

DIRECTORS' REPORT



The directors of MANSELL plc present their report and the audited financial statements for the year ended 31 December 2000.

Review of Activities

The group operates within the United Kingdom. Its principal activities are property repair, maintenance and improvement, public and private housing, new build, design and build, contract decorating, plant hire and property investment.

A review of the group's business during the year and its future prospects is given in the Chairman's Statement, the Chief Executive's Review and the Operations Review.

As part of a group reorganisation during the year, ownership of certain wholly owned subsidiary companies was transferred between fellow subsidiary companies and MANSELL plc. This is reflected in the balance sheet of the company at 31 December 2000 but has no effect on the consolidated accounts of the group.

Results and Dividends

Profit attributable to shareholders for the year amounted to £4,946,000 (1999: £4,911,000). Interim dividends of 2.75 pence per ordinary share and preferred ordinary share were paid on 30 November 2000.

The directors now recommend that a dividend of 5.25 pence per ordinary share be paid on 31 May 2001. If this recommendation is accepted, the preferred ordinary shareholders would, in accordance with the company's articles of association, also receive a dividend of 5.25 pence per share. The rate of dividend payable to the "A" ordinary shareholders is fixed by the articles of association.

The total dividends paid and proposed are set out in the following table:

	Ordinary Pence per share		Preferred ordinary Pence per share		"A" ordinary Pence per share	
	2000	1999	2000	1999	2000	1999
Interim	2.75	2.20	2.75	2.20	2.29	1.14
Proposed/payable	5.25	4.80	5.25	5.30	0.21	0.11
	8.00	7.00	8.00	7.50	2.50	1.25

The retained profit for the year, after deduction of dividends, amounted to £2,394,000 (1999: £2,880,000) and has been transferred to reserves.

Directors

The names of the directors holding office at the date of this report are set out on page 5.

Retirements and Appointments

The directors to retire by rotation are Peter H Coats and Peter R Howell who, being eligible, offer themselves for reappointment at the forthcoming annual general meeting.

Directors' Interests in the Group

The interests of the directors who held office at the end of year in the share capital of the company were as follows:

	At 31 December 2000		At 1 January 2000	
	Ordinary shares of 25p each	Pref ordinary shares of 25p each	Ordinary shares of 25p each	Pref ordinary shares of 25p each
Sir John Wickerson	45,075	-	45,075	-
David E Beardsmore	704,500	100	704,500	100
Philip A Cleaver	10,100	-	10,100	-
Peter H Coats	442,617	100	452,617	100
Peter R Howell	20,000	-	20,000	-
David S Hurcomb	5,000	-	5,000	-
The Rt Hon. the Lord Naseby	20,000	-	20,000	-
Stephen J Waite	779,925	100	779,925	100

DIRECTORS' REPORT

Options over ordinary shares of 25p each have been granted to directors in accordance with and subject to the rules of the MANSELL Executive Share Option Scheme and the MANSELL Company Share Option Scheme as follows:

Director and Scheme	Number of options				Dates normally exercisable
	At 1.1.00	Exercised during the year	At 31.12.00	Exercise price per share	
Philip A Cleaver					
- Executive	17,000	-	17,000	128p	26.6.2001 to 26.6.2005
- Company	23,000	-	23,000	128p	26.6.2001 to 26.6.2008
	40,000	-	40,000		
David S Hurcomb					
- Company	15,000	-	15,000	128p	26.6.2001 to 26.6.2008
	15,000	-	15,000		

No director had any interest in the share capital of any subsidiary at any time during the year.

Creditors

It is group policy to settle all debts with its creditors on a timely basis. Subcontractors are paid upon agreement of the value of the works completed based on their applications for payment and the terms agreed. In general, other suppliers are paid at the end of the month following the month of receipt of the invoice unless other terms have been specifically agreed.

Charitable and Political Contributions

During the year the company contributed £11,250 for charitable purposes.

Employees

It is group policy to provide equal employment opportunities without regard to race, religion, sex, national origin, disability or age.

At 31 December 2000 unexercised share options over ordinary shares had been granted to employees, including main board directors, in accordance with the terms of the following schemes:

	2000	1999
MANSELL Savings Related Share Option Scheme	30,602	337,126
MANSELL Executive Share Option Scheme	17,000	17,000
MANSELL Company Share Option Scheme	428,000	538,000
	475,602	892,126

We have continued our policy of consulting staff and keeping them informed of significant events and trends through meetings and the circulation of MANSELL NEWS.

Auditors

The auditors, Moore Stephens, are willing to continue in office. In accordance with the Companies Act 1985 a resolution for their reappointment and authorising the directors to fix their remuneration will be put to the annual general meeting.

Directors' Responsibilities for the Financial Statements

The directors' responsibilities for the financial statements are set out within the Policy on Corporate Governance statement on pages 25 and 26.

By order of the board


Richard Cordeschi Company Secretary

5 April 2001

POLICY ON CORPORATE GOVERNANCE

MANSELL seeks to comply with the requirements of the Combined Code of the Committee on Corporate Governance derived from the Principles of Good Governance and Code of Best Practice.

