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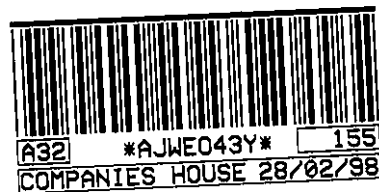
KENTON UTILITIES & DEVELOPMENTS LIMITED

Company No: 1062438

FINANCIAL STATEMENTS

- for the period ended -

30TH APRIL 1997



KENTON UTILITIES & DEVELOPMENTS LIMITED

DIRECTORS

D Cummins
C J M McKernan
E O'Hara

SECRETARY

S Drury

BUSINESS ADDRESS

Unit 1, The Tidings
Fairfield Industrial Park
Bill Quay, Gateshead
Tyne & Wear. NE10 0UR

REGISTERED OFFICE

Unit 1, The Tidings
Fairfield Industrial Park
Bill Quay, Gateshead
Tyne & Wear. NE10 0UR

AUDITORS

Price Waterhouse
Chartered Accountants
89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

PRINCIPAL BANKERS

Bank of Scotland
London Chief Office
38 Threadneedle Street
London
EC2P 2EH

KENTON UTILITIES & DEVELOPMENTS LIMITED

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KENTON UTILITIES & DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the period ended 30th April 1997.

COMPARATIVES

The attached accounts represent the period from 1 October 1996 to 30 April 1997. Comparatives represent the year to 30th September 1996.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of utility works contracting.

The company reported a loss before tax for the period of £807,596 (1996 profit £2,120,322). Historically the company has experienced a cyclical downturn during the winter and early spring months. The results are however disappointing although the directors are confident that the current years results will confirm the continuing growth of the company.

DIVIDEND AND TRANSFER FROM RESERVES

The directors do not recommend payment of a dividend.

It is proposed that the retained loss for the period of £596,596 is transferred from reserves.

POLICY ON PAYMENT OF CREDITORS

The company makes payment to creditors in accordance with their normal terms of trade for the provision of goods and services unless otherwise agreed. No differentiation is applied to different suppliers or classes of suppliers. The average creditor payment days is 60 days.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements. Subsequent to the year end, the freehold property at Jarrow, Tyne & Wear, was sold for £375,000 (see Note 26).

MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors the market value of the land and buildings of the company significantly exceeds the book value.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date, and directors who were appointed or resigned during the year, are given below:-

D Cummins
C J M McKernan
E O'Hara
M B V C Hirschfield

M B V C Hirschfield resigned as a director on 13 May 1997.

The directors interests in the ultimate parent company, Utilitec PLC, are disclosed in that company's accounts.

KENTON UTILITIES & DEVELOPMENTS LIMITED

REPORT OF THE DIRECTORS (Continued)

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 the affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

EMPLOYEES

The company actively encourages employees to participate in the continued success of the business by suitable training.

It is company policy to recruit disabled persons for appropriate vacancies. Once employed, whatever assistance is necessary in terms of training and career advancement is given.

AUDITORS

The auditors, Price Waterhouse, Chartered Accountants, are willing to be reappointed in accordance with section 385 of the Companies Act 1985.

Date: ...27.02.98...

By Order of the Board

.....
Director

KENTON UTILITIES & DEVELOPMENTS LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF KENTON UTILITIES & DEVELOPMENTS LIMITED

We have audited the financial statements on pages 4 to 21 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of the directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group as at 30th April 1997 and of its loss and cash flows for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Price Waterhouse

