOTAL ASSETS LESS CURRENT LIABILITIES		(90,106)	153,169
CREDITORS - amounts falling due after more than one year	13	(26,596)	(102,546)
TOTAL ASSETS LESS TOTAL LIABILITIES		(116,702)	50,623
CAPITAL AND RESERVES			
Called up share capital	15/16	2,222	2,222
Profit and loss account	16	(118,924)	48,401
EQUITY SHAREHOLDERS' FUNDS		(116,702)	50,623



J W Haran

Director

29 August 1997

NOTES TO THE ACCOUNTS

at 31 March 1997

1 FUNDAMENTAL ACCOUNTING CONCEPT

The accounts show an excess of liabilities over assets. However, they have been prepared under the going concern concept because the parent undertaking, Westcrowns Limited, has agreed to provide sufficient funds to enable the company to pay third party creditors as they fall due.

2 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life by equal annual instalments, as follows:

Motor vehicles	- 4 years
Plant and machinery	- 5 years
Fixtures and fittings	- 5 years

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated the timing differences will reverse.

Leasing and hire purchase commitments

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 and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS

at 31 March 1997

2 ACCOUNTING POLICIES (continued)

Pensions

Employees are members of a defined benefit pension scheme operated by the Westcrowns Group. The scheme requires contributions to be made to an independently administered fund. Contributions to this fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Cash flow statement

In view of the exemptions allowed under FRS1 the directors have decided not to present a cash flow statement.

3 TURNOVER

Turnover represents the amounts derived from the provision of goods and services, stated net of value added tax. Turnover is attributable to the continuing activity of flooring contractors, the supply and fitting of proflit glass products and the supply and application of all forms of sealants and ceramic tiles in the building and construction industry.

Turnover is wholly generated within the UK.

4 OPERATING (LOSS)

This is stated after charging and (crediting):

	1997 £	1996 £
Depreciation of tangible owned assets	7,197	14,818
Depreciation of assets held under finance leases and hire purchase contracts	45,699	32,335
	<hr/>	<hr/>
(Gain) on sale of tangible fixed assets	52,896	47,153
Auditors' remuneration	(6,906)	(10,565)
- audit services	5,250	5,000
Operating lease rentals		
- plant, vehicles and other equipment	11,491	25,394
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

at 31 March 1997

5 DIRECTORS' REMUNERATION

	1997 £	1996 £
Fees	-	-
Other emoluments	155,169	148,488
	<u>155,169</u>	<u>148,488</u>
	<u><u>155,169</u></u>	<u><u>148,488</u></u>

The emoluments of the highest paid director were £42,515 (1996 - £41,519). The highest paid director is a member of the group's defined benefit pension scheme. At 31 March 1997 his accrued benefits were £17,179.

6 STAFF COSTS AND NUMBERS

	1997 £	1996 £
Wages and salaries	897,303	753,679
Social security costs	87,233	62,589
Other pension costs	48,327	41,009
	<u>1,032,863</u>	<u>857,277</u>
	<u><u>1,032,863</u></u>	<u><u>857,277</u></u>

The average number of persons employed by the company, including directors, during the year was as follows:

	1997 Number	1996 Number
Administration	14	13
Other	38	37
	<u>52</u>	<u>50</u>
	<u><u>52</u></u>	<u><u>50</u></u>

NOTES TO THE ACCOUNTS

at 31 March 1997

7 INTEREST PAYABLE

	1997 £	1996 £
Bank loans and overdraft	56,532	37,527
Finance charges payable under finance leases and hire purchase contracts	5,921	5,078
Group interest payable	-	11,900
	<u>62,453</u>	<u>54,505</u>

8 TAXATION

No taxation arises on the results of the year (1996 - £nil).

9 TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost or valuation:				
At 1 April 1996	211,820	30,625	11,162	253,607
Additions	59,256	479	770	60,505
Disposals	(45,117)	-	-	(45,117)
	<u>225,959</u>	<u>31,104</u>	<u>11,932</u>	<u>268,995</u>
At 31 March 1997				
Depreciation:				
At 1 April 1996	122,192	23,712	7,284	153,188
Charge for year	49,449	2,191	1,256	52,896
Disposals	(40,767)	-	-	(40,767)
	<u>130,874</u>	<u>25,903</u>	<u>8,540</u>	<u>165,317</u>
At 31 March 1997				
Net book value:				
At 31 March 1997	<u>95,085</u>	<u>5,201</u>	<u>3,392</u>	<u>103,678</u>
At 1 April 1996	<u>89,628</u>	<u>6,913</u>	<u>3,878</u>	<u>100,419</u>

The net book value of motor vehicles includes an amount of £91,111 (1996 - £81,904) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE ACCOUNTS

at 31 March 1997

10 STOCKS

	1997 £	1996 £
Raw materials and consumables	114,223	91,172
Work in progress	82,367	-
	<u>196,590</u>	<u>91,172</u>

In the opinion of the directors the replacement cost of stock is not materially different from that stated in the balance sheet.

