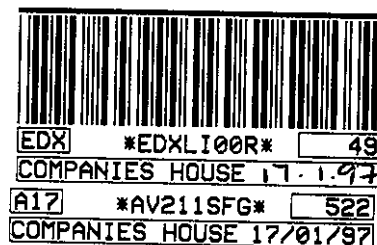


**GSS GROUP LIMITED**

**Report and Financial Statements**

**31 March 1996**



**Deloitte & Touche  
Martins Building  
4 Water Street  
Liverpool  
L2 8UY**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Auditors' report</b>	<b>5</b>
<b>Consolidated profit and loss account</b>	<b>6</b>
<b>Consolidated balance sheet</b>	<b>7</b>
<b>Balance sheet</b>	<b>8</b>
<b>Consolidated cash flow statement</b>	<b>9</b>
<b>Statement of total recognised gains and losses</b>	<b>10</b>
<b>Reconciliation of movements in shareholders' funds</b>	<b>10</b>
<b>Notes to the accounts</b>	<b>11</b>

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

F. W. Lock (Managing Director)  
A. D. Cooper  
N. Harrison  
I. Quinlan (Non-executive)

**SECRETARY**

F. W. Croxton

**REGISTERED OFFICE**

12 Ambassador Place  
Stockport Road  
Altrincham  
Cheshire

**BANKERS**

The Royal Bank of Scotland  
Liverpool Dale Street Branch  
1 Dale Street  
Liverpool  
Merseyside  
L2 2PP

**SOLICITORS**

Whittles Solicitors  
Pearl Assurance House  
23 Princess Street  
Albert Square  
Manchester  
M2 4ER

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Martins Building  
4 Water Street  
Liverpool  
L2 8UY

## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

### **ACTIVITIES**

The activities of the group consist of:

- Provision of project and construction control service to clients in the process engineering industry.
- Domestic and commercial building industry.
- Provision of technically qualified project management personnel.
- The design, development and delivery of tailored training courses, primarily in the areas of health and safety, engineering management skills and employee/industrial relations and employment law.

### **REVIEW OF DEVELOPMENTS**

During the year the group overall maintained its turnover and, with the exception of GSS Development Limited, the house building subsidiary, traded satisfactorily.

### **FUTURE PROSPECTS**

The 1996/97 trading prospects will probably turn out to be little changed over the 1995/96 financial year.

One major change to the level of activity is the decision to commence work on the private housing development. This will impact favourably both in the improvement in turnover and contribution to overhead and profit by the United Kingdom based subsidiary companies.

Overseas GSS (Asia Pacific) Limited has made a first contribution to profit in the 1995/96 year and is expected to make a further contribution in 1996/97.

### **DIVIDENDS AND TRANSFERS FROM RESERVES**

The group made a loss for the year of £5,599 (1995 loss £2,267). The directors propose the payment of a dividend of £0.031 per ordinary share (1995 £Nil).

### **FIXED ASSETS**

Movements in fixed assets are set out in notes 10, 11 and 12 to the financial statements.

### **DIRECTORS AND THEIR INTERESTS**

The present membership of the Board is set out on page 1.

The directors' beneficial interests, as defined by the Companies Act 1985, in the shares of the company at 31 March 1996 and 1995 were as follows:

	<b>Ordinary shares</b>	
	<b>31 March 1996 and 1995</b>	
F. W. Lock	15,000	15,000

## DIRECTORS' REPORT

### AUDITORS

On 1 February 1996 our auditors changed their name under which they practise to Deloitte & Touche, and accordingly have signed their report in their new name. A resolution for the appointment 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 behalf of the Board



20/12/96

## **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 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 and group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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 company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



## Chartered Accountants

Deloitte & Touche  
Martins Building  
4 Water Street  
Liverpool L2 8UY

Telephone: National 0151 236 0941  
International + 44 151 236 0941  
Fax (Gp. 3): 0151 236 2877

## GSS GROUP LIMITED

### AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 6 to 23 which have been prepared under the accounting policies set out on pages 11 and 12.