PRICE WATERHOUSE
Chartered Accountants
and Registered Auditors

89 Sandyford Road
Newcastle upon Tyne
NE99 1PL

Date: *27 February 1998*

KENTON UTILITIES & DEVELOPMENTS LIMITED**PROFIT AND LOSS ACCOUNT FOR THE PERIOD ENDED 30TH APRIL 1997**

		Period ended 30th April 1997	Year ended 30th September 1996
	Notes	£	£
TURNOVER		12,520,950	24,384,446
Cost of sales		(11,502,590)	(19,209,979)
GROSS PROFIT		1,018,360	5,174,467
Administrative expenses		(1,780,262)	(3,502,773)
OPERATING (LOSS)/PROFIT	2	(761,902)	1,671,694
Property disposals		-	434,242
Interest receivable	3	7,691	63,424
Interest payable	4	(53,385)	(49,038)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		(807,596)	2,120,322
Tax on (loss)/profit on ordinary activities	7	211,000	(732,329)
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(596,596)	1,387,993
Dividends	8	-	(1,900,000)
RESULTS FOR THE PERIOD	19	(596,596)	(512,007)

None of the company's activities were acquired or discontinued during the above two financial periods.

The notes on pages 8 to 21 form part of these financial statements.

KENTON UTILITIES & DEVELOPMENTS LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE PERIOD ENDED 30TH APRIL 1997

	Notes	Period ended 30th April 1997 £	Year ended 30th September 1996 £
(LOSS)/PROFIT FOR THE FINANCIAL PERIOD		(596,596)	1,387,993
		<hr/>	<hr/>
TOTAL RECOGNISED NET GAINS AND LOSSES RELATING TO THE PERIOD		(596,596)	1,387,993
		<hr/>	<hr/>
Prior year adjustment		-	(150,000)
		<hr/>	<hr/>
TOTAL NET GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT		(596,596)	1,237,993
		<hr/> <hr/>	<hr/> <hr/>

The notes on pages 8 to 21 form part of these financial statements.

KENTON UTILITIES & DEVELOPMENTS LIMITED

BALANCE SHEET AT 30TH APRIL 1997

	Notes	30th April 1997 £	30th September 1996 £
FIXED ASSETS			
Tangible fixed assets	9	586,548	1,167,634
Investments:			
related undertakings	10	1,602	1,602
Investments: other	11	10	10
		<hr/> 588,160	<hr/> 1,169,246
CURRENT ASSETS			
Stocks	12	120,241	176,613
Debtors	13	7,635,914	6,647,236
Cash at bank and in hand		6,210	82,353
		<hr/> 7,762,365	<hr/> 6,906,202
CREDITORS: Amounts falling due within one year	14	<hr/> (6,156,384)	<hr/> (5,254,518)
NET CURRENT ASSETS		<hr/> 1,605,981	<hr/> 1,651,684
TOTAL ASSETS LESS CURRENT LIABILITIES		2,194,141	2,820,930
CREDITORS: Amounts falling due after more than one year	15	-	(30,193)
PROVISIONS FOR LIABILITIES AND CHARGES	17	(228,534)	(228,534)
		<hr/> 1,965,607	<hr/> 2,562,203
CAPITAL AND RESERVES			
Called up share capital	18	25,167	25,167
Profit and loss account	19	1,940,440	2,537,036
Equity and non-equity shareholders funds	20	<hr/> 1,965,607	<hr/> 2,562,203

The financial statements were approved by the board on ... 27.02.98 ... and signed on its behalf by

D Cummins.....)
C M J McKernan.....) Directors

The notes on pages 8 to 21 form part of these financial statements.

KENTON UTILITIES & DEVELOPMENTS LIMITED**CASH FLOW STATEMENT FOR THE PERIOD ENDED 30TH APRIL 1997**

	Notes	Period ended 30th April 1997 £	Year ended 30th September 1996 £
NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES	21	(889,385)	1,344,720
Return on investments and servicing of finance:			
Interest received		7,691	63,424
Interest paid		(24,899)	(23,849)
Interest element on hire purchase contracts		(28,486)	(25,189)
NET CASH (OUTFLOW)/INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(45,694)	14,386
Taxation:			
Corporation tax paid		(475,000)	(766,833)
Corporation tax received		11,180	12,500
TAX PAID		(463,820)	(754,333)
Capital expenditure:			
Purchase of tangible fixed assets		(38,062)	(221,313)
Receipts from sale of tangible assets		505,433	313,443
NET CASHFLOW FROM INVESTING CAPITAL EXPENDITURE		467,371	526,372
Equity dividends paid		-	(1,900,000)
CASH FLOWS BEFORE USE OF LIQUID RESOURCES AND FINANCING		(931,528)	(768,855)
Financing:			
Repayment of capital on hire purchase contracts and finance leases rentals		92,547	140,313
		(92,547)	(140,313)
DECREASE IN CASH	22	(1,024,075)	(909,168)

The notes on pages 8 to 21 form part of these financial statements.

