2343739

John Turner & Sons (Preston) Limited

Report and Accounts

31 March 1998

Ernst & Young

Registered No. 2343739

DIRECTORS

Mr I Rankin, BSc, CEng	Chairman and Managing Director
Mr J G Ward, ARICS	Construction Director
Mr R G West, MBA, BSc, CEng	Company Secretary
Mr J J Clarke	Construction Director
Mrs B Rankin, CIM	Marketing Director (appointed 24 May 1997)

SECRETARY
Mr R G West

AUDITORS
Ernst & Young
100 Barbirolli Square
Manchester
M2 3EY

BANKERS
The Royal Bank of Scotland plc
Salford Quays Branch
Navigation House
Furness Quay
Salford M5 2XY

SOLICITORS
Pannone & Partners
123 Deansgate
Manchester M3 2BU

Roscoes
8-10 Waltons' Parade
Preston
PR1 3JX

REGISTERED OFFICE
Preston Road
Grimsargh
Preston
Lancashire PR2 4SD

CHAIRMAN'S STATEMENT

1997/98 has been another satisfactory trading year. The first major milestone, planned nine years ago, to re-establish John Turner & Sons as one of the major contractors for the North West Region has been achieved one year ahead of plan.

In 1989, it was determined to widen its client base; to establish a reputation which would attract new and repeat business; and to grow to a size and capability which made the Company eligible for the majority of building works in the North West. At that, the Company would have greater versatility to manage changes in the economic environment. It would then be in a strong position to re-address future plans.

With a turnover of £22.3m accompanied by average rising profits, accolade letters and client lists confirming the Company's reputation, and works ranging from building maintenance to projects of £5.6m, the target set in 1989 is deemed to have been satisfactorily achieved. We now have a very exciting future to contemplate.

1997/98 Trading Performance

Turnover increased by 44% to over £22m, ahead of plan. Profit on ordinary activities, before profit share and a further one-off payment to the Company pension scheme increased to £465,000 (up 12%).

Two commercially significant events occurred this year; firstly, our personnel increased by 45%; secondly, the pension scheme was upgraded to an index linked scheme. Profit share increased therefore by 47% overall to £143,000. Meanwhile, the pension scheme was actuarially assessed as fully funded but with uncertainty expressed about the effect of index linking. The decision was therefore made to provide for further funding by £32,000.

While profit on ordinary activities increased, these "one-off" deductions therefore resulted in pre-tax profits of £290,000 a reduction of 9%.

None the less, pre-tax profits have grown at an average of 20% per annum over the last five years.

Our Balance Sheet continues to remain strong with healthy cash and net current assets positions.

Works

All divisions received widespread recognition for their work leading to success in sales. This was particularly important in Minor Works which is a relatively recent development. It succeeded in doubling turnover in 1997/98 thereby securing its market position for the future.

Notable Main Contracts include the Flexible Infrastructure for Bae Eurofighter production, works of extremely high precision; Lutra House offices for Department of Environment which achieved the BREEAM excellence environmental standard; and the Millennium Scheme funded Hindu Temple.

Administration

Recruitment continued throughout the year. New posts have been filled most satisfactorily including key appointments of; dedicated Safety/Training Manager; Maintenance Manager dedicated to 6/12 months maintenance; Managing Surveyor; a further Qualified Accountant.

During the year we have commenced the Investors in People programme primarily to institute a comprehensive training programme covering all aspects of the Company's business. With the appointment of the above key personnel, the management team is now of a strength that will permit the updating of our company procedures into line with our growth and new legislation, it will also enable the implementation of the training programme.

CHAIRMAN'S STATEMENT

The Wider Community

We maintain our place on the local executive for the National Federation of Builders, directorship of the Preston Construction Safety Association and directorship of Preston and South Ribble Partnership, all of which gives John Turner & Sons a voice both in the industry and the local community.

