

ECL CONTRACTS LIMITED

ABBREVIATED VERSION OF THE FULL BALANCE SHEET AT 31 AUGUST 1996

TOGETHER WITH OTHER INFORMATION

REQUIRED BY SECTION A OF PART III SCHEDULE 8 COMPANIES ACT 1985

IN RESPECT OF THE YEAR ENDED 31 AUGUST 1996

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REGISTERED NUMBER:

2709538



LIMEHOUSE & CO

*Chartered Accountants
Registered Auditor*

*3 Whitehall Road, Rugby CV21 3AE
Telephone Rugby (01788)542032 Facsimile (01788)547303*

SPECIAL AUDITOR'S REPORT UNDER PARAGRAPH 24 SCHEDULE 8 COMPANIES ACT 1985 TO THE DIRECTORS OF ECL CONTRACTS LIMITED

We have examined the abbreviated version of the full balance sheet at 31 August 1996 together with the other information required by Section A of Part III Schedule 8 Companies Act 1985 (the abbreviated accounts) together with the audited financial statements for the year ended 31 August 1996 which have been prepared under Section 226 Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on the balance sheet and to provide the directors with a report stating whether in our opinion the company is entitled to those exemptions, and whether the abbreviated accounts are properly prepared.

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 the exemptions claimed in the directors' statement 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 occurring after the date of our report on the full financial statements.

Opinion

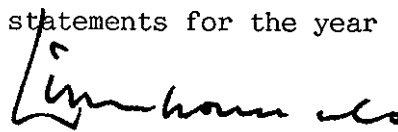
In our opinion the company is entitled to the exemptions claimed in the directors' statement on the abbreviated version of the full balance sheet, and the abbreviated accounts are properly prepared in accordance with Schedule 8 Companies Act 1985.

Other information

Our report to the shareholders on the full financial statements for the year ended 31 August 1996 is set out overleaf.

3 WHITEHALL ROAD
RUGBY CV21 3AE

20 December 1996


LIMEHOUSE & CO.

Chartered Accountants
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REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

ECL CONTRACTS LIMITED

We have audited the financial statements set out on pages 6 to 16 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the directors' report the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion on those statements, based on our audit, and to report that 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 August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

3 WHITEHALL ROAD
RUGBY CV21 3AE

20 December 1996



LIMEHOUSE & CO.

Chartered Accountants
Registered Auditor

ECL CONTRACTS LIMITED

ACCOUNTING POLICIES

Basis of accounting

The accounts are drawn up under the historical cost convention in accordance with applicable accounting standards.

Depreciation

Depreciation of fixed assets is provided at the rates shown to write off the cost of fixed assets over their estimated useful lives.

Asset classification	Rate	Basis
Plant and machinery: Motor vehicles	25%	Straight line
Fixtures and equipment: Computers	33%	Straight line
Other	15%	Straight line

No depreciation has been provided in respect of the property owned and occupied by the company as the directors are of the opinion that the residual value will be not less than the value stated in the accounts.

Stocks

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

Work in progress is stated at cost, which includes direct labour less progress claims.

Net realisable value is the estimated proceeds of disposal less all costs still to be incurred.

Repairs

Repairs to fixed assets are written off as incurred.

Deferred Taxation

Deferred taxation is provided using the liability method in respect of accelerated capital allowances and other timing differences unless, in the opinion of the directors, the taxation in question will not become payable in the foreseeable future.

ECL CONTRACTS LIMITEDBALANCE SHEET AT 31 AUGUST 1996

	NOTES	£	1996 £	£	1995 £
<u>FIXED ASSETS</u>					
Tangible assets	1		222,229		-
Investments	2		89,505		89,505
			311,734		89,505
<u>CURRENT ASSETS</u>					
Stocks		53,788		-	
Debtors	3	1,095,204		167,740	
Cash at bank and in hand		132,340		-	
		1,281,332		167,740	
<u>CREDITORS</u>					
Amounts falling due within one year		(1,112,278)		(6,382)	
<u>NET CURRENT ASSETS</u>			169,054		161,358
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			480,788		250,863
<u>CREDITORS</u>					
Amounts falling due after more than one year			(108,000)		-
<u>NET ASSETS</u>			£372,788		£250,863
<u>CAPITAL AND RESERVES</u>					
Called up share capital	7		90,000		90,000
Share premium account			90,000		90,000
Capital redemption reserve			65,000		65,000
Profit and loss account			127,788		5,863
<u>SHAREHOLDERS' FUNDS INCLUDING NON-EQUITY INTERESTS</u>			£372,788		£250,863

These accounts were approved by the board of directors on

19/12/96

Advantage is taken of the exemptions conferred by Section A of Part III of Schedule 8 Companies Act 1985 on the grounds that the company is entitled to these exemptions as a small company.

