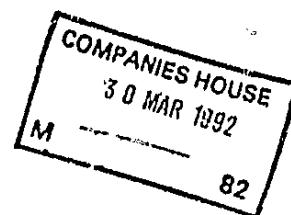


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CHARLES GRIP SURFACING LIMITED

ACCOUNTS

31st March 1991



KPMG PEAT MARWICK,

**St. Nicholas House,
31 Park Row,
Nottingham,
NG1 6FQ.**

CHARLES GRIP SURFACING LIMITED

ACCOUNTS

for the year ended 31st March 1991

DIRECTORS

Dr. C. C. Draycott
Mr. J. H. Easton
Mr. B. R. Gillett
Mr. A. G. Hardwicke
Mr. G. I. Workman

SECRETARY

Mr. P. A. Briggs, A.C.A.

REGISTERED OFFICE

Charles Avenue,
Fosse Way,
Six Hills,
Melton Mowbray,
Leicestershire,
LE14 3PD.

Registered in England No. 1538661

BANKERS

Midland Bank PLC,
91 Charles Street,
Leicester.

AUDITORS

KPMG Peat Marwick,
St. Nicholas House,
31 Park Row,
Nottingham,
NG1 6FQ.

CHARLES GRIP SURFACING LIMITED**DIRECTORS' REPORT**

The directors present their report and the audited accounts for the year ended 31st March 1991.

ACTIVITIES

The company is engaged in the business of road surfacing.

BUSINESS REVIEW

The value of work done has increased from £3.6 million to £4.6 million during the year, representing a 27.8% rise during a period in which the industry has been depressed by a bleak economic outlook and high interest rates. Profitability has improved and good cash control has been maintained which place the company in a good position to exploit opportunities during the coming year.

PROPOSED DIVIDEND AND TRANSFER TO RESERVES

The directors do not recommend the payment of a dividend. Profits retained for the year of £75,876 (1990 - £46,518) have been transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year were as follows:-

Dr. C. C. Draycott
Mr. J. H. Easton
Mr. B. R. Gillett
Mr. A. G. Hardwicke
Mr. G. I. Workman

Dr. C. C. Draycott is also a director of the ultimate holding company and his interest in the shares of that company are shown in that company's accounts. No other director has any interest in any other group company.

FIXED ASSETS

The movements in fixed assets during the year are summarised in note 8 to the accounts.

HEALTH AND SAFETY AT WORK

The company's record in this field is good and continues to satisfy the statutory requirements of the 1974 Act.

POLITICAL AND CHARITABLE DONATIONS

The company made no political contributions during the year. Charitable donations amounted to £1,000.

CHARLES GRIP SURFACING LIMITED

DIRECTORS' REPORT (continued)

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the board,

A handwritten signature in dark ink, appearing to read "Paul Riggs". The signature is written in a cursive, flowing style.

Secretary.

REPORT of the AUDITORS, KPMG PEAT MARWICK,
to the MEMBERS of

CHARLES GRIP SURFACING LIMITED

We have audited the accounts on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31st March 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Nottingham

KPMG, P. Marwick

3rd March 1992

Chartered Accountants
Registered Auditor

CHARLES GRIP SURFACING LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1991

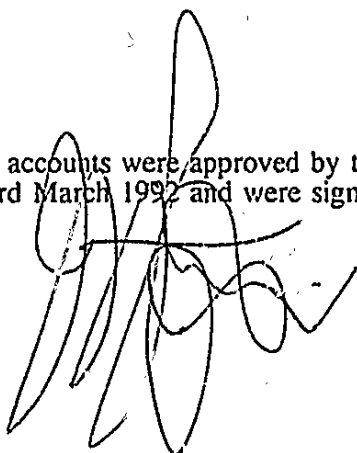
	Notes	£	1991 £	£	1990 £
TURNOVER	2		4,596,825		3,557,412
Increase/(Decrease) in work in progress			36,055		(7,142)
			4,632,880		3,550,270
Raw materials and consumables		1,725,519		1,385,785	
Operating charges		2,168,287		1,602,104	
Staff costs	3	414,981		349,255	
			(4,308,787)		(3,337,144)
			324,093		213,126
Depreciation			(72,123)		(57,829)
			251,970		155,297
Interest payable	4		(9,094)		(4,926)
PROFIT BEFORE MANAGEMENT CHARGES AND TAXATION			242,876		150,371
Management charges			(177,000)		(70,000)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5		65,876		80,371
Taxation on profit on ordinary activities	7		10,000		(33,853)
PROFIT FOR THE FINANCIAL YEAR ON ORDINARY ACTIVITIES AFTER TAXATION			75,876		46,518
RETAINED PROFIT BROUGHT FORWARD			220,182		173,664
RETAINED PROFIT CARRIED FORWARD			£ 296,058		£ 220,182

The notes on pages 7 to 11 form part of these accounts.

