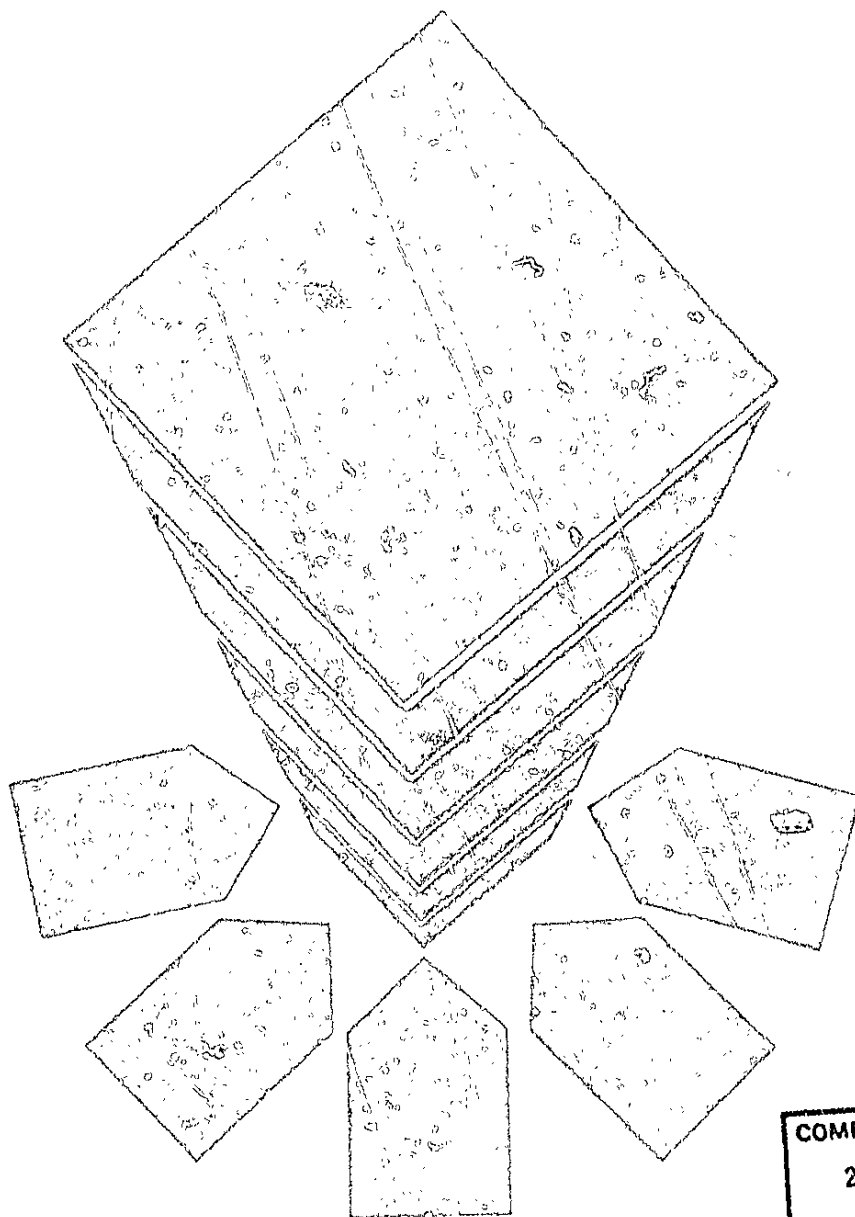


DOUGLAS

Robert M. Douglas Holdings PLC



COMPANIES HOUSE
2 OCT 1991
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President
Sir Robert Douglas, O.B.E., Hon. D.Sc.

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Group objectives

To maintain and enhance our reputation as a major construction Group based in the Midlands, providing quality and performance in all our operations both nationally and internationally.

To increase profits so as to provide for the long term prosperity, expansion and independence of the Group.

To expand the Group through growth in our core businesses and by acquisition and diversification, to achieve increases in earnings per share above the average for the construction sector, and to maintain a dividend policy commensurate with those increases.

To satisfy our customers so that they will always wish to return to us with further business.

To establish and maintain technical, commercial and managerial competence equal to the best in the industry.

To build up our operational assets of plant, equipment and property by the investment of profits to provide a stable foundation for future trading and the long term employment of our staff and operatives.

To help our people to develop their skills and personalities, enabling them to contribute increasingly to the business and to find personal fulfilment.

To serve the community and to conduct our operations in such a way that natural resources are used to the best advantage and with the least possible damage to the environment.

Summary of results

	1991 £,000	1990 £,000
Turnover	339,180	326,721
Profit on ordinary activities before taxation	11,052	12,391
Profit attributable to members	5,746	7,237

	1991	1990
Dividends per share	10.5p	10.5p
Earnings per share	51.9p	47.5p
Net assets per share	315p	293p

Directors and advisers

Directors

John Robert Tomkys Douglas, O.B.E., B.Sc., F.I.H.T., F.C.I.O.B., C.B.I.M., F.R.S.A.†
(Chairman)

Robert Arthur Paine, Ph.D., B.Sc.(Tech.), C.Eng., C.B.I.M.*
(Group chief executive)

Harold Ernest Green, F.C.A., F.C.T.*

James Cooper Lees, F.C.A. (non-executive)*

Barry Clive Morgan

James Alan Sankson, LL.B.

David Chaloner Keys, B.A.(Hons.), M.A. (non-executive)*†

William Arnold Barcroft, B.Sc.(Eng.), C.Eng., F.I.C.E. (non-executive)†

* member of the audit committee.

† member of the remuneration committee.

Secretary and registered office

James Alan Sankson, LL.B., 395 George Road, Erdington, Birmingham, B23 7RZ

Registrars and transfer office

F. Geen & Co., 68 Liverpool Road, Stoke-on-Trent, ST4 1BG

Principal bankers

Midland Bank PLC

TSB England & Wales PLC

National Westminster Bank PLC

Merchant Bankers

Baring Bros. & Co. Limited

Stockbrokers

Cazenove & Co.

Auditors

Touche Ross & Co.

Directors

J. R. T. Douglas, aged 61, commenced service with the company in 1951 and has been Chairman since 1978. He is immediate past president of the Federation of Civil Engineering Contractors, a member of the Construction Industry Training Board, a vice-president of the Birmingham Chamber of Industry and Commerce, a trustee of the TSB Foundation for England and Wales, and a director of Birmingham Heartlands Limited.

R. A. Paine, aged 55, joined Robert M. Douglas Holdings PLC in 1987 as Group Chief Executive. He was previously, over a period of twenty-five years, managing director and divisional chairman of a number of companies in a wide range of industries. He is also a regional councillor of the CBI.

H. E. Green, aged 61, joined the Group in 1965 as Group Chief Accountant. He was appointed to the board of Robert M. Douglas Holdings PLC as finance director in 1978. He is chairman of the Group's various pension funds, and is also a trustee of The Black Country Museum Trust.

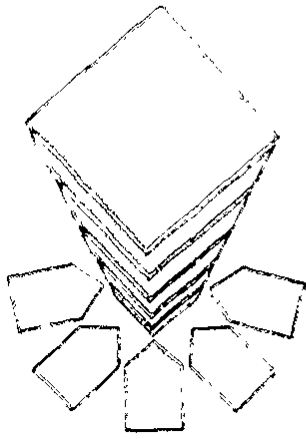
B. C. Morgan, aged 49, joined the Group in 1960. He was appointed a director of Robert M. Douglas Holdings PLC in 1986 and is managing director of Douglas Concrete & Aggregates Limited.

J. A. Sankson, aged 44, a solicitor, joined the group in September 1988 and became Group Secretary in May 1989. He was appointed to the board of Robert M. Douglas Holdings PLC in August 1989.

J. C. Lees, aged 65, a chartered accountant, was appointed a non-executive director in 1983. He spent many years in professional practice, and now acts as a non-executive director of various public companies.

D. C. Keys, aged 57, was appointed a non-executive director in 1989. He is chairman of the HFC Bank PLC, a non-executive director of the Norwich Union Group, and chairman or a director of a number of other public companies. Previously he was an executive director of Morgan Grenfell Group plc.

W. A. Barcroft, aged 63, joined the Group in 1989 as a non-executive director. Prior to retirement he was chairman and managing director of George Dew PLC, following a career as a chartered civil engineer on construction works at home and abroad.



Chairman's Statement

At a time of severe recession in the world economy and in particular in the British construction industry, it is extremely satisfying to be able to report to shareholders a profit before tax for the financial year ended 31st March 1991 of £11.05 million. The turnover of the Group at £339.2 million shows an increase of 4% over the previous year and the pre-tax profit represents a reduction of only 10.8% from the figure for the year ended 31st March 1990. In the very difficult trading conditions in which the construction industry worldwide is operating, this must be considered a satisfactory performance. Construction profits were an all-time record. Earnings per share have increased from 47.5p to 51.8p as a result of a lower (27%) tax charge, and net assets have increased from £45.4 million to £48.8 million.

Closure costs of the Rapid Metal USA operation have been taken as an extraordinary item and provision has been made for the anticipated loss on the sale of the Lakeland Village.

The Construction Division has enjoyed two Royal openings since the end of the financial year. Her Majesty The Queen opened the Events Centre at Sheffield on 30th May. We

have already built the Arena in Sheffield which has been used, along with the Events Centre, for the World Student Games. On 12th June Her Majesty The Queen, accompanied by HRH The Duke of Edinburgh, opened the International Convention Centre in Birmingham and kindly expressed pleasure with the concept and the execution of the building which is an outstanding project in every way. It includes the new Symphony Hall which has acoustics to rival any concert hall in Europe.

Our operations overseas have been affected by the recession in Australia and New Zealand, where our construction equipment companies remain profitable, albeit at a reduced level, and by the Gulf War in the Middle East, where both exports and local activity were affected by the tension in the area. Since the defeat of Saddam Hussein, business in Dubai has improved significantly and the situation in Oman is showing some slight improvement. We are monitoring every possibility of obtaining profitable work in Kuwait, but recent visits by some of our staff have confirmed the general impression that the level of business to be obtained there is still relatively small.



However, the opportunities in Saudi Arabia are more favourable. Recently Douglas Specialist Contractors has obtained slipform work in Trinidad.

Meanwhile, our Construction and Construction Equipment Divisions are investigating the potential in Central Europe and a number of interesting opportunities have already emerged. Our Construction Equipment Division operates in Ireland, France and Spain

within the European Community, and the Spanish venture is already promising, whilst activity in Ireland and France remains reasonably satisfactory.

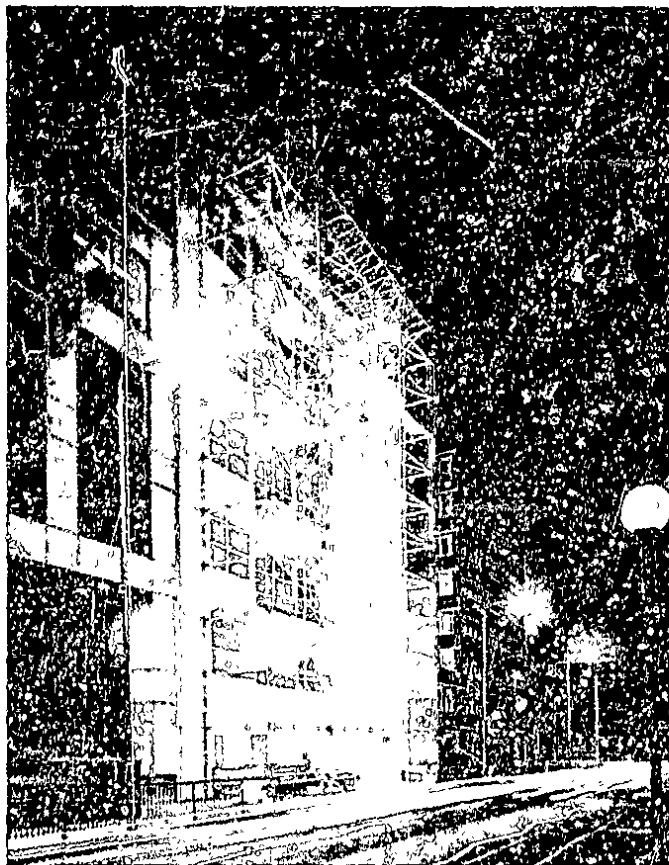
In the Housing and Property Division, Douglas Homes has increased its profit by successful marketing of starter homes in particular. Although the property development market has been more difficult, Waterlinks in Birmingham Heartlands has



1 International Convention Centre
Birmingham
Client: The Commonwealth NED
Limited
Architect: The Peter Thomas and
Newton Howard Wood Team
Partnership
Consulting Engineer: The Arup &
Partners
Quantity Surveyor: S&P & Fraser
Project Manager: David Burtall

2 Award winning design and build
office development at Mincel Street
Central London
Client: Eastmount Ltd

3 Block 1 of the first phase of Aston
Cross, part of the Waterlinks scheme
Client: Waterlinks Plc
Architect: Mies van der Rohe
Partnership
Engineers: Clarke Bond Partnership
Quantity Surveyors: Wakemans
Project Manager: Rose Project
Services



made a good start, and our policy of keeping financial exposure to a minimum while analysing all sensible openings will bear fruit in due course. Negotiations for the sale of the Lakeland Village are currently being progressed.

In our Specialist Contracting Division, both Douglas Specialist Contractors Limited and Hevilifts Limited increased their profit performance during the year. Currently local authorities and property developers seem reluctant to commit themselves to further expenditure on multi-storey car parks, the main field of operation for Douglas Specialist Contractors.

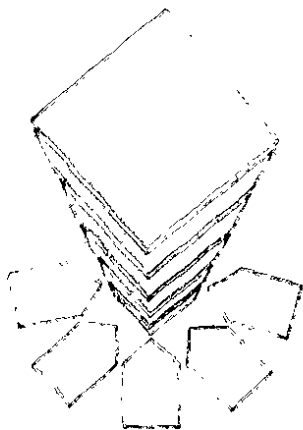
It is extremely difficult to predict when there will be a general improvement for the construction industry in the UK but, under present conditions, it is likely that our results for the current year will be less satisfactory than those for the year under review. Nevertheless, the position of the Douglas Group is very sound, with low gearing and the resources, both financial and in terms of experience and skills, to take advantage of such opportunities as arise in what must eventually be an improving situation.

Certain elements of construction demand, such as the projects being carried out by the water companies and by the Department of Transport, are not so seriously affected by the general recession, and it is pleasing to be able to report that the UK forward order book in the Construction Division now contains a higher proportion of civil engineering, and that the revenues in our Construction Equipment Division are approximately 35% related to water projects.

