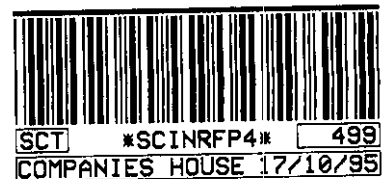

**Westcrown Contracting
Services Limited**
(formerly Harndec Flooring
Company Limited)

Report and Accounts

31 March 1995

Company Registration Number SC 045884

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Westcrown Contracting Services Limited

DIRECTORS

J W Haran
W F Thomson
I K Finlayson
S Haran
R MacDonald

Chairman
Managing Director

SECRETARY

I K Finlayson

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

BANKERS

Clydesdale Bank plc
30 St Vincent Street
Glasgow
G1 2HL

SOLICITORS

MacRoberts
152 Bath Street
Glasgow

REGISTERED OFFICE

Quay House
Quay Road North
Rutherglen
Glasgow
G73 1LD

COMPANY REGISTRATION NUMBER

SC 045884

Westcrown Contracting Services Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1995.

RESULTS AND DIVIDENDS

The loss for the year attributable to shareholders amounts to £16,895. The directors recommend that no dividend be paid and that the loss of £16,895 be deducted from retained profits.

PRINCIPAL ACTIVITY

The principal activity of the company is that of flooring contractors.

By special resolution of the members, the name of the company was changed on 22 March 1995 from Hardec Flooring Company to Westcrown Contracting Services Limited.

EVENTS SINCE THE BALANCE SHEET DATE

On 1 April 1995 the company took over the trading activities and all of the assets and liabilities of another group company Westcrowns Building & Management Services Limited.

FIXED ASSETS

The company acquired tangible fixed assets at a cost of £40,174. All movements in tangible fixed assets are shown in note 9.

DIRECTORS AND THEIR INTERESTS

All the directors listed on page 1 have held office throughout the year under review. In accordance with the Articles of Association no director is required to retire by rotation.

The interests of the directors in the share capital of group companies are shown on page 3.

AUDITORS

At the Annual General Meeting of the company held on 21 October 1994, an elective resolution was passed pursuant to Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually, accordingly Ernst & Young shall be deemed to be re-appointed as auditors.

By order of the board



I K Finlayson

Secretary

6 September 1995

Westcrown Contracting Services Limited

DIRECTORS' INTERESTS

According to the register, maintained as required under Section 325 of the Companies Act 1985, the interests of the directors in the share capital of the group companies were as follows:

	<i>J W Haran</i>		<i>W F Thomson</i>		<i>I K Finlayson</i>		<i>S Haran</i>		<i>R MacDonald</i>	
	<i>31/3/95</i>	<i>1/4/94</i>	<i>31/3/95</i>	<i>1/4/94</i>	<i>31/3/95</i>	<i>1/4/94</i>	<i>31/3/95</i>	<i>1/4/94</i>	<i>31/3/95</i>	<i>1/4/94</i>
Ordinary shares:										
Westcrowns Limited	281,050	1,185	4,764	15	9,527	30	19,054	60	-	-
J & W Haran Limited	10,234	21,607	-	-	-	-	10,783	10,783	-	-
Independent Glass Limited	15,360	15,360	-	-	-	-	7,680	7,680	-	-
Glass - Paisley Limited	11	11	-	-	-	-	5	5	-	-
Westcrown Contracting Services Limited (formerly Hardec Flooring Company Limited)	211	211	222	222	-	-	105	105	-	-
Westcrowns Building and Management Services Limited	105	105	-	-	-	-	53	53	-	-

Preference Shares:

Westcrowns Limited	16,000	16,000	14,000	14,000	14,000	14,000	-	-	-	-
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During the year, Westcrowns Limited made a bonus issue of 316.57 ordinary shares for each ordinary share already held.

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts comply with the Companies Act. 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.

