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Accounts

KENNEDY CONSTRUCTION GROUP
LIMITED
and its subsidiaries

2 November 1986



Spicer and Pegler
Chartered Accountants

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REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 2 November 1986.

PRINCIPAL ACTIVITIES

The principal activities of the company and its subsidiaries comprise public works contracting and other ancillary activities.

REVIEW OF THE BUSINESS

As anticipated last year, all United Kingdom trading divisions, with the exception of pipe-relining, achieved profitability in 1986 and despite the adverse weather conditions at the beginning of the year, the directors are pleased to report that group turnover and pre-tax profits have shown satisfactory improvement compared to 1985.

Although trading conditions remain extremely competitive, most divisions have made a satisfactory start to the current year and the directors anticipate that all divisions, including pipe-relining, should achieve reasonable profits for the year.

LAND AND BUILDINGS

The directors are of the opinion that there is no significant difference between the present market value of the group's properties and the amounts at which they are stated in the accounts.

RESULTS AND DIVIDENDS

The results of the group for the year are set out in detail on page 4.

The company recommend that a dividend of £125,000 (1985 - £35,000) be paid for the year.

DIRECTORS

The directors who served during the year were as follows:

P J Kennedy

J C Parsons

R W Kirkin - appointed 3 November 1986

G L Clegg - resigned 31 December 1986

D P McLaughlin

Mrs K Kennedy

M O'Kelly

Details of the directors interests in shares are shown in note 5 to the accounts.

R W Kirkin, who was appointed since the last Annual General Meeting, retires and, being eligible, offers himself for re-election. P J Kennedy and M O'Kelly retire by rotation and, being eligible, offer themselves for re-election.

REPORT OF THE DIRECTORS continued

DISABLED PERSONS

The company has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with current legislation the company seeks to employ at least the quota of disabled persons required. The company endeavours that disabled employees benefit from training and career development programmes in common with all employees.

CHARITABLE CONTRIBUTIONS

Contributions during the year to United Kingdom charitable organisations amounted to £8,814 (1985 - £5,266).

TAXATION STATUS

In the opinion of the directors, the company is a close company within the meaning of the Income and Corporation Taxes Act 1970 (as amended).

AUDITORS

A resolution to re-appoint the auditors, Spicer and Pegler, will be proposed at the annual general meeting.

10 March 1987

By order of the Board

R W Kirkin

Secretary

KENNEDY CONSTRUCTION GROUP LIMITED
and its subsidiaries

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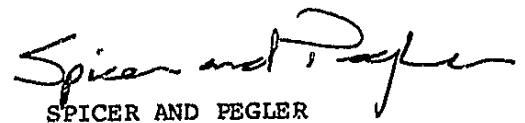
REPORT OF THE AUDITORS TO THE MEMBERS

We have audited the financial statements on pages 4 to 20 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company and of the group at 2 November 1986 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Act 1985.

Manchester M60 2ED

10 March 1987


SPICER AND PEGLER

Chartered Accountants

CONSOLIDATED PROFIT AND LOSS ACCOUNT
year ended 2 November 1986

	Note	1986	1985
TURNOVER	1,2	23,375,793	21,314,457
Cost of sales		(20,069,098)	(18,247,689)
GROSS PROFIT		3,306,695	3,066,768
Administrative expenses		(2,214,325)	(2,253,904)
Other operating income	6	8,163	3,280
		(2,206,162)	(2,250,624)
OPERATING PROFIT	3	1,100,533	816,144
Interest receivable and similar income	7	223,581	186,380
Exchange differences	1	14,360	(10,936)
Amounts written off investments	8	(3,070)	(43,649)
Interest payable and similar charges	9	(7,843)	(20,404)
		227,028	111,391
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,327,561	927,535
Tax on profit on ordinary activities	10	(314,374)	(543,572)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,013,187	383,963
Extraordinary items	11	(279,359)	-
PROFIT FOR THE FINANCIAL YEAR		733,828	383,963
Minority interests		(56,474)	(25,212)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF KENNEDY CONSTRUCTION GROUP LIMITED	12	677,354	358,751
Dividends	13	(125,000)	(35,000)
RETAINED PROFIT FOR THE YEAR	23	£552,354	£323,751

The notes on pages 8 to 20 form an integral part of these accounts. A statement of movements on reserves is set out in note 23.

