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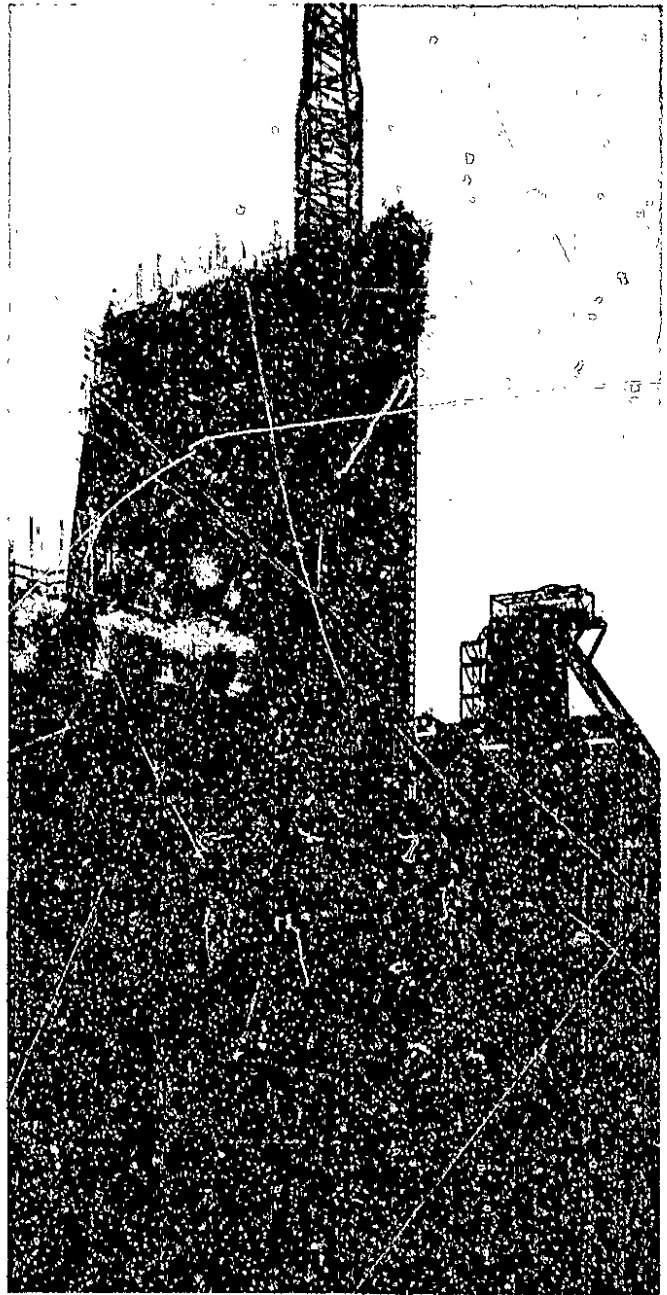
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252224

Robert M Douglas Holdings PLC



Report and Financial Statements 1989

DOUGLAS

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President

Sir Robert Douglas O.B.E., Hon. D.Sc.

Founder of the group, who retired from the board in October 1987

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Chairmans statement



J. H. Douglas

I am very pleased once more to be able to announce record performance figures for the group. The pre-tax profit has increased by 61.1% to £8.77m on turnover increased from £189.86m to £261.70m. The profit attributable to shareholders is up from £3.10m to £5.80m, the earnings per share from 23.6p to 40.2p, and the dividend from 4.25p to 6.5p. These are excellent figures and reflect a creditable performance by the operating divisions of the group.

In addition a revaluation of group properties worldwide has been carried out giving rise to an increase of £782m in the tangible assets to £42.48m. Borrowing has been reduced and the gearing is now a modest 19.35%.

The general economic position in the construction industry in the UK was buoyant during the period under review, and all our divisions took advantage of their opportunities. In particular the Construction Equipment and Materials Supply Divisions produced exceptionally good results.

The Construction Equipment Division has prospered in the UK especially as a result of the major civil engineering works at Sizewell, Coulport, Faslane and Sellafield, and the enhanced road programme. The Australian, Irish, Emirates and New Zealand companies all contributed to the excellent profits. Although the future in Australia and New Zealand may not be so encouraging, France and the USA are looking better in the current year, and the UK is maintaining a good profile.

The Materials Supply Division is making a satisfactory margin on ready mixed concrete and on the extraction of aggregates. Our revenues of sand and gravel are now enhanced by a recent planning permission obtained at Barton for Newwood. The performance of

the Homes and Property Division will undoubtedly benefit from the sale of industrial units at Thame, and the sustained demand in the Midlands for commercial and industrial property. Douglas Homes Ltd is coping with the current reduction in demand for homes by judicious timing of construction on our sites in Sutton Coldfield and the Black Country. We are not exposed to high interest charges on land bought at excessively high prices.

Also in the Property Division our investment in Birmingham Heartlands Ltd is showing encouraging signs of long term potential. The first development in Waterlinks has commenced construction having received a substantial City Grant from the Department of the Environment. The development of other parts of Heartlands will come on stream during the ensuing year.

During recent months Bob Faine and Michael Manzoni have spent considerable time and effort on the reorganisation of the Construction Division, and with the new structure we look forward to taking advantage of all opportunities which may offer themselves to us.

These include the very substantial development of the roads programme, the vast expenditure of the water industry to bring its product and its disposal of waste up to the standards demanded by an environmentally aware society, and the requirement of industry as Europe develops as a more significantly integrated manufacturing base.

Prospects for the group in the current year are good, and I have every confidence that further success will be achieved. It is intended to enhance progressively the dividend payment during the next few years.



Douglas Homes Limited, The Valley, Shrewsbury, Shropshire, and Sutton Coldfield, West Midlands.

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COMPANIES HOUSE

11 NOV 1989

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Chairmans statement



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Douglas Homes Limited, the 'Victory' development at Sutton Coldfield, Birmingham.

Chairmans statement

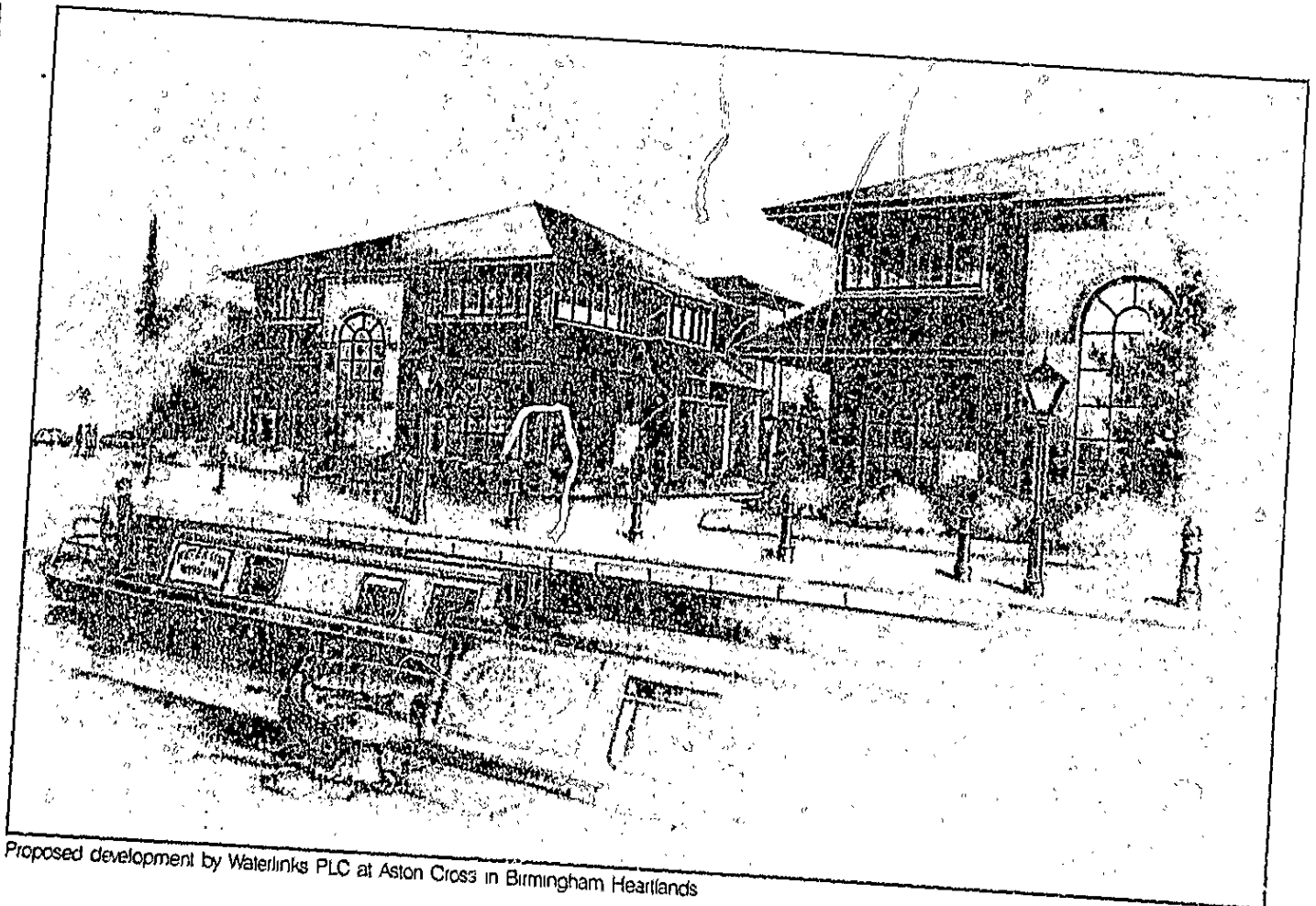
Mr. Samuel J. Pedlar retired on 30th April 1989. He had been company secretary of the group for 30 years and a director for most of that time. He contributed enormously to the development of the group and its stable management, especially during the difficult years of the recession when it was necessary to hold the team together even though rewards were difficult to earn and share.

I am pleased to announce the appointment of James A. Sankson as group company secretary from 1st May and as a director from 1st August 1989. I am sure all members of the company wish him every success.