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 TURNOVER

Turnover represents the value of work invoiced to customers and work done but not invoiced but which may be assessed with reasonable certainty, net of Value Added Tax.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Freehold buildings	Straight line over one hundred years
Plant and machinery	20% Straight line
Fixtures and fittings	10% Straight line
Motor vehicles	20% - 25% Straight line
Computers	20% Straight line

1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials	- cost of purchase on first in, first out basis
Loose tools and consumeables	- cost of purchase on first in, first out basis

Net realisable value is based on estimated selling price less further costs to completion and disposal.

1.5 DEFERRED TAXATION

Provision is made on a liability basis for tax deferred by timing differences to the extent that there is reasonable probability that the tax deferral will crystallise in the foreseeable future.

1.6 FOREIGN EXCHANGE

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the profit and loss account.

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

1.7 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

1.8 PENSIONS

Company pension contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. The contributions are invested separately from the company's assets.

1.9 PROVISIONS

Provision is made against future remedial costs relating to existing work to the extent that there is a reasonable probability such costs will be incurred.

2. OPERATING (LOSS)/PROFIT

	1997 £	1996 £
The operating (loss)/profit is stated after charging:		
Depreciation	164,105	497,686
Auditors' remuneration:		
Audit services	22,000	15,000
Non-audit services	17,500	16,500
Loss on foreign currency translation	8,040	-
Operating lease rentals:		
Plant and machinery	12,881	-
Other	86,370	-
Amounts provided against investments (Note 10)	77,000	-

3. INTEREST RECEIVABLE

	1997 £	1996 £
Bank and other interest receivable	7,691	63,424

KENTON UTILITIES & DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997**

4. INTEREST PAYABLE	1997	1996
	£	£
On bank loans and overdrafts and on loans repayable in full within five years	19,140	23,724
On overdue tax	5,759	125
Hire purchase interest	28,486	25,189
	<u>53,385</u>	<u>49,038</u>
	<u><u>53,385</u></u>	<u><u>49,038</u></u>
 5. DIRECTORS AND EMPLOYEES	 1997	 1996
	£	£
Staff costs:		
Wages and salaries	5,661,122	7,618,649
Social security costs	450,250	682,067
Other pension costs	46,964	2,197
	<u>6,158,336</u>	<u>8,302,913</u>
	<u><u>6,158,336</u></u>	<u><u>8,302,913</u></u>
 The average weekly number of employees during the period was made up as follows:	 Number	 Number
Administration	28	39
Construction	359	337
	<u>387</u>	<u>376</u>
	<u><u>387</u></u>	<u><u>376</u></u>
	£	£
Directors' emoluments:		
Remuneration for management services	224,944	711,889
Pension contributions	19,184	-
	<u>244,128</u>	<u>711,889</u>
	<u><u>244,128</u></u>	<u><u>711,889</u></u>

Pension contributions of £19,184 were paid to defined contribution schemes on behalf of two directors.

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

The division of directors' emoluments, excluding pension contributions, is as follows:

Chairman	-	186,431
Highest paid director	83,479	211,500

Remuneration received from other parties in respect of D Cummins and C J M McKernan amounted to £650,000 each received in May 1996, October 1996 and January 1997 from Simex Industries SAL. These amounts are not borne by and have not been charged in the accounts of the Company. However, Utilitec PLC has received advice that these sums may be interpreted as emoluments within the meaning of Section 232 Schedule 6 of the Companies Act 1985 and they are disclosed on that basis.

6. PENSION COSTS

The company operates a final pensionable pay pension scheme. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions payable by the company amounted to £10,055 (1996: £2,197). All contributions were paid in the period.