CONSOLIDATED BALANCE SHEET
2 November 1986

	Note	1986	1985
FIXED ASSETS			
Tangible assets	14	1,054,077	1,190,567
Investments	15	50,000	100,000
		<u>1,104,077</u>	<u>1,290,567</u>
CURRENT ASSETS			
Stock and work in progress	16	1,098,326	917,595
Debtors	17	4,022,314	3,309,435
Investments	18	122,691	167,650
Cash at bank and in hand		2,605,807	1,800,795
		<u>7,849,138</u>	<u>6,195,475</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	19	<u>(£,711,990)</u>	<u>(4,664,588)</u>
NET CURRENT ASSETS		<u>2,137,148</u>	<u>1,530,887</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,241,225</u>	<u>2,821,454</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	20	(148,003)	(115,076)
PROVISIONS FOR LIABILITIES AND CHARGES	21	(542,452)	(762,209)
		<u>£2,550,770</u>	<u>£1,944,169</u>
CAPITAL AND RESERVES			
Called up share capital	22	217,800	217,800
Reserves	23	2,212,739	1,652,387
		<u>2,430,539</u>	<u>1,870,187</u>
MINORITY INTERESTS		<u>120,231</u>	<u>73,982</u>
		<u>£2,550,770</u>	<u>£1,944,169</u>

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy
J C Parsons

P. J. Kennedy
J. C. Parsons

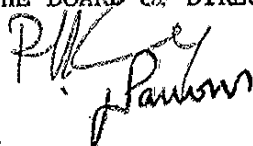
10 March 1987

The notes on pages 8 to 26 form an integral part of these accounts.

BALANCE SHEET
2 November 1986

	Note	<u>1986</u>	<u>1985</u>
FIXED ASSETS			
Tangible assets	14	223,492	228,370
Investments	15	558,419	602,916
		<u>781,911</u>	<u>831,286</u>
CURRENT ASSETS			
Debtors	17	500,192	1,054,405
Investments	18	122,691	167,650
Cash at bank and in hand		1,960,635	559,660
		<u>2,583,518</u>	<u>1,781,715</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(2,751,905)	(1,748,850)
NET CURRENT (LIABILITIES)/ASSETS		<u>(168,387)</u>	<u>32,865</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>613,524</u>	<u>864,151</u>
PROVISIONS FOR LIABILITIES AND CHARGES	21	(75,000)	(250,000)
		<u>£538,524</u>	<u>£614,151</u>
CAPITAL AND RESERVES			
Called up share capital	22	217,800	217,800
Reserves	23	320,724	396,351
		<u>£538,524</u>	<u>£614,151</u>

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy
J C Parsons


10 March 1987

The notes on pages 8 to 20 form an integral part of these accounts.

SOURCE AND APPLICATION OF FUNDS
year ended 2 November 1986

SOURCE OF FUNDS	1986	1985
Profit on ordinary activities before taxation	1,342,561	927,535
Items not involving the movement of funds:		
Depreciation	437,065	385,108
Profit on disposal of tangible assets	(46,617)	(44,834)
Profit on disposal of investments	(51,282)	(14,236)
Currency exchange differences	(505)	14,725
Movement on provisions	(233,909)	50,432
Tangible assets written down to net realisable value	-	6,164
Investments written down to net realisable value	3,070	43,649
	107,822	441,008
FUNDS GENERATED FROM OPERATIONS	1,450,383	1,368,543
FUNDS FROM OTHER SOURCES		
Issue of shares in subsidiary to minority	5,000	-
Proceeds of sale of tangible assets	204,502	306,599
Proceeds of sale of investments	201,132	87,595
	410,634	394,194
	1,861,017	1,762,737
APPLICATION OF FUNDS		
Capital expenditure	(471,079)	(580,186)
Tax paid	(501,751)	(214,529)
Dividends paid	(39,025)	-
Acquisition of shares in subsidiary from minorities	(15,150)	(63,500)
Purchase of investments	(107,961)	(97,004)
Loans	(5,116)	(223,130)
Extraordinary discretionary payments of third party liabilities	(125,749)	-
	(1,265,831)	(1,178,349)
INCREASE IN WORKING CAPITAL	£595,186	£584,388
Representatives (funded by):		
Stock and work in progress	180,731	397,169
Debtors	712,879	(1,315,264)
Cash at bank and in hand	805,012	1,342,629
Creditors	(1,103,436)	159,854
	£595,186	£584,388

NOTES TO THE ACCOUNTS
2 November 1986

1. ACCOUNTING POLICIES

CONVENTION

These financial statements are prepared on an historic cost accounting convention.

