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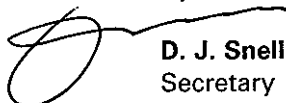


Notice of meeting

Notice is hereby given that the thirty-first annual general meeting of the members of the company will be held at the offices of **Wragge & Co., 55 Colmore Row, Birmingham B3 2AS**, on Thursday 19th December 1996 at 12.00 hours for the following purposes:

- 1 To receive and adopt the financial statements for the year ended 31st July 1996 and the directors' and auditors' reports thereon.
- 2 To reappoint Christopher J. Lane a director.
- 3 To reappoint John H. Gregory a director.
- 4 To reappoint Deloitte & Touche as auditors and to authorise the directors to determine their remuneration.

By order of the board



D. J. Snell
Secretary

22nd November 1996

Registered office:
Maxim House
692 Bristol Road South
Northfield
Birmingham B31 2UX

Registered number 860964 - England

Note:

Members entitled to attend and vote at the meeting may appoint a proxy or proxies to attend and vote in their place. A proxy need not also be a member. A form of proxy is enclosed.

Company information

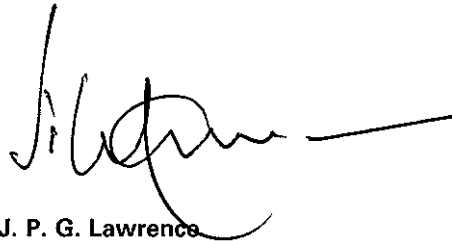
Board of Directors	Sir Patrick Lawrence, CBE DL Chairman* John H. Gregory, FCA (appointed 21st August 1996)* Christopher J. Lane, BSc (Hons) ARICS John L. Needham, ARIBA* Michael G. Robins, BSc (Hons) CEng MICE * non-executive
Chief Executive	Christopher J. Lane
Other Directors of Operating Divisions	Stephan J. Greatorrex-Davies David J. Snell Philip J. Stephens
Secretary and registered office	David J. Snell, FCA Maxim House 692 Bristol Road South, Northfield, Birmingham B31 2UX
Solicitors	Wragge & Co. 55 Colmore Row, Birmingham B3 2AS
Auditors	Deloitte & Touche Colmore Gate, 2 Colmore Row, Birmingham B3 2BN
Bankers	National Westminster Bank PLC Chamber of Commerce House, 36 Highfield Road, Edgbaston, Birmingham B15 3BS

Chairman's statement

Following last year's innovation we have included in this year's Report & Accounts a Statement by the Chief Executive. I commend it to you.

There is little else that I can usefully add at this stage but I propose, as last year, to bring shareholders up to date at the annual general meeting. I do hope that we shall have as large an attendance as possible but, for the benefit of those who cannot attend, I propose to post a copy of the Statement I shall then make to all members.

I cannot, however, let this occasion pass without mentioning the death earlier this year of Peter Jones who was a Director and Deputy Chairman of Maxim Investments Limited for many years. He made an immense and invaluable contribution as a board member. I was not on the board with him for long but it became clear to me that without him the company's performance over the years might well have been far worse. His courage during a long illness was an inspiration to all. We miss his wise counsel and cheerful presence.

A handwritten signature in black ink, appearing to read 'J. P. G. Lawrence', followed by a long horizontal line.

J. P. G. Lawrence
21st November 1996

Chief Executive's report

During the year to 31st July 1996 the group made a profit on ordinary activities before taxation of £48,000 compared with a loss of £546,000 for the preceding period.

Underlying this turn-round has been a greatly improved performance from our Construction Company which is largely due to better control over our construction operations. Throughout the year we implemented a series of incremental improvements to the contract review system and our procedures will continue to be developed in the coming year. Any system is, of course, only as good as the people who operate it and the construction performance this year is a tribute to the hard work and talent of the management team.

We are keeping a tight rein on expenditure and during the year we substantially reduced our operating costs. We will continue to control overheads closely.

Our activities are now clearly focused on our two core divisions of Construction and Homes and we will only undertake property development projects when suitable opportunities arise and on a non-speculative basis.

