

**A. KENNETH & SONS LIMITED**  
**ABBREVIATED REPORT and ACCOUNTS**  
**DECEMBER 31, 1998**

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REPORT OF THE AUDITORS TO THE DIRECTORS  
OF A. KENNETH & SONS LIMITED PURSUANT TO  
SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 4 together with the full financial statements of A. Kenneth & Sons Limited prepared under section 226 of the Companies Act 1985 for the year ended December 31, 1998.

Respective responsibilities of directors and auditors

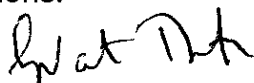
The directors are responsible for preparing the abbreviated accounts in accordance with the provisions of Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts in accordance with those provisions and whether the abbreviated accounts have been properly prepared in accordance with those provisions.

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 prepare abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with the provisions of Section 246 of the Act and the abbreviated accounts on pages 2 to 4 have been properly prepared in accordance with those provisions.



GRANT THORNTON  
Registered Auditors  
Chartered Accountants  
Glasgow

May 17, 1999

**A. KENNETH & SONS LIMITED****ABBREVIATED BALANCE SHEET AT DECEMBER 31, 1998**

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
Fixed assets:			
Tangible assets	2	782	859
Investments		15	15
		<hr/>	<hr/>
		797	874
Current assets:			
Debtors		20	6
Cash at bank and in hand		12	98
		<hr/>	<hr/>
		32	104
Creditors: Amounts falling due within one year		(235)	(322)
		<hr/>	<hr/>
Net current liabilities		(203)	(218)
		<hr/>	<hr/>
		594	656
		<hr/>	<hr/>
Capital and reserves:			
Called up share capital	3	48	48
Revaluation reserve		43	49
Profit and loss account		503	559
		<hr/>	<hr/>
Shareholders' funds – equity interests		594	656
		<hr/>	<hr/>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated accounts were approved by the Board of Directors on May 17, 1999.

*Walter M. Currie*

Director

The notes on pages 3 and 4 form part of these abbreviated accounts.

**A. KENNETH & SONS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 1998****1. Accounting policies****Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies remain unchanged from the previous year.

**Depreciation**

Fixed assets are stated at cost less or valuation. Depreciation is calculated to write off the cost or valuation of each fixed asset by equal annual instalments over its estimated useful life as follows:

Building	5%-10%
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No depreciation is charged on land.

The bings are amortised at rates which correspond to the actual usage. Roads are amortised at such rates calculated to write off the asset over their useful economic life.

**Deferred taxation**

Deferred taxation is provided on the liability method on all material timing differences, except for those which are not expected to reverse in the future.

**A. KENNETH & SONS LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS AT DECEMBER 31, 1998**  
(continued)**2. Tangible fixed assets**

	<u>Total</u> £'000
Cost:	
At 1 January, 1998	1,440
Group transfers	(61)
Disposals	(1)
	<hr/>
At December 31, 1998	1,378
	<hr/>
Depreciation:	
At 1 January, 1998	581
Group transfers	(36)
Charged during the year	51
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At December 31, 1998	596
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Net book value:	
At January 1, 1998	859
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At December 31, 1998	782
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**3. Share capital**

	<u>Authorised</u>		<u>Allotted, called up and fully paid</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
	'000	'000	£'000	£'000
Equity interests:				
Ordinary shares of £1 each	50	50	48	48
	<hr/>	<hr/>	<hr/>	<hr/>

**4. Ultimate parent company**

A. Kenneth & Sons is a 100% subsidiary of Lithgows Limited, which is registered in Scotland. The results of the company are consolidated within the group financial statements of Lithgows Limited and these group financial statements are available from the Registrar of Companies ten months after the company's year end.