The Board

At 31 December 2000, the board of directors consisted of five executive directors, including the Chief Executive, and three independent non-executive directors including a non-executive Chairman.

At the end of the year, David Beardsmore's directorship transferred from executive to non-executive status.

All directors, including non-executive directors, are appointed by the board and are subject to re-election by the shareholders at the first annual general meeting following their appointment. In accordance with the articles of association, every year one or more directors are required to retire by rotation and are eligible for re-election at the annual general meeting. The appointment of directors is considered by the board as a whole, but there is no formal process for their selection.

There are scheduled board meetings generally in each month of the year and other meetings are held as necessary. Members of the board and some senior employees are required to comply with a code of share dealing similar to the Model Code set out in the UK Listing Authority's Listing Rules.

The directors are able, if necessary in the furtherance of their duties, to obtain professional advice at the company's expense. The directors also have access to the advice and services of the Company Secretary.

Directors' Remuneration

A Remuneration Committee, chaired by Sir John Wickerson and made up of the non-executive directors, meets as necessary and at least once a year, to consider contract terms, remuneration, the granting of options and other benefits of the executive directors. In determining remuneration and benefits, the Remuneration Committee considers the benefits packages provided to directors in peer group companies. Information on levels of directors' remuneration is included in note four of the Notes to the Financial Statements.

Relations with Shareholders

Communications with shareholders are given a high priority. The Chairman's Statement, the Chief Executive's Review and the Operations Review include a detailed review of the business and future developments. Shareholders also receive the unaudited interim report during the year and are included in the circulation of MANSELL News. The annual general meeting offers the board the opportunity to communicate further with shareholders and their participation is welcomed.

Accountability and Audit

Directors' Responsibilities: Responsibility rests with the directors to ensure that the group keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are responsible for taking reasonable steps to safeguard the assets of the group and to prevent and detect fraud and other irregularities.

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing the group's financial statements the directors consider they have:

- (a) selected suitable accounting policies and applied them consistently;
- (b) made judgements and estimates that are reasonable and prudent;
- (c) followed applicable accounting standards; and
- (d) prepared the financial statements on a going concern basis.

Internal Control: The Combined Code introduced the requirements for the directors to review the effectiveness of the system of internal control, including financial, operational, compliance and risk management. The board acknowledges that it is responsible for the group's system of internal control (including financial control) and for reviewing its effectiveness. Such a system can only provide reasonable assurance and not absolute assurance against material misstatement or loss, as it is designed to manage rather than eliminate the risk of failure to achieve business objectives.

POLICY ON CORPORATE GOVERNANCE

Audit Committee: Financial reporting arrangements and internal control principles and procedures are kept under review by the Audit Committee. The Audit Committee is also responsible for maintaining a relationship with the external auditors and for reporting to the board on material matters or concerns arising from the annual audit or from the ongoing internal audit review programme. Sir John Wickerson chairs the Audit Committee consisting of all the non-executive directors.

Risk Management Committee: To assist the board and the Audit Committee in reviewing the effectiveness of all internal controls and procedures, a Risk Management Committee has been established under the joint chairmanship of the Group Finance Director and the Group Commercial Director. The Risk Management Committee reports to the board and advises the Audit Committee. It has responsibility for identifying and responding to new or increased risks, as well as reviewing and assessing the effectiveness and appropriateness of risk controls and procedures.

The Risk Management Committee also reviews and controls the internal audit function which is maintained to review and report on operational and financial controls. This function is otherwise the responsibility of the Group Commercial Director but reports its findings to the Audit Committee.

Key Controls and Procedures: The following controls and procedures have been established by the directors to provide effective internal control:

- (a) maintenance of policies and procedures, including rules relating to the delegation of authorities, allowing management to monitor controls and restrict the unauthorised use of assets;
- (b) establishment and continuous monitoring and assessment, through the MANSELL Management System, of quality, occupational health, safety and environmental rules and procedures throughout the group developed to meet the integrated requirements of ISO 9001: 1994, ISO 14001: 1996 and OHSAS 18001: 1999 as applied to building construction operations;
- (c) appointment of experienced and suitably qualified staff to take responsibility for key business functions to ensure maintenance of high standards of performance;
- (d) preparation of budgets and long term forecasts allowing management to monitor the key business and financial activities and risks in addition to the progress towards financial objectives set for the year and the longer term;
- (e) prompt preparation of detailed monthly management accounts providing relevant, reliable and up to date information;
- (f) investigation as appropriate of significant variances from budget;
- (g) maintenance of clear policies and authorisation procedures for capital investment;
- (h) review by the Audit Committee of reports from the external auditors and the internal audit function in order to provide reasonable assurance that control procedures are in place and are being followed;
- (i) establishment of formal procedures for instituting appropriate action to correct control weaknesses identified.

The objective of these processes is to ensure that significant risks are being both effectively identified and managed by the business and that the necessary policies and procedures are in place to comply fully with the reporting and other requirements of the group's system of internal control. The board is of the view that there is an on-going process for identifying, evaluating and managing the group's significant risks, that it is regularly reviewed by the board and that it accords with the internal control guidance for directors in the Combined Code.

