

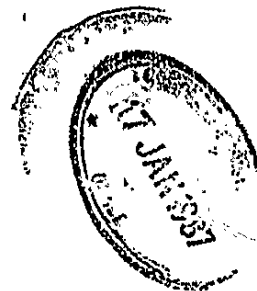
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EDMUND NUTTALL LIMITED

REPORT OF THE DIRECTORS AND

STATEMENT OF ACCOUNTS

31ST DECEMBER, 1985



EDMUND NUTTALL LIMITED

DIRECTORS

J.J. Endtz	Chairman
J.F.W. Baller	Managing
M.J. Bancroft	
R.W. Bale	
P. Naylor	
G.J. Van Leeuwen	
Rt. Hon Dr. J. Giffart	
B. Brook-Partridge	

SECRETARY

D.G. Trimby

REGISTERED OFFICE

St James House,
Knoll Road,
Camberley,
Surrey,
GU15 3XW.

Telephone: 0276 63484
Telex: 859166
Fax: 0276 66060

BANKERS

National Westminster Bank PLC
15 Bishopsgate,
London,
EC2P 2AP.

AUDITORS

Peat, Marwick, Mitchell & Co.,
Black Horse House,
Alexandra Terrace,
Guildford,
Surrey,
GU1 3AE.

SOLICITORS

McKenna & Co.,
Inveresk House,
1 Aldwych,
London,
WC2 OHF

EDMUND NUTTALL LIMITED

Subsidiary Companies

The company and the principal active subsidiaries, all wholly owned, are as follows:

EDMUND NUTTALL LIMITED - Civil engineering contractors
St James House, Knoll Road, Camberley, Surrey, GU15 3XW.
Tel: 0276 63484. Telex: 859166. Fax: 0276 66060

Southern Area Office - 1 Duke Street, Southampton, Hants, SO9 3RQ
Tel: 0703 229491.

South-East Area Office - Wallhouse Road, Slade Green, Erith, Kent, DA8 2LB. Tel: 0322 338888. Telex: 8953460

North-West Area Office - The Old Mill, Station Road, Little Sutton, South Wirral, Cheshire, L66 1NY. Tel: 051 339 6111. Telex: 628273

SCOTTISH DIVISION - Glasgow Road, Kilsyth, Glasgow G65 9BL.
Tel: 0236 821569. Telex: 777873. Fax: 0236 825934

Newcastle Office - Wingrove House, Ponteland Road, Newcastle Upon Tyne NE5 3AJ. Tel: 091 271 4040 Telex: 53331.

PLANT DIVISION: Wallhouse Road, Slade Green, Erith, Kent DA8 3LB.
Tel: 0322 337266. Telex: 8593460

MEARS CONTRACTORS LIMITED - Building Contractors
Cherry Orchard East, Kembrey Park, Swindon, SN2 6UW. Tel: 0793 643143
Fax: 0793 511063.

Southern Office - 1 Duke Street, Southampton, Hants, SO9 3RQ
Tel: 0703 223045

Welwyn Office- 40A High Street, Welwyn, Herts, AL6 9EO
Tel: 043871 6372/8677

HBM CIVIL ENGINEERING LIMITED - Civil engineering contractors
St James House, Knoll Road, Camberley, Surrey, GU15 3XW. Tel: 0276 63484
Telex: 859166 Fax: 0276 66060.

RITCHIES EQUIPMENT LIMITED - Rock excavation contractors and drilling equipment manufacturers. (Registered in Scotland).
Glasgow Road, Kilsyth, Glasgow, G65 9BL. Tel: 0236 822666 Telex: 778173
Fax: 0236 825934.

Southern Area Office - Moor Lane, Clevedon, Avon, BS21 6ES. Tel: 0272 875338 Telex: 449757

Edmund Nuttall Limited

CHAIRMAN'S STATEMENT

1985 was a difficult and disappointing year. After several years of gradually adjusting our organisation and operations to the smaller construction market, it was necessary to accelerate and conclude this process at the end of the year when it became clear that poor weather conditions together with tighter margins had had an adverse affect on many of our projects, and our financial results were worse than expected.

In 1984 we had obtained two large road projects in a very competitive market which required a high degree of technical expertise and a fair share of reasonable weather conditions. Despite some set-backs, engineering progress was very good and these projects are well on their way to completion as planned. The financial effect of the adverse weather overall was considerable.