REPORT OF THE AUDITORS

to the members of Westcrown Contracting Services Limited

We have audited the accounts on pages 6 to 18, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

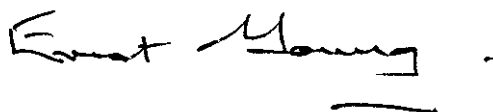
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 1995 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Chartered Accountants
Registered Auditor
Glasgow

6 September 1995

Westcrown Contracting Services Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 March 1995

	<i>Note</i>	<i>1995</i> £	<i>1994</i> £
TURNOVER	2	1,412,735	1,485,918
Cost of sales		(1,139,237)	(1,164,575)
GROSS PROFIT		273,498	321,343
Administrative expenses		(278,324)	(262,553)
OPERATING (LOSS)/PROFIT	3	(4,826)	58,790
Interest payable	6	(14,214)	(13,106)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(19,040)	45,684
Taxation credit/(charge)	7	2,145	(11,074)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	16	(16,895)	34,610
Dividends	8/16	-	(16,400)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR		(16,895)	18,210

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £16,895 in the year ended 31 March 1995 and the profit of £34,610 in the year ended 31 March 1994.

Westcrown Contracting Services Limited

BALANCE SHEET

at 31 March 1995

	Note	1995 £	1994 £
FIXED ASSETS			
Tangible assets	9	34,961	9,069
CURRENT ASSETS			
Stocks	10	76,100	66,000
Debtors	11	408,687	398,805
Cash at bank and in hand	12	1,235	2,046
		486,022	466,851
CREDITORS - amounts falling due within one year	13	(381,995)	(335,779)
NET CURRENT ASSETS		104,027	131,072
TOTAL ASSETS LESS CURRENT LIABILITIES		138,988	140,141
CREDITORS - amounts falling due after more than one year:			
Obligations under finance leases and hire purchase contracts	14	(16,477)	(735)
TOTAL ASSETS LESS TOTAL LIABILITIES		122,511	139,406
CAPITAL AND RESERVES			
Called up share capital	15/16	2,222	2,222
Profit and loss account	16	120,289	137,184
		122,511	139,406



J W Haran

Director

6 September 1995

Westcrown Contracting Services Limited

STATEMENT OF CASH FLOWS

for the year ended 31 March 1995

	Note	1995 £	1994 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	3(b)	14,552	29,696
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(12,542)	(11,695)
Interest element of finance leases and hire purchase payments		(1,672)	(1,411)
Dividends paid		(16,400)	-
NET CASH (OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(30,614)	(13,106)
TAXATION			
Corporation tax paid		(8,929)	-
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(5,027)	(1,664)
Proceeds on sale of fixed assets		3,500	764
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES		(1,527)	(900)
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		(26,518)	15,690
FINANCING			
Repayments of capital element of finance leases and hire purchase contracts	14	11,370	7,593
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	12	(37,888)	8,097
		(26,518)	15,690

Major non-cash transactions:

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £35,147 (1994 - £Nil).

NOTES TO THE ACCOUNTS

at 31 March 1995

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life by equal annual instalments, as follows:

Motor vehicles	- 4 years
Plant and machinery	- 5 years
Fixtures and fittings	- 5 years

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated the timing differences will reverse.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS

at 31 March 1995

1 ACCOUNTING POLICIES (continued)

Pensions

Employees are members of a defined benefit pension scheme operated by the Westcrowns Group. The scheme requires contributions to be made to an independently administered fund. Contributions to this fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

2 TURNOVER

Turnover represents the amounts derived from the provision of goods and services, stated net of value added tax. Turnover is attributable to one continuing activity, namely that of flooring contractors.

Turnover is wholly generated within the UK.

3 OPERATING (LOSS)/PROFIT

(a) This is stated after charging:

	1995 £	1994 £
Auditors' remuneration		
- audit services	4,700	4,500
Depreciation of tangible owned assets	3,863	4,535
Depreciation of assets held under finance leases and hire purchase contracts	10,419	3,355
(Gain)/loss on sale of tangible fixed assets	(3,500)	246
Operating lease rentals		
- plant, vehicles and other equipment	8,989	8,718
	<u> </u>	<u> </u>

(b) Net cash inflow from operating activities:

	1995 £	1994 £
Operating (loss)/profit	(4,826)	58,790
Depreciation	14,282	7,890
(Gain)/loss on sale of fixed assets	(3,500)	246
(Increase) in stocks	(10,100)	(20,400)
(Increase) in debtors	(9,882)	(50,693)
Increase in creditors	28,578	33,863
	<u> </u>	<u> </u>
Net cash inflow from operating activities	14,552	29,696
	<u> </u>	<u> </u>

