

Company Registered No: 02953938

CONTRACT COMPONENTS HOLDINGS LIMITED

FINANCIAL STATEMENTS

FOR THE FIFTEEN MONTHS ENDED

31ST OCTOBER 1995



CONTRACT COMPONENTS HOLDINGS LIMITED

COMPANY INFORMATION

DIRECTORS

R F M Adair
D G Barker
G M Lee
N J C Turnbull

SECRETARY

C L Sinclair

REGISTERED OFFICE

31 Sackville Street
London W1X 1DB

REGISTERED AUDITORS

Thompson Taraz & Co
3 New Burlington Mews
London W1R 8QA

CONTRACT COMPONENTS HOLDINGS LIMITED**REPORT OF THE DIRECTORS**

The Directors submit their first report and the financial statements for the fifteen month period to 31st October, 1995.

INCORPORATION

The company was incorporated on 29th July, 1994, and commenced its activities on 17 October, 1994.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is an investment holding company. The Directors do not currently envisage any major changes in the activity of the company.

CHANGES IN THE GROUP

On 17 October, 1994, the company acquired the entire share capital of Contract Components Limited for £2,500,000.

CHANGE OF NAME

On 4 January, 1995, the company changed its name from Simco 651 Limited to Contract Components Holdings Limited.

RESULTS

The profit and loss account shows a profit of £937,500.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the period together with their interests in the share capital at 31st October, 1995 and 17th October 1994 were as follows:

Number of £1 Ordinary Shares

	31/10/95	17/10/94
G M Lee (appointed 07/03/95)	-	-
D G Barker (appointed 07/03/95)	-	-
R F M Adair (appointed 30/08/94)	-	-
N J C Turnbull (appointed 01/06/95)	-	-
R W Barham (appointed 17/10/94, resigned 20/09/95)	-	-
Simco Director A Limited (appointed 17/10/94, resigned 30/10/94)	-	-

R F M Adair has an interest in the share capital of the company by virtue of his interest in the share capital of Terrace Hill Holdings Limited, the ultimate parent company.

CONTRACT COMPONENTS HOLDINGS LIMITED

REPORT OF THE DIRECTORS (continued)

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

Company law requires the Directors to prepare financial statements for each financial period 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 these financial statements, the Directors are required to:

Select suitable accounting policies and apply them consistently;

Make judgements and estimates that are reasonable and prudent;

State whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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.

REGISTERED AUDITORS

Thompson Taraz & Co, Chartered Accountants, were appointed following incorporation and have indicated their willingness to continue in office. A resolution to re-appoint them will be put to the members at the Annual General Meeting.

On behalf of the Board



N J C Turnbull
Director

23rd May, 1996

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF

CONTRACT COMPONENTS HOLDINGS LIMITED

We have audited the financial statements on pages 5 to 11.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3, the company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 the information in the financial statements.

OPINION

In our opinion, the financial statements give a true and fair view of the state of affairs of the company as at 31st October, 1995 and of the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Thompson Taraz & Co

Thompson Taraz & Co
3 New Burlington Mews
London W1R 8QA

23rd May, 1996

CONTRACT COMPONENTS HOLDINGS LIMITED**PROFIT AND LOSS ACCOUNT****for the fifteen month period ended 31st October, 1995**

	<u>Note</u>	<u>1995</u> <u>£</u>
TURNOVER		-
Cost of sales		-
		<hr/>
GROSS PROFIT		-
Administrative expenses		(1,500)
		<hr/>
OPERATING LOSS		(1,500)
Investment income	2	939,000
		<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	937,500
Taxation	4	-
		<hr/>
RETAINED PROFIT FOR THE PERIOD		<u>£937,500</u>

The company has no recognised gains or losses other than those stated in the Profit and Loss Account.

All the activities of the company during the period are continuing activities

The accompanying notes form an integral part of this Profit and Loss Account.

CONTRACT COMPONENTS HOLDINGS LIMITED**BALANCE SHEET**
at 31st October, 1995

	<u>Note</u>	<u>1995</u> <u>£</u>
FIXED ASSETS		
Investments	5	2,511,786
		<hr/> 2,511,786
CURRENT ASSETS		
Debtors	6	339,000
CREDITORS		
Amounts falling due within one year	7	(13,286)
NET CURRENT ASSETS		<hr/> 325,714
TOTAL ASSETS LESS CURRENT LIABILITIES		<hr/> 2,837,500
CREDITORS		
Amounts falling due after more than one year	8	(650,000)
NET ASSETS		<hr/> <hr/> £2,187,500
CAPITAL AND RESERVES		
Called-up share capital	9	1,000,000
Share premium account	10	250,000
Profit and loss account	11	937,500
EQUITY SHAREHOLDERS' FUNDS	12	<hr/> <hr/> £2,187,500

Approved by the Board on 23rd May, 1996


 N J C Turnbull
 Director

The accompanying notes form an integral part of this Balance Sheet.