At the end of 1985 we carried out a substantial reorganisation which involved most of the activities of the group. The main offices in London and Swindon have been amalgamated and moved to a new head office in Camberley, Surrey. Scottish operations, including Ritchies Equipment Ltd, have been concentrated together at Kilsyth, where our plant depot is also located. Staff numbers have been reduced and further steps initiated to improve the effectiveness of the organisation. This, however, made it necessary to make provision in these accounts for the costs of reorganisation in addition to substantial provisions for contract losses already foreseen at the end of the year. Thanks to the quality and enthusiasm of our staff we are confident that we shall overcome these problems in 1986 and return to profitability.

Orders awarded during 1985 amounted to over £50m. These included a major earthmoving contract for the infrastructure development of Stockley Park, west of London, and several substantial contracts for the Property Services Agency in England and Scotland. The second contract for the Anglo-Egyptian Wastewater Project in Cairo was also obtained in joint venture, for which our substantial tunnelling experience is making a valuable contribution. In 1986 we have so far been awarded five marine and roadwork contracts in the north of England for a total value of £15m, a tunnelling contract in North London, a number of additional significant contracts in Scotland, and two new contracts for motorway and airport maintenance. In addition our building subsidiary, Mears Contractors, has collected an increasing workload of general housing and industrial building contracts.

After working for Nuttall for forty-four years, Mr D.D. Land retired as Chairman and Managing Director. The Company owes Mr Land great appreciation for his contribution to the success of Nuttall as a national civil engineering contractor. The Board wishes him well in his retirement. Mr J.J. Endtz was appointed as Chairman and Mr J.F.W. Baller as Managing Director. The Board has recently been further strengthened by the appointment of two non-executive directors.

A more conservative market approach has been adopted to provide a workload which will give a more stable turnover for 1986 with better margins. Due to this very selective approach and the provisions made in 1985 we expect a break-even situation in 1986. Our parent company, Hollandsche Beton Groep, has shown its continued support by contributing five million pounds to increase the Company's balance sheet reserves for 1986.

Edmund Nuttall Limited

REPORT OF THE DIRECTORS

The directors submit their annual report and statement of accounts for the year ended 31st December, 1985.

Activities and business review

The principal activity of the group is that of civil engineering, carried out through operating divisions and subsidiary companies, together with building, contracting and other related activities. A review of the activities of the group is given in the Chairman's statement preceding this report.

At the end of 1985 a reorganisation of the group's companies was carried out by which Edmund Nuttall Holdings, the holding company, transferred its assets to other companies within the group and Edmund Nuttall Limited became both the holding company and principal operating company.

On 31st March, 1986 the company sold its Permaline pipe lining division to Insituform Permaline Limited.

On 1st October, 1986 the activities of Ritchies Equipment Limited, one of the company's wholly owned subsidiaries, were absorbed by the company as part of the group's re-organisation. This business of Ritchies Equipment Limited will continue as Ritchies Division of Edmund Nuttall Limited. Similarly, the activities of Mears Contractors Limited, another wholly owned subsidiary, will be absorbed by the end of 1986 and the business of Mears Contractors Limited will continue as Mears Division of Edmund Nuttall Limited.

Results for the year

The result of the group is set out on page 6.

Research and development

During the year, research and development was confined to that normally required in the construction of the various projects undertaken in the normal course of business.

Employees

The directors attach great importance to the maintenance of good communications with employees. The Nuttall News, published twice a year, is distributed to all permanent employees and company news sheets are issued at frequent intervals to keep members of the staff up to date with new developments. Conferences are held each year to discuss both general and particular aspects of company policy with groups of more senior employees. Seminars and training meetings are held on a regular basis to ensure that other members of our staff, particularly younger members, are involved as widely as possible in the development of the business.

It is the policy of the group to encourage the employment and training of disabled people wherever appropriate and to evaluate all employees solely on the basis of merit.

Edmund Nuttall Limited

REPORT OF THE DIRECTORS (Continued)

Political charitable contributions

No political contributions were made during the year; the total amount of charitable donations was £1,504.

Directors

None of the directors had any personal or beneficial interest in the shares or debentures of the company or any other group company.