Westcrown Contracting Services Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

4 DIRECTORS' REMUNERATION

	1995 £	1994 £
Fees	-	-
Other emoluments including pension contributions	71,202	73,041
	<u>71,202</u>	<u>73,041</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1995 Number of directors	1994 Number of directors
Not more than £5,000	3	3
£25,001 to £30,000	1	-
£30,001 to £35,000	-	1
£35,001 to £40,000	1	1

The emoluments, excluding pension contributions, of the chairman were £Nil (1994 - £1,675) and of the highest paid director were £37,497 (1994 - £38,428).

5 STAFF COSTS AND NUMBERS

	1995 £	1994 £
Wages and salaries	335,016	310,357
Social security costs	34,840	33,475
Other pension costs (see note 17)	22,591	25,401
	<u>392,447</u>	<u>369,233</u>

The average number of persons employed by the company, including directors, during the year was as follows:

	1995 Number	1994 Number
Administration	6	6
Other	17	16
	<u>23</u>	<u>22</u>

Westcrown Contracting Services Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

6 INTEREST PAYABLE

	1995 £	1994 £
Bank overdraft	9,142	6,295
Finance charges payable under finance leases and hire purchase contracts	1,672	1,411
Group interest payable	3,400	5,400
	<u>14,214</u>	<u>13,106</u>

7 TAXATION

	1995 £	1994 £
Credit/(charge) based on the (loss)/profit for the year:		
UK corporation tax (at 25%)	-	(11,074)
Overprovision in respect of prior years	2,145	-
	<u>2,145</u>	<u>(11,074)</u>

8 DIVIDENDS

	1995 £	1994 £
Ordinary dividend of £Nil (1994 - £9.74)	-	16,400
	<u>-</u>	<u>16,400</u>

In 1994 the holders of 638 shares waived their entitlement to the dividend.

Westcrown Contracting Services Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

9 TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost or valuation:				
At 1 April 1994	66,354	4,269	2,659	73,282
Additions	39,535	639	-	40,174
Disposals	(20,002)	-	-	(20,002)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	85,887	4,908	2,659	93,454
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:				
At 1 April 1994	59,642	2,323	2,248	64,213
Charge for year	13,240	910	132	14,282
Disposals	(20,002)	-	-	(20,002)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1995	52,880	3,233	2,380	58,493
	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:				
At 31 March 1995	33,007	1,675	279	34,961
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 1994	6,712	1,946	411	9,069
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of motor vehicles includes an amount of £24,544 (1994 - £6,712) in respect of assets held under finance leases and hire purchase contracts.

10 STOCKS

	<i>1995</i> £	<i>1994</i> £
Raw materials and consumables	68,500	35,200
Work in progress	7,600	30,800
	<hr/>	<hr/>
	76,100	66,000
	<hr/>	<hr/>

In the opinion of the directors the replacement cost of stock is not materially different from that stated in the balance sheet.

Westcrown Contracting Services Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

11 DEBTORS

	1995 £	1994 £
Due within one year:		
Trade debtors	372,012	341,298
Amounts owed by group undertakings	26,625	34,604
Other debtors	1,113	5,403
Prepaid charges	187	-
	<u>399,937</u>	<u>381,305</u>
Due after more than one year:		
Amounts owed by group undertakings	8,750	17,500
	<u>408,687</u>	<u>398,805</u>

12 CASH AND CASH EQUIVALENTS

Analysis of balances as shown in the balance sheet and changes during the current and previous year:

	1995 £	1994 £	Change in year £
Cash on hand	1,235	2,046	(811)
Bank overdraft	(143,395)	(106,318)	(37,077)
	<u>(142,160)</u>	<u>(104,272)</u>	<u>(37,888)</u>
	1994 £	1993 £	Change in year £
Cash on hand	2,046	1,860	186
Bank overdraft	(106,318)	(114,229)	7,911
	<u>(104,272)</u>	<u>(112,369)</u>	<u>8,097</u>

Westcrown Contracting Services Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

13 CREDITORS - amounts falling due within one year

	Note	1995 £	1994 £
Bank overdraft	12	143,395	106,318
Obligations under finance leases and hire purchase contracts	14	12,451	4,416
Trade creditors		149,044	139,733
Amounts owed to group undertakings		6,120	430
Corporation tax		-	11,074
Other taxes and social security costs		58,215	39,282
Accruals and deferred income		12,770	18,126
Dividends		-	16,400
		<u>381,995</u>	<u>335,779</u>

The bank overdraft is secured by a floating charge over all the assets of the company and by cross guarantees between all group undertakings.

