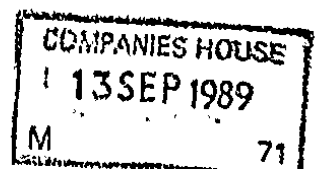



HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988

158529



HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

DIRECTORS' REPORT

The directors present their annual report and audited accounts for the year ended 30th June 1988.

Principal activities and business review

The principal activities of the company are those of building contractors and civil engineers. On 30th June 1988 the company acquired the trades and assets and liabilities of two fellow subsidiaries, Millard Contractors Limited and Ford & Weston (South West) Limited for an amount equivalent to book value.

Change of name

The name of the company was changed to Hall & Tawse Western Limited on 11th July 1988.

Dividends

The directors recommend the payment of a dividend for the year of £128,836 (1987 : £28,642).

Directors and directors' interests

The directors of the company who served during the year were as follows:

B.C. Eggleston
P. Thatcher
C.W. Chatterley - appointed 12th October 1987
D.J. Price - appointed 6th June 1988
P.A. Hobson - appointed 3rd May 1988
W.D. Morgan - resigned 31st July 1987
M.J. Feazey - resigned 7th August 1987

The directors had no beneficial interest in the share capital of the company as it is a wholly owned subsidiary of Raine Industries plc. The directors had the following interest (including family interests) in the shares of Raine Industries plc according to the Register kept under Section 325 of the Companies Act 1985:

	At 30.6.88		At 30.6.87	
	Shares	Options	Shares	Options
B.C. Eggleston	2,000	29,999	2,000	-
P. Thatcher	100	15,714	100	-
C.W. Chatterley	-	-	-	-
D.J. Price	500	-	500	-
P.A. Hobson	-	-	-	-

No director had any interest in a contract with the company being a contract of significance in relation to the company's business during the year.

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

DIRECTORS' REPORT
(continued)

Fixed assets

Movements in fixed assets are detailed in notes 10 and 11.

Share capital

On 30th June 1988, 281,000 ordinary shares of £1 each were allotted at par to Hall & Tawse Group Limited in exchange for the entire share capital of Ford & Weston (South West) Limited.

On 30th June 1988, 919,000 ordinary shares of £1 each were allotted to Hall & Tawse Group Limited at par.

Auditors

In accordance with Section 384(1) of the Companies Act 1985, a resolution for the re-appointment of Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board



Secretary

AUDITORS' REPORT TO THE MEMBERS OF

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

We have audited the accounts set out on pages 5 to 17 in accordance with approved Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30th June 1988 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In our view, the proforma profit and loss account set out on page 4 has been properly compiled on the basis set out in note 1(a).

Birmingham
15th November 1988

Peat Marick McIntosh
Chartered Accountants

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

PROFORMA PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th JUNE 1988

	Year ended 30th June 1988 <u>£</u>
TURNOVER	26,699,382
Cost of sales	<u>(24,792,927)</u>
GROSS PROFIT	1,906,455
Distribution costs	(2,348)
Administrative expenses	(1,346,046)
Other operating income	<u>41,030</u>
OPERATING PROFIT	599,091
Interest receivable	21,548
Interest payable	<u>(17,215)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	603,424
Taxation	<u>(6,531)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	596,893
Extraordinary item	<u>(75,005)</u>
	521,888
Dividends	<u>(237,395)</u>
RETAINED PROFIT FOR THE YEAR	<u>284,493</u>

This page does not form part of the audited accounts. It has been prepared on the basis set out in note 1(a).

5.

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30th JUNE 1988

	Note	Year ended 30th June 1988 £	9 months ended 30th June 1987 £
TURNOVER			
Cost of sales	2	15,169,016 (14,405,708)	8,376,874 (7,755,293)
		763,308	621,581
GROSS PROFIT		(2,348)	(6,760)
Distribution costs		(642,838)	(437,803)
Administrative expenses		5,620	5,389
Other operating income			
OPERATING PROFIT	3	123,742	182,407
Interest receivable		4,415	11,106
Interest payable	6	-	(901)
		128,157	192,612
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(3,383)	(1,064)
Taxation	7	124,774	191,548
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(75,005)	(48,889)
Extraordinary item	8	49,769	142,659
		(128,836)	(28,642)
Dividends	9	(79,067)	114,017
RETAINED (LOSS)/PROFIT FOR THE YEAR	17		

