

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

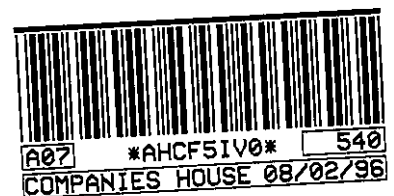
DIRECTORS' REPORT

AND

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED 30 SEPTEMBER 1995

COMPANY REGISTRATION NUMBER: 635264



HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their Report and Statement of Accounts for the year ended 30th September 1995.

Principal activities

The principal activities of the Company, all of which are continuing, are the provision of specialist engineering in relation to the design and project management of railway projects.

Business review

The directors consider that the level of business and the financial position at 30th September 1995 were satisfactory given the current market conditions. Financial prospects and turnover are dependent upon the nature of contracts undertaken and may fluctuate from year to year. The Board considers that there is scope for further development of the Company's activities.

Results

The results for the year are set out in the Profit and Loss account on Page 5.
Retained profits of £131,098 have been transferred to reserves.

Dividends

The directors do not propose to recommend the payment of any dividend on the issued ordinary share capital of the Company in respect of the year ended 30th September 1995.

Directors

The following persons were directors of the Company during the year ended 30th September 1995.

Mr R C Akroyd
Mr N Cherrett (resigned 31st December 1994)
Mr F J Ellis
Mr R N Younger

During the period the ultimate holding company, Trafalgar House Public Limited Company, maintained insurance for directors and officers against liabilities in relation to its subsidiary companies.

Directors' interests

Given below are the interests in the shares and debentures of the ultimate holding company, Trafalgar House Public Limited Company, of those directors who at 30th September 1995 were not also directors of that company. No director had any interest in the shares or debentures of the Company.

	<u>At 30th September 1995</u>		<u>At 30th September 1994</u> <u>(or subsequent date of appointment)</u>	
	<u>Ordinary</u> <u>Shares</u>	<u>Share</u> <u>Options</u>	<u>Ordinary</u> <u>Shares</u>	<u>Share</u> <u>Options</u>
Mr R C Akroyd	-	52,560	-	52,560
Mr N Cherrett	-	-	-	30,852
Mr F J Ellis	-	40,047	-	40,047
Mr R N Younger	-	51,984	-	51,984

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

DIRECTORS' REPORT

Directors' interests (continued)

The figures overleaf include interests acquired under the terms of the Trafalgar House Public Limited Company share option scheme.

No director had any interest, either during, or at the end of the year, in any material contract or arrangement with the Company.

Tax status

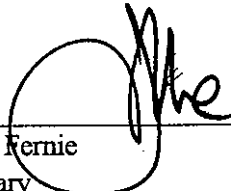
The Company is not a close company within the meaning of the Income and Corporation Taxes Act 1988.

Auditors

On 6th February 1995 our auditors changed the name under which they practise to KPMG and accordingly, have signed their report in their new name.

Pursuant to Section 386 of the Companies Act 1985 an elective resolution, in the form of a written resolution, to dispense with the obligation to appoint auditors annually was passed by the Company on 15th May 1992.

By Order of the Board



J W D Fernie
Secretary

12th December 1995

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

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 as at the end of the financial year and of the profit or loss of the Company for that period. In preparing these financial statements, the directors are required to:

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed;

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.

AUDITORS' REPORT

To the Members of Head Wrightson Process Engineering Limited

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 7.

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 company's affairs as at 30th September 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



KPMG
Chartered Accountants &
Registered Auditors
Northgate House
St Augustines Way
Darlington
County Durham
DL1 1UZ

12th December 1995

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 SEPTEMBER 1995

		<u>1995</u> £	<u>1994</u> £
	Notes		
Turnover	2	147,366	1,485,494
Cost of sales	3	<u>(63,366)</u>	<u>(1,485,494)</u>
Operating Profit	3	84,000	-
Interest receivable and similar income	4	47,098	21,387
Interest payable and similar charges	5	-	(245)
Profit on ordinary activities before taxation		<u>131,098</u>	<u>21,142</u>
Tax on profit on ordinary activities	6	-	-
Profit for the financial year, retained and transferred to reserves	12	<u><u>131,098</u></u>	<u><u>21,142</u></u>

The notes on pages 7 to 10 form part of these accounts.

All activities derive from continuing operations.

The Company has no recognised gains or losses other than the profit for the financial year.
Accordingly a statement of total recognised gains and losses has not been prepared.

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

BALANCE SHEET AT 30 SEPTEMBER 1995

		1995 £	1994 £
	Notes		
CURRENT ASSETS			
Debtors	8	1,992,354	2,112,176
Cash at bank and in hand		-	5,903
		<u>1,992,354</u>	<u>2,118,079</u>
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	9	(816,433)	(940,256)
NET CURRENT ASSETS		<u>1,175,921</u>	<u>1,177,823</u>
PROVISIONS FOR LIABILITIES AND CHARGES	10	<u>(154,000)</u>	<u>(287,000)</u>
		<u>1,021,921</u>	<u>890,823</u>
CAPITAL AND RESERVES			
Equity share capital	11	100,000	100,000
Profit and loss account	12	<u>921,921</u>	<u>790,823</u>
SHAREHOLDERS' FUNDS	13	<u>1,021,921</u>	<u>890,823</u>

The notes on pages 7 to 10 form part of these accounts.