The following were directors of the company throughout 1985, except where otherwise shown:

Mr J.J. Endtz (appointed 23rd January, 1986)
Mr D.D. Land (resigned 31st December, 1985)
Mr J.F.W. Baller (appointed 16th August, 1985)
Mr M.J. Bancroft
Mr R.W. Bale
Mr P. Naylor
Mr G.J. Van Leeuwen (appointed 29th September, 1986)
The Rt Hon Dr J. Gilbert (appointed 29th September, 1986)
Mr B. Brook-Partridge (appointed 29th September, 1986)

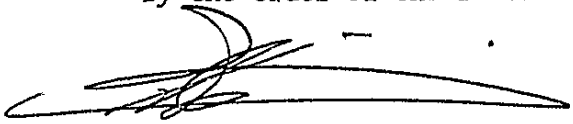
Mr J.J. Endtz, Mr G.J. Van Leeuwen, The Rt Hon Dr. J. Gilbert and Mr B. Brook-Partridge, who were appointed to the Board, now retire in accordance with the Articles of Association and, being eligible, offer themselves for re-election.

In accordance with the Articles of Association of the company, Mr R.W. Bale and Mr P. Naylor retire by rotation and, being eligible, offer themselves for re-election.

Auditors

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co., as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By the Order of the Board



D.G. TRIMBY
Secretary

Edmund Nuttall Limited and subsidiary companies

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31st December

	<u>Notes</u>	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Turnover	2	66,366	53,389
Other income	3	548	721
		<u>66,914</u>	<u>54,110</u>
Costs and expenses	4	(74,027)	(58,056)
Loss on ordinary activities before taxation	5	(7,113)	(3,946)
Tax credit on loss on ordinary activities	6	19	267
Loss on ordinary activities after taxation		<u>(7,094)</u>	<u>(3,679)</u>
Extraordinary items	7	4,054	1,065
Loss for the financial year	17	<u>(3,040)</u>	<u>(2,614)</u>

The notes on pages 9 to 19 form part of these accounts.

Edmund Nuttall Limited and subsidiary companies

BALANCE SHEETS

As at 31st December

	Notes	Group 1985 £'000	Group 1984 £'000	Company 1985 £'000	Company 1984 £'000
FIXED ASSETS					
Tangible assets	9	3,790	3,554	2,832	3,549
Investments	10	7	7	1,740	78
		<u>3,797</u>	<u>3,561</u>	<u>4,572</u>	<u>3,627</u>
CURRENT ASSETS					
Stocks and work in progress	11	12,012	13,783	10,572	13,178
Debtors	12	13,783	11,508	10,195	8,689
Cash at bank and in hand		24	18	17	18
		<u>25,819</u>	<u>25,309</u>	<u>20,784</u>	<u>21,885</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	13	(23,051)	(17,330)	(18,743)	(14,211)
NET CURRENT ASSETS		<u>2,768</u>	<u>7,979</u>	<u>2,041</u>	<u>7,674</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		6,565	11,540	6,613	11,301
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	14	(5,709)	(8,018)	(5,891)	(8,046)
NET ASSETS		<u>856</u>	<u>3,522</u>	<u>722</u>	<u>3,255</u>
CAPITAL AND RESERVES					
Called up share capital	15	850	850	850	850
Revaluation reserve	16	6	30	-	30
Profit and loss account	17	-	2,642	(128)	2,375
		<u>856</u>	<u>3,522</u>	<u>722</u>	<u>3,255</u>

The notes on pages 9 to 19 form part of these accounts.