The Future

Having grown rapidly to £22.3m turnover, one year ahead of plan, our business plan is now to maintain turnover for a year or so to enable updated procedures, controls and training to be put in place.

Development work is planned to contribute more to our profitability and a Development Manager has been appointed to this new profit centre.

The emphasis will be on environmentally suitable sites and we have secured two town centre sites for housing and a 26 acre brownfield site for mixed leisure, employment, housing and nature conservancy uses.

One of the housing sites will be used to develop SAP100 housing with particular health and maintenance benefits.

Following this period of consolidation we have planned further restrained growth to about £30m turnover over a three year period.

Above all we wish to ensure that our reputation with our clients in not just maintained, but improved.

Ian Rankin

Ian Rankin
Chairman

Date: 11th November 1998

MISSION STATEMENT

The Aim of John Turner & Sons (Preston) Limited is to provide a professional building service which best meets the needs of our clients.

Through working closely with our clients and their agents, we shall find solutions to meet and exceed their requirements.

We shall address resourcefully all types of projects and apply the highest standard of workmanship and integrity in their performance.

In all our activities we shall respect and if possible enhance the environment.

This service shall be delivered by:

- employing a competent committed workforce who understand clearly and contribute to the Aims of John Turner & Sons (Preston) Limited.
- emphasising the highest quality of management, financial strength, stringent control throughout our operations to provide security for the benefit of shareholders, employees and clients.
- treating respectfully all our business relationships to obtain the benefits of teamwork.
- training employees to maximise their own potential and their value to the business.
- rewarding merit by recognition in the company.

Ian Rankin
Chairman and Managing Director

Date: 11th November 1998.

DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 March 1998.

RESULTS AND DIVIDENDS

The profit on ordinary activities, after taxation, profit sharing and other bonuses to employees, including directors, amounted to £223,100 (1997: £241,647).

The directors recommend the payment of a dividend of £46,700 (1997: £30,000) which leaves a profit of £176,400 to be retained for the year (1997: £211,647).

REVIEW OF BUSINESS

A satisfactory trading result was achieved during a further difficult year for the construction industry.

The directors' commitment to profit sharing has continued as follows:

	1998 £	*1997* £
Profit share payments	143,129	96,816
Additional pension contributions	32,187	-
Profit on ordinary activities before taxation	290,034	318,022
Profit on ordinary activities before profit share payments and taxation	465,350	414,838

The balance sheet position remains strong.

FUTURE DEVELOPMENTS

With plans to promote a development arm the Company is intending to be restructured with building operations, developments and premises in subsidiary companies to a holding company.

A planning application for the extension of our premises has been submitted to allow for more efficient joinery production, reduction of waste, proper equipment storage and improved staff facilities.

DIRECTORS AND THEIR INTERESTS

The directors at 31 March 1998 and their interests in the share capital of the company were as follows:

	31 March 1998 *£1 Ordinary shares*	*31 March 1997* *£1 Ordinary shares*
Mr I Rankin	49,999	49,999
Mr J G Ward	-	-
Mr R G West	-	-
Mr J J Clarke	-	-
Mrs B Rankin (appointed on 24 May 1997)	-	-

Mr R G West and Mr J G Ward jointly hold one £1 ordinary share as nominee for Mr I Rankin.

YEAR 2000 COMPLIANCE

The Directors have taken steps to ensure that the matter of Year 2000 compliance is considered. A programme to investigate and confirm the compliance of in-house equipment is almost complete, and a senior manager has been appointed to address the wider issues affecting our business.

DIRECTORS' REPORT

AUDITORS

Ernst & Young have expressed their willingness to continue in office as auditors and a resolution proposing their re appointment was submitted at the Annual General Meeting.

By order of the Board

R G West
Secretary

Date: 11 November 1998.

ERNST & YOUNG

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

ERNST & YOUNG

REPORT OF THE AUDITORS
to the members of John Turner & Sons (Preston) Limited

We have audited the accounts on pages 10 to 21 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 13 and 14.

