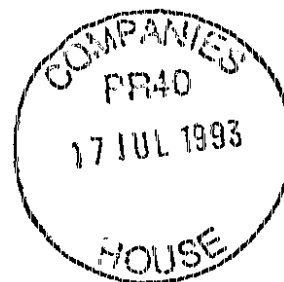


SPADE OAK GROUP LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the year ended
31 March 1993



Company Number 1049982

DIRECTORS' REPORT
for the year ended 31 March 1993**FINANCIAL STATEMENTS**

The directors present their report and financial statements for the year ended 31 March 1993.

PRINCIPAL ACTIVITY

During the year the principal activity of the company continued to be the provision of management and other services to its subsidiary undertakings. These subsidiary undertakings carry out surfacing contracts.

REVIEW OF THE BUSINESS

The group's trading has again produced a satisfactory overall result during difficult economic times, a trend which is confidently expected to continue.

RESULTS AND DIVIDENDS

The group profit for the year after taxation amounted to £109,651 (1992: profit £102,497). The directors do not recommend the payment of a dividend, and propose to transfer this amount to reserves.

FIXED ASSETS

The movements are set out in note 5 to the financial statements.

DIRECTORS AND THEIR INTERESTS IN SHARE CAPITAL

The directors during the year, and their share interests in the company, were:

	Ordinary shares of 10p each 1993	Ordinary shares of 10p each 1992
C Wellington (Chairman)	25,000	25,000
Mrs A V Wellington	125,000	125,000
M P J Wellington	295,000	295,000
P N C Wellington	295,000	295,000
P D A Wellington	220,000	220,000
P J W Wellington (resigned 30 June 1993)	20,000	20,000
C A Jamieson (appointed 1 January 1993)	26,000	-

DIRECTORS' REPORT
for the year ended 31 March 1993 (continued)

DONATIONS

The group made a total of £225 (1992: £470) in charitable donations in the year and no political contributions.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 14 July 1993.

C. A. Jamieson

C A Jamieson
Secretary

AUDITORS' REPORT
to the members of Spade Oak Group Limited

We have audited the financial statements on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 1993 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Bdo Binder Hamlyn
Chartered Accountants
Registered Auditor

14 July 1993

SPADE OAK GROUP LIMITED

4

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1993

	Notes	1993 £	1992 £
Turnover		9,622,510	10,571,883
Cost of sales		(7,818,800)	(8,634,104)
Gross profit		1,803,710	1,937,779
Administrative expenses		(1,540,716)	(1,584,973)
Operating profit		262,994	352,806
Interest receivable		1,106	-
Income from fixed asset investments		124	562
Interest payable		(91,313)	(187,695)
Profit on ordinary activities before taxation	2	172,911	165,673
Tax on profit on ordinary activities	4	(63,260)	(63,176)
Retained profit for the year	14	£109,651	£102,497

SPADE OAK GROUP LIMITED

5

GROUP BALANCE SHEET
as at 31 March 1993

	Notes	1993 £	1992 £
FIXED ASSETS			
Tangible assets	5	922,193	948,861
Investments	6	1,730	1,730
		<u>923,923</u>	<u>950,591</u>
CURRENT ASSETS			
Stocks	8	17,535	19,969
Debtors	9	1,823,008	2,091,688
Cash at bank and in hand		138,882	1,361
		<u>1,979,425</u>	<u>2,113,018</u>
CREDITORS: amounts falling due within one year	10	(1,587,016)	(1,772,072)
Net Current Assets		<u>392,409</u>	<u>340,946</u>
Total Assets less Current Liabilities		1,316,332	1,291,337
CREDITORS: amounts falling due after more than one year	11	(441,619)	(528,253)
PROVISIONS FOR LIABILITIES AND CHARGES	12	-	(8,102)
Net Assets		<u>£874,713</u>	<u>£755,182</u>
CAPITAL AND RESERVES			
Called up share capital	13	102,600	100,000
Share premium	13	7,280	-
Revaluation reserve	14	86,653	89,509
Profit and loss account	14	678,180	565,673
		<u>£874,713</u>	<u>£755,182</u>

