

HALL & TAWSE EASTERN LIMITED

COMPANY NUMBER 1197246

REGISTERED IN ENGLAND

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1993

CONTRACTING COMPANIES



HALL & TAWSE EASTERN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1993

The directors present their annual report on the affairs of the Company, together with the accounts and auditors' report for the year ended 30 June 1993.

Principal activity and business review

The principal activity of the Company is that of building contracting, design and build, and building maintenance.

This year has again been a difficult year for the construction industry, but continued prudent construction management and strong financial control have enabled an acceptable level of profit before tax to be achieved on a maintained level of turnover.

The retained profit for the financial year of £334,818 after provision for dividends as set out below, has been transferred to reserves.

Dividends

Dividends provided during the year amounted to £182,000.

Directors and their interests

The directors of the Company who served during the year were:

R F Barton
I S Beck
Mrs W A Courtman
R E Glibbery - appointed 8 October 1992
B Slater
Mrs J M P Thomas
D S Vincent - resigned 7 October 1992

The directors had no beneficial interest in the shares of the Company as it is a wholly-owned subsidiary of Raine plc.

The directors had the following interests (including family interests) in the shares of Raine Industries plc according to the register kept under section 325, Companies Act 1985.

	At 30 June 1993		At 30 June 1992	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
R F Barton	15,125	30,667	15,125	30,667
I S Beck	-	20,445	-	20,445
W A Courtman	-	17,378	-	17,378
B Slater	500	22,716	500	22,716
J M P Thomas	-	10,000	-	-

R E Glibbery and D S Vincent are directors of Hall & Tawse Group Limited and Raine plc respectively and their interests in the shares of Raine plc are disclosed in the directors' report for those companies.

No director had any interest in a contract with the Company or any other fellow subsidiary company of Raine plc in the course of the year.

HALL & TAWSE EASTERN LIMITED

DIRECTORS' REPORT (continued)

Directors and their interests (continued)

A Directors and Officers Liability Insurance Policy has been effected in favour of the Company together with its officers. The premium attaching to the liability of the Directors and Officers covered has been met by the individuals concerned.

Employees

It is the Company's policy to employ within the limitations of its trading activities, disabled persons on equal terms. Every effort is made to retain employees who become disabled during the period of their employment by arranging retraining. Promotional opportunities are open to all employees irrespective of disablement.

The directors recognise the importance of good communications and good relations with employees, including the provision of information to personnel and obtaining their views. The Company maintains employee relations appropriate to its own particular needs and environment and encourages awareness of financial and economic circumstances, reinforced by the use of a savings-related share option scheme.

Fixed assets

Details of the movements in fixed assets are contained in note 8 to the accounts.

Charitable donations

There were no charitable or political donations during the year.

The "Elective Regime"

At the Annual General Meeting held on 15 November 1990, the Company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended) to take advantage of the full range of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held, the accounts will not be laid before the Members and the auditors, KPMG Peat Marwick will continue to hold office without the necessity to seek re-election.

Statement of directors' responsibilities

The directors are required by law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the Company and of the profit for the period.

The directors are responsible for ensuring that the financial statements are prepared using suitable accounting policies, which are consistently applied and judgments and estimates which are reasonable and prudent.

HALL & TAWSE EASTERN LIMITED

DIRECTORS' REPORT (continued)

The directors are also responsible for maintaining proper accounting records to enable them to ensure that the financial statements comply with the Companies Act 1985 and applicable accounting standards, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors confirm that the financial statements on pages 5 to 15 comply with these requirements and are prepared on the going concern basis.

By Order of the Board

W A C *Coutts* .

Secretary

This report was approved by the Board on 5 October 1993.

REPORT OF THE AUDITORS, KPMG PEAT MARWICK
TO THE MEMBERS OF HALL & TAWSE EASTERN LIMITED

We have audited the financial statements on pages 5 to 15.

Respective responsibilities of directors and auditors

As described within 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 judgments made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the Company's circumstances, consistently applied and adequately disclosed.

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

Opinion

In our opinion, the financial statements give a true and fair view of the state of the affairs of the Company as at 30 June 1993 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Nottingham
5 October 1993

KPMG Peat Marwick
Chartered Accountants
Registered Auditors

HALL & TAWSE EASTERN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1993

	Notes	1993 £	1992 £
Turnover	1	31,209,470	31,404,857
Cost of sales		(28,792,283)	(29,138,055)
		-----	-----
Gross Profit		2,417,187	2,266,802
Administrative expenses		(2,310,832)	(2,379,262)
		-----	-----
Operating profit/(loss)		106,355	(112,460)
Net interest receivable	2	452,291	614,982
		-----	-----
Profit on ordinary activities before taxation	3	558,646	502,522
Tax on profit on ordinary activities	6	(41,828)	(201,914)
		-----	-----
Profit on ordinary activities after taxation		516,818	300,608
Dividends	7	(182,000)	(302,000)
		-----	-----
Retained profit/(loss) for year	15	334,818	(1,392)
		=====	=====

All amounts relate to continuing operations.