I.G. Norris

DIRECTOR



ECL CONTRACTS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 31 AUGUST 1996

1. TANGIBLE FIXED ASSETS

	Total
	£
COST:	
Additions	173,358
Reclassification	86,540
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Carried forward	259,898
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DEPRECIATION:	
Reclassification	37,669
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Carried forward	37,669
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NET BOOK VALUE AT 31 AUGUST 1996	£222,229
	<hr/>
NET BOOK VALUE AT 31 AUGUST 1995	£-
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2. INVESTMENTS

	Total
	£
COST:	
Brought forward	109,505
	<hr/>
Carried forward	109,505
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AMOUNTS WRITTEN OFF:	
Brought forward	20,000
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Carried forward	20,000
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NET BOOK VALUE AT 31 AUGUST 1996	£89,505
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NET BOOK VALUE AT 31 AUGUST 1995	£89,505
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ECL CONTRACTS LIMITED

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 1996

3. DEBTORS

	1996 £	1995 £
Debtors falling due after more than one year amount to:	£119,236	-

4. SUBSIDIARY UNDERTAKINGS

The following undertakings were directly owned
by ECL Contracts Limited :

	Principal activity	1996	1995
Exterior Coatings Limited	Exterior wall insulation, partitions, ceilings and cladding.	100%	100%
LPQ Contracts Limited	Dormant	100%	100%
Results as shown in the accounts for the year ended 31 August 1996:			
		£	£
Capital and reserves at 31 August 1996			
Exterior Coatings Limited		116,099	181,428
LPQ Contracts Limited		(56,698)	(56,698)
Profit for the year			
Exterior Coatings Limited		195,799	102,891
LPQ Contracts Limited		-	69,202

The total investment in subsidiary undertakings, stated
under the equity method of valuation, amounts to:

	£89,505	£154,835
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All the above companies are incorporated in Great Britain
and registered in England and Wales.

Under S.248 Companies Act 1985 the company is exempt
from the requirement to prepare group accounts.

ECL CONTRACTS LIMITED

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 1996

5. CREDITORS

Amounts falling due after more than one year:	1996 £	1995 £
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Details of amounts not wholly repayable within five
years are as follows:

Bank loans and overdrafts:

Instalments due between one and two years	12,000	-
Instalments due between two and five years	36,000	-
Instalments due after five years	60,000	-
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	£108,000	£-

The loans are repayable in equal monthly instalments over ten years.
Interest is charged by reference to bank base rates.

6. SECURED BORROWINGS

Bank loans and overdrafts amounting to £120,000 (1995 £-) are secured by a first
legal charge over the property at 23 Warwick Street together with a fixed and
floating charge over the company's other assets and undertakings.

7. CALLED UP SHARE CAPITAL

Authorised:	1996 £	1995 £
145,000 Ordinary shares of 50p each	72,500	72,500
35,000 A Ordinary shares of 50p each	17,500	17,500
65,000 Preference shares of £1 each	65,000	65,000
	<hr/>	<hr/>
	£155,000	£155,000

Allotted, called up and fully paid:

145,000 Ordinary shares of 50p each	72,500	72,500
35,000 A Ordinary shares of 50p each	17,500	17,500
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	£90,000	£90,000

ECL CONTRACTS LIMITED

NOTES TO THE ACCOUNTS (continued)

YEAR ENDED 31 AUGUST 1996

CALLED UP SHARE CAPITAL (CONTINUED)

Dividends

Non-equity Dividends

Fixed cumulative dividends below have been paid or proposed during the year in accordance with the requirements in the company's Articles.

	31 August 1996	31 August 1995
"A" Ordinary share dividend	£4,550	£4,550
6% Participating dividend	£10,947	£5,254

The "A" Ordinary shares carry a fixed cumulative dividend of 13% per annum payable half yearly. There is also a cumulative participating dividend and a cumulative additional dividend payable annually by reference to the results for the year.

Conversion

The "A" Ordinary shares are convertible at any time by written notice of 75% of the holders of such shares. The shares are convertible into Ordinary shares at the rate of one to one.

Redemption

In accordance with the terms under which the preference shares were issued to 3i Plc all shares have now been redeemed.

Winding up

On a return of assets to the shareholders the assets shall be applied as follows: Firstly in paying £1 per share plus outstanding dividends to the holders of "A" ordinary shares;

Secondly in paying £1 per share to the holders of the ordinary shares.

The balance is distributed amongst the holders of the ordinary and the "A" ordinary shares. For this purpose the shares rank pari passu.

Votes

Members holding ordinary and "A" ordinary shares are entitled to one vote on a show of hands and one vote for every 50p in nominal amount of share in a poll.

8. DIRECTORS INTERESTS IN TRANSACTIONS

Purchases:

During the year a subsidiary company, Exterior Coatings Limited leased office space from two directors and paid rentals as follows:

I.G. Norris	£750
A.W. McFeat	£1,500