

SPADE OAK GROUP LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
for the year ended 31 March 1995

Company number 1049982



FINANCIAL STATEMENTS

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

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 and the group and of the profit or loss of the group for that period. In preparing those 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; and
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and 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.

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 has successfully consolidated its overall trading in its business for the last few years, which we confidently expect to continue.

RESULTS AND DIVIDENDS

The group profit for the year after taxation amounted to £188,672 (1994: £149,340). On 15 December 1994 the directors paid an interim dividend of 10p (1994: nil) per share. The directors do not recommend the payment of a final dividend and the retained profit of £81,072 (1994: £149,340) will be transferred to reserves.

FIXED ASSETS

The movements are set out in note 6 to the financial statements.

SPADE OAK GROUP LIMITED

DIRECTORS' REPORT for the year ended 31 March 1995

DIRECTORS AND THEIR INTERESTS IN SHARE CAPITAL

The directors at the end of and during the year, and their share interests in the company at the beginning and end of the year, were:

	Ordinary shares of 10p each 1995	Ordinary shares of 10p each 1994
Mrs Angela V Wellington	150,000	125,000
PJ Michael Wellington	295,000	295,000
Peter NC Wellington	295,000	295,000
Paul DA Wellington	220,000	220,000
Clive A Jamieson	50,000	26,000
David M Dawe (appointed 27 June 1994)	26,000	-

Mr PJ Michael Wellington was appointed Chairman on 7 July 1994.

On 7 December 1994, 24,000 10p ordinary shares were allotted to CA Jamieson for 38p each, and 26,000 10p ordinary shares were allotted to DM Dawe for 51p each.

DONATIONS

The group made a total of £591 (1994: £350) in charitable donations in the year and no political contributions.

AUDITORS

From 1 October 1994, the company's auditors practise as Binder Hamlyn and accordingly have signed their report in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution proposing that 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 26 July 1995.



CA Jamieson
Secretary

BINDER HAMLYN

Sundial House Cheap Street
Newbury Berkshire RG14 5DH

AUDITORS' REPORT

to the members of Spade Oak Group Limited

We have audited the financial statements on pages 4 to 18 which have been prepared on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 1, 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.

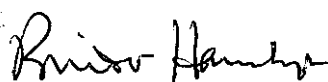
Basis of opinion

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 affairs of the company and of the group as at 31 March 1995 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditors

26 July 1995

SPADE OAK GROUP LIMITED

GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1995

	Notes	1995	1994
		£	£
Turnover		13,079,957	10,593,161
Cost of sales		(10,675,643)	(8,793,514)
Gross profit		2,404,314	1,799,647
Administrative expenses	2	(1,977,725)	(1,522,755)
Operating profit		426,589	276,892
Interest receivable		18,515	3,663
Income from fixed asset investments		98	523
Interest payable		(43,197)	(55,524)
Profit on ordinary activities before taxation	2	402,005	225,554
Tax on profit on ordinary activities	4	(213,333)	(76,214)
Profit for the financial year	15	188,672	149,340
Dividends paid	5,15	(107,600)	-
Retained profit for the year	14	81,072	149,340

The results above reflect the continuing operations of the Group.

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 1995

	1995	1994
	£	£
Profit for the financial year	81,072	149,340
Unrealised loss on revaluation of properties	-	(6,064)
Total recognised gains and losses	81,072	143,276

