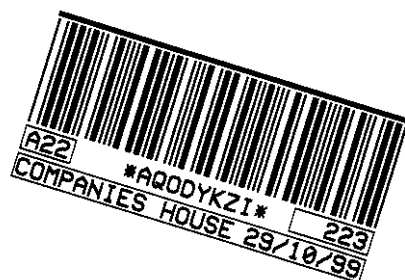


**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998  
FOR  
Orange Environmental Building  
Services Ltd**



**Orange Environmental Building  
Services Ltd**

**INDEX TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1998**

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<b>Notes to the Financial Statements</b>	<b>9</b>
<b>The following pages do not form part of the statutory financial statements:</b>	
<b>Trading and Profit and Loss Account</b>	<b>16</b>
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**Orange Environmental Building  
Services Ltd**

**COMPANY INFORMATION  
for the Year Ended 31 December 1998**

**DIRECTORS:** P Martin  
R P Thomas

**SECRETARY:** P Martin

**REGISTERED OFFICE:** Sherwood House  
41 Queens Road  
Farnborough  
Hants  
GU14 6JP

**REGISTERED NUMBER:** 2949907

**AUDITORS:** Maxwell, Jones & Co  
Registered Auditors  
Sherwood House  
41 Queens Rd  
Farnborough  
Hants  
GU14 6JP

**Orange Environmental Building  
Services Ltd**

**REPORT OF THE DIRECTORS  
for the Year Ended 31 December 1998**

The directors present their report with the financial statements of the company for the year ended 31 December 1998.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of building maintenance.

**REVIEW OF BUSINESS**

The results for the year and financial position of the company are as shown in the annexed financial statements.

**DIVIDENDS**

No dividends will be distributed for the year ended 31 December 1998.

**DIRECTORS**

The directors during the year under review were:

P Martin  
R P Thomas

The beneficial interests of the directors holding office on 31 December 1998 in the issued share capital of the company were as follows:

	31.12.98	1.1.98
<b>Ordinary £1 shares</b>		
P Martin	9,835	10,000
R P Thomas	165	-

**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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

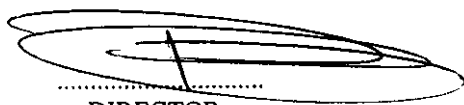
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

**AUDITORS**

The auditors, Maxwell, Jones & Co, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

  
.....  
- DIRECTOR

Dated: 27/10/99

**Orange Environmental Building  
Services Ltd**

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
ORANGE ENVIRONMENTAL BUILDING  
SERVICES LTD**

We have audited the financial statements on pages four to sixteen which have been prepared under the historical cost convention and the accounting policies set out on page ten.

**Respective responsibilities of directors and auditors**

As described on page two 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Maxwell, Jones & Co  
Registered Auditors  
Sherwood House  
41 Queens Rd  
Farnborough  
Hants  
GU14 6JP

Dated:

22/10/99 .

**Orange Environmental Building  
Services Ltd**

**PROFIT AND LOSS ACCOUNT  
for the Year Ended 31 December 1998**

		31.12.98	31.12.97
	Notes	£	£
<b>TURNOVER</b>		2,793,971	3,184,307
Cost of sales		1,548,203	1,848,374
<b>GROSS PROFIT</b>		1,245,768	1,335,933
Administrative expenses		986,782	821,175
		258,986	514,758
Other operating income		14,606	16,254
<b>OPERATING PROFIT</b>	3	273,592	531,012
Interest receivable and similar income		31,888	21,278
		305,480	552,290
Interest payable and similar charges	4	11,665	4,351
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		293,815	547,939
Tax on profit on ordinary activities	5	84,377	172,188
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		209,438	375,751
Retained profit brought forward		792,423	416,672
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u>£1,001,861</u>	<u>£792,423</u>

**CONTINUING OPERATIONS**

None of the company's activities were acquired or discontinued during the current and previous years.

**TOTAL RECOGNISED GAINS AND LOSSES**

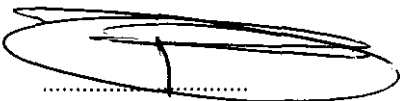
The company has no recognised gains or losses other than the profits for the current and previous years.