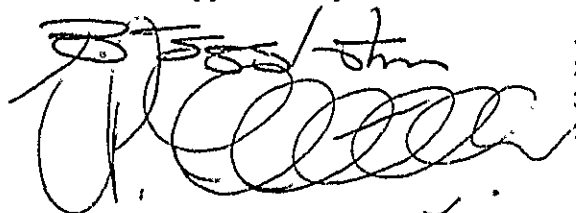
HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

BALANCE SHEET

AT 30th JUNE 1988

	Note	1988		1987	
		£	£	£	£
FIXED ASSETS					
Tangible assets	10		483,450		272,491
Investments	11		304,937		6,990
			<u>788,387</u>		<u>279,481</u>
CURRENT ASSETS					
Stocks	12	1,005,812		1,027,456	
Debtors	13	6,266,406		1,776,938	
Cash at bank and in hand			70,853		1,779
			<u>7,343,071</u>		<u>2,806,173</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(6,570,882)		(2,641,969)	
NET CURRENT ASSETS			<u>772,189</u>		<u>164,204</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,560,576</u>		<u>443,685</u>
CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		(42,928)		(46,970)
			<u>1,517,648</u>		<u>396,715</u>
CAPITAL AND RESERVES					
Called up share capital	16		1,250,000		50,000
Revaluation reserve	17		149,957		149,957
Profit and loss account	17		117,691		196,758
			<u>1,517,648</u>		<u>396,715</u>

These accounts were approved by the board of directors on 15th November 1988.


 } DIRECTORS

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30th JUNE 1988

	<u>Year ended</u> <u>30th June 1988</u>		<u>9 months ended</u> <u>30th September 1988</u>	
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
SOURCE OF FUNDS				
Profit on ordinary activities				
before taxation		128,157		192,612
Extraordinary item		-		(48,889)
		<u>128,157</u>		<u>143,723</u>
Adjustment for items not involving				
the movement of funds:				
Depreciation		39,079		20,300
Profit on disposal of fixed				
assets		(1,543)		(6,035)
FUNDS GENERATED FROM OPERATIONS		<u>165,693</u>		<u>157,988</u>
FUNDS FROM OTHER SOURCES				
Disposal of fixed assets	39,086		16,884	
Share issue	1,200,000		-	
Increase in creditors: amounts				
falling due after more than				
one year		-	7,390	
		<u>1,239,086</u>		<u>24,274</u>
		<u>1,404,779</u>		<u>182,262</u>
APPLICATION OF FUNDS				
Acquisition of subsidiaries	372,952		-	
Purchase of tangible fixed assets	287,581		33,407	
Dividends paid	145,478		-	
Decrease in creditors due in				
more than one year		4,042	-	
		<u>(810,053)</u>		<u>(33,407)</u>
MOVEMENT IN WORKING CAPITAL		<u>594,726</u>		<u>148,855</u>

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

	Year ended 30th June 1988 <u>£</u>	9 months ended 30th September 1988 <u>£</u>
MOVEMENTS IN WORKING CAPITAL COMPRISE:		
Stocks	(21,644)	498,307
Debtors	4,489,468	570,663
Creditors	(3,385,459)	(789,233)
	<u>1,082,365</u>	<u>279,737</u>
MOVEMENT IN NET LIQUID FUNDS		
Increase in overdraft	(556,713)	(129,993)
Cash in hand	69,074	(889)
	<u>594,726</u>	<u>148,855</u>

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts:

(a) Basis of accounting

The accounts have been prepared under the historical cost convention.

The pro-forma profit and loss account for the year ended 30th June 1988 set out on page 4 represents the aggregation of the respective profit and loss accounts of this company and of the two subsidiary companies which it acquired on 30th June 1988 (see directors' report).

(b) Depreciation of tangible fixed assets

Depreciation of tangible fixed assets, other than investment properties and freehold land and buildings, which are not depreciated, is calculated on a straight line basis at rates appropriate to write off the cost, grant or valuation of the assets over their expected useful lives. The rates used are:

Plant and equipment	- 10% - 33% from month of purchase
Motor vehicles	- 20% - 25% from month of purchase

(c) Stocks and work in progress

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

Contract work in progress includes attributable profit less any foreseeable losses and progress payments received and receivable.

In the case of long term development projects, interest on borrowings specifically relating to individual projects, is included as a cost of those projects.

(d) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that liabilities will crystallise in the foreseeable future.