Going Concern

The directors consider that the funds available to the group are sufficient for its operations for the foreseeable future.

AUDITORS' REPORT

We have audited the financial statements on pages 28 to 45 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with the accounting policies set out on page 31.

Respective Responsibilities of Directors and Auditors

As described on page 25 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 31 December 2000 and of the group profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Moore Stephens Chartered Accountants and Registered Auditors

London

5 April 2001

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December

	Note	Continuing operations £'000	Exceptional items (note 2) £'000	2000 £'000	1999 £'000
Turnover	1b	457,001	-	457,001	446,835
Cost of sales		417,150	-	417,150	407,681
Gross profit		39,851	-	39,851	39,154
Administrative expenses		32,577	939	33,516	32,858
Operating profit	3	7,274	(939)	6,335	6,296
Net interest	5	832	-	832	767
Profit on ordinary activities before taxation		8,106	(939)	7,167	7,063
Taxation	6	2,503	(282)	2,221	2,152
Profit on ordinary activities after taxation		5,603	(657)	4,946	4,911
Dividends	7			2,552	2,031
Retained profit	20			2,394	2,880
Earnings per share: Before exceptional items	8			20.0p	19.0p
Basic	8			17.4p	19.0p
Diluted	8			17.2p	18.6p

CONSOLIDATED RECOGNISED GAINS AND LOSSES

for the year ended 31 December

	2000 £'000	1999 £'000
Profit on ordinary activities after taxation	4,946	4,911

BALANCE SHEETS


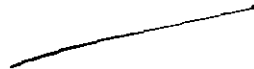
as at 31 December

	Note	2000 £'000	Group 1999 £'000	2000 £'000	Company 1999 £'000
Fixed assets					
Intangible assets	9	193	281	-	-
Tangible assets	10	25,318	24,144	235	2,254
Investments	11	-	-	32,419	26,348
		25,511	24,425	32,654	28,602
Current assets					
Stocks	12	5,254	5,879	-	185
Debtors due within one year	13	77,645	70,206	14,712	34,675
Debtors due after more than one year	13	3,130	5,412	-	3,082
Investments	14	79	229	79	229
Cash and cash deposits	15	32,262	33,737	26,913	31,881
		118,370	115,463	41,704	70,052
Creditors: amounts falling due within one year	16	(109,759)	(105,013)	(41,521)	(62,265)
Net current assets		8,611	10,450	183	7,787
Total assets less current liabilities		34,122	34,875	32,837	36,389
Creditors: amounts falling due after more than one year	17	(17,409)	(19,845)	(15,000)	(17,945)
Provision for liabilities and charges	18	-	(690)	-	(690)
Net assets		16,713	14,340	17,837	17,754
Capital and reserves					
Called up share capital	19	11,541	11,521	11,541	11,521
Share premium account	20	1,481	1,475	1,481	1,475
Revaluation reserve	20	2,321	2,518	-	-
Profit and loss account	20	1,370	(1,174)	4,815	4,758
Shareholders' funds					
(including non-equity interests)	21	16,713	14,340	17,837	17,754

The financial statements on pages 28 to 45 were approved by the board of directors on 5 April 2001.

Sir John Wickerson Director

Peter H Coats Director

John Wickerson



CONSOLIDATED CASH FLOW

for the year ended 31 December

	Note	2000 £'000	1999 £'000
Cash inflow from operating activities	22	6,445	11,062
Returns on investments and servicing of finance	23	352	517
Taxation		(2,468)	(1,824)
Capital expenditure	23	(3,896)	(3,461)
Acquisitions	23	(52)	(829)
Equity dividends		(1,934)	(1,468)
Cash (outflow) / inflow before management of liquid resources and financing		(1,553)	3,997
Management of liquid resources	23	(2,127)	(2,971)
Financing	23	78	337
(Decrease) / increase in cash		(3,602)	1,363
Reconciliation of net cash flow to movement in net funds			
(Decrease) / increase in cash		(3,602)	1,363
Cash outflow from management of liquid resources	23	2,127	2,971
Cash outflow from decrease in loans and lease financing		51	50
Loans and finance leases acquired with subsidiaries		-	(70)
Movement in net funds		(1,424)	4,314
Net funds at 1 January 2000		18,686	14,372
Net funds at 31 December 2000	24	17,262	18,686

NOTES TO THE FINANCIAL STATEMENTS

1. Principal Accounting Policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, in accordance with all applicable accounting standards.

(b) Turnover

Group turnover is the value of work done during the year in respect of contracting together with the invoiced value of sales in respect of other activities, excluding intra-group sales and Value Added Tax.

(c) Basis of consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary undertakings for the year ended 31 December 2000. Subsidiary undertakings acquired are accounted for using the acquisition method and their results are included from the date of acquisition.

