

Registered no: 720454

Dew Pitchmastic PLC

**Annual report
for the year ended 3 November 1996**



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Directors and advisers

Board of directors

Executive directors

J Hugh Grayson FCA
Chairman

Paul St J Daly
Finance

John L Mayall

Edgar R Wilson BSc CEng MICE

Non executive director

William C F Moore FCA
Deputy Chairman

Secretary and registered office

Ian M Brown FCIS
Royds Works
Attercliffe Road
Sheffield
S4 7WZ

Registered Auditors

Coopers & Lybrand
1 East Parade
Sheffield
S1 2ET

Solicitors

Keeble Hawson Rodgers & Howe
Old Cathedral Vicarage
St James' Row
Sheffield
S1 1XA

Bankers

Lloyds Bank plc
1 Westgate
Huddersfield
West Yorkshire
HD1 2DN

Chairman's statement

The year which ended on 3 November 1996 is viewed with very considerable satisfaction. The record profit before tax achieved in the previous year was narrowly improved upon thanks to good performances by all the major subsidiaries and it was accompanied by further careful focusing of operations and significant degearing.

- Profit before tax £1.406m (1995: £1.397m).
- Shareholders funds increased by £0.794m to £5.028m and net gearing reduced from 86% to 54%.

Results

The record profit before tax of £1.406m (1995: £1.397m) was achieved despite a write down of £150,000 in the value of premises, which have been rendered excessive to requirements and are in the process of being sold subsequent to the balance sheet date.

Turnover reduced by 10% to £68.6m but this is only partly the consequence of disposals and greater selectivity. The group was significantly affected by the politically motivated cutbacks on highways and Local Government spending, which historically have been important sources of turnover and profit.

Interest charges reduced by 18% to £0.540m as a consequence of much reduced borrowings, especially in the latter part of the year.

The corporation tax charge for the year amounts to £0.350m, reflecting the partial absorption of Dew Group Limited tax losses of earlier years, and results in a profit after tax of £1.056m.

Balance sheet

By means of the careful control of working capital, the disposal of Dew Group's crawler crane fleet and thanks to the sizeable profit retention, the net bank borrowings have reduced to £1.658m (1995: £2.393m). Borrowings will reduce still further as a consequence of the current sale and partial leaseback of Dew Group's Meek Street, Oldham premises.

During the year £0.160m of preference share capital was redeemed but shareholders funds nevertheless increased by £0.794m.

Review of individual operations

Pitchmastic PLC

Historically much of Pitchmastic's business has been the refurbishment of local authority housing, especially high rise blocks, and the company has experienced a feast to famine scenario as traditional procurement still awaits being adequately replaced through the new types of project funding. The company's Baytec bridge deck waterproofing and civil engineering repair businesses also suffered in the year, mainly due to the Highways Agency moratorium. Turnover plummeted from £22.514m in 1994/95 to £15.591m and this included a significant proportion secured in new industrial and commercial markets as well as some exports of Baytec. The pre-tax profit of £0.665m is regarded as very creditable in the circumstances.

Dew Group Limited

The revitalisation of Dew Group continues, helped in part by the demand from blue-chip clients for industrial building. Ignoring the £150,000 premises write down, the company achieved a profit before interest of £1.012m on turnover of £48.263m. Interest amounted to £0.329m but, in future, it will cost significantly less. Whilst the Building Division has been buoyant, other divisions including Civil Engineering and Steel Sheet Piling have needed to make the most of available opportunities and, meanwhile, they have been striving to generate valuable future opportunities. Contractors margins continue to be unacceptably low, bearing in mind the risks involved, but the development of even closer relationships with enlightened clients is proving to be beneficial for all concerned.

Pinelodge Limited

The timber leisure building business had an excellent year, achieving a pre-tax profit of £0.420m (1995: £0.281m) on turnover of £4.217m (1995: £3.414m). Not surprisingly, at this time in the economic cycle, the domestic chaletpool department is busy and it is particularly pleasing that the company also enjoys good commercial and Pinelodge order books. Pinelodge's subsidiary, which operates Darwin Forest Country Park, once again achieved outstanding holiday letting occupancy levels and provided an improved, if modest, return on the substantial capital it employs.

Dew Pitchmastic Developments Limited

Progress has been made during the year and subsequently in disposing of speculative property developments which do not fit into group policy. Increasingly the group is seeking out development opportunities which can generate construction work but which involve modest risk and capital investment by the group.