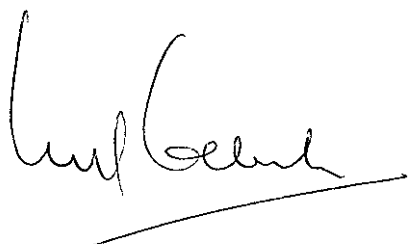
SPADE OAK GROUP LIMITED

**GROUP BALANCE SHEET
as at 31 March 1995**

	Notes	1995	1994
		£	£
FIXED ASSETS			
Tangible assets	6	905,736	881,695
Investments	7	1,730	1,730
		907,466	883,425
CURRENT ASSETS			
Stocks	9	80,814	59,916
Debtors	10	2,279,301	2,080,765
Cash at bank and in hand		528,385	363,158
		2,888,500	2,503,839
CREDITORS: amounts falling due within one year	11	(2,463,006)	(1,994,249)
Net current assets		425,494	509,590
Total assets less current liabilities		1,332,960	1,393,015
CREDITORS: amounts falling due after more than one year	12	(211,519)	(375,026)
Net assets		1,121,441	1,017,989
CAPITAL AND RESERVES			
Called up share capital	13	107,600	102,600
Share premium	14	24,660	7,280
Revaluation reserve	14	60,977	60,977
Profit and loss account	14	928,204	847,132
Total shareholders' funds	15	1,121,441	1,017,989

The financial statements on pages 4 to 18 were approved by the Board on 26 July 1995.

PJ Michael Wellington
Director



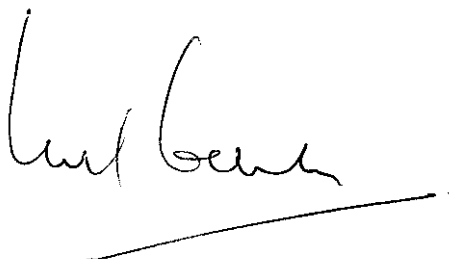
SPADE OAK GROUP LIMITED

COMPANY BALANCE SHEET
as at 31 March 1995

	Notes	1995	1994
		£	£
FIXED ASSETS			
Tangible assets	6	62,562	35,808
Investments	7	1,730	1,730
Investment in subsidiary undertakings	8	6,500	6,500
		70,792	44,038
CURRENT ASSETS			
Debtors	10	357,131	232,623
Cash at bank and in hand		1,742	590
		358,873	233,213
CREDITORS: amounts falling due within one year	11	(212,966)	(83,342)
Net current assets		145,907	149,871
Total assets less current liabilities		216,699	193,909
CREDITORS: amounts falling due after more than one year	12	(4,662)	-
Net assets		212,037	193,909
CAPITAL AND RESERVES			
Called up share capital	13	107,600	102,600
Share premium	14	24,660	7,280
Revaluation reserve	14	-	-
Profit and loss account	14	79,777	84,029
Total shareholders' funds	15	212,037	193,909

The financial statements on pages 4 to 18 were approved by the Board on 26 July 1995.

PJ Michael Wellington
Director



SPADE OAK GROUP LIMITED

GROUP CASH FLOW STATEMENT
for the year ended 31 March 1995

	Notes	1995	1994
		£	£
Net cash inflow from operating activities	16	797,546	512,319
Returns on investments and servicing of finance			
Investment income	98		523
Interest received	18,515		3,663
Interest paid	(29,561)		(45,479)
Interest element of hire purchase payments	(14,054)		(10,045)
Dividends paid	(107,600)		-
Net cash outflow from returns on investments and servicing of finance		(132,602)	(51,338)
Taxation			
Corporation tax paid		(122,148)	(71,771)
Investing activities			
Purchase of tangible fixed assets	(182,600)		(31,112)
Sale of tangible fixed assets	15,489		39,774
Net cash (outflow)/inflow from investing activities		(167,111)	8,662
Net cash inflow before financing		375,685	397,872
Financing			
Repayment of amounts borrowed	(96,532)		(51,243)
Capital element of hire purchase payments	(136,306)		(79,589)
Issue of shares	22,380		-
Net cash outflow from financing		(210,458)	(130,832)
Increase in cash and cash equivalents	17	165,227	267,040

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 1995. 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	- No depreciation is charged as the asset is maintained to a high standard and the directors believe it stands at a value that fairly represents its net realisable value.
Office equipment and improvements	- 5-15 years
Plant and machinery	- 2-12 years
Motor vehicles	- 4 years

No depreciation is provided in respect of freehold land.