BASIS OF CONSOLIDATION

The consolidated profit and loss account includes the results of subsidiaries purchased during the year from the date of acquisition and excludes the results of subsidiaries sold from the date of sale. The accounts of subsidiaries are made up to the same date as the parent company with the exception of foreign subsidiaries which are made up to a date one month earlier.

GOODWILL ON CONSOLIDATION

Goodwill arising on consolidation is written off against reserves in the year of acquisition.

FOREIGN EXCHANGE

Exchange rates used to translate overseas profits and currency assets and liabilities (other than shares held in overseas subsidiaries) are at the rates ruling at the balance sheet date. The differences arising on the retranslation of the group's share at the beginning of the year, of net assets of overseas subsidiaries and of the long term loans with those subsidiaries are treated as movement on reserves. All other currency adjustments are included in the profit before taxation.

TURNOVER

Turnover is the invoiced value of sales of the group after adjustment for opening and closing work in progress.

DEFERRED TAXATION

Provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where it is probable that a liability will not crystallise because of the availability of tax allowances for fixed asset expenditure in advance of depreciation. In establishing the pattern of likely future tax liabilities, the directors undertake a review at the balance sheet date of past investment patterns and expected future levels of capital expenditure and depreciation. The provision is established at the corporation tax rates anticipated to be in force at the time each deferred liability will ultimately crystallise.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Depreciation is provided at rates estimated to write off fixed assets over their anticipated life and is applied from the month following that in which they are first brought into use.

NOTES TO THE ACCOUNTS
2 November 1986

1. ACCOUNTING POLICIES continued

TANGIBLE FIXED ASSETS AND DEPRECIATION continued

The rates used are as follows:

Land and buildings:

- | | |
|-----------|--|
| Freehold | - Nil |
| Leasehold | - equal annual instalments over
the period of the lease |

- | | |
|----------------------------|---|
| Plant and machinery | - 10% to 50% on cost |
| Lorries and other vehicles | - 25% to 33 ¹ / ₃ % on cost |

STOCK

Stock is valued at the lower of cost and net realisable value.
Cost is calculated on the first in first out basis.

WORK IN PROGRESS

a) Short term contracts consist of:

- (i) Work completed but not invoiced at the year end valued at the subsequent invoice value;
- (ii) Work uncompleted at the year end valued at the lower of cost and net realisable value.

- b) Long term contracts are stated at the sales value of work carried out including profit, with the exception of recently commenced contracts which are valued at site cost, less payments received and receivable. Provision is made for anticipated losses on open contracts and no credit is taken for claims by the group until there is a firm agreement with the client.

REINSTATEMENT PROVISION

The reinstatement provision represents the group's estimate for the cost of final road surfacing still to be incurred on individual contracts otherwise complete.

Particular estimates for individual contracts can prove to be incorrect. However, the directors consider that the provision as a whole is the best estimate of the eventual cost to the group which can be made.

PENSIONS

The group operates a final salary retirement benefits scheme covering the majority of its monthly paid employees. Contributions are normally charged against profits as the contributions are made. Actuarial valuations are carried out every three years, the most recent being as at 1 July 1986. Any necessary adjustments arising from these valuations are taken into account in the funding rate over the period to the next valuation.

