

Fairport Site Operations Limited

FAIRPORT SITE OPERATIONS LIMITED
(Formerly Braddock Moore Associates)

ANNUAL REPORT
PERIOD ENDED 31 DECEMBER 1998

Company Number 3428088



Fairport Site Operations Limited

Contents

Page

1. Directors and Company Information
2. Notice of Meeting
3. Report of the Directors
5. Report of the Auditors
6. Accounting Policies
7. Profit and Loss Account
8. Balance Sheet
9. Notes to the Financial Statements

Fairport Site Operations Limited

Directors and Company Information

Chairman:	J A Porter
Executive Director:	D Braddock
Non-Executive Director:	A Lees
Secretary:	E Simon
Registered Office:	Market Place Adlington Nr Chorley Lancashire PR7 4EZ
Bankers:	Royal Bank of Scotland plc 38 Mosley Street Manchester M60 2BE
Auditors:	Pannell Kerr Forster Chartered Accountants Sovereign House Queen Street Manchester M2 5HR
Registered Number:	3428088
Trading Address:	Market Place Adlington Nr Chorley Lancashire PR7 4EZ

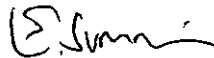
Fairport Site Operations Limited

Notice of Meeting

Notice is hereby given that the Annual General Meeting of the company will be held at The Jarvis International Hotel, Manchester Road, Blackrod, Bolton at 12.10 p.m. on 6 July 1999 for the following purposes:-

1. To receive and adopt the report of the directors and the audited financial statements for the 16 month period ended 31 December 1998.
2. To re-elect the directors.
3. To re-appoint auditors.
4. To authorise the directors to fix the remuneration of the auditors.
5. To transact any other business which may be transacted at an Annual General Meeting.

BY ORDER OF THE BOARD



**E Simon
Secretary**

28 May 1999

A member entitled to attend and vote is entitled to appoint a proxy or proxies to attend and vote instead of him; a proxy need not be a member.

Fairport Site Operations Limited

Report of the Directors

The directors submit their report and financial statements for the 16 month period ended 31 December 1998.

Incorporation and Change of Name	The company was incorporated on 3 September 1997. On 16 July 1998 the name of the company was changed to Fairport Site Operations Limited. On 1 March 1998 Fairport Holdings Limited acquired 100% of the Share Capital of the Company.
Principal Activities	The principal activity of the company is the Repair Operation and Maintenance of Structures and Plant and Equipment.
Results and Dividends	The profit for the 16 month period after taxation amounted to £3,000. The Directors do not recommend the payment of a dividend and that the result for the year be added to reserves.
Review of the Business	<p>In March 1998 the Group purchased the share capital of a small company called Braddock Moore Associates. The company was set up to offer the services of Repair, Operate and Maintenance of Structures, Plant and Equipment. This was an area the Fairport Group had highlighted as being a potential 'niche' market and one into which the Group wanted to expand. The company's name was changed to Fairport Site Operations and the existing R.O.M contracts were transferred into the new company in the middle of the year.</p> <p>The Company was involved in a very large tender during the third quarter of the year which took up a considerable amount of its resources. Unfortunately due to market conditions which occurred at the time the tender was being submitted the potential customer had to shelve the project. This put the Company back a few months and therefore the progress of the Company was somewhat behind expectations.</p> <p>Towards the end of the year the Company's main customer on the refurbishment side sold its assets. The Directors are in the process of building up a good working relationship with the new owners, and do not believe the change of ownership will effect the Company's business.</p>
Future Prospects	The Company has a good base load of orders to see it through the forthcoming year. The Directors are focusing their efforts on trying to win maintenance and operating contracts particularly with customers who are supplying to the construction industry.
Fixed Assets	Changes in tangible fixed assets are shown in note 7 to the accounts.
Directors	The directors at the end of the year, none of whom had any interest in the share capital of the company, were as follows:-

A Lees (appointed 4 August 1998).

D Braddock.

D Moore.

D Braddock retires in accordance with the company's Articles and, being eligible, offers himself for re-election.

A Lees is a director of the parent undertaking, Fairport Holdings Limited, and his interests in the share capital are shown in that company's accounts.

