

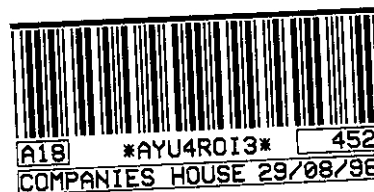


**MOUNT ANVIL CONSTRUCTION  
LIMITED**

**Report and Financial Statements**

**31 October 1995**

**Deloitte & Touche  
Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE**





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**OFFICERS AND PROFESSIONAL ADVISERS****DIRECTORS**

B J Bennett  
C K Hurley  
D L Borer  
R Upton

**SECRETARY**

C K Hurley

**REGISTERED OFFICE**

Anvil House  
Radlett Road  
Colney Street  
St Albans  
Hertfordshire  
AL2 2HA

**SOLICITORS**

Woodhouse Smith  
Davies House  
Lower Road  
Chalfont St Peter  
Bucks  
SL9 9AZ

Radcliffe Crossman Block  
5 Great College Street  
Westminster  
London  
SW1 3SJ

**BANKERS**

Bank of Ireland plc  
33 London Road  
Kingston Upon Thames  
Surrey  
KT2 6ND

**AUDITORS**

Deloitte & Touche  
Verulam Point  
Station Way  
St Albans  
Hertfordshire  
AL1 5HE

**DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 October 1995.

**PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review was that of Design and Build Contractors and Property Developers.

**RESULTS AND DIVIDENDS**

The Company's loss for the period after taxation was £326,001 (1994: Profit £175,682) as detailed on page 6. No dividends are proposed for the year (1994: £nil).

**REVIEW OF THE YEAR AND FUTURE PROSPECTS**

During the year we broadened our client base quite considerably and have established good professional relationships with a number of well funded institutions with significant building programmes for the next few years. In order for the Company to take advantage of these existing opportunities the Directors agreed to an approach from a very substantial private company to invest £350,000 of equity into the Company via Mount Anvil Limited. This was effected after the year end. The Directors are confident that significant benefits will accrue from this relationship.

In terms of profit 1995 was an extremely disappointing year for the Company. The unsatisfactory result was due entirely to losses incurred on one job. Despite the many difficulties encountered on this particular job including three months of unprecedented adverse weather conditions we were able to produce an end product which the client is justifiably proud of. This particular scheme has already won one architectural award and is likely to receive further ones in the near future.

The outlook for 1996 is very encouraging with a substantial amount of work already contracted and underway. Our highly committed and experienced staff combined with strong cash flow management should enable the company to return to acceptable levels of profitability in 1996.

**FIXED ASSETS**

Details of movements in fixed assets are given in Note 7 to the accounts.

**DIRECTORS AND THEIR INTERESTS**

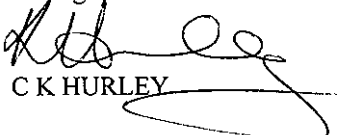
The Directors of the Company throughout the year are shown on page 1. None of the directors held beneficial interests in the shares of the Company.

The Directors' interests in the shares of the parent company, Mount Anvil Limited, are shown in the report and financial statements of that company.

**DIRECTORS' REPORT****AUDITORS**

On the 1 February 1996 our Auditors changed their name under which they practise to Deloitte & Touche, and they have, accordingly signed their report in their new name. A resolution will be proposed at the forthcoming Annual General Meeting to continue their appointment for the following year and authorise the directors to fix their remuneration.

Approved by the Board of Directors  
and signed on behalf of the Board

  
C K HURLEY

Secretary

5 July 1996

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- 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. 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.



## Chartered Accountants

Deloitte & Touche  
Verulam Point  
Station Way  
St Albans  
Hertfordshire AL1 5HE

Telephone: National 01727 839000  
International + 44 1727 839000  
Fax (Gp. 3): 01727 831111

## AUDITORS' REPORT TO THE MEMBERS OF

## MOUNT ANVIL CONSTRUCTION LIMITED

We have audited the financial statements on pages 6 to 13 which have been prepared under the accounting policies set out on page 9.

### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 the company's affairs at 31 October 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors

8 July 1996


**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 October 1995**

	Note	1995 £	1994 £
<b>TURNOVER</b>	2	10,342,112	4,036,355
Cost of sales		(10,254,928)	(3,442,567)
Gross profit		87,184	593,788
Establishment and administrative expenses		(555,987)	(341,699)
<b>OPERATING (LOSS)/ PROFIT</b>	4	(468,803)	252,089
Interest receivable		9,528	12,424
Interest payable and similar charges	3	(7,981)	-
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(467,256)	264,513
Tax on (loss)/profit on ordinary activities	6	141,255	(88,831)
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR</b>		(326,001)	175,682
Retained profit brought forward		330,370	154,688
<b>Retained profits carried forward</b>		4,369	330,370

All turnover and expenses have been derived from continuing operations.