NOTES TO THE ACCOUNTS
2 November 1986

2. ANALYSIS OF TURNOVER

1986

1985

The turnover attributable to each of the company's geographical markets is:

United Kingdom	23,302,336	19,140,637
Ireland	73,457	2,173,820
	<u>£23,375,793</u>	<u>£21,314,457</u>

3. OPERATING PROFIT

Operating profit is arrived at after charging:

Depreciation	437,065	385,108
Profit on sale of tangible assets	(46,617)	(44,834)
Diminution in value of tangible assets	-	6,164
Hire of plant and machinery	2,382,417	2,407,417
Auditors' remuneration	32,626	30,274
	<u>£2,805,491</u>	<u>£2,868,733</u>

4. EMPLOYEES

The average number employed by the group, which includes directors, within each category of persons was:

Production staff	427	403
Administrative staff	90	83
	<u>517</u>	<u>486</u>

The costs incurred in respect of these employees were:

Wages and salaries	5,691,262	4,819,786
Social security costs	526,062	446,705
Other pension costs	121,375	231,417
	<u>£6,338,699</u>	<u>£5,497,910</u>

5. DIRECTORS

a) Emoluments of directors of the company, included in employee costs were:

Management remuneration	£161,305	£157,591
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The fees and management remuneration (excluding pension contributions) of the directors were as follows:

Chairman	£61,000	£55,617
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NOTES TO THE ACCOUNTS
2 November 1986

5. DIRECTORS continued

	<u>1986</u>	<u>1985</u>
	<u>No. of directors</u>	
a) Other directors		
Not more than £5,000	two	two
£15,001 - £20,000	none	one
£20,001 - £25,000	one	none
£25,001 - £30,000	one	one
£30,001 - £35,000	one	one

b) Directors' interests

- i) The interests of P J Kennedy and Mrs K Kennedy are shown in note 24 to the accounts.
- ii) At both the beginning and the end of the year, P J Kennedy owned \$1,650 common stock in Kennedy Construction Group Limited in the United States of America.
- iii) P J Kennedy Investments Inc. has lent Kennedy Construction Group Limited - USA \$233,317 (1985 - \$241,417). P J Kennedy is the sole shareholder in P J Kennedy Investments Inc.
- iv) The loan of £15,000 made during the previous year to a company of which P J Kennedy is a director and shareholder has proved to be irrecoverable and has been written off.
- v) During the year the company has sold a plot of land to P J Kennedy and Mrs K Kennedy for £44,000.

c) Directors' current accounts

Two of the directors have drawing accounts with the company. The nature of the transactions on these accounts is such that the balances switch between debit and credit during the year were:

The balances at the year end, which are included in other debtors and other creditors and the highest debit balance during the year were:

	<u>Highest debit balance</u>	<u>1986</u>	<u>1985</u>
F J Kennedy	5,654	(422)	(1,982)
D P McLaughlin	1,406	1,406	284
	<u>27,060</u>	<u>£984</u>	<u>£(1,698)</u>

NOTES TO THE ACCOUNTS
2 November 1986

6. OTHER OPERATING INCOME	1986	1985
Net rental income	4,932	-
Income from current asset investments: listed	3,231	3,280
	<u>£8,163</u>	<u>£3,280</u>
7. INTEREST RECEIVABLE AND SIMILAR INCOME		
Profit on sale of investments	51,282	14,236
Interest receivable:		
on bank deposits	172,116	166,567
other interest	183	4,894
	<u>£223,581</u>	<u>£185,697</u>
8. AMOUNTS WRITTEN OFF INVESTMENTS		
Write down of fixed asset investments to net realisable value	-	25,500
Write down of current asset investments to net realisable value	3,070	18,749
	<u>£3,070</u>	<u>£43,649</u>
9. INTEREST PAYABLE AND SIMILAR CHARGES on bank loans, overdrafts and other loans:		
Repayable within 5 years	£7,843	£9,901
10. TAX ON PROFIT ON ORDINARY ACTIVITIES		
Taxation is based on the profits for the year and comprises:		
Corporation tax at a composite rate of 37.08% (1985 - 42.08%) of taxable profit	506,988	365,722
Deferred taxation	(22,697)	(19,790)
Overseas taxation	(32,405)	199,097
	<u>451,886</u>	<u>545,029</u>
Prior year adjustments:		
Corporation tax	(67,120)	-
Deferred taxation	(38,151)	(1,457)
Overseas taxation	(32,241)	-
	<u>£314,374</u>	<u>£543,572</u>

NOTES TO THE ACCOUNTS
2 November 1986

11. EXTRAORDINARY ITEMS

	<u>1986</u>	<u>1985</u>
Profit on sale of asphalt plant	49,995	-
Discretionary payments of third party liabilities to protect the commercial reputation of the group	(110,749)	-
Deficit on revaluation of properties	(200,067)	-
	<u>(260,821)</u>	
Corporation tax	(18,538)	
	<u>£(279,359)</u>	<u>£ -</u>

12. RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE
MEMBERS OF KENNEDY CONSTRUCTION GROUP LIMITED

Dealt with in the accounts of the holding company	<u>£(75,627)</u>	<u>£167,445</u>
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The company has taken advantage of Section 228 (7)
of the Companies Act 1985 and consequently a profit
and loss account for the company alone is not presented.