#### Respective responsibilities of directors and auditors

As described on page 4 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 circumstances of the company and the group, 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 31 March 1996 and of the loss 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

*24<sup>th</sup> December 1996*

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 March 1996**

	Note	1996 £	1995 £
<b>TURNOVER</b>	2	3,524,890	3,744,971
Cost of sales		(2,914,924)	(3,093,536)
Gross profit		609,966	651,435
Administrative expenses		(577,028)	(625,515)
Other operating income		15,603	8,058
<b>OPERATING PROFIT</b>	4	48,541	33,978
Share of (loss)/profit of associated company		(11,318)	1,481
Interest receivable and similar income	5	2,064	4,133
Interest payable and similar charges	6	(35,142)	(33,778)
		(44,396)	(28,164)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	2	4,145	5,814
Tax on profit on ordinary activities	7	(9,744)	(8,081)
<b>(LOSS) FOR THE FINANCIAL YEAR</b>	8	(5,599)	(2,267)
Equity dividends	9	(3,000)	-
<b>RETAINED (LOSS) FOR THE FINANCIAL YEAR</b>		(8,599)	(2,267)
Retained profit brought forward		416,025	420,273
Foreign exchange movement		(38)	(1,981)
Retained profit carried forward		407,388	416,025

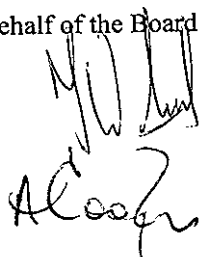
The results for the years ended 31 March 1996 and 31 March 1995 relate solely to continuing activities.



**CONSOLIDATED BALANCE SHEET**  
**31 March 1996**

	Note	£	1996 £	£	1995 £
<b>FIXED ASSETS</b>					
Intangible assets	10	-		2,414	
Tangible assets	11	69,579		68,715	
Investments	12	46,280	115,859	40,427	111,556
<b>CURRENT ASSETS</b>					
Stocks	13	370,595		383,843	
Debtors	14	685,915		759,890	
Cash at bank and in hand		212,006		144,215	
		1,268,516		1,287,948	
<b>CREDITORS: amounts falling due within one year</b>	15	816,863		830,928	
<b>NET CURRENT ASSETS</b>			451,653		457,020
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			567,512		568,576
<b>CREDITORS: amounts falling due after more than one year</b>					
Obligations under finance leases	17		15,124		7,551
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	18		21,000		21,000
			531,388		540,025
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		97,000		97,000
Capital redemption reserve	20		3,000		3,000
Capital reserve	21		24,000		24,000
Profit and loss account			407,388		416,025
<b>EQUITY SHAREHOLDERS' FUNDS</b>			531,388		540,025

These financial statements were approved by the Board of Directors on 20/2/96  
 Signed on behalf of the Board of Directors



- Director

- Director

**GSS GROUP LIMITED**

**BALANCE SHEET**

**31 March 1996**

	Note	£	1996 £	£	1995 £
<b>FIXED ASSETS</b>					
Intangible assets	10	-		2,414	
Tangible assets	11	69,579		68,451	
Investments	12	70,937	140,516	70,937	141,802
<b>CURRENT ASSETS</b>					
Debtors	14	746,127		828,742	
Cash at bank and in hand		7,209		6,769	
		753,336		835,511	
<b>CREDITORS: amounts falling due within one year</b>					
	15	367,838		506,575	
<b>NET CURRENT ASSETS</b>					
			385,498		328,936
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>					
			526,014		470,738
<b>CREDITORS: amounts falling due after more than one year</b>					
Obligations under finance leases	17		15,124		7,551
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>					
	18		-		-
			510,890		463,187
<b>CAPITAL AND RESERVES</b>					
Called up share capital	19		97,000		97,000
Capital redemption reserve	20		3,000		3,000
Profit and loss account	22		410,890		363,187
<b>EQUITY SHAREHOLDERS' FUNDS</b>					
			510,890		463,187

