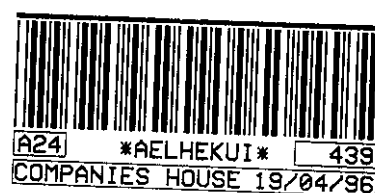


Company number: 00492133

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

30th SEPTEMBER 1995



BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

Directors

M.E. Sara
H.C. Everett
A.J. Pensom
A.C. Villaweaver

Secretary

G.K. Miller

Registered Office

P.O. Box No. 4
Canal Street
Brierley Hill
West Midlands.
DY5 1JL.

Auditors

John W. Hinks & Co.
Chartered Accountants
Church House
5-14 South Road
Smethwick
Warley
West Midlands.
B67 7BH.

Bankers

Midland Bank PLC
Market Place
P O Box No. 6
Willenhall
West Midlands.
WV13 2AF.

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND FINANCIAL STATEMENTS

30TH SEPTEMBER 1995

CONTENTS	PAGE
Report of the directors	1 - 2
Statement of directors responsibilities	3
Report of the auditors	4
Profit and loss account	5
Total recognised gains and losses Note of historical cost profits and losses Reconciliation of movements in shareholders funds	6
Balance sheet	7
Notes to the financial statements	8 - 13

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT OF THE DIRECTORS

The directors present their report and financial statements for the year ended 30th September 1995.

Principal activity and business review

The principal activity of the company, which is unchanged from that of the previous year is the manufacture and distribution of products for the building industry.

Profit after tax amounts to £35,610 as compared with £58,869 in the previous year.

Dividends

The directors recommend that a dividend of £24,000 be paid in respect of the year. (1994 - £40,000).

If this recommendation is approved retained profits of £11,610 will be added to reserves.

Fixed Assets

Changes in fixed assets are set out in Note 9 to the financial statements.

The directors have consulted professional valuers and are advised that, in line with property values generally, the value of the company's leasehold property has fallen below that shown in the accounts. The directors believe that this is a temporary shortfall reflecting the current economic climate.

Political contributions and charitable donations

The company made no charitable donations or political contributions during the year.

Tax status

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company. There has been no change in this respect since the end of the financial year.

Directors

The following persons were directors of the Company during the year:-

M.E. Sara
H.C. Everett
A.J. Pensom
A.C. Villaweaver (appointed 1st October 1994)

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT OF THE DIRECTORS (continued)

Directors (continued)

Mr. A.J. Pensom retires by rotation at the annual general meeting and offers himself for re-election.

Directors' interests in the shares of the parent company

The interests of the directors of this company, at 30th September in the shares of the parent company, Hill & Smith Holdings PLC, according to the register required to be kept by the Companies Act 1985, were as follows:-

	<u>30th September 1995</u>	<u>30th September 1994</u> <u>or on appointment</u>
M.E. Sara	157,110	141,546
H.C. Everett	46,760	42,436
A.J. Pensom	51,402	46,730
A.C. Villaweaver	1,185	37
	<hr/>	<hr/>

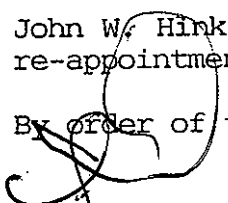
Going concern

The directors are satisfied the company is a going concern. In forming this view the directors have reviewed current internal financial projections and the facilities available to meet the company's cash requirements.

Auditors

John W. Hinks & Co., Chartered Accountants, offer themselves for re-appointment in accordance with Section 385, Companies Act 1985.

By order of the board


G. K. MILLER

Secretary

11th January 1996

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit of the company for that year. The financial statements must be prepared in compliance with the required formats and disclosures of the Companies Act 1985 and with applicable accounting standards. In addition the directors are required:

- i) to select suitable accounting policies and then apply them consistently.
- ii) to make judgements and estimates that are reasonable and prudent.
- iii) to prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the financial statements comply with the above requirements, and that applicable accounting standards have been followed.

The directors are also responsible for maintaining adequate accounting records so as to enable them to ensure that the financial statements comply with the requirements of the Companies Act 1985, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

**AUDITORS' REPORT TO THE MEMBERS OF
BAINBRIDGE ENGINEERING LIMITED**

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

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 these 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.

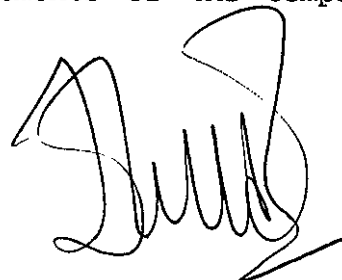
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity 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 30th September 1995 and of its profit for the year then ended and have been properly prepared in accordance with requirements of the Companies Act 1985.