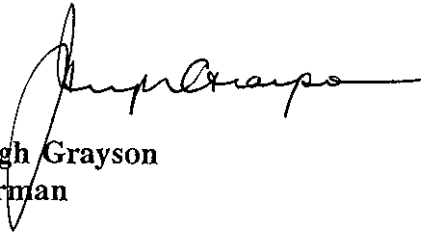
Board composition

In April 1996 the group lost the services of Michael Walton and Bill Speirs as non-executive directors. Both gentlemen had provided valuable assistance during important years of group development, for which we are grateful. The group maintains similar contact with its institutional investors even though they now have no board representation.

General

Dew Pitchmastic had a good record of profitability throughout the recession, during which time it acquired two problem businesses and turned them round. Borrowings are close to being eliminated and what remain will be relative to the holiday park and not the construction business. From a sound financial platform the group is confident to expand its involvement in selected markets and the order intake in recent months is compatible with a significant growth in turnover.

None of the achievements I have mentioned would have been possible without the supreme efforts of a very committed team of people. Some enjoyed the gratification that comes with success whilst others had to combat very difficult market conditions. They are equally appreciated.



J Hugh Grayson
Chairman

Summary of accounts for the five years ended 3 November 1996

Results	1992 £'000	1993 £'000	1994 £'000	1995 £'000	1996 £'000
Turnover - continuing operations	<u>17,594</u>	<u>16,821</u>	<u>40,063</u>	<u>75,975</u>	<u>68,574</u>
Profit before taxation	527	233	872	1,397	1,406
Taxation	<u>(165)</u>	<u>-</u>	<u>(202)</u>	<u>(558)</u>	<u>(350)</u>
Profit after taxation	362	233	670	839	1,056
Dividends	<u>(219)</u>	<u>(133)</u>	<u>(148)</u>	<u>(137)</u>	<u>(102)</u>
Retained profit	<u>143</u>	<u>100</u>	<u>522</u>	<u>702</u>	<u>954</u>
Net assets employed					
Fixed assets	2,908	4,034	9,404	9,207	6,986
Net current assets	<u>1,517</u>	<u>928</u>	<u>546</u>	<u>217</u>	<u>2,006</u>
	4,425	4,962	9,950	9,424	8,992
Non-current liabilities	<u>(553)</u>	<u>(899)</u>	<u>(5,416)</u>	<u>(5,190)</u>	<u>(3,964)</u>
	<u>3,872</u>	<u>4,063</u>	<u>4,534</u>	<u>4,234</u>	<u>5,028</u>

**Directors' report
for the year ended 3 November 1996**

The directors present their report and the audited financial statements for the year ended 3 November 1996.

Principal activities and review of business

The consolidated profit and loss account for the year is set out on page 10.

The group subsidiaries are principally engaged in specialist types of civil engineering, industrial building, repair and refurbishment contracting, steel sheet piling and timber leisure building. The principal activity of the company is the provision of management services to group companies.

Both the level of business and the year end financial position remain satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors have declared or now recommend the following dividends in respect of the year ended 3 November 1996:

	1996 £000	1995 £000
Preference dividends		
Paid	95	97
Final proposed	7	40
	<hr/>	<hr/>
	102	137
	<hr/>	<hr/>

Directors

The directors of the company at 3 November 1996 who, except where stated, were directors during the year and up to the date of this report, were as follows:

J H Grayson	
P St J Daly	
J L Mayall	
E R Wilson	
W C F Moore	
W B Speirs	(resigned 30 April 1996)
M E D'A Walton	(resigned 30 April 1996)

In accordance with the Articles of Association Mr W C F Moore retires by rotation and, being eligible, offers himself for re-election.

There were no contracts of significance subsisting during or at the end of the financial year in which a director of the company was materially interested.

Directors' interests in shares of the company

The interests of the directors of the company at 3 November 1996 in the shares of the company are listed below.

	Ordinary shares of £1 each	
	3 November 1996	29 October 1995
J H Grayson	306,800	306,800
P St J Daly	84,720	84,720
J L Mayall	126,960	126,960
E R Wilson	-	-
W C F Moore	306,800	306,800

The interests of the directors include shares held by their spouses and children. In the cases of Mr J H Grayson and Mr W C F Moore, 122,720 (1995: 122,720) and 200,000 (1995: 200,000) shares respectively are also included in which the beneficial interest is held by those directors' children who have attained the age of majority.

None of the directors had any interest in the share capital of any of the company's subsidiaries at any time during the year.