Respective responsibilities of directors and auditors

As described on page 8 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Ernst & Young
Registered Auditor
Manchester

Date: 1 December 1998

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1998

	Notes	*1998* £	*1997* £
TURNOVER	2	22,292,179	15,431,334
Cost of sales		20,683,987	14,008,043
GROSS PROFIT		1,608,192	1,423,291
Administrative expenses		1,324,038	1,097,753
OPERATING PROFIT	3(a)	284,154	325,538
Interest payable	6	(35,012)	(46,087)
Interest receivable	7	40,892	38,571
		5,880	(7,516)
PROFIT ON ORDINARY ACTIVITIES		465,350	414,838
Profit share payments		(143,129)	(96,816)
Additional pension contributions		(32,187)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		290,034	318,022
Tax on profit on ordinary activities	8	66,934	76,375
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		223,100	241,647
Dividends proposed		46,700	30,000
PROFIT RETAINED FOR THE FINANCIAL YEAR	21	176,400	211,647

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
There are no recognised gains and losses other than the retained profit for the year.

ERNST & YOUNG

BALANCE SHEET
at 31 March 1998

	Notes	*1998* £	*1997* £
FIXED ASSETS			
Tangible assets	9	1,810,751	1,768,421
Investments	10	64,277	64,277
		1,875,028	1,832,698
CURRENT ASSETS			
Stocks	11	507,705	109,535
Debtors	12	4,754,957	3,647,511
Cash at bank and in hand	13	949,273	912,172
		6,211,935	4,669,218
CREDITORS: amounts falling due within one year	14	5,948,696	4,547,144
NET CURRENT ASSETS		263,239	122,074
TOTAL ASSETS LESS CURRENT LIABILITIES		2,138,267	1,954,772
CREDITORS: amounts falling due after more than one year	15	468,146	410,344
PROVISIONS FOR LIABILITIES AND CHARGES			
Other provisions	19	229,576	280,283
		1,440,545	1,264,145
CAPITAL AND RESERVES			
Called up share capital	20	50,000	50,000
Profit and loss account	21	1,390,545	1,214,145
Shareholders' funds		1,440,545	1,264,145

Approved by the Board on 11 November 1998

Mr I Rankin Director

Mr R G West Director

ERNST & YOUNG

STATEMENT OF CASH FLOWS
for the year ended 31 March 1998

	Notes	*1998* £	*1997* £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	3(b)	314,750	(58,394)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		40,892	38,571
Interest paid		(32,768)	(43,379)
Interest element of finance leases and hire purchase payments		(2,244)	(2,708)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		5,880	(7,516)
TAXATION			
Corporation tax paid		(84,789)	(50,632)
CAPITAL EXPENDITURE			
Payments to acquire tangible fixed assets		(144,421)	(331,623)
Receipts from sale of fixed assets		20,651	28,017
Payments to acquire investments		-	(27,109)
Receipts from sale of investments		-	27,157
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE		(123,770)	(303,558)
EQUITY DIVIDENDS PAID		(30,000)	(20,000)
FINANCING			
Repayment of capital element of finance leases and hire purchase contracts	17	(14,093)	(18,900)
Repayment of capital element of bank loan	16	(30,877)	(67,300)
NET CASH OUTFLOW FROM FINANCING		(44,970)	(86,200)
INCREASE/(DECREASE) IN CASH	13	37,101	(526,300)

ERNST & YOUNG

NOTES TO THE ACCOUNTS
at 31 March 1998

1. ACCOUNTING POLICIES

Accounting convention
The accounts have been prepared under the historical cost convention, in accordance with applicable accounting standards.

Depreciation
Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset evenly over its expected useful life as follows:

Freehold buildings	-	over 50 years
Fixed plant and machinery	-	over 25 years
Plant and machinery	-	3 to 10 years
Office equipment	-	3 to 5 years
Motor vehicles	-	over 4 years

Stocks
Stocks are stated at the lower of cost and net realisable value. Cost is based on purchase cost on a first-in, first-out basis.