**Orange Environmental Building  
Services Ltd**

**BALANCE SHEET  
31 December 1998**

		31.12.98		31.12.97	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Tangible assets	6		245,524		232,449
<b>CURRENT ASSETS:</b>					
Stocks	7	146,460		917	
Debtors	8	946,523		756,250	
Cash at bank and in hand		553,795		802,088	
		1,646,778		1,559,255	
<b>CREDITORS: Amounts falling due within one year</b>	9	860,940		956,807	
<b>NET CURRENT ASSETS:</b>			785,838		602,448
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>			1,031,362		834,897
<b>CREDITORS: Amounts falling due after more than one year</b>	10		19,501		32,474
			<u>£1,011,861</u>		<u>£802,423</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	13		10,000		10,000
Profit and loss account			1,001,861		792,423
Shareholders' funds	16		<u>£1,011,861</u>		<u>£802,423</u>

**ON BEHALF OF THE BOARD:**



- DIRECTOR

Approved by the Board on 27/10/99

**Orange Environmental Building  
Services Ltd**

**CASH FLOW STATEMENT  
for the Year Ended 31 December 1998**

	Notes	31.12.98		31.12.97	
		£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(79,818)		649,418
Returns on investments and servicing of finance	2		20,223		16,927
Taxation			(144,118)		(111,095)
Capital expenditure	2		(87,666)		(160,099)
			<u>(291,379)</u>		<u>395,151</u>
Financing	2		-		9,000
(Decrease)/Increase in cash in the period			<u>£(291,379)</u>		<u>£404,151</u>
<hr/>					
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period			(291,379)		404,151
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing			<u>8,371</u>		<u>(33,039)</u>
Change in net funds resulting from cash flows			<u>(283,008)</u>		<u>371,112</u>
Movement in net funds in the period			<u>(283,008)</u>		<u>371,112</u>
Net funds at 1 January 1998			<u>697,375</u>		<u>326,263</u>
Net funds at 31 December 1998			<u>£414,367</u>		<u>£697,375</u>

The notes form part of these financial statements



**Orange Environmental Building  
Services Ltd**

**NOTES TO THE CASH FLOW STATEMENT  
for the Year Ended 31 December 1998**

**1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES**

	31.12.98 £	31.12.97 £
Operating profit	273,592	531,012
Depreciation charges	73,329	46,650
Loss on sale of fixed assets	1,262	4,178
(Increase) in Debtors	(190,273)	(370,440)
(Reduction) / Increase in Creditors	(92,185)	350,463
(Increase)/Decrease in stocks	(145,543)	87,555
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(79,818)</u>	<u>649,418</u>

**2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	31.12.98 £	31.12.97 £
<b>Returns on investments and servicing of finance</b>		
Interest received	31,888	21,278
Interest paid	(5,477)	-
Interest element of hire purchase payments	(6,188)	(4,351)
<b>Net cash inflow for returns on investments and servicing of finance</b>	<u>20,223</u>	<u>16,927</u>
<b>Capital expenditure</b>		
Purchase of tangible fixed assets	(99,166)	(177,985)
Sale of tangible fixed assets	11,500	17,886
<b>Net cash outflow for capital expenditure</b>	<u>(87,666)</u>	<u>(160,099)</u>
<b>Financing</b>		
Cash receipt re share issue	-	9,000
<b>Net cash inflow from financing</b>	<u>-</u>	<u>9,000</u>

The notes form part of these financial statements

**Orange Environmental Building  
Services Ltd**

**NOTES TO THE CASH FLOW STATEMENT  
for the Year Ended 31 December 1998**

**3. ANALYSIS OF CHANGES IN NET FUNDS**

	At 1.1.98 £	Cash flow £	At 31.12.98 £
Net cash:			
Cash at bank and in hand	802,088	(248,293)	553,795
Bank overdraft	(51,703)	(43,086)	(94,789)
	<u>750,385</u>	<u>(291,379)</u>	<u>459,006</u>
Debt:			
Hire purchase	(53,010)	8,371	(44,639)
	<u>(53,010)</u>	<u>8,371</u>	<u>(44,639)</u>
Total	<u>697,375</u>	<u>(283,008)</u>	<u>414,367</u>
<b>Analysed in Balance Sheet</b>			
Cash at bank and in hand	802,088		553,795
Bank overdraft	(51,703)		(94,789)
Hire purchase			
within one year	(20,536)		(25,138)
after one year	(32,474)		(19,501)
	<u>697,375</u>		<u>414,367</u>

The notes form part of these financial statements

**Orange Environmental Building  
Services Ltd**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1998**

**1. ACCOUNTING POLICIES**

**Accounting convention**

The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents net invoiced sales of goods and services, excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Improvements to Property	- 20% on reducing balance
Plant & Equipment	- 20% on reducing balance
Fixtures and Fittings	- 20% on reducing balance
Motor Vehicles	- 25% on reducing balance
Office Equipment	- 20% on reducing balance

**Stocks**

Work in progress is calculated at the lower of cost and net realisable value.

