

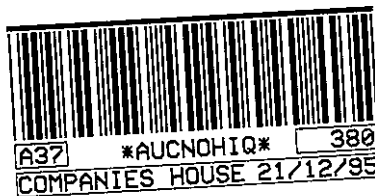
HALL & TAWSE WESTERN LIMITED

COMPANY NUMBER 158529

REGISTERED IN ENGLAND

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1995



HALL & TAWSE WESTERN LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 30TH JUNE 1995

The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report for the year ended 30th June 1995.

Principal activity and business review

The principal activity of the Company throughout the year was that of building contractors.

The Company has traded satisfactorily throughout the year.

The loss for the financial year of £92,273 (1994 - £138,582 profit) after provision for dividends as set out below, has been withdrawn from reserves.

With effect from 1 July 1995 the trading activities and net assets of the Company were transferred to a fellow subsidiary undertaking, Hall & Tawse Midlands Limited.

It is the intention of the directors of Hall & Tawse Midlands Limited to develop and expand the contracting business in the Western part of England and in Wales which was previously carried on by the Company.

Dividends

Dividends declared during the year amounted to Nil (1994 - nil).

Directors and their interests

The directors of the Company who served during the year were:-

R.E. Glibbery (resigned 5 April 1995)
R.J. Irving
D.H. Gasson (resigned 12 May 1995)
P. Hirons
G.F. Schofield (resigned 1 July 1995)
P. Thatcher (resigned 1 July 1995)
D.S. Vincent (Appointed 5 April 1995, resigned 1 July 1995)

The directors had no beneficial interest in the shares of the Company as it is a wholly-owned subsidiary of Raine plc.

The directors had the following interests (including family interests) in the shares of Raine plc according to the register kept under Section 325, Companies Act 1985:

| | At 30 June 1994 or later date of appointment | | | At 30 June 1995 | | Exercise Price | Exercise Dates |
|---------------|---|---------------|--------------------|-----------------|---------------|-------------------|-------------------|
| | Shares | Option | Options Granted | Shares | Options | | |
| R J Irving | Nil | 17,524 | Nil | Nil | 17,524 | 81.19p | Dec.91 - Dec.98 |
| R J Irving | Nil | 2,921 | Nil | Nil | 2,921 | 94.90p | Dec.92 - Dec.99 |
| R J Irving | Nil | 13,559 | Nil | Nil | 9,602 | 75.50p | Dec.97 - May 98 |
| | <u>Nil</u> | <u>34,004</u> | <u>Nil</u> | <u>Nil</u> | <u>30,047</u> | | |
| P Thatcher | 9,531 | Nil | Nil | 9,531 | Nil | | |
| P Thatcher | Nil | 16,064 | Nil | Nil | 16,064 | 82.17p | Dec.90 - Dec.97 |
| P Thatcher | Nil | 6,406 | Nil | Nil | 6,406 | 81.19p | Dec.91 - Dec.98 |
| P Thatcher | Nil | 14,403 | Nil | Nil | 14,403 | 75.50p | Dec.97 - May 98 |
| | <u>9,531</u> | <u>36,873</u> | <u>Nil</u> | <u>9,531</u> | <u>36,873</u> | | |
| P Hirons | Nil | 10,223 | Nil | Nil | 10,223 | 92.44p | Nov.93 - Nov.00 |
| G F Schofield | Nil | 10,223 | Nil | Nil | 10,223 | 92.44p | Nov.93 - Nov.00 |

Mr. D.S. Vincent is a director of Hall & Tawse Group Limited and his interest in the shares of Raine plc are disclosed in the directors' report for that company.

No director had any interest in a contract with the Company or any other fellow subsidiary company of Raine plc in the course of the year.

A Directors and Officers Liability Insurance Policy has been effected in favour of the Company together with its officers. The premium attaching to the liability of the Directors and Officers covered has been met by the individuals concerned.

Employees

It is the Company's policy to employ, within the limitations of its trading activities, disabled persons on equal terms. Every effort is made to retain employees who become disabled during the period of their employment by arranging re-training. Promotional opportunities are open to all employees irrespective of disablement.

The directors recognise the importance of good communications and good relations with employees including provision of information to personnel and obtaining their views. The Company maintains employee relations appropriate to its own particular needs and environment and encourages awareness of financial and economic circumstances, reinforced by the use of a savings-related share option scheme.

Fixed Assets

Details of the movements in fixed assets are contained in Note 9 to the accounts.

The "Elective Regime"

At the Annual General Meeting held on 15th November 1990, the Company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended) to take advantage of the full range of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held and the accounts will not be laid before the Members.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

The auditors, KPMG will continue to hold office without the necessity to seek re-election.

Statement of Directors' Responsibilities


The directors are required by law to prepare accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for the period.