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors


- Director

- Director

20/12/96

**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 March 1996**

	Note	£	1996 £	£	1995 £
<b>Net cash inflow/(outflow) from operating activities</b>	26		171,088		(2,613)
<b>Returns on investments and servicing of finance</b>					
Interest received		2,064		4,133	
Interest paid		(35,142)		(33,778)	
Net cash outflow from returns on investments and servicing of finance			(33,078)		(29,645)
<b>Taxation</b>					
UK corporation tax paid		(96)		-	
Overseas tax paid		-		(82)	
			(96)		(82)
<b>Investing activities</b>					
Purchase of tangible fixed assets		(16,608)		(18,922)	
Investment in associated undertaking		(7,500)		-	
Sale of tangible fixed assets		20,015		8,609	
Net cash (outflow) from investing activities			(4,093)		(10,313)
Net cash inflow/(outflow) before financing			133,821		(42,653)
<b>Financing</b>					
Capital element of finance lease rental payments		(40,359)		(34,634)	
Net cash outflow from financing	29		(40,359)		(34,634)
<b>Increase/(decrease) in cash and cash equivalents</b>	27		93,462		(77,287)

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 March 1996**

	1996 £	1995 £
(Loss) for the financial year	(5,599)	(2,267)
Currency translation differences on foreign currency net investment	(38)	(1,981)
	<u>          </u>	<u>          </u>
Total recognised gains and loss relating to the year	<u>(5,637)</u>	<u>(4,248)</u>

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Year ended 31 March 1996**

	1996 £	1995 £
(Loss) for the financial year	(5,599)	(2,267)
Dividends	(3,000)	-
	<u>(8,599)</u>	<u>(2,267)</u>
Other recognised gains or losses relating to the year	(38)	(1,981)
	<u>(8,637)</u>	<u>(4,248)</u>
<b>Net (reduction) in shareholders' funds</b>		
	<u>540,025</u>	<u>544,273</u>
Opening shareholders' funds		
	<u>531,388</u>	<u>540,025</u>
<b>Closing shareholders' funds</b>		

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of consolidation**

The group financial statements consolidate the financial statements of the company and all subsidiaries for the year ended 31 March 1995.

**Intangible fixed assets**

Concessions, patents, licences and trademarks are depreciated in equal annual amounts over a period of three years.

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The estimated useful lives of depreciation are as follows:

Leasehold improvements	3 years
Plant and machinery	4 - 10 years
Motor vehicles	4 - 5 years

**Investments**

In the company investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

In the group accounts, shares in associated undertakings are accounted for using the equity method of accounting. The profit and loss account includes the group's share of the pre tax profits and attributable taxation. In the balance sheet, the shares in associates are shown at the group's share of the net assets.

**Stocks**

Stocks and work-in-progress are stated at the lower of cost and net realisable value. The land held for development is stated at cost less provisions made from delays incurred in development. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

**Leases**

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

**Pension costs**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

## NOTES TO THE ACCOUNTS

### Year ended 31 March 1996

#### 1. ACCOUNTING POLICIES (Continued)

##### Foreign exchange

Transactions of UK companies denominated in foreign currencies are translated into sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the rates ruling at that date. These transaction differences are dealt with in the profit and loss account.

The financial statements of the foreign subsidiary are translated into sterling at the closing rate of exchange and the difference arising from the consolidation of the group net investment in the subsidiary at the closing rate is taken direct to reserves. Other translation differences are dealt with in the profit and loss account.

#### 2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the group's ordinary activities after deduction of trade discounts and value added tax. The group's activities include the procurement of goods and services on behalf of its client. Since the group only acts as agents, no provision is made for amounts outstanding in respect of such goods and services.

##### Turnover and profits between activities and markets

	Turnover		Profit before tax	
	1996	1995	1996	1995
	£	£	£	£
Class of business				
Services to construction industry	3,524,890	3,744,971	4,145	5,814
Geographical analysis of turnover				
United Kingdom	2,382,149	2,375,610		
Other	1,142,741	1,369,361		
	3,524,890	3,744,971		

#### 3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1996	1995
	£	£
Directors' emoluments	107,631	98,507
Remuneration of the chairman	33,916	49,466
Remuneration of highest paid director	38,007	49,466

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (Continued)**

	1996 No	1995 No
All directors' remuneration		
£ 0 - £ 5,000	1	1
£ 30,001 - £ 35,000	2	-
£ 35,001 - £ 40,000	1	-
£ 40,001 - £ 45,000	-	1
£ 50,001 - £ 55,000	-	1
	<u>          </u>	<u>          </u>
 Average number of persons employed		
Direct	94	105
Administration	6	6
	<u>          </u>	<u>          </u>
	100	111
	<u>          </u>	<u>          </u>
	£	£
Staff costs during the year (including directors)		
Wages and salaries	1,501,723	1,594,566
Social security costs	144,249	152,997
Other pension costs	-	-
	<u>          </u>	<u>          </u>
	1,645,972	1,747,563
	<u>          </u>	<u>          </u>