These accounts were approved by the Board of Directors on 12th December 1995 and signed on its behalf by :-

Robert Akroyd
R C Akroyd

R.N. Younger Directors

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

NOTES TO THE ACCOUNTS

1. Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

(a) Accounting convention

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and include the result of activities described in the directors' report, all of which are continuing.

(b) Cash flow statement

The Company has taken advantage of the exemption under the rules of FRS1 not to produce a cash flow statement. The appropriate amounts have been included in the consolidated accounts of Trafalgar House Public Limited Company.

(c) Turnover

Turnover, which includes inter-company trading, represents the value of work done during the year calculated by reference to contracts closed in the year and the movement of work - in - progress during the year.

(d) Taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that it is probable that a liability or asset will crystallise in the future.

(e) Long - term contracts

Amounts recoverable on contracts are valued at anticipated net sales value after provision for contingencies and anticipated future losses on contracts.

Claims are included in the valuation of contracts and credited to the profit and loss account only when entitlement has been established.

Cash received on account of contracts is deducted from amounts recoverable on contracts. Such amounts which have been received and exceed amounts recoverable are included in creditors. Contract provisions in excess of amounts recoverable are included in provisions for liabilities and charges.

2. Analysis of Turnover

	<u>1995</u>	<u>1994</u>
	£	£
By geographical area :		
Asia	<u>147,366</u>	<u>1,485,494</u>

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

NOTES TO THE ACCOUNTS

2. Analysis of Turnover (continued)

	<u>1995</u>	<u>1994</u>
	£	£
By class of business :		
Continuing operations :		
Project management services	<u>147,366</u>	<u>1,485,494</u>

3. Operating Profit

	£	£
Continuing operations :		
Turnover	147,366	1,485,494
Cost of sales	<u>(63,366)</u>	<u>(1,485,494)</u>
Total operating profit	<u>84,000</u>	<u>-</u>
By geographical location :		
Asia	<u>84,000</u>	<u>-</u>
By class of business :		
Continuing operations :		
Project management services	<u>84,000</u>	<u>-</u>

4. Interest receivable and similar income

	£	£
Group interest receivable	47,098	8,036
Bank interest receivable	<u>-</u>	<u>13,351</u>
	<u>47,098</u>	<u>21,387</u>

5. Interest payable and similar charges

	£	£
Other loans	<u>-</u>	<u>245</u>

6. Tax on Profit on ordinary activities

	£	£
Group relief payment	<u>-</u>	<u>-</u>

There is no charge for Corporation Tax on the profit for the year as relief will be obtained for losses incurred by other companies in the group surrendered for no consideration.

There is no potential liability to deferred taxation.

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

NOTES TO THE ACCOUNTS

7. Director's Emoluments

No remuneration was paid by the Company to the directors during the year.
(30th September 1994 - £Nil).

8. Debtors

	<u>1995</u>	<u>1994</u>
	£	£
Amounts falling due within one year :		
Amounts owed to immediate parent companies	827,972	827,972
Amounts owed to fellow subsidiary undertakings	1,143,437	1,274,226
V A T	<u>20,945</u>	<u>9,978</u>
	<u>1,992,354</u>	<u>2,112,176</u>

9. Creditors : Amounts falling due within one year

	£	£
Amounts received in advance on contracts	354,840	852,207
Trade creditors	59,343	1,130
Amounts owed to immediate parent companies	387,750	66,996
Accruals and deferred income	<u>14,500</u>	<u>19,923</u>
	<u>816,433</u>	<u>940,256</u>

10. Provisions for liabilities and charges

	<u>Open contract provisions</u> £
As at 1st October 1994	287,000
Provisions raised during year	18,000
Provisions released during year	<u>(151,000)</u>
As at 30th September 1995	<u>154,000</u>

11. Share capital

	<u>1995</u>	<u>1994</u>
	£	£
Authorised :		
Equity share capital		
250,000 ordinary shares of £1 each	<u>250,000</u>	<u>250,000</u>
Allotted, called up, and fully paid :		
Equity share capital		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

HEAD WRIGHTSON PROCESS ENGINEERING LIMITED

NOTES TO THE ACCOUNTS

12. Reserves

	<u>Profit and Loss account</u> £
As at 1st October 1994	790,823
Retained profit for the financial year	<u>131,098</u>
As at 30th September 1995	<u><u>921,921</u></u>

13. Reconciliation of movements in shareholders' funds

	<u>1995</u> £	<u>1994</u> £
Profit for the financial year and net addition to shareholders' funds	131,098	21,142
Opening shareholders' funds	<u>890,823</u>	<u>869,681</u>
Closing shareholders' funds	<u><u>1,021,921</u></u>	<u><u>890,823</u></u>

14. Ultimate parent undertaking

The parent undertaking of the largest group which includes the Company and for which group accounts are prepared is Trafalgar House Public Limited Company, which is registered in England and Wales. Copies of the group financial statements of Trafalgar House Public Limited Company are available from the Registered Office, 1 Berkeley Street, London W1A 1BY.