

HALL & TAWSE EASTERN LIMITED

COMPANY NUMBER 1197246

REGISTERED IN ENGLAND

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 30 JUNE 1992

CONTRACTING COMPANIES



HALL & TAWSE EASTERN LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1992

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 1992.

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 been another difficult year for the construction industry, but prudent construction management and good financial control have enabled an acceptable level of profit before tax to be achieved on a reduced turnover.

The retained loss for the financial year of £1,392 after provision for dividends as set out below, has been transferred to reserves.

Dividends

Dividends provided during the year amounted to £302,000 (1991 - £358,000).

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
B Slater
D S Vincent
Mrs J M P Thomas - appointed 20 December 1991

The directors had no beneficial interest in the shares of the Company as it is a wholly-owned subsidiary of Raine Industries 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 1992		At 30 June 1991	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
R F Barton	15,125	30,667	11,764	30,000
I S Beck	-	20,445	-	20,000
W A Courtman	-	17,378	-	17,000
B Slater	500	22,716	500	22,222

D S Vincent is a director of Hall & Tawse Group Limited and his interests in the shares of Raine Industries plc are disclosed in the directors' report for that company.

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

By Order of the Board

W A Courtine

Secretary

This report was approved by the Board on 6 October 1992.

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

We have audited the accounts on pages 4 to 14 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30 June 1992 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Nottingham
6 October 1992

KPMG Peat Marwick
Chartered Accountants
Registered Auditor

HALL & TAWSE EASTERN LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 JUNE 1992

	Notes	1992 £	1991 £
Turnover	1	31,404,857	32,428,070
Cost of sales		(29,138,055)	(29,613,237)
		-----	-----
Gross Profit		2,266,802	2,814,831
Administrative expenses		(2,379,262)	(2,025,986)
		-----	-----
Operating profit		(112,460)	788,845
Net interest receivable	2	614,982	540,031
		-----	-----
Profit on ordinary activities before taxation	3	502,522	1,328,876
Tax on profit on ordinary activities		(201,914)	(444,640)
		-----	-----
Profit on ordinary activities after taxation		300,608	884,236
Dividends	7	(302,000)	(358,000)
		-----	-----
Retained profit/(loss) for year	15	(1,392)	526,236
		=====	=====

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

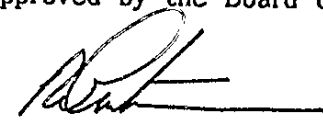
HALL & TAWSE EASTERN LIMITED

BALANCE SHEET

AT 30 JUNE 1992

	Notes	1992 £	1991 £
Fixed assets			
Tangible assets	8	218,336	289,585
		<u>218,336</u>	<u>289,585</u>
Current assets			
Stocks	9	13,656	20,039
Debtors	10	6,046,264	7,952,995
Cash at bank		4,823,954	4,023,594
		<u>10,883,874</u>	<u>11,996,628</u>
Creditors: Amounts falling due within one year	11	(7,600,044)	(8,997,466)
Net Current assets		<u>3,283,830</u>	<u>2,999,162</u>
Total assets less current liabilities		3,502,166	3,288,747
Creditors: Amounts falling due after more than one year	12	(361,883)	(147,072)
Net assets		<u>3,140,283</u>	<u>3,141,675</u>
Capital and reserves			
Called up share capital	14	2,000,100	2,000,100
Profit and loss account	15	1,140,183	1,141,575
Shareholders' funds		<u>3,140,283</u>	<u>3,141,675</u>

These accounts were approved by the Board on 6 October 1992 and signed on its behalf by:



W A Courtney

} Directors

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 Industries 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 1992

1	Turnover	1992 £	1991 £
	All attributable to contracting and all within the UK	31,404,857 =====	32,428,070 =====
2	Interest	£	£
	Payable:		
	Other than bank loans/overdrafts and finance leases	(1000) ----- (1000)	(645) ----- (645)
	Receivable:		
	On bank balances	615,181	537,205
	From Group companies	-	3,471
	Other	801 -----	- -----
		614,982 =====	540,031 =====
3	Profit on ordinary activities before taxation	£	£
	Profit is entirely attributable to contracting activities in the UK	502,522 =====	1,328,876 =====
	Profit on ordinary activities before taxation is stated after charging/(crediting):		
	Depreciation	139,260	199,293
	Directors' remuneration (Note 4)	307,908	232,172
	Auditors' remuneration	13,000	14,764
	Hire of plant and machinery	719,320	763,335
	Operating lease rentals:		
	- plant and machinery	305,287	328,434
	- other	115,155	115,155
	Profit on disposal of tangible assets	(5,704) =====	(1,016) =====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1992

4 Directors' remuneration	1992 £	1991 £
Emoluments	281,998	205,617
Pension contributions	25,910	26,555
Emoluments, excluding pension contributions, of the Chairman and highest paid director were:		
Chairman	-	-
Highest paid director	74,169	52,400

