

Co No 70603

TILBURY (CITY) LIMITED

31st December 1989



REPORT OF THE DIRECTORS

The directors present their report and the audited accounts for the year ended 31st December 1989.

ACTIVITY

The principal activities of the company are the provision of mechanical and electrical services to the construction industry.

REVIEW OF THE BUSINESS

Trading conditions remained extremely competitive throughout 1989. Nevertheless the Company continued to trade profitably and maintain a satisfactory return on capital employed, with the year end balance sheet showing a healthy liquid position.

RESULTS

The results of the company are as set out in the accounts on pages 5 to 13.

The directors recommend the payment of a dividend of £18,000 (1988 - £20,000).

FIXED ASSETS

Information relating to changes in fixed assets is given in note 8 to the accounts.

DIRECTORS

The following have served as directors during the year:

N.G. Johnston	
E.T. Paradisa	
M.E. Fenegan	(Resigned 29th September 1989)
E.R. Bartlett	(Resigned 13th October 1989)
J.K. Field	(Resigned 13th October 1989)
A.J. Martin	(Resigned 28th April 1989)
J.B. Robertson	(Appointed 29th September 1989)

Mr Robertson was appointed a director on 29th September 1989 and Mr Cannon was appointed a director on 1st January 1990 and being eligible offer themselves for re-election at the next Annual General Meeting.

REPORT OF THE DIRECTORS (continued)

DIRECTORS (continued)

None of the directors has any beneficial interest in the shares of the company. Directors' interests in the capital of the holding company are as stated below:

	Shares of 25p each			
	31st December 1989 (or earlier date of retirement)		1st January 1989 (or later date of appointment)	
	Shares	Options	Shares	Options
M.E. Fenegan	nil	nil	nil	nil
E.T. Paradise	-	5,774*	nil	5,774*
E.R. Bartlett	-	9,293*	nil	7,293*
J.K. Field	-	9,293*	nil	7,293*
A.J. Martin	-	6,000	nil	6,000
J.B. Robertson	5,000	2,000	nil	11,439

* Including share options under Savings Related Scheme as follows:

	31st December 1989 (or earlier date of retirement)	1st January 1989 (or later date of appointment)
E.T. Paradise	3,274	3,274
E.R. Bartlett	1,293	1,293
J.K. Field	1,293	1,293

Mr N.G. Johnston is also a director of the holding company and his interest is disclosed in the accounts of that company.

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality management disseminates information to all levels of staff about matters that affect the progress of the company and are of interest and concern to them as employees.

A newsletter is also distributed at regular intervals to all employees which includes articles about the company's activities and its performance.

DISABLED PERSONS

The company has an established policy that disabled persons, especially should they become disabled in the course of their employment with the company, are employed where circumstances permit. The company endeavours to ensure that disabled employees benefit from training and career development programmes in common with other employees.

REPORT OF THE DIRECTORS (continued)

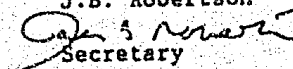
AUDITORS

Spicer & Oppenheim are willing to be reappointed as auditors in accordance with Section 384 of the Companies Act 1985. Resolutions will be proposed at the Annual General Meeting to reappoint them and to authorise the directors to fix their remuneration.

Tilbury House
Ruscombe Park
Twyford
Reading
Berkshire
RG10 9JU

By order of the board

J.B. Robertson


Secretary

3rd April 1990

AUDITORS' REPORT TO THE MEMBERS OF TILBURY (CITY) LIMITED

We have audited the financial statements on pages 5 to 13 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 31st December 1989 and of the profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Sheriton House
2 Rockingham Road
Uxbridge
Middx UB8 2UB