**4. OPERATING PROFIT**

	1996 £	1995 £
Operating profit is after charging:		
Depreciation and amortisation		
Owned assets	24,878	13,853
Leased assets	13,059	27,173
Auditors' remuneration		
Audit fees	11,300	11,000
Non-audit fees	2,500	2,500
	<u>          </u>	<u>          </u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**5. INTEREST RECEIVABLE AND SIMILAR INCOME**

	1996 £	1995 £
Bank interest receivable	2,064	4,133

**6. INTEREST PAYABLE AND SIMILAR CHARGES**

	1996 £	1995 £
Bank loans, overdrafts and other loans repayable within five years	30,911	27,465
Finance leases and hire purchase contracts	4,231	6,313
	<u>35,142</u>	<u>33,778</u>

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1996 £	1995 £
United Kingdom corporation tax at 25% (1995-25%) based on the profit for the year (less double taxation relief)	-	-
Overseas taxation	(8,418)	(7,411)
Associated company	(762)	(670)
	<u>(9,180)</u>	<u>(8,081)</u>
Adjustments to prior years' tax provisions		
Corporation tax	(564)	-
	<u>(9,744)</u>	<u>(8,081)</u>

**8. PROFIT AND LOSS ACCOUNT OF PARENT COMPANY**

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not provided as part of these financial statements. A profit of £47,703 (1995 loss - £6,036) is retained in the parent company.

**9. EQUITY DIVIDENDS**

	1996 £	1995 £
Proposed £0.031 (1995 £Nil) per ordinary share	3,000	-



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**10. INTANGIBLE FIXED ASSETS**

		Concessions, patents, licences, trademarks and similar rights and assets £
<b>The Group and the Company</b>		
Cost		
At 1 April 1995 and 31 March 1996		7,241
Amortisation		
At 1 April 1995		4,827
Charge for the year		2,414
At 31 March 1995		7,241
Net book value		
At 31 March 1996		-
At 31 March 1995		2,414

**11. TANGIBLE FIXED ASSETS**

GROUP	Leasehold improve- ments £	Equipment and motor vehicles £	Total £
Cost			
At 1 April 1995	36,140	248,552	284,692
Additions	5,515	51,263	56,778
Disposals	(11,605)	(75,374)	(86,979)
	<hr/>	<hr/>	<hr/>
At 31 March 1996	30,050	224,441	254,491
	<hr/>	<hr/>	<hr/>
Accumulated depreciation			
At 1 April 1995	36,140	179,837	215,977
Charge for the year	930	34,593	35,523
Disposals	(11,605)	(54,983)	(66,588)
	<hr/>	<hr/>	<hr/>
At 31 March 1996	25,465	159,447	184,912
	<hr/>	<hr/>	<hr/>
Net book value			
At 31 March 1996	4,585	64,994	69,579
	<hr/>	<hr/>	<hr/>
At 31 March 1995	-	68,715	68,715

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**11. TANGIBLE FIXED ASSETS (Continued)**

COMPANY	Leasehold improve- ments £	Equipment and motor vehicles £	Total £
Cost			
At 1 April 1995	36,140	246,194	282,334
Additions	5,515	51,263	56,778
Disposals	(11,605)	(75,374)	(86,979)
At 31 March 1996	30,050	222,083	352,133
Accumulated depreciation			
At 1 April 1995	36,140	177,743	213,883
Charge for the year	930	34,329	35,259
Disposals	(11,605)	(54,983)	(66,588)
At 31 March 1996	25,465	157,089	182,554
Net book value			
At 31 March 1996	4,585	64,944	69,579
At 31 March 1995	-	68,451	68,451

The net book value of plant, equipment and motor vehicles for both the group and the company include £45,373 (1995 £51,200) in respect of leased assets.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**12. INVESTMENTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Shares in subsidiary companies	-	-	33,937	33,937
Shares in associated company	46,280	40,427	37,000	37,000
	<u>46,280</u>	<u>40,427</u>	<u>70,937</u>	<u>70,937</u>

All of the above investments are unlisted.