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

	Number	Number
£ 0 - £ 5,000	1	2
£10,001 - £15,000	-	1
£25,001 - £30,000	1	-
£45,001 - £50,000	-	3
£50,001 - £55,000	-	1
£55,001 - £60,000	1	-
£60,001 - £65,000	2	-
£70,001 - £75,000	1	-

5 Employees	Number	Number
The average number of employees, including directors, during the year was:		
Direct employees	120	141
Administration	133	137
	-----	-----
	253	278
	=====	=====

The associated employment costs were:	£	£
Wages and salaries	3,450,959	3,664,798
Social security costs	294,203	306,813
Other pension costs	190,882	195,241
	-----	-----
	3,936,044	4,166,852
	=====	=====

6 Tax on profit on ordinary activities	£	£
UK corporation tax at 33% (1991: 33.75%)	206,715	536,393
Adjustment in respect of previous year	(4,801)	(91,753)
	-----	-----
	201,914	444,640
	=====	=====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1992

7	Dividends	1992 £	1991 £
	Dividends proposed and paid	302,000 =====	358,000 =====
8	Tangible assets		Plant and equipment £
	Cost at 1 July 1991		619,593
	Additions		70,612
	Disposals		(21,594)
	At 30 June 1992		----- 668,611 =====
	Depreciation:		
	At 1 July 1991		330,008
	Charge for the year		139,260
	Disposals		(18,993)
	At 30 June 1992		----- 450,275 =====
	Net book value at 30 June 1992		218,336 =====
	Net book value at 30 June 1991		289,585 =====
9	Stocks	£	£
	Raw materials and consumables	13,656 =====	20,039 =====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1992

10 Debtors	1992 £	1991 £
Trade debtors	1,522,260	2,518,208
Amounts recoverable on contracts	788,525	1,256,502
Retentions	954,317	1,165,634
Amounts owed by ultimate parent company	-	27,482
Amounts owed by Group undertakings	2,700,572	2,673,988
Other debtors	45,571	32,490
Prepayments and accrued income	35,019	34,339
Group relief receivable	-	244,352
	-----	-----
	6,046,264	7,952,995
	=====	=====
Included in the above are the following amounts falling due after one year:		
Retentions	316,306	270,237
	=====	=====
11 Creditors: Amounts falling due within one year	£	£
Trade creditors	5,384,952	6,846,426
Amounts owed to ultimate parent company	18,411	4,223
Amounts owed to Group undertakings	172,867	217,399
Corporation tax	303,757	625,332
Other taxes and social security	123,419	294,610
Sundry creditors	154,254	128,147
Accruals and deferred income	404,547	332,629
Payments received on account	999,837	484,700
Proposed dividend	38,000	64,000
	-----	-----
	7,600,044	8,997,466
	=====	=====
12 Creditors: Amounts falling due after more than one year	£	£
Retentions	361,883	147,072
	=====	=====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1992

13 Provision for liabilities

Deferred taxation:

	Provided		Full potential liability	
	1992	1991	1992	1991
	£	£	£	£
Accelerated capital allowances	-	(27,712)	(25,672)	(8,421)
Other timing differences	-	27,712	(131,340)	(164,039)
	-----	-----	-----	-----
	-	-	(157,012)	(172,460)
	=====	=====	=====	=====

14 Share capital

	1992		1991	
	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 1991	
Retained loss for the year	1,141,575
	(1,392)

At 30 June 1992	1,140,183
	=====

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1992

16 Commitments and contingent liabilities

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

	1992 £	1991 £
Contracted for	19,060	-
Authorised but not contracted for	-	-
	<u>19,060</u>	<u>-</u>
	=====	=====

Operating leases:

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

	1992		1991	
	Land & Bldgs £	Other £	Land & Bldgs £	Other £
Expiring within one year	-	41,475	-	43,320
Expiring between two and five years	-	429,402	-	370,973
Expiring after five years	115,155	-	115,155	-
	<u>115,155</u>	<u>470,877</u>	<u>115,155</u>	<u>414,293</u>
	=====	=====	=====	=====

Performance bonds amounting to £2,851,337 (1991: £1,887,220) 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 Industries plc. At 30 June 1992 the amount drawn down on this facility was £ 20,000,000 (1991: £Nil).

17 Pensions

The Company is a member of the defined benefit pension scheme operated by the ultimate parent undertaking, Raine Industries 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 Industries plc. Particulars of the latest actuarial valuation of the principal schemes are given in the accounts of Raine Industries plc.

HALL & TAWSE EASTERN LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 30 JUNE 1992

18 Ultimate parent company

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

Group accounts are also drawn up by the Company's immediate parent undertaking, Hall & Tawse Group Limited, the accounts of which can be obtained from the above address.