

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

DIRECTORS' REPORT AND ACCOUNTS
for the year ended 31st December 1991

Registered in England No. 301131



KPMG PEAT MARWICK,

Peat House,
Stuart Street,
Derby,
DE1 2EQ.

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Directors' Report

The Directors present their report and the audited accounts for the year ended 31st December 1991.

PRINCIPAL ACTIVITIES

The principal activities of the Group are:

- The manufacture and erection of system buildings, including design and technical services and the hiring of portable accommodation units.
- Plastic injection moulding and finishing using structural foam resins.

BUSINESS REVIEW

1991 was an extremely difficult trading year. It is likely that 1992 will continue in the same vein but the company is making strenuous efforts to maintain and improve profitability.

POST BALANCE SHEET EVENTS

As from 1st January 1992 the company changed its name to Vic Hallam Holdings PLC.

The trade of Systems Building and Hire Fleet divisions has been transferred to Vic Hallam Limited (formerly Hallam Transport Limited) and the trade of the Plastics Division has been transferred to Hallam Plastics Limited (formerly Field Farm Limited).

RESEARCH AND DEVELOPMENT

The company has a small department dedicated to the continuing development of its products.

RESULTS AND DIVIDEND

The results for the year are shown in the attached profit and loss account. The Directors do not recommend the payment of a dividend (1990: £Nil).

All profits arise from Vic Hallam PLC; all of the subsidiary companies remained dormant throughout the year.

DIRECTORS

The present Directors of the Company and those who have served throughout the year are:

D. E. Burt	
J. A. Jackson	
J. J. Freeman	- appointed 21st June 1991
J. W. Marooney	- appointed 21st June 1991

Directors' Report (continued)

DIRECTORS' INTERESTS

No Director has any interest, direct or indirect, in any contract entered into by the Company, or any beneficial interests in the share capital of the Company.

Mr. D. E. Burt has a beneficial interest in the shares of Hillsdown Holdings plc which amounts to 286,666 shares as at 31st December 1991 (1990: 286,666). Mr. J. A. Jackson is a Director of Hillsdown Holdings plc and his interests in the shares of Hillsdown Holdings plc are shown in their accounts.

EMPLOYEES

The Company is an equal opportunities employer.

Disabled persons are employed and trained whenever aptitudes and abilities allow and suitable vacancies are available. Where an employee becomes disabled, an attempt is made to continue his or her employment and to arrange appropriate retraining or transfer.

FIXED ASSETS

The movements in tangible fixed assets are detailed in note 9 to the accounts.

CHARITABLE DONATIONS

During the year the Company made charitable contributions of £1,175 (1990: £45).

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Company Secretary

**REPORT of the AUDITORS, KPMG PEAT MARWICK,
to the MEMBERS of**

**VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)**

We have audited the accounts on pages 4 to 16 in accordance with Auditing Standards.

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

Derby

KPMG Peat Marwick

18th May 1992

Chartered Accountants
Registered Auditor

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 4

Consolidated Profit and Loss Account
for the year ended 31st December 1991

	Notes	1991 £'000	1990 £'000
TURNOVER	2	9,415	13,394
Cost of sales		(8,844)	(10,957)
GROSS PROFIT		571	2,437
Distribution costs		(227)	(287)
Administrative expenses		(504)	(480)
OPERATING (LOSS)/PROFIT		(160)	1,670
Interest receivable	3	513	436
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	353	2,106
Taxation on profit on ordinary activities	7	(100)	(331)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		253	1,775
Extraordinary item	8	-	300
Retained profit for the year	17	253	2,075

The notes on pages 8 to 16 form part of these accounts.