On behalf of all members of the company, I would like to thank our efficient and dedicated staff and workforce for their enthusiasm and determination to achieve the best results possible in what is proving to be a very testing period.

John Douglas, Chairman





Chief Executive's Review of Activities

We entered the current phase of the recession in the best possible shape. Gearing had fallen from 16% to zero and positive action had been taken on those companies whose performance had been unsatisfactory. The new organisational structures have settled down well, which was also timely in the context of the changing economy.

The result produced this year, only 11% down on the results of the previous year, was an excellent performance, better than that achieved by most companies in the sector. Turnover was at a record level but was easing towards the end of the year.

The recession has proved to be longer than was originally expected and certain redundancies became necessary to match cost profiles with expected revenues. This has to be an ongoing management process particularly if the recession deepens. It is management's task to manage difficult trading conditions: turnover for the sake of turnover is of no value and, therefore, we have to acknowledge that revenues are likely to reduce as the Group goes through a period of consolidation.

The market in the UK became increasingly more competitive during the year with

considerable pressure on margins. Emphasis has progressively moved to overseas activities. The foundation was laid in this year for a joint venture company in Spain for Rapid Metal Developments Limited and the extension of the RMD depots in France to Marseilles. The activities of Rapid Metal Developments Inc. in the United States were discontinued at the end of March 1991.

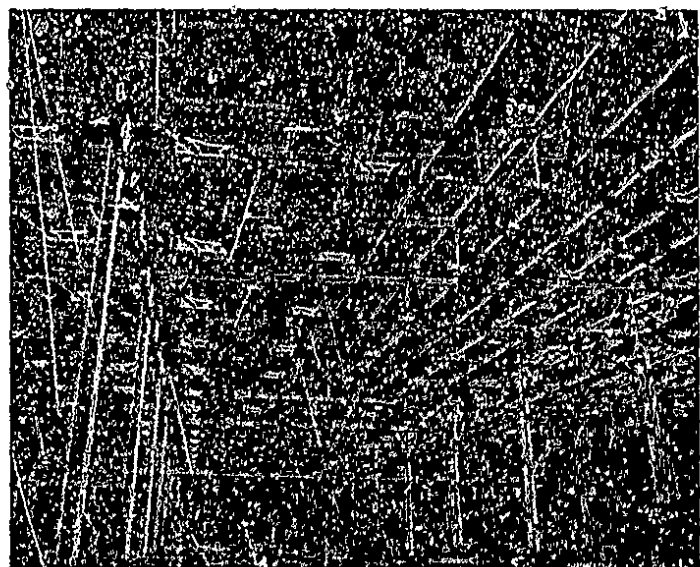
During the course of the year under review, Douglas Plant Limited became part of the Construction Equipment Division, and this restructuring is proving to be significant in containing costs and increasing market opportunities.

Market surveys have been carried out in Central Europe, Hungary, Czechoslovakia and Poland. The Middle East remains an area of opportunity, although Kuwait does not represent the major source of work which was previously envisaged. However, we are looking closely at starting a new operation in Abu Dhabi. We have also sold our interest in Lift Slab MISR in Egypt. Towards the end of the financial year, our interest in The Lakeland Village Limited was reduced from 51% to 49% and, since the year end, we

have increased our investment in Douglas Hill Developments Limited from 60% to 70%. Before referring to the specific Divisions, it is worth noting that our entry into housebuilding was very timely. It will be remembered that we entered this market at a time when the recession was beginning to affect it, looking at two target areas — luxury houses and accommodation for first time buyers. Our activities have grown well and have provided some compensation for the subsequent downturn in the construction market. In fact, we are currently buying

land in a cautious way, still in the Midlands, and at advantageous prices, to cater for the recovery when it occurs.

Bob Paine,
Group Chief Executive

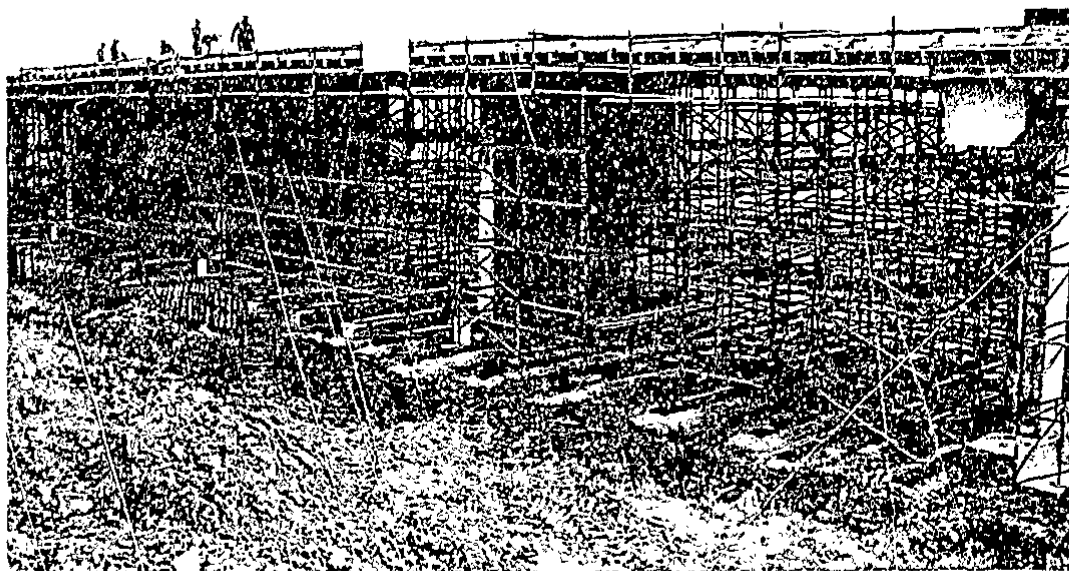


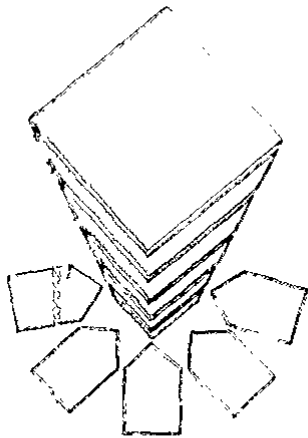


The first of the
 series of
 photographs
 showing the
 progress of the
 work on the
 site of the
 new building.

The second of the series
 showing the progress of the
 work on the site of the
 new building.

The third of the series
 showing the progress of the
 work on the site of the
 new building.





Construction Division

The Division has had an extremely successful year with a record level of turnover and profit, more than doubled, reflecting earlier buoyant trading conditions in the UK. During the year, however, workload has fallen as the recession has deepened, particularly in the South. New orders have been won at increasingly competitive prices.

In response to the change in the UK market, overhead costs have been cut back and some restructuring of the Division has taken place.

All areas made significant contributions to last year's record performance and the progress made by our civil engineering operations is particularly encouraging. Construction Management and Design and Build continue to represent over 50% of the workload.

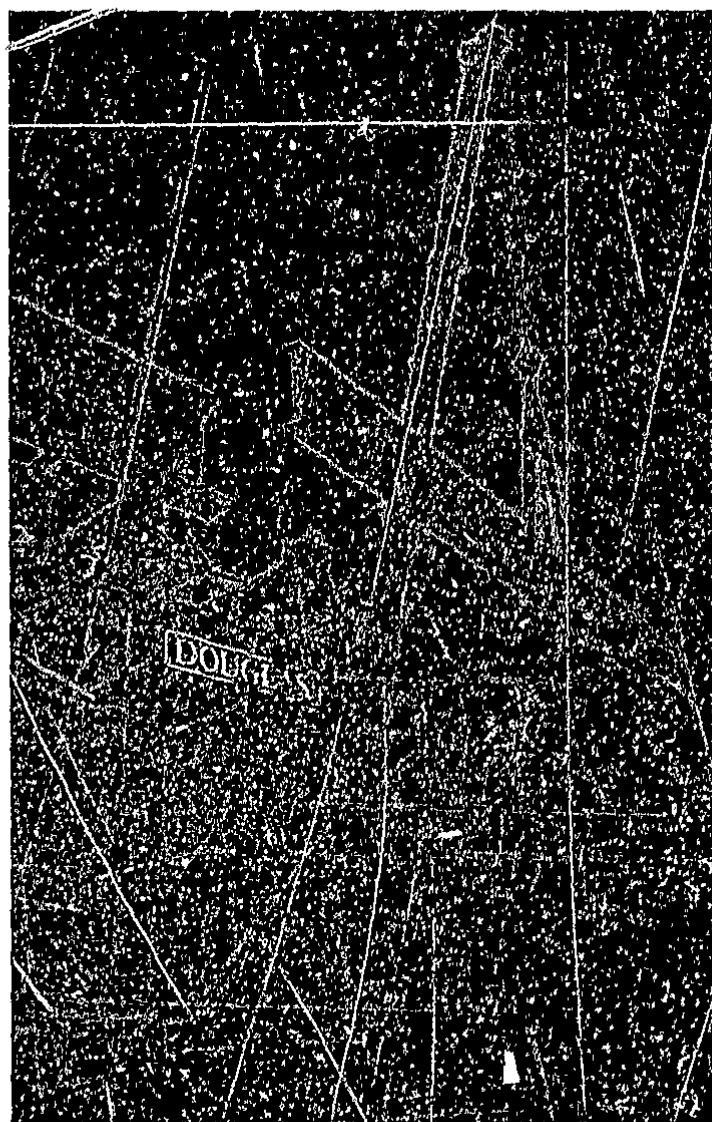
During the year, the surfacing activities of R. M. Douglas Asphalt and Paving Limited were transferred to the civil engineering division of R. M. Douglas Construction Limited, thereby strengthening the managerial control of this work and consolidating our road-building capability.

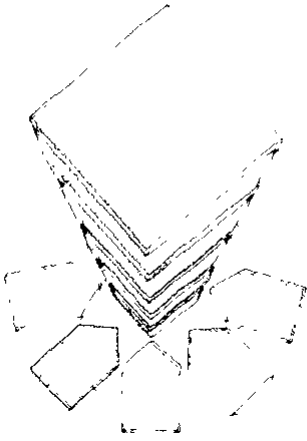
Douglas Technical Services Limited continued to make steady progress, reporting a 21% increase in turnover, with

all departments contributing to marginally improved profits. Design commissions from the Construction company's design and build operations, together with a major project for Racal Vodaphone, continued to be the main sources of work for the design department and further growth in this area is predicted with the increase in popularity of the design and build form of procurement. The soils investigation department performed well, providing an expanded technical support service to external clients on many major projects.

Despite difficult trading conditions in Dubai due to the general instability in the Gulf region, Khansaheb Civil Engineering produced a creditable performance, maintaining turnover at last year's level and reporting a profit well ahead of expectations. The Epoxy Coating Rebar Plant has been fully occupied throughout the year, making a significant contribution to profits. Our plant and transport holding has been maintained in excellent condition and we are in a strong position to take full advantage of improved market conditions as confidence returns to the area following the end of the Gulf War.

The year has been a





Construction Equipment Division

The Division experienced tightening market conditions during the year, particularly in the UK and Australasia, which resulted in a lower overall profitability than in the previous year. The Division has continued to strengthen its base and has maintained its market share in all areas. Ireland continued to be very successful and exceeded expectations.

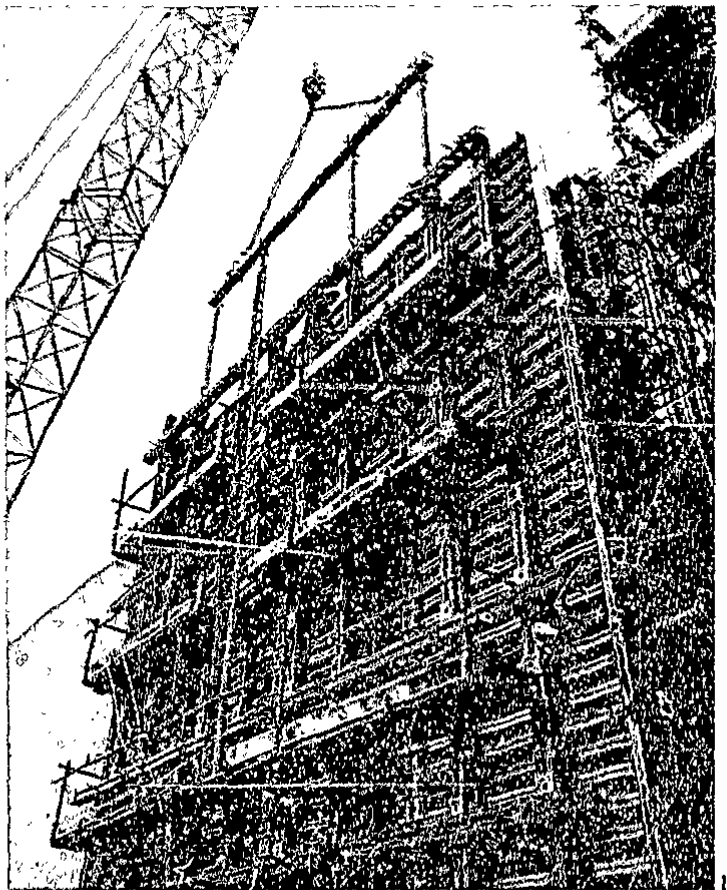
Rapid Metal Developments Limited experienced a significant decline in the market in the second half of the year, and this resulted in reduced revenue and profitability. Developments have continued in computer-aided design and new computer-based management systems are now in place. The company is also well along the path working towards quality assurance registration. Efforts have been concentrated on obtaining work from the enhanced roads programme and the water and sewerage environmental work.

Rapid Metal Developments (Aust.) Pty. Limited experienced a very difficult year within the Australian economy, which resulted in reduced opportunities in civil engineering and building work. There are no immediate signs of improvement in the Australian economy, although

we are optimistic that, in the latter part of 1991/92, industry will show signs of recovery. We are seeking opportunities to diversify the business around its mainstream activities.

New Zealand also experienced a continuation of the previous year's market difficulties, with the civil engineering and building industry severely affected. Although there was a reduction in accompanying business levels, the New Zealand company improved its return. The market is expected to remain flat for the immediate future with an upturn in the latter part of the financial year.