CHARLES GRIP SURFACING LIMITED
BALANCE SHEET AT 31ST MARCH 1991

	Notes	£	1991 £	£	1990 £
FIXED ASSETS					
Tangible assets			185,099		136,762
CURRENT ASSETS					
Stocks	9	36,500		445	
Debtors	10	1,123,550		1,146,285	
Cash at bank and in hand		140,297		207,771	
			<u>1,300,347</u>	<u>1,354,501</u>	
CREDITORS: Amounts falling due within one year	11	(1,177,918)		(1,261,079)	
NET CURRENT ASSETS			<u>122,429</u>		<u>93,422</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>307,528</u>		<u>230,184</u>
CREDITORS: Amounts falling due after more than one year	12	(11,468)		-	
PROVISIONS FOR LIABILITIES AND CHARGES	13	-		(10,000)	
NET ASSETS			<u>£296,060</u>		<u>£220,184</u>
CAPITAL AND RESERVES					
Called up share capital	14		2		2
Profit and loss account			296,058		220,182
			<u>£296,060</u>		<u>£220,184</u>

These accounts were approved by the board of directors on 3rd March 1992 and were signed on its behalf by:


 Director

The notes on pages 7 to 11 form part of these accounts.

CHARLES GRIP SURFACING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 31st March 1991

SOURCE OF FUNDS	£	1991 £	£	1990 £
Profit on ordinary activities before taxation		65,876		80,371
Adjustment for items not involving the movement of funds:				
Depreciation	72,123		57,829	
(Profit)/loss on disposal of fixed assets	(3,841)		7,804	
		68,282		65,633
TOTAL GENERATED FROM OPERATIONS		134,158		146,004
FUNDS FROM OTHER SOURCES				
Hire purchase agreements	166,114		-	
Proceeds on disposal of tangible fixed assets	37,300		13,001	
		203,414		13,001
		337,572		159,005
APPLICATION OF FUNDS				
Expenditure on fixed assets	153,919		70,457	
Tax paid	2,393		2,183	
Group relief paid	-		25,970	
Hire purchase repayments	112,414		25,248	
		(268,726)		(123,858)
		£ 68,846		£ 35,147
REPRESENTED BY INCREASE/(DECREASE) IN WORKING CAPITAL				
Stocks		36,055		(7,142)
Debtors		(269,885)		442,877
Inter-company indebtedness		373,348		(120,058)
Creditors: amounts falling due within one year		(3,198)		(181,410)
		136,320		134,267
Movement in net liquid funds:				
Bank balance		(67,474)		(99,120)
		£ 68,846		£ 35,147

CHARLES GRIP SURFACING LIMITED**NOTES TO THE ACCOUNTS****1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

(a) Basis of accounting:

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

(b) Depreciation:

Depreciation has been calculated on a straight line basis at the following annual rates:-

Plant and machinery	20%
Motor vehicles	25%

(c) Stock:

Stock is valued at the lower of cost, including a proportion of normal overhead expenditure, less progress payments received, and net realisable value.

(d) Deferred taxation:

Provision is made for deferred taxation to the extent that it is considered likely to fall due for payment in the foreseeable future. This calculation is carried out on a group basis and appropriate provision made.

(e) Leasing and hire purchase commitments:

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the obligation for future instalments.

All other leases are treated as operating leases and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

(f) Pension costs:

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the fund.

2. TURNOVER

Turnover represents the invoiced amount of services provided excluding value added tax. Turnover and pre-tax profits are wholly attributable to road surfacing in the United Kingdom.

CHARLES GRIP SURFACING LIMITED

NOTES TO THE ACCOUNTS (continued)

3. STAFF COSTS

The average number of persons employed by the company (including directors) during the year was as follows:-

	1991 Number	1990 Number
Management	5	5
Administration	6	7
Production	9	6
	<u>20</u>	<u>18</u>
	£	£

The costs of employment were:

Wages and salaries	370,264	303,002
Social security costs	37,052	30,291
Other pension costs	7,665	15,962
	<u>£414,981</u>	<u>£349,255</u>

4. INTEREST

	£	£
Bank overdraft	456	-
Hire purchase	8,638	4,926
	<u>£9,094</u>	<u>£4,926</u>

5. PROFIT BEFORE TAXATION

Profit before taxation is stated after charging/
(crediting) the following:-

	£	£
Hire of plant and machinery	984,541	746,050
Auditors' remuneration and costs	4,800	3,800
(Profit)/loss on sale of fixed assets	(3,841)	7,804

6. REMUNERATION OF DIRECTORS

Directors' emoluments	£96,943	£111,532
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The emoluments, excluding pension contributions, of the Chairman were £Nil (1990 - £Nil) and those of the highest paid director were £44,753 (1990 - £51,563).