Stocks

Stocks including work in progress have been valued at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion.

Amounts recoverable on contracts

Amounts recoverable on contracts are included in debtors and are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts. They are comprised of work on contracts completed, but not invoiced, at the year end.

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 on a straight line basis over the lease term.

Investment properties

Investment properties are land and buildings held for their investment potential. Such properties are valued at their open market value, an amount determined by the directors. No depreciation is charged on such an asset, and changes in value are accounted for via an investment revaluation reserve to the extent that such a reserve is in existence.

Deferred taxation

Provision is made for deferred taxation under the liability method on all timing differences to the extent that it is probable that an asset or liability will crystallise.

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.

NOTES TO THE FINANCIAL STATEMENTS

2	PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION is stated after charging/(crediting):	1995 £	1994 £
	Depreciation		
	- of owned assets	173,611	136,214
	- of assets held under hire purchase contracts	33,413	44,607
	Operating lease rentals		
	- plant and machinery	87,475	37,630
	- land and buildings	-	59,550
	Hire of plant and machinery	633,464	541,256
	Auditors' remuneration		
	- audit	17,000	17,000
	- other services	4,000	4,000
	Hire purchase interest	14,154	10,045
	Bank loan interest	28,009	41,706
	Bank overdraft interest	1,034	3,773
	Bank interest receivable	(18,515)	(3,663)
	Profit on sale of fixed assets	(10,661)	(25,633)
	Rent receivable	(18,595)	(7,896)
	Exceptional item		
	- write down of freehold land and buildings	100,000	59,479

The exceptional item which is included within administrative expenses arises on the write down of Freehold property as disclosed in note 6.

The bank loan interest relates to a loan which is wholly repayable in less than five years.

3 EMPLOYEES

Number of employees

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

	Number	Number
Category:		
Administration	42	39
Roadmen	82	79
	124	118

Employment costs	£	£
Wages and salaries	2,533,338	2,088,249
Social security costs	256,417	241,165
Other pension costs	151,828	24,846
	2,941,583	2,354,260

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

3	EMPLOYEES <i>continued</i>	1995 £	1994 £
	Directors' emoluments		
	Fees, salaries and benefits-in-kind	418,373	336,199
	Pension contributions	122,993	3,745
		541,366	339,944

Bandings

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

Chairman	113,544	18,872
Highest paid director (chairman in 1995)	-	100,413

Other directors' emoluments are within the following bands:	Number	Number
£15,001 - £20,000	-	1
£25,001 - £30,000	-	1
£35,001 - £40,000	1	-
£45,001 - £50,000	-	1
£55,001 - £60,000	-	1
£60,001 - £65,000	1	-
£65,001 - £70,000	2	1
£70,001 - £75,000	1	-

4	TAXATION	£	£
	(1) Tax on profit on ordinary activities		
	Current year taxation:		
	UK Corporation tax at 33% (1994: 33%)	197,131	97,408
	Transfer from/(to) deferred tax	19,628	(19,628)
		216,759	77,780
	Prior year adjustments:		
	Corporation tax	(3,426)	(1,566)
	Tax on profit on ordinary activities	213,333	76,214

The taxation charge for the year is high due to the incidence of disallowable expenditure.

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4 TAXATION *continued*

(2) Deferred tax

The deferred taxation assets recognised and unrecognised in the accounts are as follows:

	1995 £	1994 £
Balance at 1 April	(19,628)	-
Transfer to/(from) current year taxation	19,628	(19,628)
Balance at 31 March	-	(19,628)

	1995 £	Provided 1994 £	1995 £	Potential 1994 £
(a) Group				
Depreciation in excess of capital allowances	-	-	(12,887)	(7,348)
Loss on revaluation of assets	-	(19,628)	(37,766)	(4,490)
	-	(19,628)	(50,653)	(11,838)

(b) Company

Depreciation in excess of capital allowances	-	-	(954)	(1,062)
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5 DIVIDENDS