The Company has had no recognised gains or losses other than the retained profit for the periods as indicated above.

Movements on reserves are set out in note 15 to the accounts.


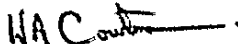
HALL & TAWSE EASTERN LIMITED

BALANCE SHEET

AT 30 JUNE 1993

	Notes	1993 £	1992 £
Fixed assets			
Tangible assets	8	147,988	218,336
		<u>147,988</u>	<u>218,336</u>
Current assets			
Stocks	9	13,988	13,656
Debtors	10	8,301,913	6,046,264
Cash at bank		4,960,948	4,823,954
		<u>13,276,849</u>	<u>10,883,874</u>
Creditors: Amounts falling due within one year	11	(9,786,759)	(7,600,044)
Net Current assets		<u>3,490,090</u>	<u>3,283,830</u>
Total assets less current liabilities		3,633,078	3,502,166
Creditors: Amounts falling due after more than one year	12	(162,977)	(361,883)
Net assets		<u>3,475,101</u>	<u>3,140,283</u>
Capital and reserves			
Called up share capital	14	2,000,100	2,000,100
Profit and loss account	15	1,475,001	1,140,183
Shareholders' funds		<u>3,475,101</u>	<u>3,140,283</u>

These accounts were approved by the Board on 5 October 1993 and signed on its behalf by:

 } Directors
WA C. 

HALL & TAWSE EASTERN LIMITED

ACCOUNTING POLICIES

Basis of preparation

The accounts are prepared using the historical cost convention and in accordance with applicable Accounting Standards.

Turnover

Turnover represents the invoiced value of goods and services supplied together with the value of contracting work executed during the year. No credit is taken for claims until there is firm agreement with the customer. Turnover is exclusive of VAT.

Stocks

Stocks are valued at the lower of cost and net realisable value.

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts represents the value of work done in the year. Full provision is made for any losses which are foreseen.

Long term contract balances are stated at costs incurred, less those transferred to the profit and loss account, after deducting payments on account not matched with turnover and any foreseeable losses. Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Depreciation

Depreciation is calculated on a straight line basis to write off the cost or valuation less the estimated residual value of tangible assets over their expected useful lives as follows:-

Plant and equipment	- 10% to 33% per annum
Motor vehicles	- 25% per annum

Pension schemes

Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over the expected average remaining service lives of the scheme members.

HALL & TAWSE EASTERN LIMITED

ACCOUNTING POLICIES (Continued)

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will become payable in the foreseeable future.

Leased assets

Operating lease rentals are charged to the profit and loss account in the year to which they relate.

Cash flow statements

The ultimate parent undertaking, Raine plc, has adopted Financial Reporting Standard No.1, thus exempting the Company from the requirement to prepare a cash flow statement.

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1993

1	Turnover	1993	1992
		£	£
	All attributable to contracting and all within the UK	31,209,470 =====	31,404,857 =====
2	Interest	£	£
	Payable:		
	Other than bank loans/overdrafts and finance leases	- -----	(1,000) -----
	Receivable:		
	On bank balances	452,224	615,181
	From Group companies	-	-
	Other	67	801
		452,291 =====	614,982 =====
3	Profit on ordinary activities before taxation	£	£
	Profit is entirely attributable to contracting activities in the UK	558,646 =====	502,522 =====
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation	128,063	139,260
	Directors' remuneration (see note 4)	350,457	307,908
	Auditors' remuneration	13,905	13,000
	Hire of plant and machinery	603,068	719,320
	Operating lease rentals:		
	- plant and machinery	351,583	305,287
	- other	115,155	115,155
	Profit on disposal of tangible assets	(3,568) =====	(5,704) =====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1993

4 Directors' remuneration	1993 £	1992 £
Emoluments	322,023	281,998
Pension contributions	28,434	25,910
Emoluments, excluding pension contributions, of the Chairman and highest paid director were:		
Chairman	-	-
Highest paid director	83,653	74,169

The emoluments of the directors, excluding pension contributions, were within the following ranges:

	Number	Number
£ 0 - £ 5,000	2	1
£25,001 - £30,000	-	1
£50,001 - £55,000	1	-
£55,001 - £60,000	-	1
£60,001 - £65,000	3	2
£70,001 - £75,000	-	1
£80,001 - £85,000	1	-

5 Employees	Number	Number
The average number of employees, including directors, during the year was:		
Direct employees	107	120
Administration	132	133
	-----	-----
	239	253
	=====	=====

The associated employment costs were:	£	£
Wages and salaries	3,399,093	3,450,959
Social security costs	290,287	294,203
Other pension costs	173,648	190,882
	-----	-----
	3,863,028	3,936,044
	=====	=====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1993