Approved by the board of directors on 1st December, 1986

J.F.W. Baller
M.J. Bancroft

Directors

Edmund Nuttall Limited and subsidiary companies

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 31st December	1985 £'000	£'000	1984 £'000
SOURCE OF FUNDS			
Loss on ordinary activities before taxation		(7,113)	(3,946)
Extraordinary items		4,054	1,065
Adjustment for items not involving the movement of funds:			
Depreciation and other amounts written off tangible fixed assets	1,058		887
Profit on disposal of tangible fixed assets	(209)		(203)
Capital reserve arising on acquisition of subsidiaries	5		
		854	1,749
FUNDS ABSORBED BY OPERATIONS		(2,205)	(2,197)
FUNDS FROM OTHER SOURCES			
Proceeds from sale of tangible fixed assets		2,651	399
		446	(1,798)
APPLICATION OF FUNDS			
Purchase of tangible fixed assets	(3,367)		(1,460)
Creditors: amounts falling due after more than one year	(2,309)		(571)
Overseas tax paid			(34)
		(5,676)	(2,065)
CHANGE IN WORKING CAPITAL		(5,230)	(3,863)
COMPONENTS OF CHANGE IN WORKING CAPITAL			
Stocks and work in progress		(1,771)	(1,188)
Debtors		2,275	1,233
Creditors: amounts falling due within one year		(6,874)	(3,495)
Group tax relief receivable		(19)	(301)
MOVEMENT IN NET LIQUID FUNDS:		(6,389)	(3,751)
Cash at bank and in hand	6		2
Bank overdraft	1,153		(114)
		1,159	(112)
		(5,230)	(3,863)

Assets and liabilities relating to the acquisition of subsidiaries included above are shown in note 18.

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS

1. Accounting policies

(a) Basis of preparation

The accounts have been prepared under the historical cost convention adjusted by the revaluation of land and buildings.

(b) Basis of consolidation

The consolidated profit and loss account and balance sheet consist of the accounts of Edmund Nuttall Limited and subsidiaries made up to 31st December 1985. A separate profit and loss account dealing with the results of the company only has not been presented.

(c) Turnover

Turnover represents the value of work done during the year, and adjustments relating to prior years agreed during the year and includes the group's shares of joint venture turnover.

(d) Depreciation

Depreciation is provided on a straight line basis as follows:

(i) Freehold buildings	10 to 50 years
(ii) Plant, machinery and equipment	2 to 10 years
(iii) Leasehold land and buildings	over the period of the lease

No depreciation is provided on freehold land.

(e) Research and development

All research and development costs are written off as incurred.

(f) Group result before taxation

The result before taxation includes residual profits and losses on contracts completed prior to 31st December, 1985 and an appropriate proportion of the estimated results of current contracts based on valuations by officials of the companies. No credit is taken in respect of contract claims until legal entitlement has been established and agreed. Provision is made in full for any anticipated losses on current contracts.

(g) Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Contract work in progress is valued at cost plus attributable profit less any provisions and progress payments received and receivable.

The investment in joint ventures represents the group's share of net assets of the joint ventures together with estimates made by officials of the companies of the realisable value of work carried out but not yet certified or charged to the client as well as provisions for foreseeable losses and claims arising on such contracts.

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

(h) Leased assets

Leased assets have been capitalised at their cash price and are subject to depreciation in accordance with normal group policy. The interest included in rentals is written off over the primary period of each lease. The balance of rentals payable, net of deferred interest expense, is included under creditors. The rental cost of operating leases are charged as they arise.

(i) Deferred taxation

Full provision is made representing corporation tax on all timing differences between the date at which items are reflected in the accounts and the date at which they have effect for tax after taking account of losses and accrued charges on income carried forward, except where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

Provision is not made for any additional taxation which would be payable on disposal of freehold and leasehold properties at balance sheet values.

(j) Foreign currency translation

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies have been translated into sterling at the exchange rates ruling at the balance sheet date. Any resulting difference has been dealt with in the profit and loss account.

2. Turnover

	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Analysed by geographical area:		
United Kingdom	63,355	50,098
Rest of Europe	43	85
Outside Europe	2,968	3,206
	<u>66,366</u>	<u>53,389</u>

3. Other income

Other operating income	501	721
Other interest receivable	47	-
	<u>548</u>	<u>721</u>

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

4. Costs and expenses

	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Staff costs (note 8)	12,233	10,146
Raw materials and consumables	21,386	12,849
Other external charges	38,406	34,005
Depreciation of tangible fixed assets	1,058	887
Other operating charges	(110)	(238)
Interest payable: bank overdrafts		
wholly repayable		
within five years	199	233
group	645	84
other	210	90
	<u>74,027</u>	<u>58,056</u>

5. Loss on ordinary activities before taxation

(a) Loss on ordinary activities before taxation is stated after charging:

Hire of plant and machinery	3,958	3,219
Auditors remuneration and expenses	52	44
Directors emoluments:		
Remuneration as executives	29	44
Pension contributions	4	41
Loss of office	-	25

(b) Emoluments of directors:

Excluding pension contributions, the emoluments of the highest paid director were:	29	27
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The emoluments of the chairman and other directors were included within the accounts of Edmund Nuttall Holdings Limited for the relevant period.