The directors are responsible for ensuring that the accounts are prepared using suitable accounting policies, which are consistently applied and judgements and estimates which are reasonable and prudent.

The directors are also responsible for maintaining proper accounting records to enable them to ensure that the accounts comply with the Companies Act 1985 and applicable accounting standards, for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that the accounts on pages 5 to 14 comply with these requirements and are prepared on the going concern basis.

By Order of the Board



P. Hirons
Secretary

This report was approved by the Board on 14 November 1995

REPORT OF THE AUDITORS, KPMG
TO THE MEMBERS OF HALL & TAWSE WESTERN LIMITED

We have audited the accounts on pages 5 to 14.

Respective Responsibilities of Directors and Auditors

As described in the foregoing, the Company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the affairs of the Company as at 30 June 1995 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Birmingham

KPMG

KPMG
Chartered Accountants
Registered Auditors
2 Cornwall Street
Birmingham
B3 2DL

14 NOVEMBER 1995

HALL & TAWSE WESTERN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1995

| | Notes | 1995 £ | 1994 £ |
|--|-------|--------------|--------------|
| Turnover | 1 | 31,320,079 | 27,462,829 |
| Cost of sales | | (30,124,752) | (26,123,426) |
| Gross profit | | 1,195,327 | 1,339,403 |
| Administrative expenses | | (1,515,142) | (1,333,300) |
| Other operating income | 2 | 11,324 | 16,824 |
| Operating (loss)/profit | | (308,491) | 22,927 |
| Interest receivable | 3 | 175,451 | 157,278 |
| (Loss)/profit on ordinary activities before taxation | 4 | (133,040) | 180,205 |
| Tax on (loss)/profit on ordinary activities | 7 | 40,767 | (41,623) |
| (Loss)/profit for the financial year | | (92,273) | 138,582 |
| Dividends | 8 | 0 | 0 |
| Retained (loss)/profit for the year | 14 | (92,273) | 138,582 |
| | | ===== | ===== |

All amounts relate to continuing operations.

The Company has had no recognised gains or losses other than retained profit for the years as indicated above.

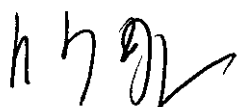
Movements on reserves are set out in note 14 to the accounts.

HALL & TAWSE WESTERN LIMITED

BALANCE SHEET
AT 30 JUNE 1995

| | Notes | 1995 £ | 1994 £ |
|-------------------------------------|-------|--------------------|--------------------|
| Fixed assets | | | |
| Tangible assets | 9 | 110,776 | 76,204 |
| Current assets | | | |
| Stocks | 10 | 114,202 | 78,925 |
| Debtors | 11 | 6,981,364 | 5,349,344 |
| Cash at bank | | 4,349,026 | 3,378,597 |
| | | 11,444,592 | 8,806,866 |
| Creditors: | | | |
| Amounts falling due within one year | 12 | (8,806,920) | (6,042,349) |
| Net current assets | | 2,637,672 | 2,764,517 |
| Net assets | | 2,748,448 ===== | 2,840,721 ===== |
| Capital and reserves | | | |
| Called up share capital | 13 | 1,250,000 | 1,250,000 |
| Profit and loss account | 14 | 1,498,448 | 1,590,721 |
| Equity shareholders' funds | | 2,748,448 ===== | 2,840,721 ===== |

These accounts were approved by the Board on 14 NOVEMBER 1995 and signed on its behalf by:



R.J. Irving - Director

HALL & TAWSE WESTERN LIMITED

ACCOUNTING POLICIES

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

Basis of preparation

The accounts are prepared using the historical cost convention and in accordance with applicable Accounting Standards.

Turnover

Turnover represents the invoiced value of goods and services supplied together with the value of contracting work executed. No credit is taken for claims until there is firm agreement with the customer. Turnover is exclusive of VAT.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost includes appropriate overheads.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts represents the value of work done in the year. Full provision is made for any losses which are foreseen.

Long term contract balances are stated at costs incurred, less those transferred to the profit and loss account, after deducting payments on account not matched with turnover and any foreseeable losses. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Depreciation

Depreciation is calculated on a straight line basis to write off the cost less the estimated residual value of tangible assets over their expected useful lives as follows:-

| | | |
|---------------------|---|--------------------------------------|
| Plant and equipment | - | 10 per cent to 33 per cent per annum |
| Motor vehicles | - | 25 per cent per annum |

Pension schemes

Contributions are made to the defined benefit pension schemes operated by the Group in accordance with the recommendations of independent actuaries.

Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over the expected average remaining service lives of the scheme members.

HALL & TAWSE WESTERN LIMITED

ACCOUNTING POLICIES (Continued)

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that assets or liabilities will become recoverable or payable in the foreseeable future.

Leased assets

Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease period.