(e) Finance leases and hire purchase contracts

Assets held under finance leases and hire purchase contracts are capitalised at cost with the capital element of the future repayments included under creditors due within or creditors due after one year. Finance charges are allocated to the profit and loss account so as to produce a constant periodic rate of charge on the remaining balance of the obligation.

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

2. Turnover

Turnover represents the value of contracting work executed and development projects completed during the year excluding value added tax. It relates solely to construction and was derived wholly in the United Kingdom.

3. Operating profit

Operating profit is stated after charging:

	Year ended 30th June 1988	9 months ended 30th June 1987
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets	39,079	20,300
Hire of plant and machinery	9,825	69,825
Auditors' remuneration	6,000	5,000
	<u> </u>	<u> </u>

4. Staff numbers and costs

The average weekly number of persons employed by the company during the year was as follows:

	Year ended 30th June 1988	9 months ended 30th June 1987
	<u>Number</u>	<u>Number</u>
Direct labour	115	101
Management and administration	84	62
	<u> </u>	<u> </u>
	199	163
	<u> </u>	<u> </u>

The aggregate payroll costs for these persons were as follows:

	<u>£</u>	<u>£</u>
Wages and salaries	1,749,183	981,547
Social security costs	212,053	86,421
Other pension costs	58,254	21,630
	<u> </u>	<u> </u>
	2,019,490	1,089,598
	<u> </u>	<u> </u>

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

5. Directors' emoluments

	Year ended 30th June 1988 <u>£</u>	9 months ended 30th June 1987 <u>£</u>
Emoluments (including pension contributions)	85,717	49,702

Excluding pension contributions, the emoluments of the chairman were £Nil (1987 : £Nil) and of the highest paid director, were £35,310 (1987 : £18,457). Other directors' emoluments fell within the following ranges:

	Year ended 30th June 1988 <u>Number</u>	9 months ended 30th June 1987 <u>Number</u>
£ 0 - £ 5,000	3	1
£10,001 - £15,000	-	2
£15,001 - £20,000	1	-
£25,001 - £30,000	1	-

6. Interest payable

	Year ended 30th June 1988 <u>£</u>	9 months ended 30th June 1987 <u>£</u>
Bank loans, overdrafts and other loans wholly repayable within 5 years	-	901

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

7. Taxation

	Year ended 30th June 1988	9 months ended 30th June 1987
	<u>£</u>	<u>£</u>
Corporation tax at 35%	3,383	1,064

8. Extraordinary item

	Year ended 30th June 1988	9 months ended 30th June 1987
	<u>£</u>	<u>£</u>
Redundancy	-	48,889
Write-off of fixed asset investment	75,005	-
	<u>75,005</u>	<u>48,889</u>

9. Dividends

	Year ended 30th June 1988	9 months ended 30th June 1987
	<u>£</u>	<u>£</u>
Dividend paid	116,836	-
Final dividend proposed	12,000	28,642
	<u>128,836</u>	<u>28,642</u>

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

10. Tangible fixed assets

	<u>Freehold land and buildings</u>	<u>Plant and equipment</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>
<u>Cost</u>			
At 1st July 1987	183,798	240,477	424,275
Additions	47,261	48,699	95,960
Intra-group additions	102,476	546,994	649,470
Disposals	-	(84,904)	(84,904)
Intra-group disposals	(8,798)	-	(8,798)
	<u>324,737</u>	<u>751,266</u>	<u>1,076,003</u>
At 30th June 1988			
<u>Depreciation</u>			
At 1st July 1987	2,609	149,175	151,784
Charge for the year	-	39,079	39,079
Intra-group additions	-	457,849	457,849
Disposals	-	(53,996)	(53,996)
Intra-group disposals	(2,163)	-	(2,163)
	<u>446</u>	<u>592,107</u>	<u>592,553</u>
At 30th June 1988			
<u>Net book value</u>			
At 30th June 1988	<u>324,291</u>	<u>159,159</u>	<u>483,450</u>
At 30th June 1987	<u>181,189</u>	<u>91,302</u>	<u>272,491</u>

Included in plant and equipment at 30th June 1988 were assets held under finance leases and hire purchase contracts with a cost of £122,447, depreciation of £81,693 and net book value of £40,754. Depreciation charged on these assets during the year was £11,796.