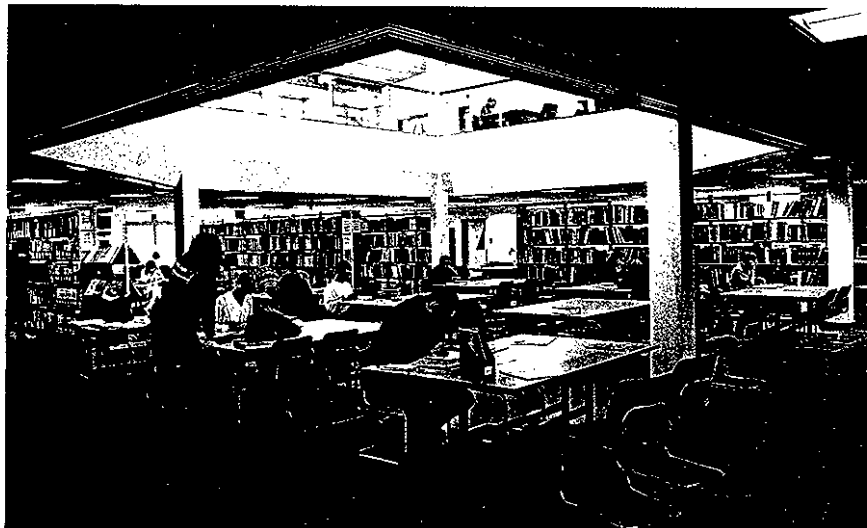
Reviewing the two operating divisions in more detail:

Construction

The Construction Division is still operating in an extremely competitive market and our determination not to take on contracts on unrealistic terms has led to a small reduction in turnover but a satisfactory operating profit.

During the year we have undertaken a wide variety of contracts for both new and existing clients. Whilst housing has remained a core activity, we now have a strong presence in the nursing home, educational and health care sectors. Some of this work has been carried out in areas where we have had little recent involvement and our work has taken us from Taunton in the South to Stoke-on-Trent in the North, and from Maesteg in the West to London in the East.

At Worcester, we have recently completed a substantial extension to the Pierson Library for Worcester College of Higher Education which followed on from the successful student accommodation project which we completed in the previous year. The College are, once again, delighted with the completed project.



Worcester College Library

We have continued our involvement in student accommodation work in Stratford-upon-Avon where we have just handed over 86 study-bedrooms to Stratford-upon-Avon College in the former telephone exchange. This was the first design and build, conversion and refurbishment project that the company had undertaken and it provides first-class accommodation for students of the College.

Chief Executive's report

continued

Our strategy to widen the type of work in which we are involved and the geographical area over which we operate has led to us working for Waltham Forest Housing Action Trust on a new community centre, associated public house and retail outlets at Chingford in north-east London. Further work is planned in this area.

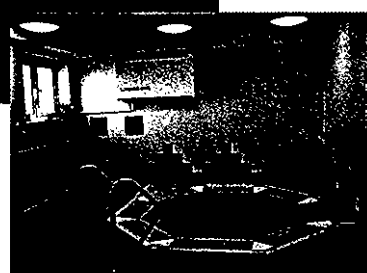
In South Wales we completed a project to provide a new day hospital at Maesteg General Hospital for Bridgend & District NHS Trust. We are committed to an increased workload in the health sector and are now intensifying the marketing of our services to NHS Trusts throughout our operational area.

The company remains strong in the social housing market and has undertaken several such projects during the year including a phased redevelopment of an estate of defective dwellings at Westbury in Wiltshire for a housing association client.

I reported last year on our plans to increase our work with Nursing Home providers and we are continuing our good work in the care sector with three 'homes' currently under construction.



Kathleen Chambers House, Burnham-on-Sea



We are continuing to maintain a significant proportion of negotiated work and our commitment to helping our clients to achieve their objectives is greatly appreciated by them as is the high standard of service we offer. We are well aware that "quality work" does not necessarily mean "quality service" — we aim for both.