**GROUP**

	<b>£</b>
Shares in associated company	
Balance at 31 March 1995	40,427
Investment in associated undertakings	17,305
Foreign exchange translation difference	628
Share of retained loss for the year	(12,080)
Balance at 31 March 1996	<u>46,280</u>

**COMPANY**

	<b>Cost</b>	<b>Provision</b>	<b>Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Shares in subsidiary companies			
Balance at 31 March 1996 and 31 March 1995	<u>100,167</u>	<u>66,230</u>	<u>33,937</u>

**COMPANY**

	<b>Cost</b>	<b>Provision</b>	<b>Net</b>
	<b>£</b>	<b>£</b>	<b>£</b>
Shares in associated company			
Balance at 31 March 1996 and 31 March 1995	<u>37,000</u>	<u>-</u>	<u>37,000</u>

## NOTES TO THE ACCOUNTS

### Year ended 31 March 1996

#### 12. INVESTMENTS (Continued)

The principal subsidiary companies at 31 March 1996 were:

COMPANY	Country of incorporation	Nature of business	Proportion of shares held
G.S.S. Personnel Services Ltd.	Great Britain	Training, recruitment and employment agency	100%
G.S.S. Developments Ltd	Great Britain	Domestic house building	100%
CIMS & Associates Ltd.	Great Britain	Providing quantity surveying services	100%
G.S.S. Projects Ltd.	Great Britain	Providing services to the construction industry	100%
General Site Services Ltd.	Great Britain	Providing services to the construction industry	100%
General Site Services (Overseas) Ltd.	Jersey C.I.	Providing services to the construction industry	100%
South African Project Management Services (Pty.) Ltd.	South Africa	Providing services to the construction industry	100%

Shares in associated company represents 39.4% of the equity share capital of Jayel Commercial Developments Limited, a company registered in England and 35% of the equity share capital of GSS Asia Pacific Pty Ltd, a company registered in Australia.

#### 13. STOCKS

Group	1996 £	1995 £
Land held for development	329,423	339,423
Housing development work in progress	41,172	44,420
	<u>370,595</u>	<u>383,843</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**14. DEBTORS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	590,318	637,172	56,144	38,704
ACT recoverable	750	-	750	-
Taxation recoverable	-	564	-	564
Amounts owed by subsidiaries	-	-	681,209	765,001
Other debtors	2,068	26,007	818	20,109
Prepayments and accrued income	92,779	96,147	7,206	4,364
	<u>685,915</u>	<u>759,890</u>	<u>746,127</u>	<u>828,742</u>

**15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts	470,315	495,290	96,938	259,644
Trade creditors	53,119	51,553	13,966	9,745
Obligations under finance leases (note 17)	15,891	23,653	15,891	23,653
Amounts owed to subsidiaries	-	-	147,936	152,145
ACT payable	750	-	750	-
Other creditors including taxation and social security (note 16)	169,327	126,637	63,168	36,296
Accruals and deferred income	104,461	133,795	26,189	25,092
Dividends	3,000	-	3,000	-
	<u>816,863</u>	<u>830,928</u>	<u>367,838</u>	<u>506,575</u>

**16. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
This heading includes:				
Taxation and social security	<u>169,327</u>	<u>126,637</u>	<u>63,168</u>	<u>36,296</u>

**17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS**

	<b>GROUP</b>		<b>COMPANY</b>	
	<b>1996</b>	<b>1995</b>	<b>1996</b>	<b>1995</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Minimum lease payments due:				
Within one year	15,891	23,653	15,891	23,653
Within 2 to 5 years	15,124	7,551	15,124	7,551
After 5 years	-	-	-	-
	<u>31,015</u>	<u>31,204</u>	<u>31,015</u>	<u>31,204</u>

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**18. PROVISIONS FOR LIABILITIES AND CHARGES**

**GROUP**

£

**Deferred taxation**

Balance at 31 March 1996 and 31 March 1995

21,000

The amount of provided and not provided deferred tax is as follows:

	Provided 1996 £	Provided 1995 £	Not Provided 1996 £	Not Provided 1995 £
Accelerated capital allowances	-	-	(6,120)	(7,941)
Short term timing differences	-	-	(10,183)	(10,183)
Unutilised losses	-	-	(39,781)	(37,331)
ACT	-	-	(1,316)	-
Repatriation of overseas retained earnings	21,000	21,000	-	-
	<u>21,000</u>	<u>21,000</u>	<u>(57,400)</u>	<u>(55,455)</u>