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

11. Investments

Shares in
subsidiaries
£

At 1st July 1988	6,990
Additions	372,952
Amounts written off	(75,005)
	<u>304,937</u>

The company has 100% interest in the following subsidiaries all of whom are incorporated in England:

<u>Company</u>	<u>Business</u>	<u>Cost less</u> <u>provision</u> <u>£</u>
Ford & Weston (South West) Limited	Construction	281,000
Millard Contractors Ltd	Construction	15,947
Guest Engineering & Maintenance Limited	Dormant	6,888
Vewmoss Limited	Dormant	100
A.H. Guest Plumbing & Heating Limited	Dormant	2
Forwest Technical Services Limited	Dormant	1,000
		<u>304,937</u>

In the opinion of the directors the values of the above investments are not less than the amounts shown above.

Consolidated accounts for the company and its subsidiaries have not been prepared as the company is a wholly owned subsidiary of Raine Industries plc.

12. Stocks

	<u>30th June</u> <u>1988</u> <u>£</u>	<u>30th June</u> <u>1987</u> <u>£</u>
Raw material and consumables	29,747	36,490
Contract work in progress	3,615,076	995,152
Less: Progress payments	(2,639,011)	(4,186)
	<u>1,005,812</u>	<u>1,027,456</u>

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

13. Debtors

	30th June 1988	30th June 1987
	£	£
Trade debtors	3,021,134	1,387,900
Retentions	1,331,129	314,861
Amounts due from group companies	1,753,399	30,500
Prepayments and accrued income	70,640	22,853
Other debtors	90,104	20,824
	<u>6,266,406</u>	<u>1,776,938</u>

Included in the above are the following amounts falling due after more than one year:

	30th June 1988	30th June 1987
	£	£
Retentions	164,609	-

14. Creditors : Amounts falling due within one year

	30th June 1988	30th June 1987
	£	£
Development loans	-	240,000
Bank overdraft	709,959	153,246
Trade creditors	3,106,023	1,840,320
Retentions	894,057	188,288
Amount owed to group companies	575,417	38,883
Corporation tax	6,531	-
Other creditors including taxation and social security	122,892	117,992
Obligations under finance lease and hire purchase contracts	23,744	22,703
Accruals and deferred income	995,077	40,537
Payments received on account	137,182	-
	<u>6,570,882</u>	<u>2,641,969</u>

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

15. Creditors : Amounts falling due after more than one year

	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
Obligations under finance leases and hire purchase contracts	17,976	26,344
Retentions	24,952	-
Other creditors	-	20,626
	<u>42,928</u>	<u>46,970</u>

Obligations under finance leases and hire purchase contracts all fall due between two and five years.

16. Called up share capital

	<u>1988</u>	<u>1987</u>
	<u>£</u>	<u>£</u>
Authorised:		
£1 ordinary shares	2,485,000	35,000
4.2% £1 cumulative preference shares	3,895	3,895
4.2% £1 non-cumulative preference shares	11,105	11,105
	<u>2,500,000</u>	<u>50,000</u>
Allotted, called up and fully paid:		
£1 ordinary shares	1,235,000	35,000
4.2% £1 cumulative preference shares	3,895	3,895
4.2% £1 non-cumulative preference shares	11,105	11,105
	<u>1,250,000</u>	<u>50,000</u>

On 30th June 1988 the authorised share capital of the company was increased to £2,500,000 by the creation of 2,450,000 ordinary shares of £1 each.

On the same date the company issued 281,000 ordinary shares of £1 each to Hall & Tawse Group Limited as consideration for the acquisition of the entire issued share capital of Ford & Weston (South West) Limited. A further 919,000 ordinary shares of £1 each were issued on the same date at par for cash.

HALL & TAWSE WESTERN LIMITED
(formerly A.H. Guest Limited)

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1988
(continued)

17. Reserves

	<u>Revaluation reserve</u> <u>£</u>	<u>Profit and loss account</u> <u>£</u>
At 1st July 1987	149,957	196,758
Retained loss for year	-	(79,067)
Realised	-	-
	<u>149,957</u>	<u>117,691</u>
At 30th June 1988	<u>149,957</u>	<u>117,691</u>

18. Capital commitments

There are capital commitments of £104,006 (1987 : £Nil) at 30th June 1988 contracted for but not provided in the accounts.

19. Operating leases

The company had the following annual commitment under operating leases which expire as follows and all relate to plant and machinery:

	<u>1988</u> <u>£</u>	<u>1987</u> <u>£</u>
Within one year	1,134	7,416
In second to fifth year	39,660	2,778
Over five years	-	-
	<u>40,794</u>	<u>10,194</u>

20. Ultimate holding company

The ultimate holding company is Raine Industries plc, incorporated in England.