Homes

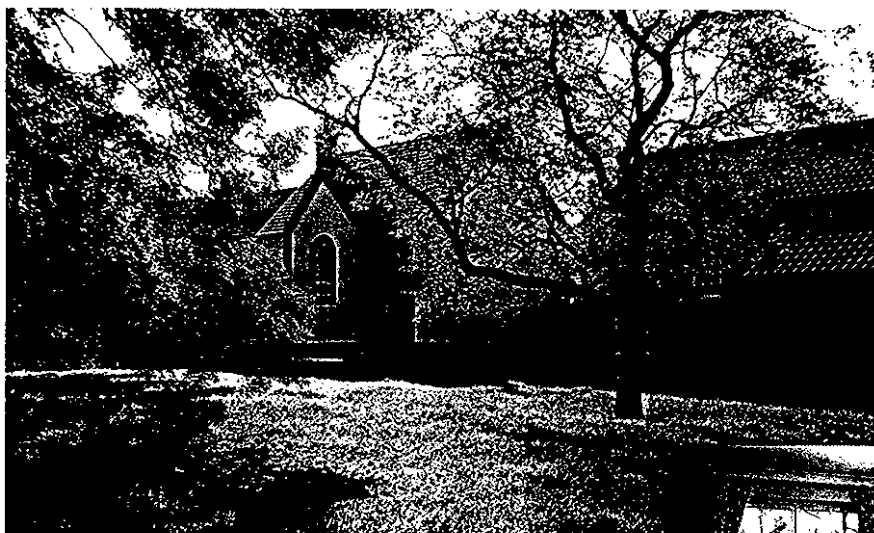
Despite difficult market conditions, particularly in the first half, the Homes Company made a reasonable operating profit in the year.

Achieving appropriate planning consents in a reasonable time-scale is as difficult as ever but success results in immediate "value added". We have considerable expertise in this field and will continue to search for suitable opportunities to put it to good use.

The remaining houses on our projects at Headley Park in Bristol and at Slimbridge in Gloucestershire were sold during the year and the major focus of activity has been at North Curry near Taunton. Whilst sales on this development were slow in the early part of the year, there was a marked pick-up towards the year end and we

now have only four, out of a total of twenty, houses remaining for sale with building work scheduled for completion just prior to Christmas.

Our experience at North Curry reflects my general view on the housing market in that since the beginning of 1996 the market, particularly in the southern half of the country, has improved and the number of transactions has increased. It remains to be seen whether the prospect of the forthcoming General Election will dampen the market in the spring of 1997.



North Curry



The construction work on our homes developments is now being undertaken by our Construction Company who are able to use their established skills for the benefit of our homes purchasers. The first project to benefit from this approach is in the village of Colwall, where all properties are now reserved. At Cheltenham we have recently commenced a development of four four-bedroom houses in a superb location and I am pleased to report a most encouraging level of early interest in this project with two of the four houses already sold.

Outlook

The Construction Company continues to perform well and has a strong management team which should help ensure that recent improvements are maintained.

The Homes Company is operating in a niche market developing small sites of predominantly four-bedroom houses in sought-after locations. The signs are that this will continue to be a successful strategy.

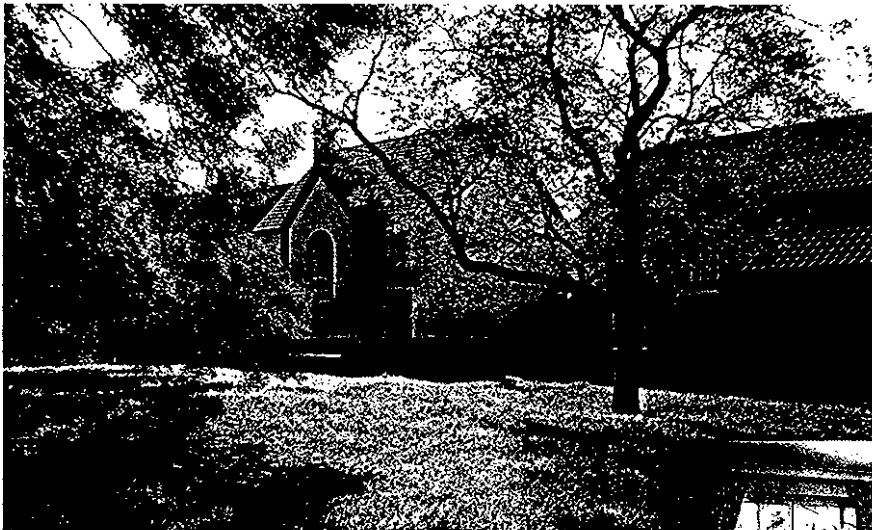
My thanks are due to all the staff for their effort and commitment and, whilst market conditions remain challenging, I am confident that both operating divisions can produce a meaningful profit in the current year.