	1995 £	1994 £
Interim dividend paid of 10p per 10p ordinary share	107,600	-

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 TANGIBLE FIXED ASSETS

(1) Group	Investment properties £	Plant and machinery £	Office equipment and improve- ments £	Motor vehicles £	Freehold land and buildings £	Total £
Cost or valuation						
1 April 1994	-	690,946	111,328	167,357	512,951	1,482,582
Additions	-	270,876	53,022	11,995	-	335,893
Disposals	-	(55,308)	(4,874)	(10,596)	-	(70,778)
Reclassification	400,000	-	-	-	(432,951)	(32,951)
Write down to estimated realisable value	(100,000)	-	-	-	-	(100,000)
31 March 1995	300,000	906,514	159,476	168,756	80,000	1,614,746
Depreciation						
1 April 1994	-	425,804	67,081	75,051	32,951	600,887
Charge for year	-	147,729	21,556	37,739	-	207,024
Disposals	-	(50,480)	(4,874)	(10,596)	-	(65,950)
Reclassification	-	-	-	-	(32,951)	(32,951)
31 March 1995	-	523,053	83,763	102,194	-	709,010
Net book value						
31 March 1995	300,000	383,461	75,713	66,562	80,000	905,736
31 March 1994	-	265,142	44,247	92,306	480,000	881,695

The net book value of fixed assets held by the group at 31 March 1995 includes an amount of £243,485 (1994: £227,670) in respect of assets held under hire purchase contracts.

Included in freehold land and buildings is one of a group company's properties which 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.

During the year a freehold property was reclassified as an investment property. This property has been written down to the amount which the directors estimate more fairly reflects its open market value.

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

6 TANGIBLE FIXED ASSETS *continued*

If all freehold land and buildings were stated at cost, they would have been included at the following amounts:

	1995 £	1994 £
Cost	511,453	511,453
Depreciation	(32,951)	(32,951)
	478,502	478,502

(2) Company	Office equipment £	Motor vehicles £	Total £
Cost			
1 April 1994	48,142	25,361	73,503
Additions	34,624	11,995	46,619
Disposal	(4,874)	-	(4,874)
31 March 1995	77,892	37,356	115,248
Depreciation			
1 April 1994	28,118	9,577	37,695
Charge for year	12,302	7,563	19,865
Disposal	(4,874)	-	(4,874)
31 March 1995	35,546	17,140	52,686
Net book value			
31 March 1995	42,346	20,216	62,562
31 March 1994	20,024	15,784	35,808

The net book value of fixed assets held by the company at 31 March 1995 includes an amount of £10,000 (1994: £8,940) in respect of assets held under hire purchase contracts.

7 INVESTMENTS

	1995 £	1994 £
Shares in listed companies at cost	1,730	1,730

The market value of listed investments at 31 March 1995 was £8,343 (1994: £7,079).

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

8 INVESTMENT IN SUBSIDIARY UNDERTAKINGS	1995	1994
	£	£
Investment in subsidiary undertakings	6,500	6,500

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.

9 STOCKS	Group	1995	1994
		£	£
Consumables stores		35,919	13,247
Work in progress		44,895	46,669
		80,814	59,916

10 DEBTORS	Group	Company	1995	1994
	1995		1995	1994
	£		£	£
Trade debtors				
- valuations	1,701,130	1,509,551	-	-
- retentions	406,070	355,926	-	-
Amounts recoverable on contracts	111,085	157,441	-	-
Amounts owed by subsidiary undertakings	-	-	297,684	215,076
Other debtors	17,100	12,490	18,953	61
Prepayments	23,941	25,729	20,519	17,486
Deferred taxation asset (note 4(2))	-	19,628	-	-
ACT recoverable	19,975	-	19,975	-
	2,279,301	2,080,765	357,131	232,623