The scheme commenced on 17 August 1995 and an actuarial valuation was carried out in May 1996. This valuation showed the scheme to be fully funded.

Contributions to the scheme are based on investment returns of 9% per annum, salary increases of 7% per annum and that present and future pensions would increase at 4% per annum. Employee contributions are 6% of earnings with the company contributing the balance to fully fund the scheme.

Pension contributions paid during the year to non company pension schemes were £36,909 (1996 £24,478).

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES		1997	1996
		£	£
The taxation (credit)/charge based on the (loss)/profit before tax comprises:			
U.K. corporation tax at 28% (1996 - 33%)		(211,000)	720,484
Transfer from deferred taxation		-	5,217
		<hr/>	<hr/>
		(211,000)	725,701
Adjustment in respect of prior years		-	6,628
		<hr/>	<hr/>
		(211,000)	732,329
		<hr/>	<hr/>
8. DIVIDENDS		1997	1996
		£	£
Equity interests			
Ordinary:-			
Interim dividend		-	1,900,000
		<hr/>	<hr/>

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

9. TANGIBLE ASSETS

	Land & buildings £	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<u>Cost</u>					
At 1st October 1996	156,135	1,129,917	127,141	2,096,436	3,509,629
Additions	-	13,750	-	24,312	38,062
Disposals	-	(101,165)	-	(1,029,376)	(1,130,541)
At 30th April 1997	156,135	1,042,502	127,141	1,091,372	2,417,150
<u>Depreciation</u>					
At 1st October 1996	10,212	999,599	101,960	1,230,224	2,341,995
Charge for period	475	22,889	7,417	133,324	164,105
On disposals	-	(101,165)	-	(574,333)	(675,498)
At 30th April 1997	10,687	921,323	109,377	789,215	1,830,602
Net book value at 30th April 1997	145,448	121,179	17,764	302,157	586,548
Net book value at 30th September 1996	145,923	130,318	25,181	866,212	1,167,634
				1997 £	1996 £

Analysis of net book value of land and buildings:

Freehold	145,448	145,923
----------	---------	---------

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

	1997 £	1996 £
Net book values:		
Motor vehicles	98,897	193,624
	98,897	193,624
Depreciation charge for the period:		
Motor vehicles	39,992	98,343
	39,992	98,343

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

10. INVESTMENTS - RELATED UNDERTAKINGS

<u>Cost</u>	<u>Beginning of period £</u>	<u>Additions of period £</u>	<u>End of period £</u>
Shares:			
Group undertakings	1,602	-	1,602
	<u>1,602</u>	<u>-</u>	<u>1,602</u>
 <u>Net book value</u>	 <u>1,602</u>		 <u>1,602</u>

The following were the operating subsidiaries at the balance sheet date:

<u>Subsidiary undertakings</u>	<u>Description and proportion of share capital owned</u>	<u>Country of incorporation</u>	<u>Nature of business</u>
Helgar (Plant Hire) Limited	Ordinary 100%	England	Plant hire
Kenton Utilities & Developments (Ireland) Limited	Ordinary 100%	Ireland	Utility works contracting

The company is exempt from the obligations to prepare group financial statements as it is itself a subsidiary undertaking and its immediate parent undertaking is Utilitec PLC, a company which prepares group accounts and which is incorporated in England.

The directors consider the value of the company's investment in its subsidiary undertakings is not less than the amounts at which they are stated in the company's balance sheet.

The company has a 50% investment in an associated undertaking, Consplit Limited, a company incorporated in England, which has been written down to zero. The company's share of the accumulated losses of the associated undertaking of £77,000 is included as a liability.

Consplit Limited prepares accounts to 30 September each year. The net liabilities at 30 September 1997 and 30th September 1996 are £100,822 and £89,754 respectively. The losses for the years ended 30 September 1997 and 30th September 1996 are £11,068 and £22,491 respectively.