C. J. Lane

21st November 1996

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C. J. Lane

21st November 1996

Directors' report

Report and financial statements	The directors submit their annual report to shareholders, together with the audited financial statements for the year ended 31st July 1996.
Activities	Maxim Investments Limited is the parent company of a group of companies engaged in the construction and property development industries.
Review of operations and future prospects	A review of operations during the year and an assessment of the group's future prospects is contained in the chief executive's report on pages 5 to 7.
Results and dividends	The results are as shown on page 11. The directors do not recommend the payment of a dividend. The profit of £48,000 has been deducted from the accumulated profit and loss account deficiency.
Tangible fixed assets	Movements in tangible fixed assets are set out in note 8 to the accounts.
Charitable and political contributions	<p>The group made contributions during the year for charitable purposes amounting to £1,055.</p> <p>No political contributions were made.</p>
Directors	<p>The following were directors of the company during the year ended 31st July 1996:</p> <p>M. S. Hughes (resigned 19th December 1995)</p> <p>P. B. Jones (alternate D. J. Snell)</p> <p>C. J. Lane</p> <p>J. L. Needham (appointed 1st November 1995)</p> <p>Sir Patrick Lawrence (alternate M. G. Robins)</p> <p>Sir Henry Phillips (retired 21st December 1995)</p> <p>M. G. Robins</p> <p>I. P. Woosey (resigned 14th August 1995)</p> <p>It is with sorrow that the directors have to report that Mr P. B. Jones died on 14th September 1996.</p> <p>J. H. Gregory was appointed a director on 21st August 1996 to hold office until the annual general meeting. Being eligible, he offers himself for reappointment.</p> <p>The director retiring by rotation is C. J. Lane who, being eligible, offers himself for reappointment.</p>



Chartered Accountants

Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham B3 2BN

**Auditors' report
to the Members of Maxim Investments Limited**

We have audited the financial statements on pages 11 to 22 which have been prepared under the accounting policies set out in the notes to the accounts on pages 15 to 22.

Respective responsibilities of directors and auditors

As described in the Directors' report, 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 group'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 and the group as at 31st July 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors
21st November 1996

**Deloitte Touche
Tohmatsu
International**

M. S. Hughes ceased to be chairman on 1st November 1995 and Sir Patrick Lawrence was appointed chairman on that day.

As permitted under the Articles of Association the company has an insurance policy providing liability cover for directors and certain officers.

Directors' interests

The interests of the directors, holding office at 31st July 1996, in the shares of the company are set out in note 6 to the accounts.

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 the group as at the end of the financial year and of the profit or loss of the group 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;
- 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 group and to enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1st February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming annual general meeting.

Approved by the board of directors
and signed on its behalf



D. J. Snell
Secretary

21st November 1996

Consolidated profit and loss account

for the year ended 31st July 1996

Note		Year ended 31st July 1996 £000	Fifteen months ended 31st July 1995 £000
2	Turnover — continuing operations	20,788	30,397
	Cost of sales	18,729	28,151
	Gross profit	2,059	2,246
	Administrative expenses	(1,959)	(2,720)
3	Other operating income	8	3
4	Operating profit/(loss) — continuing operations	108	(471)
	Interest receivable	15	13
5	Interest payable	(75)	(88)
	Profit/(loss) on ordinary activities before taxation	48	(546)
7	Tax on profit/(loss) on ordinary activities	—	—
	Profit/(loss) on ordinary activities after taxation	48	(546)
	Profit and loss account brought forward	(749)	(203)
	Profit and loss account carried forward	(701)	(749)

There are no recognised gains or losses for the current year and preceding financial period other than those disclosed in the profit and loss account. Accordingly, no statement of recognised gains and losses is given.

There is no material difference between the results as disclosed in the profit and loss account and the results on an unmodified historical cost basis. Accordingly, a note of the historical cost profits and losses is not given.

Consolidated balance sheet

at 31st July 1996

Note		£000	1996 £000	£000	1995 £000
	Fixed assets				
8	Tangible		278		323
9	Investment		86		86
			<u>364</u>		<u>409</u>
	Current assets				
10	Stocks	1,798		2,550	
11	Debtors	3,159		2,735	
	Cash at bank and on deposit	350		675	
		<u>5,307</u>		<u>5,960</u>	
	Creditors: amounts falling due within one year				
	Payments received on account	63		214	
19	Obligations under finance leases	17		20	
	Trade creditors	4,735		5,309	
	Taxation and social security	59		72	
	Accruals and deferred income	236		232	
		<u>5,110</u>		<u>5,847</u>	
	Net current assets		<u>197</u>		<u>113</u>
	Total assets less current liabilities		<u>561</u>		<u>522</u>
	Creditors: amounts falling due after more than one year				
19	Obligations under finance leases		(15)		(12)
13	Provisions for liabilities and charges		(39)		(51)
			<u>507</u>		<u>459</u>
	Capital and reserves				
14	Called-up share capital		1,160		1,160
15	Revaluation reserve		48		48
	Profit and loss account		(701)		(749)
	Equity shareholders' funds		<u>507</u>		<u>459</u>