13. DIVIDENDS

Proposed	<u>£125,000</u>	<u>£35,000</u>
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NOTES TO THE ACCOUNTS
2 November 1986

14. TANGIBLE ASSETS			
a) THE GROUP	Land and buildings	Plant and machinery	Total
Cost			
At 27 October 1985	434,713	2,149,649	2,584,362
Exchange differences	12,201	6,006	18,207
Additions	-	471,079	471,079
Disposals	(134,205)	(362,118)	(496,323)
Diminution in value	(47,373)	-	(47,373)
At 2 November 1986	265,336	2,264,616	2,529,952
Depreciation			
At 27 October 1985	67,745	1,326,050	1,393,795
Exchange differences	-	5,754	5,754
Charge for the year	7,350	429,715	437,065
On disposals	(25,259)	(335,480)	(360,739)
At 2 November 1986	49,836	1,426,039	1,475,875
Balance sheet value 2 November 1986	£215,500	838,577	£1,054,077
27 October 1985	£366,968	823,599	£1,190,567
b) THE COMPANY			
Cost			
At 27 October 1985	235,355	158,190	393,545
Additions	-	57,151	57,151
Disposals	(96,873)	(13,250)	(110,123)
Group company transfers	63,858	12,500	76,358
At 2 November 1986	202,340	214,591	416,931
Depreciation			
At 27 October 1985	51,993	113,182	165,175
Charge for the year	6,701	43,879	50,580
On disposals	(14,983)	(12,721)	(27,604)
Group company transfers	-	5,288	5,288
At 2 November 1986	43,811	149,628	193,439
Balance sheet value 2 November 1986	£158,529	64,963	£223,492
27 October 1985	£183,362	45,008	£228,370

NOTES TO THE ACCOUNTS
2 November 1986

14. TANGIBLE ASSETS continued	GROUP		COMPANY	
	1986	1985	1986	1985
The balance sheet value of land and buildings comprises:				
Freehold	176,230	283,371	155,443	136,598
Long leasehold	36,184	77,195	-	40,362
Short leasehold	3,086	6,402	3,086	6,402
	<u>£215,500</u>	<u>£366,968</u>	<u>£158,529</u>	<u>£183,362</u>
FUTURE CAPITAL EXPENDITURE				
Contracted for but not provided for in the accounts	29,500	-	-	-
Authorised by the directors but not contracted for	500,250	50,000	444,000	-
	<u>£529,750</u>	<u>£50,000</u>	<u>£444,000</u>	<u>£ -</u>

15. FIXED ASSET INVESTMENTS	GROUP	COMPANY			
	Other	Subsidiaries	Loans	Other	Total
Cost					
At 27 October 1985	245,989	1,188,753	996,439	219,081	2,404,273
Acquired in the year	-	45,000	-	-	45,000
Investment written off	(1,409)	-	-	-	-
Loans	-	-	12,344	-	12,344
Exchange difference	-	-	2,831	-	2,831
At 2 November 1986	<u>244,580</u>	<u>1,233,753</u>	<u>1,011,614</u>	<u>219,081</u>	<u>2,464,448</u>
Provisions					
At 27 October 1985	145,989	685,837	996,439	119,081	1,801,357
Provided in the year	50,000	39,497	12,344	50,000	101,841
Provision no longer required	(1,409)	-	-	-	-
Exchange differences	-	-	2,831	-	2,831
At 2 November 1986	<u>194,580</u>	<u>725,334</u>	<u>1,011,614</u>	<u>169,081</u>	<u>1,906,029</u>
Balance sheet value					
2 November 1986	<u>£50,000</u>	<u>£508,419</u>	<u>-</u>	<u>50,000</u>	<u>£558,419</u>
27 October 1985	<u>£100,000</u>	<u>£502,916</u>	<u>-</u>	<u>100,000</u>	<u>£602,916</u>

