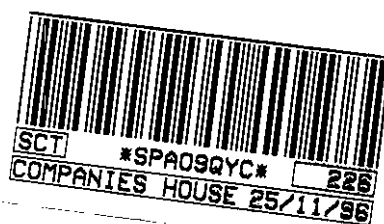


SEMPLE & COCHRANE LIMITED

FINANCIAL STATEMENTS

30 JUNE 1996



RUTHERFORD MANSON DOWDS
Chartered Accountants
17 Blythwood Square
Glasgow
G2 4AD

SEMPLE & COCHRANE LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

CONTENTS

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Consolidated profit and loss account	5
Statement of total recognised gains and losses	6
Note of historical cost profits and losses	6
Consolidated balance sheet	7
Company balance sheet	8
Consolidated cash flow statement	9
Notes to the financial statements	10 - 23

SEMPLE & COCHRANE LIMITED

COMPANY INFORMATION

30 JUNE 1996

DIRECTORS	TA Clark JE McKee ID McKendrick WW Evans MJ Holmes
SECRETARY	I D McKendrick
REGISTERED OFFICE	14 William Street Paisley PA1 2NA
BANKERS	Clydesdale Bank PLC Dunn Square Branch 1 Causewayside Street Paisley PA1 1BH
SOLICITORS	Bishop & Robertson Chalmers 2 Blythswood Square Glasgow G2 4AD
AUDITORS	Rutherford Manson Dowds Chartered Accountants 17 Blythswood Square Glasgow G2 4AD
REGISTERED NUMBER	SCO32434

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 June 1996.

Principal activity

The principal activities of the group and company are those of providing support and development services, infrastructure designers and engineers and industrial and marine project managers and contractors.

Business review

The group and company's balance sheets are detailed on pages 7 and 8 and show a satisfactory position, shareholders' funds amounting to £2,159,477.

Profit, dividends and appropriations

The results of the group for the year are shown in the profit and loss account on page 5.

An ordinary dividend amounting to £40,000 was paid in the year. A dividend of £117,830 is proposed and the balance of the profit for the year is to be transferred to reserves.

Fixed assets

Changes in fixed assets during the year are set out in the notes to the accounts as follows

Tangible fixed assets	- note 8
Land and buildings	- note 9
Fixed asset investments	- note 10

The company's properties were revalued in 1995. The valuations have been incorporated in the accounts and details set out in note 9.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:-

	30 June 1996	1 July 1995
	Ordinary	Ordinary
	shares	shares
TA Clark	910	888
L Delaney (resigned 31 December 1995)	849	849
JE McKee	850	850
ID McKendrick	850	850
WW Evans	-	-
MJ Holmes	-	-

continued

SEMPLE & COCHRANE LIMITED**DIRECTORS' REPORT
(continued)****Future developments and export markets**

The directors aim to refine, broaden and generally extend the existing UK business. The directors also continue to pursue opportunities to increase business worldwide and have recently opened a branch in Thailand, in addition to its presence in Malaysia, to act as regional offices for its activities in the Far East.

Employee involvement

Regular meetings are held with employee representatives to discuss sales, financial position and prospects. Opportunity is given at these meetings for senior executives to be questioned about matters which concern the employees.

Employment of disabled persons

Full and fair consideration is given to applications for employment made by disabled persons having regard to their particular aptitudes and abilities. Training is arranged for disabled persons, if appropriate, including retraining for alternative work of employees who become disabled, to promote their career development within the organisation.

Auditors

Rutherford Manson Dowds have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

W W Evans

**W W Evans
Director**

**14 William Street
Paisley
PA1 2NA**

2 September 1996

3

SEMPLE & COCHRANE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required under company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the group and company and of the profit or loss of the group for that period. In preparing those financial statements they are required to:

- select suitable accounting policies and then apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 group and 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 group and company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.



**Rutherford
Manson
Dowds**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
SEMPLE & COCHRANE LIMITED**

Chartered Accountants
17 Blythwood Square
Glasgow G2 4AD
Telephone 0141 248 5532
Facsimile 0141 248 6001

We have audited the financial statements on pages 5 to 23 which have been prepared under the accounting policies set out on pages 10 and 11.

