

**DESQUENNE ET GIRAL UK LIMITED**

**REPORT OF THE DIRECTORS**

**AND**

**AUDITED FINANCIAL STATEMENTS**

**FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 1995**



**DESQUENNE ET GIRAL UK LIMITED**  
**REPORT OF THE DIRECTORS**  
**AND**  
**AUDITED FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 1995**

**DIRECTORS**

**J.L. P. A. GIRAL**

**J.C. GUÉDÉ**

**SECRETARY**

**R. BROCARD**

**REGISTERED OFFICE**

**Basingstoke office at Walgate House  
25 Church Street  
Basingstoke Hampshire RG21 1QQ**

**REGISTERED NUMBER**

**2805908**

**DESQUENNE ET GIRAL UK LIMITED**  
**REPORT OF THE DIRECTORS FOR THE TWELVE MONTH PERIOD ENDED**  
**31 DECEMBER 1995**

**1. Principal activities**

The company's principal activity is that of an investment holding company.

**2. Review of the business and future business developments**

During the year the company disposed at a loss of its shareholding in Pandrol Seco Track Maintenance Limited by sale to its joint venture partner and also waived a loan to the joint venture company. This exceptional loss is set out in note 5.

The intention of the company is to continue to look for future investment opportunities.

**3. Dividends and transfers to reserves**

No dividends were proposed or paid in the period under review. Reserve movements are set out in note 9 to the financial statements.

**4. Fixed assets**

The movements in fixed assets during the period are set out in note 6 to the financial statements.

**5. Directors interests**

The interests of the directors in the shares of Desquenne et Giral S.A., the ultimate parent company, at 31 December 1995 together with their interests at 1 January 1995 were as follows:

**SHARES**

	<b>1 January 1995</b>	<b>31 December 1995</b>
J.L. P.A. Giral	469.200	469.200
J.C. Guédé	-	-

No director had any interest in the share capital of the company at any time during the period.

The directors shown on page 1 were the only directors of the company during the period and the list constitutes part of this report.

**6. Post balance sheet event**

In October 1996 DG Construction S.A., the company's immediate parent company, formally waived of the amount then owing to it by the company.

The resulting credit to profit and loss account in 1996 is approximately equal to the loss suffered in 1995.

## DESQUENNE ET GIRAL UK LIMITED

### 7. **Auditors**

A resolution to re-appoint Coopers & Lybrand as auditors will be proposed at the annual general meeting.

By order of the board

  
R. Brocard  
Company Secretary

11 October 1996

## **REPORT OF THE AUDITORS TO THE MEMBERS OF DESQUENNE ET GIRAL UK LIMITED**

We have audited the financial statements on pages 6 to 11 which have been prepared on the basis of the accounting policies set out on page 9.

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

As described on page 5 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.

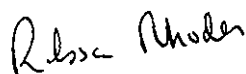
### **Basis of opinion**

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 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 at 31 December 1995 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



**ROBSON RHODES**  
Chartered Accountants and Registered Auditors  
London

27 June 1997

**DESQUENNE ET GIRAL UK LIMITED**  
**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 state of affairs of the company at the end of the financial period, 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;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

**DESQUENNE ET GIRAL UK LIMITED**  
**PROFIT AND LOSS ACCOUNT FOR**  
**THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 1995**

	NOTE	Twelve Month Period to 31 December 1995 £	Nine Month Period to 31 December 1994 £
Administrative expenses: continuing operations		(1.689)	(1.184)
<b>Operating loss: continuing operations</b>		<u>(1.689)</u>	<u>(1.184)</u>
Exceptional loss: continuing operations	5	(388.303)	-
<b>Loss on ordinary activities before taxation</b>	3	<u>(389.992)</u>	<u>(1.184)</u>
Tax on loss on ordinary activities	4	-	-
<b>Loss for the financial period</b>	9, 10	<u>(389.992)</u>	<u>(1.184)</u>

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

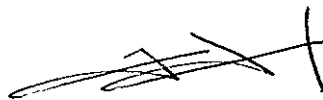

There is no difference between the loss on ordinary activities before taxation and the loss for the period stated above and their historical cost equivalents.

**DESQUENNE ET GIRAL UK LIMITED**  
**BALANCE SHEET AT 31 DECEMBER 1995**

	NOTE	31 December 1995 £	31 December 1994 £
<b>Fixed assets</b>			
Investments	6	-	265.000
<b>Current assets</b>			
Cash at bank and in hand		231	-
<b>Creditors: amounts falling due within one year</b>	7	(392.984)	(267.761)
<b>Net current liabilities</b>		(392.753)	(267.761)
<b>Total assets less current liabilities</b>		<u>(392.753)</u>	<u>(2.761)</u>
<b>Capital and reserves</b>	8		
Called-up share capital	9	100	100
Profit and loss account	10	(392.853)	(2.861)
<b>Net deficit of equity shareholder's funds</b>		<u>(392.753)</u>	<u>(2.761)</u>

The financial statements were approved by the board of directors on 11 October 1996 and were signed on its behalf by:

J.L. Giral        }  
                           } Directors  
 J.C. Guédé        }



