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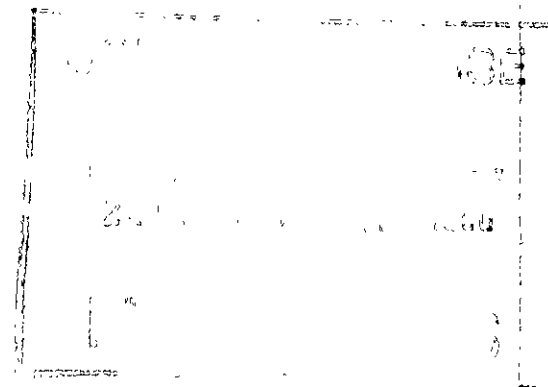
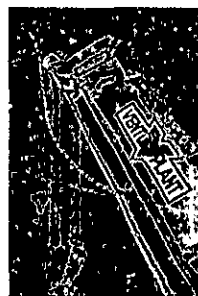
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VENTURE PLANT

VENTURE PLANT

VENTURE PLANT GROUP INC.
ANNUAL REPORT AND ACCOUNTS
1989

VENTURE PLANT GROUP PIC.
DIRECTORS' REPORT AND ACCOUNTS
30th SEPTEMBER, 1989



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DIRECTORS

Robert James Drinkwater (*Chairman and Managing Director*)
Peter McIntosh Maltman, FCA
Alan Pass, FCMA
Frederick George Chapman, ACIS
Geoffrey Nicholas Drage, FCA (*Non-Executive*)
all of Victoria House, Consort Way, Horley, Surrey RH6 7AF

COMPANY SECRETARY

Frederick George Chapman, ACIS
Registered Office
Victoria House, Consort Way, Horley, Surrey RH6 7AF

ADVISERS

Financial Advisers & Stockbrokers
Laurence Prust & Co Ltd, 27 Finsbury Square, London EC2A 1LP

Auditors
Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London EC4V 3PD

Solicitors to the Company
Speechly Bircham, Bouverie House, 154 Fleet Street, London EC4A 2HX

Registrar & Transfer Office
Lloyds Bank Plc, Registrar's Department, Goring-by-Sea, Worthing, West Sussex BN12 4ZZ

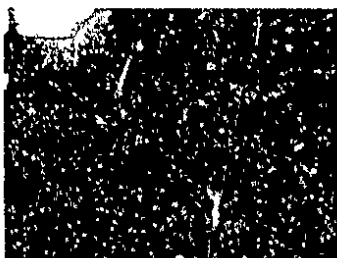
Bankers
National Westminster Bank PLC, Maidstone, Kentish Bank Office, PO Box 20
91 High Street, Maidstone, Kent ME14 1XT

Key Features



- 1 Turnover advances by 39% to £9.025m
- 2 Pre-tax profit increases by 64% to £1.57m
- 3 Plant hire outlets increased from ten to sixteen
- 4 £7.0m expansion of plant fleet

CHAIRMAN'S STATEMENT



R.J. Drinkwater

Chairman and Managing Director

I am pleased to report on the progress of your company in what has been a most eventful year ended on 30th September, 1989.

RESULTS

Group turnover advanced by 39% to £9 025m while pre-tax profit was £1.575m an increase of 64% over the previous year. Earnings per share were unchanged at 8.3 pence per share after taking account of the share issues to finance the acquisitions of PTL (Plant Hire) Limited and Bluemink Limited in June 1989. At the interim stage, unaudited pre-tax profits were £0.378m and for the second half of the year the out turn was £1.197m before tax which was a creditable performance against a background of rising interest rates and a down turn in the plant hire market in the southern half of the country.

FLOTATION

Your company was floated on the Unlisted Securities Market in December 1988. I would like to pay tribute to my Board colleagues and the team of professional advisers who helped in the successful launch.

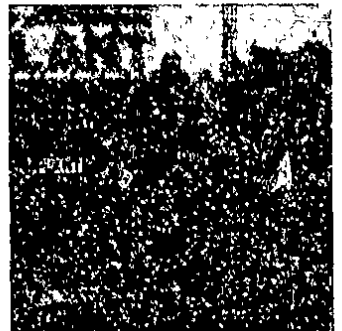


VENTURE PLANT



REPORT AND ACCOUNTS 1000

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REVIEW OF OPERATIONS

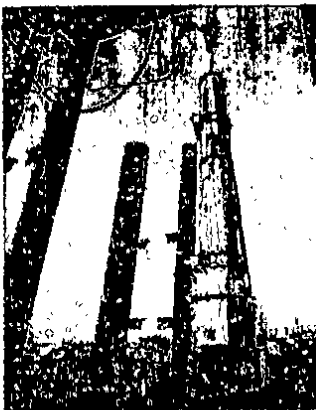
As indicated at the time of the flotation, one of the main objects of joining the Unlisted Securities Market was to facilitate further expansion of your Group's activities. I am pleased to report that good progress has been made in that direction during the year.