The financial statements were approved by the board of directors on 21st November 1996 and signed on its behalf by:

J. P. G. Lawrence
C. J. Lane

J. P. G. Lawrence
C. J. Lane

} Directors

Balance sheet

at 31st July 1996

Note		£000	1996 £000	£000	1995 £000
	Fixed assets				
8	Tangible	73		75	
9	Investments	387		92	
			460		167
	Current assets				
11	Debtors	1,764		1,572	
	Cash at bank and on deposit	—		98	
		1,764		1,670	
	Creditors: amounts falling due within one year				
12	Bank overdraft	239		—	
	Amounts owed to subsidiary companies	1,374		1,242	
	Taxation and social security	46		57	
	Accruals and deferred income	58		79	
		1,717		1,378	
	Net current assets		47		292
			507		459
	Capital and reserves				
14	Called-up share capital		1,160		1,160
15	Revaluation reserve		411		116
15	Profit and loss account		(1,064)		(817)
	Equity shareholders' funds		507		459

The financial statements were approved by the board of directors on 21st November 1996 and signed on its behalf by:

J. P. G. Lawrence }
C. J. Lane } Directors

J. P. G. Lawrence
C. J. Lane

Consolidated cash flow statement

for the year ended 31st July 1996

Note		Year ended 31st July 1996 £000	Fifteen months ended 31st July 1995 £000
18	Net cash outflow from operating activities	(216)	(929)
	Returns on investments and servicing of finance		
	Interest received	15	13
	Interest paid	(68)	(84)
	Interest element of finance lease payments	(7)	(3)
		(60)	(74)
	Investing activities		
	Payments to acquire tangible fixed assets	(23)	(82)
	Receipts from sales of tangible fixed assets	—	7
	Purchase of own shares	—	(36)
		(23)	(111)
	Net cash outflow before financing	(299)	(1,114)
	Financing		
19	Capital element of finance lease rental payments	(26)	(26)
	Decrease in cash and cash equivalents	(325)	(1,140)
	Analysis of changes in cash and cash equivalents during the year		
	Balance at 1st August	675	1,815
	Net cash outflow	(325)	(1,140)
	Balance at 31st July	350	675

Cash and cash equivalents comprise cash at bank and on deposit, less overdrafts.

Notes to the accounts

1 Accounting policies	<p>The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.</p> <p>The group financial statements, which are prepared under the historical cost convention as modified by the revaluation of freehold property, consolidate the financial statements of Maxim Investments Limited and its subsidiaries.</p> <p>Maxlink Nominees Limited, a company which administers the Maxim Investments Executive Share Option Scheme (1986), has been consolidated in accordance with UITF13: Accounting for ESOP Trusts.</p> <p>Shares in subsidiary companies are stated in the company balance sheet at the directors' best estimate of the fair value of each subsidiary, having regard to its profitability and net asset value. The surplus/deficit on this valuation is taken to the revaluation reserve.</p> <p>Other accounting policies are dealt with in the appropriate notes to the accounts.</p>
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2 Turnover — continuing operations	<p>Turnover arises solely in the United Kingdom and comprises the total value of contracting works executed in the year together with amounts invoiced for other activities. Turnover on sales of newly constructed homes is taken on legal completion.</p>
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3 Other operating income	1996 Twelve months £000	1995 Fifteen months £000
Rental income	5	3
Other	3	—
	<u>8</u>	<u>3</u>

4 Operating profit/(loss) — continuing operations	1996 Twelve months £000	1995 Fifteen months £000
This is stated after the following charges:		
Depreciation — own assets	73	77
— leased assets	20	24
Hire of plant and machinery	418	597
Operating lease charges — other	122	148
Auditors' remuneration — audit services	25	33
— other services	15	32

5 Interest payable	1996 Twelve months £000	1995 Fifteen months £000
Interest on short-term borrowings	68	85
Finance charges	7	3
	<u>75</u>	<u>88</u>

It is the group's policy to charge all interest on borrowings to the profit and loss account.

