

*Companies
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DERRY BUILDING SERVICES LIMITED

REPORTS AND ACCOUNTS

31ST AUGUST 1996

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DIRECTORS

W I Derry
J I Derry
D J Sheath
G P Raven

REGISTERED OFFICE

77 William Street
Newark
Nottinghamshire

SECRETARY

W I Derry

REGISTERED NUMBER

No. 1481063

REPORT OF THE DIRECTORS

The directors present their report and audited accounts for the year ended 31st August 1996.

Review of activities and future developments

The main activity of the company is principally that of mechanical services engineering and electrical contractors.

The profit for the year after taxation amounted to £187670.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

A dividend of £143264 is proposed by the directors for the year ended 31st August 1996.

Directors

The directors of the company during the year were as stated above.

Directors' responsibility for the 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:

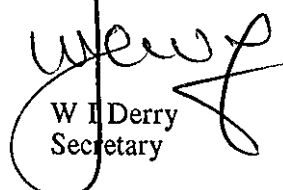
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

Auditors

Lings offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

Approved by the board on 3rd March 1997


W I Derry
Secretary

**AUDITORS REPORT TO THE SHAREHOLDERS OF
DERRY BUILDING SERVICES LIMITED**

We have audited the financial statements on pages 3 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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 as at 31st August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Lings

Chartered Accountants and Registered Auditors
Provident House, 51 Wardwick, Derby

3rd March 1997

DERRY BUILDING SERVICES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST AUGUST 1996

	Note	1996 £	1995 £
Turnover	2	8355480	6734065
Cost of sales		(7299512)	(5788693)
Gross profit		1055968	945372
Administrative expenses		(801392)	(775409)
Operating profit	3	254576	169963
Amounts written off investments		(6250)	-
Interest receivable and similar income	4	38903	16985
Interest payable and similar charges	5	(4609)	(17022)
Profit on ordinary activities before taxation		282620	169926
Tax on profit on ordinary activities	6	(94950)	(55303)
Profit for the financial year		187670	114623
Dividends		(143264)	-
Retained profit for the financial year		44406	114623
Retained profit brought forward		209493	94870
Retained profit carried forward		253899	209493

All amounts relate to operations which were continuing throughout the year.

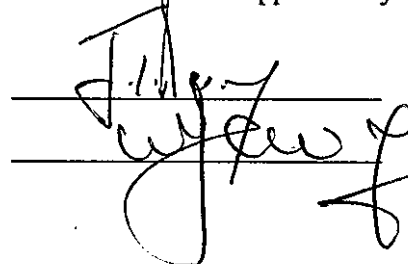
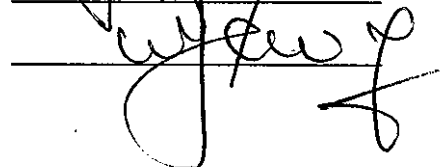
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST AUGUST 1996

The company has no recognised gains or losses other than the profit (1995 profit) for the financial year.

DERRY BUILDING SERVICES LIMITED
BALANCE SHEET AT 31ST AUGUST 1996

	Note	1996 £	1995 £
Fixed assets			
Tangible fixed assets	7	227414	207128
Investments	8	-	6250
		<u>227414</u>	<u>213378</u>
Current assets			
Stocks and work in progress	9	62626	95012
Debtors	10	1642737	1773933
Cash at bank and in hand		1597406	171725
		<u>3302769</u>	<u>2040670</u>
Creditors - Amounts falling due within one year	11	(3258784)	(2028555)
Net current assets		<u>43985</u>	<u>12115</u>
Total assets less current liabilities		<u>271399</u>	<u>225493</u>
Provisions for liabilities and charges	12	(7500)	(6000)
		<u>263899</u>	<u>219493</u>
Capital and reserves			
Called up share capital	13	10000	10000
Profit and loss account		253899	209493
Equity shareholders' funds		<u>263899</u>	<u>219493</u>

The accounts were approved by the board of directors on 3rd March 1997.

