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PHOENIX BEARD

FINANCIAL STATEMENTS

for the year ended

31ST DECEMBER 1994



PHOENIX BEARD

DIRECTORS

C.S. Edwards (Chairman)
M.J. Eagleton (Deputy Chairman)
R.J. Poynton
I.P. Hughes
W.R. Houle
C.J. Spruce
C.J. Juniper
S.J. Farrant
J. Lunt
E.P. O'Brien
C.S. Beard (Non-executive)

SECRETARY

C.J. Spruce

REGISTERED OFFICE

2, Chandos Street,
Cavendish Square,
London, W1M 0EH.

AUDITORS

Casson Beckman,
Chartered Accountants,
Hobson House,
155, Gower Street,
London, WC1E 6BJ.

SOLICITORS

Wragge & Co.,
55, Colmore Row,
Birmingham, B3 2AS.

Chethams,
84 Baker Street,
London, W1M 1DL.

PRINCIPAL BANKERS

National Westminster Bank plc,
1, New Bond Street,
London, W1Y 0HU.

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REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31st December 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company trades as surveyors, valuers and property consultants. Turnover was at a lower level than the previous year and as a result a loss was incurred. The financial position at the year end was satisfactory.

DIVIDEND AND TRANSFER TO RESERVES

The directors have paid two interim dividends, amounting to £40,889, and they do not recommend payment of a final dividend.

It is proposed that the loss of £30,503 be transferred to reserves.

FIXED ASSETS

Full disclosure of all matters relating to fixed assets is set out in the notes to the financial statements.

DIRECTORS AND THEIR INTERESTS

The directors who served during the year were as stated below:

C.S. Edwards (Chairman)
M.J. Eagleton (Deputy Chairman)
R.J. Poynton
I.P. Hughes
W.R. Houle
C.J. Spruce
A.M. Robinson
C.J. Juniper
J. Lunt
S.J. Farrant
C.S. Beard (Non-executive)

C.J. Juniper was appointed a director on 25th February 1994 and J. Lunt and S.J. Farrant were appointed directors on 1st April 1994. Subsequent to the year end E.P. O'Brien was appointed a director on 1st May 1995 and A.M. Robinson resigned as a director on 9th June 1995.

The directors have no interest in the share capital of the company but their interest in the share capital of the holding company is disclosed in that company's directors report.

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

REPORT OF THE DIRECTORS CONTINUED

DIRECTORS' RESPONSIBILITIES CONTINUED

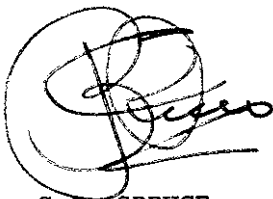
- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

The company has elected by elective resolution to dispense with the annual re-appointment of auditors. Accordingly Casson Beckman will continue as auditors in accordance with the provisions of Section 386 Companies Act 1985.

Approved by the Board on 19th June 1995
and signed on its behalf by

A handwritten signature in dark ink, appearing to read 'C.J. Spruce', is written over a circular stamp or seal that is partially obscured by the signature.

C.J. SPRUCE
Secretary

AUDITORS' REPORT TO THE MEMBERS OF PHOENIX BEARD

We have audited the financial statements on pages 4 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described in the Report of the Directors on page 1, 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 a reasonable assurance that the financial statements are free from material mis-statement, 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 company's affairs as at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hobson House,
155, Gower Street,
London, WC1E 6BJ.

19th June 1995

Casson Beckman

CASSON BECKMAN

Chartered Accountants
and Registered Auditors

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	1994 £	1993 £
GROSS TURNOVER		3,352,410	3,513,481
Subcontractors' fees		(159,426)	(117,540)
		<hr/>	<hr/>
NET TURNOVER		3,192,984	3,395,941
Administrative expenses		(3,186,118)	(3,232,887)
		<hr/>	<hr/>
OPERATING PROFIT	2	6,866	163,054
Interest receivable	3	3,684	6,260
Interest payable	4	(22,062)	(29,078)
		<hr/>	<hr/>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(11,512)	140,236
Tax on (loss)/profit on ordinary activities	7	21,898	(57,000)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		10,386	83,236
Dividends	8	(40,889)	(92,625)
		<hr/>	<hr/>
LOSS TRANSFERRED TO RESERVES	14	£ (30,503)	£ (9,389)
		<hr/>	<hr/>

None of the company's activities was acquired or discontinued during the above two financial years.