Notes to the accounts

continued

6 Information regarding directors and employees

Directors' emoluments:	1996 Twelve months £000	1995 Fifteen months £000
Fees	11	19
Other, including pension fund contributions	192	388
	<u>203</u>	<u>407</u>

Compensation for termination of director's service agreements 68 —

A further payment will become due to Mr. M. S. Hughes of 20% of profits when earned after 1st August 1996 up to a maximum of £90,000.

Additional information concerning emoluments:

	3 months ended 31st October 1995 £000	9 months ended 31st July 1996 £000	1996 Twelve months £000	1995 Fifteen months £000
Chairman				
Emoluments	22	11	33	110
Pension fund contributions	11	—	11	52
Highest paid director				
Emoluments			78	
Pension fund contributions			6	

The Chairman was the highest paid director in the fifteen months ended 31st July 1995. Mr. M. S. Hughes ceased to be Chairman on 1st November 1995 and Sir Patrick Lawrence was appointed Chairman on that day.

The following number of directors, other than the Chairman and the highest paid director, had emoluments within the indicated ranges:

	1996 Twelve months	1995 Fifteen months
£ 0—£ 5,000	4	1
£ 5,001—£10,000	—	1
£10,001—£15,000	—	1
£45,001—£50,000	1	1
£55,001—£60,000	—	1
£60,001—£65,000	—	1
£65,001—£70,000	1	—
£80,001—£85,000	—	1

A director, Mr. P. B. Jones, did not receive directors' remuneration, but was a partner in a firm which received £12,033 during the year (1995 fifteen months—£20,188) for professional services including disbursements.

	1996 Twelve months £000	1995 Fifteen months £000
Employee costs		
Wages and salaries	1,850	2,207
Social security costs	170	206
Other pension costs	114	207
	<u>2,134</u>	<u>2,620</u>

**6 Information
regarding
directors and
employees
continued**

	1996 Twelve months No.	1995 Fifteen months No.
Average number of persons employed:		
Production	13	19
Administration	72	69
	<u>85</u>	<u>88</u>

As at 31st July 1996 196,242 of the issued 'A' Ordinary shares were held in trust, under the Maxim Investments Executive Share Option Scheme (1986), for eligible full-time employees of the group.

Directors' interests:

The interests of the directors, holding office at 31st July 1996, in the shares of the company at the dates stated below were as follows:

	31st July 1996 'A' Ordinary	31st July 1995 'A' Ordinary
P. B. Jones	179,967	179,967
C. J. Lane	12,500	12,500
Sir Patrick Lawrence	10,000	10,000
J. L. Needham	291,835	291,835 *
M. G. Robins	12,426	12,426
D. J. Snell	5,200	5,200

* at date of appointment

None of the directors had any interests in the shares of any other group company.

Under the terms of the Maxim Investments Executive Share Option Scheme (1986) the following options have been granted to the directors:

	Issue date of options	Price	Number of shares	Total Number of shares
C. J. Lane	23rd November 1987	42p	3,000	
	16th January 1992	40p	5,000	
	13th January 1994	35p	13,000	
	19th January 1995	46p	15,000	36,000
M. G. Robins	19th January 1995	46p	25,000	25,000
D. J. Snell	19th January 1995	46p	13,000	13,000

No options have been granted to the Non-Executive Directors as they are excluded from the Scheme. The Chief Executive, the Non-Executive Directors, Sir Henry Phillips and D. J. Snell are the Trustees of the Scheme. The Chief Executive and D. J. Snell do not vote in respect of any options granted to themselves. The exercise period for all the above options is ten years from the date of issue of the option. No options were exercised in the year.

**7 Tax on profit/(loss)
on ordinary
activities**

There are unutilised tax losses carried forward of approximately £1,111,000 (1995—£1,184,000) available against future trading profits of certain companies.

In addition, advance corporation tax written off by certain companies and amounting to £151,000 is available against any taxation liabilities arising against future profits of those companies.

Where transactions are dealt with in different periods for accounting and taxation purposes a timing difference will arise. To the extent that it is probable that the group's corporation tax liability will increase or decrease in the future when the timing difference reverses, deferred taxation has been provided. There were no deferred tax provisions nor unprovided amounts in either 1996 or 1995.