NOTES TO THE ACCOUNTS
2 November 1986

15. FIXED ASSET INVESTMENTS continued

- a) The subsidiary companies of which the company holds the following proportions of ordinary shares issued, being the only class of shares in issue, as at 27 October 1986 are:

Joseph Kennedy & Co (Manchester) Limited	100%
Kennedy Asphalt Limited	100%
Kennedy Civil Engineering Limited	100%
Kennedy Sand Limited	100%
Kennedy Construction Limited	77%
Kennedy Tunnelling Limited (95% owned by subsidiary)	100%
Kennedy Pipelining Services Limited	90%
Kennedy Construction Group Limited (incorporated in the United States of America)	98.5%

In addition to the above, the following companies are owned by subsidiaries:

Kennedy Highways Limited	100%
Kennedy Gas Services (Scotland) Limited (registered in Scotland)	85.3%
Kennedy Land Reclamation Limited	100%
Kennedy Brooks Limited (incorporated in Eire)	100%

- b) The company also owns 76% of S C Cummins Limited which is now in liquidation.
- c) Other investments represents the interests of the group and the company in development land.

16. STOCK AND WORK IN PROGRESS

	GROUP	
	1986	1985
Work in progress	3,597,127	1,972,077
Less: Cash received on account	(2,492,496)	(897,513)
Cash receivable on account	(70,270)	(214,669)
	<hr/>	<hr/>
Stock	1,034,361	859,895
	63,965	57,700
	<hr/>	<hr/>
	£1,098,326	£917,595
	<hr/>	<hr/>

The replacement value of stock and work in progress is estimated to be the same as book value.

NOTES TO THE ACCOUNTS
2 November 1986

16. STOCK AND WORK IN PROGRESS continued

As stated in note 1 to the accounts and in accordance with Statement of Standard Accounting Practice No 9, the valuation of long term contracts, other than recently commenced contracts, includes attributable profits at the accounting date. This represents a departure from the basis of valuation of current assets as required by the Companies Act 1985, but is necessary in order to comply with the overriding requirements of section 228(2) of the Companies Act 1985 that the accounts should show a true and fair view.

As the progress payments comprise both cost and profit, it is not possible, meaningfully, to state the amount of profit included in the balance sheet carrying value of contracts in progress, which is shown on a net basis.

17. DEBTORS

	GROUP		COMPANY	
	1986	1985	1986	1985
Trade debtors	3,661,398	3,001,970	-	-
Amounts owed by group companies	-	-	103,563	232,480
Other debtors	275,617	247,660	179,037	199,915
Prepayments and accrued income	85,299	59,805	50,302	30,535
Dividends receivable	-	-	167,290	591,475
	<u>£4,022,314</u>	<u>£3,309,435</u>	<u>£500,192</u>	<u>£1,054,405</u>
The following amounts which are included above are due after more than one year:				
Trade debtors	137,970	103,523	-	-
Other debtors	17,979	18,976	-	-
	<u>£155,949</u>	<u>£122,499</u>	<u>£</u>	<u>£</u>

NOTES TO THE ACCOUNTS
2 November 1986

18. CURRENT ASSET INVESTMENT	GROUP		COMPANY	
	1986	1985	1986	1985
Cost				
Listed on a recognised stock exchange	122,691	17,800	122,691	17,800
Other investments	-	149,850	-	149,850
	<u>£122,691</u>	<u>£167,650</u>	<u>£122,691</u>	<u>£167,650</u>
Market value	<u>£148,750</u>	<u>£168,316</u>	<u>£148,750</u>	<u>£168,316</u>
19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Loans and overdrafts	178,099	183,215	-	-
Trade creditors	3,834,826	2,880,672	107,316	110,893
Amounts owed to group companies	-	-	2,236,035	1,421,701
Corporation tax	781,415	922,333	-	-
Other taxation and social security	232,217	211,853	44,316	70,723
Other creditors	111,113	150,197	1,797	76,365
Accruals and deferred income	449,320	281,318	237,441	34,168
Proposed dividend	125,000	35,000	125,000	35,000
	<u>£5,711,990</u>	<u>£4,664,588</u>	<u>£2,751,905</u>	<u>£1,748,850</u>
20. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR				
Corporation tax (payable June 1987)	<u>£148,003</u>	<u>£115,076</u>	<u>£ -</u>	<u>£ -</u>
21. PROVISIONS FOR LIABILITIES AND CHARGES				
Deferred taxation	39,422	100,270	-	-
Reinstatement and other provisions	503,030	411,939	75,000	-
Provision for future losses	-	250,000	-	250,000
	<u>£542,452</u>	<u>£762,209</u>	<u>£75,000</u>	<u>£250,000</u>