Respective responsibilities of directors and auditors

As described on page 3, 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 group and company's affairs as at 30 June 1996 and of the group profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

2 September 1996

Rutherford Manson Dowds

**Chartered Accountants
Registered Auditors**

25 Melville Street
Edinburgh EH3 7PE
Telephone 0131 225 4727
Facsimile 0131 220 1663

2 Queens Terrace
Aberdeen AB10 1XL
Telephone 01224 625 888
Facsimile 01224 625 025

34 Grosvenor Gardens
Belgravia
London SW1W 0DH
Telephone 0171 730 6092
Facsimile 0171 730 6098

Represented throughout Europe,
North and South America, Asia,
Pacific and all major commercial
centres worldwide through
I A International

Partners: C Rutherford A G Manson C M Dowds C I Welsh S M Cowie J D Dryburgh
I Steele I Durie D M S Beveridge D J Crawford M C Pacitti

Registered to carry on audit work and authorised to carry on Investment Business
by the Institute of Chartered Accountants of Scotland

SEMPLE & COCHRANE LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 1996

	Note	1996 £	1995 £
Turnover	2	20,730,785	16,617,028
Cost of sales		(18,278,680)	(14,507,240)
Gross profit		<u>2,452,105</u>	<u>2,109,788</u>
Net operating expenses			
Administrative expenses		(1,438,698)	(1,340,705)
Operating profit	3	<u>1,013,407</u>	<u>769,083</u>
Interest payable	5	(108,413)	(120,003)
Profit on ordinary activities before taxation		<u>904,994</u>	<u>649,080</u>
Taxation	6	(250,000)	(238,300)
Profit on ordinary activities after taxation		<u>654,994</u>	<u>410,780</u>
Dividends	7	(157,830)	(63,061)
Retained profit for the year	20	<u>497,164</u>	<u>347,719</u>

Movements in reserves are shown in the notes to the financial statements.

During 1995 the company acquired two trading subsidiaries (see note 1).

SEMPLE & COCHRANE LIMITED**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES****YEAR ENDED 30 JUNE 1996**

	1996 £	1995 £
Profit for the financial year after taxation	654,994	410,780
Unrealised surplus on revaluation of fixed assets	-	65,478
	-----	-----
Total gains recognised since last annual report	654,994	476,258
	=====	=====

NOTE OF HISTORICAL COST PROFITS AND LOSSES**YEAR ENDED 30 JUNE 1996**

No note of historical cost profits and losses is given as, in accordance with Financial Reporting Standard 3, the directors are of the view that the difference is not material.

SEMPLE & COCHRANE LIMITED
CONSOLIDATED BALANCE SHEET

AT 30 JUNE 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	8		992,646		826,277
Current assets					
Debtors	11	8,289,884		6,167,416	
Cash at bank and in hand		20,070		14,754	
		<u>8,309,954</u>		<u>6,182,170</u>	
Creditors: amounts falling due within one year	12	<u>(6,769,411)</u>		<u>(5,200,498)</u>	
Net current assets			1,540,543		981,672
Total assets less current liabilities			<u>2,533,189</u>		<u>1,807,949</u>
Creditors: amounts falling due after more than one year	13		<u>(373,712)</u>		<u>(45,636)</u>
			<u>2,159,477</u>		<u>1,762,313</u>
Capital and reserves					
Called up share capital	16		5,000		105,000
Share premium account	17		645,159		645,159
Revaluation reserve	18		65,478		65,478
Other reserves	19		180,000		80,000
Capital reserve	21		317,838		317,838
Profit and loss account	20		946,002		548,838
Total shareholders' funds	15		<u>2,159,477</u>		<u>1,762,313</u>
Attributable to:					
Equity shareholders			2,159,477		1,662,312
Non-equity shareholders			-		100,001
			<u>2,159,477</u>		<u>1,762,313</u>

The financial statements on pages 5 to 23 were approved by the board of directors on 2 September 1996.