SPADE OAK GROUP LIMITED

6

BALANCE SHEET
as at 31 March 1993

	Notes	1993 £	1992 £
FIXED ASSETS			
Tangible assets	5	58,737	52,971
Investments	6	1,730	1,730
Investment in subsidiary undertakings	7	6,500	6,500
		<u>66,967</u>	<u>61,201</u>
CURRENT ASSETS			
Debtors	9	231,076	159,222
Cash at bank and in hand		6,176	1,204
		<u>237,252</u>	<u>160,426</u>
CREDITORS: amounts falling due within one year	10	(104,241)	(42,874)
Net Current Assets		<u>133,011</u>	<u>117,552</u>
Total Assets less Current Liabilities		199,978	178,753
CREDITORS: amounts falling due after more than one year	11	(7,150)	-
Net Assets		<u>£192,828</u>	<u>£178,753</u>
CAPITAL AND RESERVES			
Called up share capital	13	102,600	100,000
Share premium	13	7,280	-
Revaluation reserve	14	6,064	8,920
Profit and loss account	14	76,884	69,833
		<u>£192,828</u>	<u>£178,753</u>

The financial statements on pages 4 to 15 were approved by the Board on 14 July 1993.


C Wellington
Director

SPADE OAK GROUP LIMITED

7

GROUP CASH FLOW STATEMENT
for the year ended 31 March 1993

	Notes	£	1993 £	£	1992 £	£
Net cash inflow from operating activities	15		743,130		626,527	
Returns on investments and servicing of finance						
Investment income		124		562		
Interest received		1,106		-		
Interest paid		(78,848)		(161,833)		
Interest element of hire purchase payments		(12,465)		(25,862)		
Net cash outflow from returns on investments and servicing of finance			(90,083)		(187,133)	
Taxation						
Corporation tax paid		(80,510)		(40,650)		
Corporation tax refunded		-		49,373		
			(80,510)		8,723	
Investing activities						
Purchase of tangible fixed assets		(179,984)		(51,753)		
Sale of tangible fixed assets		22,055		51,246		
Net cash outflow from investing activities			(157,929)		(507)	
Net cash inflow before financing			414,608		447,610	
Financing						
New loans		-		100,000		
Repayment of amounts borrowed		(108,708)		(12,137)		
Capital element of hire purchase payments		17,674		(89,573)		
Issue of shares		9,880		-		
Net cash outflow from financing			(81,154)		(1,710)	
Increase in cash and cash equivalents	16		£333,454		£445,900	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Basis of consolidation

The consolidated financial statements include the results of the company and of its subsidiaries for the year ended 31 March 1993. A separate profit and loss account for the company has not been prepared as permitted by Section 230 of the Companies Act 1985. Goodwill arising on consolidation has been written off against consolidated reserves.

Recognition of income

Each contract undertaken may consist of several phases. The income attaching to each phase is therefore recognised when the work for that phase is complete.

Tangible assets and depreciation

Tangible fixed assets have been depreciated on the straight line basis, based on the directors' estimate of useful lives, as follows:

Freehold building	-	50 years
Leasehold building	-	Length of lease
Office equipment	-	2-10 years
Plant and machinery	-	2-12 years
Motor vehicles	-	4 years

No depreciation is provided in respect of freehold land.

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account.

Deferred taxation

Provision is made for deferred taxation, using the liability method, where the directors expect liabilities to arise in the foreseeable future.

Provision has not been made for potential taxation liabilities arising from the revaluation of the freehold property as the directors do not expect these to crystallise. The potential liability has not been quantified.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

1. ACCOUNTING POLICIES (continued)

Leased assets and hire purchase obligations

Assets held under hire purchase agreements are capitalised in accordance with Statement of Standard Accounting Practice 21 and are depreciated over their useful lives. Finance charges are calculated on the straight line basis and are charged to profit and loss accordingly.

Assets held under operating leases are not capitalised and no depreciation is provided. Operating lease rentals are charged to profit and loss account.

Pension costs

Both the directors' and the staff pension schemes are defined contribution schemes. The profit and loss charge represents the amount contributed in the year.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

2. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after charging:	1993 £	1992 £
Depreciation - of owned assets	169,390	146,653
- of assets held under hire purchase contracts	19,351	55,767
Operating lease rentals - plant and machinery	468,095	583,414
- land and buildings	59,550	59,550
Auditors' remuneration for audit services	17,000	17,000
Hire purchase interest	12,495	25,862
Bank loan interest	53,502	55,257
Other loan interest	2,780	11,753
Bank overdraft interest	22,170	90,267
Other interest	366	-
Bad debts and provision for doubtful debts	77,123	87,294
	<u> </u>	<u> </u>

The bank loan interest relates to a loan which is partly repayable after more than five years.