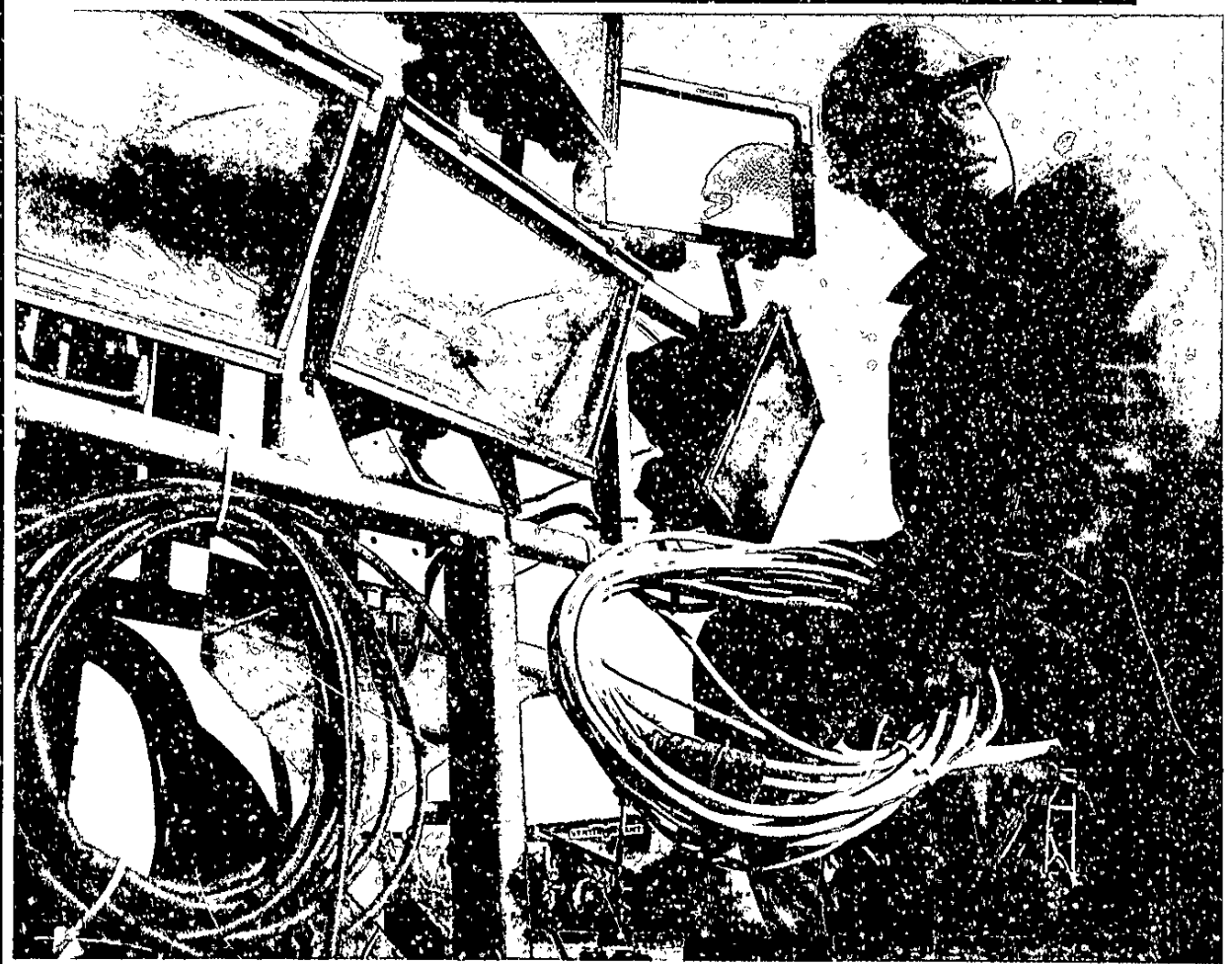
Following the acquisition of Contractors Equipment (Devon) Limited in November 1988, two further acquisitions were completed in June 1989, namely PTL (Plant Hire) Limited and Bluemink Limited, trading as Caledonia Crane Hire.

PTL (Plant Hire) Limited operates out of two depots at Yeovil and Aldershot, locations which fitted well with the existing depot network. PTL was well known as a company specialising in the hire of portable traffic lights and self drive JCB excavators but also offered an extensive range of non-operated general contractors' plant. At completion, the Vendors retired and new management was recruited to take over the running of this activity.

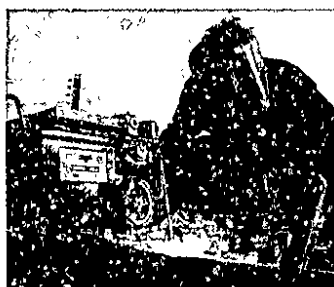
Bluemink Limited which still trades as Caledonia Crane Hire is based at Paisley and served to expand the Group's business in Scotland. As its trading name suggests, it was solely engaged in the hire of mobile cranes ranging from 6 to 130 tons in lifting capacity. While this was a departure from the Group's policy of only hiring non-operated plant, Bluemink had established a strong position in that market in Scotland and the acquisition also provided a much better operating centre at Paisley for the Group's existing fleet of piling and general plant. The name of the company has now been changed to Venture Plant Scotland Limited and the piling and general plant previously operated by Venture Plant Limited in Scotland has been transferred to it with effect from the 1st October, 1989.

The Group has maintained its policy of providing the most modern types of contractors plant available and has invested some £7.0m. (including the book value of plant acquired in the June acquisitions), in both general and piling plant during the year. However the increasingly competitive nature of the market affected utilisation and consequently steps were taken to maintain our market share with the establishment of three additional outlets for general plant at Birmingham, Southampton and Barnstaple (previously a scaffold hire depot). These have been equipped, almost entirely by the redeployment of plant from the existing fleet.