3rd April 1990

Spicer & Oppenheim
SPICER & OPPENHEIM
Chartered Accountants

TILBURY (CITY) LIMITED

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PROFIT AND LOSS ACCOUNT

For the year ended 31st December 1989

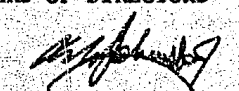

	Note	1989	1988
TURNOVER	1(b)	5,241,923	7,196,130
Cost of sales		<u>(4,968,883)</u>	<u>(6,537,132)</u>
GROSS PROFIT		273,040	658,998
Administrative expenses		<u>(237,027)</u>	<u>(460,510)</u>
OPERATING PROFIT	2	36,013	198,488
Interest receivable	5	<u>35,824</u>	<u>13,330</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		71,837	211,818
Tax on profit on ordinary activities	6	<u>(27,389)</u>	<u>(74,659)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		44,448	137,129
Dividend	7	<u>(18,000)</u>	<u>(20,000)</u>
RETAINED PROFIT	14	£26,448 =====	£117,129 =====

The attached notes on pages 8 to 13 form an integral part of these accounts.

TILBURY (CITY) LIMITED

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BALANCE SHEET
31st December 1989

	Note	1989	1988
FIXED ASSETS			
Tangible assets	8	51,419	95,953
CURRENT ASSETS			
Stock and work in progress	9	55,792	46,319
Debtors	10	1,266,477	1,145,796
Cash at bank and in hand		<u>316,466</u>	<u>36,398</u>
		<u>1,638,735</u>	<u>1,228,513</u>
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR			
Trade creditors		1,105,310	908,848
Sundry creditors	11	<u>303,238</u>	<u>197,063</u>
		<u>1,408,557</u>	<u>1,105,911</u>
NET CURRENT ASSETS		<u>230,178</u>	<u>122,602</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		281,597	218,555
PROVISION FOR LIABILITIES AND CHARGES	12	(107,334)	(70,740)
		<u>£174,263</u>	<u>£147,815</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	13	40,000	40,000
Profit and loss account	14	134,263	107,815
APPROVED BY THE BOARD OF DIRECTORS			
N.G. Johnston			
E.T. Paradise			
3rd April 1990			
		<u>£174,263</u>	<u>£147,815</u>
		=====	=====

The attached notes on pages 8 to 13 form an integral part of these accounts.

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 31st December 1989

		1989	1988
SOURCE OF FUNDS			
Profit/(loss) on ordinary activities		71,837	211,818
Depreciation		35,228	74,745
Disposal of Fixed Assets			
Gross proceeds	22,554		130,093
Profit on disposal	(6,668)		(29,965)
		<u>15,886</u>	<u>100,128</u>
TOTAL GENERATED FROM OPERATIONS		122,951	386,691
APPLICATION OF FUNDS			
Group relief paid	-		66,649
Taxation paid	11,520		70,000
Dividends paid	20,000		-
Purchase of fixed assets	<u>6,580</u>		<u>62,085</u>
		<u>38,100</u>	<u>198,734</u>
INCREASE IN WORKING CAPITAL		£84,851	£187,957
		=====	=====
Represented by:			
Increase in stock and work in progress	9,473		31,170
Increase/(decrease) in debtors	120,681		(351,576)
(Increase)/decrease in creditors and provisions	(325,371)		417,309
Increase in cash balances	<u>280,068</u>		<u>91,054</u>
		<u>£84,851</u>	<u>£187,957</u>
		=====	=====

NOTES TO THE ACCOUNTS
31st December 1989

1. ACCOUNTING POLICIES

a) CONVENTION

These financial statements have been prepared in accordance with the historical cost convention. The principal accounting policies which the directors have adopted within that convention are set out below.

b) TURNOVER

This represents the value of work executed. There were no inter-group transactions.

c) DEFERRED TAXATION

Provision is made at current rates of taxation for timing differences between the treatment of certain items for taxation and for accounting purposes, unless the taxation liabilities are expected to be deferred for some considerable period.

d) TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided on a straight line basis at the following principal annual rates:

Contractors' plant	20%
Motor vehicles	25%
Furniture and equipment	20%

e) STOCK AND WORK IN PROGRESS

Contract work in progress is valued at cost plus attributable profit less foreseeable losses. Attributable profit is included when the outcome of a contract can be assessed with reasonable certainty. The value of contract work in progress is accounted for within turnover and in accordance with Statement of Standard Accounting Practice 9 (Revised) - Stocks and Long term Contracts (SSAP 9) the excess of the book value over payments receivable is included in debtors as "Amounts recoverable on contracts". This represents a change in accounting policy and the corresponding amounts for the previous year have been restated. Payments receivable in excess of book value on an individual contract basis are included in creditors.