Church House
5-14 South Road
Smethwick
Warley
West Midlands
B67 7BH

11th January 1996



John W. Hinks & Co.
Chartered Accountants
and Registered Auditor

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER, 1995

	<u>Notes</u>	<u>£</u>	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Turnover	1		1,214,672	1,071,613
Cost of sales			730,744	670,759
Gross profit			<u>483,928</u>	<u>400,854</u>
Distribution costs		71,445		49,165
Administrative expenses		342,243		265,922
			<u>413,688</u>	<u>315,087</u>
Operating profit	3		70,240	85,767
Interest	6		851	779
Profit on ordinary activities before tax			69,389	84,988
Tax on profit on ordinary activities	7		33,779	26,119
Profit on ordinary activities after tax for the financial year			35,610	58,869
Proposed dividend	8		24,000	40,000
Retained profit for the year	16		<u>11,610</u>	<u>18,869</u>

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 8 to 13 form part of these accounts.

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

TOTAL RECOGNISED GAINS AND LOSSES
HISTORICAL COST PROFITS AND LOSSES
MOVEMENTS IN SHAREHOLDERS FUNDS _____ **FOR THE YEAR ENDED 30TH SEPTEMBER 1995**

Statement of total recognised gains and losses

There are no recognised gains and losses other than the profit for the financial year.

Note of historical cost profits and losses

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Profit on ordinary activities before taxation	69,389	84,988
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	5,796	5,792
	<u>75,185</u>	<u>90,780</u>
Historical cost profit on ordinary activities before tax		
	<u>20,406</u>	<u>24,661</u>
Historical cost transfer from reserves		
Reconciliations of movements in shareholders funds		
Profit attributable to shareholders for the year	35,610	58,869
Dividends	24,000	40,000
	<u>11,610</u>	<u>18,869</u>
Net addition to shareholders funds		
Opening shareholders funds	602,608	583,739
	<u>614,218</u>	<u>602,608</u>
Closing shareholders funds		

30TH SEPTEMBER, 1995

- 7 -

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER, 1995

1. Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's financial statements.

(a) Basis of accounting

The financial statements are prepared under the historical cost convention, modified to include valuations of leasehold property and plant and machinery, and in accordance with applicable accounting standards.

(b) Depreciation

Depreciation is provided to write off the cost or valuation of the fixed assets excluding land at the following rates:-

Leasehold land & buildings	- over duration of lease
Plant and equipment	- 10% straight line
Computers	- 20% straight line
Motor vehicles	- 25% straight line

(c) Stocks

Stocks are valued at the lower of cost and estimated net realisable value. Valuation of finished stock and work in progress includes an amount of related overheads.

(d) Deferred tax

Provision is made in respect of timing differences arising from accelerated capital allowances and other timing differences to the extent that such liabilities are, in the opinion of the directors, expected to become payable in the foreseeable future. No provision is made for any possible liabilities on the future sales of properties at their re-valued book figures as it is intended that such properties will be retained for use in the business.

(e) Turnover

This represents the value of goods sold less returns excluding value added tax.

(f) Leased assets

The relevant annual rentals of all operating leases are charged wholly to profit and loss account.

(g) Pension scheme arrangements

Contributions are charged to the profit and loss account so as to spread the cost of pensions evenly over the members' working lives with the company.

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER, 1995

1. Accounting policies (continued)

(h) Research and development

Expenditure is written off in the financial year in which it is incurred.

2. Turnover and profit

The whole of the turnover and profit is derived from the business of manufacture and distribution of products for the building industry, carried on in the United Kingdom. None of the turnover is derived from exporting products.

3. Operating profit

Operating profit is stated after charging:-

Depreciation

Auditors' remuneration

Profit on sale of fixed assets

1995
£

1994
£

36,539

30,476

4,740

3,640

(946)

(2,380)

4. Directors remuneration

Remuneration as executives (including pension contributions) being total remuneration in arriving at operating profit

34,265

Nil

Analysis of directors remuneration as executives (excluding pension contributions)

Highest paid director

32,231

Nil

Number

Number

Other directors

£0 - £5,000

3

3

5. Particulars of employees

The average number of persons employed by the company (including directors) during the year was:-

Category:

Administration & sales

Production

14

22

12

20

36

32

Their total remuneration was:-

£

£

Wages and salaries

Social security costs

Other pension costs

371,306

28,089

16,003

328,047

28,079

16,739

415,398

372,865

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER, 1995

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
6. Interest		
Interest payable on bank overdrafts repayable within 5 years not by instalments	868	779
Interest receivable	(17)	-
	<u>851</u>	<u>779</u>
7. Taxation		
Corporation tax at 33% (1994 - 33%)	23,000	28,500
Deferred tax	11,000	(2,300)
Prior year adjustment - corporation tax	(221)	(81)
	<u>33,779</u>	<u>26,119</u>
8. Dividends		
Proposed dividend on 1,521,154 ordinary shares of 10p each	24,000	40,000
9. Tangible fixed assets		
	<u>Leasehold land and buildings</u> <u>£</u>	<u>Plant equipment & vehicles</u> <u>£</u>
a. Cost or valuation		<u>Total</u> <u>£</u>
At 30th September, 1994	420,000	193,428
Additions	-	63,397
Disposals	-	(13,390)
At 30th September, 1995	<u>420,000</u>	<u>243,435</u>
Depreciation		
At 30th September 1994	23,548	83,295
Charge for the year	7,848	28,691
Released on disposal	-	(10,045)
At 30th September, 1995	<u>31,396</u>	<u>101,941</u>
Net book value at 30th September 1995	<u>388,604</u>	<u>141,494</u>
Net book value at 30th September 1994	<u>396,452</u>	<u>110,133</u>
	<u>506,585</u>	

The company's leasehold property was valued by Sellers, Chartered Surveyors on 30th September 1991.

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER, 1995

9. **Tangible fixed assets (continued)**

b. The cost or valuation figure for land and buildings comprises:-

	<u>1995</u> <u>£</u>	<u>1994</u> <u>£</u>
Valuation made in 1991	420,000	420,000

c. The amount of revalued land and buildings as determined according to the historical cost accounting rule is:-

Cost	123,116	123,116
Depreciation	15,390	13,338
	<u>107,726</u>	<u>109,778</u>

Depreciation in (c) above is included from 1st April 1988 as in the opinion of the directors unreasonable expense and delay would be incurred in obtaining information for earlier years.

10. Capital commitments	<u>1995</u>	<u>1994</u>
Authorised and contracted for	23,800	15,000
11. Stocks		
Raw materials and consumables	85,666	74,912
Work in progress & finished goods	50,244	21,256
	<u>135,910</u>	<u>96,168</u>
12. Debtors		
Trade debtors	180,634	210,598
Amounts owed by group undertakings	30,146	19,290
Prepayments and accrued income	8,110	11,370
	<u>218,890</u>	<u>241,258</u>

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER, 1995

13. Creditors: amounts due within one year	1995 £	1994 £
Bank overdraft	-	4,607
Trade creditors	94,779	96,702
Corporation tax	23,000	28,500
Other taxes and social security	37,797	32,337
Accruals	24,447	17,248
Proposed dividend	24,000	40,000
Amounts owed to group undertakings	77,980	22,325
	<u>282,003</u>	<u>241,719</u>
14. Provision for liabilities and charges		
Deferred tax		
i) Provided in financial statements		
Accelerated capital allowances	11,000	-
ii) At 30th September 1994	-	2,300
Movement arising in year	11,000	(2,300)
At 30th September 1995	<u>11,000</u>	<u>-</u>
iii) Not provided		
Accelerated capital allowances	1,000	9,000
Surplus on revaluation of fixed assets	59,000	59,000
	<u>60,000</u>	<u>68,000</u>
15. Share capital		
Authorised		
2,000,000 ordinary shares of 10p each	200,000	200,000
Called up and fully paid		
1,521,154 ordinary shares of 10p each	152,115	152,115
16. Reserves		
	Profit and loss account	Revaluation reserve
	£	£
At 30th September 1994	91,315	339,793
Profit for the year	11,610	-
At 30th September 1995	<u>102,925</u>	<u>339,793</u>

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES

30TH SEPTEMBER, 1995

17. Contingent liabilities

The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries.

18. Pension scheme

The company operates a defined contribution scheme and the assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged to the profit and loss account of £8,317 (1994 - £13,035) represents contributions payable by the company to the fund.

The company is a subsidiary of Hill & Smith Holdings PLC and several employees are members of the Hill & Smith Group Pension and Assurance Scheme. This is a defined benefit scheme, contributions being based on pension costs across the group as a whole.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent actuarial valuation was at the 5th April 1994. Details of this actuarial valuation are disclosed in the financial statements of Hill & Smith Holdings PLC.

The company's pension cost charge for the year, in respect of the Hill & Smith Group Pension and Assurance Scheme was £7,686 and represents contributions paid by the company to the fund. Included in creditors is the sum of £Nil (1994 - £Nil) being contributions due to the scheme.

19. Parent company

The company is a wholly owned subsidiary of Hill & Smith Holdings Plc, a company registered in England.