6	Tax on profit on ordinary activities	1993 £	1992 £
	UK corporation tax at 33% (1992: 33%)	194,605	206,715
	Deferred taxation	4,689	-
	Adjustments in respect of previous year	(157,466)	(4,801)
		-----	-----
		41,828	201,914
		=====	=====
	Adjustments in respect of previous year consist of:		
	Corporation tax	41,704	4,801
	Deferred tax	115,762	-
		-----	-----
		157,466	4,801
		=====	=====
7	Dividends	£	£
	Dividends proposed and paid	182,000	302,000
		=====	=====
8	Tangible assets		Plant and equipment £
	Cost at 1 July 1992		668,611
	Additions		58,519
	Transfers from Group undertakings		4,180
	Disposals		(25,638)

	At 30 June 1993		705,672
			=====
	Depreciation:		
	At 1 July 1992		450,275
	Charge for the year		128,063
	Transfers from Group undertakings		4,180
	Disposals		(24,834)

	At 30 June 1993		557,684
			=====
	Net book value at 30 June 1993		147,988
			=====
	Net book value at 30 June 1992		218,336
			=====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1993

9	Stocks	1993 £	1992 £
	Raw materials and consumables	13,988 =====	13,656 =====
10	Debtors	£	£
	Trade debtors	1,540,039	1,522,260
	Amounts recoverable on contracts	2,820,781	788,525
	Retentions	1,069,889	954,317
	Amounts owed by ultimate parent company	34,868	-
	Amounts owed by Group undertakings	2,694,212	2,700,572
	Other debtors	26,057	45,571
	Prepayments and accrued income	116,067	35,019
		8,301,913 =====	6,046,264 =====
	Included in the above are the following amounts falling due after one year:		
	Retentions	328,571	316,306
	Deferred taxation (see note 13)	111,073	-
		439,644 =====	316,306 =====
11	Creditors: Amounts falling due within one year	£	£
	Trade creditors	7,567,200	5,384,952
	Amounts owed to ultimate parent company	168,974	18,411
	Amounts owed to Group undertakings	37,740	172,867
	Corporation tax	283,042	303,757
	Other taxes and social security	136,549	123,419
	Sundry creditors	142,538	154,254
	Accruals and deferred income	497,815	404,547
	Payments received on account	899,901	999,837
	Proposed dividend	53,000	38,000
		9,786,759 =====	7,600,044 =====
12	Creditors: Amounts falling due after more than one year	£	£
	Retentions	162,977 =====	361,883 =====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1993

13 Provision for liabilities

Deferred taxation:

	Provided		Full potential liability	
	1993	1992	1993	1992
	£	£	£	£
Accelerated capital allowances	(40,783)	-	(40,783)	(25,672)
Other timing differences	(70,290)	-	(70,290)	(131,340)
	-----	-----	-----	-----
	(111,073)	-	(111,073)	(157,012)
	=====	=====	=====	=====

14 Share capital

	1993		1992	
	Number	£	Number	£
Authorised:				
Ordinary shares of £1 each	2,500,000	2,500,000	2,500,000	2,500,000
	=====	=====	=====	=====
Allotted, called up and fully paid:				
Ordinary shares of £1 each	2,000,100	2,000,100	2,000,100	2,000,100
	=====	=====	=====	=====

15 Reserves

	Profit and Loss Account £
At 1 July 1992	1,140,183
Retained profit for the year	334,818

At 30 June 1993	1,475,001
	=====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1993

16 Commitments and contingent liabilities

Future capital commitments for which no provision has been made in these accounts are as follows:

	1993 £	1992 £
Contracted for	-	19,060
Authorised but not contracted for	8,955	-
	-----	-----
	8,955	19,060
	=====	=====

Operating leases:

Annual commitments in respect of non-cancellable operating leases are as follows:

	1993		1992	
	Land & Bldgs £	Other £	Land & Bldgs £	Other £
Expiring within one year	-	39,947	-	41,475
Expiring between two and five years	-	483,999	-	429,402
Expiring after five years	115,155	-	115,155	-
	-----	-----	-----	-----
	115,155	523,946	115,155	470,877
	=====	=====	=====	=====

Performance bonds amounting to £4,096,632 (1992: £2,851,337) have been entered into by the Company in the normal course of business.

The Company is a joint guarantor to a multi-option loan facility entered into by Raine plc. At 30 June 1993 the amount drawn down on this facility was £27,240,694 (1992: £20,000,000).

17 Pensions

The Company is a member of the defined benefit pension scheme operated by the ultimate parent undertaking, Raine plc. Contributions are paid in accordance with the recommendations of independent actuaries, based on the regular cost of providing benefits across the group as a whole, without any recognition of fund surpluses or deficits which are dealt with by Raine plc. Particulars of the latest actuarial valuation of the principal schemes are given in the accounts of Raine plc.

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1993

18 Ultimate parent company

The ultimate parent company is Raine plc, a company registered in England. Copies of the accounts of Raine plc can be obtained from Raine House, Ashbourne Road, Mackworth, Derby DE22 4NB.