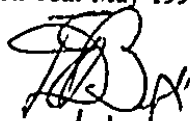
VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 5

Consolidated Balance Sheet at 31st December 1991

	Notes	£'000	1991 £'000	£'000	1990 £'000
FIXED ASSETS					
Tangible assets	9		4,887		4,517
Investments	10		25		25
			<u>4,912</u>		<u>4,542</u>
CURRENT ASSETS					
Stocks	11	661		912	
Debtors	12	5,179		1,702	
Cash at bank and in hand		1,786		4,492	
		<u>7,626</u>		<u>7,106</u>	
CREDITORS: Amounts falling due within one year	13	(3,503)		(3,583)	
NET CURRENT ASSETS			4,123		3,523
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,035</u>		<u>8,065</u>
PROVISIONS FOR LIABILITIES AND CHARGES	14		(308)		(430)
			<u>8,727</u>		<u>7,635</u>
CAPITAL AND RESERVES					
Called up share capital	16		9,087		9,087
Revaluation reserve	17		2,192		1,353
Capital redemption reserve	17		163		163
Profit and loss account	17		(2,715)		(2,968)
			<u>8,727</u>		<u>7,635</u>

These accounts were approved by the board of directors on 18th May 1992 and were signed on its behalf by:


J. J. Hallam

)
)
) Director

The notes on pages 8 to 16 form part of these accounts.

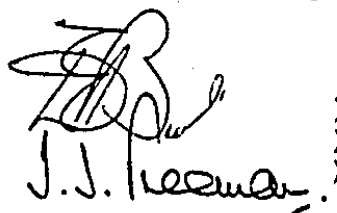
VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 6

Company Balance Sheet at 31st December 1991

	Notes	£'000	1991 £'000	£'000	1990 £'000
FIXED ASSETS					
Tangible assets	9		4,887		4,517
Investments	10		37		37
			<u>4,924</u>		<u>4,554</u>
CURRENT ASSETS					
Stocks	11	661		912	
Debtors	12	5,293		1,816	
Cash at bank and in hand		1,786		4,492	
		<u>7,740</u>		<u>7,220</u>	
CREDITORS: Amounts falling due within one year	13	(3,662)		(3,742)	
NET CURRENT ASSETS			<u>4,078</u>		<u>3,478</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>9,002</u>		<u>8,032</u>
PROVISIONS FOR LIABILITIES AND CHARGES	14		(308)		(430)
			<u>8,694</u>		<u>7,602</u>
CAPITAL AND RESERVES					
Called up share capital	16		9,087		9,087
Revaluation reserve	17		2,192		1,353
Capital redemption reserve	17		163		163
Profit and loss account	17		(2,748)		(3,001)
			<u>8,694</u>		<u>7,602</u>

These accounts were approved by the board of directors on 18th May 1992 and were signed on its behalf by:


J. J. Freeman

Director

The notes on pages 8 to 16 form part of these accounts.

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 7

Consolidated Statement of Source and Application of Funds
for the year ended 31st December 1991

	£'000	1991 £'000	£'000	1990 £'000
SOURCE OF FUNDS				
Profit on ordinary activities before taxation		353		2,106
Extraordinary item		-		300
		<u>353</u>		<u>2,406</u>
Adjustments for items not involving the movement of funds:				
Depreciation	927		935	
Profit on disposal of tangible fixed assets	(131)		(363)	
Provision for liabilities and charges	(86)		(38)	
		<u>710</u>		<u>534</u>
FUNDS GENERATED BY OPERATIONS		<u>1,063</u>		<u>2,940</u>
FUNDS FROM OTHER SOURCES				
Proceeds of disposal of tangible fixed assets		208		594
		<u>1,271</u>		<u>3,534</u>
APPLICATION OF FUNDS				
Tax paid	(332)		(121)	
Purchase of tangible fixed assets	(535)		(1,431)	
		<u>(867)</u>		<u>(1,552)</u>
		<u>404</u>		<u>1,982</u>
COMPONENTS OF INCREASE/(DECREASE) IN WORKING CAPITAL				
Stocks		(251)		(56)
Debtors		3,477		(321)
Creditors falling due within one year		(116)		(124)
		<u>3,110</u>		<u>(501)</u>
Movement in net liquid funds: (Decrease)/increase in cash at bank and in hand		<u>(2,706)</u>		<u>2,483</u>
		<u>404</u>		<u>1,982</u>

Notes to the Accounts

1. PRINCIPAL ACCOUNTING POLICIES

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

(a) Basis of accounting:

The accounts have been prepared in accordance with applicable accounting standards, under the historical cost convention as modified by the revaluation of the groups freehold properties.

(b) Consolidation:

The consolidated accounts comprise the accounts of the Company and the audited accounts of its subsidiaries all of which were made up to 31st December 1991.

A separate profit and loss account dealing with the results of the Company only has not been presented, as permitted by section 230 of the Companies Act 1985.

(c) Stocks and work in progress:

Stocks and work in progress have been consistently valued at the lower of cost and net realisable value. Cost includes the actual cost of raw materials and where appropriate a proportion of labour and overheads.

Progress payments received and application for payments on account have been deducted from site work in progress.

(d) Depreciation:

Depreciation is calculated on the net cost or revaluation at rates estimated to write off the relevant assets by equal annual amounts over their useful lives. The rates applicable are shown below:

Freehold buildings	2 - 4%
Plant and equipment	10 - 25%
Hire-fleet	20%
Loose tools	33.33%
Motor vehicles	25%

(e) Deferred taxation:

No provision is made for deferred taxation unless there is a reasonable probability of payment in the foreseeable future.

(f) Contractual claims:

Contractual claims on behalf of the Group, in respect of work done, are not taken into account until certified for payment by the Architect and accepted by the client.

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 9

Notes to the Accounts (continued)

1. PRINCIPAL ACCOUNTING POLICIES (continued)

(g) Operating leases:

Expenditure on operating leases is charged to the profit and loss account on a straight line basis over the lease period.

(h) Foreign exchange:

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Balances denominated in foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

(i) Research and development expenditure:

Research and development expenditure is charged against revenue in the year in which it is incurred.

(j) Pension Scheme:

Pension costs are charged to the profit and loss account in the period in which they are incurred.

2. TURNOVER

	1991 £'000	1990 £'000
Sales invoiced during the period, exclusive of VAT:		
United Kingdom	9,087	12,862
Overseas	328	532
	<u>9,415</u>	<u>13,394</u>

The information required by SSAP 25 on segmental reporting has not been disclosed. In the opinion of the directors, the disclosure of this information would be seriously prejudicial to the interest of the company.

3. INTEREST RECEIVABLE

	1991 £'000	1990 £'000
Group undertakings	164	-
Other	349	436
	<u>513</u>	<u>436</u>

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 10

Notes to the Accounts (continued)

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation has been arrived at after charging/(crediting) the following items:

	1991 £'000	1990 £'000
Directors' emoluments	96	67
Auditors' remuneration	15	15
Depreciation	927	935
Profit on disposal of tangible fixed assets	(131)	(363)
Hire of plant and machinery	79	160
Operating lease payments	1	2
Research and development costs	20	-
Exceptional item - redundancy costs	228	-
	<hr/>	<hr/>

5. EMPLOYEES

The average number of employees during the period was:

	Number	Number
Management	9	5
Administration	48	58
Production and Distribution	147	167
Other	11	9
	<hr/>	<hr/>
	215	239
	<hr/>	<hr/>

Employment costs (including Directors' emoluments) during the year amounted to:

	£'000	£'000
Wages and salaries	2,285	2,522
Social security costs	220	251
Contributions to group pension scheme	-	6
	<hr/>	<hr/>
	2,505	2,779
	<hr/>	<hr/>

6. DIRECTORS' EMOLUMENTS

Emoluments, excluding pension contributions:

	£'000	£'000
Of the chairman	18	45
Of the highest paid director	43	22
	<hr/>	<hr/>

The emoluments, excluding pension contributions, of the directors were within the following ranges:

	Number of directors	
£0 - £5,000	1	-
£15,001 - £20,000	1	-
£20,001 - £25,000	-	1
£35,001 - £40,000	1	-
£40,001 - £45,000	1	1
	<hr/>	<hr/>

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 11

Notes to the Accounts (continued)

7. TAXATION

	1991 £'000	1990 £'000
UK Corporation Tax at 33% (1990: 35%)	125	781
Underprovision in prior years	11	-
Tax credit for group relief	-	(412)
Deferred taxation	(36)	(38)
	<u>100</u>	<u>331</u>

8. EXTRAORDINARY ITEM

	£'000	£'000
Extraordinary income:		
Profit on sale of land	-	300
	<u>-</u>	<u>300</u>

The capital gain of £46,500 has been rolled over against the land purchased during 1990.

9. TANGIBLE FIXED ASSETS

Group and Parent Company:

Cost or valuation:	Freehold property £'000	Plant and equipment £'000	Total £'000
At 1st January 1991	1,959	6,229	8,188
External additions	109	426	535
Intergroup additions	-	9	9
Disposals	-	(313)	(313)
Revaluation reserve	722	-	722
At 31st December 1991	<u>2,790</u>	<u>6,351</u>	<u>9,141</u>
Depreciation:			
At 1st January 1991	117	3,554	3,671
Charge for year	56	871	927
On intergroup additions	-	9	9
Disposals	-	(236)	(236)
Revaluation reserve	(117)	-	(117)
At 31st December 1991	<u>56</u>	<u>4,198</u>	<u>4,254</u>
Net book value:			
At 31st December 1991	<u>2,734</u>	<u>2,153</u>	<u>4,887</u>
At 31st December 1990	<u>1,842</u>	<u>2,675</u>	<u>4,517</u>

Freehold land and buildings were revalued by an independent Chartered Surveyor on 1st January 1991, on an open market basis. Included in freehold property is £1,120,000 in respect of gross depreciable assets (1990: £623,732).

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 12

Notes to the Accounts (continued)

9. TANGIBLE FIXED ASSETS (continued)

The historical cost and related depreciation of freehold properties are set out below:

Group and Parent Company: £'000

Historical cost:

At 1st January 1991	1,708
Additions	109

At 31st December 1991	1,817
-----------------------	-------

Depreciation based on cost:

At 1st January 1991	356
Charge for year	24

At 31st December 1991	380
-----------------------	-----

Net historical cost value:

At 31st December 1991	1,437
-----------------------	-------

At 31st December 1990	1,352
-----------------------	-------

10. INVESTMENTS

Group:	1991 £'000	1990 £'000
Investment in related company	25	25
Parent Company:	—	—
Investment in related company	25	25
Investment in subsidiaries at cost or Directors' valuation	12	12
	37	37

The following are the principal subsidiaries of the Company which are 100% owned:

	Country of Incorporation	Nature of Business
Vic Hallam Limited (formerly Hallam Transport Limited)	England	Dormant
Hallam Plastics Limited (formerly Field Farm Limited)	England	Dormant

The related company is ESP Hallam Limited which is 50% owned by the Company and builds indoor tennis courts. ESP Hallam Limited is registered in England.

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 13

Notes to the Accounts (continued)

11. STOCKS

Group and Company	1991 £'000	1990 £'000
Raw materials and consumables	204	203
Work in progress	297	514
Finished goods	160	195
	<u>661</u>	<u>912</u>

12. DEBTORS

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Trade debtors	1,330	1,151	1,330	1,151
Amounts owed by group undertakings	3,693	408	3,807	522
Amounts owed by related undertakings	35	-	35	-
Other debtors	40	40	40	40
Prepayments	81	103	81	103
	<u>5,179</u>	<u>1,702</u>	<u>5,293</u>	<u>1,816</u>

13. CREDITORS: Amounts falling due within one year

	Group		Company	
	1991 £'000	1990 £'000	1991 £'000	1990 £'000
Trade creditors	1,312	1,405	1,312	1,405
Amounts owed to group undertakings	336	15	495	174
Other creditors including taxation and social security	1,287	1,555	1,287	1,555
Accruals and deferred income	568	608	568	608
	<u>3,503</u>	<u>3,583</u>	<u>3,662</u>	<u>3,742</u>
Other creditors including taxation and social security comprise:				
	£'000	£'000	£'000	£'000
Corporation tax	907	1,103	907	1,103
Other taxes	226	230	226	230
Social security	154	187	154	187
Other creditors	-	35	-	35
	<u>1,287</u>	<u>1,555</u>	<u>1,287</u>	<u>1,555</u>

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 14

Notes to the Accounts (continued)

14. PROVISIONS FOR LIABILITIES AND CHARGES

Group and Company	Deferred Taxation £'000	Other Provisions £'000	Total £'000
Balance at 1st January 1991	134	296	430
Utilised during the year	(36)	(86)	(122)
Balance at 31st December 1991	98	210	308

The amounts provided for deferred taxation and the full potential provision, calculated on the liability method, are set out below:

Group and Company	1991		1990	
	Amount Provided £'000	Full Potential Liability £'000	Amount Provided £'000	Full Potential Liability £'000
Accelerated capital allowances	98	98	134	134

No provision for deferred taxation has been made in relation to the surplus on the revaluation of freehold land and buildings included in the revaluation reserve.

The maximum potential liability arising on this revaluation would be £428,000.

15. CAPITAL COMMITMENTS

	1991 £'000	1990 £'000
Authorised and contracted for	-	10
Authorised but not contracted for	-	-

16. SHARE CAPITAL

	£'000	£'000
Authorised, allotted, called up and fully paid:		
36,000,000 ordinary shares of 25p each	9,000	9,000
87,000 5.6% redeemable cumulative preference shares of £1 each	87	87
	9,087	9,087

The preference shares can be redeemed by the Company giving not less than three months' previous notice in writing to the registered holder of the preference shares of its intention to redeem. The redemption price shall be par together with any arrears or accruals of dividend whether declared or undeclared or earned or not down to the date of redemption.

The registered holder of the preference shares has waived its right to the cumulative dividend for the foreseeable future.

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 15

Notes to the Accounts (continued)

17. RESERVES

Group:	Capital Redemption Reserve £'000	Revaluation Reserve £'000	Profit and Loss Account £'000
At 1st January 1991	163	1,353	(2,968)
Current period profit	-	-	253
Revaluation of land and buildings	-	839	-
At 31st December 1991	163	2,192	(2,715)
Parent Company:			
At 1st January 1991	163	1,353	(3,001)
Current period profit	-	-	253
Revaluation of land and buildings	-	839	-
At 31st December 1991	163	2,192	(2,748)

18. CONTINGENT LIABILITIES AND COMMITMENTS

The following amounts are payable within one year in respect of other operating leases:

Group and Parent Company	1991 £'000	1990 £'000
On leases expiring within one year	-	1

The Company had contingent liabilities of £278,499 (1990: £601,523) in respect of performance and duty deferment bonds.

19. PENSIONS

The company is a member of a group scheme, the HF Meat and Foods Processing Pension Scheme. The scheme funds are administered by trustees and are independent of the company's finances. The method of accounting for pension costs complies with the accounting standard on pensions (SSAP 24). Full details of the group scheme can be found in the accounts of FMC (Meat) Limited.

Contributions are based on pension costs across the group as a whole, with the company's share of pension costs for 1991 being £1k credit (1990: £6k charge), which has been assessed in accordance with the advice of a qualified actuary using the Projected Unit Method. An actuarial review of the scheme was made at 17th November, 1989 with the principal actuarial assumptions being that salaries would increase at 2.5% more than price inflation and that dividends would increase at 1.5% less than the rate of salary growth.

VIC HALLAM HOLDINGS PLC
(formerly Vic Hallam PLC)

Page 16

Notes to the Accounts (continued)

19. PENSIONS (continued)

Full allowance was made for pensions in payment to increase as required by statute and in accordance with the rules of the scheme and also to reflect the past established practice within the company.

20. ULTIMATE PARENT COMPANY

The ultimate parent Company is Hillsgdown Holdings plc, a Company registered in England. Copies of the group accounts may be obtained from Hillsgdown Holdings plc, Hillsgdown House, 32 Hampstead High Street, London, NW3 1QD.