Ireland continued to move ahead, with a significant improvement in profitability, but there were signs towards the end of the year that the market was slowing down. Diversifications are being sought with development into associated product areas. Réalisations Métalliques Développées SARL maintained its revenue and profitability but, in the latter half of the year, noted a slowing down of the French economy and deferment of maintenance work in the petrochemical industry on account of the Gulf War. Regional coverage has been extended by development into



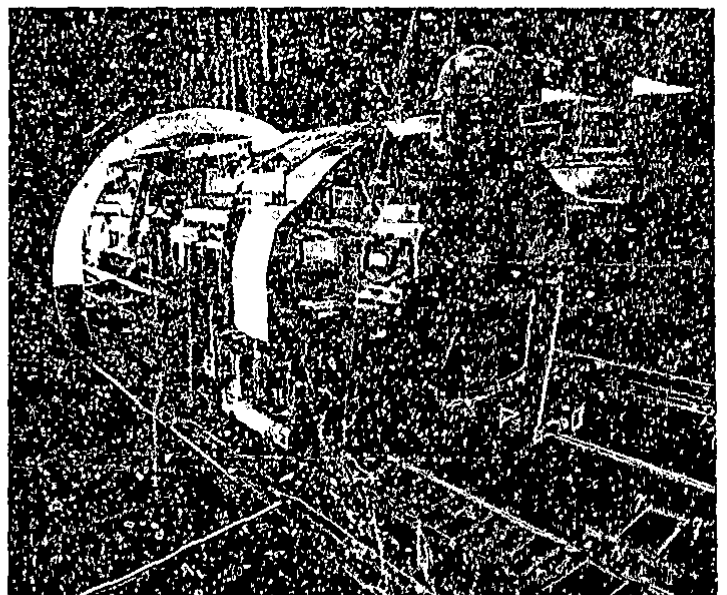
the south of France, which will provide the base for further growth.

Problems in the Gulf during the last year affected Rapid Metal Developments (UAE) Limited through loss of confidence in the associated territories and a hardening of margins in those areas where investment was taking place. Following the cessation of hostilities, the company is now actively promoting its services in areas of reconstruction.

It was decided to withdraw from the USA during the year as market conditions were very difficult and there was no

foreseeable improvement in the trading position.

Douglas Plant Limited experienced a continuation of the difficult conditions within the housing sector and increased competition in other areas. There has been a consolidation of activities and a merging of regional interests with RMD in the UK. The company is now well placed to take advantage of the upturn in the market when it occurs.





1 RMD Aluminoboron covered pier steel soldier in use on the 455 North Wales Coast Road Improvement Project. It is one of the 14 x 14 x 12 ft ever steel height wall formwork panels. Main Contractor: Latere Civil Engineering Consulting Engineer: James Morgan

2 2.25 metre diameter ocean outfall tunnel at Bondi Sewerage Treatment Works, New South Wales, Australia. Client: The Metropolitan Water Sewerage and Drainage Board. Main Contractor: Philip Holmann AG.

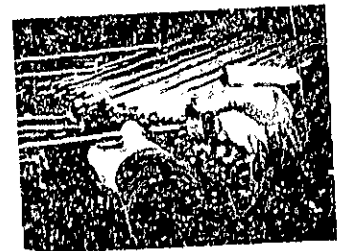
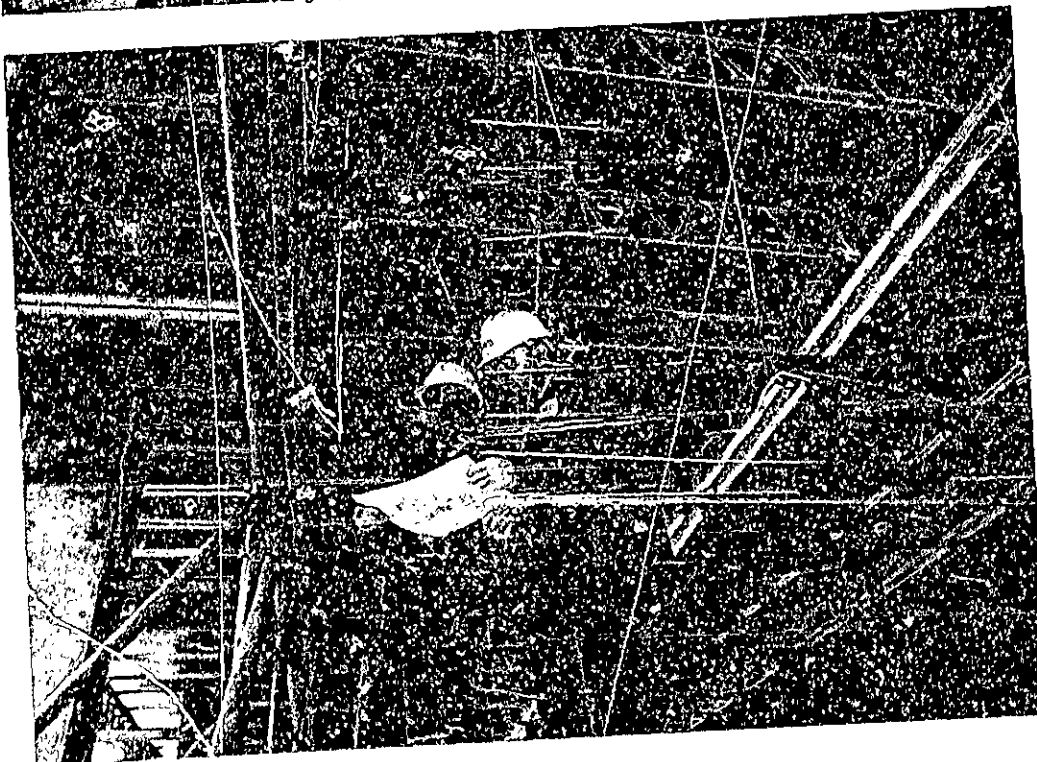
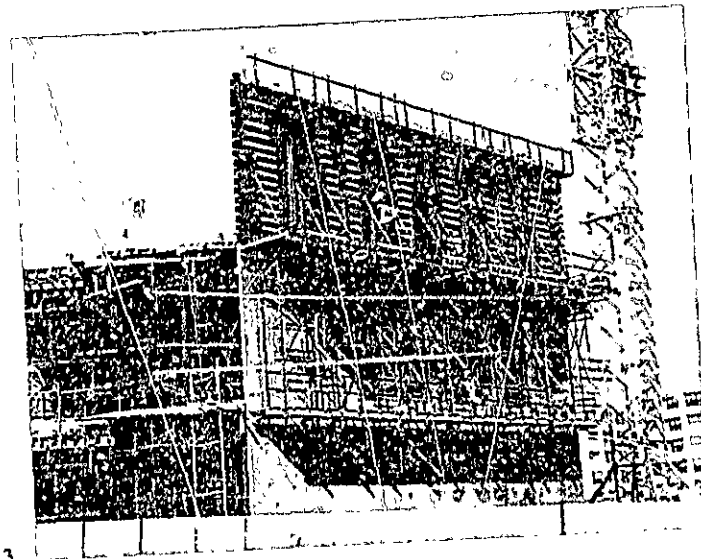
3 Tension testing of tie rods to ensure they meet RMD's exacting quality standards.

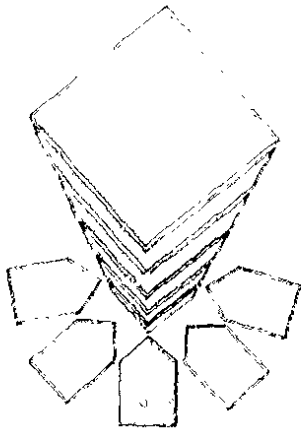
4 Portable deluxe office accommodation for British Gas, supplied and fitted out by Douglas Plant Ltd.

5 RMD Climbing forms on service cores of a 25 storey development in Abu Dhabi. Main Contractor: Consolidated Contractors International.

6 RMD staff and equipment on site of Alexander Stadium, Birmingham. Main Contractor: George Subbings.

7 Production of high tensile steel tie rods at RMD's Aldridge works.





Housing and Property Division

Very difficult trading conditions in the property sector have resulted in a slowing of progress for R. M. Douglas Property Developments Limited, its subsidiary and associated companies. However, successful sales during the year have ensured that a modest level of profitability has been achieved. During the year, construction work has commenced on a major office re-development project in Edgbaston, Birmingham, where all the space has been pre-let. Planning work has proceeded on sites in the Black Country, Walsall, and on our 162 acre Weatheroak Business Park, south of Birmingham. Within the Birmingham Heartlands Urban Regeneration initiative, Waterlinks Plc (in which we have a 23% interest; has made good progress in a difficult market with three quarters of newly developed office space let or sold to owner occupiers, and with market interest in this project remaining encouragingly high. We continue actively to seek out opportunities which will provide profitable development work as soon as demand returns to the property market, concentrating primarily in the Midlands area. Since the year end, we have

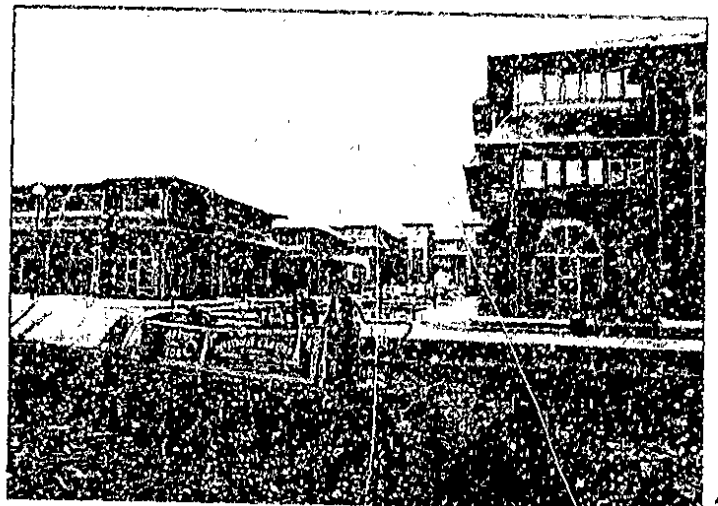
increased our shareholding in Douglas Hill Developments Limited from 60% to 70%. This reflects our belief in the long term profitability of that company.

Towards the end of the financial year under review, we reduced to 49% our shareholding in The Lakeland Village Limited and (indirectly) in its subsidiary company, Lakeland Management Limited. Our efforts to dispose of our interest in the Lakeland Village, which does not fit comfortably with our mainstream activities, are continuing.

Douglas Homes Limited has achieved a £7.3 million turnover in its second full year of trading and this has resulted in increased profits against a background of difficult market conditions.

In the last twelve months we have been able to complement our executive homes range with a successful starter home site, which has reduced the average sales value per unit down to £76,000 but, in turn, has increased profitability despite severe depression in the housing market.

The designs of our homes for first time buyers have not only been well received in terms of numbers sold but have led to successes both in 1990 and 1991 with 190 of our starter



1 Sales staff with winners of one of the Douglas Show Houses

2 Roman Gate, Douglas Homes award winning starter home development at Cosely

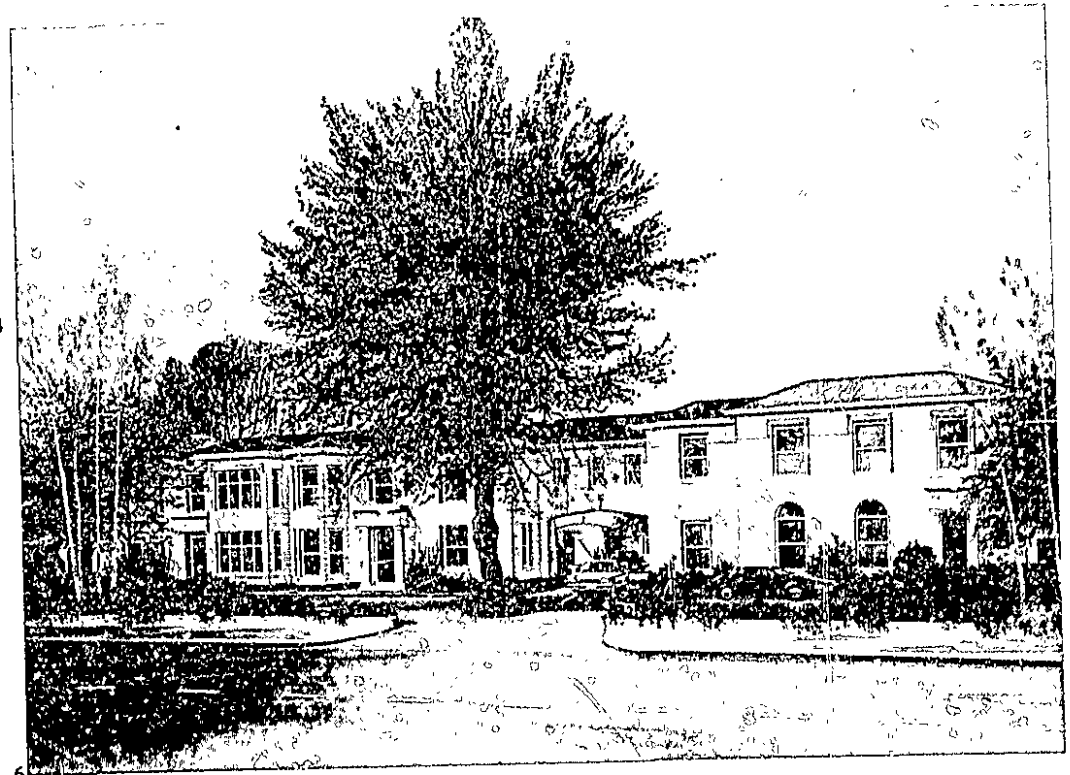
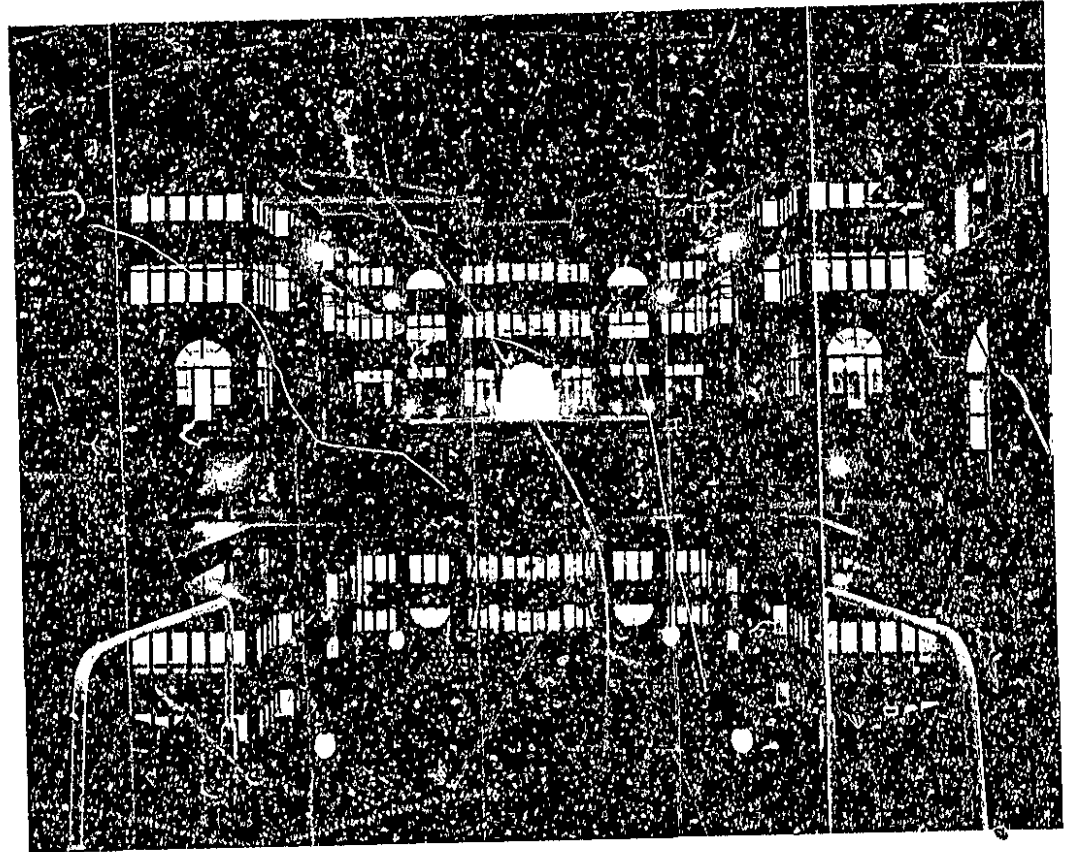
3 Aston Cross, the first project undertaken by Douglas Property Development's Waterlinks joint venture