3. EMPLOYEES

(a) Number of employees

The average number of persons (including directors)
employed by the group during the year was:

	Number	Number
Category		
Administration	40	42
Roadmen	70	69
	<u> </u>	<u> </u>
	110	111
	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

3. EMPLOYEES (continued)

	1993 £	1992 £
(b) Employment costs		
Wages and salaries	1,758,583	1,841,265
Social security costs	185,109	189,599
Other pension costs	57,820	62,686
	<u>£2,001,512</u>	<u>£2,093,550</u>

(c) Directors' emoluments

Fees, salaries and benefits-in-kind	262,450	202,019
Pension contributions	32,375	31,500
	<u>£294,825</u>	<u>£233,519</u>

(d) Bandings

Directors' emoluments, excluding pension contributions, include amounts paid to:

Chairman	£20,832	£20,058
Highest paid director	£75,440	£49,255

Other directors' emoluments are within the following bands:

	Number	Number
£10,001 - £15,000	2	1
£25,001 - £30,000	-	1
£30,001 - £35,000	1	1
£35,001 - £40,000	-	1
£50,001 - £55,000	1	-
£55,001 - £60,000	1	-

4. TAXATION

	£	£
Current year taxation		
U.K. corporation tax at 33% (1992: 33%)	73,977	83,125
Transfer from deferred tax	(1,680)	(15,712)
	<u>72,297</u>	<u>67,413</u>
Prior year adjustments		
Corporation tax	(2,615)	(4,237)
Deferred tax	(6,422)	-
	<u>£63,260</u>	<u>£63,176</u>
Tax on profit on ordinary activities		

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

5. TANGIBLE FIXED ASSETS

(a) Group	Plant and machinery £	Office equipment and improvements £	Motor vehicles £	Freehold land and buildings £	Leasehold property £	Total £
Cost or valuation						
1 April 1992	616,802	133,901	182,817	572,430	16,875	1,522,825
Additions	82,335	4,374	93,275	-	-	179,984
Disposals	(70,857)	-	(59,030)	-	(6,875)	(136,762)
31 March 1993	628,280	138,275	217,062	572,430	10,000	1,566,047
Depreciation						
1 April 1992	366,959	66,939	110,959	19,724	9,383	573,964
Charge for year	110,578	17,589	52,532	6,614	1,428	188,741
Disposals	(56,581)	-	(55,395)	-	(6,875)	(118,851)
31 March 1993	420,956	84,528	108,096	26,338	3,936	643,854
Net book value						
31 March 1993	£207,324	£53,747	£108,966	£546,092	£6,064	£922,193
31 March 1992	£249,843	£66,962	£71,858	£552,706	£7,492	£948,861

The net book value of fixed assets held by the group at 31 March 1993 includes an amount of £102,606 (1992: £118,988) in respect of assets held under hire purchase contracts.

The freehold property at Well End was revalued at £80,000 during the year ended 31 March 1990. The valuation was based on market conditions and was carried out by a firm of chartered surveyors.

If freehold land and buildings had not been revalued, they would have been included at the following amounts:

	1993 £	1992 £
Cost	511,453	511,453
Depreciation	(26,338)	(19,724)
	£485,115	£491,729

SPADE OAK GROUP LIMITEDNOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)**5. TANGIBLE FIXED ASSETS**

(b) Company	Leasehold property £	Office equipment £	Motor vehicles £	Total £
Cost	16,875	48,746	16,861	82,482
1 April 1992	-	496	22,300	22,796
Additions	(6,875)	-	-	(6,875)
Disposal	10,000	49,242	39,161	98,403
31 March 1993				
Depreciation	9,383	11,547	8,581	29,511
1 April 1992	1,428	9,266	6,336	17,030
Charge for year	(6,875)	-	-	(6,875)
Disposal	3,936	20,813	14,917	39,666
31 March 1993				
Net book value	£6,064	£28,429	£24,244	£58,737
31 March 1993				
31 March 1992	£7,492	£37,199	£8,280	£52,971

The net book value of fixed assets held by the company at 31 March 1993 includes an amount of £18,684 (1992: £8,280) in respect of assets held under hire purchase contracts.

	1993	1992
6. INVESTMENTS		
Shares in listed companies at cost	£1,730	£1,730

The market value of listed investments at 31 March 1993 was £19,068 (1992: £10,443).

7. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investment in subsidiary undertakings	£6,500	£6,500
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The company's subsidiary undertakings are:

Name	Class of share	Percentage held	Nature of business
Spade Oak Construction Co. Limited	Ordinary	100%	Surfacing contracts
Spade Oak Duracourt Limited	Ordinary	100%	Surfacing contracts

Both subsidiary undertakings are registered and operate in England and are included in these consolidated accounts.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

8. STOCKS - Group		1993		1992	
Consumables stores		£17,535		£19,969	
9. DEBTORS		Group		Company	
	1993	1992	1993	1992	
	£	£	£	£	
Trade debtors - valuations	1,263,035	1,452,968	--	--	
- retentions	422,980	444,644	--	--	
Amounts recoverable on contracts	88,279	129,522	--	--	
Amounts owed by subsidiary undertaking	--	--	210,270	113,438	
Other debtors	12,664	14,117	--	5,827	
Prepayments	36,050	50,437	20,806	39,957	
	<u>£1,823,008</u>	<u>£2,091,688</u>	<u>£231,076</u>	<u>£159,222</u>	

Group retentions due after one year £354,928 (1991: £352,294).