**Deferred taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

**Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**2. STAFF COSTS**

	31.12.98	31.12.97
	£	£
Wages and salaries	1,519,870	1,286,133
Social security costs	96,159	74,305
Other pension costs	4,784	4,710
	<u>1,620,813</u>	<u>1,365,148</u>

The average monthly number of employees during the year was as follows:

	31.12.98	31.12.97
Administration	9	4
Maintenance & Sales	26	27
	<u>35</u>	<u>31</u>

**Orange Environmental Building  
Services Ltd**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1998**

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.98	31.12.97
	£	£
Hire of plant and machinery	1,014	1,384
Vehicle Leasing	8,526	15,233
Depreciation - owned assets	54,163	37,682
Depreciation - assets on hire purchase contracts	19,166	8,964
Loss on disposal of fixed assets	1,262	4,178
Auditors' remuneration	7,930	8,445
	<u>          </u>	<u>          </u>
Directors' emoluments	326,015	303,204
Directors' pension contributions to money purchase schemes	4,784	4,709
	<u>          </u>	<u>          </u>

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	<u>1</u>	<u>1</u>
------------------------	----------	----------

Information regarding the highest paid director is as follows:

	31.12.98	31.12.97
	£	£
Emoluments etc	273,148	270,734
	<u>          </u>	<u>          </u>

**4. INTEREST PAYABLE AND SIMILAR CHARGES**

	31.12.98	31.12.97
	£	£
Bank Interest	5,477	-
Hire Purchase Interest	6,188	4,351
	<u>          </u>	<u>          </u>
	11,665	4,351
	<u>          </u>	<u>          </u>

**5. TAXATION**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.98	31.12.97
	£	£
UK corporation tax	84,377	172,188
	<u>          </u>	<u>          </u>

UK corporation tax has been charged at 28.50% (1997 - 30%).

**Orange Environmental Building  
Services Ltd**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1998**

**6. TANGIBLE FIXED ASSETS**

	Improvem- ents to Property	Plant & Equipment	Fixtures and Fittings
	£	£	£
<b>COST:</b>			
At 1 January 1998	35,000	36,489	4,986
Additions	2,955	7,668	-
	<u>37,955</u>	<u>44,157</u>	<u>4,986</u>
At 31 December 1998			
	<u>37,955</u>	<u>44,157</u>	<u>4,986</u>
<b>DEPRECIATION:</b>			
At 1 January 1998	9,800	8,439	1,918
Charge for year	5,040	7,144	614
	<u>14,840</u>	<u>15,583</u>	<u>2,532</u>
At 31 December 1998			
	<u>14,840</u>	<u>15,583</u>	<u>2,532</u>
<b>NET BOOK VALUE:</b>			
At 31 December 1998	<u>23,115</u>	<u>28,574</u>	<u>2,454</u>
At 31 December 1997	<u>25,200</u>	<u>28,051</u>	<u>3,068</u>

	Motor Vehicles	Office Equipment	Totals
	£	£	£
<b>COST:</b>			
At 1 January 1998	206,634	27,418	310,527
Additions	56,902	31,641	99,166
Disposals	(22,688)	-	(22,688)
	<u>240,848</u>	<u>59,059</u>	<u>387,005</u>
At 31 December 1998			
	<u>240,848</u>	<u>59,059</u>	<u>387,005</u>
<b>DEPRECIATION:</b>			
At 1 January 1998	47,801	10,120	78,078
Charge for year	50,743	9,788	73,329
Eliminated on disposals	(9,926)	-	(9,926)
	<u>88,618</u>	<u>19,908</u>	<u>141,481</u>
At 31 December 1998			
	<u>88,618</u>	<u>19,908</u>	<u>141,481</u>
<b>NET BOOK VALUE:</b>			
At 31 December 1998	<u>152,230</u>	<u>39,151</u>	<u>245,524</u>
At 31 December 1997	<u>158,832</u>	<u>17,298</u>	<u>232,449</u>