KENTON UTILITIES & DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997****11. INVESTMENTS - OTHER**

<u>Cost</u>	<u>Beginning of period £</u>	<u>Additions £</u>	<u>End of period £</u>
Other investments other than loans	10	-	10
	<u>10</u>	<u>-</u>	<u>10</u>
<u>Net book value</u>	<u>10</u>		<u>10</u>
<u>Other investments other than loans</u>	1997		1996
	<u>Cost £</u>		<u>Cost £</u>
Unlisted	10		10

12. STOCKS

	1997 £	1996 £
Raw materials	20,241	26,613
Loose tools and consumables	100,000	150,000
	<u>120,241</u>	<u>176,613</u>

13. DEBTORS

	1997 £	1996 £
Trade debtors	6,597,528	6,120,583
Amounts owed by subsidiary undertakings	686,806	391,928
Amounts owed by other group undertakings	25,190	-
Other debtors	185,425	76,630
Advance corporation tax	38,516	38,516
Prepayments and accrued income	102,449	19,579
	<u>7,635,914</u>	<u>6,647,236</u>

KENTON UTILITIES & DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997**

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	1997 £	1996 £
Bank overdraft	947,932	-
Trade creditors	1,550,201	760,198
Amounts owed to subsidiary undertakings	1,550,887	1,813,008
Amounts owed to other group undertakings	64,814	-
Corporation tax	84,180	759,000
Other taxes and social security costs	656,371	596,563
Net obligations under finance lease and hire purchase contracts	55,641	117,995
Other creditors	189,387	565,642
Accruals and deferred income	1,056,971	642,112
	<u>6,156,384</u>	<u>5,254,518</u>

The bank overdraft is secured by a composite guarantee and debenture over the assets of the company.

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	1997 £	1996 £
Net obligations under finance leases and hire purchase contracts	-	30,193
	<u>-</u>	<u>30,193</u>

16. NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS	1997 £	1996 £
<u>The company's net obligations under finance leases and hire purchase contracts are repayable as follows:</u>		
In one year, or less or on demand	55,641	117,995
Between one and two years	-	18,563
Between two and five years	-	11,630
	<u>55,641</u>	<u>148,188</u>
Included in current liabilities	(55,641)	(117,995)
	<u>-</u>	<u>30,193</u>

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

17. PROVISIONS FOR LIABILITIES AND CHARGES

	1997 £	1996 £
<u>SUMMARY OF PROVISIONS</u>		
Deferred Tax	28,534	28,534
Damages provision	200,000	200,000
	<hr/>	<hr/>
	228,534	228,534
	<hr/>	<hr/>

Deferred Tax
Deferred tax is calculated at 28% (1996 - 33%) analysed over the following timing differences:

	Fully Provided 1997 £	1996 £
On the excess of capital allowances over depreciation	28,534	28,534
	<hr/>	<hr/>
	28,534	28,534
	<hr/>	<hr/>

<u>Damages provision</u>	
At 1st October 1996 as restated	200,000
Transferred to profit and loss account	-
	<hr/>
At 30th April 1997	200,000
	<hr/>

The damages provision relates to possible future remedial work against existing or completed work.

KENTON UTILITIES & DEVELOPMENTS LIMITED**NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997**

18.	SHARE CAPITAL	1997	1996
		£	£
	<u>Authorised</u>		
	Equity and non-equity interests:		
	25,000 Deferred ordinary shares of £1 each	25,000	25,000
	25,000 Ordinary shares of \$0.01 each	167	167
		<u>25,167</u>	<u>25,167</u>
	<u>Allotted, called up and fully paid</u>		
	Equity and non-equity interests:		
	25,000 Deferred ordinary shares of £1 each	25,000	25,000
	25,000 Ordinary shares of \$0.01 each	167	167
		<u>25,167</u>	<u>25,167</u>
	Class rights of shares		
	The \$0.01 ordinary shares carry full voting rights, full rights to dividends and preferential rights in the event of a winding up. The £1 deferred ordinary shares carry no voting rights, no rights to dividends and limited rights in the event of a winding up.		
19.	PROFIT AND LOSS ACCOUNT	1997	1996
		£	£
	Retained profits at 1st October 1996	2,537,036	3,199,210
	Prior year adjustment	-	(150,000)
		<u>2,537,036</u>	<u>3,049,210</u>
	Retained profits at 1st October 1996 as restated	2,537,036	3,049,210
	Loss for the financial period	(596,596)	(512,007)
	Bonus issue of shares	-	(167)
		<u>1,940,440</u>	<u>2,537,036</u>