Options granted to directors

No options were granted to or exercised by directors or their immediate families during the year.

Employees

It is the group's policy to afford equal opportunities in recruitment, training and promotion for persons of different sex and different ethnic origins.

In respect of jobs for which they are physically suited, disabled persons are given equal opportunities.

The group's policy is to consult and discuss with employees matters likely to affect their interests.

Taxation status

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and that reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 3 November 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and the group and to prevent and detect fraud and other irregularities.

Creditor payment policy

The company's current policy concerning the payment of its trade creditors is:

- To establish terms of payment with suppliers when agreeing the terms and conditions of business transactions;
- To pay in accordance with the agreed contractual and other legal obligations.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



I M Brown
Secretary
Sheffield
11 March 1997

**Report of the auditors to the members of
Dew Pitchmastic PLC**

We have audited the financial statements on pages 10 to 28.

Respective responsibilities of directors and auditors

As described on page 8, 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.

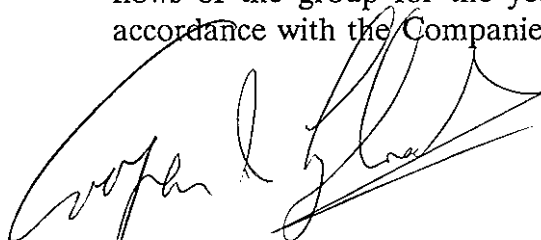
Basis of opinion

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 affairs of the company and the group at 3 November 1996 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand
Chartered Accountants and Registered Auditors
Sheffield
11 March 1997

Consolidated profit and loss account for the year ended 3 November 1996

	Notes	1996 £'000	1995 £'000
Turnover - continuing operations	2	68,574	75,975
Change in stock of finished goods and short term work in progress		(1,966)	408
Own work capitalised		10	9
Raw materials and consumables		(20,334)	(16,675)
Other external charges		(5,656)	(10,290)
Staff costs	4	(12,227)	(13,400)
Other operating charges		(26,703)	(33,989)
Other operating income		228	11
Operating profit - continuing operations	5	1,926	2,049
Investment income	6	20	8
Interest payable and similar charges	7	(540)	(660)
Profit on ordinary activities before taxation		1,406	1,397
Tax on ordinary activities	8	(350)	(558)
Profit for the financial year		1,056	839
Dividends on non equity shares	10	(102)	(137)
Retained profit for the year	20	954	702

The results stated above have been prepared on an unmodified historical cost basis.

There are no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been prepared.

Balance sheets at 3 November 1996

		Group		Company	
	Notes	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Fixed assets					
Tangible assets	11	6,986	9,207	1	-
Investments	12	-	-	3,084	3,084
		<u>6,986</u>	<u>9,207</u>	<u>3,085</u>	<u>3,084</u>
Current assets					
Assets held for resale		1,226	-	-	-
Stocks and work in progress	13	2,257	4,155	-	-
Debtors	14	13,038	13,076	1,956	1,992
Cash at bank and in hand		2,399	2,223	-	-
		<u>18,920</u>	<u>19,454</u>	<u>1,956</u>	<u>1,992</u>
Creditors: amounts falling due within one year	15	(16,914)	(19,237)	(679)	(964)
Net current assets		<u>2,006</u>	<u>217</u>	<u>1,277</u>	<u>1,028</u>
Total assets less current liabilities		<u>8,992</u>	<u>9,424</u>	<u>4,362</u>	<u>4,112</u>
Creditors: amounts falling due after more than year	16	(3,851)	(5,181)	(396)	(480)
Provisions for liabilities and charges	17	(113)	(9)	-	-
Net assets		<u>5,028</u>	<u>4,234</u>	<u>3,966</u>	<u>3,632</u>
Capital and reserves					
Called up share capital	19	2,484	2,644	2,484	2,644
Share premium	20	28	28	28	28
Capital redemption reserve	20	294	134	294	134
Profit and loss account	20	2,222	1,428	1,160	826
Equity shareholders' funds		<u>3,688</u>	<u>2,734</u>	<u>2,626</u>	<u>2,132</u>
Non-equity shareholders' funds		<u>1,340</u>	<u>1,500</u>	<u>1,340</u>	<u>1,500</u>
Total shareholders' funds	21	<u>5,028</u>	<u>4,234</u>	<u>3,966</u>	<u>3,632</u>

The financial statements on pages 10 to 28 were approved by the board of directors on 11 March 1997 and were signed on its behalf by:


J H Grayson
Director


P St J Daly
Director

Consolidated cash flow statement for the year ended 3 November 1996

	Notes	1996 £'000	1995 £'000
Net cash flow from continuing operating activities	22	1,700	3,913
Returns on investments and servicing of finance			
Interest received		20	8
Interest paid		(478)	(558)
Interest element of finance lease rentals		(116)	(90)
Non equity dividends paid		(135)	(115)
Net cash outflow for returns on investments and servicing of finance		(709)	(755)
Taxation			
UK corporation tax paid		(26)	(108)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(593)	(1,003)
Sale of tangible fixed assets		1,038	863
Net cash inflow/(outflow) for capital expenditure		445	(140)
Cash inflow before management of liquid resources and financing		1,410	2,910
Financing			
Issue of ordinary shares		-	30
Redemption of preference shares		(160)	(160)
Principal repayment under loans and finance leases		(1,074)	(661)
Net cash outflow from financing		(1,234)	(791)
Increase in cash in the year	23	176	2,119

Notes to the financial statements for the year ended 3 November 1996

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements include the company and all its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra-group sales and profits are eliminated fully on consolidation.

Investments in subsidiary companies

The cost of investment is recorded at the aggregate of the nominal value of the shares issued in connection with the acquisition, cash paid and any further incidental costs less amounts written off in respect of any permanent diminution in value of the investment.

Goodwill

Goodwill arising on acquisitions represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired and is written off immediately against reserves.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Freehold buildings	2
Plant, equipment and tools	20-50
Motor vehicles	25
Office furniture and equipment	10-50

Leasehold land and buildings are amortised over 50 years or, if shorter, the period of the lease. Freehold land is not depreciated.

Certain plant and equipment is being amortised on the basis of usage over its expected useful economic life of 4 years.

Finance and operating leases

Where fixed assets are financed by leasing agreements, which transfer to the group substantially all the benefits and risks of ownership ("finance leases"), the assets are treated as if they had been purchased outright and are included in tangible fixed assets. The capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Costs in respect of operating leases are charged on a straight line basis over the lease term.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Contract work in progress comprises all direct costs and an appropriate proportion of overheads, less provision for anticipated losses and progress payments received and receivable. For any contracts where receipts plus receivables exceed the book value of the work in progress, the excess is included in creditors and where turnover exceeds payments on account, the amount is included within debtors.

Profits on long term contracts are taken when the outcome of a contract can reasonably be foreseen as a proportion of the estimated profit on the contract which is appropriate to the work carried out in the year. Profits on other contracts are taken on completion. Provision is made for anticipated losses on contracts and claims against the company as soon as these are identified.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences on exchange are taken to the profit and loss account in the year in which they arise.

The financial statements of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. The exchange difference arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

Turnover

Turnover, which excludes value added tax, sales between group companies and trade discounts, represents the invoiced value of goods and services supplied and the value of long-term contract work done.

Investment income

Income from investments is included, together with the related tax credit, in the consolidated profit and loss account on an accruals basis.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Pension costs

Certain group companies operate a defined contribution scheme for the benefit of certain senior employees. Pension costs are charged in the accounts over the period during which the benefits are derived from the employees' services.

Dew Holdings PLC and its subsidiaries operate a defined benefit pension scheme which requires contributions to be made to a separately administered fund. Contributions to the fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the companies. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

The company provides no other post retirement benefit to employees.

2 Turnover

Turnover consists entirely of sales made and work done on long term contracts.

The analysis of geographical area of the groups turnover is as follows:-

	1996 £'000	1995 £'000
United Kingdom	68,272	75,853
Middle East	302	122
	<u>68,574</u>	<u>75,975</u>

3 Directors' emoluments

The emoluments of the directors were as follows:

	1996 £'000	1995 £'000
Fees of non-executives	24	25
Salaries and taxable benefits	281	84
Performance related bonuses	72	25
Pension contributions	19	6
	<u>396</u>	<u>140</u>

The above emoluments include the following amounts:

	1996 £'000	1995 £'000
J H Grayson		
Executive Chairman and Highest Paid Director		
Fees and other emoluments	<u>107</u>	<u>98</u>

Fees, salaries and taxable benefits and performance related bonuses of the directors (including the Chairman and highest paid director) were in the following ranges:

	1996 Number	1995 Number
£0 to £5,000	2	4
£5,001 to £10,000	-	1
£10,001 to £15,000	1	1
£75,001 to £80,000	2	-
£90,001 to £95,000	1	-
£95,001 to £100,000	-	1
£105,001 to £110,000	1	-

The above figures for 1995 only include the remuneration of three executive directors for a period of 17 days from their 12 October 1995 date of appointment. Their earlier remuneration is reported in the financial statements of subsidiary companies.