Fairport Site Operations Limited

Report of the Directors (Continued)

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:-

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- d) 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.

Employees

It is the policy of the company to maintain systems of communication designed to keep all employees informed of the progress of the company and of any changes which may be of direct concern. During the period employees were kept apprised of developments within the company and of new contracts obtained.

The company makes use of consultation procedures including discussion with trade union representatives and staff members, and makes arrangements through local management.

It is also the policy of the company to provide equal employment opportunities for disabled persons, wherever possible, in jobs suited to their individual circumstances and to give them full and fair consideration at all times in recruitment, career development and training and promotion.

Auditors

The auditors Pannell Kerr Forster, Chartered Accountants, have signified their willingness to continue in office. A resolution to re-appoint them will be proposed at the Annual General Meeting.

By order of the board



E Simon
Secretary

28 May 1999

Fairport Site Operations Limited

Report of the Auditors

To the Shareholders of Fairport Site Operations Limited

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 6.

**Respective
Responsibilities of
Directors and Auditors**

As described on page 4 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. 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 affairs of the company as at 31 December 1998 and of the profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Pannell Kerr Forster

PANNELL KERR FORSTER
Chartered Accountants
Registered Auditors

Manchester
28 May 1999

Fairport Site Operations Limited

Accounting Policies

The following accounting policies have been used consistently in dealing with items which are considered material to the company's affairs.

Basis of Accounting	The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.
Turnover	Turnover represents sales and value of work done, excluding value added tax.
Tangible Fixed Assets and Depreciation	<p>Tangible fixed assets are depreciated by equal annual instalments over their estimated useful lives as follows:-</p> <p style="text-align: right;">Plant and equipment: 10% - 20%</p>
Government Grants	Government grants are deducted from the cost of the relevant assets.
Repairs and Maintenance	No provision is made for accrued maintenance work but full provision is made for repairs undertaken, in progress or contracted for at the balance sheet date.
Stocks and Work in Progress	<p>Stocks are stated at cost less provision for diminution in value or obsolescence.</p> <p>Work in progress is stated at the lower of cost and net realisable value. Cost includes overheads applicable to present location and condition.</p>
Deferred Taxation	Provision is made, using the liability method, for deferred taxation in respect of items where there is a material timing difference between their treatment for accounts and taxation purposes if, in the opinion of the directors, a tax liability could crystallise. The provision is calculated at the rate expected to be in force when the liability crystallises.
Pension Costs	The amounts charged in the profit and loss account represent contributions payable by the company to the fund in respect of the year.

Fairport Site Operations Limited

Profit and Loss Account Period Ended 31 December 1998

	<u>Notes</u>	<u>1998</u> <u>£000</u>
Turnover	1	847
Cost of Sales		610
Gross Profit		237
Administrative Expenses		233
Operating Profit	2	4
Interest Received	5	1
Profit on Ordinary Activities Before Taxation		5
Tax on Profit on Ordinary Activities	6	(2)
Profit for the Financial Period	11	3

All amounts relate to continuing operations.

The company has no recognised gains or losses other than the profit for the period.

Fairport Site Operations Limited

Balance Sheet 31 December 1998

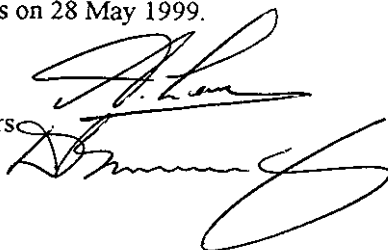
	<u>Notes</u>	<u>1998</u> <u>£000</u>	<u>£000</u>
Net Assets Employed:			
Fixed Assets	7		—
Current Assets			
Debtors	8	355	
Creditors - Amounts falling due within one year	9	(351)	
Net Current Assets			<u>4</u>
Total Assets Less Current Liabilities			<u>4</u>
 Capital and Reserves			
Called up share capital	10		1
Profit and loss account	11		3
Shareholders' Funds:	12		<u>4</u>

Approved by the directors on 28 May 1999.

