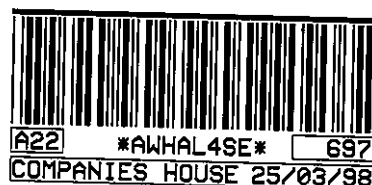


---

# **MORGAN LOVELL PLC**

**Company Registration No. 1904978**

## **REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1997**



**Report and financial statements  
For the year ended 31 December 1997**

<b>Contents</b>	<b>Page</b>
<b>COMPANY INFORMATION</b>	<b>1</b>
<b>DIRECTORS' REPORT</b>	<b>2-3</b>
<b>AUDITORS' REPORT</b>	<b>4</b>
<b>PROFIT AND LOSS ACCOUNT</b>	<b>5</b>
<b>BALANCE SHEET</b>	<b>6</b>
<b>RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS</b>	<b>7</b>
<b>PRINCIPAL ACCOUNTING POLICIES</b>	<b>8</b>
<b>NOTES TO FINANCIAL STATEMENTS</b>	<b>8-11</b>

---

**Company Information**

<b>Directors</b>	JC Morgan JM Bishop JJC Lovell
<b>Secretary</b>	W R Johnston
<b>Registered office</b>	77 Newman Street London W1P 3LA
<b>Auditors</b>	Deloitte & Touche Chartered Accountants and Registered Auditors Leda House Station Road Cambridge CB1 2RN
<b>Solicitors</b>	Fenwick Elliott 353 Strand London WC2R 0HS
<b>Principal bankers</b>	Lloyds Bank PLC 11-15 Monument Street London EC3V 9JA

**Directors' Report**  
**For the year ended 31 December 1997**

The directors present their annual report and the audited financial statements for the year ended 31 December 1997. The financial statements do not show consolidated figures as the company is a wholly owned subsidiary of Morgan Sindall plc.

**Principal activity and review of developments**

The principal activity of the Company during the year was that of a holding company.

**Dividends**

The directors recommend the payment of a dividend of £4,446,410 (1996: £2,259,745). The retained loss of £13,540 (1996: profit of £181,500) was transferred to reserves.

**Directors and their interests**

The directors who served during the year are shown on page 1.

The directors have no interest in the shares or debentures of the Company. Mr JC Morgan, Mr JM Bishop and Mr JJC Lovell have interests in the share capital of Morgan Sindall plc as disclosed in that Company's accounts.

**Auditors**

A resolution for the re-appointment of Deloitte & Touche as auditors of the Company will be proposed at the forthcoming Annual General Meeting.

**Directors' report (continued)**  
**For the year ended 31 December 1997**

**Statement of Directors' responsibilities**

Company Law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the financial year and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently ;
- Make judgements and estimates that are reasonable and prudent ;
- State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements ;
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**By order of the board**



**W R Johnston**  
Secretary  
26 February 1998

## **Auditors' report**

### **To the members of Morgan Lovell plc.**

We have audited the financial statements on pages 5 to 11, which have been prepared under the accounting policies set out on page 8.

### **Respective responsibilities of directors and auditors**

As described on page 3, 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 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 company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche.*

### **Deloitte & Touche**

Chartered Accountants and Registered Auditors  
Leda House  
Station Road  
Cambridge CB1 2RN

26th February 1998

**Profit and Loss Account**  
**For the year ended 31 December 1997**

	Notes	Year ended 31 December 1997 £	Year ended 31 December 1996 £
Turnover		-	-
Cost of Sales		-	-
Gross Profit		-	-
Administrative expenses		(19,770)	(550,000)
<b>Operating Loss</b>		<b>(19,770)</b>	<b>(550,000)</b>
Investment Income	1	4,446,410	3,100,977
<b>Profit on ordinary activities before taxation</b>		<b>4,426,640</b>	<b>2,550,977</b>
Tax on profit on ordinary activities	2	6,230	(109,732)
<b>Profit on ordinary activities after taxation</b>		<b>4,432,870</b>	<b>2,441,245</b>
Dividends	3	(4,446,410)	(2,259,745)
<b>(Loss) /Profit retained for the year</b>	8	<b>(13,540)</b>	<b>181,500</b>

The results for the year and the preceding year derive from continuing operations.

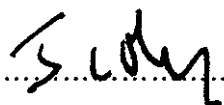
The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

The accompanying accounting policies and notes form an integral part of these financial statements.

**Balance Sheet**  
**31 December 1997**

	Notes	31 December 1997 £	31 December 1996 £
<b>Fixed Assets</b>			
Investments	4	<u>4,150,054</u>	<u>112,424</u>
<b>Current Assets</b>			
Debtors	5	252,972	341,130
Cash at bank and in hand		<u>20,777</u>	<u>889</u>
		<u>273,749</u>	<u>342,019</u>
<b>Creditors</b>			
Amounts falling due within one year	6	<u>(4,037,630)</u>	<u>(54,730)</u>
<b>Net Current (Liabilities)/Assets</b>		<u>(3,763,881)</u>	<u>287,289</u>
<b>Total assets less current liabilities</b>		<u>386,173</u>	<u>399,713</u>
<b>Capital and Reserves</b>			
Called up share capital	7	178,911	178,911
Profit and loss account	8	207,262	220,802
<b>Equity Shareholders' Funds</b>		<u>386,173</u>	<u>399,713</u>

Approved by the Board on 26 February 1998

.....  .....