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
(Loss)/profit for the financial period	(596,596)	1,387,993
Dividends	-	(1,900,000)
	<hr/>	<hr/>
Shareholders' funds at 1st October 1996	(596,596)	(512,007)
Prior year adjustment	2,562,203	3,224,210
	<hr/>	<hr/>
Shareholders' funds at 1st October 1996 as restated	-	(150,000)
	<hr/>	<hr/>
Shareholders' funds at 1st October 1996 as restated	2,562,203	3,074,210
	<hr/>	<hr/>
Shareholders' funds at 30th April 1997	1,965,607	2,562,203
	<hr/>	<hr/>
Represented by:-		
Equity and non-equity interests	1,965,607	2,562,203
	<hr/>	<hr/>
	1,965,607	2,562,203
	<hr/>	<hr/>

Non equity shareholders funds comprise £25,000, relating to the issued deferred ordinary share capital.

21. RECONCILIATION OF OPERATING (LOSS)/PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating (loss)/profit	(761,902)	1,671,694
Depreciation	164,105	497,686
Profit on disposal of fixed assets	(50,390)	(35,418)
Decrease/(increase) in stocks	56,372	(26,613)
Increase in debtors	(988,678)	(1,751,919)
Increase in creditors due within one year	691,108	939,290
Provision regarding damages	-	50,000
	<hr/>	<hr/>
	(889,385)	1,344,720
	<hr/>	<hr/>

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1997 £	1996 £
Decrease in cash	(1,024,075)	(909,168)
Cash outflow from decrease in debt financing	92,547	140,313
Net debt at 1st October 1996	(65,835)	703,020
Net debt at 30th April 1997	<u>(997,363)</u>	<u>(65,835)</u>

23. ANALYSIS OF NET DEBT

	At start of period	Cash flow	At end of period
Cash at bank and in hand	82,353	(76,143)	6,210
Overdraft	-	(947,932)	(947,932)
	<u>82,353</u>	<u>(1,024,075)</u>	<u>(941,722)</u>
Hire purchase and finance leases	(148,188)	92,547	(55,641)
	<u>(65,835)</u>	<u>(931,528)</u>	<u>(997,363)</u>

24. CAPITAL COMMITMENTS

	1997 £	1996 £
Details of capital commitments at the accounting date are as follows:-		
Contracted for but not provided in the financial statements	76,400	-
Authorised but not contracted for	110,000	-
	<u>186,400</u>	<u>-</u>

25. CONTINGENT LIABILITIES

The company has guaranteed the losses of a related undertaking, Consplit Limited. As at 30th April 1997 a provision of £77,000 has been made to reflect the existing exposure on this guarantee.

In the normal course of business, the company has given guarantees and performance bonds relating to contracts.

KENTON UTILITIES & DEVELOPMENTS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 30TH APRIL 1997

26. SUBSEQUENT EVENTS

Subsequent to the period end the company disposed of its freehold property at Jarrow, Tyne & Wear, for £375,000, giving a profit on disposal of £255,000.

27. ULTIMATE PARENT COMPANY

The ultimate parent company is Utilitec PLC a company incorporated in Great Britain. Utilitec PLC is the parent company of the only group for which financial statements are drawn up and of which the company is a member. Copies of the accounts of the parent company may be obtained from Technolog House, Ravenstor Road, Wirksworth, Matlock. Derbyshire. DE4 4FY.

The consolidated accounts of Utilitec PLC are publically available. Consequently, the company has availed itself of the exemption under FRS8, from disclosing transactions with other companies in the group.