Cash flow statement

The ultimate parent undertaking, Raine plc, has adopted Financial Reporting Standard No.1, thus exempting the Company from the requirement to prepare a cash flow statement.

HALL & TAWSE WESTERN LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1995

| | | | |
|----|---|---------------------|---------------------|
| 1. | Turnover | 1995 £ | 1994 £ |
| | Attributable to contracting | 31,320,079 ===== | 27,462,829 ===== |
| | All turnover arises in the United Kingdom | | |
| 2. | Other operating income | £ | £ |
| | Rental income | 11,324 | 11,324 |
| | Other | <u>0</u> | <u>5,500</u> |
| | | 11,324 ===== | 16,824 ===== |
| 3. | Interest receivable | £ | £ |
| | On bank loans and overdrafts | 175,451 ===== | 157,278 ===== |
| 4. | (Loss)/profit on ordinary activities before taxation | £ | £ |
| | Attributable to contracting | (133,040) ===== | 180,205 ===== |
| | (Loss)/profit on ordinary activities before taxation is stated after charging/ (crediting): | | |
| | Depreciation | 46,416 | 42,558 |
| | Directors' remuneration (Note 5) | 282,521 | 241,924 |
| | Auditors' remuneration | 15,708 | 13,390 |
| | Hire of plant and machinery | 381,478 | 291,022 |
| | Operating lease rentals | | |
| | - plant and machinery | 386,741 | 339,210 |
| | - other | 88,939 | 76,224 |
| | Loss/(profit) on disposal of tangible assets | 253 | (5,500) |
| | Charitable donations | 25 | 31 |
| | | ===== | ===== |

HALL & TAWSE WESTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 30 JUNE 1995

| | 1995 | 1994 |
|---|-----------------|-----------------|
| 5. Directors' remuneration | £ | £ |
| Emoluments | 256,243 | 216,410 |
| Pension contributions | <u>26,278</u> | <u>25,514</u> |
| | 282,521 | 241,924 |
| | ===== | ===== |
| Emoluments, excluding pension contributions, of the Chairman and highest paid director were: | | |
| Chairman | 0 | 0 |
| Highest paid director | 67,524 | 55,834 |
| The emoluments of the directors, excluding pension contributions, were within the following ranges: | | |
| | Number | Number |
| £0 - £5,000 | 2 | 1 |
| £5,001 - £10,000 | - | 1 |
| £10,001 - £15,000 | 3 | 3 |
| £15,001 - £20,000 | - | 1 |
| £20,001 - £25,000 | 1 | - |
| £25,001 - £30,000 | 1 | - |
| | | |
| 6. Employees | | |
| The average number of employees, including directors, during the year was: | Number | Number |
| Direct employees | 40 | 43 |
| Administration | <u>151</u> | <u>142</u> |
| | 191 | 185 |
| | ==== | ==== |
| The associated employment costs were: | £ | £ |
| Wages and salaries | 2,831,889 | 2,522,780 |
| Social security costs | 266,028 | 241,868 |
| Other pension costs | <u>184,185</u> | <u>162,177</u> |
| | 3,282,102 | 2,926,825 |
| | ===== | ===== |
| 7. Tax on (loss)/profit on ordinary activities | £ | £ |
| UK corporation tax at 33 per cent (1994 - 33 per cent) | (35,186) | 55,575 |
| Deferred taxation | 2,216 | (287) |
| Adjustments in respect of prior years | <u>(7,797)</u> | <u>(13,665)</u> |
| | (40,767) | 41,623 |
| | ===== | ===== |
| 8. Dividends | £ | £ |
| Proposed and paid | nil | nil |
| | ===== | ===== |

HALL & TAWSE WESTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 30 JUNE 1995

| | | | |
|-----|--|---------------------|------|
| 9. | Tangible assets | Plant and equipment | |
| | Cost or valuation: | £ | |
| | At 1 July 1994 | 490,713 | |
| | Additions | 91,667 | |
| | Disposals | <u>(27,732)</u> | |
| | At 30 June 1995 | 554,648 | |
| | | ===== | |
| | Depreciation: | | |
| | At 1 July 1994 | 414,509 | |
| | Charge for the year | 46,416 | |
| | Disposals | <u>(17,053)</u> | |
| | At 30 June 1995 | 443,872 | |
| | | ===== | |
| | Net book value at 30 June 1995 | 110,776 | |
| | | ===== | |
| | Net book value at 30 June 1994 | 76,204 | |
| | | ===== | |
| 10. | Stocks | 1995 | 1994 |
| | | £ | |
| | Raw materials and consumables | 19,500 | |
| | Work in progress | <u>94,702</u> | |
| | | 114,202 | |
| | | ===== | |
| | | 78,925 | |
| | | ===== | |
| 11. | Debtors | £ | |
| | Trade debtors | 353,059 | |
| | Amounts recoverable on contracts | 3,271,228 | |
| | Retentions | 1,167,753 | |
| | Amounts owed by parent undertakings | 2,022,790 | |
| | Amounts owed by fellow subsidiary undertakings | 61,062 | |
| | Other debtors | 0 | |
| | Prepayments and accrued income | 57,508 | |
| | Deferred taxation | 12,779 | |
| | Group relief receivable | <u>35,185</u> | |
| | | 6,981,364 | |
| | | ===== | |
| | | 5,349,344 | |
| | | ===== | |
| | Included in the above are the following | £ | |
| | amounts falling due after one year: | | |
| | Retentions | 70,744 | |
| | | ===== | |
| | | 79,784 | |
| | | ===== | |
| | Deferred taxation | £ | |
| | Accelerated capital allowances | 16,430 | |
| | Other timing differences | <u>(3,651)</u> | |
| | | 12,779 | |
| | | ===== | |
| | | 14,995 | |
| | | ===== | |