T A Clark

Director

SEMPLE & COCHRANE LIMITED

COMPANY BALANCE SHEET

AT 30 JUNE 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	8	992,646		826,277	
Investments	10	200		200	
		<u>992,846</u>		<u>826,477</u>	
Current assets					
Debtors	11	8,289,884	6,167,416		
Cash at bank and in hand		20,070	14,754		
		<u>8,309,954</u>	<u>6,182,170</u>		
Creditors: amounts falling due within one year	12	(6,769,611)	(5,200,698)		
Net current assets		<u>1,540,343</u>		<u>981,472</u>	
Total assets less current liabilities		<u>2,533,189</u>		<u>1,807,949</u>	
Creditors: amounts falling due after more than one year	13	(373,712)	(45,636)		
		<u>2,159,477</u>		<u>1,762,313</u>	
Capital and reserves					
Called up share capital	16	5,000	105,000		
Share premium account	17	645,159	645,159		
Revaluation reserve	18	65,478	65,478		
Other reserves	19	180,000	80,000		
Profit and loss account	20	1,263,840	866,676		
Total shareholders' funds	15	<u>2,159,477</u>	<u>1,762,313</u>		
Attributable to:					
Equity shareholders		2,159,477	1,662,312		
Non-equity shareholders		-	100,001		
		<u>2,159,477</u>	<u>1,762,313</u>		

The financial statements on pages 5 to 23 were approved by the board of directors on 2 September 1996.

T A Clark

Director

SEMPLE & COCHRANE LIMITED
CONSOLIDATED CASH FLOW STATEMENT
YEAR ENDED 30 JUNE 1996

	Note	1996 £	1995 £
Net cash inflow from operating activities	22	377,616	658,160
Returns on investments and servicing of finance			
Dividends received	-	-	-
Interest paid	(89,023)	(107,265)	
Dividends paid	(40,000)	(63,061)	
Hire purchase interest	(19,390)	(12,738)	
		-----	-----
Net cash outflow from returns on investments and servicing of finance		(148,413)	(183,064)
Taxation			
Corporation tax paid (including ACT)	(282,821)	(233,896)	
		-----	-----
Tax paid		(282,821)	(233,896)
Investing activities			
Payments to acquire:			
Tangible fixed assets	(413,866)	(276,015)	
Fixed asset investments	-	(200)	
		-----	-----
		(404,916)	(276,215)
Receipts from sales of:			
Tangible fixed assets	46,100	45,062	
		-----	-----
Net cash outflow from investing activities		(367,766)	(168,338)
		-----	-----
Net cash (outflow)/inflow before financing		(421,384)	72,862
Financing			
Issue of shares	-	1,200,000	
Cost of issue	-	(45,100)	
New finance leases and hire purchase contracts	420,477	190,944	
Redemption of share capital	(100,000)	(1,250,000)	
Capital element of finance lease rentals	(357,603)	(164,895)	
New loan	500,000	-	
Repayment of loan	(50,000)	-	
		-----	-----
Net cash inflow/(outflow) from financing	22	412,874	(69,051)
		-----	-----
(Decrease)/increase in cash and cash equivalents	22	(8,510)	3,811
		=====	=====

SEMPLE & COCHRANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

1 Accounting policies

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules except for freehold property which is stated at valuation.

Consolidation

The consolidated financial statements incorporate the accounts of the company for the year and of its subsidiary undertakings, Semple & Cochrane Systems Limited and Semple & Cochrane (Aberdeen) Limited, by the acquisition method of accounting. In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account for Semple & Cochrane Limited is not presented as the results of the company are disclosed in the consolidated profit and loss account. The company balance sheet reflects the cost of investment utilising the merger relief provisions of Section 131 of the Companies Act 1985.

Acquisitions

During 1995 the company acquired two subsidiaries. For 1995 the turnover and profit of these acquisitions has not been separately disclosed as the directors are of the opinion that they are not material to the overall results of the group. The acquired companies were dormant throughout the year. The trading from the acquired companies was transferred into Semple and Cochrane Limited and separate identification of the results is not possible.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land and buildings	2% straight line
Plant and machinery	20% reducing balance
Motor vehicles	25% reducing balance
Fixtures and fittings	20% reducing balance

Government grants

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual instalments. Grants of a revenue nature are credited to the profit and loss account in the period to which they relate.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

SEMPLE & COCHRANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

1 Accounting policies (continued)**Long term contracts**

Profit on long term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Pensions**Defined contribution scheme**

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

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the future.