	J I Derry) Directors
	W I Derry	

DERRY BUILDING SERVICES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 1996

1. Accounting policies

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention using the principal accounting policies listed below.

Turnover

Turnover, which is net of value added tax, represents the value of work done in the year. Full provision is made for any losses which are foreseen.

Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Leasehold improvements	4%
Fixtures, fittings and equipment	10%
Motor vehicles	20%

Stocks

Stocks are stated at the lower of cost and net realisable value.

Contract work in progress

Amounts recoverable on contracts which are included in debtors, are stated at cost, plus attributable profit to the extent that this is reasonably certain after making provision for contingencies, less any losses incurred or foreseen in bringing contracts to completion and less any amounts received as progress payments. For any contracts where receipts exceed the book value of work done, the excess is included in creditors as payments on account.

Deferred taxation

Deferred taxation is provided using the liability method in respect of significant timing differences except to the extent that the liabilities are regarded as unlikely to crystallise in the foreseeable future.

Leases

Assets held under finance leases or hire purchase contracts are capitalised and depreciated over their expected useful lives. The related obligations are included under creditors. Finance charges are charged to the profit and loss account in proportion to outstanding obligations.

Operating lease rentals are charged to the profit and loss account as incurred.

2. Turnover

Turnover is attributable to the principal activity and the market is confined to the United Kingdom.

DERRY BUILDING SERVICES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 1996

3. Operating profit

Operating profit is stated after charging/(crediting):

	1996 £	1995 £
Auditors' remuneration	5200	5000
Operating lease rentals:		
Property	25000	25000
Depreciation	53319	55526
Profit on sale of investments	-	(30463)
	<u> </u>	<u> </u>

4. Interest receivable and similar income

	1996 £	1995 £
Bank deposit interest	21508	8966
Rents received	3000	-
Other interest received	14395	8019
	<u> </u>	<u> </u>
	38903	16985
	<u> </u>	<u> </u>

5. Interest payable and similar charges

	1996 £	1995 £
Bank overdraft	3630	8371
Other loans	979	7899
	<u> </u>	<u> </u>
	4609	16270
Hire purchase interest	-	752
	<u> </u>	<u> </u>
	4609	17022
	<u> </u>	<u> </u>

6. Tax on profit on ordinary activities

	1996 £	1995 £
U.K. corporation tax at 33%	93450	55340
Transfer to/(from) deferred tax	1500	-
	<u> </u>	<u> </u>
	94950	55340
Adjustments in respect of prior year:		
U.K. corporation tax	-	(37)
	<u> </u>	<u> </u>
	94950	55303
	<u> </u>	<u> </u>

DERRY BUILDING SERVICES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 1996

7. Tangible fixed assets

	Leasehold Improvements £	Fixtures, Fittings & Equipment £	Motor Vehicles £	Total £
Cost				
At 1st September 1995	21107	157092	178391	356590
Additions	-	33165	40440	73605
Disposals	-	-	(1320)	(1320)
At 31st August 1996	<u>21107</u>	<u>190257</u>	<u>217511</u>	<u>428875</u>
Depreciation				
At 1st September 1995	4285	84782	60395	149462
Charge for year	845	17811	34663	53319
Disposals	-	-	(1320)	(1320)
At 31st August 1996	<u>5130</u>	<u>102593</u>	<u>93738</u>	<u>201461</u>
Net book value				
At 31st August 1996	<u>15977</u>	<u>87664</u>	<u>123773</u>	<u>227414</u>
Net book value				
At 31st August 1995	<u>16822</u>	<u>72310</u>	<u>117996</u>	<u>207128</u>

8. Investments

	Group Undertakings £
Net book value at 1st September 1995	6250
Written off in the year	<u>(6250)</u>
	<u>-</u>

The shares in the group undertaking brought forward represented the company's holding of the entire issued share capital of Derry Electrical Limited. Derry Electrical Limited has since been dissolved.