Two of our non-executive directors, F. W. (Peter) Carder and Leslie J. Holliday will retire at the conclusion of the Annual General Meeting on 28th September. Peter Carder, who has been a board member since 1978, has made a substantial long-term contribution to the affairs of the group. In particular since 1982 he has advised me on many decisions and transactions, and I have always valued his practical and sound contribution.

Leslie Holliday joined the company, having been previously chairman of John Laing PLC, in May 1986. He has made a considerable contribution to the affairs of your company during the period of his directorship. He has contributed particularly to the review of reporting systems within the construction division and has brought the very wide experience he has of construction, property development and house building to bear in the creation of Douglas Homes Limited and the enhancement of R M Douglas Property Developments Limited. I have particularly appreciated the frank and open way in which he has shared a vast store of previous knowledge and experience of the construction industry.

I would like to record my personal thanks and pass on those of all members of the company to our directors, staff and operatives for the very substantial effort they made during the year under review and continue to contribute. With the loyal and efficient staff we have recruited and trained, your company is in a sound position, well able to exploit the opportunities of the future.



Proposed development by Waterlinks PLC at Aston Cross in Birmingham Heartlands

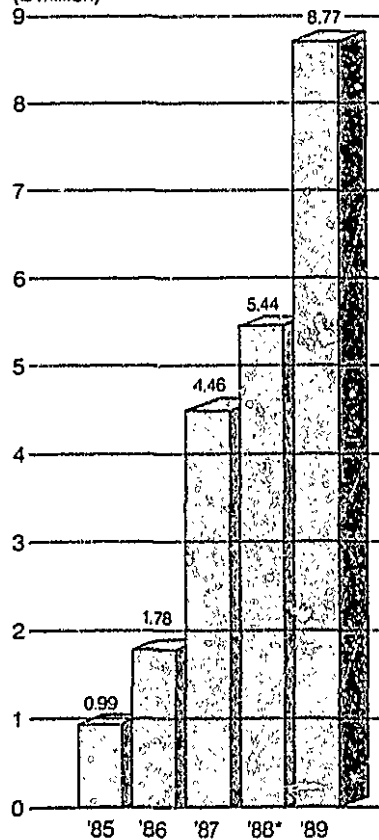
Financial highlights

		1989	1988 (restated)	
		£,000	£,000	Increase
Turnover	261,699	189,862	37.8%
Profit on ordinary activities before taxation	...	8,766	5,443	61.1%
Profit attributable to members	5,795	3,101	86.9%
Dividends per share	6.5p	4.25p	52.9%
Earnings per share	40.2p	23.6p	70.3%
Net assets per share	253p	174p	45.4%

Five Year Summary

Profit before
Taxation

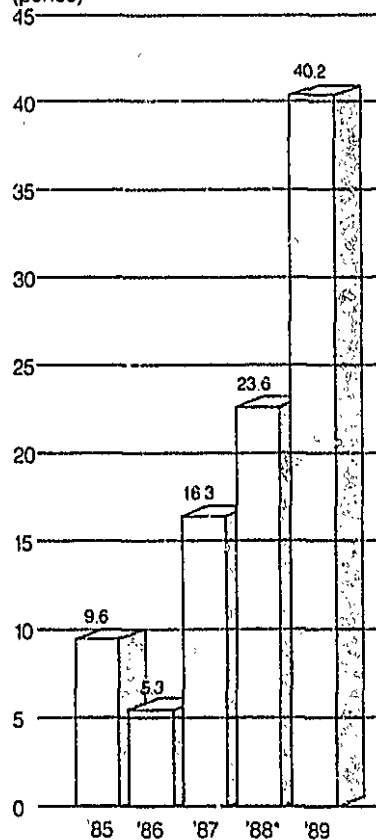
(£ million)



*Restated

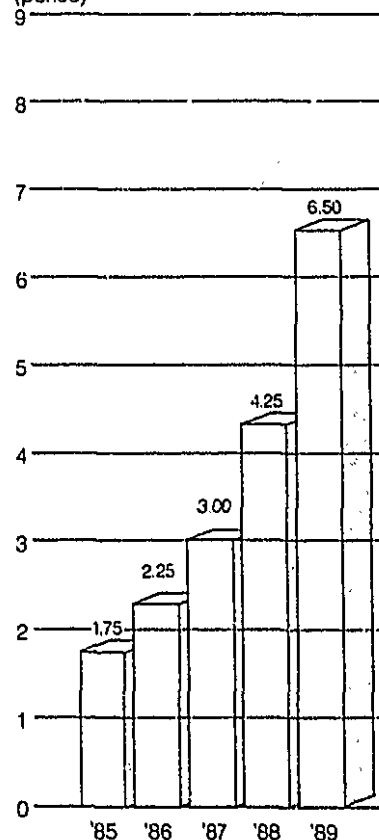
Earnings
per share

(pence)



Dividend

(pence)



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)

Frederick William Carder, T.D., F.C.A.*†
(Deputy chairman - non executive)

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

Michael Victor Manzoni, M.A., F.I.C.E., F.R.S.A.

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

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

Barry Clive Morgan

Leslie John Holliday, F.C.I.O.B. (non executive)*†

James Alan Sankson, LL.B.

* 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, Birmingham
TSB England & Wales PLC, Birmingham

Merchant Bankers

Baring Bros. & Co. Limited, London

Stockbrokers

Cazenove & Co., London
Hichens Harrison & Co., London

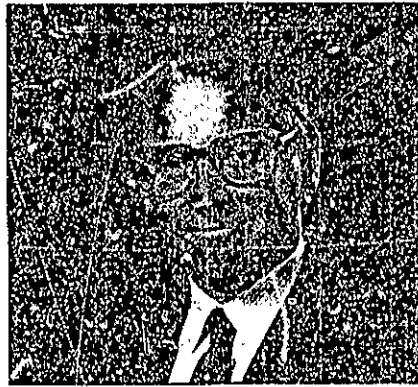
Auditors

Touche Ross & Co., Birmingham

Directors

1. J. R. T. Douglas, aged 59, commenced service with the company in 1951 and has been chairman since 1978. He is president of the Federation of Civil Engineering Contractors, a council member of Birmingham Chamber of Industry and Commerce, a trustee of the TSB Foundation for England and Wales, and a director of Birmingham Heartlands Limited.

2. R. A. Paine, aged 53, joined Robert M. Douglas Holdings PLC in 1967 as group chief executive.



3. M. V. Manzoni, aged 61, joined the group in 1954 as a civil engineer. He was appointed a director of Robert M. Douglas Holdings PLC in 1978 and is deputy chairman of the Construction Division.

4. H. E. Green, aged 59, 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 and is a director of a number of subsidiary companies.

5. B. C. Morgan, aged 47, 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.

6. J. A. Sanson, aged 42, 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. He has previously held appointment as secretary to companies within the construction industry.

Directors

7. F. W. Carder, aged 70, is in practice as a chartered accountant with previous board appointments in the heavy engineering and brick manufacturing industries. He was appointed as a non-executive director in 1978 and became deputy chairman in June 1983.



8. L. J. Holliday, aged 68, joined the group in 1986 as a non executive director. He has had many years of experience in the construction industry and prior to his retirement in 1985 had been chairman and chief executive of John Laing PLC.



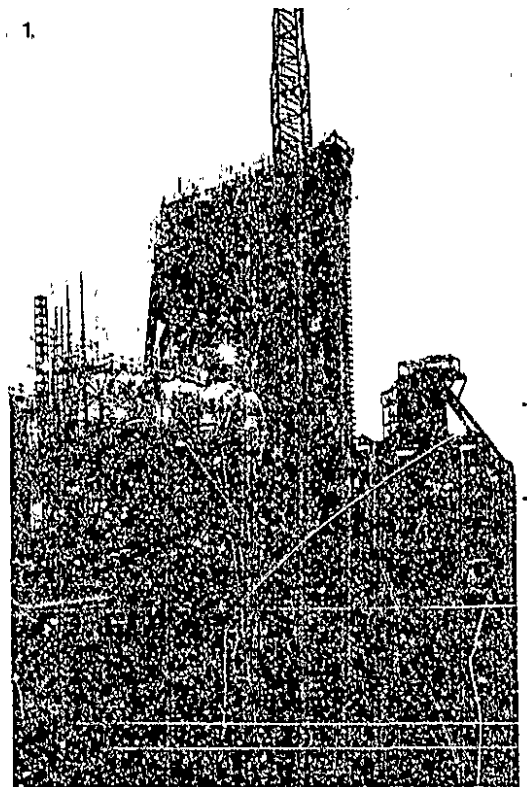
9. J. C. Lees, aged 63, was appointed a non-executive director in 1983. He spent many years in professional practice, and now acts as an adviser or non-executive director to companies in the building and engineering industries.