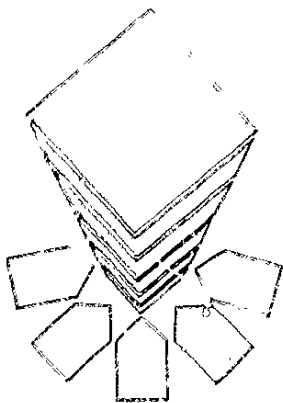
4 Peter Moran, Douglas Property Managing Director, tips out the company's prestige Highfield Road development in Edgbaston along with Neil Fowles of Bakeries, who will occupy the building

5 The first phase of Aston Cross Waterlinks Ltd's flagship commercial office development

6 Douglas Property's Highfield Road development which, on completion will become the Head Office of Chartered Quantity Surveyors, Wakemans
Consultant Architect Norton Spence Associates
D & B Architect Rathbone & Taylor
Main Contractor Moffat Whinall

homes developments receiving design awards. We have confidence in this market, fully expecting the first time buyer to lead any recovery later this year. Our selective land purchases and planning permissions offer the ability this year to construct additional homes, targeted at first time buyers, and enable us to look forward to an improved level of trading for the next twelve months.





Materials Supply Division

After three years of spiralling levels of demand, it was inevitable that this Division should begin to feel the effects of the economic downturn during the year under review. With severe winter weather conditions also restricting volume, the overall result was highly satisfactory, with profits down by only 23% on a slightly reduced turnover.

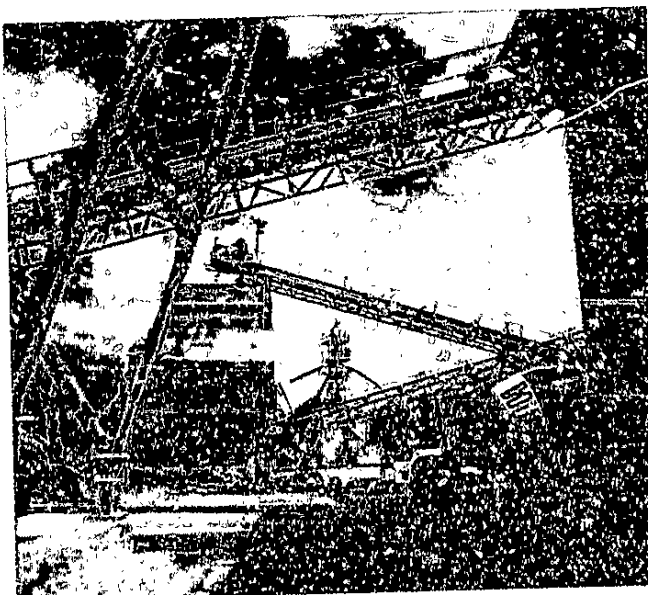
Profit margins on ready-mixed concrete showed a steady decline throughout the period as competition increased in a diminishing market.

Although production is holding up well in the current year, it now appears unlikely that there will be sufficient stimulus in the economy to restore this Division within the immediate future to its recent levels of profitability.

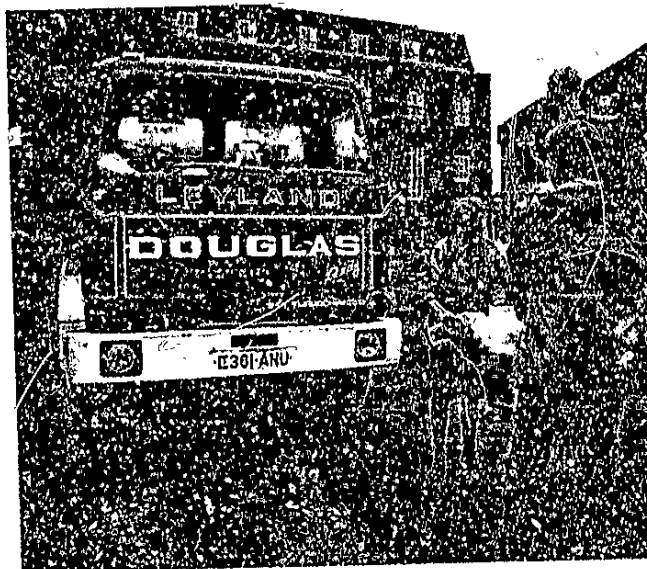
The long-term prospects have been improved by the acquisition of further sand and gravel bearing land in Staffordshire. Planning consent is expected shortly for a deposit of 2 million tonnes which will be processed at our existing Barton-under-Needwood quarry. The Staffordshire County Aggregates Plan has also allocated an area of 132 acres adjoining the quarry for future extraction. As previously reported, we have an option to purchase that land.

Due to the expiration of the lease, our ready-mixed concrete depot in Leicestershire is being relocated on a freehold site at Coalville. This new, fully-computerised plant enjoys enlarged capacity and follows the company's policy of ensuring that the client's most exacting technical requirements can be met.

Plans are now being prepared for the final stage of the computerisation programme which links the company's nine ready-mixed concrete depots with the Divisional head office at Barton-under-Needwood. This will enable management to exercise even greater control over quality assurance and fleet utilisation throughout the strategic area of the Midlands served by the company's depots.



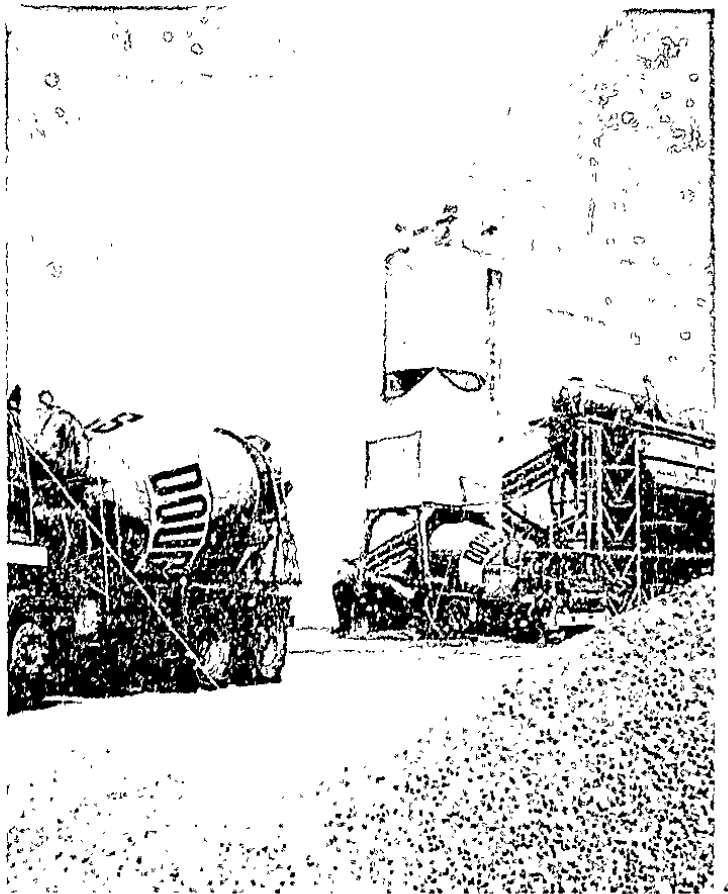
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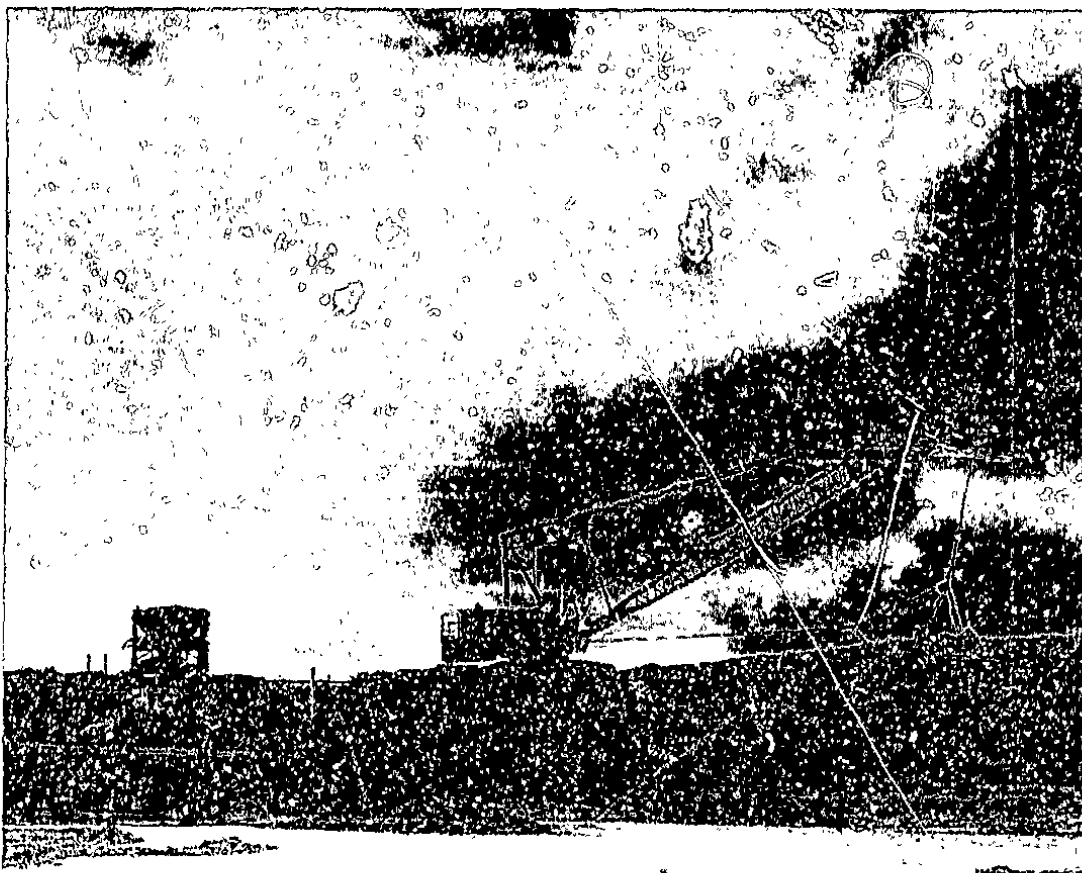
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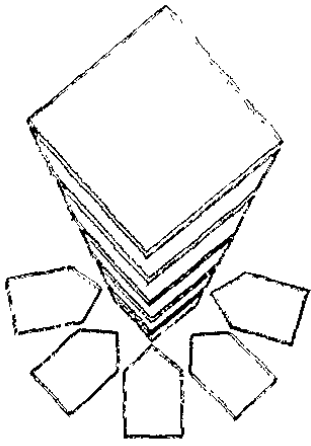
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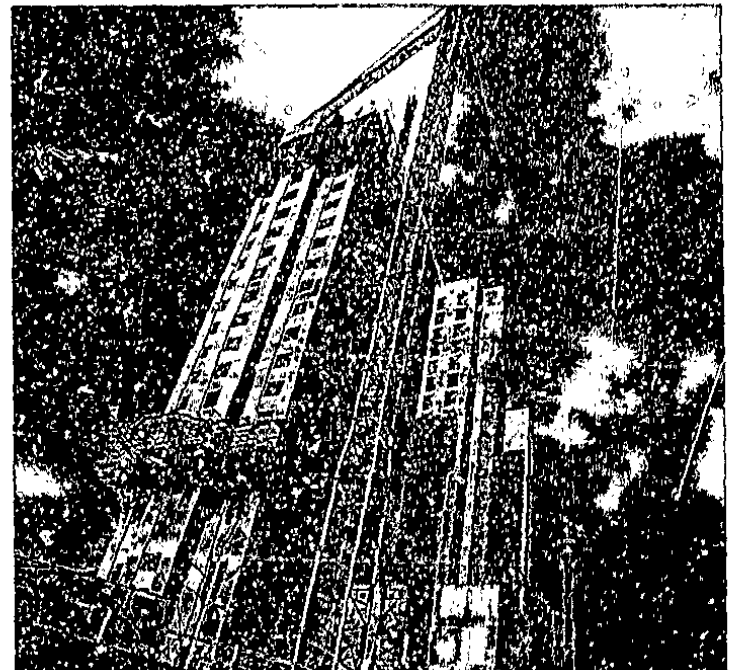
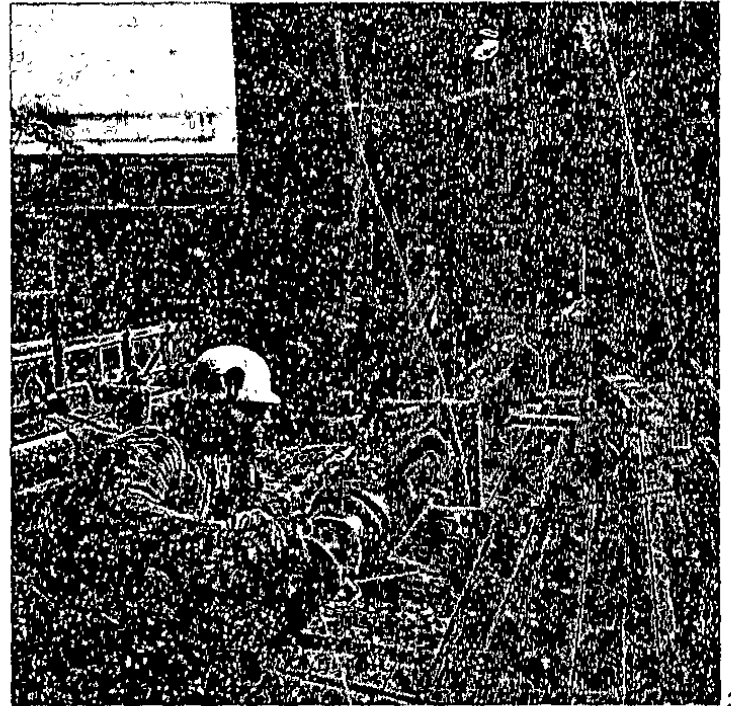
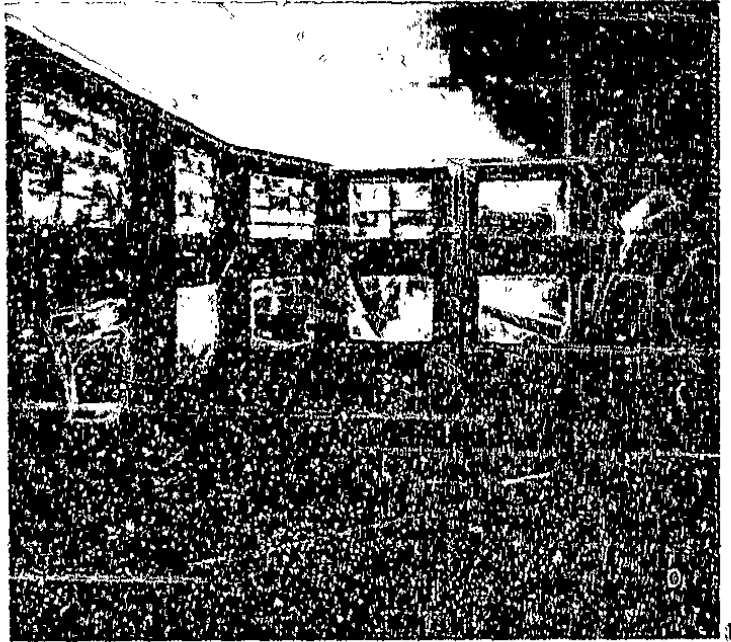
Specialist Contracting Division