CHAIRMAN'S STATEMENT *Continued*



These moves have resulted in the number of hire outlets increasing from ten at the beginning of the year to sixteen and the experience already gained from the new operation in Scotland has enabled us to introduce mobile cranes to Southampton in the range from 20 to 45 tons lifting capacity. The portable traffic lights and self drive JCB's in PTL have now been introduced to several other Venture Plant depots.

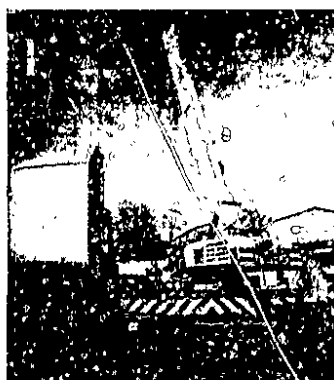
In April it was necessary for the Group's head office to move from Maidstone where the site was to be redeveloped and conveniently located offices were obtained at Horley, close to Gatwick airport, from where the Group's activities are now controlled.

DIRECTORS AND STAFF

On the 1st January, 1990, certain changes to the structure of your company's Board will occur: Fred Chapman who is currently Group Secretary, is taking early retirement at Christmas and accordingly will resign from the Board. I would like to take the opportunity of extending my sincere thanks to him for his many years of loyal service and in particular for his support in the management buy out in October 1987. Alan Pass who joined the Group last January, and who was appointed to the Board in April 1989, will assume the duties of Finance Director while Peter Maltman who previously held that position will take over the responsibilities of the Group Secretary. The senior management structure has been further strengthened with the recent appointment of Tony Whyte as Operations Manager.

OUTLOOK

The Group's investment in plant is being directed towards equipment that is more likely to be used on major civil engineering, public utility and infra-structure work. With both PTL and Caledonia Crane Hire now fully integrated into the Group and trading up to expectations, I feel confident that we are well placed to continue our efforts to increase our share of the United Kingdom plant hire market. However the national economic outlook is far from certain and your Board will take all necessary measures to maintain and further strengthen the position of the Group.



VENTURE PLANT



REPORT AND ACCOUNTS TO BE

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 30th September, 1989.

SHARE CAPITAL

The company was floated on the Unlisted Securities Market in December 1988.

The company's present authorised share capital is £850,000 divided into 17,000,000 ordinary shares of 5p each of which 15,545,147 are issued and fully paid. Details of the changes to the structure of the company's share capital during the year are set out in note 18 to the accounts.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company and its subsidiaries is the hire of civil engineering and contractors' plant.

The group has continued its expansion policy and the acquisition of Contractors Equipment (Devon) Limited was completed in November 1988. In June 1989 two further acquisitions were completed as follows:

- (a) PTL (Plant Hire) Limited which is engaged in the hire of non-operated plant and had a profit before tax of £258,000 in the year ended 31st March, 1989. The company operates from two depots situated at Yeovil and Aldershot.
- (b) Bluemink Limited (trading as Caledonia Crane Hire) which is engaged in the hire of mobile telescopic cranes and had a profit before tax of £223,000 in the year ended 31st October, 1988.

RESULTS

The results of the group are set out in the accounts on pages 14 to 30.

FIXED ASSETS

The group has maintained a high level of investment in contractors' plant during the year. Details of significant changes to fixed assets are given in note 10 to the accounts. The tangible assets of subsidiaries acquired have been included at fair value to the group. The freehold properties have been revalued at 30th September, 1989, and the surplus arising has been incorporated in these accounts.

DIVIDENDS

A final dividend in respect of the preference capital, which was redeemed on the flotation of the company, amounting to £61,644 was paid on 15th December, 1988.

An Interim dividend of 1.25p per 5p ordinary share (on 12,766,841 shares) was paid on 4th July, 1989 which absorbed £159,586. The board recommend a final dividend of 2p per 5p ordinary share (on 15,545,147 shares) which would absorb £310,903.

Subject to approval at the annual general meeting the final dividend will be paid on 23rd January, 1990 to shareholders appearing on the register at the close of business on 11th January, 1990.

DIRECTORS' REPORT *Continued*

SHARE OPTION SCHEME

On 18th November, 1988, the company adopted a senior employees share option scheme. On that date options in respect of 165,600 ordinary 5p shares were granted to a total of 27 senior employees at a subscription price of 62.5p per share. Since the date of the grant, options on 25,600 shares have lapsed.

DIRECTORS

The directors who served during the year and their beneficial interest in the shares of the company were as follows:

	Beneficial Interest		Options	
	At 30th September			
	1989	1988	1989	1988
R. J. Drinkwater (<i>Chairman and Managing</i>)	295,376	294,676	20,000	—
P. M. Maltman	3,000	—	—	—
A. Pass	2,375	—	—	—
F. G. Chapman (<i>Secretary</i>)	225,340	225,340	—	—
G. N. Drage (<i>Non-executive</i>)	32,373	30,000	8,000	—

Mr. R. J. Drinkwater retires by rotation and, being eligible, offers himself for re-election and Mr. A. Pass who was appointed on 28th April, 1989, being eligible, offers himself for election at the forthcoming annual general meeting.

Mr. F. G. Chapman will resign from the board and as Group Secretary on 31st December, 1989.

Mr. R. J. Drinkwater has a service agreement with the company for a period of three years from the 6th December, 1988, and thereafter unless and until terminated by not less than 36 months' notice by either party to expire at any time after 6th December, 1991. Mr. A. Pass has a service agreement with the company dated 17th November, 1989, which will continue until terminated by not less than 6 calendar months notice given by either party.