Group activities

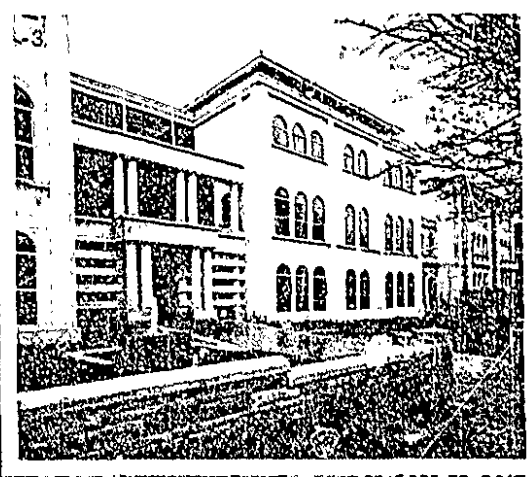
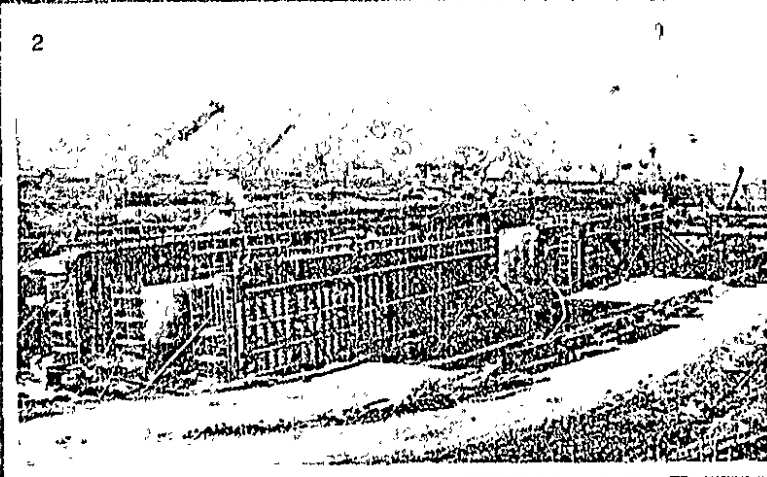
Background Construction progress at the Birmingham International Convention Centre

1. No 1 Winder Tower, Harworth
Client: E itish Coal, Nottinghamshire Region
Engineer: British Mining Consultants Limited
Main Contractor: R M Douglas Construction Limited
2. RMD Super Slim 2 soldier beams being used extensively in formwork and propping applications in the construction of the A55 Conway Crossing Project by Costain Tarmac Joint Venture

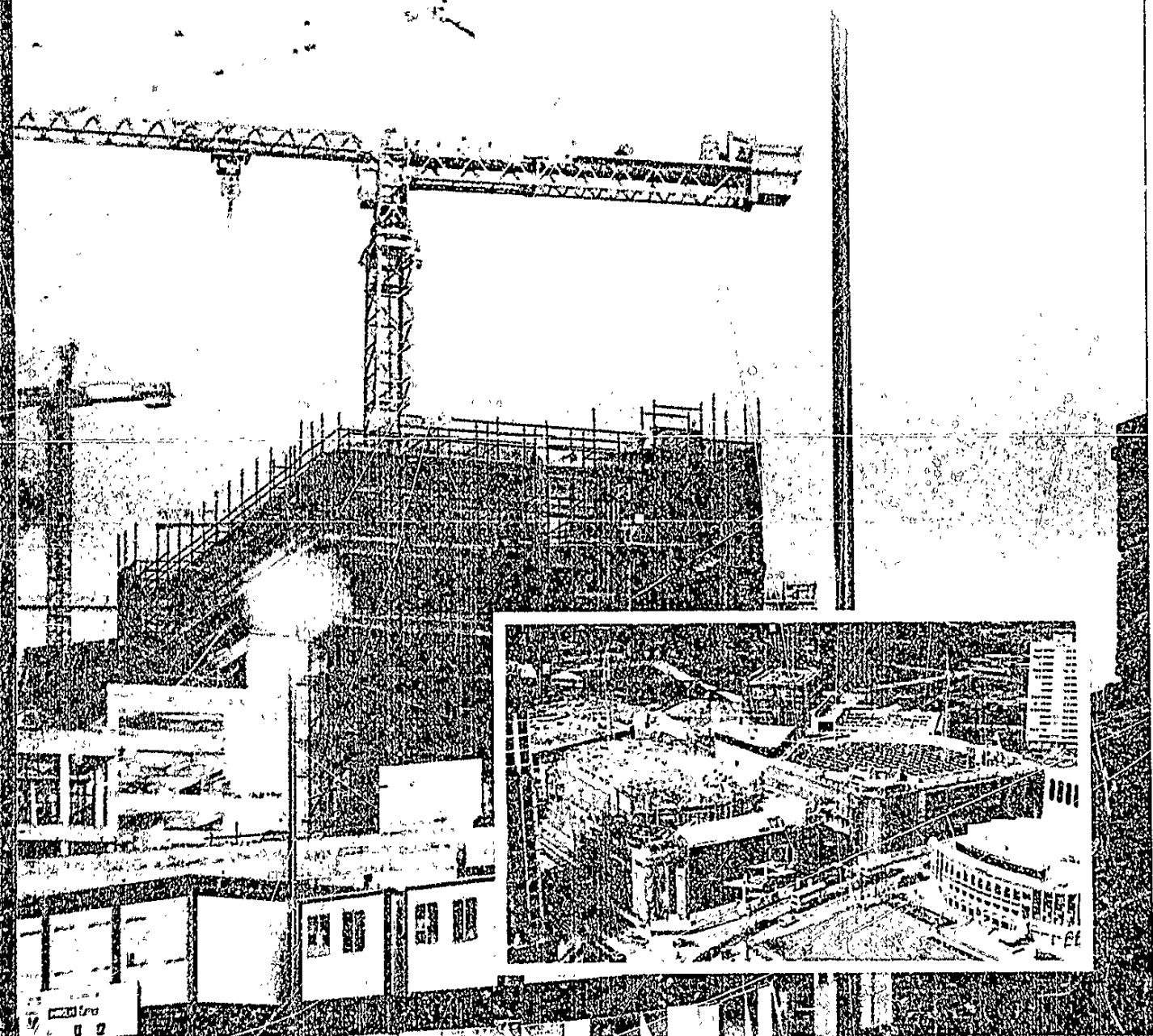
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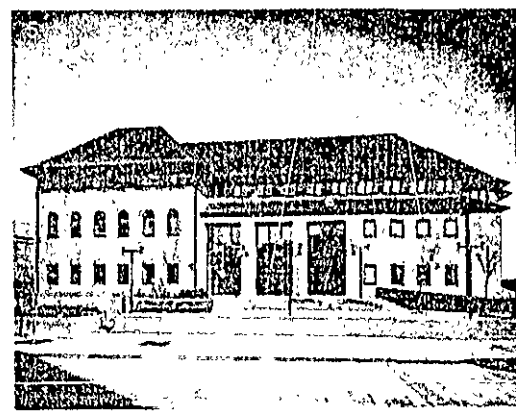
- 3 BBC Bristol Network Production Centre Phase 2 of Redevelopment
Client: British Broadcasting Corporation
Architect, Consulting Engineers, and Mechanical P...
British Broadcasting Corporation
Main Contractor: R M Douglas Construction Limited
4. Birmingham International Convention Centre
Client: National Exhibition Centre (Convention Centre) Limited
Architects: Percy Thomas Partnership and Renton Howard Wood Levin Partnership
Management Contractor Joint Venture:
R M Douglas Construction Limited
Turner International Industries Inc, New York



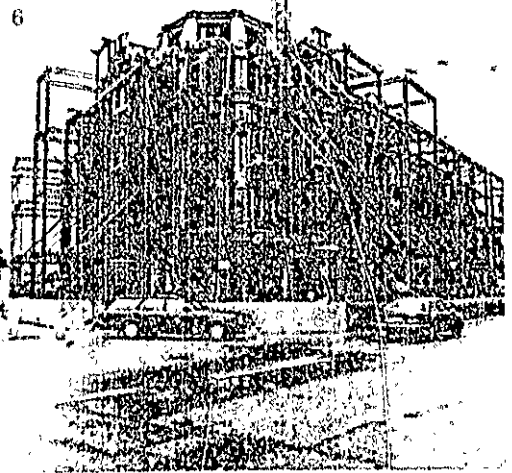
Group activities

Background: M42 Lickey End

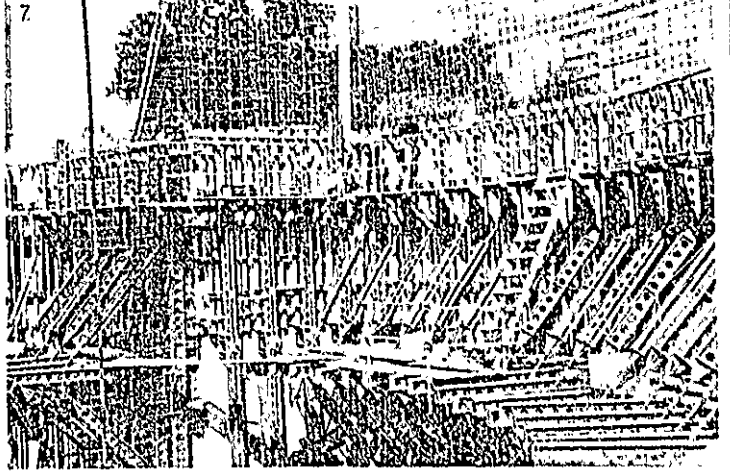
5. Derby Combined Court Centre
Client: Property Services Agency acting for the Lord Chancellors Department
Architect, Civil Engineer and Quantity Surveyor, Property Services Agency
Main Contractor: R M Douglas Construction Limited
6. Facade Retention, Council Offices, Twickenham
Using an RMD designed space frame of standard Slimshor components
Client: London Borough of Richmond-upon-Thames
Contractors: Walter Lawrence Project Management
7. This "pure" cantilever form system supplied by RMD Inc in the USA was designed to form a 12' lift without ties
Project: Govalle Pumping Station, Austin, Texas
Client: Argee Corporation



6



7



Chief executives review of activities



R. M. Douglas

The group goals remain:

The group's main objective is to provide a high standard of service to its customers, to ensure the best possible value for money, and to maintain a high level of efficiency in the way it operates.

In 1985, the group has achieved a number of significant milestones, including the completion of a number of major projects, the acquisition of new assets, and the implementation of a number of new initiatives.