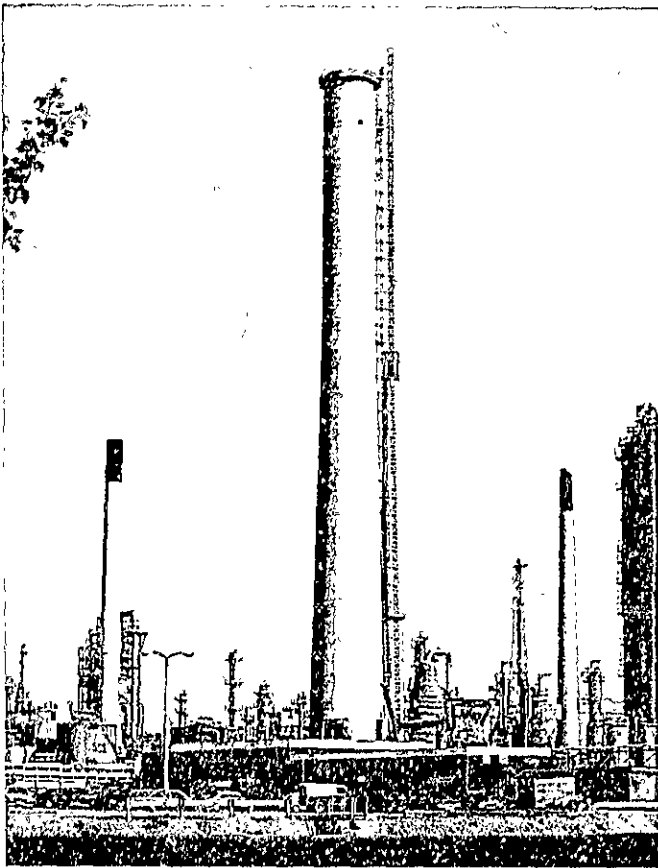
Douglas Specialist Contractors Limited has had a very successful year with turnover and profitability increased by 46% from the previous year, reaching an all-time high.

The company obtained orders for the design and construction of multi-storey car parks at Barking, Ealing and St. Albans, and all of these have been successfully completed recently, as has the slipforming of vertical reinforced concrete structures in Glasgow, Edinburgh, Immingham and Brighton. These activities, plus the activities of the company's electrical installations department, all contributed to a successful year.

Further technical advances have been made by our structural design department including a long span version of the popular warped slab multi-storey car park which we have designed, and of which a prototype has been constructed. All structural and architectural drawings are now produced by computer-aided design, further enhancing the efficiency of that department by enabling high quality detailed drawings to be produced even more quickly. Hevillifts Limited also traded profitably during its first full year as part of the Division. It successfully carried out five

major railway bridge relocations during the period, in addition to securing a significant workload in supplying and operating jacking equipment in connection with the Midlands Links motorway repair programme. Further orders have been, and are being, obtained this year for similar works associated with major civil engineering contracts, indicating that the profitability of the company should increase again. During the year, the Division sold its interest in The Egyptian Company for Construction and Development (Lift Slab MISR).





1 *Exterior view of the power station at Dagenham, London Borough of Dagenham*
 Client: London Borough of Dagenham
 Design and Managing Contractor: Trevor Crocker & Partners

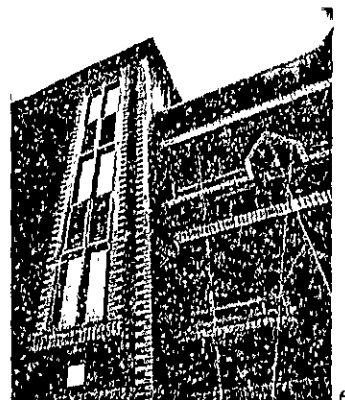
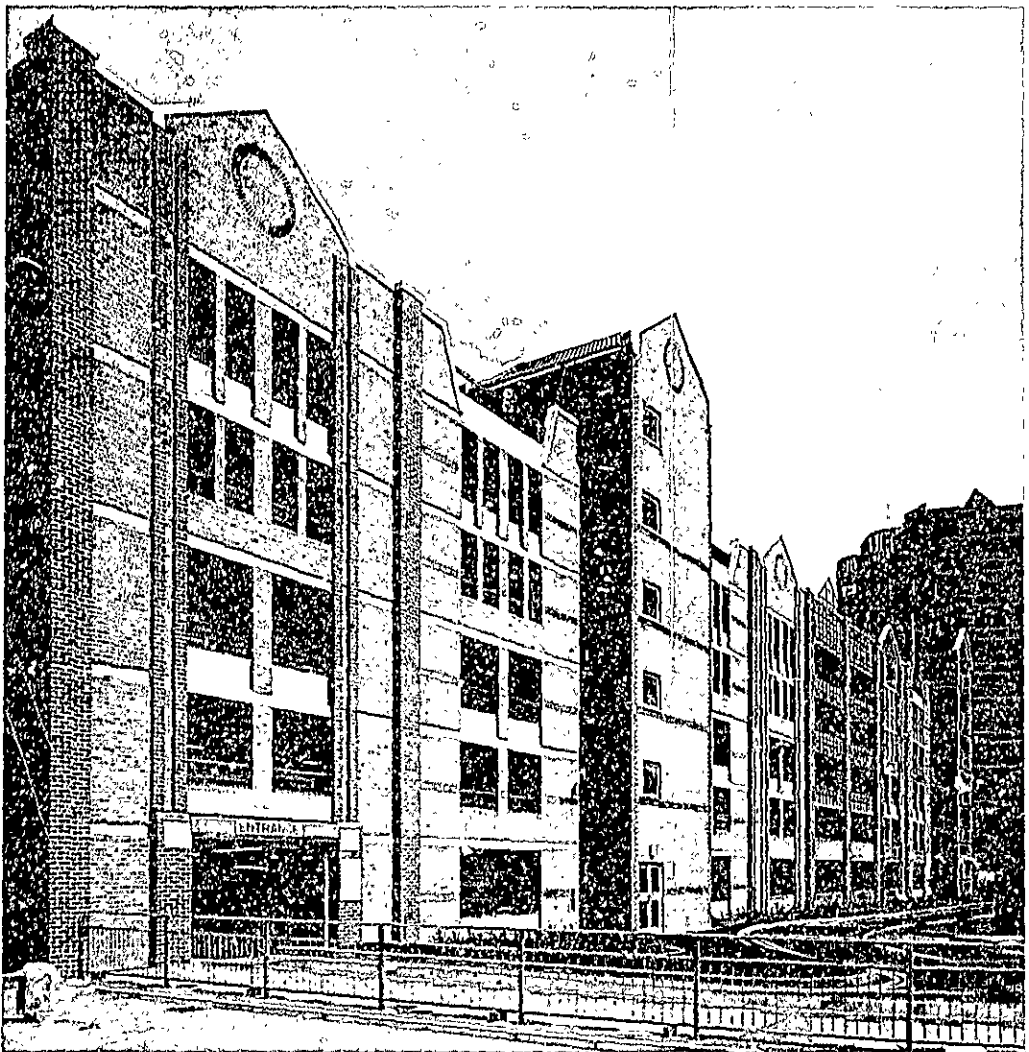
2 *Railway bridge slide by Hovells Ltd at Preston*
 Design and Managing Contractor: Cementation Projects Ltd
 Consulting Engineer: Trevor Crocker & Partners

3 *Three service cores to the 20 storey Glasgow Hilton, supervised by DSC*
 Client: Hilton International
 Architect: Crenar & Partners
 Consulting Engineer: Cundall Johnston & Partners
 Quantity Surveyor: Monro White Hilton & Partners
 Main Contractor: Taylor Woodrow Construction (Scotland) Ltd.

4 *4/28 storey apartment block in Birmingham 1970. Refurbishment by DSC*
 Client: Refurbishment and Main Contractor: Barron & Partners

5 *Barking multi-storey car park designed and built by DSC*
 Client: London Borough of Barking & Dagenham

6 *Detail of Liding multi-storey car park, also designed and built by DSC using the lift slab method*
 Client: London Borough of Liding



Report of the directors

The directors present their annual report and the audited financial statements for the year ended 31st March 1991.

Principal activities

The company is a holding company. Its operating subsidiaries carry on businesses of civil engineering and building contracting, property development, sale and hire of plant and equipment and the production of sand, gravel and ready-mixed concrete. In the opinion of the directors, these activities are inter-related and inter-dependent.

The company's trading subsidiaries are listed on pages 40 and 41. There are other subsidiaries within the Group, details of which will be shown in the annual returns to be submitted to the Registrar of Companies but, since those other subsidiaries are not trading, they have no material effect upon the Group's results and are not considered relevant for the purposes of this report.

Review of activities

A review of the Group's activities is given on pages 8 to 19 of this report.

Profit and dividends

The year under review saw the Group's turnover increase from £327 million to £339 million, a small improvement on the turnover of the previous year. Profit on ordinary activities before taxation was £11.052 million. Full details of the Group's trading results for the year are shown in the consolidated profit and loss account on page 25.

An interim dividend of 3.0p per ordinary share was paid on 25th February 1991 to shareholders whose names were entered in the register of members at the close of business on 4th January 1991.

The directors are recommending a final dividend of 7.5p per ordinary share, payable on 30th September 1991 to shareholders whose names are entered in the register of members at the close of

business on 16th August 1991. If this final dividend is approved by shareholders, the total dividend for the year ended 31st March 1991 will be 10.5p per ordinary share.

Tangible assets

Movements in tangible assets during the year are shown in note 13 to the financial statements on pages 33 and 34. There were no significant changes during the year in the tangible assets of the company and its subsidiaries other than the renewal of plant and equipment in the normal course of business.

The major parts of the Group's freehold and leasehold land and buildings were last revalued at 31st March 1989 at open market value on an existing use basis.

Directors

The names of the present members of the board are shown on page 4 and brief details of those directors are given on page 5. All of the present directors served throughout the year under review. Mr. M. V. Manzoni also served throughout that year, but retired from the board on 17th May 1991.

Mr. B. C. Morgan and Mr. H. E. Green retire by rotation at the annual general meeting in accordance with the company's articles of association and, being eligible, offer themselves for re-election. Mr. Green has a contract of service with the company which is determinable by the company on three years' notice. Mr. Morgan does not have a contract of service of more than one year's duration.

None of the directors (and no person connected with the directors for the purposes of the Companies Act 1985) had any material beneficial interest in any transaction or arrangement to which the company or any of its subsidiaries was a party during the year.

Directors' interests

The interests of all persons who held office as director at 31st March 1991 (together with the interests of their families) in the share capital of the company are shown in note 3 to the financial statements on page 31.

Report of the directors

Substantial holdings

As at 31st July 1991, the following notifiable interests in the ordinary share capital of the company had been disclosed to the company:—

	Holding	%
Govett Strategic Investment Trust PLC*	3,047,276	19.47
Govett U.K. Smail Companies Fund*	390,000	2.49
Dalgety Pension Trust*	400,000	2.55
Allied Lyons First Pension Trust*	125,000	0.80
Mrs. S. M. Douglas	2,960,510	18.91
Mrs. J. E. Lees	1,930,053	12.33
Mr. F. W. Carder	1,532,125	9.79
Prudential Assurance Company PLC	956,774	6.11
Sir Robert M. Douglas	484,925	3.10
Mr. J. M. Douglas	588,993	3.76
Mr. R. P. Douglas	547,987	3.50
Mr. M. J. D. Lees	504,507	3.22

*These holders are parties to an agreement to which section 204 of the Companies Act 1985 (as amended) applies. Accordingly, each one of such holders is taken to be interested in the holding of each of the other parties to that agreement, and the company's registers have been written in a manner which reflects this.

The interests of Mrs. S. M. Douglas noted above include the interests of Mr. J. R. T. Douglas. Similarly, the interests of Mrs. J. E. Lees noted above include the interests of Mr. J. C. Lees. Such interests, along with the interests of the other directors of the company who held office at 31st March 1991, are shown in note 3 on page 31.

The number of ordinary shares of 25p each in issue at 27th August 1991 is 15,653,760.

Employees

The average number of persons employed each week in the year was 2,884. The aggregate remuneration amounted to £40.145 million. Further details are set out in note 3 to the financial statements on page 30.