**DESQUENNE ET GIRAL UK LIMITED**  
**CASH FLOW STATEMENT FOR THE TWELVE MONTH PERIOD**  
**ENDED 31 DECEMBER 1995**

	Twelve Month Period to 31 December 1995 £	Nine Month Period to 31 December 1994 £
<b>Net cash outflow from operating activities</b>	(689)	(49)
<b>Investing activities</b>		
Investment in associated undertaking	(123.303)	(150.000)
<b>Net cash outflow from investing activities</b>	(123.303)	(150.000)
<b>Net cash outflow before financing</b>	(123.992)	(150.049)
<b>Financing</b>		
Loan from ultimate parent company	124.245	150.000
<b>Net cash inflow from financing</b>	124.245	150.000
<b>Change in cash and cash equivalents</b>	<u>253</u>	<u>(49)</u>

Notes to the cash flow statement

1. *Reconciliation of operating loss to net cash outflow from operating activities*

	Twelve Month Period to 31 December 1995 £	Nine Month Period to 31 December 1994 £
Operating loss	(1.689)	(1.184)
Increase in creditors	1.000	1.135
<b>Net cash outflow from operating activities</b>	<u>(689)</u>	<u>(49)</u>

2. *Analysis of changes in cash and cash equivalents during the period*

	£	£
At 1 January 1995	(22)	27
Net cash (outflow) / inflow	253	(49)
<b>At 31 December 1995</b>	<u>231</u>	<u>(22)</u>

**DESQUENNE ET GIRAL UK LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE TWELVE MONTH PERIOD ENDED 31 DECEMBER 1995**

**1. Accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been consistently applied, is set out below.

**a. Basis of accounting**

The financial statements have been prepared in accordance with the historical cost basis of accounting. The accounts have been prepared on a going concern basis by reason of a letter of support given by the ultimate parent company.

**b. Foreign currencies**

Profit and loss account items are translated into sterling using the previous month-end exchange rate or where the transaction is covered by a matching forward contract, at the rate of exchange specified in that contract.

Foreign currency monetary assets and liabilities are translated into sterling at the rate of exchange ruling at the balance sheet date or where appropriate, by reference to the rate of exchange fixed under a matching forward contract.

**c. Fixed asset investments**

Investments are held at cost less provision for permanent diminution in value.

**2. Employees and directors' emoluments**

The company had no employees other than the directors during the period, and the directors received no emoluments for their services during the period.

**3. Loss on ordinary activities before taxation**

Loss on ordinary activities before taxation is stated after charging:

	Twelve Month Period to 31 December 1995 £	Nine Month Period to 31 December 1994 £
Auditors' remuneration for audit	<u>1,000</u>	<u>1,000</u>

Remuneration of the company's auditors for non-audit services during the period was £Nil (period to 31 December 1994: £Nil).

## DESQUENNE ET GIRAL UK LIMITED

### 4. Tax on loss on ordinary activities

No tax charge arises on the loss for the period (Nine month period to 31 December 1994: £Nil).

### 5. Exceptional loss

During the year the company disposed of its shareholding in Pandrol Seco Track Maintenance Limited to its joint venture partner at a loss of

£ 265.000

and waived a loan to the joint venture company of

£ 123.303

£ 388.303

### 6. Fixed assets investments

#### Interest in associated undertaking

	31 December 1995 £	31 December 1994 £
At 1 January 1995	265.000	115.000
Additions	123.303	150.000
Reductions	(388.303)	-
<b>At 31 December 1995</b>	<u>0</u>	<u>265.000</u>

### 7. Creditors

#### Amounts falling due within one year

	31 December 1995 £	31 December 1994 £
Bank overdraft	-	22
Amounts due to ultimate parent company	389.380	265.135
Other creditors and accruals	3.604	2.604
	<u>392.984</u>	<u>267.761</u>

### 8. Called up share capital

	31 December 1995 £	31 December 1994 £
<b>Authorised</b>	£	£
100.000 ordinary shares of £1 each	<u>100.000</u>	<u>100.000</u>
 <b>Allotted, called up and fully paid</b>	 £	 £
100 ordinary shares of £1 each	 <u>100</u>	 <u>100</u>

## DESQUENNE ET GIRAL UK LIMITED

### 9. Reserves

	Profit and loss account 1995 £	Profit and loss account 1994 £
At 1 January 1995	(2.861)	(1.677)
Loss for the period	(389.992)	(1.184)
<b>At 31 December 1995</b>	<u>(392.853)</u>	<u>(2.861)</u>

### 10. Reconciliation of movements in equity shareholders' funds

	Twelve Month Period to 31 December 1995 £	Nine Month Period to 31 December 1994 £
Loss for the period	( 389.992)	(1.184)
Net reduction in equity shareholders' funds	<u>(389.992)</u>	<u>(1.184)</u>
Opening equity shareholders' funds	(2.761)	(1.577)
<b>Closing equity shareholders' funds</b>	<u>(392.753)</u>	<u>(2.761)</u>

### 11. Ultimate parent company

The directors consider the ultimate parent company to be Desquenne et Giral S.A., a company incorporated in France.

Copies of the ultimate parent company's consolidated financial statements may be obtained from :

Desquenne et Giral S.A., Le Secrétaire Général, 13 Rue Le Sueur, B.P. 321-16, 75767 Paris Cedex 16.