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1985/1986

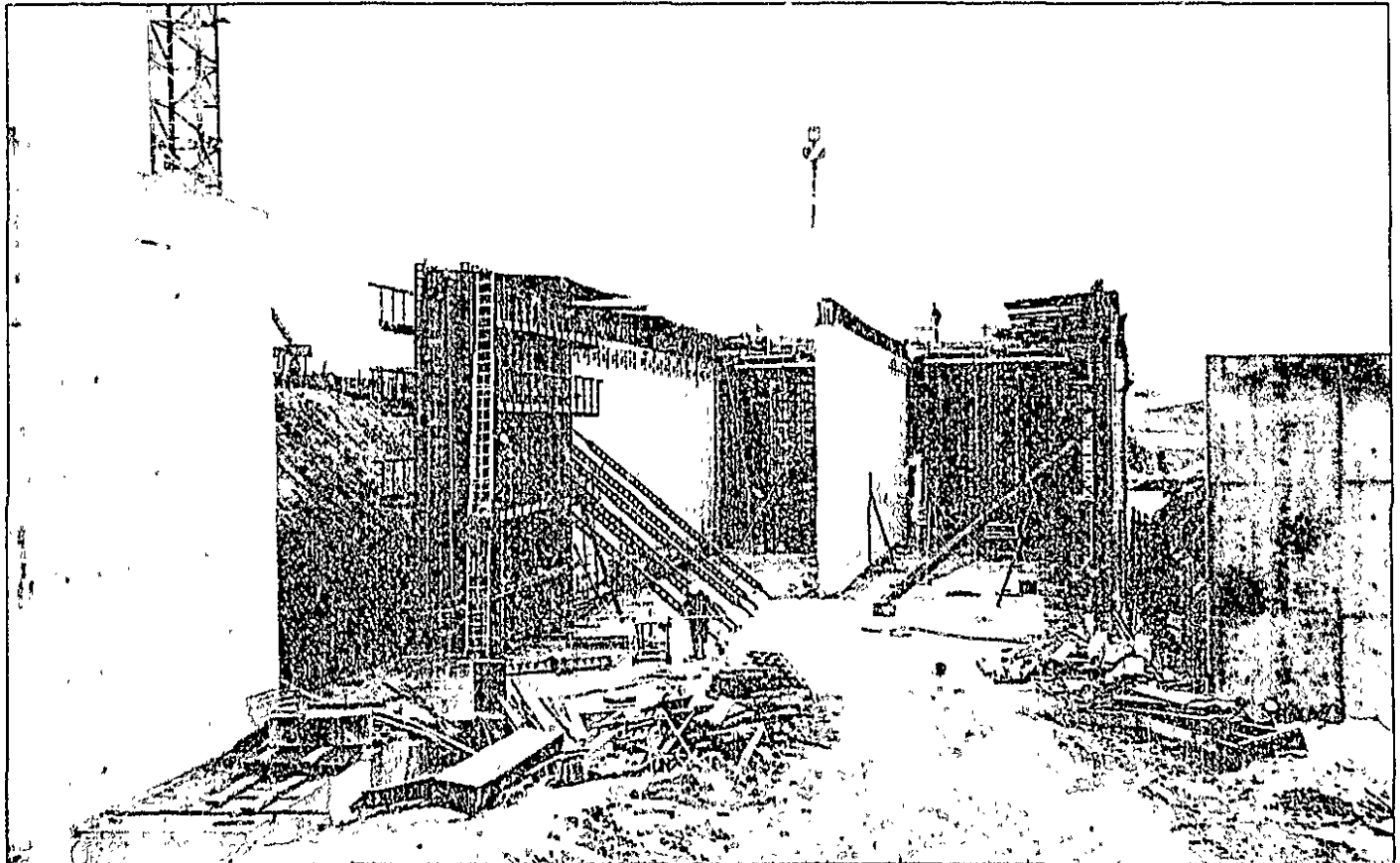
R. M. Douglas Construction Limited

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Chief executives review of activities

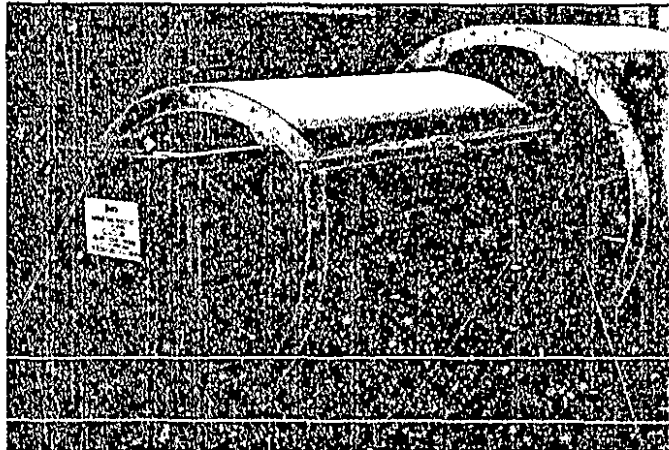
Newport in South Wales in addition to which repeat orders from many of our longstanding and much valued clients give confidence that both turnover and profit will be maintained during the current year.

R. M. Douglas Asphalt & Paving Limited

The company suffered difficulty with increased cost of materials during the year which led to a reduction in margins over the years trading, although this was more than offset by profits related to the acquisition of Town and Country Tarpave Contractors Limited, a company engaged in sand quarrying and small surfacing works in the Edinburgh area. During the year the operations of this company have been integrated with those of R. M. Douglas Asphalt & Paving Limited and, in the present climate for road works in the country, improvement in trading performance is anticipated in the year ahead.

Douglas Technical Services Limited

This company has maintained the improvement in profitability achieved last year and the volume of site investigation work has increased considerably. The shortage of experienced technical staff is a constraint on its activities as it is in many parts of the construction industry at the present time.



R.M.D. Formwork used in outfall sewerage tunnel for Metropolitan Water, Sewerage and Drainage Board, Sydney

Khansaheb Civil Engineering

The trading position in Dubai has improved considerably in the past year and the company has increased its profit contribution and also increased the volume of work in hand. It looks forward to a good year ahead. The decline in road works referred to in my last report has affected the quarrying operations but the profit contribution from that source is being replaced by the increasingly encouraging performance from the new plant commissioned to supply epoxy coated reinforcement bars.

Douglas OHI LLC

Despite the severely depressed market in Oman, this company has traded profitably during the year on a low turnover and continues to compete effectively to secure its share of the available work. The decision by the joint owners to sell part of their shareholding to the National Trading Company takes us into the new year with two local partners instead of one. Although the percentage profit to Douglas will be reduced, there is greater confidence in the ability to collect cash and secure contracts with better margins.

R. M. Douglas Construction (M) Sdn Bhd

The first phase of the project in Alor Setar is now nearing completion and sales of the majority of the units are completed or in hand. The decision has been made not to continue with low cost housing development in Malaysia giving rise to a write off of a development cost as a prior year adjustment. A contract for the construction of a multi-storey car park in Kuching has been awarded and a number of other contracts of a more traditional nature are under discussion.

PROPERTY AND HOUSING

R. M. Douglas Property Developments Limited

Progress has continued with a 25% increase in profit on a marginally increased turnover, whilst at the same time considerable effort has been expended in establishing new development opportunities to provide continuity of growth for future years.

Sales are progressing very satisfactorily on an industrial estate at Thame, whilst two consortium development companies have been set up in Birmingham Heartlands area where Waterlinks Plc has commenced construction on its first nine acre site at Aston Cross to develop 180,000 sq. ft. of business space over the next eighteen months. To the south of Birmingham, planning permission is being sought for a 150 acre business park.

Douglas Hill Developments Limited

In its first year the company has made good progress. Planning permission is now awaited on two substantial sites in the Black Country and Walsall which will provide development opportunities for the current financial year and for the future.

Douglas Homes Limited

This is a new company formed in August 1988. Work commenced on the first development in March 1989, at Sutton Coldfield, consisting of 87 three and four bedroom detached houses to be sold and built over the next two years. The company has acquired building land for a further 280 houses directed at the first time buyer to be on stream later this year at selling prices from £40,000. This is intended to be a low key entry into a carefully selected market.

CONSTRUCTION EQUIPMENT

The Division has had another very successful year with considerable growth and increase in profitability, helped in part by the buoyant market conditions in its major trading areas. Individual companies have extended their influence geographically and built on their technical expertise to meet the demanding requirements of major construction groups in specialist temporary works engineering.

Rapid Metal Developments Limited

In the UK there has been a considerable increase in sale and hire volume and profitability. Further investment has been made in computer aided design with ability to interconnect technical centres and contractors' offices within Europe as part of the design service. These technical strengths are reflected in the involvement in major public works projects including Sizewell Nuclear Power Station, Faslane Submarine Base and the Conway Submerged Crossin, as well as significant private sector schemes such as the Channel Tunnel. As part of its approach to customer service the company is now working towards quality assurance registration.

Rapid Metal Developments (Aust.) Pty Limited

The company has continued its growth and developed its regional coverage. There are now signs of a slowing down of market activity with resultant tightening of margins and the present drive is towards an increase in market share with some product diversification to broaden the base. The company is involved in major civil engineering and commercial schemes as reflected by the Malabar Ocean Outfall Tunnel in Sydney.

Rapid Metal Developments (N.Z.) Limited

During the year the country experienced a sharp downturn in the economy which has depressed investment. There are no immediate signs of recovery but the company is well placed to capitalise on any easing and is trading profitably. In future the company will run as an adjunct to the Australian operation.

Chief executives review of activities

Rapid Metal Developments Ireland Limited

The market improved in the latter part of the year with public sector EEC funded infrastructure schemes. A reorganisation of resources during the year with retention of the regional centres has enabled the company to service the enhanced demand with an encouraging increase in profitability which augurs well for the coming year. Although maintaining its individual identity, this company will in future function as an extension of the UK market.

Réalisations Métalliques Développées S.a.r.l.

The company has been developing its regional coverage as part of the focus on Europe and 1992 with significant increase in business volume. The management team has been strengthened and, with an increasing technical influence, the company is well placed to develop its business with the major construction groups, instanced by the present work on the Channel Tunnel infrastructure. This coming year with real growth potential should see the company moving into profitability.

Rapid Metal Developments (UAE) Company Limited

The easing of tension in the Gulf which has reflected into neighbouring territories has encouraged investment. Significant increase in trading at the end of the year resulted in a positive turnaround, and has stimulated confidence for this coming year with every indication of a profitable out-turn. The market remains, however, opportunistic.

Rapid Metal Developments Inc.

With improvement in the Houston market place and encouraging opportunities to develop business across the southern states with distributors, the middle term prospects are good. The company has built up its technical skills and broadened its product base as part of this development. Results were ahead of forecasts and this coming year should see a move into profit.