The Group is committed to an equal opportunities policy in its businesses. In the United Kingdom it follows the codes of practice issued by the Equal Opportunities Commission and the Commission for Racial Equality. The Group also seeks to give full and fair consideration to applications for employment received from disabled persons with appropriate skills and qualifications, having due regard to their particular aptitudes and abilities. The company and its subsidiaries endeavour to ensure that employees who are or who become disabled benefit from training and career development opportunities in common with other employees. The common objective of all Group companies is to establish equitable remuneration practices which attract, motivate and retain personnel, and the Group also supports the youth training scheme throughout the United Kingdom.

It is the policy of the Group that the operations of the company and its subsidiaries are executed at all times in such a way as to ensure, so far as reasonably practicable, that standards of health, safety and welfare are maintained in respect of all its employees and of all persons likely to be affected by the Group's operations. This policy is a major concern of senior management, who are accountable to the directors for its overall implementation.

The Group is committed to good communications aimed at achieving a better understanding of and commitment to its corporate objectives, and seeks to maintain and develop its established procedures for ensuring that employees at all levels are kept informed about matters which affect their occupations and future prospects. This is done through many processes, some well established and others being developed, and the consultative procedures within the Group include management meetings, consultative committees, company newsletters and bulletins and a wide range of other procedures, both formal and informal.

Report of the directors

UK pensions

Following an actuarial review as at 1st April 1990, employer contributions to the UK pension funds were maintained as from 1st April 1991 at the level previously applicable. The level of employer contributions actually made is that which the board considers reasonable to minimise fluctuations in company contribution costs, although the incidence of contributions and of the cost charged in the company's accounts may not be exactly the same. The pension cost charge shown in the company's accounts is calculated in relation to the UK defined benefit pension schemes in accordance with Statement of Standard Accounting Practice 24 and totals £570,000. Contributions paid by the company during the year amounted to £590,000 and, having regard to provision made in the previous year, the result is a provision in the balance sheet at 31st March 1991 of £30,000.

Charitable donations and political contributions

Charitable donations made during the year amounted to £67,000. In addition, further charitable donations were made by trusts set up for that purpose by the Douglas family. A contribution of £6,000 was made to the Conservative Party.

Special business to be considered at the annual general meeting

A special resolution is to be proposed at the annual general meeting intended to renew the directors' power to allot unissued shares without the need to comply with statutory pre-emption provisions included in the Companies Act 1985.

Section 80 of the Companies Act provides that the authority of shareholders is required before the directors may make any allotment of unissued share capital (other than in cases where shares are allotted under employee share schemes). Accordingly, resolution 7(A) provides that your directors will have authority, until the date of the 1992 annual general meeting or until 25th December 1992 (whichever date first occurs), to allot relevant securities as defined in the Companies Act 1985 (which expression includes ordinary share capital) up to an aggregate nominal amount of £1,086,560.

The purpose of resolution 7(B) is to disapply the statutory pre-emption provisions of the Companies Act 1985. Section 89(1) of that Act provides that equity securities as therein defined (which expression also

includes ordinary share capital) which are to be allotted for cash, must first be offered to shareholders in proportion to their existing holdings. Resolution 7(B) is intended to enable directors to allot equity securities for cash without first offering them to existing shareholders, but only in the following cases:—

- (a) on a rights issue (where directors may wish to make exclusions because of fractional entitlements or because of the requirements of particular overseas jurisdictions), and
- (b) in other circumstances, provided that the nominal value of the shares to be allotted does not exceed £195,672, this being equivalent to 5% of the company's issued share capital.

The directors have no present intention to allot any equity securities to which this resolution would apply, but they do consider it desirable that the company should continue to have the flexibility provided by the resolution.

Extraordinary general meeting

At an extraordinary general meeting to be held immediately after the annual general meeting, shareholders will be asked to consider an ordinary resolution approving amendments to the company's savings-related share option scheme. This item is explained more fully in the letter sent to shareholders in connection with the extraordinary general meeting.

Auditors

Touche Ross & Co. have indicated their willingness to accept appointment as auditors for a further term, and a resolution for their re-appointment will be proposed at the annual general meeting.

General

The company is not a close company within the meaning of Section 414 of the Income and Corporation Taxes Act 1988.

On behalf of the board

J. R. T. Douglas
Chairman

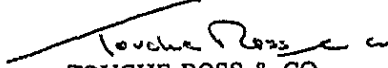
Birmingham
27th August 1991

Report of the auditors

TO THE MEMBERS OF ROBERT M. DOUGLAS HOLDINGS PLC

We have audited the financial statements on pages 24 to 41 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and of the Group at 31st March 1991 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


TOUCHE ROSS & CO.
Chartered Accountants

Kensington House,
136 Suffolk Street Queensway,
Birmingham.
B1 1LL

24th July 1991

Statement of accounting policies

The financial statements have been prepared in accordance with Statements of Standard Accounting Practice issued by UK accounting bodies. Particular accounting policies are described below.

Accounting convention

The financial statements have been prepared under the historical cost convention, adjusted to include the revaluation of certain assets.

Consolidation

The Group accounts include the financial statements of all trading subsidiaries. Results of subsidiaries acquired or sold are included from or until the date of acquisition or disposal respectively. Goodwill is written off to reserves in the year of acquisition. The Group's share of the results and retained earnings of associated companies is included in accordance with standard accounting practice. Associated companies are those in which the Group holds at least twenty per cent of the equity share capital and actively participates in policy decisions.

Turnover

Turnover comprises the value of work performed, goods sold and services provided during the year, excluding intra-group transactions, and includes the Group's share of joint ventures' and associated companies' turnover.

Operating profit

This comprises the results of trading, private housing development and property development. It includes residual profits and losses on contracts completed prior to the accounting date, and profits earned to that date on certain contracts at an advanced stage of completion, based on valuations by officials of the companies. No credit is taken for contract claims until cash is received. Profit is taken on sales of newly-constructed homes and land and commercial properties on legal completion, with full provision being made for all costs of sales.

Stocks

Valuations are at the lower of cost and net realisable value on bases appropriate to the circumstances of the various businesses. In the case of development stocks, cost includes the interest on borrowings to finance the production of these stocks.

Long term contracts

Long term contracts in progress are valued on the basis of cost of material, labour and direct site expenses, less foreseeable losses and progress payments received, and are included in work in progress. On the completion of identifiable stages of contracts, foreseeable profit is recognised and the costs, plus attributable profit less progress payments received, are shown as amounts recoverable on contracts within debtors.

Fixed assets

Tangible assets

Depreciation is provided on the original cost or valuation of all tangible assets, except freehold land and investment property, on a straight line basis calculated to write off the assets over their expected useful lives as follows:—

Freehold and long leasehold buildings	— 1% to 2% per annum
Short leasehold buildings	— over remaining life of lease
Plant and vehicles	— 10% to 50% per annum

Investments

Shares in Group and associated companies are stated at cost less amounts written off where, in the opinion of the directors, there has been a permanent diminution in value.

Leased assets

Assets acquired under finance leases are capitalised as tangible assets at fair value and are depreciated over the useful life of the assets. The corresponding obligation is included as a creditor and the interest element of the finance charge is charged to the profit and loss account over the term of the lease obligation so as to produce a constant periodic rate of charge on the remaining balance of the obligation for each accounting period. Hire purchase transactions are dealt with similarly.

Rentals payable under operating leases are charged to profit and loss account as incurred.

Deferred taxation

Deferred taxation is provided on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Foreign currencies

Foreign currency assets and liabilities are translated at closing rates of exchange. Exchange differences arising from applying closing rates to the opening net assets of overseas businesses are taken direct to reserves.

Profits and losses of overseas subsidiaries are translated into sterling at the average rate for the year.

Pension costs

Robert M. Douglas Holdings PLC operates a number of defined benefit pension schemes for the Group's employees in the UK. All are funded.

These are the principal schemes and the accounting policy is to provide for the cost of retirement benefits during the period of employment of scheme members in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

The funding policy is similar, although the incidence of contributions and pension cost may not be exactly the same.

The costs relating to a defined contribution type scheme represent the contributions payable.

Consolidated profit and loss account for the year ended 31st March 1991

	<i>Note</i>	1991 £,000	1990 £,000
Turnover			
The company and subsidiaries	1	282,046	281,559
Share of joint ventures		44,220	33,382
Share of associated companies		12,914	11,780
Total turnover	1	<u>339,180</u>	<u>326,721</u>
Operating profit	2	10,980	13,454
Interest receivable	4	2,799	921
Interest payable	5	(2,790)	(2,643)
Share of results of associated companies		<u>63</u>	<u>659</u>
Profit on ordinary activities before taxation	6	11,052	12,391
Taxation on profit on ordinary activities	7	<u>2,979</u>	<u>4,989</u>
Profit on ordinary activities after taxation		8,073	7,402
Minority interest		<u>36</u>	<u>60</u>
Profit before extraordinary items		8,037	7,342
Extraordinary items	8	<u>2,291</u>	<u>105</u>
Profit attributable to members	9	5,746	7,237
Dividends	10	<u>1,629</u>	<u>1,629</u>
Profit retained		<u>4,117</u>	<u>5,608</u>
Earnings per share	11	<u>51.9p</u>	<u>47.5p</u>

The statement of movement on reserves is shown in note 23.

Consolidated balance sheet at 31st March 1991

	Note	1991 £,000	1990 £,000
Fixed assets	12	26	26
Intangible assets	13	45,802	50,288
Tangible assets	15	1,570	3,205
Investments		<u>47,398</u>	<u>53,519</u>
Current assets	16	18,219	16,751
Stocks	17	2,670	6,114
Work in progress	18	46,031	49,394
Debtors		19,454	18,902
Bank and cash balances		<u>86,374</u>	<u>91,161</u>
Creditors: amounts falling due within one year	19	<u>78,571</u>	<u>93,757</u>
Net current assets (liabilities)		<u>7,803</u>	<u>(2,596)</u>
Total assets less current liabilities		55,201	50,923
Creditors: amounts falling due after more than one year	20	2,953	3,087
Provision for liabilities and charges	21	3,437	2,441
Net assets		<u>48,811</u>	<u>45,389</u>
Capital and reserves	22	3,875	3,871
Called up share capital	23	180	170
Share premium account	23	10,783	11,267
Revaluation reserve	23	1,914	2,127
Other reserves	23	32,017	27,894
Profit and loss account		<u>48,769</u>	<u>45,329</u>
Shareholders' funds		<u>42</u>	<u>60</u>
Minority interest in subsidiary companies		<u>48,811</u>	<u>45,389</u>

The financial statements were approved by the board of directors on 24th July 1991 and signed on its behalf by:

J. R. T. DOUGLAS

Directors

H. E. GREEN

Balance sheet of Robert M. Douglas Holdings PLC at 31st March 1991

		1991	1990
	Note	£,000	£,000
Fixed assets			
Tangible assets	13	10,330	10,237
Investments	15	2,272	2,585
		<u>12,602</u>	<u>12,822</u>
Current assets			
Debtors	18	6,260	6,475
Bank balance		17,501	17,000
		<u>23,761</u>	<u>23,475</u>
Creditors: amounts falling due within one year	19	<u>26,070</u>	<u>26,060</u>
Net current liabilities		<u>(2,309)</u>	<u>(2,585)</u>
Total assets less current liabilities		10,293	10,237
Provision for liabilities and charges	21	<u>1,354</u>	<u>1,361</u>
Net assets		<u>8,939</u>	<u>8,876</u>
Capital and reserves			
Called up share capital	22	3,875	3,871
Share premium account	23	180	170
Revaluation reserve	23	4,746	4,807
Profit and loss account	23	138	28
		<u>8,939</u>	<u>8,876</u>

The financial statements were approved by the board of directors on 24th July 1991 and signed on its behalf by:

J. R. T. DOUGLAS

H. E. GREEN

Directors

Statement of source and application of funds for the year ended 31st March 1991

	1991 £,000	1990 £,000
Source of funds		
Profit on ordinary activities before taxation	11,052	12,391
Extraordinary items before taxation	(2,291)	(73)
	<u>8,761</u>	<u>12,318</u>
Items not involving movement of funds:		
Depreciation	5,475	5,306
Surplus on disposal of tangible fixed assets and other movements	(3,091)	(3,515)
Loss (profit) retained in associated companies	499	(12)
Movement in provisions	666	1,590
Movement in reserves	(278)	(361)
Effects of change in status of former subsidiaries (see note below)	(191)	—
Total generated from operations	<u>11,841</u>	<u>15,326</u>
Funds from other sources		
Disposal of tangible fixed assets	5,897	6,063
Disposal of fixed asset investments	213	171
Shares issued	14	101
	<u>17,965</u>	<u>21,661</u>
Application of funds		
Increase (decrease) in working capital:		
Stocks and work in progress	(699)	4,928
Debtors	(3,030)	5,114
Creditors	(1,101)	(14,041)
Currency re-alignment on working capital	(90)	(21)
	<u>(4,920)</u>	<u>(4,020)</u>
Dividends paid	1,626	1,159
Taxation paid	4,438	2,416
Purchase of fixed assets	9,791	13,532
Purchase of fixed asset investments	12	422
Goodwill on acquisition of subsidiaries	—	401
Increase in loans to associated companies	354	—
	<u>11,301</u>	<u>13,910</u>
Movement in net liquid funds		
Bank and cash balances	6,664	7,751
	<u>17,965</u>	<u>21,661</u>
Note:		
Summary of the effects of change in status of former subsidiaries:		
Exceptional credit	1,848	
Share of losses as Group member	1,657	
	<u>191</u>	

Notes to the financial statements

1 Turnover and profits

	1991 £,000	1990 £,000	1991 £,000	1990 £,000
			Group, joint venture and associated companies	
Geographical analysis of turnover:	Group	Group		
United Kingdom	259,594	254,835	306,905	290,649
Other EEC countries	7,915	6,862	7,915	6,862
Australasia	9,301	10,965	9,301	11,079
Elsewhere (principally Middle East)	5,236	8,897	15,059	18,131
	<u>282,046</u>	<u>281,559</u>	<u>339,180</u>	<u>326,721</u>

Region of origin of pre-tax profits on ordinary activities:

United Kingdom	8,120	8,679
Other EEC countries	1,136	851
Australasia	1,722	3,264
Elsewhere (principally Middle East)	74	(403)
	<u>11,052</u>	<u>12,391</u>

2 Operating profit

Turnover	Group 282,046	Group 281,559
Cost of sales	245,147	241,544
Gross profit	36,899	40,015
Distribution costs	(5,562)	(5,698)
Administrative expenses	(26,784)	(25,664)
Other operating income	5,120	4,801
	<u>9,673</u>	<u>13,454</u>
Analysis:		
Continuing operations	10,980	13,454
Discontinued operations - note 8	(1,307)	—
	<u>9,673</u>	<u>13,454</u>

Operating profit is stated after charging (crediting):

Operating lease rentals and hire charges:		
Property	246	297
Plant	5,566	5,777
Auditors' remuneration	143	140
Staff costs (note 3(a))	44,201	41,750
Depreciation of tangible fixed assets	5,475	5,306
Surplus on disposal of tangible fixed assets	(384)	(694)
Rents received	(160)	(189)
Exceptional credit:		
Release of losses on change in status of subsidiary to associated company	(1,848)	—

Payments due during the next year in respect of operating leases for which the commitment expires:

Within one year:		
Property	845	520
Plant	413	429
In two to five years:		
Property	70	333
Plant	1,962	1,619
After more than five years:		
Property	80	180
Plant	—	30

Notes to the financial statements

3 Employees and directors

	1991	1990
(a) Staff costs (including directors):	£,000	£,000
Wages and salaries	40,145	37,178
Social security costs	3,255	3,835
Other pension costs	801	737
	<u>44,201</u>	<u>41,750</u>

The pension cost in relation to the UK defined benefit schemes totals £570,000. The excess of the accumulated pension liability over the amount funded is £30,000 (1990: £50,000) and is included in the balance sheet.