(d) Depreciation

The cost of fixtures incorporated in freehold properties is depreciated by equal instalments over their expected lives of 20 years. Otherwise, no depreciation is provided on freehold properties used within the group. It is the group's policy to maintain these properties to a high standard. Accordingly the directors consider that the residual values are such that depreciation on these premises would be insignificant. All group properties are reviewed regularly for impairment and any impairment losses arising would be recognised. This policy has been adopted in accordance with Financial Reporting Standard 15, the charge for the year being £32,000. Long leasehold properties are amortised by equal instalments over the term of each lease. The group has adopted the transitional provisions of Financial Reporting Standard 15 and not updated its property valuations, undertaken in 1997. The cost of other fixed assets is depreciated by equal instalments over their expected lives of between four and twelve years.

(e) Recognition of contract profit

Profit on long term contracts is recognised over the life of each contract in proportion to the value of work carried out, but only to the extent that the total eventual profit on the contract can be foreseen with reasonable certainty. Losses are provided for as soon as foreseen.

(f) Stocks

Stocks and work in progress are stated at the lower of net realisable value or cost including attributable overheads where appropriate. Long term contracts are stated at cost, plus attributable profits, net of amounts transferred to cost of sales, after deducting provisions for foreseeable losses and payments on account. Where turnover differs from invoiced progress payments the balance is included in debtors or creditors as appropriate.

(g) Deferred taxation

No provision is made for tax on capital gains which would arise if group properties were disposed of at the valuations at which they are included in the financial statements, unless disposal is anticipated. Other timing differences are recognised in full under the liability method.

(h) Pensions

Pension costs are charged to the profit and loss account on a systematic basis over the periods benefiting from the employees' services.

(i) Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease. Assets held under finance leases are included in fixed assets and the capital element of the commitment is shown under creditors.

(j) Goodwill

Goodwill arising on acquisitions since 1 January 1998 has been capitalised and is amortised over its useful life in accordance with Financial Reporting Standard 10. Goodwill is amortised on a straight line basis over a ten year period, being the directors' estimate of its useful economic life.

(k) Valuation of investments

Fixed asset investments are recorded at cost or market value where this is believed to be materially different, less provisions for diminution in value. Current asset investments are recorded at the lower of cost and net realisable value.

NOTES TO THE FINANCIAL STATEMENTS

2. Exceptional Items

	2000	1999
	£'000	£'000
Corporate finance costs	321	-
Board restructuring cost	393	-
Pension fund accrual	225	-
	939	-

Corporate finance costs relate to an extensive exercise carried out by the company during the second half of the year to review its strategic options for the future.

Board restructuring cost is the contractual entitlement of a director to the end of his contract. It is payable by instalments after the year end over a seventeen month period and is subject to mitigation if other employment is obtained. Financial Reporting Standard 12 requires that the full amount is accrued in this year.

Pension fund accrual is the amount calculated by the actuary to the MANSELL plc Pension Scheme as being contractually payable to the scheme in May 2002 to fund a subsequent individual pension entitlement. Financial Reporting Standard 12 requires that the full amount is accrued in this year.

3. Operating Profit

	2000	1999
	£'000	£'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	2,620	1,812
Amortisation of goodwill	30	22
Charges under operating leases	777	684
	- property	
	- other	4,682
Parent company auditors' remuneration	88	84
	- audit	
	- other	54
		20

4. Directors and Employees

	2000	1999
	£'000	£'000
Staff costs		
Wages and salaries	61,903	59,412
Social security costs	5,344	5,020
Other pension costs	2,191	2,171
	- defined benefits	
	- defined contribution	79
		87
	69,517	66,690
The average number of staff employed by the group during the year was:		
	Number	Number
Operational	2,339	2,315
Administrative	523	521
	2,862	2,836

4. Directors and Employees (continued)

Staff costs include the following emoluments in respect of the qualifying services of the directors of the company:	2000 £'000	1999 £'000
For services as directors	46	40
For management services	917	783
Profit related bonuses	480	480
Aggregate emoluments	1,443	1,303
Pension paid to a former director	24	23
Compensation for loss of office	-	168
Board restructuring cost (note 2)	393	-
Contributions to a personal pension arrangement	12	12
Pension fund accrual (note 2)	225	-
	2,097	1,506

Staff costs include the following emoluments in respect of the highest paid director:

Salary and benefits	253	228
Profit related bonus	124	129
Contributions to a personal pension arrangement	12	12
	389	369

No director exercised any share options during the year. Retirement benefits accrued during the year to four (1999: five) directors under defined benefit schemes.

The following table shows the number of directors whose emoluments, excluding pension contributions, were in the ranges:

	Number	Number
£ 15,001 – £ 20,000	-	3
£ 20,001 – £ 25,000	2	-
£ 50,001 – £ 55,000	-	1
£ 55,001 – £ 60,000	1	-
£110,001 – £115,000	-	1
£210,001 – £215,000	1	-
£230,001 – £235,000	1	1
£235,001 – £240,000	-	1
£240,001 – £245,000	1	-
£255,001 – £260,000	-	1
£270,001 – £275,000	1	-
£355,001 – £360,000	-	1
£375,001 – £380,000	1	-

NOTES TO THE FINANCIAL STATEMENTS

5. Net Interest

	2000	1999
	£'000	£'000
Interest receivable	1,197	1,119
Interest payable on bank loans	(365)	(352)
	832	767

6. Taxation

	2000	1999
	£'000	£'000
United Kingdom corporation tax based on the profit for the year as adjusted for taxation purposes at a rate of 30% (1999: 30.25%)	2,373	2,186
Over provision in prior years	(187)	(143)
Deferred taxation (note 18)	35	109
	2,221	2,152

The taxation charge for the year is reduced by £14,000 (1999: £219,000) arising from relief available for contributions made to the QUEST (note 19).