10. CREDITORS: amounts falling due within one year

Bank loan (secured)	23,000	23,000	--	--
Bank overdraft (secured)	42,764	238,697	--	--
Payments received in advance	--	23,962	--	--
Trade creditors	1,240,766	1,245,530	19,534	27,720
Corporation tax payable	73,977	83,125	4,734	1,000
Other taxes and social security	111,002	51,621	57,780	4,446
Hire purchase creditor	43,672	48,072	7,800	1,222
Directors' loan accounts	12,207	11,577	--	171
Other creditors	16,660	7,999	--	--
Accruals	22,968	38,489	14,393	8,315
	<u>£1,587,016</u>	<u>£1,772,072</u>	<u>£104,241</u>	<u>£42,874</u>

The bank loan is secured by a first mortgage on a freehold property.

The bank overdraft is secured by fixed and floating charges on the general assets of the group.

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

11. CREDITORS: amounts falling due after more than one year	Group		Company	
	1993 £	1992 £	1993 £	1992 £
Bank loan (secured)	404,567	413,275	--	--
Other loan	--	100,000	--	--
Hire purchase creditor	37,052	14,978	7,150	--
	<u>£441,619</u>	<u>£528,253</u>	<u>£7,150</u>	<u>£--</u>

The bank loan is secured by a first mortgage on a freehold property.

The bank loan is repayable by instalments over 20 years at a fixed interest rate of 12.5%.

The other loan was made by the Spade Oak Construction Co Limited Directors' Pension Scheme and was unsecured at an interest rate of 3% over the Bank Base rate.

Hire purchase obligations are repayable within five years.

12. PROVISIONS FOR LIABILITIES AND CHARGES - Group	1993 £	1992 £
Deferred taxation		
Related to accelerated capital allowances: 1 April	8,102	23,814
Transfer to profit and loss account	<u>(8,102)</u>	<u>(15,712)</u>
31 March	<u>£Nil</u>	<u>£8,102</u>

13. SHARE CAPITAL AND SHARE PREMIUM

Authorized 1,500,000 ordinary shares of 10p each	<u>£150,000</u>	<u>£150,000</u>
Allotted, called up and fully paid 1,026,000 ordinary shares of 10p each	<u>£102,600</u>	<u>£100,000</u>

During the year the company issued 26,000 10p ordinary shares for a consideration of £9,880, giving rise to a share premium of £7,280.

14. RESERVES	Revaluation reserve		Profit and loss account	
	Group £	Company £	Group £	Company £
1 April 1992	89,509	8,920	565,673	69,833
Retained profit for the year	--	--	109,651	4,195
Transfer	<u>(2,856)</u>	<u>(2,856)</u>	<u>2,856</u>	<u>2,856</u>
31 March 1993	<u>£86,653</u>	<u>£6,064</u>	<u>£678,180</u>	<u>£76,884</u>

The group profit and loss account is shown after writing off goodwill of £1,500 in previous years.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1993 (continued)

15. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1993 £	1992 £
Operating profit	262,994	352,806
Depreciation	188,741	202,420
Profit on disposal of fixed assets	(4,144)	(20,186)
Decrease in stocks	2,434	15,036
Decrease/(increase) in debtors	268,680	(7,082)
Increase in creditors	24,425	83,533
Net cash inflow from operating activities	£743,130	£626,527

16. ANALYSIS OF CASH AND CASH EQUIVALENT BALANCES

	1993 £	1992 £	Increase £
Cash at bank and in hand	138,882	1,361	137,521
Bank overdraft	(42,764)	(238,697)	195,933
	£96,118	£(237,336)	£333,454

17. FINANCIAL COMMITMENTS

	1993 £	Group 1992 £
Annual operating lease rentals due under agreements expiring:		
- within one year	15,786	19,406
- between two and five years	24,454	59,067
	£40,240	£78,473

18. DIRECTOR'S LOAN

The following loan to a director was made during the year:

	Amount outstanding 1993	Maximum in year 1992
M P J Wellington	£-	£18,000

This loan was interest free and unsecured.