The entire remuneration of Mr J H Grayson is paid in the form of an all inclusive fee to Grayson Moore Management Services Limited, a company owned by Mr J H Grayson and his wife.

4 Employee information

The average weekly number of persons (including executive directors) employed by the group during the year was:

	1996 Number	1995 Number
By function		
Construction	403	481
Administration	234	240
Production	31	31
	<u>668</u>	<u>752</u>
	<u><u>668</u></u>	<u><u>752</u></u>
	1996	1995
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	11,058	12,033
Social security costs	947	1,060
Other pension costs	222	307
	<u>12,227</u>	<u>13,400</u>
	<u><u>12,227</u></u>	<u><u>13,400</u></u>

5 Operating profit

	1996 £'000	1995 £'000
Operating profit is stated after charging/(crediting):		
Depreciation charge for the year:		
Tangible owned fixed assets	728	671
Tangible fixed assets held under finance leases	154	420
Auditors' remuneration (company £1,000 1995: £1,200)	52	47
Auditors remuneration - other services (company £14,000 1995: £27,000)	83	57
Operating lease rentals:		
Plant and machinery	833	839
Land and buildings	99	80
Loss/(profit) on the sale of fixed assets	12	(53)
Amount written off assets held for resale	150	-
	<u> </u>	<u> </u>

6 Investment income

	1996 £'000	1995 £'000
Interest receivable and similar income	20	8
	<u> </u>	<u> </u>

7 Interest payable and similar charges

	1996 £'000	1995 £'000
On bank loans, overdrafts and other loans repayable within 5 years, not by instalments	453	561
On finance leases and hire purchase contracts	87	99
	<u> </u>	<u> </u>
	540	660
	<u> </u>	<u> </u>

8 Taxation

	1996 £'000	1995 £'000
On the profit for the year:		
United Kingdom corporation tax	282	584
Transfer to deferred tax	90	15
	<u> </u>	<u> </u>
	372	599
Overprovision of previous years	(22)	(41)
	<u> </u>	<u> </u>
	350	558
	<u> </u>	<u> </u>

The effective rate of corporation tax is low due to the utilisation of tax losses bought forward.

9 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. Of the profit for the financial year a profit of £596,000 (1995: £40,000) is dealt with in the financial statements of the company. This includes £722,000 (1995: £1,160,000) of dividends received from subsidiary companies.

10 Dividends

	1996 £'000	1995 £'000
Dividends on non equity shares:		
6% cumulative convertible redeemable preference		
- paid	66	53
- proposed	-	33
10% cumulative redeemable preference		
- paid	29	44
- proposed	7	7
	<u>102</u>	<u>137</u>

11 Tangible fixed assets

Group

	Land and buildings			Assets in		Fixtures	Plant	
	Freehold	Long leasehold	Short leasehold	the course of construction	Lodges	and fittings	and equipment	Total
	£'000	£'000	£'000	£'000	£'000	£'000	£'000	£'000
Cost								
At 30 October 1995	5,069	1,037	184	9	1,115	701	6,440	14,555
Additions	258	26	5	-	328	22	298	937
Disposals/reclassifications	(1,565)	-	-	-	(101)	(125)	(2,547)	(4,338)
Transfers	9	-	-	(9)	-	-	-	-
At 3 November 1996	<u>3,771</u>	<u>1,063</u>	<u>189</u>	<u>-</u>	<u>1,342</u>	<u>598</u>	<u>4,191</u>	<u>11,154</u>
Depreciation								
At 30 October 1995	465	91	63	-	82	447	4,200	5,348
Charge for the year	126	21	24	-	49	63	599	882
Disposals/reclassifications	(90)	-	-	-	(17)	(120)	(1,835)	(2,062)
At 3 November 1996	<u>501</u>	<u>112</u>	<u>87</u>	<u>-</u>	<u>114</u>	<u>390</u>	<u>2,964</u>	<u>4,168</u>
Net book value								
At 3 November 1996	<u>3,270</u>	<u>951</u>	<u>102</u>	<u>-</u>	<u>1,228</u>	<u>208</u>	<u>1,227</u>	<u>6,986</u>
Net book value								
At 29 October 1995	<u>4,604</u>	<u>946</u>	<u>121</u>	<u>9</u>	<u>1,033</u>	<u>254</u>	<u>2,240</u>	<u>9,207</u>

The net book value of tangible fixed assets includes an amount of £1,157,481 (1995: £2,219,000) in respect of assets held under finance leases.