7. Dividends

	2000		1999	
	Pence per share	Total £'000	Pence per share	Total £'000
Ordinary:				
Paid	2.75	684	2.20	536
Proposed	5.25	1,303	4.80	1,185
	8.00	1,987	7.00	1,721
Preferred Ordinary:				
Paid	2.75	23	2.20	18
Proposed	5.25	42	5.30	42
	8.00	65	7.50	60
Equity dividends		2,052		1,781
"A" ordinary:				
Paid	2.29	459	1.14	229
Payable	0.21	41	0.11	21
Non-equity dividends	2.50	500	1.25	250
Total dividends		2,552		2,031

8. Earnings per Share

For the purpose of calculating earnings per share the two classes of equity shares are combined as, in normal circumstances and subject to the preferred element, profits are divisible among all equity shares equally.

Earnings per share before exceptional items are based on profits from continuing operations of £5,103,000 (1999: £4,661,000), net of dividends payable on non-equity shares of £500,000 (1999: £250,000). Basic and diluted earnings per share are based on profits of £4,446,000 (1999: £4,661,000), net of dividends payable on non-equity shares.

Basic earnings per share and those before exceptional items are based on the 25,537,124 (1999: 24,548,952) weighted average number of shares in issue during the year. The calculation of diluted earnings per share makes the assumption that all outstanding options over ordinary shares were converted into shares at the beginning of each period (or at the date of grant of the options, if later). The weighted average number of shares in issue during the year for the purposes of calculating diluted earnings per share is 25,890,977 (1999: 25,122,870), including adjustment for the difference between average fair values and exercise prices, in accordance with Financial Reporting Standard 14.

9. Intangible Fixed Assets

Group

	£'000
Goodwill	
Cost	
At 1 January 2000	303
Release of over provision for deferred consideration	(58)
At 31 December 2000	245
Amortisation	
At 1 January 2000	22
Charge for the year	30
At 31 December 2000	52
Net book value	
At 31 December 2000	193
At 31 December 1999	281

NOTES TO THE FINANCIAL STATEMENTS

10. Tangible Fixed Assets

	Land and buildings		Plant, equipment and vehicles	Group	Company
	Freehold £'000	Leasehold £'000	£'000	Total £'000	Plant, equipment and vehicles £'000
Cost or valuation					
At 1 January 2000	15,916	349	17,204	33,469	6,272
Additions	127	135	4,236	4,498	173
Disposals	-	-	(1,695)	(1,695)	(36)
Transferred to group companies	-	-	-	-	(4,969)
Transferred (to) / from stocks	(170)	(310)	576	96	-
At 31 December 2000	15,873	174	20,321	36,368	1,440
At cost	1,053	174	20,321	21,548	1,440
At valuation in 1997	14,820	-	-	14,820	-
	15,873	174	20,321	36,368	1,440
Depreciation					
At 1 January 2000	-	13	9,312	9,325	4,018
Charge for the year	23	138	2,459	2,620	47
Eliminated on disposals	-	-	(1,186)	(1,186)	(14)
Transferred to group companies	-	-	-	-	(2,846)
Transferred from stocks	-	-	291	291	-
At 31 December 2000	23	151	10,876	11,050	1,205
Net book value					
At 31 December 2000	15,850	23	9,445	25,318	235
At 31 December 1999	15,916	336	7,892	24,144	2,254

	2000 £'000	1999 £'000
Leasehold land and buildings comprise:		
Long leasehold	-	331
Short leasehold	23	5
	23	336
Properties would have been shown at net book value as follows if revaluations had not been undertaken:		
Freehold	11,270	11,166
Long leasehold	-	201
Short leasehold	23	5
	11,293	11,372

There was no material capital expenditure either contracted for or authorised but not contracted for at 31 December 2000 (1999: £nil).

11. Fixed Asset Investments

	Company	
	2000	1999
	£'000	£'000
Investments in subsidiary undertakings		
At cost	23,494	22,496
At directors' valuation in 1982 to 1987	2,952	2,952
Cost or valuation at 1 January 2000	26,446	25,448
Additions at cost	2,709	998
Disposals	(2,619)	-
Cost or valuation at 31 December 2000	32,527	26,446
Amounts written off	(108)	(98)
At 31 December 2000	32,419	26,348
Fixed asset investment additions and disposals in the year arise from a reorganisation of the group structure wherein certain 100% owned subsidiary companies were bought from or sold to other 100% owned subsidiary companies. If fixed asset investments had not been revalued they would have been included at the following amounts:		
At cost	29,691	23,610
Amounts written off	(108)	(98)
	29,583	23,512

The group's principal wholly owned subsidiary undertakings are listed below:

	Registered in:	Principal activities:
MANSELL Construction Services Limited	England	Construction and property services
Hall & Tawse Limited	Scotland	Construction and property services
MANSELL Maintenance Services Limited	England	Property maintenance services
Kirby MacLean Limited	England	Contract decorating
Network Plant Limited	England	Plant hire
MANSELL Property Investments Limited	England	Ownership of property for group use and investment

MANSELL plc holds a 33% interest in an associated company, PropFM Limited (formerly Prop.Com Limited), established to provide an integrated facilities management service. During the year MANSELL plc acquired a 75% interest in a subsidiary company, Burnbank House Limited, at a nominal cost. Burnbank House Limited was established to carry out property development. Both PropFM Limited and Burnbank House Limited are registered in England.