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

11 CREDITORS: amounts falling due within one year	1995 £	Group 1994 £	1995 £	Company 1994 £
Bank loan (secured)	162,016	92,581	-	-
Payments on account	25,844	-	-	-
Trade creditors	1,714,917	1,480,114	64,644	16,521
Amounts owed to subsidiary undertakings	-	-	87,740	-
Corporation tax payable	189,580	98,048	24,969	7,840
Other taxes and social security	129,198	120,580	6,606	29,893
Hire purchase creditor	113,274	98,747	3,998	7,150
Directors' loan accounts	15	4,323	-	-
Other creditors	3,842	29,458	-	-
Accruals	124,320	70,398	25,009	21,938
	2,463,006	1,994,249	212,966	83,342

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

12 CREDITORS: amounts falling due after more than one year

Bank loan (secured)	117,776	283,743	-	-
Hire purchase creditor	93,743	91,283	4,662	-
	211,519	375,026	4,662	-

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

The bank loan is repayable by instalments in less than five years at a rate of 3% above the bank's base rate.

Hire purchase obligations are repayable within five years.

13 SHARE CAPITAL	1995 £	1994 £
Authorised		
1,500,000 ordinary shares of 10p each	150,000	150,000
Allotted, called up and fully paid		
1,076,000 ordinary shares of 10p each	107,600	-
1,026,000 ordinary shares of 10p each	-	102,600

50,000 ordinary shares of 10p each were issued in the year. 24,000 shares were issued at a premium of 28p each and 26,000 shares were issued at a premium of 41p each.

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14	RESERVES	Share premium £	Revaluation reserve £	Profit and loss £
	(1) Company			
	1 April 1994	7,280	-	84,029
	Premium on issues of shares	17,380	-	-
	Loss for the year	-	-	(4,252)
	31 March 1995	24,660	-	79,777
	(2) Group			
	1 April 1994	7,280	60,977	847,132
	Retained profit for the year	-	-	81,072
	Premium on issue of shares	17,380	-	-
	31 March 1995	24,660	60,977	928,204
The group profit and loss account is shown after writing off goodwill of £1,500 (1994: £1,500) in previous years.				
15	RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS	1995 £	1994 £	
	Profit for the financial year	188,672	149,340	
	Issue of shares	22,380	-	
	Other recognised gains and losses	-	(6,064)	
	Dividends	(107,600)	-	
	Net addition to shareholders' funds	103,452	143,276	
	Opening shareholders' funds	1,017,989	874,713	
	Closing shareholders' funds	1,121,441	1,017,989	
16	RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES			
	Operating profit	426,589	276,892	
	Depreciation	207,024	180,821	
	Permanent diminution in value of fixed assets	100,000	59,479	
	Profit on disposal of fixed assets	(10,661)	(25,633)	
	Increase in stocks	(20,898)	(42,381)	
	Increase in debtors	(198,189)	(238,129)	
	Increase in creditors	293,681	301,270	
	Net cash inflow from operating activities	797,546	512,319	

SPADE OAK GROUP LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17 ANALYSIS OF CASH AND CASH EQUIVALENT BALANCES

	1995 £	1994 £	Increase £
Cash at bank and in hand	528,385	363,158	165,227

18 ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share capital (including share premium) 1995 £	Hire purchase contracts 1995 £	Loans 1995 £	Share capital (including share premium) 1994 £	Hire purchase contracts 1994 £	Loans 1994 £
Balance at 1 April	109,880	190,030	376,324	109,880	80,724	427,567
Cash inflow/(outflow) from financing	22,380	(136,306)	(96,532)	-	(79,589)	(51,243)
New hire purchase contracts	-	153,293	-	-	188,895	-
Balance at 31 March	132,260	207,017	279,792	109,880	190,030	376,324

19 FINANCIAL COMMITMENTS

At 31 March 1995 the group had annual commitments under non-cancellable operating leases as follows (company: £nil).

	1995 £	Group 1994 £
Expiry date:		
- within one year	11,686	-
- between two and five years	54,925	65,051
	66,611	65,051