NOTES TO THE ACCOUNTS (continued)
31st December 1989

1. ACCOUNTING POLICIES (continued)

f) PENSIONS

The company participates in Tilbury Group Plc Pension Schemes, which schemes cover all employees who are members of the staff who have elected to join. Actuarial valuations are carried out every three years. As from 1st January 1989, the company has adopted Statement of Standard Accounting Practice 24 - Accounting for Pension Costs. The surplus in the Tilbury Group Plc Pension Schemes, after off-setting regular pension costs and allowing for accruing interest, will be released to the profit and loss account of Tilbury Group Plc over the average remaining service life of employees. No charge will be made to the profit and loss account of the company until the surplus has been extinguished.

2. OPERATING PROFIT	1989 £	1988 £
Operating profit is arrived at after charging:		
Depreciation	35,228	74,745
Hire of plant and equipment	41,158	37,702
Auditors' remuneration	10,000	19,760
Operating lease rentals	35,409	21,481
	=====	=====

3. EMPLOYEES

The average number employed by the company (including directors) within each category of persons was:

	<u>Number</u>	<u>Number</u>
Sales	1	1
Production staff	18	18
Administration staff	35	46
	54	65
	==	==

The costs incurred in respect of these employees were:

Wages and salaries	460,518	888,014
Social security costs	39,979	77,484
Other pension costs	-	1,417
	£500,497	£966,915
	=====	=====

NOTES TO THE ACCOUNTS (continued)
31st December 1989

	1989	1988
3. EMPLOYEES (continued)		
As stated in the note above, there is no pension credit or cost for the year. Particulars of the pension schemes, including the latest actuarial assessment, are given in the financial statements of Tilbury Group Plc.		
4. DIRECTORS		
Emoluments of directors of the company included in staff costs were as follows:		
Management remuneration, including pension contributions	£28,252	£93,570
Compensation for loss of office	£28,500	£ nil
	=====	=====
The emoluments, excluding pension contributions of directors were as follows:		
Chairman	£ nil	£ nil
Highest paid director	£38,659	£24,350
	=====	=====
	<u>Number</u>	<u>Number</u>
Other directors		
£ 0 - £ 5,001	4	1
£15,001 - £20,000	1	3
£20,001 - £25,000	-	1
	=====	=====
5. INTEREST RECEIVABLE		
Group interest receivable	£35,824	£13,330
	=====	=====
6. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Taxation is based on the profit for the year and comprises:		
Corporation tax at 35% on taxable profit (1988-35%)	27,389	78,800
Deferred taxation	-	(760)
Adjustments re earlier years:		
Corporation tax	-	(779)
Group relief receivable	-	(2,572)
	=====	=====
	£27,389	£74,629
	=====	=====

NOTES TO THE ACCOUNTS (continued)
31st December 1989

	1989	1988
7. DIVIDENDS - PROPOSED FINAL		
On 40,000 ordinary shares of £1 each		
At £0.45p (1988 - £0.50p) per share	£18,000	£20,000
	=====	=====

8. TANGIBLE ASSETS

	Contractors' plant	Motor vehicles	Furniture and equipment	TOTAL
COST				
1st January 1989	37,040	102,628	76,830	216,498
Additions	1,953	4,627	-	6,580
Disposals	-	(27,440)	(1,323)	(28,763)
Group transfers	(5,660)	(11,561)	(8,053)	(25,274)
31st December 1989	33,333	68,254	67,454	169,041
	=====	=====	=====	=====
DEPRECIATION				
1st January 1989	18,492	74,744	27,309	120,545
Provided in year	5,222	15,556	14,450	35,228
Disposals	-	(27,310)	(1,273)	(28,583)
Group transfers	(1,060)	(6,637)	(1,871)	(9,568)
31st December 1989	22,654	56,353	38,615	117,622
	=====	=====	=====	=====
NET BOOK VALUE				
31st December 1989				
Owned assets	£10,679	£11,901	£28,839	£51,419
	=====	=====	=====	=====
31st December 1988				
Owned assets	£18,548	£27,884	£49,521	£95,953
	=====	=====	=====	=====

There were no capital commitments at 31st December 1989 (1988 - £Nil).