Long term work in progress is valued at direct cost and relates to work in progress where the outcome is not reasonably foreseeable, and for which payment has not been received.

Profits on long term contracts are taken when the outcome of a contract can be reasonably foreseen, as a proportion of the estimated profit on the contract which is appropriate to the work carried out in the period. No credit is taken for claims made by the company until agreed. Provision is made for anticipated losses on contracts and claims against the company as soon as these are identified.

Deferred taxation
Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing commitments
Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest elements of the rental obligations are charged to the profit and loss account over the periods of the leases or the hire purchase contracts and represent a constant proportion of capital repayments outstanding.

Investments
Investments are stated at the lower of cost and net realisable value.

NOTES TO THE ACCOUNTS
at 31 March 1998

1. ACCOUNTING POLICIES (continued)

Pensions

The company operates two pension schemes, a defined contribution scheme and a defined benefit scheme.

Defined contribution scheme contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Defined benefit scheme contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives. The regular cost is attributed to individual years using the projected unit credit method. Major variations in pensions cost, which are identified as a result of external valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities and is stated net of value added tax. All turnover is derived in the United Kingdom.

3. OPERATING PROFIT

(a) This is stated after charging/(crediting):

	1998 £	*1997* £
Depreciation of owned fixed assets	209,842	151,165
Depreciation of assets held under finance leases and hire purchase contracts	21,620	20,919
Profit on sale of fixed assets	(20,651)	(13,090)
Auditors' remuneration - audit fees	9,500	9,100
Auditors' remuneration - non audit services	1,300	400
Hire of plant and machinery	345,125	201,224

(b) Reconciliation of operating profit to net cash inflow/(outflow) from operating activities:

	1998 £	*1997* £
Operating profit	284,154	325,538
Depreciation	231,462	172,084
Profit on sale of tangible fixed assets and investments	(20,651)	(20,881)
(Decrease)/increase in provisions for liabilities and charges	(50,707)	51,748
Increase in stocks	(398,170)	(17,107)
Increase in debtors	(1,100,771)	(1,351,868)
Increase in creditors	1,369,433	782,092
Net cash inflow/(outflow) from operating activities	314,750	(58,394)

ERNST & YOUNG

4. DIRECTORS' EMOLUMENTS

	1998 £	*1997* £
Fees	40,068	24,403
Other emoluments (including profit share bonus and pension contributions)	249,416	171,021
	289,484	195,424

Included in Other emoluments are pension contributions of £52,611 for 1997/98.

The emoluments of the highest paid director were:

	£
Other emoluments	64,593
Contributions paid to pension schemes	36,163
	100,756

5. STAFF COSTS

	1998 £	*1997* £
Wages and salaries	3,647,073	2,439,345
Social security costs	316,766	199,465
Other pension costs	146,974	108,221
	4,110,813	2,747,031

The average weekly number of employees during the year (including directors) was as follows:

	1998 No.	*1997* No.
Management	20	18
Administration and supervision	59	45
Construction and service	158	100
	237	163

6. INTEREST PAYABLE

	1998 £	*1997* £
Bank interest	30,892	41,967
Finance charges payable under finance leases and hire purchase contracts	2,244	2,708
Other interest	1,876	1,412
	35,012	46,087

ERNST & YOUNG

NOTES TO THE ACCOUNTS
at 31 March 1998

7. INTEREST RECEIVABLE

	1998 £	*1997* £
Bank interest	39,716	38,571
Other interest	1,176	-
	40,892	38,571

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	*1997* £
Based on profit for the year:		
Corporation tax at 23% (1997: 24%)	65,000	70,500
Prior year adjustments:		
Corporation tax	1,934	5,875
	66,934	76,375

9. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	*Plant and machinery* £	*Motor vehicles* £	*Total* £
Cost:				
At 1 April 1997	1,417,049	359,400	700,162	2,476,611
Additions	-	83,285	190,507	273,792
Disposals	-	(3,500)	(63,394)	(66,894)
At 31 March 1998	1,417,049	439,185	827,275	2,683,509
Depreciation:				
At 1 April 1997	155,241	243,367	309,582	708,190
Provided during the year	31,740	41,533	158,189	231,462
Disposals	-	(3,500)	(63,394)	(66,894)
At 31 March 1998	186,981	281,400	404,377	872,758
Net book value:				
At 31 March 1998	1,230,068	157,785	422,898	1,810,751
At 1 April 1997	1,261,808	116,033	390,580	1,768,421

ERNST & YOUNG

NOTES TO THE ACCOUNTS
at 31 March 1998

9. TANGIBLE FIXED ASSETS (continued)

Included in motor vehicles and plant and machinery are the following amounts in respect of assets acquired under finance leases and hire purchase contracts:

	Plant and machinery	*Motor vehicles*	*Total*
	£	*£*	*£*
Cost:			
At 1 April 1997	23,982	65,843	89,825
Additions	33,000	105,361	138,361
Disposals	-	(18,426)	(18,426)
At 31 March 1998	56,982	152,778	209,760
Depreciation:			
At 1 April 1997	15,574	53,663	69,237
Provided in year	5,043	16,577	21,620
Disposals	-	(18,426)	(18,426)
At 31 March 1998	20,617	51,814	72,431
Net book value:			
At 31 March 1998	36,365	100,964	137,329
At 1 April 1997	8,408	12,180	20,588

10. INVESTMENTS

	£
Cost:	
At 1 April 1997 and 31 March 1998	64,277

The above investment is quoted on the Alternative Investments Market.

11. STOCKS

	1998	*1997*
	£	*£*
Development property for resale	30,000	30,000
Long term work in progress	443,181	53,333
Raw materials	34,524	26,202
	507,705	109,535

11. STOCKS (continued)

Long term work in progress is valued at direct cost and relates to contracts where no independent valuation has taken place. £334,977 relates to a housing development of seven units. Between the year end and the signing of these accounts, six units have been sold. The remainder of long term work in progress relates to three separate development projects that the company is undertaking.

12. DEBTORS

	1998	*1997*
	£	*£*
Amounts recoverable on contracts	4,082,164	3,017,586
Other debtors	640,302	599,028
Prepayments	13,316	18,397
ACT recoverable	19,175	12,500
	4,754,957	3,647,511

13. MOVEMENT AND ANALYSIS OF NET DEBT

(a) Reconciliation of net cash flow to movement in net debt

	1998	*1997*
	£	*£*
Increase/(decrease) in cash in the year	37,101	(526,300)
Repayment of bank loans	30,877	67,300
Repayment of finance leases and hire purchase contracts	14,093	18,900
New finance lease and hire purchase contracts	(129,371)	-
Change in net debt	(47,300)	(440,100)
Net debt at 1 April	468,410	908,510
Net debt at 31 March	421,110	468,410

(b) Analysis of changes in net debt

	At 1 April 1997	*Cash flow*	*Other changes*	*At 31 March 1998*
	£	*£*	*£*	*£*
Cash at bank and in hand	912,172	37,101	-	949,273
Bank loan due less than one year	(27,356)	27,356	(24,400)	(24,400)
Finance leases and hire purchase contracts due	(6,062)	14,093	(129,371)	(121,340)
Bank loan due after more than one year	(410,344)	3,521	24,400	(382,423)
Total	468,410	82,071	(129,371)	421,110