Douglas Plant Limited

The progress made by this company in recent years has been maintained. In the year under review, operating margins showed further improvement and records were set for both turnover and profit. The range of non-operator plant has been extended to include site security accommodation and access work platforms.

In order that the group might take advantage of a development opportunity at Lichfield, the company will be moving into a new head office and workshop on an adjacent site in the Autumn.

MATERIALS SUPPLY

Douglas Concrete & Aggregates Limited

The continuing strength of construction activity in the Midlands enabled the company to achieve another significant improvement in profit. Demand for materials remained at high levels throughout the year without the usual seasonal downturn in the winter months. The result was a profit enhancement of 78% on an increased turnover of 31%.

SPECIALIST CONTRACTING

Douglas Specialist Contractors Limited

The company more than doubled its turnover for the second consecutive year and has improved its profitability.

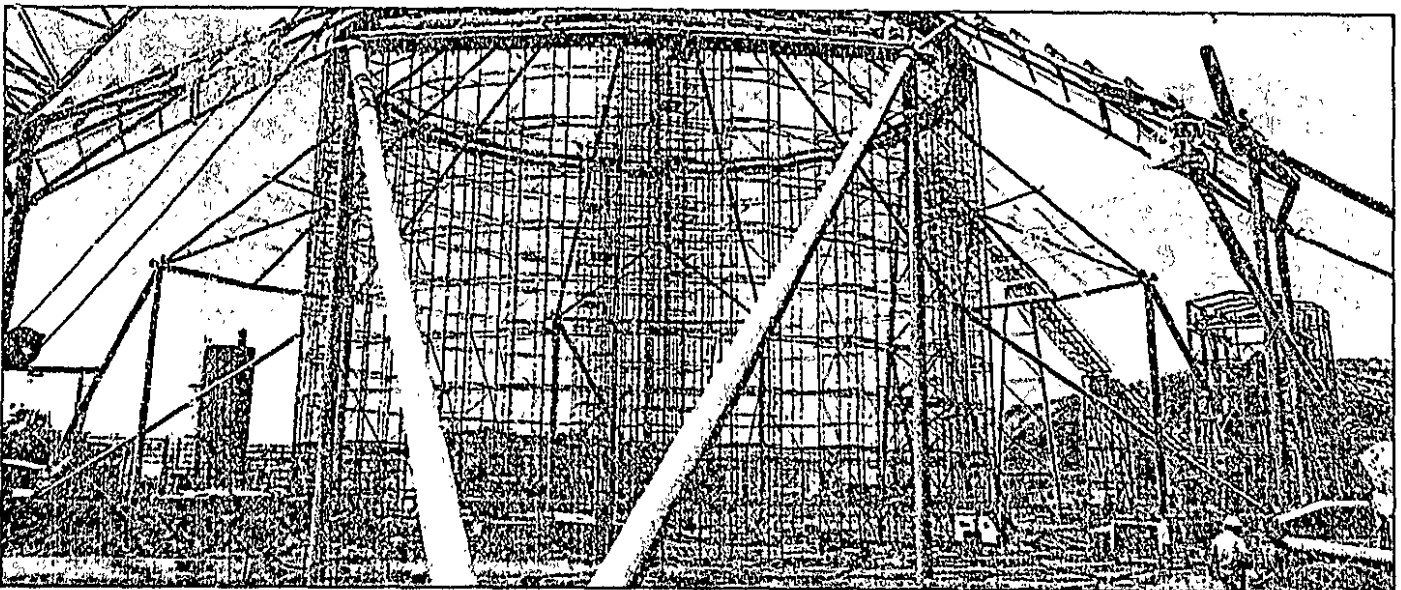
Multi-storey car parks constructed by the Lift Slab method of construction provided the majority of the turnover, although with the construction of concrete cores by slipform on location, the slipform department made a significant contribution, as did the electrical and painting departments taken over from Douglas Environmental Engineering Limited, a company which ceased to take on new business from the 1st April 1988.

The prospects for the coming year are promising and the level of enquiries remains high.

GROUP

The group continues to make progress responding to the opportunities which continue to exist in the market place. The changes to the organisation which have occurred should help the group to develop along its chosen path.

The 37.8% increase in turnover and 61.1% increase in pre-tax profit indicate the positive dedication and effort which has been made by management and staff.



Trishore and Rapid Scaffold in use at Firmston Lease Expansion project in Australia for North Kalgoorlie Mines Limited to provide an ore stockpile capacity of 100,000 tonnes

Report of the directors

The directors present their annual report and the financial statements for the year ended 31st March 1989.

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 interrelated and interdependent.

Business review

A list of the principal subsidiary and related companies and their main activities is given on pages 28 and 29. There has been no significant change during the year in these activities which are dealt with in the review of activities on pages 11 to 13.

Profit and dividends	£,000
Group profit attributable to members	5,795
Dividends:	
Interim paid	306
Proposed final	691
Profit retained	4,798

If the final ordinary dividend is approved the total dividend for the year will be 6.5p per share compared with 4.25p for the previous year.

Tangible assets

The major parts of the groups freehold and leasehold land and buildings were revalued at 31st March 1989 at open market value on an existing use basis at £22.67m. This valuation which shows a surplus compared with book value of £7.82m is incorporated in the accounts.

The movements in tangible assets are shown in note 13 to the financial statements on pages 22 and 23.

Directors

Mr. J. R. T. Douglas was appointed an Officer of the Most Excellent Order of the British Empire in the Queens Birthday Honours for 1989.

The present members of the board are shown on page 5. All directors served throughout the year with the exception of Mr. J. A. Sankson, who was appointed on 1st August 1989 and accordingly retires and offers himself for re-election.

Mr. F. W. Carder and Mr. L. J. Holliday will retire from the board at the conclusion of the annual general meeting in 1989. Mr. K. J. Cadman and Mr. S. J. Pedlar retired from the board on 29th April 1988 and 30th April 1989 respectively.

In accordance with the company's articles of association Messrs. H. E. Green and J. C. Lees retire by rotation and being eligible offer themselves for re-election.

The executive directors have service contracts. Mr. H. E. Green and Mr. J. A. Sankson have service contracts which are terminable by the company on three years' notice. No other director offering himself for re-election has a service contract.

Share capital

Details of shares issued and options granted during the year are shown in note 22 to the financial statements on page 26. The number of ordinary shares of 25p each in issue at 1st August 1989 was 15,402,852.

The company has been notified of the following beneficial interests in the share capital of the company as at 1st August 1989:

	Holding	%
Govett Strategic Investment Trust PLC	2,930,776	19.03
Govett UK Special Opportunities Fund	370,000	2.40
Dalgely Pension Trust	400,000	2.60
Allied Lyons First Pension Trust	125,000	0.81
Mrs. J. E. Lees	1,229,609	7.98
(included in Mr. J. C. Lees director's interests, note 3(e))		
Prudential Assurance Co. p.l.c.	956,774	6.21

Because each of Govett Strategic Investment Trust PLC, Govett UK Special Opportunities Fund, Dalgely Pension Trust and Allied Lyons First Pension Trust is a party to an agreement to which section 204 of the Companies Act 1985 applies, each party is interested in the shares of the other parties to that agreement and the register of interests in shares has been written up accordingly.

The directors' interests in the share capital of the company are shown in note 3(e) to the financial statements on page 21.

Authority to allot shares and disapplication of statutory pre-emption rights

Section 80 of the Companies Act 1985 provides that the authority of the company in general meeting is required before the directors may make any allotment of unissued share capital (other than where shares are allotted to employee share schemes). Accordingly, resolution 10 of the 1990 annual general meeting or 27th December 1990 (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 £1,149,287.

Section 89(1) of the Companies Act 1985 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. The purpose of resolution 6(B) is to provide that equity securities may be allotted for cash without first being offered to existing shareholders in accordance with Section 89(1) in the following cases:—

- on a rights issue (where the directors may wish to make exclusions because of fractional entitlements or because of the requirements of particular overseas jurisdictions), and

Report of the directors

- (b) in other circumstances, where the nominal value of the shares to be allotted does not exceed £191,978 (this being equivalent to 5% of the company's issued share capital).

Your directors consider it desirable that the company should have the flexibility provided by resolution 6.

Donations

Charitable donations made during the year amounted to £30,000. In addition further charitable donations were made by trusts set up for that purpose by the Douglas family. A contribution of £2,000 was made to the Conservative Party.

U.K. pensions

Following an actuarial review, employer contributions to U.K. pension schemes were suspended for 3 years from 1st April 1986. This has resulted in a reduction in group pension costs of £1.52m during the year under review.

- The actuarial review as at 31st March 1988 disclosed a further substantial surplus. The board has, however, on this occasion agreed to grant in respect of the current year an increase in pensions now in payment of 6%, and has in addition granted special increases to pensioners who retired in 1978 or earlier to restore the purchasing power of their pensions to 90% of their original value, but with a maximum total increase of 50%. With effect from 1st April 1990, the funds rules will permit automatic pension increases based on increases in the retail price index, subject to a minimum increase of 3% and a maximum of 5%.

In order to minimise fluctuations in company contribution costs, the company has from 1st April 1989 recommenced contributions to the funds, but at lower levels than applied in the past.

It is estimated that the pension cost charge in the accounts for the current year will be approximately £409,000.

Employees

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 seeks to meet its obligations to offer employment opportunities to disabled people with appropriate skills and qualifications. A common objective of all group companies is to establish equitable remuneration practices which attract, motivate and retain people. The group also supports the Youth Training Scheme throughout the United Kingdom. It is group policy to achieve and maintain a high standard of safety and health by all practicable means.

Employee involvement

The group is committed to good communications, to achieve a better understanding of and commitment to its corporate objectives, and to employee involvement practices. This is done through many processes which are all now well established and which include management meetings, consultative committees, company newsletters and bulletins, and presentation of trading results.

Auditors

Touche Ross & Co. have indicated their willingness to accept appointment for a further term in accordance with the provisions of the Companies Act 1985.

General

The company is not a close company for taxation purposes within the meaning of S414 Income and Corporation Taxes Act 1988.