HALL & TAWSE WESTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 30 JUNE 1995

| | 1995 £ | 1994 £ |
|---|----------------------------------|------------------|
| 12. Creditors: Amounts falling due within one year : | | |
| Trade creditors | 8,188,276 | 5,565,639 |
| Amounts owed to parent undertakings | 33,425 | 41,122 |
| Amounts owed to fellow subsidiary undertakings | 14,511 | 1,071 |
| Corporation tax | - | 54,922 |
| Other taxes and social security | 272,153 | 77,810 |
| Other creditors | 150,563 | 222,022 |
| Accruals and deferred income | <u>147,992</u> | <u>79,763</u> |
| | <u>8,806,920</u> | <u>6,042,349</u> |
| | ===== | ===== |
| 13. Share capital | 1995 & 1994 | |
| | Number | £ |
| Authorised: Ordinary shares of £1 each | 2,500,000 | 2,500,000 |
| | ===== | ===== |
| Allotted, called up and fully paid: Ordinary shares of £1 each | 1,250,000 | 1,250,000 |
| | ===== | ===== |
| 14. Reserves | Profit & Loss account | |
| | £ | |
| At 1 July 1994 | 1,590,721 | |
| Retained loss for the year | <u>(92,273)</u> | |
| At 30 June 1995 | <u>1,498,448</u> | |
| | ===== | |
| 15. Reconciliation of movements in shareholders' funds | | |
| | 1995 £ | 1994 £ |
| (Loss)/profit for the financial year | (92,273) | 138,582 |
| Dividends | <u>0</u> | <u>0</u> |
| | (92,273) | 138,582 |
| Opening shareholders' funds | <u>2,840,721</u> | <u>2,702,139</u> |
| | ===== | ===== |
| Closing shareholders' funds | <u>2,748,448</u> | <u>2,840,721</u> |
| | ===== | ===== |

HALL & TAWSE WESTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 30 JUNE 1995

16. Commitments and contingent liabilities

Operating leases

Annual commitments in respect of non-cancellable operating leases are as follows:

| | 1995 | | 1994 | |
|--|----------------------------|------------|----------------------------|------------|
| | Land and buildings £ | Other £ | Land and buildings £ | Other £ |
| Expiring within one year | 0 | 23,903 | 49,000 | 271,652 |
| Expiring between two and five years | 0 | 250,362 | 0 | 204,377 |
| Expiring after five years | <u>74,500</u> | <u>0</u> | <u>64,500</u> | <u>0</u> |
| | 74,500 | 274,265 | 113,500 | 476,029 |
| | ===== | ===== | ===== | ===== |

Performance bonds amounting to £1,468,002 (1994 - £1,240,966) have been entered into by the Company in the normal course of business.

The Company is a joint guarantor to a £50 million multi-currency revolving credit facility entered into by Raine plc.

At 30 June 1995, the amount drawn down on this facility was £49,100,000 (1994 - £24,736,000). This replaces a previous £40 million multi-option loan facility which would have expired in April 1995.

17. Pensions

The Company is a member of the funded defined benefit pension schemes operated by the ultimate parent undertaking, Raine plc. Contributions are paid in accordance with the recommendations of independent actuaries, based on the regular cost of providing benefits across the group as a whole, without any recognition of fund surpluses or deficits which are dealt with by Raine plc. Particulars of the latest actuarial valuation of the principal schemes are given in the accounts of Raine plc. The latest actuarial valuation was performed on 1 July 1992.

HALL & TAWSE WESTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)
FOR THE YEAR ENDED 30 JUNE 1995

18. **Ultimate parent undertaking**

The immediate parent undertaking is Hall & Tawse Group Limited, a company registered in England.

The ultimate parent undertaking is Raine plc, a company registered in England. Copies of the accounts of Raine plc can be obtained from Raine House, Ashbourne Road, Mackworth, Derby DE22 4NB.