The pension cost and provision have been assessed in accordance with advice received from the actuary to the schemes on the basis of calculations associated with the actuarial valuations of the schemes as at 1st April 1990. Pension cost was assessed using the projected unit actuarial costing method based on assumptions including a long-term rate of return on assets of 9% per annum, a rate of increase in members' salaries of 7% per annum, pension increases of 4.5% per annum, and appropriate allowances for mortality and members leaving service.

The total assets of the schemes as at 1st April 1990 based on market values amounted to £34.7m.

The level of funding (i.e. the total value of assets expressed as a percentage of the past service liabilities) was 116%. The excess is being reduced by the company paying reduced levels of contribution for appropriate periods.

Benefits under the defined contribution scheme depend on the emerging investment performance.

(b) Average number employed during the year, including directors:	Number	Number
Operatives	1,111	1,269
Staff	1,773	1,769
	<u>2,884</u>	<u>3,038</u>

(c) Directors' emoluments included in staff costs:	£,000	£,000
Fees	3	3
Termination payment	117	137
Other emoluments (including pension contributions)	664	537
	<u>784</u>	<u>677</u>

Emoluments, excluding pension contributions and termination payment:

Chairman, who was also the highest paid director in 1990	136	123
Highest paid director	<u>158</u>	<u>—</u>

Other directors in the scale:	Number	Number
£0 to £5,000	1	3
£5,001 to £10,000	2	3
£15,001 to £20,000	—	1
£25,001 to £30,000	1	—
£35,001 to £40,000	1	—
£45,001 to £50,000	—	1
£55,001 to £60,000	—	2
£65,001 to £70,000	1	—
£75,001 to £80,000	—	1
£85,001 to £90,000	1	—
£95,001 to £100,000	—	—
£105,001 to £110,000	<u>1</u>	<u>—</u>

Notes to the financial statements

- 3 Employees and directors (continued) (d) Directors' interests:
Interests of the directors and, where relevant, their families in ordinary shares of the company were as follows:

		31st March 1991	31st March 1990	31st March 1991	31st March 1990
		Fully paid	Fully paid	On option	On option
J. R. T. Douglas	as beneficial owner	1,185,555	1,185,555	—	—
	as trustee	1,774,955	1,774,955	—	—
M. V. Manzoni		4,658	4,658	17,950	17,950
H. E. Green		14,600	14,600	—	—
J. C. Lees	as beneficial owner	1,423,554	1,423,554	—	—
	as trustee	506,499	524,499	—	—
B. C. Morgan		101,178	101,178	4,455	4,455
R. A. Paine		—	—	100,000	100,000
J. A. Sankson		—	—	7,000	7,000
D. C. Keys		3,200	—	—	—
W. A. Barcroft		2,500	—	—	—

Mr. M. V. Manzoni retired on 17th May 1991.

There were no changes in the above interests between 31st March 1991 and 24th July 1991 other than the exercise by Mr. Manzoni of his option in respect of 17,950 shares. Interests at 31st March 1990 and 24th July 1991 as trustees and trust beneficiaries which are included more than once in the above table amount to 1,330,580 shares.

There were no contracts subsisting with the company or any subsidiary or associated company during the year in which any director was materially interested and which were significant in relation to the respective companies' businesses.

4	Interest receivable		1991 £,000	1990 £,000
	Interest from banks		2,481	294
	Other interest		318	627
			<u>2,799</u>	<u>921</u>
5	Interest payable	On loans repayable within five years:		
		Bank loans and overdrafts	1,721	1,549
		Finance leases	486	482
		Other loans	583	612
			<u>2,790</u>	<u>2,643</u>
6	Profit on ordinary activities before taxation	Profit for Group per accounts	11,052	12,391
		Less minority share of profits in subsidiary companies	54	93
		Group profit, excluding minority interests, on ordinary activities	<u>10,998</u>	<u>12,298</u>

Notes to the financial statements

7	Taxation on profit on ordinary activities		1991	1990
			£,000	£,000
	United Kingdom corporation tax at 34% (1990: 35%)		2,198	3,600
	Relief for overseas taxation		(352)	(270)
	Consortium relief		279	—
	Deferred taxation		423	(60)
	Overseas taxation		670	1,541
	Associated companies		61	88
			<u>3,279</u>	<u>4,899</u>
	Prior year adjustments:			
	Corporation tax		(80)	2
	Consortium relief		(255)	7
	Deferred taxation		287	72
	Overseas taxation		(252)	9
			<u>2,979</u>	<u>4,789</u>

The taxation charge in 1990 was disproportionately high due to the incidence of certain disallowable costs.

8	Extraordinary items	Discontinued overseas operations:		
		Operating loss	1,307	—
		Interest receivable	(10)	—
		Interest payable	140	—
			<u>1,437</u>	<u>—</u>
		Provision for anticipated losses on disposal of an associated company	850	—
		Loss on disposal of investments in overseas subsidiary and associated companies (1990: after tax charge £32,000)	4	105
			<u>2,291</u>	<u>105</u>

9	Profit attributable to members	Dealt with in the financial statements of:		
		Parent company	1,678	(1,307)
		Subsidiary companies	4,567	8,532
		Associated companies	(499)	12
			<u>5,746</u>	<u>7,237</u>

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements.

10	Dividends	Interim 3p per share paid 25th February 1991 (1990: 3p)	466	466
		Proposed final 7.5p per share payable 30th September 1991 (1990: 7.5p)	1,163	1,163
			<u>1,629</u>	<u>1,629</u>

11	Earnings per share	Earnings per share shown in the profit and loss account on a net basis are calculated on profits of £8.04m (1990: £7.34m) and 15,486,332 (1990: 15,441,696) ordinary shares calculated on a weighted average basis. Fully diluted earnings per share are not materially different.	
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Notes to the financial statements

12 Intangible assets

	1991 £,000	1990 £,000
Option to purchase sand and gravel bearing land:		
At 31st March 1990	26	6
Option acquired	—	26
Part option exercised	—	(6)
At 31st March 1991	<u>26</u>	<u>26</u>

13 Tangible assets

	Total	Freehold	Land and buildings Long leasehold	Short leasehold	Plant and vehicles
Group	£,000	£,000	£,000	£,000	£,000
<i>Cost/valuation</i>					
At 31st March 1990	71,594	23,923	545	749	46,377
Additions	9,943	636	2	15	9,290
Disposals - former subsidiary	(5,975)	(5,142)	(7)	—	(826)
- other	(6,830)	—	—	—	(6,830)
Exchange adjustments	(817)	(147)	(5)	(12)	(653)
At 31st March 1991	<u>67,915</u>	<u>19,270</u>	<u>535</u>	<u>752</u>	<u>47,358</u>
At valuation 1990	26,916	15,868	420	597	10,031
At cost	<u>40,999</u>	<u>3,402</u>	<u>115</u>	<u>155</u>	<u>37,327</u>
<i>Depreciation</i>					
At 31st March 1990	21,306	371	97	173	20,665
Charge for year	5,475	281	16	56	5,122
Disposals - former subsidiary	(598)	—	(1)	—	(587)
- other	(3,872)	—	—	—	(3,872)
Exchange adjustments	(208)	(8)	(4)	(10)	(186)
At 31st March 1991	<u>22,115</u>	<u>644</u>	<u>108</u>	<u>219</u>	<u>21,142</u>
<i>Net book value</i>					
At 31st March 1991	<u>45,802</u>	<u>18,626</u>	<u>427</u>	<u>533</u>	<u>26,216</u>
At 31st March 1990	<u>50,288</u>	<u>23,552</u>	<u>448</u>	<u>576</u>	<u>25,712</u>

Freehold land and buildings include land and investment property valued at £6.54m which are not depreciated. It is the Group's policy to maintain the investment property in such condition that its value to the business is not impaired by the passage of time. As a consequence, any element of depreciation would, in the opinion of the directors, be immaterial and no provision has been made.

The net book value of tangible fixed assets includes £3.14m in respect of plant held under finance leases after charging depreciation of £0.80m for the year.

Notes to the financial statements

13 Tangible assets (continued)

	Total £,000	Freehold £,000	Land and buildings Long leasehold £,000	Short leasehold £,000	Plant and vehicles £,000
Comparable amounts on the historical cost basis:					
Cost	57,559	10,631	356	428	46,144
Accumulated depreciation	24,332	1,683	147	293	22,209
<i>Net book value</i>					
At 31st March 1991	33,227	8,948	209	135	23,935
At 31st March 1990	36,767	13,362	225	138	23,042

If land, buildings and hire fleet had not been revalued, the depreciation charge for the year would have been £389,000 lower.

Holding company					
Cost/valuation	11,416	9,683	—	275	1,458
At 31st March 1990	406	299	—	—	107
Additions	(25)	—	—	—	(25)
Disposals					
At 31st March 1991	11,797	9,982	—	275	1,540
At valuation 1990	8,809	8,534	—	275	—
At cost	2,988	1,448	—	—	1,540
Depreciation	1,179	134	—	17	1,028
At 31st March 1990	301	140	—	19	142
Charge for year	(13)	—	—	—	(13)
Disposals					
At 31st March 1991	1,467	274	—	36	1,157
<i>Net book value</i>					
At 31st March 1991	10,330	9,708	—	239	383
At 31st March 1990	10,237	9,549	—	258	430

Freehold land and buildings include land valued at £2.97m which is not depreciated.

Comparable amounts on the historical cost basis:					
Cost	7,022	5,353	—	129	1,540
Accumulated depreciation	1,961	742	—	62	1,157
<i>Net book value</i>					
At 31st March 1991	5,061	4,611	—	67	383
At 31st March 1990	4,908	4,404	—	74	430

Notes to the financial statements

14 Capital commitments

	Group		Holding company	
	1991	1990	1991	1990
	£,000	£,000	£,000	£,000
Contracted for	878	1,320	—	357
Authorised	1,072	135	58	127

15 Investments

Group companies:				
Shares at cost less amounts written off	—	—	2,114	2,427
Associated companies:				
Shares at cost less amounts written off	1,694	1,213	110	110
Net post-acquisition reserves	(1,575)	832	—	—
Loans	1,403	1,067	—	—
Other companies:				
Shares at cost	3	48	3	3
Loans	45	45	45	45
	<u>1,570</u>	<u>3,205</u>	<u>2,272</u>	<u>2,585</u>

	Group		Holding company			
Details are as follows:	Associated companies		Other companies	Shares and loans		
	Shares	Loans	Shares and loans	Group companies	Associated companies	Other companies
	£,000	£,000	£,000	£,000	£,000	£,000
Cost:						
At 31st March 1990	1,267	1,067	93	2,607	110	48
Exchange adjustments	—	(18)	—	—	—	—
Additions/advances	12	354	—	350	—	—
Disposals/repayments	(168)	—	(45)	(126)	—	—
Reclassification of former subsidiary	637	—	—	(637)	637	—
At 31st March 1991	<u>1,748</u>	<u>1,403</u>	<u>48</u>	<u>2,194</u>	<u>747</u>	<u>48</u>
Net post-acquisition reserves:						
At 31st March 1990	832					
Exchange adjustments	2					
Reclassification of former subsidiary	(1,931)					
Disposals	21					
Share of retained losses for year after dividends received of £501,000	(499)					
At 31st March 1991	<u>(1,575)</u>					
Amounts written off:						
At 31st March 1990	(54)			(180)	—	
During year	—			—	(637)	
Disposal	—			100	—	
At 31st March 1991	<u>(54)</u>			<u>(80)</u>	<u>(637)</u>	
At 31st March 1991	<u>119</u>	<u>1,403</u>	<u>48</u>	<u>2,114</u>	<u>110</u>	<u>48</u>

All the above investments are unlisted.

Cost of shares in associated companies includes premium on acquisition £49,000

Other details of subsidiary and associated companies are shown on pages 40 and 41, which form part of these financial statements.

Notes to the financial statements

16 Stocks	1991 £,000	1990 £,000
Materials	339	396
Stores	378	550
Equipment for sale	6,632	6,211
Completed developments	1,656	1,281
Land and buildings under construction	9,214	8,313
	<u>18,219</u>	<u>16,751</u>

Interest included in completed developments and buildings under construction amounted to £0.61m (1990: £0.13m).