J C Morgan, Director



**Reconciliation of Movements in Shareholders' Funds**  
**For the year ended 31 December 1997**

	Year Ended 31 December 1997 £	Year Ended 31 December 1996 £
Profit on ordinary activities after Taxation	4,432,870	2,441,245
Dividends	<u>(4,446,410)</u>	<u>(2,259,745)</u>
<b>Net (reduction in)/addition to shareholders' funds</b>	<b>(13,540)</b>	<b>181,500</b>
Opening shareholders' funds	399,713	218,213
<b>Closing shareholders' funds</b>	<b><u>386,173</u></b>	<b><u>399,713</u></b>

**Principal Accounting Policies**  
**For the year ended 31 December 1997**

**Basis of accounting**

The financial statements have been prepared under the historical cost convention and in accordance with the applicable accounting standards. The financial statements present information for the Company as an individual undertaking and not about its group.

**Cash flow statement**

A cash flow statement has not been produced as the Company's ultimate parent undertaking, Morgan Sindall plc, publishes a consolidated cash flow statement.

**Fixed asset investments**

Investments held as fixed assets are stated at cost less provision for any permanent diminution in value.

**Deferred taxation**

Deferred taxation is provided on timing differences arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

**Notes to the financial statements**  
**for the year ended 31 December 1997**

**1. Investment income**

	Year Ended 31 December 1997 £	Year Ended 31 December 1996 £
Group dividend received	<u>4,446,410</u>	<u>3,100,977</u>

**2. Tax on profit on ordinary activities**

	Year Ended 31 December 1997 £	Year Ended 31 December 1996 £
Corporation tax payable at 31% (1996: 33%)	-	(181,500)
Income tax on investment income	-	291,232
Under-provision in prior years	(6,230)	-
	<u>(6,230)</u>	<u>109,732</u>

**3. Dividends on equity shares**

	Year Ended 31 December 1997 £	Year Ended 31 December 1996 £
Paid - £24.85 per ordinary share (1996 - £12.63)	4,446,410	2,259,745

**4. Investments****Shares in Subsidiary Undertakings**

	Shares £
<b>Cost</b>	
As at 1 January 1997	112,424
Additions	4,037,630
As at 31 December 1997	4,150,054

Name of Company	Principal Activity	Proportion of Ordinary Shares Held
Morgan Lovell Group Ltd	Holding company	100%
Morgan Lovell Specialised Works Ltd	Office fitting out specialists	100%
Overbury Group plc	Office fitting out specialists	100%

All of the above companies are registered in England and Wales and England is the principal place of business.

**5. Debtors**

	31 December 1997 £	31 December 1996 £
Amounts owed by group undertakings	143,000	159,630
Amounts owed by subsidiary undertakings	103,742	-
Corporation tax recoverable	6,230	181,500
	252,972	341,130

## 6. Creditors

	31 December 1997 £	31 December 1996 £
<b>Amounts falling due within one year:</b>		
Amounts owed to group undertakings	-	30,292
Amounts owed to subsidiary undertakings	4,037,630	-
Other creditors	-	21,376
Accruals and deferred income	-	3,062
	<u>4,037,630</u>	<u>54,730</u>

## 7. Called up Share Capital

	31 December 1997 £	31 December 1996 £
<b>Authorised</b>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<b>Allotted, called up and fully paid</b>		
Ordinary shares of £1 each	<u>178,911</u>	<u>178,911</u>

## 8. Profit and Loss Account

	Year ended 31 December 1997 £	Year ended 31 December 1996 £
Balance as at 1 January 1997	220,802	39,302
Retained (loss)/profit for the year	(13,540)	181,500
Balance as at 31 December 1997	<u>207,262</u>	<u>220,802</u>

## 9. Directors' remuneration (excluding pension contributions)

The directors and Chairman received no remuneration from the Company in the year (1996: nil).

**10. Staff Costs**

There were no staff employed during the year. No salaries, social security or pension costs were incurred in the year.

**11. Ultimate parent company**

The directors consider that the parent undertaking and controlling party of this Company is Morgan Sindall plc, which is registered in England and Wales. Copies of the group financial statements of this company may be obtained from 77 Newman Street, London W1P 3LA.

The Company is exempt from preparing group accounts by virtue of S228(2) Companies Act 1985. The largest group of undertakings for which group financial statements have been drawn up is that headed by Morgan Sindall plc.

**12. Related party transactions**

In the ordinary course of business, the company has traded with its parent company Morgan Sindall plc, a company registered in England and Wales, together with its subsidiaries. The company is exempt from disclosing details of the transactions because copies of Morgan Sindall plc group financial statements are available from 77 Newman Street, London W1P 3LA.

The immediate controlling party of this company is Morgan Sindall plc.