At 31st December 1989 the company had annual commitments under non cancellable operating leases as follows:

<u>Land and Buildings</u>		
Expiring after Five Years	£9,665	£9,665
	=====	=====
<u>Other</u>		
Expiring within One Year	£4,450	£ -
Expiring in Two to Five Years	£9,249	£37,433
	=====	=====
	£13,699	£37,433
	=====	=====

NOTES TO THE ACCOUNTS (continued)
31st December 1989

	1989	1988
9. STOCK AND WORK IN PROGRESS		
Stock - materials	£55,792 =====	£46,319 =====
Contract work in progress is accounted for in turnover and in accordance with the provisions of SSAP 9 the excess of book value over payments receivable is included in debtors as "Amounts recoverable on contracts". This represents a change in accounting policy and the corresponding amounts for the previous year have been restated.		
10. DEBTORS		
Amounts recoverable on contracts	271,223	244,684
Trade debtors	676,867	860,217
Amounts owed by group companies	306,096	6,096
Other debtors	9,571	5,282
Prepayments	-	29,517
Taxation recoverable	2,720	-
	£1,266,477 =====	£1,145,796 =====
11. SUNDRY CREDITORS		
Amounts owed to group companies	22,432	92,398
Other creditors	32,069	45,846
Corporation tax	27,389	8,800
Other taxation and social security	24,402	30,019
Accruals	46,886	-
Proposed final dividend	18,000	20,000
Advance payments	132,060	-
	£303,238 =====	£197,063 =====
12. PROVISIONS FOR LIABILITIES AND CHARGES		
Maintenance, anticipated losses, site clearance	£107,334 =====	£70,740 =====
13. SHARE CAPITAL		
Authorised		
50,000 ordinary shares of £1 each	£50,000 =====	£50,000 =====
Allotted and fully paid		
40,000 ordinary shares of £1 each	£40,000 =====	£40,000 =====

NOTES TO THE ACCOUNTS (continued)
31st December 1989

	1989
14. PROFIT AND LOSS ACCOUNT	
Balance at 1st January 1989	107,815
Retained profit for the year	<u>26,448</u>
Balance at 31st December 1989	£134,263
	=====

15. CONTINGENT LIABILITIES

There are contingent liabilities at 31st December 1989 in respect of guarantees given in the ordinary course of business and guarantees covering bank overdrafts in other group companies. These overdrafts amounted to £650,727 at 31st December 1989 (1988 - £8,000,000).

16. HOLDING COMPANY

The company's holding company is Tilbury Group Public Limited Company, which is registered in England.

TILBURY (CITY) LIMITED

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TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31st December 1989

	1989
TURNOVER	5,241,923
COST OF SALES	(4,968,883)
GROSS PROFIT	273,040
OVERHEADS	
Salaries and wages	219,252
Service charges	19,616
Interest received	(35,824)
Travel and entertaining	6,631
Rent and rates	7,998
Insurance	-
Light, heat and water	4,308
Office cleaning	4,307
Postage	3,239
Stationery and computer	26,789
Telephone & Telex	14,029
Vehicle running expenses	8,003
Trade subscriptions	3,519
Repairs to buildings	2,046
Repairs to office equipment	-
Audit fees	10,000
Advertising	-
General expenses	16,881
Plant revenue	(8,052)
Depreciation: Motor vehicles	15,556
Plant	5,221
Office equipment	14,450
Profit on sale of assets	(6,668)
Discounts received	(22,925)
Redundancy payments	-
Pension fund credit	(19,173)
Cost transfers	(88,000)
	(201,203)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£71,837 =====