The company held tangible fixed assets of £1,290 cost and accumulated depreciation of £286 at 3 November 1996 (1995: £Nil).

12 Fixed asset investments

Company

	Interests in group undertakings £'000
Cost or valuation	
At 3 November 1996 and 29 October 1995	4,082
Provisions	
At 3 November 1996 and 29 October 1995	998
Net book value at 3 November 1996 and 29 October 1995	3,084

Interests in subsidiary undertakings

The directors consider that to give full particulars of all subsidiary undertakings would lead to a statement of excessive length. The following information relates to those subsidiary undertakings whose results or financial position, in the opinion of the directors, principally affected the figures of the group:

Name of undertaking	Description of shares held	Proportion of nominal value of issued shares held by	
		Group %	Company %
Dew Group Limited	Ordinary £1 shares	100	-
Pitchmastic PLC	Ordinary £1 shares	100	100
Pinelog Limited	Ordinary £1 shares	100	100
Pinelodge Holidays Limited	Ordinary £1 shares	100	-
Dew Pitchmastic Developments Limited	Ordinary £1 shares	100	-

All of the above companies are incorporated in Great Britain and registered in England and Wales.

The principal business activities of the main trading subsidiaries are:

Dew Group Limited

Specialist civil engineering, industrial building, steel sheet piling, heritage restoration and construction services.

Pitchmastic PLC

External refurbishment of buildings and civil engineering structures including specialist concrete repairs, roofing and flooring contracting, supply of building materials and aluminium roofing trim.

Pinelog Limited

Design, manufacture and sale of timber leisure buildings.

Pinelodge Holidays Limited

The company operates Darwin Forest Country Park.

Dew Pitchmastic Developments Limited

Property development.

13 Stocks

	Group	
	1996	1995
	£'000	£'000
Raw materials and consumables	1,619	1,426
Work in progress	637	2,578
Finished goods and goods for resale	1	151
	<u>2,257</u>	<u>4,155</u>
Long and short term contracts (included in work in progress)		
Net cost less foreseeable losses	4,395	1,432
Less applicable payments on account	(4,321)	(1,293)
	<u>74</u>	<u>139</u>

The company had no stocks at 3 November 1996 (1995: £Nil).

14 Debtors

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Amounts falling due after more than one year				
Trade debtors	423	389	-	-
Amounts falling due within one year				
Trade debtors	11,367	11,197	-	-
Amounts recoverable on contracts	690	956	-	-
Amounts owed by group undertakings	-	-	1,934	1,872
Corporation tax	2	25	2	97
Other debtors	163	225	-	-
Prepayments and accrued income	393	284	20	23
	<u>12,615</u>	<u>12,687</u>	<u>1,956</u>	<u>1,992</u>
	<u>13,038</u>	<u>13,076</u>	<u>1,956</u>	<u>1,992</u>

15 Creditors: amounts falling due within one year

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	1,116	404	354	794
Obligations under finance leases	361	476	-	-
Payments received on account	39	192	-	-
Trade creditors	12,589	13,966	-	-
Amounts owed to group undertakings	-	-	224	29
Corporation tax	230	33	10	10
Taxation and social security payable	901	2,500	4	-
Other creditors	960	596	40	22
Accruals and deferred income	711	1,030	40	69
Dividends payable	7	40	7	40
	<u>16,914</u>	<u>19,237</u>	<u>679</u>	<u>964</u>

Finance leases

The future minimum lease payments to which the group are committed under finance leases are as follows:

	1996	1995
	£'000	£'000
In one year or less	361	476
Between one and two years	365	410
Between two and five years	323	360
	<u>1,049</u>	<u>1,246</u>

The company had no obligations under finance leases at 3 November 1996 (1995: £Nil).