Burnbank House Limited's financial result for the year was neither a profit nor a loss.

12. Stocks

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Work in progress	2,716	2,607	-	-
Raw materials and consumables	1,579	2,033	-	185
Properties held for resale	959	1,239	-	-
	5,254	5,879	-	185

NOTES TO THE FINANCIAL STATEMENTS

13. Debtors

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Due within one year:				
Trade debtors	42,842	37,393	-	15,244
Amounts recoverable on contracts	31,581	29,923	-	16,740
Owed by group companies	-	-	12,830	1,166
Other debtors	1,767	1,456	792	140
Corporation tax recoverable	-	-	618	-
Prepayments and accrued income	1,455	1,434	472	1,076
	77,645	70,206	14,712	34,675
Due after more than one year:				
Trade debtors	3,032	5,279	-	3,082
Deferred taxation (note 18)	98	133	-	-
	3,130	5,412	-	3,082
Total debtors	80,775	75,618	14,712	37,757

Comparative figures for trade debtors and amounts recoverable on contracts have been adjusted to show client retentions within trade debtors rather than amounts recoverable on contracts.

14. Current Asset Investments

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Own shares	79	229	79	229
Own shares represent ordinary shares of 25p each held by The MANSELL plc Qualifying Employee Share Trust (the QUEST) as follows:				
	Number		Number	
At January 2000	317,450		-	
Acquired	-		936,300	
Allocated to satisfy employee share options (note 19)	(207,853)		(618,850)	
At 31 December 2000	109,597		317,450	

The QUEST holds shares to satisfy options exercised under the company's Savings Related Share Option Scheme. Dividends on shares held by the QUEST were waived during the year.

15. Cash and Cash Deposits

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Cash deposits	22,086	19,959	22,086	13,909
Cash at bank and in hand	10,176	13,778	4,827	17,972
	32,262	33,737	26,913	31,881

The group manages its funds by maintaining a portfolio of cash deposits with major financial and other organisations. For these purposes the term cash deposits includes commercial paper. The terms of money market deposits range from overnight to six months so as to achieve appropriate liquidity whilst maximising low risk returns.

Net funds available to the group are classified as cash at bank where funds are available the next working day.

16. Creditors: Amounts Falling Due within One Year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Trade creditors	90,063	83,522	-	43,312
Payments on account	5,124	5,651	-	2,330
Owed to group companies	-	-	39,098	7,994
Dividends payable	1,386	1,248	1,386	1,248
Corporation tax	1,059	1,341	-	431
Other taxation and social security	3,141	3,967	25	2,025
Other creditors	4,432	4,699	-	2,565
Accruals and deferred income	4,554	4,535	1,012	2,360
Finance leases	-	50	-	-
	109,759	105,013	41,521	62,265

17. Creditors: Amounts Falling Due after more than One Year

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Bank loans due within two to five years	15,000	15,000	15,000	15,000
Trade creditors	2,240	4,290	-	2,525
Other creditors	169	554	-	420
Finance leases due within two to five years	-	1	-	-
	17,409	19,845	15,000	17,945

Bank loans due within two to five years of £15,000,000 (1999: £15,000,000) are drawn down under a revolving loan facility. Under the terms of the facility, sums equivalent to the amount drawn down must be maintained as cash deposits by the group. Interest is currently charged at 5.88% per annum. Bank loans due within two to five years are unsecured.

NOTES TO THE FINANCIAL STATEMENTS

18. Provision for Liabilities and Charges

	Group		Company	
	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Pension arrangements	-	690	-	690

Deferred taxation

Asset

£'000

Group:

At 1 January 2000	133
Short term timing differences	(35)
At 31 December 2000 (note 13)	98

Deferred taxation not provided for:

Group

Company

	2000	1999	2000	1999
	£'000	£'000	£'000	£'000
Property revaluations	809	751	-	-
Rollover relief	135	140	-	-
Other timing differences	166	(41)	(92)	(299)

19. Called up Share Capital

	2000	1999	2000	1999
	Number	Number	£'000	£'000
Authorised				
Cumulative convertible participating preferred ordinary shares of 25p each	799,322	799,322	200	200
Ordinary shares of 25p each	25,363,337	25,283,337	6,341	6,321
"A" ordinary shares of 25p each	20,000,000	20,000,000	5,000	5,000
Unclassified shares of 25p each	13,837,341	13,917,341	3,459	3,479
	60,000,000	60,000,000	15,000	15,000