SHAREHOLDINGS

The directors are not aware of any person who is interested directly or indirectly in 5 per cent. or more of the issued share capital of the company save in relation to shareholdings the registered holders of which are set out below:

	Number of ordinary shares
County NatWest Ventures Limited	1,718,422
Security Pacific Hoare Govett Equity Ventures Limited	1,700,922
The Royal Trust Company of Canada (CI) Limited	816,249
Royal Exchange Trustee Nominees Limited	798,768

TAXATION MATTERS

In the opinion of the directors the company is not a close company for taxation purposes.

DIRECTORS' REPORT *continued*

EMPLOYEE INVOLVEMENT

Within the bounds of commercial confidentiality management disseminates information to all levels of staff about matters that affect the progress of the group and are of interest and concern to them as employees.


DISABLED PERSONS

The Group has an established policy that disabled persons, especially should they become disabled in the course of their employment with the group, are employed where circumstances permit. The group endeavours to ensure that disabled employees benefit from training and career development programmes in common with other employees.

AUDITORS

The group's auditors Peat Marwick McLintock have informed the company that they will practise under the name of KPMG Peat Marwick McLintock with effect from 1st January, 1990. In accordance with section 384 of the Companies Act 1985 a resolution for the reappointment of KPMG Peat Marwick McLintock as auditors of the company is to be proposed at the forthcoming annual general meeting.

By Order of the Board

 F.G. CHAPMAN

Secretary


11th December, 1989

AUDITORS' REPORT

TO THE MEMBERS OF VENTURE PLANT GROUP Plc

We have audited the accounts set out on pages 14 to 30 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group at 30th September, 1989 and of the profit and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



London

11th December, 1989

PEAT MARWICK McLINTOCK
Chartered Accountants

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 30th September

	Note	1989 £000's	1988 £000's
TURNOVER	1.	9,025	6,486
Cost of sales		(4,287)	(3,270)
GROSS PROFIT		4,738	3,216
Distribution costs		(512)	(433)
Administrative expenses		(1,816)	(1,219)
OPERATING PROFIT		2,410	1,564
Interest receivable		26	—
Interest payable	4.	(861)	(606)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5.	1,575	958
Tax on profit on ordinary activities	6.	(539)	(335)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	7.	1,036	623
Dividends	8.	(532)	(279)
RETAINED PROFIT FOR THE FINANCIAL YEAR.		504	344
EARNINGS PER SHARE	9.	8.3p	8.3p

The notes on pages 19 to 30 form part of these accounts: details of movement on reserves are given in notes 19 and 20.

CONSOLIDATED BALANCE SHEET

as at 30th September

	Note	1989 £000's	1988 £000's
FIXED ASSETS			
Tangible assets	10.	15,673	9,201
CURRENT ASSETS			
Stocks	12.	534	39
Debtors	13.	3,483	2,189
		<u>4,017</u>	<u>2,228</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14.	<u>(7,651)</u>	<u>(5,951)</u>
NET CURRENT LIABILITIES		<u>(3,634)</u>	<u>(3,723)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		12,039	5,478
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15.	(3,424)	(3,796)
PROVISIONS FOR LIABILITIES AND CHARGES	17.	<u>(1,236)</u>	<u>(687)</u>
		<u>7,379</u>	<u>995</u>
CAPITAL AND RESERVES			
Called up share capital	18.	777	4,101
Share premium	19.	3,953	757
Revaluation reserve	19.	1,277	—
Other reserves	19.	525	(4,206)
Profit and loss account	20.	<u>847</u>	<u>343</u>
		<u>6,602</u>	<u>(3,106)</u>
		<u>7,379</u>	<u>995</u>

The notes on pages 19 to 30 form part of these accounts.

These accounts were approved by the Board of directors on 11th December, 1989.

R. J. Drinkwater

Directors

A. Pass

BALANCE SHEET

as at 30th September

		1989		1988	
	Note	£000's	£000's	£000's	£000's
FIXED ASSETS					
Investment in subsidiaries	11.		5,592		4,669
CURRENT ASSETS					
Debtors	13.	5,054		338	
Cash at bank and in hand		—		2	
		<u>5,054</u>		<u>340</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	14.	(1,067)		(151)	
NET CURRENT ASSETS					
			<u>3,987</u>		<u>189</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			<u>9,579</u>		<u>4,858</u>
CAPITAL AND RESERVES					
Called up share capital	18.		777		4,101
Share premium	19.	3,953		757	
Other reserves	19.	4,755		—	
Profit and loss account	20.	<u>94</u>		<u>—</u>	
			<u>8,802</u>		<u>757</u>
			<u>9,579</u>		<u>4,858</u>

The notes on pages 19 to 30 form part of these accounts.

These accounts were approved by the Board of directors on 11th December, 1989.

