

DOUGLAND HOLDINGS LIMITED

REPORTS AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JULY 1996

DIRECTORS

T F Hoyland
M C Cook

SECRETARY

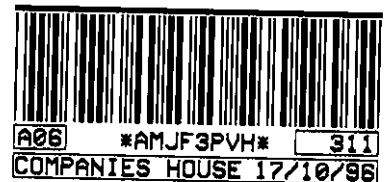
T F Hoyland

COMPANY NUMBER 01218204

REGISTERED OFFICE

Little Park Farm, Little Park Farm Road, Segensworth
Industrial Estate, Segensworth, Hampshire

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DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 July 1996.

PRINCIPAL ACTIVITIES

Douglanld Holdings Limited is the parent company of a group of companies engaged in the business of industrial and commercial cleaning contractors. The company's only income is derived from property ownership.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £74143. A dividend of £4 per share was declared and paid during the year.

FIXED ASSETS

The movements in fixed assets during the year are set out in notes 6 and 7 to the financial statements.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	<u>Number Of Shares</u>	
	<u>1996</u>	<u>1995</u>
T F Hoyland	9999	9999
M C Cook	—	—

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 of the profit or loss of the company 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;
- 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.

TAXATION STATUS OF THE COMPANY

The company is a close company within the provisions of Section 414 Income and Corporation Taxes Act 1988.

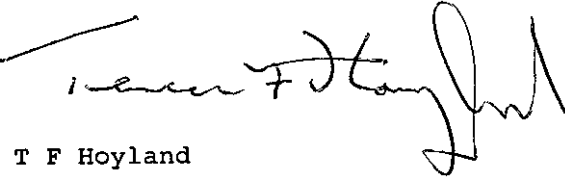
DIRECTORS' REPORT (CONTINUED)

AUDITORS

The auditors, Leonard Gold Chartered Accountants, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 7TH OCTOBER 1996.

Signed by order of the board of directors,

A handwritten signature in dark ink, appearing to read 'T F Hoyland', is written over the printed name.

T F Hoyland

SECRETARY

We have examined the abbreviated accounts on pages 5 to 11 together with the financial statements of Dougland Holdings Limited for the year ended 31 July 1996. The scope of our work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors statement on page 6 and that the abbreviated accounts have been properly prepared from the financial statements.

In our opinion, the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section B Part III of Schedule 8 to that Act in the year ended 31 July 1996, and the abbreviated accounts on pages 5 to 11 have been properly prepared in accordance with that Schedule.

On 16 October 1996 we reported, as auditors of Dougland Holdings Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 July 1996, and our report was as follows:-

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention, and the accounting policies set out on page 7.

Respective Responsibilities of Directors and Auditors:

As described on page 1 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 at 31 July 1996 and of the profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

In our opinion the company is entitled to the exemption conferred by 248 of the Companies Act 1985 from the requirement to prepare group accounts for the financial year ended 31 July 1996.

LEONARD GOLD CHARTERED ACCOUNTANTS
Registered Auditor
24 Landport Terrace
Portsmouth
Hampshire
PO1 2RG

A handwritten signature in black ink, appearing to read 'L Gold', with a long horizontal stroke underneath.

16 OCTOBER 1996

DOUGLAND HOLDINGS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 JULY 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
OPERATING PROFIT		32482	31962
INCOME FROM SHARES IN GROUP UNDERTAKING		50000	110000
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		82482	141962
INTEREST RECEIVABLE		2142	1801
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		84624	143763
TAX ON PROFIT ON ORDINARY ACTIVITIES	4	(10481)	(10274)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		74143	133489
DIVIDENDS	5	(40000)	(88000)
RETAINED PROFIT FOR THE YEAR	13	£34143	£45489

There were no recognised gains or losses other than those included in the profit and loss account.

There were no acquisitions or discontinued operations during the current or preceding year.

The notes on pages 7 to 11 form part of these financial statements.

DOUGLAND HOLDINGS LIMITED

BALANCE SHEET AS AT 31 JULY 1996

	Notes	1996	1995
		£	£
FIXED ASSETS			
Tangible Assets	6	322500	330000
Investments	7	100	100
		<u>322600</u>	<u>330100</u>
CURRENT ASSETS			
Debtors	8	31668	54224
Cash at Bank		111349	59443
		<u>143017</u>	<u>113667</u>
CREDITORS :			
Amounts falling due within one year	9	(20481)	(32774)
NET CURRENT ASSETS		<u>122536</u>	<u>80893</u>
NET ASSETS		<u>£445136</u>	<u>£410993</u>
CAPITAL AND RESERVES			
Called up Share Capital	11	10000	10000
Revaluation Reserve	12	214549	214549
Profit and Loss Account	13	220587	186444
Shareholders' Funds	14	<u>£445136</u>	<u>£410993</u>

We have taken advantage of the exemptions for individual accounts conferred by Section B Part III of Schedule 8 to the Companies Act 1985, and have done so on the basis that the company is entitled to the benefit of these exemptions as a medium-sized group.