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 7 to 16 form part of these financial statements.

PHOENIX BEARD

BALANCE SHEET AT 31ST DECEMBER 1994

	Notes	1994 £	1993 £
FIXED ASSETS			
Tangible assets	9	686,036	475,453
CURRENT ASSETS			
Debtors	10	853,903	823,046
Cash at bank and in hand		5,791	4,422
		<hr/> 859,694	<hr/> 827,468
CREDITORS: Amounts falling due within one year	11	(1,012,399)	(827,811)
		<hr/>	<hr/>
NET CURRENT LIABILITIES		(152,705)	(343)
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		533,331	475,110
CREDITORS: Amounts falling due after more than one year	12	(184,767)	(96,043)
		<hr/>	<hr/>
		£ 348,564	£ 379,067
		<hr/>	<hr/>
CAPITAL AND RESERVES			
Attributable to equity interest:			
Called up share capital	13	25,000	25,000
Profit and loss account	14	323,564	354,067
		<hr/>	<hr/>
		£ 348,564	£ 379,067
		<hr/>	<hr/>

The financial statements were approved by the board on 19th June 1995 and signed on its behalf by

C.S. EDWARDS

Directors

M.J. EAGLETON

The notes on pages 7 to 16 form part of these financial statements.

PHOENIX BEARD

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1994

	Notes	£	1994 £	£	1993 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	16		182,976		126,923
Returns on investments and servicing of finance					
Interest received		3,684		6,260	
Interest paid		(6,303)		(9,640)	
Dividends paid		(133,514)		-	
Interest element of hire purchase contracts		(15,759)		(19,438)	
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			(151,892)		(22,818)
Taxation:					
Corporation tax paid		(56,612)		(85,756)	
TAX PAID			(56,612)		(85,756)
Investing activities					
Purchase of tangible fixed assets		(420,105)		(17,006)	
Receipts from sale of tangible assets		65,394		28,973	
NET CASH (OUTFLOW)/INFLOW FROM INVESTING ACTIVITIES			(354,711)		11,967
NET CASH OUTFLOW BEFORE FINANCING			£(380,239)		£ 30,316
Financing	18				
Hire purchase loans		(275,601)		-	
Repayment of capital on hire purchase contracts		122,875		73,598	
NET CASH (INFLOW)/OUTFLOW FROM FINANCING			(152,726)		73,598
DECREASE IN CASH AND CASH EQUIVALENTS	17		(227,513)		(43,282)
			£(380,239)		£ 30,316

The notes on pages 7 to 16 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

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 amounts invoiced by the company during the year, excluding value added tax, and is stated after deducting shared fees attributable to third parties.

1.3 DEPRECIATION

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

Leasehold properties	Straight line over the life of the lease
Fixtures and fittings	10% Straight line
Motor vehicles	25% Straight line
Computer equipment	20% Straight line

1.4 DEFERRED TAXATION

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that the directors consider such timing differences will reverse in the foreseeable future.

1.5 LEASING AND HIRE PURCHASE

Rentals payable under operating leases are charged against profits on a straight line basis over the terms of the leases. Assets acquired under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated in accordance with the accounting policy on depreciation - the related net obligations are included within creditors and the finance costs are charged against profits on a straight line basis over the terms of the contracts.

1.6 PENSIONS

The company operates a defined contribution pension schemes. The pension cost for the year is the amount of contributions payable in respect of the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

2. OPERATING PROFIT

	1994 £	1993 £
The operating profit is stated after charging:-		
Depreciation	183,890	196,058
Auditors remuneration	11,000	11,000
Hire of equipment	407	143
Operating lease rentals:-		
Land and buildings	225,649	213,251
Plant and machinery	890	2,160
	<hr/>	<hr/>

3. INTEREST RECEIVABLE

	1994 £	1993 £
Bank interest receivable	£ 3,684	£ 6,260
	<hr/>	<hr/>

4. INTEREST PAYABLE

	1994 £	1993 £
On bank overdraft	6,303	9,640
Hire purchase interest	15,759	19,438
	<hr/>	<hr/>
	£ 22,062	£ 29,078
	<hr/>	<hr/>