R. J. Drinkwater

A. Pass

Directors

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

for the year ended 30th September

	1989		1988	
	£000's	£000's	£000's	£000's
SOURCE OF FUNDS				
Profit on ordinary activities before tax		1,575		958
Depreciation	2,239		1,835	
Profit on sale of fixed assets	(481)		(170)	
		<u>1,758</u>		<u>1,665</u>
FUNDS GENERATED FROM OPERATIONS		<u>3,333</u>		<u>2,623</u>
FUNDS FROM OTHER SOURCES				
Proceeds of sale of fixed tangible assets	1,573		374	
Issue of shares	12,166		5,007	
Bank loan	—		4,500	
Group relief receipt	—		5	
Increase in creditors due after more than one year	—		193	
		<u>13,739</u>		<u>10,079</u>
		<u>17,072</u>		<u>12,702</u>
APPLICATION OF FUNDS				
Dividends		(371)		(130)
Purchase of tangible fixed assets		(5,673)		(3,822)
Repayment of bank loan		(750)		(250)
Share issue expenses		(599)		(150)
Purchase of subsidiaries		(3,616)		(5,693)
Redemption of shares		(4,250)		—
Taxation paid		(568)		—
		<u>1,245</u>		<u>2,657</u>
COMPONENTS OF INCREASE IN WORKING CAPITAL				
Stocks		105		6
Debtors		609		717
Creditors falling due within one year		(233)		(713)
		<u>481</u>		<u>10</u>
MOVEMENT IN NET LIQUID FUNDS				
Tilbury Group loan account	—		4,930	
Cash at bank and in hand	—		2	
Bank overdraft	764		(2,285)	
		<u>764</u>		<u>2,647</u>
		<u>1,245</u>		<u>2,657</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS *Continued*
for the year ended 30th September

	1989		1988	
	£000's	£000's	£000's	£000's
ANALYSIS OF THE ACQUISITION OF SUBSIDIARIES				
Net assets acquired				
Fixed assets	2,853		7,418	
Stocks	390		33	
Debtors	685		1,472	
Bank overdrafts	(184)		(53)	
Creditors falling due after more than one year	(924)		(103)	
Creditors falling due within one year	(1,560)		(6,553)	
Provisions for liabilities and charges	(358)		(727)	
Goodwill	2,714		4,206	
Discharged by:				
Consideration paid		3,616		5,693
	<u>3,616</u>	<u>3,616</u>	<u>5,693</u>	<u>5,693</u>

NOTES TO THE ACCOUNTS

1. STATEMENT OF ACCOUNTING POLICIES

(a) Basis of preparation

The accounts are prepared under the historical cost convention as modified by the revaluation of certain fixed assets.

(b) Consolidation

The consolidated accounts incorporate the accounts of Venture Plant Group Plc and its subsidiaries, all of which are made up to the 30th September, 1989. On acquisition of a subsidiary the net assets acquired are revalued as appropriate to reflect their fair value to the group.

(c) Turnover

Turnover, which excludes value added tax, represents amounts receivable in respect of the hire of civil engineering and contractors' plant. All turnover arises within the United Kingdom.

(d) Stocks

Stocks are valued at the lower of cost and net realisable value.

(e) Depreciation

Tangible fixed assets, both owned and under finance leases, are depreciated at the following principal annual rates, estimated to write each asset off evenly over the term of its useful life:

Freehold buildings	2%
Contractors' plant	10%-33⅓%
Motor vehicles	20%-25%
Furniture and equipment	12½%-20%

Leasehold properties are amortised over the terms of the lease.

(f) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that in the directors' opinion it is probable that liabilities will crystallise in the foreseeable future.

(g) Foreign currency

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling on the balance sheet date. Exchange differences on this translation are taken to the profit and loss account.

(h) Goodwill

Where, on acquisition of shares in a subsidiary, goodwill arises, it is charged against consolidated reserves in the year of acquisition.

NOTES TO THE ACCOUNTS *Continued*

2. STAFF NUMBERS AND COSTS

The average number of persons employed (including directors and part-time employees) was as follows:

	1989 number	1988 number
Sales	136	85
Administration	12	13
	<u>148</u>	<u>98</u>

The aggregate payroll costs of these persons were as follows:

	£000's	£000's
Wages and salaries	1,733	1,016
Social security costs	143	92
Other pension costs	61	34
	<u>1,937</u>	<u>1,142</u>

3. DIRECTORS

Emoluments of directors of the company were as follows:

Remuneration including pension contributions and benefits in kind, fees and other remuneration	184	91
pension costs	13	10
	<u>197</u>	<u>101</u>

The emoluments, excluding pension contributions of directors, were as follows:

Chairman and highest paid director	56	39
------------------------------------	----	----

The emoluments of other directors were as follows:

£	number	number
0-£ 5,000	—	1
£10,001-£15,000	—	1
£15,001-£20,000	1	—
£25,001-£30,000	1	—
£35,001-£40,000	1	1
£40,001-£45,000	1	—

4. INTEREST PAYABLE

	Group		Company	
	1989 £000's	1988 £000's	1989 £000's	1988 £000's
Interest on overdraft	190	137	12	—
Interest on secured term loan	623	469	—	—
Hire purchase interest	47	—	—	—
Other interest	1	—	1	—
	<u>861</u>	<u>606</u>	<u>13</u>	<u>—</u>

NOTES TO THE ACCOUNTS *Continued*

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	Group	
	1989	1988
	£000's	£000's
Profit on ordinary activities before taxation is stated after charging:		
Depreciation — owned assets	2,140	1,835
Depreciation — leased assets	99	—
Profit on sale of fixed assets	481	170
Hire of plant and equipment	384	537
Auditors' remuneration	32	15
	<u> </u>	<u> </u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation based on profit for the year:		
Corporation tax at 35%	385	330
Deferred taxation	154	10
Payment received for group relief	—	(5)
	<u> </u>	<u> </u>
	539	335
	<u> </u>	<u> </u>

7. PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION

A separate profit and loss account dealing with the results of the company has not been presented. The consolidated profit dealt with in the accounts of the company amounts to £626,000 (1988—£279,000) for the financial year.