9. Stocks and work in progress

	1996 £	1995 £
Raw materials and consumables	<u>62626</u>	<u>95012</u>

DERRY BUILDING SERVICES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 1996

10. Debtors

	1996 £	1995 £
Amounts falling due within one year:		
Trade debtors	753760	591717
Amounts owed by group undertakings	146319	106150
Amounts recoverable on contracts	728123	1022297
Other debtors	2200	42106
Prepayments and accrued income	12335	11663
	<u>1642737</u>	<u>1773933</u>

11. Creditors - Amounts falling due within one year

	1996 £	1995 £
Trade creditors	1622276	844364
Amounts owed to group undertakings	619234	818979
Payments received on account	373037	93622
Corporation tax	93450	55340
Other taxes and social security	320924	110762
Accruals and deferred income	86599	105488
Proposed dividend	143264	-
	<u>3258784</u>	<u>2028555</u>

12. Provisions for liabilities and charges

	Deferred Taxation £
Balance at 1st September 1995	6000
Provided during the year	1500
	<u>7500</u>
Balance at 31st August 1996	<u>7500</u>

The amount provided and the potential liability for deferred taxation are as follows:

	1996 Potential £	1996 Provided £	1995 Potential £	1995 Provided £
Accelerated capital allowances	<u>7500</u>	<u>7500</u>	<u>6000</u>	<u>6000</u>

13. Share capital

	1996 £	1995 £
Authorised, allotted and fully paid		
10000 Ordinary shares of £1 each	<u>10000</u>	<u>10000</u>

DERRY BUILDING SERVICES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 1996

14. Reconciliation of movement in equity shareholders' funds

	1996 £	1995 £
Profit for the financial year	187670	114623
Dividends	(143264)	-
Net addition to shareholders' funds	<u>44406</u>	<u>114623</u>
Opening shareholders' funds	219493	104870
Closing shareholders' funds	<u><u>263899</u></u>	<u><u>219493</u></u>

15. Capital commitments

There were no capital commitments at 31st August 1996 or 31st August 1995.

16. Leasing commitments

The company had annual commitments under non-cancellable operating lease rentals as follows:

	1996 £	1995 £
Land and buildings - leases which expire:		
After more than five years	<u><u>25000</u></u>	<u><u>25000</u></u>

17. Contingent liabilities

At 31st August 1996 the company, together with its parent undertaking and other principal trading subsidiary undertakings, had given a guarantee in respect of contract related performance bonds arising in the normal course of business.

DERRY BUILDING SERVICES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST AUGUST 1996

18. Information regarding directors

Share interests

None of the directors had an interest in the share capital of the company at the beginning or end of the year.

Remuneration

The emoluments of the directors, including pension contributions of £3189 (1995 - £912), were as follows:

	1996 £	1995 £
Management remuneration	92328	69997

The emoluments of the directors, excluding pension contributions, were as follows:

Number of directors whose emoluments were within:

	1996 Number	1995 Number
£30001 - £35000	-	1
£35001 - £40000	-	1
£40001 - £45000	1	-
£45001 - £50000	1	-

In addition to the above, during the year £142140 (1995 - £142925) consideration was paid to Derry Projects Limited for making available the services of W I Derry and J I Derry, directors of the company. W I Derry and J I Derry also received benefits amounting to £11448 (1995 - £11300).

19. Particulars of employees

The average number of employees of the company (including directors) during the year was 78 (1995 - 80).

Their total remuneration was:

	1996 £	1995 £
Wages and salaries	1125611	1052440
Social security costs	108743	102996
Other pension costs	26832	20673
	<u>1261186</u>	<u>1176109</u>

20. Ultimate parent undertaking

The directors regard Bowmer and Kirkland Limited as the ultimate parent undertaking.