5. DIRECTORS AND EMPLOYEES

	1994 £	1993 £
Staff costs:-		
Wages and salaries	1,651,501	1,720,816
Social security costs	159,746	167,583
Other pension costs	90,668	71,880
	<hr/>	<hr/>
	£1,901,915	£1,960,279
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

5. DIRECTORS AND EMPLOYEES CONTINUED

The average weekly number of employees during the year was made up as follows:

	Number	Number
Management and administration	35	35
Property consultancy	53	53
	<hr/>	<hr/>
	88	88
	<hr/>	<hr/>
	£	£

Directors emoluments:

Remuneration for management services (including pension contributions)	706,781	607,508
Compensation for loss of office	-	31,000
	<hr/>	<hr/>
	£706,781	£638,508
	<hr/>	<hr/>

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

Chairman and highest paid director	£ 83,804	£ 70,752
	<hr/>	<hr/>
Highest paid director	£ -	£ 88,036
	<hr/>	<hr/>

Other directors' remuneration fell within the following ranges:

	Number	Number
£20,001 - £25,000	1	-
£30,001 - £35,000	2	-
£35,001 - £40,000	1	2
£55,001 - £60,000	1	1
£65,001 - £70,000	3	2
£75,001 - £80,000	1	1
£80,001 - £85,000	1	1
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

6. PENSION COSTS

The company operates certain defined contribution pension schemes. The assets of the schemes are held separately from the company in independently administered funds. Contributions payable by the company amounted to £90,668 (1993: £71,880). Contributions totalling £4,307 (1993: £12,385) were payable to the fund at the year end and are included in creditors.

7. TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

	1994 £	1993 £
The taxation (credit)/charge based on the (loss)/profit before tax comprises:-		
U.K. corporation tax at 33%		
less marginal relief	21,898	57,000
	<hr/>	<hr/>
	£ 21,898	£ 57,000
	<hr/>	<hr/>

Deferred tax amounted to a deferred asset of £7,803 (1993: £42,043) of which £7,803 (1993: £37,956) related to the excess of depreciation over capital allowances and £NIL (1993: £4,087) related to other short-term timing differences. No provision has been made for this amount.

8. DIVIDENDS

	1994 £	1993 £
Ordinary:-		
Interim dividends paid	40,889	-
Interim dividend proposed	-	92,625
	<hr/>	<hr/>
	£ 40,889	£ 92,625
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR 31ST DECEMBER 1994

9. TANGIBLE FIXED ASSETS

	Beginning of year £	Additions £	Disposals £	End of year £
<u>Cost</u>				
Properties:				
Short leasehold	76,805	-	-	76,805
Furniture, fixtures and equipment	960,872	122,049	(483,866)	599,055
Motor vehicles	579,447	298,056	(216,075)	661,428
	<u>1,617,124</u>	<u>420,105</u>	<u>(699,941)</u>	<u>1,337,288</u>
	Beginning of year £	Charge for year £	Disposals £	End of year £
<u>Depreciation</u>				
Properties:				
Short leasehold	25,188	2,512	-	27,700
Furniture, fixtures and equipment	747,134	81,484	(468,126)	360,492
Motor vehicles	369,349	99,894	(206,183)	263,060
	<u>1,141,671</u>	<u>183,890</u>	<u>(674,309)</u>	<u>651,252</u>
	Beginning of year £			End of year £
<u>Total net book values</u>	£ 475,453			£ 686,036

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

	1994 £	1993 £
Net book values:		
Furniture, fixtures and equipment	27,939	12,837
Motor vehicles	387,168	192,890
	<u>£415,107</u>	<u>£205,727</u>
Depreciation charge for the year:		
Furniture, fixtures and equipment	3,448	19,148
Motor vehicles	95,205	41,261
	<u>£ 98,653</u>	<u>£ 60,409</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

10. DEBTORS

	1994 £	1993 £
Trade debtors	601,447	649,127
Amounts owed by group undertakings	18,571	7,500
Other debtors	31,980	12,985
Prepayments and accrued income	201,905	153,434
	<hr/>	<hr/>
	£853,903	£823,046
	<hr/>	<hr/>