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

	1991	1990
£0 - £5,000	2	2
£10,001 - £15,000	1	1
£30,001 - £35,000	1	-
£40,001 - £45,000	1	1
£50,001 - £55,000	-	1

CHARLES GRIP SURFACING LIMITED

NOTES TO THE ACCOUNTS (continued)

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1991 £	1990 £
Taxation based on the profit for the year:-		
Corporation tax at 34% (1990 - 35%)	-	2,350
Group relief	-	32,550
Deferred taxation	(10,000)	-
Overprovision in prior years	-	(1,047)
	<u>£(10,000)</u>	<u>£33,853</u>

Taxable profits of the company for the year have been covered by group relief for no consideration.

8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Total £
Cost:			
At 1st April 1990	132,809	144,566	277,375
Additions	107,555	46,364	153,919
Disposals	(29,500)	(30,298)	(59,798)
At 31st March 1991	<u>210,864</u>	<u>160,632</u>	<u>371,496</u>
Depreciation:			
At 1st April 1990	76,633	63,980	140,613
Charge for the year	38,738	33,385	72,123
Disposals	(17,208)	(9,131)	(26,339)
At 31st March 1991	<u>98,163</u>	<u>88,234</u>	<u>186,397</u>
Net book value:			
At 31st March 1991	<u>£112,701</u>	<u>£ 72,398</u>	<u>£185,099</u>
At 31st March 1990	<u>£ 56,176</u>	<u>£ 80,586</u>	<u>£136,762</u>

Included in the total net book value of tangible fixed assets held at 31st March 1991 was £123,202 in respect of assets held under finance leases and hire purchase contracts. Depreciation charged during the year in respect of these assets was £18,594.

9. STOCKS

	1991	1990
Work in progress	<u>£36,500</u>	<u>£ 445</u>

CHARLES GRIP SURFACING LIMITED

NOTES TO THE ACCOUNTS (continued)

10. DEBTORS	1991 £	1990 £
Amounts falling due within one year:		
Trade debtors	628,546	884,767
Amounts due from parent company	82,000	139,108
Amounts due from fellow subsidiary undertakings	304,258	-
Other debtors	83,755	99,793
Prepayments	24,991	22,617
	<u>£1,123,550</u>	<u>£1,146,285</u>
11. CREDITORS	£	£
Amounts falling due within one year:		
Trade creditors	646,961	663,783
Amounts due to fellow subsidiary undertakings	271,956	309,614
Amounts due to holding company	77,000	165,540
Hire purchase	49,014	6,782
Group relief	32,550	32,550
Taxation	-	2,350
Other taxation and social security	52,591	53,362
Accruals	41,592	25,151
Other creditors	6,254	1,947
	<u>£1,177,918</u>	<u>£1,261,079</u>
12. CREDITORS: Amounts falling due after more than one year:		
Hire purchase obligations (within five years)	<u>£11,468</u>	<u>£ -</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

The amounts provided for deferred taxation and the full potential liability, calculated on the liability method, are set out below:-

	1991 Amount provided	1991 Full potential liability	1990 Amount provided	1990 Full potential liability
Capital allowances	<u>£ -</u>	<u>£ -</u>	<u>£10,000</u>	<u>£10,000</u>

14. SHARE CAPITAL

	1991	1990
Authorised:		
Ordinary shares of £1 each	<u>£50,000</u>	<u>£50,000</u>
Issued, allotted and fully paid:		
Ordinary shares of £1 each	<u>£ 2</u>	<u>£ 2</u>

CHARLES GRIP SURFACING LIMITED

NOTES TO THE ACCOUNTS (continued)

15. CAPITAL COMMITMENTS

	1991	1990
Contracted for	£ Nil	£91,000
Authorised by the directors but not contracted for	£ Nil	£ Nil

16. CONTINGENT LIABILITIES

The bank overdraft is secured by a fixed and floating charge over the assets, undertaking and uncalled share capital of the company.

The company has provided its bankers with an unlimited multilateral guarantee to cover all group company accounts.

17. HOLDING COMPANY

The company is a wholly owned subsidiary of Colin Draycott Group Limited, the ultimate holding company, which is incorporated in England.