**Company**

Not  
Provided  
1996  
£

Not  
Provided  
1995  
£

**Deferred taxation**

Accelerated capital allowances  
Short term timing differences  
Unutilised losses

- (7,804)  
(21,000) (5,183)  
- -  
(21,000) (12,987)

**19. CALLED UP SHARE CAPITAL**

	1996 £	1995 £
Authorised 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Called up, allotted and fully paid 97,000 ordinary shares of £1 each	<u>97,000</u>	<u>97,000</u>

**20. CAPITAL REDEMPTION RESERVE**

£

Balance at 31 March 1996 and 31 March 1995

3,000

# NOTES TO THE ACCOUNTS

## Year ended 31 March 1996

### 21. CAPITAL RESERVE

	£
<b>GROUP</b>	
Balance at 31 March 1996 and 31 March 1995	<u>24,000</u>

### 22. PROFIT AND LOSS ACCOUNT

	£
<b>COMPANY</b>	
Balance at 31 March 1995	363,187
Retained profit for the year	<u>47,703</u>
Balance at 31 March 1996	<u>410,890</u>

### 23. FINANCIAL COMMITMENTS

	<b>GROUP</b>		<b>COMPANY</b>	
	1996	1995	1996	1995
	£	£	£	£
<b>Capital commitments</b>				
Contracted for but not provided	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Authorised but not yet contracted for	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>

### 24. CONTINGENT LIABILITIES

£230,000 of the group bank loans and overdrafts are secured by a charge over work in progress.

Unlimited cross guarantees exist between the parent company and certain subsidiaries to the Royal Bank of Scotland. At 31 March 1996 these amounted to £238,772 (1995 - £Nil).

### 25. PENSION SCHEMES

The group operates defined benefit pension schemes for all qualifying employees. The assets of the schemes are held in separate trustee administered funds. The U.K. scheme is subject to triennial valuation by independent actuaries, the last valuation being carried out as at 31 March 1993, using the attained age method, in which the actuarial liability makes allowances for projected earnings. The following actuarial assumptions were applied:

Investment returns	9.0% per annum
Salary growth	7.0% per annum

At the last actuarial valuation date, the market value of the assets of the U.K. scheme was £1,988,000 and this actuarial value was sufficient to cover 141% of the benefits which had accrued to members, after allowing for expected future increases in earnings. The employer's contribution rate over the average remaining service lives of the members of the scheme takes account of the surplus disclosed by the valuation.

**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**26. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES**

	1996 £	1995 £
Operating profit	48,541	33,978
Amortisation of intangible fixed assets	2,414	2,413
Depreciation of tangible fixed assets	35,523	38,613
Loss/(profit) on sale of fixed assets	378	(1,417)
Decrease in stocks	13,248	14,928
Decrease/(increase) in debtors	74,160	(47,453)
(Decrease) in creditors	(3,176)	(43,675)
	<u>171,088</u>	<u>(2,613)</u>
Net cash inflow/(outflow) from operating activities		

**27. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR**

	1996 £	1995 £
Balance at 1 April	(351,075)	(271,641)
Net cash inflow/(outflow)	93,462	(77,287)
Effect of foreign exchange rate changes	(696)	(2,147)
	<u>(258,309)</u>	<u>(351,075)</u>
Balance at 31 March		

**28. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	1996 £	1995 £	Change in Year 1996 £	Change in Year 1995 £
Cash at bank and in hand	212,006	144,215	67,791	(63,651)
Bank overdraft	(470,315)	(495,290)	24,975	(15,783)
	<u>(258,309)</u>	<u>(351,075)</u>	<u>92,766</u>	<u>(79,434)</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 March 1996**

**29. ANALYSIS OF CHANGES IN FINANCING**

	Finance lease obligations £
At 1 April 1994	53,375
Inception of finance lease contracts	12,463
Cash outflow from financing	(34,634)
	<hr/>
At 31 March 1995	31,204
Inception of finance lease contracts	40,170
Cash outflow from financing	(40,359)
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At 31 March 1996	<u>31,015</u>