**Orange Environmental Building  
Services Ltd**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1998**

**6. TANGIBLE FIXED ASSETS - continued**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor Vehicles
	£
<b>COST:</b>	
At 1 January 1998	72,006
Additions	48,661
	<hr/>
At 31 December 1998	120,667
	<hr/>
<b>DEPRECIATION:</b>	
At 1 January 1998	12,258
Charge for year	19,166
	<hr/>
At 31 December 1998	31,424
	<hr/>
<b>NET BOOK VALUE:</b>	
At 31 December 1998	89,243
	<hr/>
At 31 December 1997	59,748
	<hr/>

**7. STOCKS**

	31.12.98	31.12.97
	£	£
Work in Progress	146,460	917
	<hr/>	<hr/>

**8. DEBTORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
Trade Debtors	892,910	706,173
Other Debtors	11,071	19,678
Prepayments	20,755	11,239
OM Solutions Ltd	21,787	19,160
	<hr/>	<hr/>
	946,523	756,250
	<hr/>	<hr/>

**Orange Environmental Building  
Services Ltd**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1998**

**9. CREDITORS: AMOUNTS FALLING  
DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
Bank loans and overdrafts (see note 11)	94,789	51,703
Hire purchase contracts (see note 12)	25,138	20,536
Trade Creditors	189,816	295,219
PAYE & Other Taxes	286,188	274,534
Other Creditors	232	1,256
Accrued Expenses	6,400	5,820
Advance Sales	67,508	-
Directors' current accounts	4,056	26,501
VAT	104,597	139,281
Taxation	82,216	141,957
	<u>860,940</u>	<u>956,807</u>

**10. CREDITORS: AMOUNTS FALLING  
DUE AFTER MORE THAN ONE YEAR**

	31.12.98	31.12.97
	£	£
Hire purchase contracts (see note 12)	<u>19,501</u>	<u>32,474</u>

**11. LOANS AND OVERDRAFTS**

An analysis of the maturity of loans and overdrafts is given below:

	31.12.98	31.12.97
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	<u>94,789</u>	<u>51,703</u>

**Orange Environmental Building  
Services Ltd**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1998**

**12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS**

	31.12.98 £	31.12.97 £
Gross obligations repayable:		
Within one year	29,824	24,462
Between one and five years	24,676	41,165
	<u>54,500</u>	<u>65,627</u>
Finance charges repayable:		
Within one year	4,686	3,926
Between one and five years	5,175	8,691
	<u>9,861</u>	<u>12,617</u>
Net obligations repayable:		
Within one year	25,138	20,536
Between one and five years	19,501	32,474
	<u>44,639</u>	<u>53,010</u>

**13. CALLED UP SHARE CAPITAL**

Authorised:				
Number:	Class:	Nominal	31.12.98	31.12.97
		value:	£	£
100,000	Ordinary	£1	100,000	100,000
			<u>100,000</u>	<u>100,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal	31.12.98	31.12.97
		value:	£	£
10,000	Ordinary	£1	10,000	10,000
			<u>10,000</u>	<u>10,000</u>

**14. OTHER FINANCIAL COMMITMENTS**

Operating Leases

At 31 December 1998 the company was committed to making the following payments during the next year in respect of operating leases;

	Land and Buildings £	Other £
Leases which expire:		
Within one year	-	-
Within 2 to 5 years	-	8,491
After 5 years	23,277	-
	<u>23,277</u>	<u>8,491</u>

**15. RELATED PARTY DISCLOSURES**

Management services were provided to an associated company, OM Solutions Ltd. The amount owed by that company at the balance sheet date is stated at note 8.



**Orange Environmental Building  
Services Ltd**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 December 1998**

**16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	31.12.98	31.12.97
	£	£
Profit for the financial year	209,438	375,751
Issued Share Capital	-	9,000
	<hr/>	<hr/>
<b>NET ADDITION TO SHAREHOLDERS' FUNDS</b>	209,438	384,751
Opening shareholders' funds	802,423	417,672
	<hr/>	<hr/>
<b>CLOSING SHAREHOLDERS' FUNDS</b>	1,011,861	802,423
	<hr/>	<hr/>
Equity interests	1,011,861	802,423
	<hr/>	<hr/>

**17. CONTROL**

P Martin, a director and majority shareholder, has control of the company.