There are no recognised gains or losses other than the (loss)/profit for the current and preceding financial years. Accordingly, no statement of Total Recognised Gains or Losses is given.

A Statement of Reconciliation of Movements in Shareholders' Funds has not been prepared as there have not been any movements in shareholders' funds other than the (loss)/profit for the year.


**BALANCE SHEET**  
**31 October 1995**

	Note	1995 £	1994 £
<b>FIXED ASSETS</b>			
Tangible assets	7	125,684	92,526
<b>CURRENT ASSETS</b>			
Work in progress		239,577	269,882
Debtors	8	1,011,365	319,684
Cash at bank and in hand		1,161,109	974,304
		2,412,051	1,563,870
<b>CREDITORS: amounts falling due within one year</b>	9	(2,310,906)	(954,960)
<b>NET CURRENT ASSETS</b>		101,145	608,910
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		226,829	701,436
<b>CREDITORS: amounts falling due after more than one year</b>	10	(22,460)	(171,066)
<b>NET ASSETS</b>		204,369	530,370
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	200,000	200,000
Profit and loss account		4,369	330,370
<b>EQUITY SHAREHOLDERS FUNDS</b>		204,369	530,370

These financial statements were approved by the Board of Directors on 5 July 1996

Signed on behalf of the Board of Directors

  
 C K HURLEY  
 Director

**PROFORMA STATEMENT OF FINANCIAL POSITION SHOWING EFFECT OF POST BALANCE SHEET EVENT (ILLUSTRATIVE ONLY)**

Set out below is a proforma statement of the financial position of Mount Anvil Construction Limited after the introduction of further share capital as described in the Directors Report. No account has been taken of trading results since the date of the balance sheet.

	1995 £
<b>NET ASSETS</b>	554,369
<b>CAPITAL AND RESERVES</b>	
Called up share capital	550,000
Profit and loss account	4,369
<b>Equity shareholders funds</b>	554,369


**CASHFLOW STATEMENT**  
**Year ended 31 October 1995**

	Note	1995 £	1995 £	1994 £	1994 £
<b>Net cash inflow/(outflow) from operating activities</b>	14		301,827		(19,961)
<b>RETURN ON INVESTMENTS AND SERVICING FINANCE</b>					
Dividends		-		(125,000)	
Interest received		9,528		12,424	
Interest paid		(7,982)		-	
<b>Net cash inflow/(outflow) from returns on investments and servicing of finance</b>			1,546		(112,576)
<b>Taxation paid</b>			(25,000)		(103,835)
<b>INVESTMENT ACTIVITIES</b>					
Purchase of fixed assets		(98,468)		(5,945)	
Sales of fixed assets		6,900		-	
			(91,568)		(5,945)
<b>FINANCING</b>					
Repayment of loan notes			-		(800,000)
<b>Net increase in cash equivalents</b>			186,805		1,042,317



**NOTES TO THE ACCOUNTS**  
**Year ended 31 October 1995**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Turnover**

This represents amounts invoiced during the year for work certified as complete, net of Value Added Tax.

**Tangible fixed assets**

Tangible fixed assets are depreciated on a straight line basis at the following rates to reduce the cost to the anticipated residual value at the end of the expected useful lives of these assets:

Motor vehicles	25% per annum
Fixtures, furniture tools and equipment	33.3% per annum

**Work in progress**

Contract work-in-progress is stated at cost plus, where the outcome can be assessed with reasonable certainty, estimated profits attributable to the state of completion, less provision for any known or anticipated losses and progress payments receivable on account.

Advance and progress payments are included under creditors to the extent that they exceed the related book value of work-in-progress.

**Leases**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**2. TURNOVER**

The turnover and pre-tax profit or loss, all of which arise in the United Kingdom, are attributable to the activity of Design and Build Contractors and Property Developers.

**3. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>1995</b>	<b>1994</b>
	<b>£</b>	<b>£</b>
Hire Purchase interest	7,981	-


**NOTES TO THE ACCOUNTS**  
**Year ended 31 October 1995**
**4. OPERATING (LOSS)/PROFIT**

	1995 £	1994 £
<b>Operating (loss)/profit is after charging/(crediting):</b>		
Depreciation and amortisation		
Owned assets	19,571	26,175
Leased assets	43,142	29,151
Rentals under operating leases		
Hire of plant and machinery	54,031	52,645
Early payment discounts	(22,041)	(7,645)
Auditors' remuneration		
Audit fee	4,450	4,450
Other services	1,200	1,250
	<u>19,571</u>	<u>26,175</u>

**5. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1995 £	1994 £
<b>Directors' emoluments</b>		
Fees and salaries		
Other emoluments	-	-
	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>

Remuneration of the chairman

-	-
<u>-</u>	<u>-</u>

**Scale of other directors' remuneration**  
 £0      -      £      5,000

1995 No	1994 No
3	3
<u>3</u>	<u>3</u>

**Average number of persons employed**

Site	13	11
Administration	4	4
	<u>17</u>	<u>15</u>

**Staff costs during the year (including directors)**  
 Wages and salaries  
 Social security costs

£	£
176,875	142,244
-	-
<u>176,875</u>	<u>142,244</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 October 1995**
**6. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES**

	1995 £	1994 £
United Kingdom corporation tax credit/(charge) at 30% (1994 - 33%) based on the (loss)/profit for the year	142,734	(86,611)
Adjustments to prior years' tax provisions		
Corporation tax	(1,479)	(2,220)
	<u>141,255</u>	<u>(88,831)</u>

**7. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
<b>Cost</b>			
At 1 November 1994	142,980	54,798	197,778
Additions	82,900	15,568	98,468
Disposals	(13,850)	-	(13,850)
	<u>212,030</u>	<u>70,366</u>	<u>282,396</u>
At 31 October 1995			
<b>Accumulated depreciation</b>			
At 1 November 1994	65,282	39,970	105,252
Charge for the year	52,641	10,072	62,713
Disposals	(11,253)	-	(11,253)
	<u>106,670</u>	<u>50,042</u>	<u>156,712</u>
At 31 October 1995			
<b>Net book value</b>			
At 31 October 1995	<u>105,360</u>	<u>20,324</u>	<u>125,684</u>
At 31 October 1994	<u>77,698</u>	<u>14,828</u>	<u>92,526</u>

Included in motor vehicles are assets purchased under hire purchase arrangements. At 31 October 1995, the net book value of these assets amounted to £97,443 (1994: £63,061). During the year depreciation of £43,142 (1994 £29,151) was charged in respect of these vehicles.

**8. DEBTORS**

	1995 £	1994 £
Trade debtors	929,607	319,112
Other debtors	100	-
Prepayments and accrued income	2,015	572
Corporation tax	79,643	
	<u>1,011,365</u>	<u>319,684</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 October 1995**
**9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1995 £	1994 £
Trade creditors	2,175,035	824,192
Current corporation tax	-	86,612
Other taxes and social security	122,296	39,127
Accruals and deferred income	13,575	5,029
	<u>2,310,906</u>	<u>954,960</u>

**10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1995 £	1994 £
Amounts owed to parent company	<u>22,460</u>	<u>171,066</u>

**11. CALLED UP SHARE CAPITAL**

	1995 £	1994 £
Authorised 1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Called up, allotted and fully paid 200,000 ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

**12. ULTIMATE PARENT COMPANY**

As at 31 October 1995 Mount Anvil Limited, incorporated in England, was the ultimate parent company and consolidated financial statements for the year ended 31 October 1995 are available at that company's registered office. As at the 28 June 1996, with the additions of further share capital as described in note 14 below, the ultimate parent company of the largest group of which Mount Anvil Construction is a member became Peaston & Co Limited, copies of their financial statements are available from their registered office 17 Landsdown Crescent Edinburgh Scotland.

**13. POST BALANCE SHEET EVENT**

On 28 June 1996 a further £350,000 ordinary share capital was issued to bring the total ordinary share capital in issue to £550,000 as shown on the proforma balance sheet on page 7.


**NOTES TO THE ACCOUNTS**
**Year ended 31 October 1995**
**14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1995	1994
	£	£
Operating (loss)/profit	(468,803)	252,089
(Profit)/loss on sale of tangible assets	(4,303)	2,604
Depreciation	62,713	38,444
Decrease/(increase) in work in progress	30,305	159,165
(Increase)/Decrease in debtors	(612,038)	(89,613)
Increase/(decrease) in creditors	1,293,953	(382,650)
Net cash inflow from operating activities	<u>301,827</u>	<u>(19,961)</u>

**15. ANALYSIS OF BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	1995	1994	Change in year
	£	£	£
Cash at bank and in hand	<u>1,161,109</u>	<u>974,304</u>	<u>186,805</u>