NOTES TO THE ACCOUNTS
2 November 1986

21. PROVISIONS FOR LIABILITIES AND CHARGES continued

a) Deferred taxation	<u>GROUP</u>		<u>COMPANY</u>	
Movement in year				
At 27 October 1985	100,270		-	
Credit for the year	(22,697)		-	
Prior year adjustment	(38,151)		-	
At 2 November 1986	£39,422		£ -	
As explained in note 1, provision is made for taxation liabilities arising from the allocation of items to different periods for taxation and for accounting purposes, except where it is probable that a liability will not crystallise.				
Deferred tax has been provided in full and the source of the balance is as follows:				
	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1986</u>	<u>1985</u>	<u>1986</u>	<u>1985</u>
Capital allowances in excess of depreciation	72,107	129,971	-	-
Short-term timing differences	(32,685)	(29,701)	-	-
	£39,422	£100,270	£ -	£ -
b) Reinstatement and other provisions:	<u>GROUP</u>		<u>COMPANY</u>	
Movement in the year				
At 27 October 1985	411,939		-	
Created during the year	394,650		75,000	
Utilised during the year	(303,559)		-	
At 2 November 1986	£503,030		£75,000	
c) Provision for future losses				
Movement in the year:				
At 27 October 1985	250,000		250,000	
Released during the year	(250,000)		(250,000)	
At 2 November 1986	£ -		£ -	

NOTES TO THE ACCOUNTS
2 November 1986

22. CALLED UP SHARE CAPITAL

	<u>1986</u>	<u>1985</u>
Authorised and issued:		
Ordinary shares of £1 each fully paid	£217,800	£217,800

23. RESERVES

	<u>Profit and Loss</u> <u>Account</u>	
	<u>GROUP</u>	<u>COMPANY</u>
At 27 October 1985	1,652,387	396,351
Retained profit/(loss) for the year	552,354	(75,627)
Goodwill on consolidation written off	(3,950)	-
Exchange differences	11,948	-
At 2 November 1986	<u>£2,212,739</u>	<u>£320,724</u>

The balance on profit and loss account is all available
for distribution.

24. ULTIMATE HOLDING COMPANY

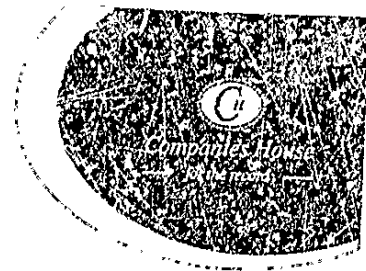
The company's ultimate holding company is Bertrem Limited, a company incorporated
in the Isle of Man.

The shareholders of Bertrem Limited throughout the year were:

	<u>'A' Ordinary</u> <u>Shares</u>
P J Kennedy - beneficial	960
Mrs K Kennedy - beneficial	960

The balance of the issued share capital, 80 £1 'B' Ordinary shares is held in
trust for the benefit of certain individuals which include other members of the
family of Mr P J Kennedy and Mrs K Kennedy.

Since the year end, the beneficial interest of Mr P J Kennedy and Mrs K Kennedy
in the shares of Bertrem Limited has reduced to 560 'A' Ordinary shares each.
The balance of the issued share capital, 880 'A' Ordinary shares, is held
directly by or in trust for certain individuals which include other members of
the family of Mr P J Kennedy and Mrs K Kennedy.



Crown Way Cardiff CF14 3UZ
www.companieshouse.gov.uk

NOTICE OF ILLEGIBLE DOCUMENTS

Companies House regrets that documents in this company's microfiche record have pages which are illegible.

This has been noted but unfortunately steps taken to rectify this were unsuccessful.

Companies House would like to apologise for any inconvenience this may cause.

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