On behalf of the board,

J. R. T. DOUGLAS
Chairman.

Birmingham,
2nd August, 1989

Statement of accounting policies

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 groups share of the results and retained earnings of related companies is included in accordance with standard accounting practice. Related 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 groups share of joint venture and related 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, 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.

Work in progress

Contract work in progress is valued on the basis of cost of material, labour, direct site expenses and attributable profit, less progress payments received. Full provision is made for losses on unprofitable contracts.

The inclusion of attributable profit in long term contract work in progress in accordance with SSAP 9 (revised August 1980) constitutes a departure from the valuation rules contained in Schedule 4 of the Companies Act 1985. This departure is necessary to enable the financial statements to give a true and fair view, and is required by Section 228(5) of that Act. As it is not possible to allocate progress payments meaningfully between costs and profit, it is impracticable to determine the effect of this departure on the amount attributed to long term contract work in progress in the balance sheet.

Manufacturing work in progress is valued on the basis of prime cost (material and labour) plus an appropriate addition for overheads.

Fixed assets**Tangible assets**

Depreciation is provided on the original cost or valuation of all tangible assets, except freehold land, hotel and related properties, 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%
Short leasehold buildings	—	over remaining life of lease
Plant and vehicles	—	10% to 50%

Investments

Shares in group and related 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 asset. The corresponding obligation is included as a creditor and the interest element of the finance charge is charged to profit and loss account over the term of the lease obligation. 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

Retirement benefits to employees of most companies in the group are funded by contributions from the group companies and employees. Payments are made to pension trustees which are financially separate from the group. These payments, which are made in accordance with periodic calculations by consulting actuaries, are charged in arriving at the result for the year.

Consolidated profit and loss account for the year ended 31st March 1989

	Note	1989 £,000	1988 (restated) £,000
Turnover			
The company and subsidiaries	1	236,957	175,376
Share of joint venture		16,640	8,077
Share of related companies		8,102	6,409
Total turnover	1	<u>261,699</u>	<u>189,862</u>
Operating profit	2		
Continuing operations		9,829	7,280
Discontinuing operations		(694)	(961)
		<u>9,135</u>	<u>6,319</u>
Interest receivable	4	693	306
Interest payable	5	(1,557)	(1,473)
Share of results of related companies		<u>495</u>	<u>291</u>
Profit on ordinary activities before taxation	6	8,766	5,443
Taxation on profit on ordinary activities	7	<u>2,960</u>	<u>1,875</u>
Profit on ordinary activities after taxation		5,806	3,568
Minority interest		<u>301</u>	<u>19</u>
Profit before extraordinary items		6,107	3,587
Extraordinary items	8	<u>312</u>	<u>486</u>
Profit attributable to members	9	5,795	3,101
Dividends	10	<u>997</u>	<u>645</u>
Profit retained		<u>4,798</u>	<u>2,456</u>
Earnings per share	11	<u>40.2p</u>	<u>23.6p</u>

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

Consolidated balance sheet at 31st March 1989

	Note	1989 £,000	1988 (restated) £,000
Fixed assets			
Intangible assets	12	6	19
Tangible assets	13	42,475	28,632
Investments	15	2,937	4,211
		<u>45,418</u>	<u>32,862</u>
Current assets			
Stocks	16	13,608	12,687
Work in progress	17	5,442	5,964
Debtors	18	44,281	29,941
Cash at bank and in hand		671	293
Short term deposits		4,172	2,541
		<u>68,174</u>	<u>51,426</u>
Creditors: amounts falling due within one year	19	<u>70,140</u>	<u>54,558</u>
Net current liabilities		<u>(1,966)</u>	<u>(3,132)</u>
Total assets less current liabilities		<u>43,452</u>	<u>29,730</u>
Creditors: amounts falling due after more than one year	20	3,592	2,334
Provision for liabilities and charges	21	941	910
Net assets		<u><u>38,919</u></u>	<u><u>26,486</u></u>
Capital and reserves			
Called up share capital	22	3,840	3,794
Revaluation reserve	23	9,396	1,719
Other reserves	23	2,679	3,129
Profit and loss account	23	22,960	17,499
Shareholders funds		<u>38,875</u>	<u>26,141</u>
Minority interest in subsidiary companies		<u>44</u>	<u>345</u>
		<u><u>38,919</u></u>	<u><u>26,486</u></u>

The financial statements were approved by the board of directors on
2nd August 1989

J. R. T. DOUGLAS

J. R. T. Douglas
Directors

F. W. CARDER

F. W. Carder

Balance sheet of Robert M. Douglas Holdings PLC at 31st March 1989

		1989	1988
	Note	£,000	£,000
Fixed assets			
Tangible assets	13	9,520	4,704
Investments	15	2,584	2,539
		<u>12,104</u>	<u>7,243</u>
Current assets			
Debtors	18	3,756	2,709
Cash at bank		2,000	1,001
		<u>5,756</u>	<u>3,710</u>
Creditors: amounts falling due within one year	19	<u>5,858</u>	<u>3,180</u>
Net current assets (liabilities)		<u>(102)</u>	<u>530</u>
Net assets		<u>12,002</u>	<u>7,773</u>
Capital and reserves			
Called up share capital	22	3,840	3,794
Revaluation reserve	23	5,169	962
Other reserve	23	100	—
Profit and loss account	23	2,893	3,017
		<u>12,002</u>	<u>7,773</u>

The financial statements were approved by the board of directors on
2nd August 1989

J. R. T. DOUGLAS

Directors

F. W. CARDER

Notes to the financial statements

1 Turnover and profits

	1989	1988	1989	1988
	£,000	(restated) £,000	£,000	(restated) £,000
Geographical analysis of turnover			Group, joint venture and related companies	
United Kingdom	Group 216,821	Group 161,250	234,460	170,035
Other EEC countries	4,752	3,244	4,752	3,244
Australasia	8,350	7,265	9,330	7,265
Middle East	3,041	2,982	10,144	8,693
Elsewhere	<u>2,993</u>	<u>635</u>	<u>2,993</u>	<u>635</u>
	<u>236,957</u>	<u>175,376</u>	<u>261,699</u>	<u>189,862</u>
Region of origin of pre-tax profits on ordinary activities				
United Kingdom			5,977	3,967
Other EEC countries			236	(27)
Australasia			2,724	2,274
Middle East			424	224
Elsewhere			<u>(595)</u>	<u>(995)</u>
			<u>8,766</u>	<u>5,443</u>

2 Operating profit

	Group	Group
Turnover	236,957	175,376
Cost of sales	<u>205,317</u>	<u>148,939</u>
Gross profit	31,640	26,437
Distribution costs	(6,823)	(5,676)
Administrative expenses	(19,564)	(16,577)
Other operating income	<u>3,882</u>	<u>2,135</u>
	<u>9,135</u>	<u>6,319</u>
Operating profit is stated after charging (crediting)		
Operating lease rentals		
Property	697	626
Plant	6,560	4,435
Auditors remuneration	146	116
Staff costs (note 3(a))	33,982	29,571
Depreciation of tangible fixed asset	4,472	3,539
Surplus on disposal of tangible fixed assets	<u>(3,541)</u>	<u>(2,178)</u>
Rents received	<u>(176)</u>	<u>(522)</u>
Payments due during the next year in respect of operating leases for which the commitment expires		
Within 1 year		
Property	437	411
Plant	369	255
In 2nd to 5th year		
Property	353	352
Plant	<u>1,280</u>	<u>973</u>
After more than 5 years		
Property	<u>144</u>	<u>132</u>

3 Employees and directors

(a) Staff costs (including directors)

Wages and salaries	31,475	27,537
Social security costs	2,453	1,990
Other pension costs	<u>54</u>	<u>44</u>
	<u>33,982</u>	<u>29,571</u>

As stated in the directors report, employer contributions to U.K. pension schemes were suspended for 3 years from 1st April 1986. This has resulted in a reduction in pension costs of £1.52m for the year ended 31st March 1989 (1988 £1.35m)

(b) Average number employed during the year, including directors

Operatives	Number	Number
Staff	1,178	1,218
	<u>1,693</u>	<u>1,501</u>
	<u>2,871</u>	<u>2,719</u>

(c) Directors' emoluments included in staff costs

Fees	£,000	£,000
Termination payment	3	4
Other emoluments (including pension contributions)	<u>125</u>	<u>—</u>
	<u>424</u>	<u>335</u>
	<u>552</u>	<u>339</u>

Notes to the financial statements

		1989	1988
3	Employees and directors (continued)		
	Emoluments, excluding pension contributions and termination payment		
	The emoluments of the chairman, who is also the highest paid director, were £85,747 (1988 £58,807)		
	Other directors in the scale		
	£0 to £5,000	1	1
	£5,001 to £10,000	2	3
	£10,001 to £25,000	1	
	£25,001 to £35,000	-	1
	£35,001 to £45,000	1	4
	£45,001 to £60,000	2	1
	£60,001 to £70,000	1	
	£70,001 to £80,000	1	
	(d) Number of UK employees earning more than £30,000 (excluding termination payment).	4	4
	£30,001 to £35,000	9	5
	£35,001 to £40,000	2	
	£40,001 to £45,000	1	
	£45,001 to £50,000		
	(e) Directors interests		
	Interests of the directors and their families in ordinary shares of the company were as follows		
		31st March 1989	31st March 1988
		Fully paid	On option
	J R T Douglas as beneficial owner	1,185,555	1,185,555
	as trustee	1,774,955	1,774,955
	F W Carder as beneficial owner	32,795	32,400
	as trustee	1,499,330	1,499,330
	M V Manzoni	4,658	4,658
	K J Cadman (Retired 29th April 1988)	-	77
	S J Pedlar	9,146	9,146
	H E Green	2,205	2,206
	J C Lees as beneficial owner	1,423,554	1,423,554
	as trustee	544,499	544,499
	B C Morgan	105,478	96,976
	L J Hollday	-	-
	R A Paine*	-	100,000
	*These options were granted in September 1988 at an option price of 141p exercisable by 1995		
	There were no changes in the above interests between 31st March 1989 and 1st August 1989 other than the sale of 4,300 shares on 20th April 1989 by B C Morgan		
	At 31st March 1988, 31st March 1989 and 1st August 1989 1,499,330 trustee shares. * included more than once		
	There were no contracts subsisting with the company or any subsidiary or related 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		
	Interest from banks	1,000	1,000
	Other interest	263	263
		430	43
5	Interest payable		
	On loans repayable within 5 years	1,062	1,189
	Bank loans and overdrafts	365	207
	Finance leases	130	77
	Other loans	1,557	1,473
6	Profit on ordinary activities before taxation		
	Profit for group per accounts	8,766	5,443
	Add minority share of losses in subsidiary companies	435	251
	Group profit, excluding minority interests, on ordinary activities	9,201	5,694
7	Taxation		
	United Kingdom corporation tax at 35% (1988 35%)	2,225	1,804
	Relief for overseas taxation	(265)	(170)
	Consortium relief	-	(113)
	Deferred taxation	(87)	(603)
	Overseas taxation	1,028	1,141
	Related companies	74	32
		2,975	2,091
	Prior year adjustments		
	Corporation tax	(26)	174
	Consortium relief	(9)	(653)
	Deferred tax	20	263
		2,960	1,875

The consortium relief credits represent the groups share of payments for losses surrendered by a subsidiary company. Certain subsidiary companies have tax losses at 31st March 1989 in excess of £1 90m which may be carried forward to offset against future profits of those companies.