14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1995 £	1994 £
Amounts payable:		
Within one year	14,184	5,133
Within two to five years	18,748	855
	<u>32,932</u>	<u>5,988</u>
Less: finance charges allocated to future periods	(4,004)	(837)
	<u>28,928</u>	<u>5,151</u>

Finance leases and hire purchase contracts are analysed as follows:

	1995 £	1994 £
Current obligations	12,451	4,416
Non-current obligations	16,477	735
	<u>28,928</u>	<u>5,151</u>

NOTES TO THE ACCOUNTS

at 31 March 1995

14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS (continued)

Analysis of changes in finance leases and hire purchase contracts during current and previous years:

	1995 £	1994 £
At 1 April	5,151	12,744
Inception of finance leases and hire purchase contracts	35,147	-
Capital element of finance leases and hire purchase payments	(11,370)	(7,593)
	<hr/>	<hr/>
At 31 March	28,928	5,151
	<hr/>	<hr/>

15 SHARE CAPITAL

	1995 £	1994 £
Authorised: 250,000 ordinary shares of £1 each	250,000	250,000
	<hr/>	<hr/>
Allotted, called up and fully paid: 2,222 ordinary shares of £1 each	2,222	2,222
	<hr/>	<hr/>

16 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 April 1993	2,222	118,974	121,196
Profit for the year	-	34,610	34,610
Dividends	-	(16,400)	(16,400)
	<hr/>	<hr/>	<hr/>
At 1 April 1994	2,222	137,184	139,406
Loss for the year	-	(16,895)	(16,895)
	<hr/>	<hr/>	<hr/>
At 31 March 1995	2,222	120,289	122,511
	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

at 31 March 1995

17 PENSION COMMITMENTS

The pension scheme for the company's employees is of the defined benefit final pensionable earnings type, operated as a group scheme as part of the Westcrowns Group. The scheme is trustee-administered and funded to cover future pension liabilities in respect of service up to the balance sheet date. It is subject to independent valuations at least every three years on the basis of which the qualified actuary certifies the rates of the employer's contributions which together with the specified contributions payable by the employees and proceeds from the scheme's assets are sufficient to fund the benefits payable under the scheme.

Full details of the scheme are disclosed in the accounts of Westcrowns Limited.

18 OTHER FINANCIAL COMMITMENTS

At 31 March the company had annual commitments under non-cancellable operating leases as follows:

	<i>Plant, vehicles and other equipment</i>	
	<i>1995</i>	<i>1994</i>
	<i>£</i>	<i>£</i>
Operating leases which expire:		
Within one year	-	-
Within two to five years	7,200	7,200
	<hr/>	<hr/>
	7,200	7,200
	<hr/>	<hr/>

19 CAPITAL COMMITMENTS

No future capital expenditure has been authorised by the directors at 31 March 1995 (1994 - Nil).

20 POST BALANCE SHEET EVENTS

On 1 April 1995 the company took over the trading activities and all of the assets and liabilities of another group company Westcrowns Building & Management Services Limited.

21 CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group's bankers. At 31 March 1995 the combined group bank borrowings amounted to £1,328,330.

Other contingent liabilities are those arising in the ordinary course of business in connection with the completion of contracts in accordance with specifications.

Westcrown Contracting Services Limited

NOTES TO THE ACCOUNTS

at 31 March 1995

22 TRANSACTIONS WITH DIRECTORS

As fully disclosed in the directors' interests schedule on page 3, J W Haran, S Haran, W F Thomson and I K Finlayson are shareholders in other companies in the Westcrowns Group. They are also directors of the companies in which they hold shares. The company trades with other members of the group, however all transactions in the normal course of trade are on an arms length basis.

23 ULTIMATE PARENT COMPANY

The directors regard Westcrowns Limited, a company registered in Scotland, as the ultimate parent company.