2 Turnover

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, principally within the United Kingdom, stated net of value added tax.

SEMPLE & COCHRANE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1996

3 Operating profit	1996	1995
	£	£
Operating profit is stated after crediting		
Profit on sale of assets	7,401	-
	-----	-----
and after charging		
Staff costs (note 4)	6,294,104	4,988,136
Auditors' remuneration	11,000	11,000
Accountancy fees	4,022	2,500
Loss on sale of assets	-	19,946
	-----	-----
Depreciation of tangible fixed assets (note 8)		
Owned assets	67,126	76,283
Assets under finance leases and hire purchase contracts	141,672	74,866
	-----	-----
	208,798	151,149
	-----	-----
The total amount charged against profits in respect of finance leases and hire purchase contracts is	161,062	87,604
(of which part is shown as depreciation and the balance is shown as interest payable in note 5)	-----	-----

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

4 Directors and employees - Continued

Pension costs

Defined contribution scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £80,614 (1995 £94,456).

5 Interest payable

	1996 £	1995 £
Bank interest	70,052	85,472
Bank loan interest	18,867	-
Other interest	104	21,793
Hire purchase interest	19,390	12,738
	-----	-----
	108,413	120,003
	=====	=====

6 Taxation

	1996 £	1995 £
Corporation tax on profit on ordinary activities at 33% (1995 33%)		
Current year	300,000	262,600
Over provision in prior years	(50,000)	(24,300)
	-----	-----
	250,000	238,300
	=====	=====

7 Dividends

	1996 £	1995 £
'A' Ordinary dividend - paid	40,000	-
'A' Ordinary dividend - proposed	62,625	-
Ordinary dividend - paid	-	63,061
Ordinary dividend - proposed	55,205	-
	-----	-----
	157,830	63,061
	=====	=====

SEMPLE & COCHRANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

8 Tangible fixed assets

Group and company

Cost or valuation	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
1 July 1995	621,376	313,636	74,537	360,000	1,369,549
Additions	338,710	69,688	5,468	-	413,866
Disposals	(124,166)	-	-	-	(124,166)
30 June 1996	835,920	383,324	80,005	360,000	1,659,249
Depreciation					
1 July 1995	309,848	165,054	61,712	6,658	543,272
Charge for year	154,448	43,491	3,659	7,200	208,798
Disposals	(85,467)	-	-	-	(85,467)
30 June 1996	378,829	208,545	65,371	13,858	666,603
Net book amount					
30 June 1996	457,091	174,779	14,634	346,142	992,646
30 June 1995	311,528	148,582	12,825	353,342	826,277

The net book value of assets held under hire purchase contracts is £499,169 (1995 £236,118)

SEMPLE & COCHRANE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1996

9 Land and buildings

Group and company	1996 £	1995 £
Freehold land and building	346,142 =====	353,342 =====
Freehold land and buildings at valuation		
Freehold revalued amount	360,000 =====	360,000 =====
Historical cost information		
Freehold land and buildings - cost	207,563	207,563
Freehold land and buildings - depreciation	(28,213)	(24,062)
	----- 179,350 =====	----- 183,501 =====

The heritable property was revalued by R & W Hall, Chartered Surveyors in November 1994 on an open market basis.

10 Fixed asset investments

Company	Subsidiary companies £
Cost	
1 July 1995 and 30 June 1996	550 =====
Net book amount	
1 July 1995 and 30 June 1996	200 =====

The investment represents 100% of the ordinary share capital of Semple & Cochrane Systems Limited and Semple & Cochrane (Aberdeen) Limited (note 1). Both companies were dormant at 30 June 1996 and had net assets totalling £100.