CONTRACT COMPONENTS HOLDINGS LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the fifteen month period ended 31st October, 1995

1 ACCOUNTING POLICIES

a) **BASIS OF ACCOUNTING**

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

The financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from preparing group accounts under Section 228 of the Companies Act 1985, as it is a subsidiary of Terrace Hill Holdings Limited, incorporated in Scotland.

b) **INVESTMENT IN SUBSIDIARY UNDERTAKINGS**

Investments in subsidiary undertakings are stated at cost, less any provision for a permanent diminution in value.

c) **CASH FLOW STATEMENT**

The company is exempt from the requirement of Financial Reporting Standard No. 1 to prepare a cash flow statement as it is a wholly-owned subsidiary.

CONTRACT COMPONENTS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the fifteen month period ended 31st October, 1995**2 INVESTMENT INCOME**

15 month
period ended
31st October, 1995
£

Income from unlisted investments £939,000

3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

15 month
period ended
31st October, 1995
£

Profit on ordinary activities before taxation
is stated after charging:-

Auditors' remuneration £1,500

No Director received any emoluments in respect of their services to the company.
No other persons were employed by the company during the period.

4. TAXATION

No charge for corporation tax arises, as the company made a loss for tax purposes.

CONTRACT COMPONENTS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the fifteen month period ended 31st October, 1995**5 INVESTMENTS****Investment in Subsidiary Undertaking**

	<u>£</u>
Balance brought forward	-
Share capital acquired	2,500,000
Costs of acquisition	11,786
	<hr/>
Balance carried forward	£2,511,786
	<hr/> <hr/>

On 17th October, 1994, the company acquired the entire share capital of Contract Components Limited for a consideration of £2,500,000 satisfied by the issue of 1,000,000 ordinary shares at £1.25, variable rate unsecured loan stock of £650,000 and cash payments totalling £600,000. Contract Components Limited is registered in England and Wales and is engaged in the sale of components to the construction industry.

A dividend of £600,000 was received from Contract Components Limited which has not been off set against the cost of investment as in the view of the Directors the payment of this dividend has not resulted in a permanent diminution in the value of this investment.

6 DEBTORS**1995**£

Due within one year:-	
Amounts due from subsidiary undertakings	271,200
Recoverable advance corporation tax	67,800
	<hr/>
	£339,000
	<hr/> <hr/>

7 CREDITORS**1995**£

Amounts falling due within one year:-	
Amounts due to fellow parent company	11,786
Accruals	1,500
	<hr/>
	£13,286
	<hr/> <hr/>

CONTRACT COMPONENTS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the fifteen month period ended 31st October, 1995

8	CREDITORS	1995
		£
	Amounts falling due after more than one year:	
	Variable rate unsecured loan stock 1996/98	£650,000

On 21st October, 1994, £650,000 variable rate loan stock was issued. The proceeds were used for the acquisition of Contract Components Limited. The terms of the loan stock state that it is to be redeemed in six equal instalments on 31st March and 30th September in each of the years 1996 to 1998 inclusive. Interest is chargeable at 2.5% above the National Westminster Bank plc base rate. Interest is calculated on a daily basis and compounded on the interest due dates of 31st March, 30 June, 30 September and 31st December, each year.

No interest on this loan stock has been accrued in the financial statements as the holders of the loan stock have waived their entitlement to any interest payable in the period to 31st October, 1995. The holders of the loan stock have also confirmed that they will not be seeking any repayment of the loan stock until 31st July, 1996.

9	SHARE CAPITAL	1995
		£
	Authorised	
	1,000,000 ordinary shares of £1 each	£1,000,000
	Allotted, called-up and fully paid	
	1 ordinary share of £1 each issued on incorporation	1
	999,999 ordinary shares of £1 each	999,999
		£1,000,000

During the period authorised share capital was increased by £999,000 by the creation of 999,000 ordinary shares of £1 each. The company increased its authorised and issued share capital to finance the purchase of Contract Components Limited.

CONTRACT COMPONENTS HOLDINGS LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
for the fifteen month period ended 31st October, 1995

10	SHARE PREMIUM ACCOUNT	<u>1995</u> <u>£</u>
	Arising on share issues	<u>£250,000</u>
	The share premium account arose from the issue of 1,000,000 ordinary £1 shares at £1.25 per share.	
11	PROFIT AND LOSS ACCOUNT	<u>1995</u> <u>£</u>
	Retained profit for the period	<u>£937,500</u>
12	MOVEMENTS IN SHAREHOLDERS' FUNDS	<u>1995</u> <u>£</u>
	Profit for the period	937,500
	Share capital issued during the period	1,000,000
	Share premium arising (Note 10)	250,000
	Closing shareholders' funds	<u>£2,187,500</u>
13	GUARANTEES AND FINANCIAL COMMITMENTS	
	There was no capital expenditure authorised and contracted for at the year end.	
14	ULTIMATE PARENT COMPANY	
	The ultimate parent company is Terrace Hill Holdings Limited which is registered in Scotland.	