Notes to the financial statements

		1989 £,000	1988 £,000		
8 Extraordinary items	Group companies				
	Previously discontinued operations	499	335		
	Operating loss	(175)	(118)		
	Tax relief	324	217		
		(8)	272		
	Claims and guarantees relating to foreign subsidiaries	316	489		
	Related companies	(4)	(3)		
	Profit relating to investment disposals	312	486		
9 Profit attributable to members	Dealt with in the financial statements of:	856	811		
	Parent company	4,800	2,290		
	Subsidiary companies	139	—		
	Related companies	5,795	3,101		
	As permitted by Section 228(7) 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 2p per share paid 8th March 1989 (1988: 1.3p)	306	197		
	Proposed final 4.5p per share payable 29th September 1989 (1988: 2.95p)	691	448		
		997	645		
11 Earnings per share	Earnings per share shown in the profit and loss account on a net basis are calculated on profits of £6.11m (1988: £3.59m) and 15,206,436 (1988: 15,175,344) ordinary shares calculated on a weighted average basis. Fully diluted earnings per share are not materially different.				
12 Intangible asset	Option to purchase sand and gravel bearing land.	19	19		
	At 31st March 1988	13	—		
	Part option exercised	6	19		
	At 31st March 1989				
13 Tangible assets					
		Land and buildings	Plant and vehicles		
		Long leasehold	Short leasehold		
	Total	Freehold			
	£,000	£,000	£,000	£,000	
Group					
Cost/valuation					
At 31st March 1988	45,496	14,160	422	394	30,520
Acquisition	357	29	—	6	322
Additions	12,530	1,322	10	17	11,181
Disposals	(6,350)	(302)	—	—	(6,048)
Reclassifications	(225)	(661)	—	—	436
Revaluation surplus	7,369	6,983	78	308	—
Exchange adjustments	917	255	16	8	638
At 31st March 1989	60,094	21,786	526	733	37,049
At valuation 1989	22,669	21,664	420	585	—
At cost	37,425	122	106	148	37,049
Depreciation					
At 31st March 1988	16,694	331	86	142	16,135
Prior year adjustment	170	—	—	—	170
As restated	16,864	331	86	142	16,305
Acquisition	232	—	—	6	226
Charge for year	4,472	134	9	13	4,316
Disposals	(3,762)	(10)	—	—	(3,752)
Reclassifications	(5)	(5)	—	—	—
Revaluation surplus	(453)	(382)	(20)	(51)	—
Exchange adjustments	271	6	15	9	241
At 31st March 1989	17,619	74	90	119	17,336
Net book amount					
At 31st March 1989	42,475	21,712	436	614	19,713
At 31st March 1988	28,632	13,829	336	252	14,215

Notes to the financial statements

13 Tangible assets
(continued)

The major parts of the groups freehold and leasehold land and buildings were professionally revalued at 31st March 1989 resulting in a surplus of £7.82m. The valuation of United Kingdom properties was undertaken by Debenham, Tewson, Cheshire, International Property Advisers. Overseas properties were valued by various independent qualified valuers. All valuations were at open market value on an existing use basis. Included in freehold land and buildings, is a hotel and leisure complex property £5.13m and land and investment property £6.44m which are not depreciated. It is the groups policy to maintain the hotel and leisure complex in such condition that their 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.

Depreciation for the year has been calculated before taking into account the revaluation. The future annual depreciation charge, if calculated at present rates, will not be materially different as a result of the revaluation.

The net book value of tangible fixed assets includes £3.28m in respect of plant held under finance leases after charging depreciation of £563,000 for the year.

	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	50,203	12,486	346	322	37,049
Accumulated depreciation	19,013	1,365	135	177	17,336
Net book amount					
At 31st March 1989	31,190	11,121	211	145	19,713
At 31st March 1988	25,615	10,889	208	133	14,385

If land and buildings had not been revalued in previous years the depreciation charge for the year would have been £47,000 lower.

Holding company*Cost/valuation*

At 31st March 1988	5,722	4,580	—	100	1,042
Additions	928	760	—	1	165
Disposals	(178)	(143)	—	—	(35)
Revaluation surplus	3,987	3,813	—	174	—
At 31st March 1989	10,457	9,010	—	275	1,172
At valuation 1989	9,285	9,010	—	275	—
At cost	1,172	—	—	—	1,172

Depreciation

At 31st March 1988	1,018	128	—	10	880
Charge for year	164	69	—	6	89
Disposals	(36)	(4)	—	—	(32)
Revaluation surplus	(209)	(193)	—	(16)	—
At 31st March 1989	937	—	—	—	937
Net book amount					
At 31st March 1989	9,520	9,010	—	275	235
At 31st March 1988	4,704	4,452	—	90	162

Freehold land and buildings include land £3.28m which is not depreciated.

As stated above land and buildings were revalued at 31st March 1989.

Comparable amounts on the historical cost basis

Cost	5,459	4,158	—	129	1,172
Accumulated depreciation	1,582	597	—	48	937
Net book amount					
At 31st March 1989	3,877	3,561	—	81	235
At 31st March 1988	3,299	3,050	—	87	162

14 Capital commitments

	Group		Holding company	
	1989	1988	1989	1988
	£,000	£,000	£,000	£,000
Contracted for	1,559	650	195	32
Authorised	6,674	3,126	426	176

Notes to the financial statements

15 Investments

	Group		Holding company	
	1989	1988	1989	1988
	£,000	£,000	£,000	£,000
Group companies				
Shares at cost less amounts written off	—	—	2,427	2,407
Related companies				
Shares at cost less amounts written off	1,256	1,244	110	110
Net post acquisition reserves	920	776	—	—
Loans	660	660	—	—
Other companies				
Shares at cost	56	1,511	2	2
Loans	45	20	45	20
	<u>2,937</u>	<u>4,211</u>	<u>2,584</u>	<u>2,539</u>

	Group		Holding company		
	Related companies		Other companies	Shares and loans	Other companies
	Shares	Loans	Shares and loans	Group companies	Other companies
	£,000	£,000	£,000	£,000	£,000
Cost:					
At 31st March 1988	1,298	660	1,531	2,457	22
Additions/advances	12	—	74	150	25
Disposals/repayments	—	—	(1,504)	—	—
At 31st March 1989	<u>1,310</u>	<u>660</u>	<u>101</u>	<u>2,607</u>	<u>47</u>

Net post acquisition reserves:	
At 31st March 1988	776
Exchange adjustments	5
Share of retained profits for year	139
At 31st March 1989	<u>920</u>

Amounts written off					
At 31st March 1988	(54)		(50)		
During year	—		(130)		
At 31st March 1989	<u>(54)</u>		<u>(180)</u>		
Book value at 31st March 1989	<u>2,176</u>	<u>660</u>	<u>101</u>	<u>2,427</u>	<u>47</u>

All the above investments are unlisted.
Cost of shares in related companies includes premium on acquisition £49,000.

Other details of subsidiary and related companies are shown on pages 28 and 29 and form part of these financial statements.

16 Stocks

	1989	1988
	£,000	£,000
Materials	606	549
Stores	528	437
Equipment for sale	5,767	4,542
Completed developments	676	4,163
Buildings under construction	6,031	2,996
	<u>13,608</u>	<u>12,687</u>

Interest included in completed developments and buildings under construction amounted to £1.04m (1988 £1.33m)

17 Work in progress

Contract work in progress	15,442	40,049
Less Progress payments received	<u>10,000</u>	<u>34,085</u>
	<u>5,442</u>	<u>5,964</u>

Notes to the financial statements

18 Debtors

	Group		Holding company	
	1989 £,000	1988 £,000	1989 £,000	1988 £,000
Due within one year				
Trade debtors	38,476	25,828	171	4
Amounts owed by group companies	—	—	2,885	2,339
Amounts owed by related companies	698	1,062	24	24
VAT recoverable	580	1,249	—	—
Other debtors	3,867	1,166	267	19
Prepayments	660	620	409	323
	<u>44,281</u>	<u>29,925</u>	<u>3,756</u>	<u>2,709</u>
Due after one year				
Other debtors	—	16	—	—
	<u>44,281</u>	<u>29,941</u>	<u>3,756</u>	<u>2,709</u>

19 Creditors: amounts falling due within one year

Payments received on account	1,110	1,595	—	—
Bank loans and overdrafts	7,435	9,842	3,720	1,832
Unsecured loan	—	1,500	—	—
Trade creditors	50,494	35,297	587	575
Amounts owed to group companies	—	—	453	26
Amounts owed to related companies	3,629	1,370	—	—
Corporate taxation	3,301	2,211	324	222
Other taxation and social security	1,629	1,275	83	64
Other creditors	513	253	—	—
Obligations under finance leases	1,338	817	—	13
Dividends	691	448	691	418
	<u>70,140</u>	<u>54,558</u>	<u>5,858</u>	<u>3,180</u>