16 Creditors: amounts falling due after more than one year

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Bank loans	2,941	4,212	-	-
Obligations under finance leases	688	770	-	-
Amounts owed to group undertakings	-	-	396	480
Other creditors	222	199	-	-
	<u>3,851</u>	<u>5,181</u>	<u>396</u>	<u>480</u>

Bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	1996	1995
	£'000	£'000
In one year or less	1,116	404
Between one and two years	952	1,657
Between two and five years	1,899	2,349
In five years or more	90	206
	<u>4,057</u>	<u>4,616</u>
Repayable by instalments wholly or partly in more than five years:		
Secured loan at 2% over LIBOR repayable by instalments commencing in 1996	671	700
	<u>671</u>	<u>700</u>

On 11 March 1997 £671,000 of the 2% over LIBOR loans and the £500,000 (10.29% fixed rate) loan were repaid and replaced by a £1,000,000 secured loan (at 2% over LIBOR repayable in quarterly instalments over 5 years) in Pinelodge Holidays Limited.

Bank loans and overdrafts are secured by fixed and floating charges over the assets of group companies.

There are cross guarantees and debentures in favour of Barclays Bank PLC as security for facilities granted to Dew Holdings PLC and its subsidiaries.

17 Provisions for liabilities and charges

Deferred taxation

Deferred taxation provided in the financial statements is as follows: The amount unprovided of the total potential liability is £Nil (1995 £Nil),

Group

	Amount provided	
	1996 £'000	1995 £'000
Accelerated capital allowances	343	26
Short term timing differences	(97)	(3)
Relief for taxation losses	(133)	-
	<u>113</u>	<u>23</u>
Less: advance corporation tax	-	(14)
	<u>113</u>	<u>9</u>
		Group £'000
At 30 October 1995		23
Transfer from profit and loss account		90
		<u>113</u>
At 3 November 1996		<u>113</u>

The company had no provision for deferred taxation and there was no potential liability (1995: £Nil).

18 Pension and similar obligations

Prior to the year end Dew Group Limited operated a funded final salary scheme. The scheme provided benefits related to final pensionable earnings at or close to retirement.

The assets are held in separate trustee administered funds.

Contributions in respect of the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. Contributions are determined by a qualified actuary on the basis of triennial valuations.

The last actuarial assessment was made as at 1 August 1995. The valuation was undertaken using the projected unit method of valuation. The main assumptions adopted in the review was an investment return of 9.5% per annum, pensionable salary increases of 7.5% per annum, pension increases as guaranteed and dividend growth of 5% per annum.

At 1 August 1995, the market value of the assets amounted to £10,644,000 and the actuarial value of these assets were sufficient to cover 112% of the benefits that had accrued to members, after allowing for expected future increases in salaries.

The pension cost for the year ended 3 November 1996 was £160,822 (1995: £281,000).

A provision of £122,670 (1995: £Nil) is included in the balance sheet, this being the shortfall of the actual contributions paid over the accumulated pension cost.

The pension cost for the year ended 3 November 1996 in respect of the group's other defined contribution schemes was £61,000 (1995: £43,000).

Subsequent to the year end the above schemes have been combined to form "The Dew Pitchmastic Group Pension Scheme" a funded final salary scheme.

19 Called-up share capital

	1996 £'000	1995 £'000
Authorised		
1,625,036 (1995: 1,625,036) ordinary shares of £1 each	1,625	1,625
1,100,000 (1995: 1,100,000) 6% cumulative convertible redeemable preference shares of £1 each	1,100	1,100
240,000 (1995: 400,000) 10% cumulative redeemable preference shares of £1 each	240	400
160,000 (1995: Nil) unclassified shares of £1 each	160	-
	<u>3,125</u>	<u>3,125</u>
	1996 £'000	1995 £'000
Allotted, called up and fully paid		
1,144,444 (1995: 1,144,444) ordinary shares of £1 each	1,144	1,144
1,100,000 (1995: 1,100,000) 6% cumulative convertible redeemable preference shares of £1 each	1,100	1,100
240,000 (1995: 400,000) 10% cumulative redeemable preference shares of £1 each	240	400
	<u>2,484</u>	<u>2,644</u>

The 6% cumulative convertible redeemable preference shares can be converted at the option of the holders on any date prior to 30 June 1999 into ordinary shares at a rate which, if all the preference shares were to be converted, would give the preference shareholders 11.95% of the enlarged ordinary share capital. The company shall redeem on 30 June 1999 (or as soon thereafter as the company may be able to comply) all of these preference shares still in issue at par together with any arrears or accruals of the preference dividend thereon. The shares are non-voting and have a preferential right to return of capital on a winding up.

The 10% cumulative redeemable preference shares are to be redeemed at par by the company. On 31 March 1996 80,000 shares were redeemed and on 30 September 1996 a further 80,000 shares were redeemed. 80,000 shares are redeemable at six monthly intervals up to 31 March 1998. The shares are non-voting and have a preferential right to return of capital on a winding up.

