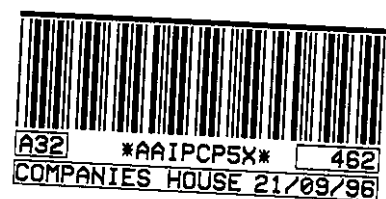


Company No: 338492

KIRBY MACLEAN LIMITED

REPORT AND FINANCIAL STATEMENTS

31st DECEMBER 1995



Kirby MacLean Limited

Directors

Sir John Wickerson, LLB (Chairman)
 G.D. Bell, FCMA FIMgt FInstD FFB
 D.J. O'Grady
 D.E. Beardsmore, CEng AMCST FICE FRSA
 P.H. Coats CA, FCT

Secretary and Registered Office

P.H. Coats CA, FCT
 Roman House, 159 Ravenscroft Road, Beckenham, Kent BR3 4TN

Auditors

Moore Stephens
 Chartered Accountants
 St. Paul's House, Warwick Lane, London, EC4P 4BN

Report of the Directors

The directors submit their report and the audited financial statements for the year ended 31st December 1995.

Review of Activities

The company has continued its painting, contracting and decorating business.

Profit and Loss Account

The profit for the year after taxation was £30,183 (1994: £32,715). An interim dividend of £ nil (1994: £75,586) has been paid and a final dividend of £ nil (1994: £49,347) is proposed. The surplus of £30,183 (1994: deficiency of £92,218) is taken to reserves.

Directors

Board Changes

Mr. P.H. Coats was appointed as a director on 8th June 1995. Mr. R.B. Pillings resigned as a director on 18th July 1995 and Mr. G.D. Bell was appointed as a director on 19th July 1995.

Interests in the Group

Sir John Wickerson, Mr. D.E. Beardsmore, Mr. G.D. Bell and Mr. P.H. Coats are directors of the parent company, R. Mansell Limited, and their interests in the group, as defined by the Companies Act 1985, are set out in the directors' report attached to the financial statements of that company for the year ended 31st December 1995. The interests of the remaining directors in the share capital of R. Mansell Limited at the beginning and end of the year were as follows:-

	<u>31.12.95</u>	<u>1.1.95</u>
	Ordinary	Ordinary
	Shares of	Shares of
	<u>25p each</u>	<u>25p each</u>
D.J. O'Grady	10,050	10,050

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

Kirby MacLean Limited**Report of the Directors (continued)****Directors (continued)****Retirement of Directors**


The director to retire by rotation is Mr. D.J. O'Grady, who being eligible, offers himself for reappointment.

Mr. P.H. Coats and Mr. G.D. Bell, being directors appointed during the year, retire from the board and, being eligible, offer themselves for reappointment.

Auditors

The auditors, Moore Stephens, are willing to continue in office. A resolution for their re-appointment and authorising the directors to fix their remuneration will be submitted to the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to be 'P.H. COATS', written over a horizontal line.

Company Secretary

Kirby MacLean Limited**Statement of Directors' Responsibilities**

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 of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Kirby MacLean Limited**Report of the Auditors**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 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, and of whether the accounting policies are appropriate to the company'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 as at 31st December 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
Warwick Lane,
London,
EC4P 4BN.

11th April 1996

A large, stylized handwritten signature in black ink, appearing to read 'Moore Stephens', is positioned above the printed name.

Moore Stephens
Registered Auditors
Chartered Accountants

Kirby MacLean Limited
Profit and Loss Account
For the year ended 31st December 1995

	<u>Note</u>	<u>1995</u>	<u>1994</u>
Turnover	1(c)	1,394,250	1,375,464
Cost of sales		<u>1,086,380</u>	<u>1,059,164</u>
Gross Profit		307,870	316,300
Net operating expenses	2	<u>267,687</u>	<u>265,815</u>
Profit on ordinary activities before taxation	3	40,183	50,485
Tax on profit on ordinary activities	5	<u>10,000</u>	<u>17,770</u>
Profit on ordinary activities after taxation		30,183	32,715
Dividends	6	<u>-</u>	<u>(124,933)</u>
Retained Profit for the Financial Year	12	<u>£ 30,183</u>	<u>£ (92,218)</u>

The company has no recognised gains or losses other than those included in the profit and loss account

Kirby MacLean Limited

Balance Sheet at 31st December 1995

	<u>Note</u>	<u>31.12.95</u>	<u>1.1.95</u>
Tangible Fixed Assets	7	<u>15,472</u>	<u>11,862</u>
Current Assets			
Stocks	8	13,747	12,209
Debtors	9	387,088	389,070
Cash at bank and in hand		<u>121</u>	<u>-</u>
		400,956	401,279
Creditors: amounts falling due within one year	10	<u>304,971</u>	<u>331,867</u>
Net Current Assets		<u>95,985</u>	<u>69,412</u>
Total Assets less Current Liabilities		<u>£ 111,457</u>	<u>£ 81,274</u>
Capital and Reserves			
Called up equity share capital	11	70,630	70,630
Profit and loss account	12	<u>40,827</u>	<u>10,644</u>
Equity shareholders' funds		<u>£ 111,457</u>	<u>£ 81,274</u>

These financial statements were approved by the Board on 11th April 1996



G.D. BELL

Director

Kirby MacLean Limited

Notes to the Financial Statements - 31st December 1995

1. Principal Accounting Policies

(a) Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

(b) Accounting Date

The annual financial statements are drawn up to the Sunday before the first Wednesday in the following January

(c) Turnover

Turnover is the value of work executed during the year in respect of contracting together with the invoiced value of sales in respect of other activities excluding VAT.

(d) 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.

(e) Fixed assets and depreciation

Fixed assets are stated at cost less accumulated depreciation calculated to write off the cost over the estimated useful life using the following rates.

Plant and equipment	-	25% on cost
Motor vehicles	-	20% on cost
Office furniture and fixtures	-	25% on cost

(f) Stocks and long term contracts

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, net of amounts transferred to cost of sales, after deducting provision 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

Provision for deferred taxation is made except where it can be shown that the taxation deferred will not be payable in the foreseeable future.

2. Net Operating Expenses

	<u>1995</u>	<u>1994</u>
Administrative expenses	294,622	283,646
<u>Less: Other operating income</u>	<u>(26,935)</u>	<u>(17,831)</u>
	<u>£ 267,687</u>	<u>£ 265,815</u>

Kirby MacLean Limited

Notes to the Financial Statements - 31st December 1995
(continued)

3. Profit on ordinary activities before taxation

	<u>1995</u>	<u>1994</u>
Profit on ordinary activities before taxation is stated after charging:-		
Depreciation of tangible fixed assets	4,959	13,976
Directors' emoluments (note 4)	78,350	68,768
Auditors' remuneration	<u>5,500</u>	<u>5,000</u>

4. Directors and Employees

Staff costs during the year were
as follows:-

Wages and salaries	335,073	373,741
Social Security costs	25,688	29,970
Other pension costs	<u>8,303</u>	<u>6,845</u>
	<u>£369,064</u>	<u>£ 410,556</u>

The weekly average number of persons employed by the company during the year was 19 (1994 - 23).

Staff costs include the following emoluments in respect of directors of the company:-

Emoluments, including pension contributions and profit related bonuses	58,350	68,768
Compensation for loss of office	<u>20,000</u>	<u>-</u>
	<u>£ 78,350</u>	<u>£ 68,768</u>

Directors' emoluments, excluding
pension contributions, include the
following:-

The Chairman	<u>£ Nil</u>	<u>£ Nil</u>
The highest paid director	<u>£ 47,154</u>	<u>£ 33,929</u>

The following table shows the number
of other directors whose emoluments were in
the ranges:

	<u>Number</u>	<u>Number</u>
£0 - £5,000	3	4
£30,001 - £35,000	<u>1</u>	<u>2</u>

Kirby MacLean Limited

Notes to the Financial Statements - 31st December 1995
(continued)

5. Tax on Profit on Ordinary Activities

	<u>1995</u>	<u>1994</u>
Corporation tax payable based on the profits for the year as adjusted for taxation purposes at a rate of 33% (1994 : 33%)	<u>£ 10,000</u>	<u>£ 17,770</u>

6. Dividends paid and proposed

	<u>1995</u>	<u>1994</u>
On the ordinary equity shares:		
Interim paid of nil per share (1994 - 107p)	-	75,586
Final proposed of nil per share (1994 - 70p)	-	49,347
	<u>£ -</u>	<u>£ 124,933</u>

7. Tangible Fixed Assets

	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Office Furniture and Fixtures</u>	<u>Total</u>
Cost				
At 1st January 1995	9,838	49,023	33,157	92,018
Additions	696	-	10,437	11,133
Disposals	-	(31,692)	(10,447)	(42,139)
	<u>10,534</u>	<u>17,331</u>	<u>33,147</u>	<u>61,012</u>
At 31st December 1995	<u>10,534</u>	<u>17,331</u>	<u>33,147</u>	<u>61,012</u>
Depreciation				
At 1st January 1995	6,971	41,115	32,070	80,156
Charge for the year	939	1,433	2,587	4,959
On disposals	-	(29,129)	(10,446)	(39,575)
	<u>7,910</u>	<u>13,419</u>	<u>24,211</u>	<u>45,540</u>
At 31st December 1995	<u>7,910</u>	<u>13,419</u>	<u>24,211</u>	<u>45,540</u>
Net book value				
At 31st December 1995	<u>2,624</u>	<u>3,912</u>	<u>8,936</u>	<u>15,472</u>
At 1st January 1995	<u>2,867</u>	<u>7,908</u>	<u>1,087</u>	<u>11,862</u>

Kirby MacLean Limited

Notes to the Financial Statements - 31st December 1995
(continued)

8.	Stocks	<u>1995</u>	<u>1994</u>
	Loose tools and materials	£ 13,747	£ 12,209
9.	Debtors		
	All amounts fall due within one year		
	Trade debtors	121,492	167,895
	Amounts recoverable on contracts	130,912	89,722
	Owed by group companies	129,979	116,178
	Other debtors	1,039	11,994
	Prepayments and accrued income	3,666	3,281
		<u>£ 387,088</u>	<u>£ 389,070</u>
10.	Creditors: Amounts falling due within one year		
	Bank loans and overdrafts	85,087	27,264
	Trade creditors	115,395	138,307
	Other taxation and social security payable	30,484	58,077
	Other creditors	169	5,582
	Accruals and deferred income	63,836	35,520
	Corporation tax	10,000	17,770
	Dividend payable	-	49,347
		<u>£ 304,971</u>	<u>£ 331,867</u>
11.	Called Up Equity Share Capital	<u>1995</u>	<u>1994</u>
	Ordinary equity shares of £1 each		
	Authorised	100,000	100,000
	Allotted, called up and fully paid	<u>70,630</u>	<u>70,630</u>

All shares rank equally in respect of all shareholder rights.

Kirby MacLean Limited

Notes to the Financial Statements - 31st December 1995
(continued)

12.	Reserves	<u>Profit and Loss Account</u>
	At 1st January 1995	10,644
	Retained profit for the financial year	<u>30,183</u>
	At 31st December 1995	<u>£ 40,827</u>

13.	Reconciliation of Movements in Equity Shareholders Funds	<u>1995</u>	<u>1994</u>
	Profit for the financial year	30,183	32,715
	Dividends	<u>-</u>	<u>(124,933)</u>
		30,183	(92,218)
	Opening shareholders' funds	<u>81,274</u>	<u>173,492</u>
	Closing shareholders' funds	<u>£ 111,457</u>	<u>£ 81,274</u>

14. Pension Arrangements

The Company participates in a group scheme, which operates a funded pension scheme with defined benefits. In general all full time employees over the age of 25 can join the Scheme. They have the option of either being non-contributory members or contributing 5% of pensionable earnings in return for enhanced benefits. The Scheme is administered by Sedgwick Noble Lowndes Limited and funds are held and invested by Legal and General Assurance (Pensions Management) Limited.

The most recent actuarial review of the Scheme was carried out as at 1st August 1995 and utilised the projected unit method. It was assumed that investment returns would be 2% pa higher than general pensionable earnings increases. The valuation showed that the market value of the Scheme's assets was £15.7m and that the actuarial value of those assets represented 128% of the benefits that had accrued to members on an ongoing funding basis.

It is estimated that the surplus at 1st August 1995 will be eliminated over a period of 5 years from 1st August 1995, at the current employer's contribution rate of nil.

The pension charge for the year ending 31st December 1995 was £8,303 (1994: £6,845).

15. Ultimate Holding Company

The company is a wholly-owned subsidiary of R. Mansell Limited, which is incorporated in Great Britain. Copies of the group accounts may be obtained from the Company Secretary, R. Mansell Limited, Roman House, Grant Road, Croydon CR9 6BU.