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £	1993 £
Bank overdraft	324,545	95,663
Trade creditors	277,191	89,763
Corporation tax	-	58,510
Other taxes and social security costs	211,501	240,652
Net obligations under finance lease and hire purchase contracts	150,823	86,821
Other creditors	7,469	6,857
Accruals	40,870	156,920
Proposed dividend to parent undertaking	-	92,625
	<hr/>	<hr/>
	£1,012,399	£ 827,811
	<hr/>	<hr/>

The bank overdraft is secured by way of fixed and floating charges over the assets of the company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1994 £	1993 £
Net obligations under finance leases and hire purchases contracts	£184,767	£ 96,043
<u>Net obligations under finance leases and hire purchases contracts</u>		
Repayable within one year	168,674	95,674
Repayable between one and five years	205,265	104,293
	373,939	199,967
Finance charges and interest allocated to future accounting periods	(38,349)	(17,103)
	335,590	182,864
Included in current liabilities	(150,823)	(86,821)
	£184,767	£ 96,043

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

13. SHARE CAPITAL

	1994 £	1993 £
<u>Authorised</u>		
80,000 Ordinary shares of £1 each	80,000	80,000
20,000 Management shares of £1 each	20,000	20,000
	£100,000	£100,000
<u>Allotted, called up and fully paid</u>		
5,000 Ordinary shares of £1 each	5,000	5,000
20,000 Management shares of £1 each	20,000	20,000
	£ 25,000	£ 25,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

14. PROFIT AND LOSS ACCOUNT

	1994 £	1993 £
Retained profits at 1st January 1994	354,067	363,456
Loss for the year	(30,503)	(9,389)
	<hr/>	<hr/>
Retained profits at 31st December 1994	£323,564	£354,067
	<hr/>	<hr/>

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	199 £	199 £
Profit for the financial year	10,386	83,236
Dividends	(40,889)	(92,625)
	<hr/>	<hr/>
	(30,503)	(9,389)
Opening shareholders' funds	379,067	388,456
	<hr/>	<hr/>
Closing shareholders' funds	£348,564	£379,067
	<hr/>	<hr/>

16. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1994 £	1993 £
Operating profit	6,866	163,054
Depreciation	183,890	196,058
Profit on disposal of fixed assets	(39,762)	(4,853)
Increase in debtors	(10,857)	(170,098)
Increase/(decrease) in creditors due within one year	42,839	(57,238)
	<hr/>	<hr/>
	£182,976	£126,923
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

17. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1994 £	1993 £
Cash at bank and in hand at 1st January 1994	4,422	6,309
Cash at bank and in hand at 31st December 1994	5,791	4,422
	<hr/>	<hr/>
Net movement	1,369	(1,887)
	<hr/>	<hr/>
Bank overdraft at 1st January 1994	(95,663)	(54,268)
Bank overdraft at 31st December 1994	(324,545)	(95,663)
	<hr/>	<hr/>
Net movement	(228,882)	(41,395)
	<hr/>	<hr/>
	£(227,513)	£(43,282)
	<hr/>	<hr/>

18. ANALYSIS OF CHANGES IN FINANCING

	Share capital		Loans and finance leases	
	1994 £	1993 £	1994 £	1993 £
At beginning of year	25,000	25,000	182,864	134,023
Cash outflows from financing	-	-	(122,875)	(73,598)
Inception of hire purchase contracts	-	-	275,601	122,439
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	£ 25,000	£ 25,000	£335,590	£182,864
	<hr/>	<hr/>	<hr/>	<hr/>

19. CLIENT MONIES

At 31st December 1994, clients' monies held in approved bank accounts amounted to £4,357,364 (1993: £3,771,120). This amount and the matching liability to the clients concerned are not included in the company's balance sheet.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 1994

20. LEASING COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	Land and buildings		Other	
	1994	1993	1994	1993
	£	£	£	£
Expiry date:				
Between one and five years	-	-	5,376	2,160
After five years	226,640	213,700	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£226,640	£213,700	£ 5,376	£ 2,160
	<hr/>	<hr/>	<hr/>	<hr/>

21. ULTIMATE PARENT COMPANY

The ultimate parent holding company is Phoenix Beard Group Limited, which is registered in England and Wales.