20 Share premium account and reserves

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000
Group			
At 30 October 1995	28	134	1,428
Retained profit for the year	-	-	954
Transfer on redemption on 10% cumulative redeemable preference shares	-	160	(160)
At 3 November 1996	28	294	2,222

	Share premium £'000	Capital redemption reserve £'000	Profit and loss account £'000
Company			
At 30 October 1995	28	134	826
Transfer on redemption on 10% cumulative redeemable preference shares	-	160	(160)
Retained profit for the year	-	-	494
At 3 November 1996	28	294	1,160

The cumulative amount of goodwill written off in the current year and earlier financial years amounts to £1,252,000.

21 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Profit for the financial year	1,056	839
Dividends	(102)	(137)
	<u>954</u>	<u>702</u>
Redemption of shares	(160)	(160)
Net proceeds from issue of share capital	-	30
Goodwill written off	-	(872)
	<u>794</u>	<u>(300)</u>
Net addition to/(reduction from) shareholders funds	794	(300)
Opening shareholders' funds	4,234	4,534
Closing shareholders' funds	5,028	4,234

22 Net cash flow from continuing operating activities

	1996 £'000	1995 £'000
Operating profit	1,926	2,049
Depreciation on tangible fixed assets	882	1,091
Loss/(gain) on sale of tangible fixed assets	12	(53)
Decrease/(increase) in stocks	1,898	(491)
(Increase)/decrease in trade debtors	(204)	1,587
Decrease/(increase) in amounts recoverable on contracts	266	(762)
Decrease/(increase) in other debtors	62	(157)
(Increase)/decrease in prepayments	(109)	104
(Decrease) in payments received on account	(153)	(25)
(Decrease) in trade creditors	(1,287)	(91)
(Decrease)/increase in other tax and social security	(1,599)	750
Increase in other creditors	297	54
(Decrease) in accruals and deferred income	(291)	(143)
	<u>1,700</u>	<u>3,913</u>

23 Reconciliation of net cash flow to movement in net debt

	£'000
Increase in cash in year	176
Cash inflow from increase in debt and lease financing	1,074
	<u>1,250</u>
Change in net debt resulting from cashflows	(318)
New finance leases	
	<u>932</u>
Movement in net debt in the year	(3,639)
Net debt at 30 October 1995	
	<u>2,707</u>
Net debt at 3 November 1996	

24 Analysis of net debt

	At 30 October 1995	Cash flow	Other non cash changes	At 3 November 1996
	£'000	£'000	£'000	£'000
Cash at bank and in hand	2,223	176	-	2,399
Debt due after one year	(4,212)	-	1,271	(2,941)
Debt due within one year	(404)	559	(1,271)	(1,116)
Finance leases	(1,246)	515	(318)	(1,049)
	<u>(3,639)</u>	<u>1,250</u>	<u>(318)</u>	<u>(2,707)</u>
Total				

25 Capital commitments

The group and the company had no outstanding capital commitments at 3 November 1996 (1995: £Nil).

26 Contingent liabilities

Subsidiary companies have entered into contract performance bonds in the normal course of business which amounted in total to £1,765,543 (1995: £3,285,000) and £217,500 (1995: £Nil) in respect of bank guarantee bonds at the balance sheet date. In the opinion of the directors, no loss will arise under these arrangements.

Dew Pitchmastic PLC, Pinelog Limited and Pinelodge Holidays Limited have given a cross guarantee to the finance company which financed the acquisition by Pinelodge Holidays Limited of lodges from Pinelog Limited. The guarantee covers the subsidiary's obligations under the related hire purchase agreements. In the opinion of the directors, no loss will arise in connection with this matter.

The company has given guarantees in respect of bank borrowings of certain of its group undertakings. At 3 November 1996, borrowings covered by these guarantees amounted to £374,269 (1995: £116,364). However, at that date the net bank balances of all group undertakings within the group banking arrangement amounted to cash in hand of £879,223 (1995: £2,017,578). In the opinion of the directors no loss will arise in connection with these guarantees.

27 Financial commitments

At 3 November 1996 the group had annual commitments under operating leases as follows:

	1996		1995	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Expiring within one year	12	193	10	32
Expiring between two and five years inclusive	25	449	40	663
	<u>37</u>	<u>642</u>	<u>50</u>	<u>695</u>