8. DIVIDENDS

	Group	
	1989	1988
	£000's	£000's
Dividend on preference shares paid 15th December, 1988	62	279
Interim dividend on ordinary shares paid 4th July, 1989	159	—
Proposed final dividend on ordinary shares	311	—
	<u> </u>	<u> </u>
	532	279
	<u> </u>	<u> </u>

9. EARNINGS PER SHARE

The calculation of earnings per share is based on the weighted average number of shares in issue throughout the year which totalled 12,509,050 shares of 5p each (1988—7,503,684 shares) and profit after taxation of £1,036,398 (1988—£622,605). For the purposes of the calculation, the ordinary shares issued to convert and to redeem the preference shares in the company on 15th December, 1988, have been deemed to be in issue as at 1st October, 1988 and consequently dividends due on preference shares have not been deducted in the calculation of earnings.

NOTES TO THE ACCOUNTS *Continued*

10. TANGIBLE FIXED ASSETS — group

	Land and Buildings		Contractors	Motor	Furniture and equipment	Total
	Freehold	Leasehold	plant	vehicles		
	£000's	£000's	£000's	£000's	£000's	£000's
COST OR VALUATION						
1st October, 1988	1,354	252	8,218	394	72	10,290
Additions:						
At cost	652	108	7,049	573	144	8,526
Revaluation	1,277	—	—	—	—	1,277
Disposals:						
At cost	(98)	—	(2,187)	(296)	(8)	(2,589)
30th September, 1989	3,185	360	13,080	671	208	17,504
DEPRECIATION						
1st October, 1988	10	—	1,020	45	14	1,089
Provided in year	17	3	2,000	185	34	2,239
Disposals	—	—	(1,372)	(118)	(7)	(1,497)
30th September, 1989	27	3	1,648	112	41	1,831
NET BOOK VALUE						
30th September, 1989						
Owned assets	3,158	357	10,710	528	167	14,920
Assets under finance leases	—	—	722	31	—	753
	3,158	357	11,432	559	167	15,673
NET BOOK VALUE						
30th September, 1988						
Owned assets	1,344	252	7,198	349	58	9,201
Assets under finance leases	—	—	—	—	—	—
	1,344	252	7,198	349	58	9,201

NOTES TO THE ACCOUNTS *Continued*

10. TANGIBLE FIXED ASSETS — group (continued)

The freehold land and buildings were valued as at 30th September, 1989 by Black Horse Agencies Limited, Surveyors and Valuers, 255 High Street, Guildford, Surrey on the basis of open market value reflecting existing use and these values were incorporated in the accounts at that date.

	1989 £000's	1988 £000's
Freehold land and buildings comprise:		
Land at cost	811	443
Revaluation	879	134
Buildings at cost	1,070	587
Revaluation	398	180
	<u>3,158</u>	<u>1,344</u>
Leasehold properties comprise:		
Over 50 years		
At cost less depreciation	<u>257</u>	<u>252</u>
Under 50 years		
At cost less depreciation	<u>100</u>	<u>—</u>

The tangible fixed assets are all held by subsidiaries. £135,000 of the profit on sale of fixed assets arose on the disposal of fixed assets in PTL (Plant Hire) Limited and Bluemix Limited.

NOTES TO THE ACCOUNTS *Continued*

11. INVESTMENT IN SUBSIDIARIES

	Company	
	1989	1988
	£000's	£000's
Shares in group companies at cost	5,987	4,669
Provisions against investment in:		
Contractors Equipment (Devon) Limited	(217)	—
PTL (Plant Hire) Limited	(178)	—
	<u>5,592</u>	<u>4,669</u>

The trade of Contractors Equipment (Devon) Limited and PTL (Plant Hire) Limited has been transferred to Venture Plant Limited. The cost of investments in these subsidiaries has therefore been written down to their net asset value at 30th September, 1989.

The company has the following subsidiaries all of which are wholly-owned and incorporated in Great Britain.

Venture Plant Limited
 Venture Plant Scotland Limited (formerly Bluemink Limited)
 Contractors Equipment (Devon) Limited
 PTL (Plant Hire) Limited
 Tilbury Plant Limited (Dormant)
 Venture Group Limited (Dormant)

Neither of the latter two companies has traded since incorporation.

12. STOCKS

	Group		Company	
	1989	1988	1989	1988
	£000's	£000's	£000's	£000's
Machine spares	166	39		
Scaffolding and fittings	199	—		
Plant held for resale	169	—		
	<u>534</u>	<u>39</u>		

13. DEBTORS

Trade debtors	3,345	2,109	—	—
Amounts owed by group companies	—	—	5,054	308
Other debtors	3	38	—	—
Prepayments	135	42	—	30
	<u>3,483</u>	<u>2,189</u>	<u>5,054</u>	<u>338</u>

All debtors are due within one year.

NOTES TO THE ACCOUNTS *Continued*

14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1989	1988	1989	1988
	£000's	£000's	£000's	£000's
Bank overdraft (secured)	1,756	2,336	244	—
Bank loans (secured)	1,000	750	—	—
Trade creditors	2,292	1,952	—	—
Other creditors including taxation and social security	1,303	740	512	1
Hire purchase creditors	529	—	—	—
Accruals	460	23	—	—
Dividends	311	150	311	150
	<u>7,651</u>	<u>5,951</u>	<u>1,067</u>	<u>151</u>

The overdraft and other term loans are secured by mortgages on freehold land and buildings and by a specific equitable charge on leasehold properties. The bank term loan is secured by way of a fixed charge on the plant fleet.