A potential corporation tax charge of £12,000 would arise on the sale of the freehold property at its book value.

Notes to the Accounts

continued

8 Fixed assets — tangible

	Freehold property £000	Plant and machinery £000	Total £000
Group			
At cost or valuation			
At 1st August 1995	65	790	855
Additions	—	48	48
Disposals	—	(10)	(10)
At 31st July 1996	65	828	893
Depreciation			
At 1st August 1995	—	532	532
Charge	—	93	93
Disposals	—	(10)	(10)
At 31st July 1996	—	615	615
Net book value at 31st July 1996	65	213	278
Net book value at 31st July 1995	65	258	323
Company			
At cost or valuation			
At 1st August 1995 and 31st July 1996	65	16	81
Depreciation			
At 1st August 1995	—	6	6
Charge	—	2	2
At 31st July 1996	—	8	8
Net book value at 31st July 1996	65	8	73
Net book value at 31st July 1995	65	10	75

Fixed assets are depreciated on a straight line basis over their expected useful lives which are:

	Years
Plant and machinery	5–10

There were no capital commitments at 31st July 1996 (1995—£Nil).

The freehold property is stated at April 1988 open market valuation. The comparable cost determined according to the historical cost convention is £17,000.

The net book value of the group's fixed assets included £33,000 in respect of assets held under finance lease contracts. Assets held under finance leases and the related lease obligations are recorded in the balance sheet at the fair value of the leased assets at the inception of the leases. The amounts by which the lease payments exceed the recorded lease obligations are treated as finance charges which are amortized over the lease term.

9 Fixed assets	Group		£000
— investments	Investment in own shares:		
	Cost		
	At 1st August 1995 and 31st July 1996		<u>86</u>
	Company		£000
	Investments in subsidiaries:		
	Cost		
	At 1st August 1995		2,013
	Adjustment to underlying net asset value		<u>295</u>
	At 31st July 1996		<u>2,308</u>
	Provision		
	At 31st July 1995 and 31st July 1996		<u>1,921</u>
	Net book value at 31st July 1996		<u>387</u>
	Net book value at 31st July 1995		<u>92</u>
		1996	1995
		£000	£000
	The comparable cost determined according to the historical cost convention	<u>549</u>	<u>549</u>
	The following wholly owned subsidiaries which contributed significantly to the group's results operate in the United Kingdom and are registered in England and Wales.		
	Maxim Construction Limited		
	Maxim Homes Limited		

10 Stocks	1996	1995
	£000	£000
Freehold land for development	890	1,344
Own developments	<u>908</u>	<u>1,206</u>
	<u>1,798</u>	<u>2,550</u>

The basis of valuation of stocks is as follows:

Freehold land for development:

Freehold land is shown at the lower of cost and net realisable value. Cost is represented by the prices paid on acquisition of the land together with related expenses.

Own developments:

Work in progress on homes and other developments to be sold by the group is valued at the lower of cost and net realisable value. Cost is represented by materials, direct labour and appropriate overheads. No profits are taken until the properties are physically completed and the completion of the sale has taken place.

Notes to the Accounts

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11 Debtors

	Group		Company	
	1996 £000	1995 £000	1996 £000	1995 £000
Trade debtors	1,023	542	—	—
Amounts recoverable on contracts	1,589	1,695	—	—
Amounts owed by subsidiary companies	—	—	1,750	1,548
Other debtors	428	383	—	5
Prepayments and accrued income	119	115	14	19
	<u>3,159</u>	<u>2,735</u>	<u>1,764</u>	<u>1,572</u>

Trade debtors include £204,000 (1995—£215,000) due after one year. Amounts owed by subsidiary companies include £1,044,000 (1995—£962,000) due after one year.

The excess of the value of work completed under contracts over payments received is included in debtors as "Amounts recoverable on contracts". Payments received in excess of the value of work completed under contracts are included in creditors as "Payments received on account".

Work in progress on each contract is valued at cost of material, direct labour and appropriate overheads together with a proportion of attributable profit. Attributable profit on contracting is recognised when the final outcome of the contract can reasonably be foreseen. In the event of contract losses, provision is made as soon as the loss is foreseen, for the total anticipated loss through to the end of the contract.

12 Bank overdrafts

The parent company has guaranteed the bank overdrafts of certain subsidiaries which at 31st July 1996 amounted to £432,000. Overdrafts are secured by fixed charges on freehold land for development, work in progress and book debts and by floating charges on other assets.