Allotted and called up

Equity fully paid

Cumulative convertible participating preferred ordinary shares of 25p each	799,322	799,322	200	200
Ordinary shares of 25p each	25,363,337	25,283,337	6,341	6,321
	26,162,659	26,082,659	6,541	6,521

Non-equity fully paid

"A" ordinary shares of 25p each	20,000,000	20,000,000	5,000	5,000
	46,162,659	46,082,659	11,541	11,521

19. Called up Share Capital (continued)

Cumulative convertible participating preferred ordinary shares

The cumulative convertible participating preferred ordinary shares of 25p each have a cumulative right to a cash dividend of 3.2p per share per annum, together with a further preferred dividend based on group profit. They also have a right to 26.7p per share together with any arrears of preferred dividend as an initial tranche on any return of capital. Ordinary shareholders have a subsequent entitlement to equivalent sums, after which the two classes rank pari passu.

Ordinary shares

During the year 80,000 (1999: 1,628,010) ordinary shares of 25p each were issued for an aggregate consideration of £26,000 (1999: £1,565,000). These shares were issued in connection with the exercise of options granted under MANSELL share option schemes.

At 31 December 2000 outstanding options granted over ordinary shares of 25p each were:

Share option scheme	Option price	Number	Dates normally exercisable
Executive	128p	17,000	26.6.2001 to 26.6.2005
Savings related 1997	72p	30,602	1.8.2000 to 31.1.2001
Company	32p	370,000	28.6.1999 to 28.6.2006
Company	128p	58,000	26.6.2001 to 26.6.2008
		475,602	

In addition to the share issues referred to above, the MANSELL plc Qualifying Employee Share Ownership Trust (the QUEST) has allocated 207,853 (1999: 618,850) ordinary shares of 25p each to employees, including directors, in satisfaction of options exercised under the MANSELL Savings Related Share Option Scheme in 2000.

The company made a contribution of £47,000 (1999: £949,000) to the QUEST for this purpose. The cost of this contribution has been transferred by the company directly to the profit and loss reserve.

"A" ordinary shares

All "A" ordinary shares shall be converted to ordinary shares of 25p each immediately prior to any inclusion of the company on the Official List of the London Stock Exchange or in other limited circumstances. The shares will be converted on terms, depending upon the market capitalisation of the company at that time, ranging from 1 ordinary share for 7.6 "A" ordinary shares to 1 ordinary share for 4.8 "A" ordinary shares.

The "A" ordinary shares carry the right to a preferential dividend of 2.50p per share per annum during 2000, rising to 2.75p per share per annum during 2001 and up to 3.125p per share per annum by 2003, but have no other rights to participate beyond return of capital.

NOTES TO THE FINANCIAL STATEMENTS

20. Reserves

	Group		
	Share premium account £'000	Revaluation reserve £'000	Profit and loss account £'000
At 1 January 2000	1,475	2,518	(1,174)
Retained profit	-	-	2,394
Transfers	-	(197)	197
Premium on issue of shares	6	-	-
Contribution in respect of shares allocated by the QUEST (note 19)	-	-	(47)
At 31 December 2000	1,481	2,321	1,370

Company

At 1 January 2000	1,475	-	4,758
Profit on ordinary activities after taxation	-	-	2,656
Dividends	-	-	(2,552)
Premium on issue of shares	6	-	-
Contribution in respect of shares allocated by the QUEST (note 19)	-	-	(47)
At 31 December 2000	1,481	-	4,815

The amount of goodwill written off to the profit and loss account at 31 December 2000, which will be charged on any subsequent relevant disposal, was £9,440,000 (1999: £9,440,000).

Included in the revaluation reserve is £nil (1999: £160,000) in respect of investment properties.

As permitted by Section 230 Companies Act 1985 the company has not presented its own profit and loss account. A profit after taxation amounting to £2,656,000 (1999: £2,439,000) has been dealt with in the financial statements of the parent company.

21. Shareholders' Funds

	Group	
	2000 £'000	1999 £'000
Profit on ordinary activities after taxation	4,946	4,911
Dividends	(2,552)	(2,031)
	2,394	2,880
New share capital subscribed	26	1,565
Amounts deducted from profit and loss account reserves in respect of shares allocated by the QUEST (note 19)	(47)	(949)
	2,373	3,496
Opening shareholders' funds	14,340	10,844
Closing shareholders' funds	16,713	14,340

The profit for the financial year on a historical cost basis would be as stated above. Included within shareholders' funds are non-equity interests of £4,870,000 (1999: £4,870,000).