11 DEBTORS

	1997 £	1996 £
Due within one year:		
Trade debtors	730,614	740,221
Amounts owed by group undertakings	8,755	112,158
Other debtors	4,642	3,341
Prepayments and accrued income	4,046	3,123
	<u>748,057</u>	<u>858,843</u>

12 CREDITORS - amounts falling due within one year

	Note	1997 £	1996 £
Bank overdraft		704,917	497,661
Obligations under finance leases and hire purchase contracts	14	39,600	37,408
Trade creditors		235,588	217,230
Amounts owed to group undertakings		16,017	27,127
Other taxes and social security costs		90,527	93,879
Accruals and deferred income		52,439	25,268
		<u>1,139,088</u>	<u>898,573</u>

The bank overdraft is secured by a floating charge over all the assets of the company and by cross guarantees between all group undertakings.

NOTES TO THE ACCOUNTS

at 31 March 1997

13 CREDITORS - amounts falling due after more than one year

	<i>Note</i>	<i>1997</i> £	<i>1996</i> £
Obligations under finance lease and hire purchase contracts	14	26,596	27,543
Amounts owed to group undertakings		-	75,003
		<u>26,596</u>	<u>102,546</u>

14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	<i>1997</i> £	<i>1996</i> £
Amounts payable:		
Within one year	44,952	42,511
Within two to five years	29,979	31,393
	<u>74,931</u>	<u>73,904</u>
Less: finance charges allocated to future periods	(8,735)	(8,953)
	<u>66,196</u>	<u>64,951</u>

Finance leases and hire purchase contracts are analysed as follows:

	<i>1997</i> £	<i>1996</i> £
Current obligations	39,600	37,408
Non-current obligations	26,596	27,543
	<u>66,196</u>	<u>64,951</u>

Analysis of changes in finance leases and hire purchase contracts during current and previous years:

	<i>1997</i> £	<i>1996</i> £
At 1 April	64,951	28,928
Transferred from group company	-	26,589
Inception of finance leases and hire purchase contracts	63,113	73,435
Capital element of finance leases and hire purchase payments	(61,868)	(64,001)
	<u>66,196</u>	<u>64,951</u>
At 31 March	<u>66,196</u>	<u>64,951</u>

NOTES TO THE ACCOUNTS

at 31 March 1997

15 SHARE CAPITAL

	1997 £	1996 £
Authorised: 250,000 ordinary shares of £1 each	250,000	250,000
Allotted, called up and fully paid: 2,222 ordinary shares of £1 each	2,222	2,222

16 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 April 1995	2,222	120,289	122,511
(Loss) for the year	-	(71,888)	(71,888)
At 1 April 1996	2,222	48,401	50,623
(Loss) for the year	-	(167,325)	(167,325)
At 31 March 1997	2,222	(118,924)	(116,702)

17 PENSION COMMITMENTS

The pension scheme for the company's employees is of the defined benefit final pensionable earnings type, operated as a group scheme as part of the Westcrowns Group. The scheme is trustee-administered and funded to cover future pension liabilities in respect of service up to the balance sheet date. It is subject to independent valuations at least every three years on the basis of which the qualified actuary certifies the rates of the employer's contributions which together with the specified contributions payable by the employees and proceeds from the scheme's assets are sufficient to fund the benefits payable under the scheme.

Full details of the scheme are disclosed in the accounts of Westcrowns Limited.

NOTES TO THE ACCOUNTS

at 31 March 1997

18 OTHER FINANCIAL COMMITMENTS

At 31 March the company had annual commitments under non-cancellable operating leases as follows:

	<i>Plant, vehicles and other equipment</i>	
	<i>1997</i>	<i>1996</i>
	<i>£</i>	<i>£</i>
Operating leases which expire:		
Within one year	-	-
Within two to five years	10,665	7,200
	<hr/>	<hr/>
	10,665	7,200
	<hr/>	<hr/>

19 CAPITAL COMMITMENTS

No future capital expenditure has been contracted at 31 March 1997 (1996 - Nil).

20 CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group's bankers. At 31 March 1997 the combined group bank borrowings amounted to £2,071,355.

Other contingent liabilities are those arising in the ordinary course of business in connection with the completion of contracts in accordance with specifications.

21 TRANSACTIONS WITH DIRECTORS

As fully disclosed in the directors' interests schedule on page 3, all of the directors, except R MacDonald, are shareholders in other companies in the Westcrowns Group. They are also directors of the companies in which they hold shares. The company trades with other members of the group, however all transactions in the normal course of trade are on an arms length basis.

22 ULTIMATE PARENT COMPANY

The directors regard Westcrowns Limited, a company registered in Scotland, as the ultimate parent company.