ERNST & YOUNG

NOTES TO THE ACCOUNTS
at 31 March 1998

14. CREDITORS: amounts falling due within one year

	1998 £	*1997* £
Long term loan (note 16)	24,400	27,356
Obligations under finance leases and hire purchase contracts (note 17)	35,617	6,062
Payments in advance	375,909	582,557
Trade creditors	4,339,417	2,880,117
Corporation tax	65,388	75,743
ACT payable	11,675	12,500
Other taxes and social security	397,885	363,765
Accruals	504,473	451,527
Other creditors	147,232	117,517
Dividend	46,700	30,000
	5,948,696	4,547,144

15. CREDITORS: amounts falling due after more than one year

	1998 £	*1997* £
Long term loan (note 16)	382,423	410,344
Obligations under finance leases and hire purchase contracts (note 17)	85,723	-
	468,146	410,344

16. LOANS

	1998 £	*1997* £
Not wholly repayable within five years:		
Bank loan at 1 1/2 % above the bank's base rate repayable in monthly instalments commencing 29 February 1992	406,823	437,700
Amounts repayable by instalments:		
Within one year (note 14)	24,400	27,356
Within one and two years	24,400	27,356
Within two and five years	73,200	82,068
	122,000	136,780
After five years	284,823	300,920
	406,823	437,700
Amounts falling due within one year	(24,400)	(27,356)
	382,423	410,344

The loan is secured by a fixed charge over the company's land and premises at Preston Road, Grimsargh, Preston.

17. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1998 £	*1997* £
Amounts payable:		
Within one year	38,335	7,011
In the second to fifth successive years	106,745	-
	145,080	7,011
Less: finance charges allocated to future periods	(23,740)	(949)
	121,340	6,062
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 14)	35,617	6,062
Non-current obligations (note 15)	85,723	-
	121,340	6,062

18. DEFERRED TAXATION

No provision is required for deferred tax due to an excess of deferred tax assets over liabilities (1997 : £Nil).

19. PROVISIONS FOR LIABILITIES AND CHARGES

	Provision for contract cost adjustments £	*Warranty provision* £	*Total* £
At 1 April 1997	115,597	164,686	280,283
Arising during the year (net movement)	(50,707)	-	(50,707)
At 31 March 1998	64,890	164,686	229,576

20. SHARE CAPITAL

	Authorised		*Allotted, called up and fully paid*	
	1998 No.	*1997* No.	*1998* £	*1997* £
£1 Ordinary shares	500,000	500,000	50,000	50,000

21. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	*Profit and loss account* £	*Total* £
At 1 April 1996	50,000	1,002,498	1,052,498
Profit for the year	-	211,647	211,647
At 31 March 1997	50,000	1,214,145	1,264,145
Profit for the year	-	176,400	176,400
At 31 March 1998	50,000	1,390,545	1,440,545

22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for the benefit of a director. The assets of the scheme are held separately from those of the company in a separately administered fund.

The company operates a defined benefit scheme for the benefit of its directors and employees, the assets of which are held in a separately administered fund.

The contributions to the scheme are determined with the advice of independent qualified actuaries on the basis of triennial valuations using the projected unit credit method. The most recent actuarial review was conducted at 6 April 1996 and concluded that the resources of the scheme were likely, in the normal course of events, to meet in full the liabilities of the scheme as they fall due.

The assumptions and results of this valuation, were as follows:

Main assumptions:

Rate of return on investments (% per annum)	8%
Rate of salary increases (% per annum)	5% for two years then 6%
Rate of non GMP pension increases (% per annum)	Nil %

The actuarial valuation of scheme's assets was £755,000.

The level of funding, being the actuarial valuation of assets expressed as a percentage of the benefits accrued to members, after allowing for future salary increases was in excess of 100% at 6 April 1996, the date of the most recent actuarial review.

23. TRANSACTIONS WITH DIRECTORS

During the year the company commenced a project refurbishing a property owned by a director, Mrs B Rankin. At 31 March 1998, the amount outstanding was £11,174 based on cost. The cost of this work, which was provided on normal commercial terms, has been invoiced and paid at the date of signing of the accounts.

ERNST & YOUNG