Other creditors including taxation and social security comprise:

Corporation tax	253	520	—	—
Advance corporation tax	157	—	53	—
Other taxation and social security	248	75	9	1
Other creditors	645	145	450	—
	<u>1,303</u>	<u>740</u>	<u>512</u>	<u>1</u>

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

Trade creditors	—	296
Bank term loan (secured)	2,500	3,500
Other term loan (secured)	750	—
Hire purchase creditors	174	—
	<u>3,424</u>	<u>3,796</u>

Due:

In one to two years	1,424	1,296
In two to five years	1,500	2,500
After five years	500	—
	<u>3,424</u>	<u>3,796</u>

The other term loan is secured by mortgages on freehold land and buildings and by a specific equitable charge on leasehold properties. The bank term loan is secured by way of a fixed charge on the plant fleet.

NOTES TO THE ACCOUNTS *Continued*

16. BANK AND OTHER TERM LOANS

The rate of interest chargeable on the bank term loan is variable at 2% over finance house base rate. The rate of interest chargeable on the other term loan is variable at 2.5% over finance house base rate.

	1989	1989	1988	1988
	Bank	Other	Bank	Other
	£000's	£000's	£000's	£000's
The loans are repayable at:				
Within one year	1,000	—	750	—
In one to two years	1,000	250	1,000	—
In two to five years	1,500	—	2,500	—
After five years	—	500	—	—
	<u>3,500</u>	<u>750</u>	<u>4,250</u>	<u>—</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

This represents deferred taxation analysed as follows:

	Group	
	1989	1988
	£000's	£000's
Accelerated capital allowances	1,266	768
Other timing differences	(17)	(31)
	<u>1,249</u>	<u>737</u>
Advance corporation tax recoverable	(13)	(50)
	<u>1,236</u>	<u>687</u>

The movement in deferred tax for the year is as follows:

	1989
	£000's
At 1st October, 1988	687
New subsidiaries	358
Charge for year	<u>154</u>
	1,199
Advance corporation tax	<u>37</u>
	<u>1,236</u>

The potential deferred tax liability, not provided, arising on the revaluation of group properties would be some £500,000.

NOTES TO THE ACCOUNTS *Continued*

18. SHARE CAPITAL

	1989	1988
	£000's	£000's
Authorised		
17,000,000 ordinary shares of 5p each	850	16
(1988-157,500 shares of 10p each)		
Issued		
15,545,147 ordinary shares of 5p each	777	16
(1988-157,500 shares of 10p each)		
350,000 preferred ordinary shares of 10p each	—	35
500,000 redeemable preferred ordinary shares of 10p each	—	50
4,000,000 7.5% (net) cumulative redeemable preference shares of £1 each	—	4,000
	777	4,101

During the course of the company's financial year its share capital has changed and the authorised and issued share capital has been increased and re-organised as follows:

- (a) In connection with the flotation of the company on the Unlisted Securities Market completed on 15th December, 1988, the 350,000 preferred ordinary shares of 10p each and 250,000 of the redeemable preferred ordinary shares of 10p each in the share capital of the company had been converted into ordinary shares of 10p each on a one for one basis. The ordinary shares of 10p each in issue and arising on the above mentioned conversion were sub-divided into ordinary shares of 5p each. In addition 1,515,000 ordinary shares of 5p each were issued by way of a bonus issue immediately prior to the flotation. The 4,000,000 redeemable preference shares of £1 each in the share capital of the company and the remaining 250,000 redeemable preferred ordinary shares of 10p each were redeemed at a value of £1 per share. This redemption was made out of the proceeds of an issue of 4,473,684 ordinary shares of 5p each at a price of 95p per share. In the flotation of the company on the Unlisted Securities Market a further 5,263,157 ordinary shares of 5p each were issued at a price of 95p per share.
- (b) In connection with the acquisitions of Bluemink Limited and PTL (Plant Hire) Limited a further 2,778,306 ordinary shares of 5p each have been issued under the company's open offer completed in June 1989, at a price of 105p per share. Of these shares, 2,295,239 shares were issued to the vendors of Bluemink Limited and PTL (Plant Hire) Limited and 483,067 shares were issued for cash. In exchange the company acquired 100 ordinary shares in PTL (Plant Hire) Limited and 160,000 ordinary shares and preferred ordinary shares in Bluemink Limited, representing the whole of the issued ordinary and preferred ordinary share capital in issue. In addition £450,000 of deferred consideration remains payable in cash to the vendors of PTL (Plant Hire) Limited.
- (c) On 2nd December, 1988, certain of the directors and employees of the group were granted options to subscribe for 165,600 ordinary shares of 5p each pursuant to the Venture Plant Group Plc (formerly Venture Group Limited) senior employees share option scheme. Since the date of grant, certain beneficiaries have left the employment of the group and as a result the options on 25,600 shares have lapsed.