A Lees)

) Directors

D Braddock)



Fairport Site Operations Limited

Notes to the Financial Statements Period Ended 31 December 1998

		1998 <u>£000</u>
1 Turnover	The activities of the company are regarded by the directors as a single class of engineering business.	
	Turnover by geographical area:-	
	United Kingdom	847
2 Operating Profit	This is stated after charging:-	
	Directors' remuneration (note 3)	
	Auditors' remuneration	1
	Depreciation	—
	Hire of plant and machinery	—
3 Directors' Remuneration	The emoluments of the directors were:-	
	Fees	2
	Management remuneration	64
		66
		<u>Number</u>
	The number of directors accruing benefits under defined benefit pension schemes were:-	2
4 Employees	The average weekly number of employees during the year was as follows:-	
	Manufacturing and contracting	6
	Office and management	2
		8

The manufacturing and contracting numbers include employees who are taken on as and when required to fulfill current contracts.

Fairport Site Operations Limited

Notes to the Financial Statements (Continued)
Period Ended 31 December 1998

		1998 <u>£000</u>
4 Employees (Continued)	Staff Costs:-	
	Wages and salaries	288
	Social security costs	27
	Other pension costs	2
		<hr/> 317 <hr/>
5 Interest	Group interest receivable	<hr/> 1 <hr/>
6 Tax on Profit on Ordinary Activities	The charge for taxation is based upon the profit for the year and comprises the following:-	
	<u>Current year:</u>	
	Corporation tax at 31%	<hr/> 2 <hr/>
7 Fixed Assets	<u>Cost</u>	<u>Plant and equipment £000</u>
	At 3 September 1997	—
	Transferred from Group Company	6
		<hr/> 6 <hr/>
	At 31 December 1998	6
		<hr/>
	<u>Depreciation</u>	
	At 3 September 1997	—
	Transferred from Group Company	6
		<hr/> 6 <hr/>
	At 31 December 1998	6
		<hr/>
	<u>Net book value</u>	
	At 31 December 1998	<hr/> — <hr/>

Fairport Site Operations Limited

Notes to the Financial Statements (Continued) Period Ended 31 December 1998

		1998 £000
8 Debtors	Amounts falling due within one year:-	
	Trade debtors	240
	Amounts recoverable on contracts	115
	Amounts owed by group undertaking	—
	Other debtors	—
		<hr/> 355 <hr/>
9 Creditors	Amounts falling due within one year:-	
	Bank overdraft	55
	Monies in advance	181
	Trade creditors	49
	Amounts owed to group undertakings	35
	Corporation tax	2
	Other taxes and social security costs	13
	Accruals	16
		<hr/> 351 <hr/>
10 Share Capital	<u>Authorised:</u>	
	100 ordinary shares of £1 each	<hr/> 1 <hr/>
	<u>Allotted, called up and fully paid:</u>	
	100 ordinary shares of £1 each	<hr/> 1 <hr/>
11 Profit and Loss Account	At 3 September 1997	—
	Profit for the financial period	3
		<hr/>
	At 31 December 1998	3
		<hr/>
12 Shareholder's Funds	Profit for the financial period	3
	Share capital	1
		<hr/>
	Balance at 31 December 1998	4
		<hr/>

Fairport Site Operations Limited

Notes to the Financial Statements (Continued) Period Ended 31 December 1998

13 Pension Costs

The company participates in the group defined contribution pension scheme, for the benefit of directors and participating employees. All the assets are invested in insurance policies with the Norwich Union Life Insurance Society, the trustees having effected a contract in respect of each member which guarantees benefits corresponding at all times to those promised under the rules. The amount charged in the profit and loss account for the period was £2,000.

14 Contingent Liability

The company has entered into a cross-guarantee to secure banking facilities for other group companies. At 31 December 1998 the net amount was £1,086,000.

15 Parent Undertaking and Controlling Parties

The parent undertaking of the largest and smallest groups for which consolidated accounts are prepared is Fairport Holdings Limited. Consolidated accounts are available from Companies House, Cardiff, CF4 3UZ.

In the opinion of the Directors the company is controlled by Fairport Holdings Limited and the ultimate controlling party is J A Porter, Chairman.

The company has taken advantage of the exemption conferred on 90% subsidiary undertakings by FRS8 from disclosing related party transactions with other group undertakings.