20 Creditors: amounts falling due after more than one year

Bank				
Between two and five years	2,011	51	—	—
Obligations under finance leases	605	699	—	—
Between one and two years	976	1,584	—	—
Between two and five years	<u>3,592</u>	<u>2,334</u>	<u>—</u>	<u>—</u>

21 Provision for liabilities and charges

	Group		Holding company	
	Total £,000	Deferred taxation £,000	Other provisions £,000	Deferred taxation £,000
At 31st March 1988	989	455	514	—
Prior year adjustment	(59)	(59)	—	—
As restated	910	396	514	—
Exchange adjustments	58	5	53	—
Charge (credit) for year	54	(67)	121	—
Advance corporation tax	(81)	(81)	—	—
At 31st March 1989	<u>941</u>	<u>253</u>	<u>688</u>	<u>—</u>
Analysis of deferred taxation				
	1989 £,000	1988 £,000	1989 £,000	1988 £,000
Accelerated capital allowances	1,163	967	—	—
Sundry items	(30)	67	—	—
Unutilised losses	(650)	(490)	—	—
Advance corporation tax	(230)	(148)	—	—
	<u>253</u>	<u>386</u>	<u>—</u>	<u>—</u>
Not provided in the accounts				
Accelerated capital allowances	2,580	2,164	95	99
Sundry items	167	121	45	19
Full potential liability	<u>3,000</u>	<u>2,681</u>	<u>140</u>	<u>118</u>

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

	1989	1988
Authorised, 20,000,000 ordinary shares of 25p each	£,000	£,000
	<u>5,000</u>	<u>5,000</u>
Allotted and fully paid: 15,358,244 ordinary shares of 25p each	<u>3,840</u>	<u>3,794</u>
	Total	Executive
Share option schemes		Savings related
Number of shares at 31st March 1988	644,634	370,750
Granted	177,900	177,900
Exercised (consideration received £146,320)	(182,900)	(182,900)
Lapsed	(8,920)	5,800
At 31st March 1989	<u>630,714</u>	<u>371,550</u>
Normally exercisable	193,650	193,650
Up to 1995 at 80p per share	259,164	—
1990/1995 at 81p per share	100,000	100,000
1990/1995 at 141p per share	77,900	77,900
Up to 1999 at 269p per share	—	—

23 Reserves

	Group	Holding company	Subsidiary companies	Related companies
	£,000	£,000	£,000	£,000
Revaluation reserve.				
At 31st March 1988	1,710	962	621	136
Exchange adjustments	3	—	3	—
On disposals	60	28	32	—
Surplus for year	7,516	4,196	3,320	—
Transfer profit and loss (below)	98	(17)	117	(2)
At 31st March 1989	<u>9,396</u>	<u>5,169</u>	<u>4,093</u>	<u>134</u>
Other reserves.				
At 31st March 1988	3,129	—	3,052	77
Exchange adjustments	173	—	167	—
Goodwill acquired	(727)	—	(727)	—
Share premium	100	100	—	—
Movement re subsidiaries	4	—	4	—
At 31st March 1989	<u>2,679</u>	<u>100</u>	<u>2,496</u>	<u>83</u>
Other reserves are all regarded as not distributable				
Profit and loss account:				
At 31st March 1988 as previously stated	18,058	3,017	14,478	563
Prior year adjustment	(559)	—	(559)	—
As restated	17,499	—	13,919	—
Exchange adjustments	761	—	762	(1)
Transfer revaluation reserve (above)	(98)	17	(117)	2
Retained profit for year	4,798	(141)	4,800	139
At 31st March 1989	<u>22,960</u>	<u>2,893</u>	<u>19,364</u>	<u>703</u>

The prior year adjustment relates to a change in the basis of valuing work in progress by a foreign subsidiary company and the reclassification of certain plant.

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
	1989	1988
	£,000	£,000
Guarantees in respect of subsidiaries	—	511
Guarantees in respect of related companies	2,989	2,233
Other guarantees	<u>3,000</u>	<u>—</u>

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

Statement of source and application of funds
for the year ended 31st March 1989

	1989	1988 (restated)
	£,000	£,000
Source of funds		
Profit on ordinary activities before taxation	8,766	5,443
Extraordinary items before taxation	487	604
	<u>8,279</u>	<u>4,839</u>
Items not involving movement of funds:		
Depreciation	4,472	3,539
Surplus on disposal of tangible fixed assets	(3,541)	(2,178)
Profit retained in related companies	(139)	—
Movement in other provisions	121	9
Movement in other reserves	4	—
	<u>9,196</u>	<u>6,209</u>
Total generated from operations		
	9,196	6,209
Funds from other sources		
Disposal of tangible fixed assets	6,161	3,796
Disposal of fixed asset investments	1,504	6
Loans received	—	23
Shares issued	146	—
	<u>17,007</u>	<u>10,034</u>
Application of funds		
Increase (decrease) in working capital:		
Stocks and work in progress	473	(301)
Debtors	14,340	8,269
Creditors	(17,965)	(10,215)
Currency re-alignment on working capital	(559)	242
	<u>(3,711)</u>	<u>(2,005)</u>
Dividends paid	754	470
Taxation paid	2,057	780
Purchase of tangible fixed assets	12,627	9,704
Purchase of fixed asset investments	86	27
Loans repaid	—	3,500
Goodwill on acquisition of subsidiaries (see below)	727	—
	<u>12,540</u>	<u>12,476</u>
Movement in net liquid funds		
Cash, bank balances and overdrafts (including short term deposits)	4,467	(2,442)
	<u>17,007</u>	<u>10,034</u>
Effect of acquisition of subsidiaries		
Increase (decrease) in net assets:		
Tangible fixed assets	125	—
Stocks & work in progress	70	—
Debtors	459	—
Net cash	459	—
Creditors and provisions	(820)	—
Taxation	(184)	—
Goodwill on acquisition	727	—
	<u>836</u>	<u>—</u>
Cost		
	<u>836</u>	<u>—</u>

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 construction		
R. M. DOUGLAS CONSTRUCTION LIMITED*		
KHANSAHEB 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
Civil and structural engineering and building design, soil mechanics and foundation engineering		
DOUGLAS TECHNICAL SERVICES LIMITED*		
CONSTRUCTION EQUIPMENT DIVISION		
Formwork . Scaffolding . Equipment for the building and civil engineering industries		
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
RAPID METAL DEVELOPMENTS INC.		U.S.A.
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 House building		
DOUGLAS HOMES LIMITED*		
Land and property development		
R. M. DOUGLAS PROPERTY DEVELOPMENTS LIMITED*		
DOUGLAS HILL DEVELOPMENTS LIMITED	60%	
THE LAKELAND VILLAGE LIMITED*	51%	
LAKELAND MANAGEMENT LIMITED	51%	
MATERIALS SUPPLY DIVISION Ready mixed concrete . Washed sand and gravel		
DOUGLAS CONCRETE & AGGREGATES LIMITED*		
SPECIALIST CONTRACTING DIVISION Lift Slab method of multi-storey design and construction . Siemcrete slipform system Electrical engineering services . Painting		
DOUGLAS SPECIALIST CONTRACTORS LIMITED*		
DOUGLAS LIFT SLAB PTY LIMITED		Australia
THE EGYPTIAN COMPANY FOR CONSTRUCTION AND DEVELOPMENT (LIFT SLAB MISR) (Issued capital £E600,000)	45%	Egypt
PLANT HIRE DIVISION Plant supply and hire		
DOUGLAS PLANT LIMITED*		
SERVICE COMPANIES Overseas holding companies		
DOUGLAS CONTRACTORS OVERSEAS LIMITED*		Jersey C.I.
DOUGLAS INTERNATIONAL LIMITED*		Jersey C.I.
DOUGLAS OVERSEAS HOLDINGS LIMITED		Jersey C.I.
Staff pension fund trustee companies		
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*		

Corporate objectives

To satisfy our customers in the fields of construction, construction equipment, plant, materials and specialist services so that they will always wish to return to us when seeking to place further orders.

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

To earn sufficient profits after taxation 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, and to increase earnings per share and dividends on the investment shareholders have entrusted to us.

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

To foster the development of group companies through mutual support.

To help our people to develop their skills and personality, 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.

Report of the auditors

TO THE MEMBERS OF ROBERT M. DOUGLAS HOLDINGS PLC

We have audited the financial statements on pages 16 to 29 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 1989 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

Birmingham,
2nd August 1989

Five year review

	1989	1988 (restated)	1987	1986	1985
	£,000	£,000	£,000	£,000	£,000
Total turnover	261,699	189,862	143,326	146,464	142,558
Profit before taxation	8,766	5,443	4,459	1,779	990
Profit attributable to shareholders before extraordinary items and after minority interests	6,107	3,587	2,474	800	1,453
Dividends	997	645	455	341	266
Earnings per share	40.2p	23.6p	16.3p	5.3p	9.6p
Capital employed:					
Share capital	3,840	3,794	3,794	3,794	3,794
Reserves	35,035	22,347	20,539	19,422	18,139
Minority interest	44	345	398	470	155
	38,919	26,486	24,731	23,686	22,088
Represented by:					
Fixed assets	45,418	32,862	28,901	27,031	22,833
Net liabilities	(6,499)	(6,376)	(4,170)	(3,345)	(745)
	38,919	26,486	24,731	23,686	22,088

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 28th September 1989 at 12 noon for the following purposes:—

1. To receive the directors report and the financial statements for the year ended 31st March 1989.
2. To declare a final dividend.
3. To re-elect retiring directors.
4. To authorise the directors to fix the remuneration of the auditors.
5. 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:

6. 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 27th December, 1990, whichever is the earlier, all the powers of the company to allot relevant securities up to an aggregate nominal amount of £1,149,287;
- (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 £191,978,
- (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

By order of the board,

J. A. SANKSON,
Secretary.

395 George Road,
Birmingham,
B23 7RZ

1st September 1989.

Proxies

A 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.