SEMPLE & COCHRANE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1996

11 Debtors

	1996	1995
	£	£
Group and Company		
Amounts falling due within one year		
Amounts recoverable on long term contracts	2,121,500	615,000
Trade debtors	5,945,076	5,040,117
Other debtors	340	24,307
prepayments and accrued income	6,383	302,877
ACT recoverable	216,585	185,115
	<u>8,289,884</u>	<u>6,167,416</u>

Included within amounts recoverable on long term contracts is a balance of £412,000 due outwith one year.

12 Creditors: amounts falling due within one year

	Group	Company	Group	Company
	1996		1995	
	£	£	£	£
Bank overdraft	697,777	697,777	683,951	683,951
Bank loans	565,518	565,518	450,000	450,000
Payments on account	898,500	898,500	615,000	615,000
Trade creditors	3,201,896	3,201,896	2,030,211	2,030,211
Corporation tax	352,498	352,498	133,584	133,584
Other taxation and social security	461,379	461,379	620,551	620,551
Accruals and deferred income	177,711	177,711	185,914	185,914
ACT payable	82,933	82,933	303,200	303,200
Grants within one year	-	-	34,000	34,000
Obligations under finance leases				
and hire purchase contracts - note 13	213,369	213,369	144,087	144,087
Amounts due to group companies	-	200	-	200
Dividends proposed	117,830	117,830	-	-
	<u>6,769,411</u>	<u>6,769,611</u>	<u>5,200,498</u>	<u>5,200,698</u>

The bank overdraft and loans are secured by a floating charge over the assets of the company. One bank loan is specific to a contract and repayable on demand.

Performance bonds exist between the company and various third parties under normal contractual terms.

Obligations under hire purchase contracts are secured by the related assets.

SEMPLE & COCHRANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

13 Creditors: amounts falling due
after more than one year

	1996 £	1995 £
Group and company		
Bank loans	334,482	-
Obligations under finance leases	39,230	45,636
	-----	-----
	373,712	45,636
	=====	=====

Maturity of debt

In one year or less, or on demand

- see note 12

1,263,295

-

Between one and two years

122,923

-

Between two and five years

211,559

-

1,597,777

-

=====

=====

Bank overdrafts and loans are repayable as follows:

Wholly repayable within five years

1,597,777

-

=====

**Obligations under finance leases
and hire purchase contracts**These are repayable over varying periods
by monthly instalments as follows:

In the next year - see note 12

213,369

144,087

In the second to fifth year

39,230

45,636

252,599

189,723

=====

=====

14 Deferred taxation

The potential liability for deferred taxation was nil (1995 - £nil).

SEMPLE & COCHRANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

15 Reconciliation of movements in shareholders' funds

	Group 1996 £	Company 1996 £	Group 1995 £	Company 1995 £
Profit for the financial year	654,994	654,994	410,780	728,618
Dividends	(157,830)	(157,830)	(63,061)	(63,061)
	-----	-----	-----	-----
	497,164	497,164	347,719	665,557
Shares issued in year	-	-	1,155,100	1,155,100
Redemption of shares	(100,000)	(100,000)	(1,250,000)	(1,250,000)
Capital reserve on acquisition of subsidiary	-	-	317,838	-
Revaluation in year	-	-	65,478	65,478
	-----	-----	-----	-----
	397,164	397,164	636,135	636,135
Opening shareholders' funds	1,762,313	1,762,313	1,126,178	1,126,178
	-----	-----	-----	-----
Closing shareholders' funds	2,159,477	2,159,477	1,762,313	1,762,313
	=====	=====	=====	=====

16 Called up share capital

	1996		1995	
	Number of shares	£	Number of shares	£
Authorised				
Equity shares				
Ordinary shares of £1 each	3,550	3,550	3,550	3,550
'A' ordinary shares of £1 each	1,449	1,449	1,449	1,449
Non-equity shares				
Deferred shares of £1 each	1	1	1	1
Preference shares of £1 each	-	-	150,000	150,000
'A' Preference shares of £1 each	692,500	692,500	692,500	692,500
	-----	-----	-----	-----
		697,500		847,500
		=====		=====

SEMPLE & COCHRANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

16 Called up share capital - continued

Allotted called up
and fully paid

	1996		1995	
	Number of shares	£	Number of shares	£
Equity shares				
Ordinary shares of £1 each	3,550	3,550	3,550	3,550
'A' Ordinary shares of £1 each	1,449	1,449	1,449	1,449
Non-equity shares				
Deferred shares of £1 each	1	1	1	1
Preference shares of £1 each	-	-	100,000	100,000
	-----	-----	-----	-----
		5,000		105,000
		-----		-----

In September and October 1995 the preference shares were redeemed by the company at par.