17 Work in progress	Contract work in progress	8,702	51,697
	Less progress payments received	<u>6,032</u>	<u>45,583</u>
		<u>2,670</u>	<u>6,114</u>

18 Debtors	Group		Holding company	
	1991 £,000	1990 £,000	1991 £,000	1990 £,000
Due within one year:				
Amounts recoverable on contracts	24,502	25,326	—	4
Trade debtors	14,530	17,753	194	179
Amounts owed by Group companies	—	—	5,109	5,210
Amounts owed by associated companies	1,626	698	31	31
VAT recoverable	265	267	—	143
Other debtors	3,560	4,328	323	255
Prepayments	1,119	635	211	266
	<u>45,602</u>	<u>49,007</u>	<u>5,868</u>	<u>6,088</u>
Due after one year:				
Other debtors	429	387	392	387
	<u>46,031</u>	<u>49,394</u>	<u>6,260</u>	<u>6,475</u>

19 Creditors: amounts falling due within one year	Bank loans and overdrafts (secured £1.98m; 1990 £2.5m)	9,138	22,285	23,372	23,634
	Payments received on account	9	699	—	—
	Trade creditors	58,811	57,436	680	601
	Amounts owed to Group companies	—	—	85	76
	Amounts owed to associated companies	779	1,753	—	—
	Corporate taxation	3,711	5,599	543	542
	Other taxation and social security	3,099	2,732	227	44
	Other creditors	887	1,077	—	—
	Obligations under finance leases	974	1,063	—	—
	Dividend	1,163	1,163	1,163	1,163
		<u>78,571</u>	<u>93,757</u>	<u>26,070</u>	<u>26,060</u>

Notes to the financial statements

20 Creditors: amounts due after more than one year

	Group		Holding company	
	1991	1990	1991	1990
	£,000	£,000	£,000	£,000
Bank:				
Between two and five years	1,344	1,276	—	—
Obligations under finance leases:				
Between one and two years	947	650	—	—
Between two and five years	662	1,091	—	—
Over five years	—	76	—	—
	<u>2,953</u>	<u>3,093</u>	<u>—</u>	<u>—</u>

21 Provision for liabilities and charges

	Total	Group		Holding company	
	£,000	Deferred taxation	Other provisions	Deferred taxation	Other provisions
	£,000	£,000	£,000	£,000	£,000
At 31st March 1990	2,441	182	2,259	11	1,350
Exchange adjustments	(30)	(12)	(18)	—	—
Provided	1,595	710	885	19	—
Utilised	(219)	—	(219)	—	(26)
Release re former subsidiary	(350)	(350)	—	—	—
At 31st March 1991	<u>3,437</u>	<u>530</u>	<u>2,907</u>	<u>30</u>	<u>1,324</u>
Analysis of deferred taxation:		1991	1990	1991	1990
		£,000	£,000	£,000	£,000
Accelerated capital allowances		1,023	1,506	—	—
Sundry items		(493)	(469)	30	11
Unutilised losses		—	(855)	—	—
		<u>530</u>	<u>182</u>	<u>30</u>	<u>11</u>
Not provided in the accounts:					
Accelerated capital allowances		3,013	3,647	90	169
Sundry items		98	168	42	45
Full potential liability		<u>3,641</u>	<u>3,997</u>	<u>162</u>	<u>225</u>

Other provisions comprise the costs of reorganisations proposed within the Group, including anticipated losses on the disposal of an associated company.

The disposal of properties included at valuation is regarded as remote and accordingly any potential taxation liability has not been quantified.

Notes to the financial statements

22 Called up share capital

	1991 £,000	1990 £,000
Authorised: 20,000,000 ordinary shares of 25p each	<u>5,000</u>	<u>5,000</u>
Allotted and fully paid: 15,502,127 (1990: 15,484,302) ordinary shares of 25p each	<u>3,875</u>	<u>3,871</u>

17,825 shares of 25p each were issued during the year under share option schemes detailed below for a consideration of £14,000 (nominal value £4,500).

	Ordinary shares of 25p each		
	Total	Executive	Savings related
Share option schemes			
Number of shares at 31st March 1990	491,489	253,300	238,189
Granted	91,400	91,400	—
Exercised and allotted	(17,825)	(6,250)	(11,575)
Lapsed	(1,869)	—	(1,869)
At 31st March 1991	<u>563,195</u>	<u>338,450</u>	<u>224,745</u>
Normally exercisable:			
Up to 1995 at 80p per share	69,150	69,150	—
1990/1995 at 81p per share	224,745	—	224,745
1990/1995 at 141p per share	100,000	100,000	—
Up to 1999 at 269p per share	77,900	77,900	—
Up to 2001 at 295p per share	91,400	91,400	—

23 Reserves

	Group £,000	Holding company £,000	Subsidiary companies £,000	Associated companies £,000
Share premium account:				
On share options exercised:				
At 31st March 1990	170	170	—	—
In year	10	10	—	—
At 31st March 1991	<u>180</u>	<u>180</u>	<u>—</u>	<u>—</u>
Revaluation reserve:				
At 31st March 1990	11,267	4,807	6,326	134
Exchange adjustments	(92)	—	(92)	—
Transfer profit and loss (below)	(141)	(61)	(77)	(3)
Amortised to revenue	(251)	—	(251)	—
At 31st March 1991	<u>10,783</u>	<u>4,746</u>	<u>5,906</u>	<u>131</u>

The part of the revaluation surplus relating to the Group's hire fleet is amortised to revenue over its expected useful life.

Other reserves:				
At 31st March 1990	2,127	—	2,061	66
Exchange adjustments	(192)	—	(188)	(4)
Transfer profit and loss (below)	11	—	11	—
Movement re subsidiary and associated companies	(32)	—	(27)	(5)
At 31st March 1991	<u>1,914</u>	<u>—</u>	<u>1,857</u>	<u>57</u>

Other reserves are all regarded as not distributable.

At 31st March 1991 the cumulative amount of goodwill written off against reserves amounted to £1.13m (1990: £1.13m).

Notes to the financial statements

23 Reserves (continued)

	Group £,000	Holding company £,000	Subsidiary companies £,000	Associated companies £,000
Profit and loss account:				
At 31st March 1990	27,894	28	27,234	632
Exchange adjustments	(150)	—	(156)	6
Transfer revaluation reserve (above)	141	61	77	3
Transfer other reserves (above)	(11)	—	(11)	—
Retained profit for the year	4,117	49	4,567	(499)
Movement re associated companies	26	—	—	26
Reclassification of former subsidiary	—	—	1,931	(1,931)
At 31st March 1991	<u>32,017</u>	<u>138</u>	<u>33,642</u>	<u>(1,763)</u>

Remittances received from surpluses retained in overseas companies will, in certain cases, be subject to overseas withholding tax and, in all cases, to United Kingdom corporation tax, less double taxation relief.

24 Contingent Liabilities

	Group		Holding company	
	1991 £,000	1990 £,000	1991 £,000	1990 £,000
Guarantees in respect of associated companies	7,940	4,152	7,940	—
Other guarantees	<u>5,256</u>	<u>5,219</u>	<u>—</u>	<u>—</u>

There are also contingent liabilities in respect of performance bonds and agreements entered into in the normal course of business.

Principal subsidiary and related companies

Country of incorporation and main operation is England and the Douglas interest is 100% unless shown otherwise. Shares of those companies marked with an asterisk (*) are held directly by the parent company.

	Douglas interest	Country
CONSTRUCTION DIVISION		
Civil engineering and building design and construction		
R. M. DOUGLAS CONSTRUCTION LIMITED*		
KHANSABE CIVIL ENGINEERING (Issued capital 11,000,000 UAE Dirhams)	45%	Emirate of Dubai
DOUGLAS OHI LLC (Issued capital 251,000 Omani Rials)	33%	Sultanate of Oman
R. M. DOUGLAS CONSTRUCTION (M) SDN. BHD.		Malaysia
Road surfacing		
R. M. DOUGLAS ASPHALT & PAVING LIMITED*		
TOWN AND COUNTRY TARPAVE CONTRACTORS LIMITED		Scotland
Soil mechanics and foundation engineering		
DOUGLAS TECHNICAL SERVICES LIMITED*		
CONSTRUCTION EQUIPMENT DIVISION		
Formwork . Scaffolding . Equipment for the building and civil engineering industries . Plant supply and hire		
RAPID METAL DEVELOPMENTS LIMITED*		
RAPID METAL DEVELOPMENTS (AUST.) PTY LIMITED		Australia
RAPID METAL DEVELOPMENTS (NZ) LIMITED		New Zealand
RÉALISATIONS MÉTALLIQUES DÉVELOPPÉES SARL		France
RAPID METAL DEVELOPMENTS (UAE) COMPANY LIMITED		Emirate of Sharjah
RAPID METAL DEVELOPMENTS IRELAND LIMITED		Ireland
RMD SCAFFOLDING PTY LIMITED (Issued capital A\$10,000)	50%	Australia
DOUGLAS PLANT LIMITED*		
Manufacture of building and civil engineering equipment		
B. C. BARTON & SON LIMITED* (Issued capital £234,012)	33%	

Principal subsidiary and related companies

	Douglas interest	Country
HOUSING AND PROPERTY DIVISION		
<i>House building</i>		
DOUGLAS HOMES LIMITED*		
<i>Land and property development</i>		
R. M. DOUGLAS PROPERTY DEVELOPMENTS LIMITED*		
DOUGLAS HILL DEVELOPMENTS LIMITED	70%	
THE LAKELAND VILLAGE LIMITED*	49%	
LAKELAND MANAGEMENT LIMITED	49%	
BIRMINGHAM HEARTLANDS LIMITED* (Issued capital £20,000)	13%	
WATERLINKS PLC (Issued capital £50,000)	25%	
HEARTLANDS INDUSTRIAL PLC (Issued capital £50,000)	25%	
HEARTLANDS DEVELOPMENT SERVICES LIMITED* (Issued capital £5,000)	16%	
MATERIALS SUPPLY DIVISION		
<i>Ready mixed concrete . Washed sand and gravel</i>		
DOUGLAS CONCRETE & AGGREGATES LIMITED*		
SPECIALIST CONTRACTING DIVISION		
<i>Lift Slab method of multi-storey design and construction . Siemcrete slipform system . Hydraulic lifting . Electrical engineering services . Painting</i>		
DOUGLAS SPECIALIST CONTRACTORS LIMITED*		
HEVILIFTS LIMITED		
SERVICE COMPANIES		
<i>Overseas holding companies</i>		
DOUGLAS CONTRACTORS OVERSEAS LIMITED*		Jersey C.I.
DOUGLAS INTERNATIONAL LIMITED*		Jersey C.I.
<i>Staff pension fund trustee companies</i>		
ROBERT M. DOUGLAS HOLDINGS PENSION TRUSTEES LIMITED*		
R. M. DOUGLAS SENIOR MANAGEMENT PENSION TRUSTEES LIMITED*		
R. M. DOUGLAS GROUP PENSIONS LIMITED*		
R. M. D. NOMINEES LIMITED*		

Notice of meeting

NOTICE IS HEREBY GIVEN that the annual general meeting of Robert M. Douglas Holdings PLC will be held at Shenstone House, 395 George Road, Erdington, Birmingham B23 7RZ, on Thursday, 26th September 1991, at 12 noon for the following purposes:—

1. To receive the directors' report and the audited financial statements for the year ended 31st March 1991.
2. To declare a final dividend.
3. To re-elect Mr. B. C. Morgan as a director.
4. To re-elect Mr. H. E. Green as a director.
5. To authorise the directors to fix the remuneration of the auditors.
6. To re-appoint Touche Ross & Co. as auditors of the company.

As special business, to consider and, if thought fit, pass the following resolution which will be proposed as a special resolution:—

7. THAT:—

- (A) the directors be generally and unconditionally authorised pursuant to and in accordance with section 80 of the Companies Act 1985 to exercise for the period ending on the date of the next annual general meeting or on 25th December 1992, whichever is the earlier, all the powers of the company to allot relevant securities up to an aggregate nominal amount of £1,086,560;
- (B) pursuant to and during the period of the said authority the directors be empowered to allot equity securities wholly for cash as if section 89(1) of the said Act did not apply to any such allotment;
 - (i) in connection with a rights issue; and
 - (ii) otherwise than in connection with a rights issue, up to an aggregate nominal amount of £195,672;
- (C) by such authority and power the directors may during such period make offers or agreements which would or might require the making of allotments after the expiry of such period; and
- (D) for the purposes of this resolution:—
 - (i) "rights issue" means an offer of equity securities open for acceptance for a period fixed by the directors to holders of equity securities on the register on a fixed record date in proportion to their respective holdings of such securities or in accordance with the rights attached thereto (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient in relation to fractional entitlements or legal or practical problems under the laws of, or the requirements of any recognised body or any stock exchange in, any territory);
 - (ii) the nominal amount of any securities shall be taken to be, in the case of rights to subscribe for or convert any securities into shares of the company, the nominal amount of such shares which may be allotted pursuant to such rights; and
 - (iii) words and expressions defined in or for the purposes of Part IV of the said Act shall bear the same meanings herein.

Notice of meeting

Any member entitled to attend and vote may appoint a proxy, who need not be a member, to attend and vote instead of him. A proxy may vote only on a poll. The appointment of a proxy will not prevent a member from subsequently attending and voting at the annual general meeting in person. To be effective the instrument appointing a proxy, and any letter or power of attorney under which it is signed or a duly certified copy thereof, must (failing previous registration with the company) be received at the office of the registrars, F. Geen & Co., 68 Liverpool Road, Stoke-on-Trent, ST4 1BG (ST4 1BR if using Business Reply Service) not less than 48 hours before the time fixed for the meeting.

By order of the board

J. A. SANKSON
Secretary

395 George Road,
Birmingham B23 7RZ

27th August 1991

There will be available for inspection at the registered office of the company during usual business hours on any weekday (Saturdays and public holidays excepted), from the date of this notice until the date of the annual general meeting, a statement for the period from 1st August 1990 to 31st July 1991 of all transactions of each director and his family interests in the equity share capital of the company, and a copy of the contract of service of each executive director who has a contract of service. In the case of those executive directors who do not have a written contract of service, a memorandum of the terms of the contract will be similarly available for inspection. These statements and a copy of each such contract and memorandum will also be available for inspection at the place of the annual general meeting for at least fifteen minutes prior to the meeting, and at the meeting.

Five year review

	1991	1990	1989 (restated)	1988 (restated)	1987
	£,000	£,000	£,000	£,000	£,000
Total turnover	339,180	326,721	261,699	189,862	143,326

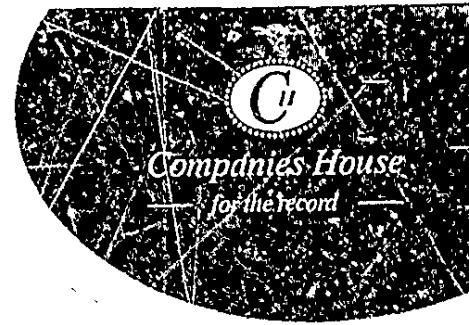
Profit before taxation	11,052	12,391	8,902	5,443	4,459
Profit attributable to shareholders before extraordinary items and after minority interests	8,037	7,342	5,918	3,587	2,474
Dividends	1,629	1,629	997	645	455
Earnings per share	51.9p	47.5p	38.9p	23.6p	16.3p

Capital employed:

Share capital	3,875	3,871	3,840	3,794	3,794
Reserves	44,894	41,458	34,508	22,347	20,539
Minority interests	42	60	—	345	398
	48,811	45,389	38,348	26,486	24,731

Represented by:

Fixed assets	47,398	53,519	45,418	32,862	28,901
Current assets (liabilities)	1,413	(8,130)	(7,070)	(6,376)	(4,170)
	48,811	45,389	38,348	26,486	24,731



NOTICE OF ILLEGIBLE DOCUMENT ON THE MICROFICHE RECORD

Companies House regrets that the microfiche record for this company, contain some documents, which are illegible.

The poor quality has been noted, but unfortunately steps taken to improve them were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause