

WARDEN BUILDERS LIMITED

**COMPANY NO 00533082
(ENGLAND AND WALES)**

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 NOVEMBER 1997**

ABBREVIATED ACCOUNTS



**HILL WOOLDRIDGE & CO
Chartered Accountants
and Registered Auditor**

**107 Hindes Road
Harrow
Middlesex HA1 1RU**

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WARDEN BUILDERS LIMITED

107 HINDES ROAD
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DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

<u>CONTENTS</u>	PAGE
Officers and Financial Advisers	1
Report of the Directors	2,3
Report of the Auditors	4
Profit and Loss Account	5
Statement of Total Recognised Gains and Losses	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Financial Statements	9-15
<i>For the information of the Directors:</i> Detailed Profit and Loss Accounts	16, 17

HILL WOOLDRIDGE & CO
Chartered Accountants
and Registered Auditor
107 Hinds Road
Harrow
Middlesex HA1 1RU
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OFFICERS AND FINANCIAL ADVISERS

DIRECTORS:

D KENWORTHY, BSc
W BARROW
Mrs M E KENWORTHY
D ASHWORTH, FRICS
P BINNIE, BSc

SECRETARY:

R D KENWORTHY

REGISTERED OFFICE:

107 Hindes Road
Harrow
Middlesex
HA1 1RU

ADMINISTRATIVE OFFICE:

Warden House
Fishergate Court
Fishergate
Preston
PR1 8QF

BANKERS:

Midland Bank PLC
Victoria Square
Cleveleys
Lancashire
FY5 1AY

AUDITORS:

HILL WOOLDRIDGE & CO
Chartered Accountants and Registered Auditor
107 Hindes Road
Harrow
Middlesex
HA1 1RU

**REGISTERED IN ENGLAND
NUMBER:**

533082

REPORT OF THE DIRECTORS**FOR THE YEAR ENDED 30 NOVEMBER 1997**

The directors present herewith their Report on the affairs of the company and the audited Financial Statements for the year ended 30 November 1997.

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;
- prepare the Financial Statements on a 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.

Principal Activity and Review of the Business

The company's principal activity continues to be that of erection and alteration of industrial and commercial buildings.

Results and Dividends

Profit for the year after taxation amounted to £62,770. Dividends amounting to £16,712 have been paid during the year, leaving a profit of £46,058 to be retained.

Future Developments

The directors aim to maintain the management policies which have resulted in the company's continuing profitability in recent years. They consider that 1998 will show a further significant growth in sales.

Directors and their Interests

The directors who held office during the year under review were as follows:

D KENWORTHY, BSc
W BARROW
Mrs M E KENWORTHY
D ASHWORTH, FRICS
P BINNIE, BSc

REPORT OF THE DIRECTORS**FOR THE YEAR ENDED 30 NOVEMBER 1997** (continued)

The directors' beneficial interests in the share capital of the company as recorded in the Register of Directors' Share and Debenture Interests were as follows:

	Ordinary Shares of £1 each	
	No of Shares 1997	No of Shares 1996
D KENWORTHY, BSc	35,112	35,112
W BARROW	-	-
Mrs M E KENWORTHY	6,888	3,444
D ASHWORTH, FRICS	4,420	4,420
P BINNIE, BSc	-	-

	Ordinary 'A' Shares of £1 each	
	No of Shares 1997	No of Shares 1996
D KENWORTHY, BSc	950	950
W BARROW	1,050	1,050
Mrs M E KENWORTHY	850	850
D ASHWORTH, FRICS	-	-
P BINNIE, BSc	-	-

Political and Charitable Contributions

During the year, the company made various charitable donations totalling £960.

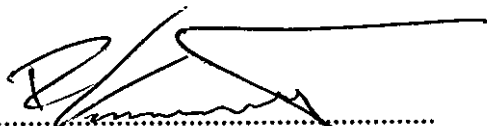
Close Company Provisions

The close company provisions of the Income and Corporation Taxes Act 1988 apply to the company. There has been no change in this respect since the end of the financial year.

Auditors

The auditors, Messrs Hill Wooldridge & Co, are deemed to be reappointed in accordance with Section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members on 19 April 1994.

This Report was approved by the Board on 18 May 1988 and signed on its behalf.



.....
R D KENWORTHY - SECRETARY

TO THE SHAREHOLDERS OF WARDEN BUILDERS LIMITED**FOR THE YEAR ENDED 30 NOVEMBER 1997**

We have audited the Financial Statements on pages 5-15 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective Responsibilities of Directors and Auditors

As described on page 2, 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

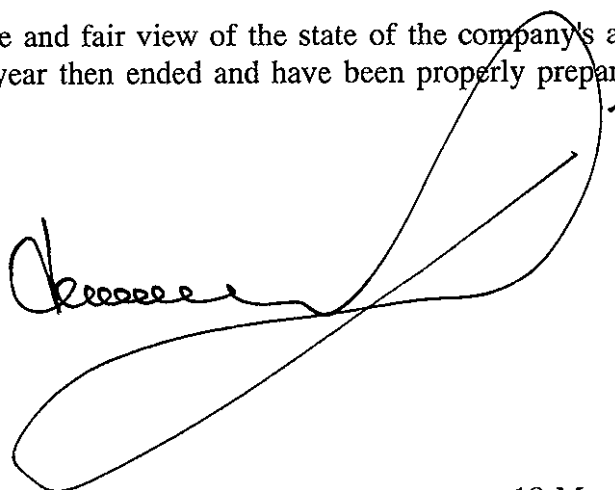
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the 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 the company's affairs as at 30 November 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

HILL WOOLDRIDGE & CO
Chartered Accountants
and Registered Auditor
107 Hindes Road
Harrow
Middlesex HA1 1RU



Date: 18 May 1998

PROFIT AND LOSS ACCOUNT**FOR THE YEAR ENDED 30 NOVEMBER 1997**

	NOTE	1997 £	1996 £
Gross profit		693,083	623,719
Administrative expenses		(629,082)	(593,447)
Other operating income		9,940	25,771
Operating profit	2	73,941	56,043
Interest receivable		13,824	8,859
Interest payable	3	(8,200)	(6,849)
Profit on ordinary activities before taxation		79,565	58,053
Taxation	5	(16,795)	(13,138)
Profit on ordinary activities after taxation		62,770	44,915
Dividends paid and proposed	6	(16,712)	(8,356)
Retained profit for the financial year		46,058	36,559
Retained profit brought forward		308,916	272,357
Retained profit carried forward		£354,974	£308,916

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains and losses in these Financial Statements other than those included in the Profit and Loss Account.

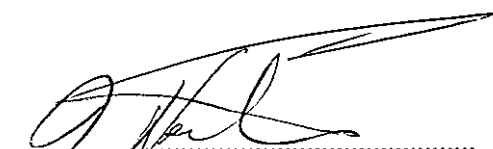
The Notes on pages 9-15 form an integral part of these Financial Statements and should be read in conjunction therewith.

BALANCE SHEET**AS AT 30 NOVEMBER 1997**

	NOTE	1997	1996
Fixed Assets			
Tangible assets	7	518,864	493,529
Investments	8	1	1
		<u>518,865</u>	<u>493,530</u>
Current Assets			
Stocks	9	766,789	973,149
Debtors	10	18,651	37,924
Cash at bank and in hand		401,635	62,244
		<u>1,187,075</u>	<u>1,073,317</u>
Creditors			
Amounts falling due within one year	11	(1,266,034)	(1,167,685)
Net current (liabilities)		<u>(78,959)</u>	<u>(94,368)</u>
Total assets less current liabilities		<u>439,906</u>	<u>399,162</u>
Creditors			
Amounts falling due after more than one year:			
Obligations under finance leases and hire purchase contracts	12	(21,824)	(27,138)
Net assets		<u>£418,082</u>	<u>£372,024</u>
Capital and Reserves			
Called up share capital	13	49,270	49,270
Share premium account		13,838	13,838
Profit and Loss Account		354,974	308,916
Shareholders' funds - all equity	16	<u>£418,082</u>	<u>£372,024</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1995 relating to medium sized companies.

The abbreviated accounts were approved by the Board and signed on its behalf on 18 May 1998.


D KENWORTHY - DIRECTOR

*The Notes on pages 9-15 form an integral part of these Financial Statements
and should be read in conjunction therewith.*

CASH FLOW STATEMENT**FOR THE YEAR ENDED 30 NOVEMBER 1997**

	1997 £	1996 £
Reconciliation of operating profit to net cash inflow from operating activities		
Operating profit	73,941	56,042
Depreciation charges	60,502	55,496
Loss on sale of tangible fixed assets	(4,347)	(5,588)
Decrease/(increase) in stocks	206,360	(381,166)
Decrease/(increase) in debtors	19,273	(21,402)
Increase in creditors	94,343	199,883
Net cash inflow/(outflow) from operating activities	£450,072	£(96,735)

CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities		450,072	(96,735)
Returns on investments and servicing of finance	(Note 1)	5,686	1,975
Corporation tax paid		(13,175)	(11,934)
Capital expenditure and financial investment	(Note 1)	(23,403)	3,269
		419,180	(103,425)
Equity dividends paid		(16,712)	(8,356)
		402,468	(111,781)
Financing	(Note 1)	(54,235)	(52,989)
Increase/(decrease) in cash		£348,233	£(164,770)

Reconciliation of net cash flow to movement in net debt	(Note 2)		
Increase/(decrease) in cash in the year		348,233	(164,770)
Cash outflow from increase in lease financing		54,235	52,989
Change in net debt resulting from cash flows		402,468	(111,781)
New finance leases		(58,087)	(75,733)
Movement in net debt in the period		344,381	(187,514)
Net debt at 1.12.96		(144,839)	42,675
Net debt at 30.11.97		£199,542	£(144,839)

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 NOVEMBER 1997

	1997 £	1996 £
Note 1 - GROSS CASH FLOWS		
Returns on investments and servicing of finance		
Interest receivable	13,824	8,859
Interest payable	(1,284)	(1,429)
Interest element of finance lease payments	(6,854)	(5,455)
	<u>£5,686</u>	<u>£1,975</u>
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(46,534)	(11,877)
Receipts from sales of tangible fixed assets	23,131	15,146
	<u>£(23,403)</u>	<u>£3,269</u>
Financing		
Capital element of finance lease rental payments	(54,235)	(52,989)
	<u>£(54,235)</u>	<u>£(52,989)</u>

Note 2 - ANALYSIS OF CHANGES IN NET DEBT

	At 1.12.96	Cash Flows	Other Non Cash Changes	At 30.11.97
Cash in hand and at bank	62,244	339,391		401,635
Overdrafts	(139,524)	8,842		(130,682)
		<u>348,233</u>		
Finance leases	(67,559)	54,235	(58,087)	(71,411)
Total	<u>£(144,839)</u>	<u>£402,468</u>	<u>£(58,087)</u>	<u>£199,542</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 NOVEMBER 1997**

1. ACCOUNTING POLICIES

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

Basis of Preparation of Financial Statements

The Financial Statements are prepared under the historical cost convention and include the results of the company's operations which are described in the Director's Report, and all of which are continuing.

Fixed Assets and Depreciation

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

<i>Plant and equipment</i>	- 3 to 10 years
<i>Motor vehicles</i>	- 25% per annum reducing balance basis
<i>Furniture and equipment</i>	- 5 to 10 years
<i>Instruments</i>	- Over 10 years straight line basis

No depreciation is provided on freehold land, in accordance with the generally accepted accounting practice.

Depreciation is not provided on freehold and leasehold properties since the carrying value is equivalent to estimated residual value and hence no depreciation charge is required.

Leases

Tangible fixed assets acquired under hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in Creditors.

Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

Pension Costs

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Stocks and Work-in-Progress

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Work in progress is valued at cost plus attributable profit and overheads, and is shown in the Balance Sheet after deducting progress payments received.

Deferred Taxation

The company provides for deferred taxation on the liability method in respect of timing differences between the treatment of items for accounting and taxation purposes to the extent that it is probable that an asset or liability will crystallise in the foreseeable future. The amount of the full potential liability not provided for is stated in a note to the Financial Statements.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 NOVEMBER 1997** (continued)**1. ACCOUNTING POLICIES** (continued)**Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

Government Grants

Government grants in respect of training schemes are credited to Income in the period to which they relate.

2. Operating Profit

	1997 £	1996 £
<i>The Operating Profit is stated after charging:</i>		
Directors' emoluments	212,116	180,996
Pension costs	35,180	33,986
Auditors' remuneration	8,500	8,500
Depreciation of tangible fixed assets:		
owned by the company	18,333	19,179
held under hire purchase contracts	42,169	36,317
Operating lease rentals:		
plant and machinery	1,904	4,159
land and buildings	31,374	19,500
	<hr/>	<hr/>
<i>and after crediting:</i>		
Rents receivable from property	1,167	14,000
Profit on sale of fixed assets	4,347	5,588
Government Grants	7,904	8,100
	<hr/>	<hr/>

3. Interest Payable and Similar Charges

	1997 £	1996 £
On bank interest and credit charges	1,346	1,394
On finance leases and hire purchase contracts	6,854	5,455
	<hr/>	<hr/>
	£8,200	£6,849
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 NOVEMBER 1997 (continued)****4. Staff Costs**

	1997	1996
	£	£
Site wages and salaries	443,051	557,333
Social Security costs	38,309	39,978
Directors' remuneration	161,832	132,669
Directors' pension scheme contributions	32,323	32,323
Directors' medical insurance	3,932	2,349
Other wages and salaries	130,670	139,326
Social Security costs	30,748	28,126
Staff pension scheme contributions	2,857	1,663
	<u>£843,722</u>	<u>£933,767</u>

The average weekly number of employees during the year was:

	<u>50</u>	<u>52</u>
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5. Taxation

	1997	1996
	£	£
UK Corporation Tax on the results for the year, calculated at 22% (1996: 23%)	16,758	13,138
Adjustment relating to an earlier year	37	-
	<u>£16,795</u>	<u>£13,138</u>

The full potential liability for deferred taxation not provided was as follows:

Accelerated Capital Allowances	<u>£(8,715)</u>	<u>£308</u>
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6. Dividends

	1997		1996
	Per Share	£	Per Share
			£
<i>Ordinary shares:</i>			
Interim	-	-	-
Final	0.32	16,712	0.16
	<u>£0.32</u>	<u>£16,712</u>	<u>£8,356</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 NOVEMBER 1997 (continued)****7. Tangible Fixed Assets**

	Freehold Property £	Plant & Equipment £	Instruments £	Furniture & Equipment £	Motor Vehicles £	Total £
Cost						
At 1 December 1996	324,671	104,265	4,011	89,014	263,265	785,226
Additions	-	15,195	-	18,721	70,705	104,621
Disposals	-	(3,294)	-	-	(57,909)	(61,203)
At 30 November 1997	<u>£324,671</u>	<u>£116,166</u>	<u>£4,011</u>	<u>£107,735</u>	<u>£276,061</u>	<u>£828,644</u>
Depreciation						
At 1 December 1996	-	78,185	1,940	65,614	145,958	291,697
Charge for the year	-	10,373	368	7,525	42,236	60,502
On disposals	-	(3,289)	-	-	(39,130)	(42,419)
At 30 November 1997	<u>-</u>	<u>£85,269</u>	<u>£2,308</u>	<u>£73,139</u>	<u>£149,064</u>	<u>£309,780</u>
Net Book Values:						
At 30 November 1997	<u>£324,671</u>	<u>£30,897</u>	<u>£1,703</u>	<u>£34,596</u>	<u>£126,997</u>	<u>£518,864</u>
At 30 November 1996	<u>£324,671</u>	<u>£26,080</u>	<u>£2,071</u>	<u>£23,400</u>	<u>£117,307</u>	<u>£493,529</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

Motor vehicles	£112,039	(1996: £101,339)
Plant and equipment	£5,772	(1996: £5,772)
Furniture and equipment	£8,892	(1996: £11,856)

The freehold properties were valued in July 1996 at £335,000 by David Tomlinson & Co, Chartered Surveyors. This valuation is not reflected in the financial statements.

8. Investments - at Cost

	1997 £	1996 £
Fishergate Court Management Company Limited: 1 ordinary share of £1	<u>£1</u>	<u>£1</u>

The current investment represents a holding in a company which is incorporated in England with an authorised and issued share capital of 7 ordinary shares of £1 each.

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 30 NOVEMBER 1997 (continued)**9. Stocks**

	1997	1996
	£	£
<i>The main categories of Stocks were:</i>		
Raw materials and consumables	5,767	5,687
Work in Progress	761,022	967,462
	<u>£766,789</u>	<u>£973,149</u>

10. Debtors - Amounts falling due within one year

	1997	1996
	£	£
Other debtors	5,815	26,560
Prepayments and accrued income	12,836	11,364
	<u>£18,651</u>	<u>£37,924</u>

11. Creditors - Amounts falling due within one year

	1997	1996
	£	£
Bank loans and overdrafts (secured)	130,682	139,524
Trade creditors	887,994	813,252
Other creditors	7,132	8,092
Directors' current accounts	23,900	10,418
Accruals and deferred income	84,945	58,141
Corporation tax	16,758	13,138
Other tax and Social Security costs	65,036	84,699
Obligations under finance leases and hire purchase contracts (secured)	49,587	40,421
	<u>£1,266,034</u>	<u>£1,167,685</u>

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 NOVEMBER 1997 (continued)****12. Creditors - Amounts falling due after more than one year**

	1997	1996
Obligations under finance leases and hire purchase contracts (secured):	<u>£21,824</u>	<u>£27,138</u>
The maturity of obligations under finance leases and hire purchase contracts are as follows:		
Within one year	55,859	45,475
Within 2 to 5 years	<u>21,824</u>	<u>30,695</u>
	77,683	76,170
Less future finance charges	<u>(6,272)</u>	<u>(8,611)</u>
	<u>£71,411</u>	<u>£67,559</u>

13. Called up Share Capital

	1997	1996
Authorised		
Ordinary shares of £1 each	Number 50,000	50,000
Ordinary 'A' shares of £1 each	Number 10,000	10,000
	<u>60,000</u>	<u>60,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	46,420	46,420
Ordinary 'A' shares of £1 each	<u>2,850</u>	<u>2,850</u>
	<u>£49,270</u>	<u>£49,270</u>

14. Commitments

(i) There were no commitments for capital expenditure at the year end.

(ii) Annual commitments under non-cancellable operating leases are as follows:

	1997		1996	
	Land and Buildings	Other	Land and Buildings	Other
Leases which expire within one year	<u>£19,500</u>	<u>-</u>	<u>£19,500</u>	<u>-</u>

The leases of land and buildings are subject to periodic rent reviews.

NOTES TO THE FINANCIAL STATEMENTS**FOR THE YEAR ENDED 30 NOVEMBER 1997** (continued)**15. Transactions with Directors**

Mr D Kenworthy, Mrs M Kenworthy and Mr D Ashworth are partners in DDM Property Management to whom the company paid rent of £19,500 (1996: £19,500) in respect of office premises.

16. Movement on Shareholders' Funds

	1997	1996
	£	£
Profit for the year after taxation	62,770	44,915
Dividends	(16,712)	(8,356)
	<hr/> 46,058	<hr/> 36,559
Opening shareholders' funds	<hr/> 372,024	<hr/> 335,463
Closing shareholders' funds	<hr/> £418,082	<hr/> £372,024

17. Pension Commitments

The company operates a defined contribution scheme for its directors and employees. The assets of the scheme are held separately from those of the company in an independently administered fund.

18. Contingent Liability

There are no contingent liabilities against the company as far as the directors are aware at the Balance Sheet date.

19. Related Parties

The following three company directors of Warden Builders Limited: David Kenworthy, Mrs Mary Kenworthy and David Ashworth are partners in DDM Property Management to whom the company paid rent. There were no amounts owed to or from this company either at the beginning or at the end of the year.

All transactions were conducted on an open market valuation and on an arms-length basis.

The company was controlled throughout the year by one of its directors, David Kenworthy, by virtue of the fact that he owns the majority of the company's issued share capital.

Additional related party information is given in Note 15.