

**Touche
Ross**

Deloitte Touche
Tohmatsu
International



Company Registration No. 2706348

**MOUNT ANVIL CONSTRUCTION
LIMITED**

Report and Financial Statements

31 October 1994

**Touche Ross & Co.
Ashton House
Silbury Boulevard
Milton Keynes
Bucks
MK9 2HG**





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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

Elmcote House
The Green
Rickmansworth
Hertfordshire
WD3 3HN

SOLICITORS

Summers & Co
27 London Road
Beaconsfield
Buckinghamshire
HP9 2HM

William Fry
Audrey House
15-20 Ely Place
London
EC1N 6SN

BANKERS

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

AUDITORS

Touche Ross & Co.
Ashton House
Silbury Boulevard
Central Milton Keynes
MK9 2HG

**DIRECTORS' REPORT (continued)**

The Directors present their annual report and the audited financial statements for the year ended 31 October 1994.

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 profit for the period after taxation was £175,682 (1993: £226,553) as detailed on page 5. No dividends are proposed for the year (1993: £125,000).

REVIEW OF THE YEAR AND THE FUTURE PROSPECTS

1994 was another excellent year for the Company. Although the climate of our industry remained very difficult during the year, we nevertheless achieved a pre-tax profit figure in excess of £250,000. This excellent figure was the result of hard work by our dedicated and highly professional staff. As importantly, our reputation for innovation and quality extended to a number of new clients during the year.

The drop in turnover from 1993 was due to the delayed start on a number of contracts. This will result in a significant increase in turnover for the current financial year which is likely to exceed £10 million. A large proportion of this will once again be negotiated work. 1995 will see an increase in our overheads due to the recruitment of a number of senior people. This investment will ensure that we continue to provide our increasing number of clients with a quality service.

The high calibre of our staff, selectivity in the type of work we undertake, allied with good cash management are the foundations for continued success in 1995 and beyond.

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.

AUDITORS

Messrs Touche Ross & Co. were appointed by the directors to fill a casual vacancy, and they have expressed their willingness to remain in office. A resolution will be proposed at the forthcoming Annual General Meeting to confirm their appointment, 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

Secretary

6 February 1995

**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

Touche Ross & Co.
Ashton House
Silbury Boulevard
Central Milton Keynes MK9 2HG

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AUDITORS' REPORT TO THE MEMBERS OF

MOUNT ANVIL CONSTRUCTION LIMITED

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants and Registered Auditors
6 February 1995


PROFIT AND LOSS ACCOUNT
Year ended 31 October 1994

	Note	1994 £	1993 £
TURNOVER	2	4,036,355	7,663,891
Cost of sales		(3,742,567)	(7,255,911)
Gross profit		293,788	407,980
Establishment and administrative expenses		(41,699)	(113,938)
OPERATING PROFIT	3	252,089	294,042
Interest receivable		12,424	32,533
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		264,513	326,575
Tax on profit on ordinary activities	5	(88,831)	(100,022)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION FOR THE FINANCIAL YEAR		175,682	226,553
Dividends	6	-	(125,000)
Retained profit for the year		175,682	101,553
Balance brought forward		154,688	53,135
Retained profits carried forward		330,370	154,688

All turnover and expenses have been derived from continuing operations.

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

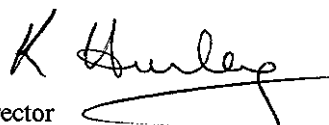
A Statement of Reconciliation of Movements in Shareholders' Funds has not been prepared as there have not been any movements in shareholders' funds other than the profit for the year and dividends as shown above.


BALANCE SHEET
31 October 1994

	Note	1994 £	1993 £
FIXED ASSETS			
Tangible assets	7	92,526	-
CURRENT ASSETS			
Work in progress		269,882	429,047
Debtors	8	319,684	230,171
Cash at bank and in hand		974,304	2,016,520
		1,563,870	2,675,738
CREDITORS: amounts falling due within one year	9	(954,960)	(2,234,575)
NET CURRENT ASSETS		608,910	441,163
TOTAL ASSETS LESS CURRENT LIABILITIES		701,436	441,163
CREDITORS: amounts falling due after more than one year	10	(171,066)	(86,475)
NET ASSETS		530,370	354,688
CAPITAL AND RESERVES			
Called up share capital	11	200,000	200,000
Profit and loss account		330,370	154,688
EQUITY SHAREHOLDERS FUNDS		530,370	354,688

These financial statements were approved by the Board of Directors on 6 February 1995.

Signed on behalf of the Board of Directors


 Director

**NOTES TO THE ACCOUNTS****Year ended 31 October 1994****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:

Plant and machinery	25% per annum
Motor vehicles	25% per annum
Fixtures, furniture 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, all of which arise in the United Kingdom, are attributable to the activity of Design and Build Contractors and Property Developers.



NOTES TO THE ACCOUNTS

Year ended 31 October 1994

3. OPERATING PROFIT

	1994 £	1993 £
Operating profit is after charging/(crediting):		
Depreciation and amortisation		
Owned assets	26,175	-
Leased assets	29,151	-
Rentals under operating leases		
Hire of plant and machinery	52,645	51,132
Management charges by the holding company	-	66,667
Early payment discounts	(7,645)	(10,175)
Auditors' remuneration		
Audit fee	4,450	2,390
Other services	1,250	1,500
	<u> </u>	<u> </u>

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1994 £	1993 £
Directors' emoluments		
Fees and salaries		
Other emoluments	-	47,101
	<u> </u>	<u> </u>
	-	47,101
	<u> </u>	<u> </u>

Remuneration of the chairman	-	23,551
	<u> </u>	<u> </u>

	1994 No	1993 No
Scale of other directors' remuneration		
£ 0 - £ 5,000	3	2
£ 20,001 - £ 25,000	-	1
	<u> </u>	<u> </u>

Average number of persons employed		
Site	11	39
Administration	4	4
	<u> </u>	<u> </u>
	15	43
	<u> </u>	<u> </u>

	£	£
Staff costs during the year (including directors)		
Wages and salaries	142,244	519,393
Social security costs	-	4,899
	<u> </u>	<u> </u>
	142,244	524,292
	<u> </u>	<u> </u>

NOTES TO THE ACCOUNTS
Year ended 31 October 1994

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994	1993
	£	£
United Kingdom corporation tax at 30% (1993 - 31%) based on the profit for the year	86,611	101,616
Adjustments to prior years' tax provisions		
Corporation tax	2,220	(1,594)
	<u>88,831</u>	<u>100,022</u>

6. DIVIDENDS

	1994	1993
	£	£
Final proposed - (1993 62.5p per ordinary share)	-	125,000
	<u>-</u>	<u>125,000</u>

7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Fixtures, fittings, tools and equipment £	Total £
Cost			
Transfer from parent company	85,720	39,436	125,156
Additions	87,260	15,362	102,622
Disposals	(30,000)	-	(30,000)
At 31 October 1994	<u>142,980</u>	<u>54,798</u>	<u>197,778</u>
Accumulated depreciation			
Transfer from parent company	43,693	24,129	67,822
Charge for the year	39,485	15,841	55,326
Disposals	(17,896)	-	(17,896)
At 31 October 1994	<u>65,282</u>	<u>39,970</u>	<u>105,252</u>
Net book value			
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 1994, the net book value of these assets amounted to £63,031 (1993: £nil). During the year depreciation of £29,151 (1993 £nil) was charged in respect of these vehicles.



NOTES TO THE ACCOUNTS

Year ended 31 October 1994

8. DEBTORS

	1994 £	1993 £
Trade debtors	319,112	174,521
Other debtors	-	55,119
Prepayments and accrued income	572	531
	<u>319,684</u>	<u>230,171</u>

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Trade creditors	824,192	1,101,810
Current corporation tax	86,612	101,616
Other taxes and social security	39,127	9,230
Other creditors	-	167,223
Loan stock	-	800,000
Accruals and deferred income	5,029	54,696
	<u>954,960</u>	<u>2,234,575</u>

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

	1994 £	1993 £
Amounts owed to parent company	<u>171,066</u>	<u>86,475</u>

11. CALLED UP SHARE CAPITAL

	1994 £	1993 £
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		
Ordinary shares of £1 each	<u>200,000</u>	<u>200,000</u>

12. ULTIMATE PARENT COMPANY

Mount Anvil Limited, incorporated in England, is the ultimate parent company and consolidated financial statements for the year ended 31 October 1994 are available at Elmcote House, The Green, Rickmansworth, Hertfordshire, WD3 3HN.