Number of Directors
1985 1984

£15,301 - £20,000

- 1

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

6. Tax on loss on ordinary activities

	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
The taxation credit is arrived at as follows:		
Proposed receipts for group relief		
- current year	20	313
- prior year	(1)	(12)
Overseas tax	-	(34)
	<u>19</u>	<u>267</u>

7. Extraordinary items

Company reorganisation	(746)	-
Waiver of loans between group companies	4,800	1,065
	<u>4,054</u>	<u>1,065</u>
Tax on extraordinary items	-	-
	<u>4,054</u>	<u>1,065</u>

8. Staff numbers and costs

- (a) The average number of persons (including directors and excluding those employed by joint ventures) employed by the group during the year was as follows:

	<u>1985</u>	<u>1984</u>
Monthly paid staff	504	452
Weekly paid	570	520
	<u>1,074</u>	<u>972</u>

- (b) The aggregate payroll costs of these persons were as follows:

	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Wages and salaries	10,712	8,819
Social security costs	872	749
Other pension costs	649	578
	<u>12,233</u>	<u>10,146</u>

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

9. Tangible fixed assets

the group	Land and Buildings						Total £'000
	Freehold at cost £'000	Freehold at valuation £'000	Short leasehold at valuation £'000	Plant and machinery £'000	Fixtures and fittings £'000	Assets in construction £'000	
<u>Cost or Valuation:</u>							
At 1st January 1985	511	449	-	6,318	610	-	7,888
Intra-group additions	237	12	1,245	2,587	64	-	4,135
Additions	-	11	-	1,160	183	31	1,385
Revaluation	-	-	155	-	-	-	155
Disposals	(511)	(450)	(1,400)	(697)	(61)	-	(3,119)
At 31st December 1985	237	22	-	9,378	796	31	10,464
<u>Depreciation</u>							
At 1st January 1985	34	52	-	3,925	323	-	4,334
Intra-group additions	50	3	214	1,872	34	-	2,173
Profit and loss charge	6	8	-	930	114	-	1,058
Revaluation	-	-	(214)	-	-	-	(214)
Disposals	(40)	(58)	-	(544)	(35)	-	(677)
At 31st December 1985	50	5	-	6,183	436	-	6,674
<u>Net Book Value:</u>							
At 31st December 1985	187	17	-	3,195	360	31	3,790
At 31st December 1984	477	397	-	2,393	287	-	3,554
the company							
<u>Cost or Valuation:</u>							
At 1st January 1985	511	449	-	6,308	608	-	7,876
Additions	-	11	1,245	1,171	183	31	2,641
Revaluation	-	-	155	-	-	-	155
Disposals	(511)	(460)	(1,400)	(698)	(61)	-	(3,130)
At 31st December 1985	-	-	-	6,781	730	31	7,542
<u>Depreciation:</u>							
At 1st January 1985	34	52	-	3,918	323	-	4,327
Profit and loss charge	6	8	214	929	114	-	1,057
Revaluation	-	-	(214)	-	-	-	(214)
Disposals	(40)	(60)	-	(539)	(35)	-	(460)
At 31st December 1985	-	-	-	4,308	402	-	4,710
<u>Net Book Value:</u>							
At 31st December 1985	-	-	-	2,473	328	31	2,832
At 31st December 1984	477	397	-	2,390	285	-	3,549

Land and buildings were valued in 1978 on an open market basis at £1,771,000; other tangible fixed assets, including subsequent additions to land and buildings, are included at cost. In addition, at the end of 1985, short leaseholds valued at £1,245,000 in 1978 were revalued to £1,400,000 1985 by Richard Ellis, Chartered Surveyors. The amount of freehold land and buildings (included above at valuation) determined according to the historical cost accounting rules is as follows:

	Group		Company	
	1985 £'000	1984 £'000	1985 £'000	1984 £'000
Cost	14	474	-	474
Depreciation	3	56	-	56
Net Book Value	11	418	-	418