**22. Reconciliation of Operating Profit to Cash Flow
from Operating Activities**

	2000	1999
	£'000	£'000
Operating profit before exceptional items	7,274	6,296
Exceptional items	(939)	-
Profit on disposal of fixed assets	(93)	(123)
Depreciation and amortisation charges	2,650	1,831
Decrease / (increase) in stocks	820	(1,355)
Increase in debtors	(5,192)	(4,088)
Increase in creditors	1,925	8,498
Cash inflow from operating activities	6,445	11,062

23. Analysis of Cash Flows Netted in the Cash Flow Statement

	2000	1999
	£'000	£'000
Returns on investments and servicing of finance		
Interest received	1,197	1,119
Interest paid	(365)	(352)
Non-equity dividends paid	(480)	(250)
Net cash inflow from returns on investments and servicing of finance	352	517
Capital expenditure		
Purchase of tangible fixed assets	(4,498)	(3,885)
Sale of tangible fixed assets	602	424
Net cash outflow from capital expenditure	(3,896)	(3,461)
Acquisitions		
Acquisitions in the year	-	(793)
Acquisitions in prior years	(52)	(250)
Acquisition expenses	-	(129)
Net cash acquired with the business	-	343
Net cash outflow from acquisitions	(52)	(829)
Management of liquid resources		
Cash placed on deposit	(2,127)	(2,971)
Net cash outflow from management of liquid resources	(2,127)	(2,971)
Liquid resources comprise cash placed on money markets and sterling commercial paper with original maturities of up to six months (note 15).		
Financing		
Issue of ordinary share capital	26	-
Shares allotted by the QUEST	103	387
Loans and finance leases repaid	(51)	(50)
Net cash inflow from financing	78	337

NOTES TO THE FINANCIAL STATEMENTS

24. Analysis of Changes in Net Funds

	Group		
	Cash and cash deposits £'000	Loans and finance leases £'000	Net funds £'000
At 1 January 2000	33,737	(15,051)	18,686
Cash flow	(1,475)	51	(1,424)
At 31 December 2000	32,262	(15,000)	17,262

25. Commitments under Operating Leases

At 31 December 2000 the group was committed to making the following payments during the next year in respect of operating leases:

	2000		1999	
	Property £'000	Other £'000	Property £'000	Other £'000
Operating leases expiring:				
Within one year	108	470	32	463
Within two to five years	358	3,142	480	3,354
After five years	297	-	169	-
	763	3,612	681	3,817

26. Contingent Liabilities

The group has entered into counter indemnities in respect of performance bonds in the normal course of business.

27. Pension Arrangements

The group operates two funded defined benefit schemes, known as the MANSELL plc Pension Scheme and the Hall & Tawse Retirement Benefit Plan, and two money purchase schemes known as the MANSELL Maintenance Limited Group Personal Pension Plan and the Network Plant (Midlands) Executive Pension Plan. The assets of all the schemes are held separately from those of the group in independently administered funds.

In accordance with the Pensions Act 1995, full independent actuarial valuations of the group's defined benefit schemes are carried out every three years.

MANSELL plc Pension Scheme

The most recent independent actuarial valuation of the scheme was carried out at 31 July 1999 and used the projected unit method. The key financial assumptions adopted were:

Investment returns before retirement	7.25% p.a.
Investment returns after retirement	5.75% p.a.
General pensionable earnings increases	4.5% p.a.
Pension increases	
Pension accrued before 6 April 1997	3% p.a.
Pension accrued after 5 April 1997	3.4% p.a.
Price inflation	3% p.a.

The valuation showed that the market value of the scheme's assets was £28.2 million and that the actuarial value of those assets represented 98% of the benefits that had accrued to members on an ongoing funding basis. The scheme's assets represented 105% of the benefits that had accrued to members on the government's statutory Minimum Funding Requirement (MFR) basis. The pension charge for the year ended 31 December 2000 was £1,051,000 (1999: £1,025,000).

In accordance with actuarial advice, the company increased its contributions to the scheme from the rate of 10% to 11% of members' pensionable salaries with effect from 1 July 2000.

The prior year provision of £690,000 was released to profit and loss account during the year, there being no excess of the accumulated pension cost over the amount funded, in accordance with Statement of Standard Accounting Practice 24.

Hall & Tawse Retirement Benefit Plan

The most recent independent actuarial valuation of the plan was carried out at 1 July 2000 and used the projected unit method. The key financial assumptions adopted were:

Investment returns	5.5% p.a.
General pensionable earnings increases	4.5% p.a.
Pension increases	3% p.a.
Price inflation	3% p.a.

The valuation showed that the market value of the plan's assets was £98.7 million and that the actuarial value of those assets represented 101% of the benefits that had accrued to members on an ongoing funding basis. The plan's assets represented 108% of the benefits that had accrued to members on the government's statutory Minimum Funding Requirement (MFR) basis. The pension charge for the year ended 31 December 2000 was £1,140,000 (1999: £1,146,000).

In accordance with actuarial advice, the company made contributions to the plan at the rate of 10.9% of members' pensionable salaries.

MANSELL Maintenance Limited Group Personal Pension Plan

The pension charge for the year to 31 December 2000 was £40,000 (1999: £48,000).

Network Plant (Midlands) Executive Pension Plan

The pension charge for the year to 31 December 2000 was £3,000 (1999: £4,000).

Other

The company is committed to pay a pension in respect of a former director, currently £24,000 per annum. At 31 December 2000 outstanding contributions to defined benefit schemes due in respect of December contributions amounted to £384,000. These sums were paid in January 2001.