13 Provisions for liabilities and charges

Group	Balance at 1st August 1995 £000	Released to profit and loss account £000	Balance at 31st July 1996 £000
Provisions against costs on contracts in maintenance period	<u>51</u>	<u>(12)</u>	<u>39</u>

14 Called up share capital	Authorised		Allotted and fully paid	
	1996	1995	1996	1995
	£000	£000	£000	£000
Ordinary shares of £1 each	—	48	—	48
'A' ordinary shares of £1 each	1,400	1,352	1,160	1,112
	<u>1,400</u>	<u>1,400</u>	<u>1,160</u>	<u>1,160</u>

On the resignation of Mr M. S. Hughes on 19th December 1995, in accordance with Article 3(c) of the Company's Articles of Association, the 48,000 ordinary shares were automatically converted into 'A' ordinary shares.

15 Reserves	Revaluation reserve		Profit and loss account
	Group	Company	Company
	£000	£000	£000
Balance at 1st August 1995	48	116	(817)
Loss for the period	—	—	(247)
Revaluation of investments to net asset value	—	295	—
Balance at 31st July 1996	<u>48</u>	<u>411</u>	<u>(1,064)</u>

As permitted by Section 230 of the Companies Act 1985 the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's loss for the year amounted to £247,000 (1995 fifteen months—loss £596,000).

16 Operating lease commitments	At 31st July 1996 the group was committed to making the following payments during the next year in respect of operating leases:		Land and buildings	Other
			£000	£000
Leases which expire:				
Within one year			—	11
Within two to five years			—	146
After five years			130	—
			<u>130</u>	<u>157</u>

Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Notes to the Accounts

continued

17 Pension schemes During the year the group operated defined contribution schemes for certain employees. The assets of the schemes are held in separate trustee administered funds. The amount paid in respect of the schemes was £114,000 (1995 fifteen months—£207,000) and was charged to the profit and loss account.

18 Reconciliation of operating profit/ (loss) to net cash outflow from operating activities	1996 Twelve months £000	1995 Fifteen months £000
Operating profit/(loss)	108	(471)
Depreciation charge	93	101
Decrease/(increase) in stocks	752	(474)
Increase in debtors	(424)	(1,531)
(Decrease)/increase in creditors	(733)	1,750
Decrease in provisions	(12)	(304)
Net cash outflow from operating activities	(216)	(929)

19 Analysis of change in financing during the year	1996 Twelve months £000	1995 Fifteen months £000
Finance lease obligations		
Balance at 1st August	32	58
Inception of finance lease contracts	26	—
Capital element of finance lease payments	(26)	(26)
Balance at 31st July	32	32
of which:		
Due within one year	17	20
Due within two years	5	12
Due within two to five years	10	—
	32	32

20 Reconciliation of movements in shareholders' funds	1996 Twelve months £000	1995 Fifteen months £000
Profit/(loss) attributable to the members being net addition to/(reduction of) shareholders' funds	48	(546)
Opening shareholders' funds	459	1,005
Closing shareholders' funds	507	459

Form of Proxy

I/We, being (a) shareholder(s) of the above-named company HEREBY APPOINT *The CHAIRMAN of the meeting or

.....
as my/our proxy to vote for me/us and on my/our behalf at the annual general meeting of the company to be held on 19th December 1996 and at any adjournment thereof.

Dated 1996

Signature or Common Seal

Name in full
(BLOCK LETTERS PLEASE)

If you wish to indicate how you desire your proxy to vote please insert 'X' in the appropriate space below. In the absence of directions the proxy will vote or abstain at his/her discretion.

No.	RESOLUTIONS	FOR	AGAINST
1	To adopt the directors' report and financial statements		
2	To reappoint C. J. Lane a director		
3	To reappoint J. H. Gregory a director		
4	To reappoint auditors		

NOTES

1 This proxy must be lodged at the Registered Office as overleaf, not less than 48 hours before the time fixed for the meeting.

2 Any alteration made in this proxy must be initialled by the person(s) signing it.

3 In the case of a corporation this proxy must be executed under its common seal, if any, and if none, then under the hand of some officer or attorney duly authorised in writing in that behalf.

* Delete if it is desired to appoint any other person and insert his or her name and address. A proxy need not also be a member of the company.