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

10. Investments (held as fixed assets)

	Shares in group companies <u>£'000</u>	Loans to group companies <u>£'000</u>	Shares in related companies <u>£'000</u>	Total <u>£'000</u>
- The group				
Cost				
At 1st January 1985 and at 31st December 1985	-	-	7	7
- The company				
Cost:				
At 1st January, 1985	71	-	7	78
Additions	862	800	-	1,662
At 31st December, 1985	<u>933</u>	<u>800</u>	<u>7</u>	<u>1,740</u>

11. Stocks and work in progress

	<u>Group</u>		<u>Company</u>	
	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Work in progress	50,127	37,049	44,299	30,557
Less: progress payments	48,964	36,298	43,264	29,959
	<u>1,163</u>	<u>751</u>	<u>1,035</u>	<u>598</u>
Other work in progress	890	-	-	-
Interest in joint venture contracts	9,234	12,731	9,234	12,279
Raw materials and consumables	725	301	303	301
	<u>12,012</u>	<u>13,783</u>	<u>10,572</u>	<u>13,178</u>

Progress payments previously shown as cash received are now stated as cash received and receivable, and, the amounts receivable are included in trade debtors (£4,121,000). Similarly, balances receivable on completed contracts previously shown as other work in progress are now included in trade debtors (£2,559,000).

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

11. Stocks and work in progress (Continued)

No provision has been made for possible losses amounting to £4.7 million (1984 - £4.7 million) arising on contracts, the outcome of which has been guaranteed by the ultimate holding company.

An overriding requirement for the accounts to give a true and fair view is contained in S 228(3) of the Companies Act 1985. For this reason, the attributable profit on long term contract work in progress has been included in accordance with SSAP 9 although it constitutes a departure from the statutory valuation rules. Since progress payments cannot be allocated between cost and profit, it is not possible to determine the effect of the departure on the carrying amount of long term contract work in progress in the balance sheet.

12. Debtors

	<u>Group</u>		<u>Company</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Amounts falling due within one year:				
Trade debtors	9,365	8,041	6,475	5,409
Amounts owed by group companies	3,628	2,975	3,190	2,845
Other debtors	574	252	389	200
Prepayments and accrued income	216	240	141	235
	<u>13,783</u>	<u>11,508</u>	<u>10,195</u>	<u>8,689</u>

Amounts owed to the company by group companies include £62,000 (1984 - £51,000) owed by subsidiaries.

13. Creditors: amounts falling due within one year

Bank overdrafts	2,147	3,300	1,841	4,416
Payments received on account	-	2,254	-	1,964
Trade creditors	4,377	2,586	2,972	1,932
Amounts owed to group companies	2,787	1,625	2,429	18
Accruals and deferred income	12,121	6,265	10,184	4,653
Other creditors including taxation and social security	1,619	1,300	1,317	1,228
	<u>23,051</u>	<u>17,330</u>	<u>18,743</u>	<u>14,211</u>

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

13. Creditors: amounts falling due within one year (Continued)

Other creditors including taxation and social security comprise:

	214	208	201	185
Income tax	87	179	-	162
Other taxation	191	126	130	112
Social security				<u>459</u>
Taxation and social security	<u>492</u>	<u>513</u>	<u>331</u>	<u>769</u>
Other creditors	<u>1,127</u>	<u>787</u>	<u>986</u>	<u>1,228</u>
	<u>1,619</u>	<u>1,300</u>	<u>1,317</u>	<u>1,228</u>

Amounts owed by the company to group companies include £35,000 (1984: Nil) owed to subsidiaries.

14. Creditors: amounts falling due after more than one year

	<u>Group</u>		<u>Company</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
Loan from holding company	4,300	7,075	4,300	7,075
Instalments under leases and hire purchase agreements	1,402	936	1,319	936
Amounts owed to:				
subsidiary companies	-	-	265	28
related companies	7	7	7	7
	<u>5,709</u>	<u>8,018</u>	<u>5,891</u>	<u>8,046</u>

15. Share capital

Authorised:
150,000 3.85% redeemable cumulative preference shares of £1 each
850,000 ordinary shares of £1 each

<u>Group and company</u>	
<u>1985</u>	<u>1984</u>
<u>£'000</u>	<u>£'000</u>
150	150
850	850
<u>1,000</u>	<u>1,000</u>