'A' ordinary shares

The dividend rights on the 'A' ordinary shares allow for a fixed dividend and a participating dividend based on a percentage of net profit in accordance with the Articles of Association.

The 'A' ordinary shares may be converted, one for one into ordinary shares at any time when decided by the holders of 75% of the 'A' ordinary shares. On winding up the holders rank pari passu with ordinary shareholders. Special rights attached to the 'A' ordinary shares shall be deemed to be varied under specific circumstances in accordance with the Articles of Association.

The holders are entitled to vote at any general meetings of the company.

Non-cumulative redeemable preference shares

The preference shares were redeemed by the company at par value in September and October 1995. No dividend was paid as any dividend rights were waived by the shareholders.

Deferred ordinary share

The deferred share is not entitled to a dividend, income on a winding up nor a vote.

SEMPLE & COCHRANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

17 Share premium account

Group and Company

1996
£1 July 1995
and
30 June 1996645,159
=====

18 Revaluation reserve

Group and Company

1996
£1 July 1995
and
30 June 199665,478
=====

19 Capital redemption reserve

Group and Company

1996
£1 July 1995
Transferred from profit and loss account

30 June 199680,000
100,000

180,000
=====

20 Profit and loss account

Group
1996
£Company
1996
£1 July 1995
Retained profit for the year
Transferred to capital redemption reserve548,838
497,164
(100,000)

30 June 1996

946,002

=====1,263,840

=====

21 Capital reserve

Group

1996
£1995
£

On acquisition of subsidiaries

317,838
=====317,838
=====

SEMPLE & COCHRANE LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30 JUNE 1996

22 Notes to the consolidated cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	1,013,407	769,083
Depreciation charges	208,798	151,149
(Gain)/loss on sale of fixed assets	(7,401)	19,946
Decrease in stocks	-	42,619
(Increase)/decrease in debtors	(2,090,998)	935,530
Increase/(decrease) in creditors	1,253,810	(1,260,167)
	-----	-----
Net cash inflow from operating activities	377,616	658,160
	=====	=====

Analysis of changes in cash and cash equivalents as shown in the balance sheet

Balance at 1 July 1995	(669,197)	(1,115,641)
On acquisition of subsidiaries	-	(7,367)
Net cash (outflow)/inflow	(8,510)	3,811
	-----	-----
Balance at 30 June 1996	(677,707)	(1,119,197)
	=====	=====

Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £	Change in year £
Cash at bank and in hand	20,070	14,754	5,316
Bank overdraft	(697,777)	(683,951)	(13,826)
	-----	-----	-----
	(677,707)	(669,197)	(8,510)
	=====	=====	=====

Analysis of changes in financing during the year

	Loans £	Finance Leasing £	Share Capital £
Balance at 1 July 1995	450,000	189,723	105,000
Cash inflow from financing	500,000	420,477	-
Cash outflow from financing	(50,000)	(357,603)	(100,000)
	-----	-----	-----
Balance at 30 June 1996	900,000	252,597	5,000
	=====	=====	=====

SEMPLE & COCHRANE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 30 JUNE 1996

22 Notes to the cash flow statement (continued)

Acquisition of subsidiary undertakings	1996 £	1995 £
Net assets acquired:		
Tangible fixed assets	-	62,614
Stocks	-	27,619
Debtors	-	1,177,472
Bank and cash	-	(7,367)
Creditors	-	(942,300)
	-----	-----
	-	318,038
Capital reserve	-	(317,488)
	-----	-----
	-	550
	=====	=====
Satisfied by:		
Issue of shares	-	550
	=====	=====