NOTES TO THE ACCOUNTS *Continued*

19. RESERVES

The group	Share premium account £000's	Revaluation reserve £000's	Special reserve £000's	Merger reserve £000's	Total £000's
At 1st October, 1988	757	—	(4,206)	—	(3,449)
Reduction following redemption of shares during year	(225)	—	—	—	(225)
Arising on issue of shares:					
At flotation	8,763	—	—	—	8,763
Shares placed for acquisitions	483	—	—	2,295	2,778
Bonus issue at flotation	(76)	—	—	—	(76)
Share issue expenses:					
At flotation	(467)	—	—	—	(467)
Shares placed for acquisitions	(132)	—	—	—	(132)
Transfer from share premium	(5,150)	—	5,150	—	—
Goodwill on acquisitions	—	—	(419)	(2,295)	(2,714)
Revaluation of properties	—	1,277	—	—	1,277
	<u>3,953</u>	<u>1,277</u>	<u>525</u>	<u>—</u>	<u>5,755</u>
The company	Share premium account £000's	Revaluation reserve £000's	Special reserve £000's		Total £000's
At 1st October, 1988	757	—	—		757
Reduction following redemption of shares during year	(225)	—	—		(225)
Arising on issue of shares:					
At flotation	8,763	—	—		8,763
Shares placed for acquisitions	483	—	—		483
Bonus issue at flotation	(76)	—	—		(76)
Share issue expenses:					
At flotation	(467)	—	—		(467)
Shares placed for acquisitions	(132)	—	—		(132)
Transfer from share premium	(5,150)	—	5,150		—
Provision against investments	—	—	(395)		(395)
	<u>3,953</u>	<u>—</u>	<u>4,755</u>		<u>8,708</u>

NOTES TO THE ACCOUNTS *Continued*

19. RESERVES (continued)

	Group	
	£000's	£000's
Goodwill eliminated on consolidation comprises:		
Provided at 30th September, 1988:		
Venture Plant Limited		4,206
Provided at 30th September, 1989:		
Contractors Equipment (Devon) Limited	249	
Bluemink Limited	721	
PTL (Plant Hire) Limited	1,744	2,714
		<u>6,920</u>

On 12th June, 1989, the High Court granted approval of the special resolution to reduce the share premium and create a special reserve amounting to £5,150,000 for the purpose of writing off goodwill arising on acquisitions. In accordance with section 131 of the Companies Act 1985 no premium has been recognised in the company on the shares issued to the vendors of PTL (Plant Hire) Limited and Bluemink Limited. A merger reserve has been set up on consolidation to reflect this premium.

20. PROFIT AND LOSS ACCOUNT

	Group		Company	
	1989	1988	1989	1988
	£000's	£000's	£000's	£000's
1st October, 1988	343	—	—	—
Retained in year	504	343	94	—
	<u>847</u>	<u>343</u>	<u>94</u>	<u>—</u>

21. CAPITAL COMMITMENTS

Capital commitments at 30th September, 1989 for which no provision has been made in these accounts are as follows:

Contracted	283	1,745
Authorised but not contracted	<u>—</u>	<u>—</u>

22. PENSION SCHEME

Venture Plant Group Plc., operates a self-administered Pension Scheme of the defined benefit type which commenced on 25th October, 1988. An initial valuation was carried out at that date by a qualified actuary, using the attained age method. This valuation formed the basis for the pension cost assessed under SSAP 24.

The market value of the assets at the valuation date was £762,049. The actuarial value of the assets was sufficient to cover 111 per cent of the value of benefits that had accrued to members, after allowing for assumed increases in earnings. The principal actuarial assumption were as follows:

Investment return	9.0%
Salary inflation	7.5%
Discretionary pension increases	4.0%
Dividend increases	4.5%

The employer contribution charged in the accounts was £47,336.

VENTURE PLANT GROUP Plc

Notice is hereby given that the annual general meeting of Venture Plant Group Plc., will be held at 27 Finsbury Square, London EC2A 1LP, on 22nd January, 1990, at 10.00 a.m. to transact the following business of the company:

1. To receive and consider the annual accounts and reports of the directors and auditors thereon.
2. To approve a dividend.
3. To elect directors:
 - (a) Mr. Robert James Drinkwater retires by rotation and, being eligible, offers himself for re-election.
 - (b) Mr. Alan Pass, who was appointed to the board on 28th April, 1989, being eligible, offers himself for election.
4. To appoint auditors:
KMPG Peat Marwick McLintock, having signified their willingness, offer themselves for reappointment.
5. To authorise the directors to approve the auditors' remuneration.

F. G. CHAPMAN.

Secretary

11th December, 1989

A member of the company entitled to attend and vote is entitled to appoint one or more proxies to attend and vote instead of him. A proxy need not also be a member of the company.

A form of proxy is enclosed for use by members. To be valid it should be completed and returned to the company's registrar's office not later than forty-eight hours before the time of the annual general meeting; completion of the form of proxy will not preclude the member from attending and voting at the meeting in person if they so desire.

Copies of contracts of service between the company and certain individual directors together with a statement of all the transactions of each director and of his family interests in the share capital of the company and its subsidiaries, a copy of *The Stock Exchange Guidelines of October 1987* on pre-emption rights and a copy of the rules of the share option scheme are available for inspection at the registered office of the company on any weekday, except Saturday, during normal business hours and for fifteen minutes prior to and during the annual general meeting at the place of the meeting.

LOCATIONS

Aldershot
(0252) 341 135
Barnstaple
(0271) 43047
Belvedere
(01) 311 2404
Birmingham
(021) 776 7888
Brentwood
(0277) 810773
Doune
(0786) 841738
Fulham
(01) 381 4611
Maidstone
(0622) 59071
Newton Abbot
(0626) 53686
Paisley
(041) 887 0331
Poole
(0202) 741348
Portsmouth
(0705) 667997
Radstock
(0761) 32071
Southampton
(0703) 234444
Warrington
(0925) 814848
Yeovil
(0935) 706700