Issued and fully paid:
850,000 ordinary shares of £1 each

850	850
<u>850</u>	<u>850</u>

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

16. Revaluation reserve

	<u>Group</u>		<u>Company</u>	
	<u>1985</u>	<u>1984</u>	<u>1985</u>	<u>1984</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1st January 1985	30	30	30	30
Surplus from property revaluation	369	-	369	-
Transfer to profit and loss account	(393)	-	(399)	-
At 31st December 1985	<u>6</u>	<u>30</u>	<u>-</u>	<u>30</u>

17. Profit and loss Account

At 1st January 1985	2,642	5,256	2,375	4,478
Reserve arising on acquisition of fellow subsidiaries	5	-	-	-
Loss for the year	(3,040)	(2,614)	(2,902)	(2,103)
Transfer from revaluation reserve	393	-	399	-
At 31st December, 1985	<u>-</u>	<u>2,642</u>	<u>(128)</u>	<u>2,375</u>

18. Subsidiary companies

The company's principal active wholly owned subsidiaries are set out on page 2. On 31st December 1985 the company acquired Ritchies Estates Limited, Ritchies Equipment Limited, Williamson Engineering Limited, Robert L. Priestley Limited, Priestley Engineering Limited and Nuttall Permaline Limited from Edmund Nuttall Holdings Limited for cash. The net assets acquired were:

	<u>£'000</u>
Tangible fixed assets	954
Investments	217
Stocks and work in progress	732
Debtors	1,714
Cash at bank and in hand	7
Creditors amounts falling due in less than one year	(1,874)
Creditors amounts falling due in more than one year	(883)
Cash paid	<u>867</u>

19. Deferred taxation

There is no provision for deferred taxation for either the group or the company because the trading losses available for carry forward exceed the potential deferred tax liability. At 31st December 1985 these losses were in excess of £18m (1984: £14m) after allowing for this potential liability.

The potential deferred tax liability in respect of properties included at revalued amounts would be £2,000 (1984: Nil).

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

20 Capital commitments

	<u>Group</u>		<u>Company</u>	
	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Contracted for	12	163	12	163
Authorised but not contracted for	15	-	-	-
	<u>27</u>	<u>163</u>	<u>12</u>	<u>163</u>

21. Pensions

The group operates a contributory pension scheme covering the majority of its permanent employees. The scheme's funds are administered by trustees and are independent of the group's finances. The directors are advised that the scheme is fully funded and contributions are paid to the scheme in accordance with the recommendations of independent actuaries. The company's contributions are charged against profits in the year in which contributions are made.

22. Operating leases

	<u>Group</u> <u>£'000</u>	<u>Company</u> <u>£'000</u>
During 1985 operating lease rentals amounted to:	634	599

	<u>Group</u>		<u>Company</u>	
	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>	<u>1985</u> <u>£'000</u>	<u>1984</u> <u>£'000</u>
Leases expiring:				
During 1986	31	31	79	73
from 1987 to 1990	19	-	509	468
after 1990	177	161	3	3
	<u>227</u>	<u>192</u>	<u>591</u>	<u>544</u>

Edmund Nuttall Limited and subsidiary companies

NOTES TO THE ACCOUNTS (Continued)

23. Contingent liabilities

- (a) There are contingent liabilities in respect of performance bonds and supplier guarantees given in the normal course of business.
- (b) The company, together with the holding company and certain fellow subsidiaries, has entered into an unlimited guarantee with respect of borrowings from the National Westminster Bank PLC. The aggregate amount of borrowings at 31st December, 1985 was £1.8m (1984: £3.7m). This guarantee is supported by a counter indemnity provided by the ultimate holding company.
- (c) The company is included in a group registration for V.A.T. purposes, with Edmund Nuttall Holdings Limited.

24. Holding company

The company's ultimate holding company is Hollandsche Beton Groep n.v., a company incorporated in The Netherlands.

Edmund Nuttall Limited

Report of the auditors to the members of Edmund Nuttall Limited

We have audited the accounts on pages 6 to 19 in accordance with approved auditing standards. In our opinion the accounts, which have been prepared on the basis of the accounting policies set out on pages 9 and 10, give a true and fair view of the state of the affairs of the company and of the group at 31st December 1985 and of the loss and source and application of funds of the group for the year to that date and comply with the Companies Act 1985.

Peter M. A. Nuttall

Chartered Accountants

London

1st December 1986