Approved by the board of directors on 7th October 1996 and signed on its behalf.

 T F HOYLAND - DIRECTOR

 M C COOK - DIRECTOR

The notes on pages 7 to 11 form part of these financial statements.

1. ACCOUNTING POLICIES**Basis Of Preparation Of Accounts**

The financial statements are prepared under the historical cost convention, modified to allow for revaluation of long leasehold property, and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

These accounts present information about the company as an individual undertaking and not about its group since the directors consider the company to qualify for exemption under the Companies Act 1985 Section 248(1) from the requirement to prepare consolidated financial statements.

Tangible Fixed Assets And Depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Long Leasehold Property - 2% per annum straight line = 50 years

Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

Investments

Investments in subsidiaries are recorded at cost.

2. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1996</u>	<u>1995</u>
	£	£
Depreciation of tangible fixed assets		
- owned by the company	7500	7500
Auditors' remuneration	-	500
	<u> </u>	<u> </u>

3. STAFF COSTS

The average weekly number of employees during the year was:

	<u>1996</u>	<u>1995</u>
Directors	<u>2</u>	<u>2</u>

No remuneration was paid or payable.

4. TAXATION

	<u>1996</u>	<u>1995</u>
UK Current Year Taxation		
UK Corporation Tax at 24%/25% (1995 - 25%)	<u>£10481</u>	<u>£10274</u>

5. DIVIDEND

	<u>1996</u>	<u>1995</u>
Dividend of £4.00 per share paid on Ordinary Share Capital	<u>£40000</u>	<u>£88000</u>

6. TANGIBLE FIXED ASSETS

	<u>Long Leasehold Property</u>
	<u>£</u>
VALUATION	
At 1 August 1995	<u>375000</u>
DEPRECIATION	
At 1 August 1995	45000
Charge for Year	7500
	<u>52500</u>
NET BOOK VALUES	
At 31 July 1995	£330000
At 31 July 1996	<u>£322500</u>

At 31 July 1989 the long leasehold property was restated at its open market value of £375000 as determined by professional valuers. In the directors' opinion the current market value is not significantly different from the book value.

If long leasehold property had not been revalued it would have been included at:—

Cost	<u>£178211</u>
Accumulated Depreciation	<u>£42708</u>

7. INVESTMENTS

	<u>1996</u>	<u>1995</u>
Investment in Subsidiary Undertaking		
Cost and Net Book Value	<u>£100</u>	<u>£100</u>

The above investment is 100 ordinary £1 shares acquired in Dougland Support Services Limited a company registered in England, and represents 100% of that company's issued share capital.

The subsidiary had the following results as at 31 July 1996.

Capital and Reserves	<u>£307735</u>
Profit after Tax for the Year	<u>£75169</u>

8. DEBTORS

	<u>1996</u>	<u>1995</u>
	£	£
Due within one year:		
Prepayments	441	243
Due From Subsidiary Undertaking	31227	53981
	<u>£31668</u>	<u>£54224</u>

There were no amounts falling due after more than one year.

9. CREDITORS

	Amounts falling due within <u>one year</u>	
	<u>1996</u>	<u>1995</u>
	£	£
Corporation Tax	10481	10274
Advance Corporation Tax	10000	22000
Accruals	—	500
	<u>£20481</u>	<u>£32774</u>

There were no amounts falling due after more than one year.

10. DEFERRED TAXATION

	Provided For		Not Provided For	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
Deferred Chargeable Gains	<u>£ —</u>	<u>£ —</u>	<u>£14200</u>	<u>£14200</u>

11. CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
Authorised		
Ordinary Shares of £1 each	<u>£10000</u>	<u>£10000</u>
Allotted and Fully Paid		
Ordinary Shares of £1 each	<u>£10000</u>	<u>£10000</u>

12. REVALUATION RESERVE

There was no movement in the revaluation reserve during the year.

13. PROFIT AND LOSS ACCOUNT

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Balance at 1 August 1995	186444	140955
Retained Profit For The Year	<u>34143</u>	<u>45489</u>
Balance at 31 July 1996	<u>£220587</u>	<u>£186444</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Profit for the Year	74143	133489
Dividend	<u>(40000)</u>	<u>(88000)</u>
	34143	45489
Shareholders Funds At 1 August 1995	<u>410993</u>	<u>365504</u>
Shareholders Funds At 31 July 1996	<u>£445136</u>	<u>£410993</u>

15. NOTE OF HISTORICAL COST PROFITS

	<u>1996</u>	<u>1995</u>
	£	£
Reported profit on ordinary activities before taxation	84624	143763
Difference between historical cost depreciation charge and actual depreciation charge for the year calculated on revalued amount	3936	3936
Historical cost profit on ordinary activities before taxation	<u>£88560</u>	<u>£147699</u>
Historical cost profit for the year retained after tax and dividends	<u>£38079</u>	<u>£49425</u>

16. POST BALANCE SHEET EVENTS

The financial statements take into consideration events occurring between 31 July 1996 and the date of their approval by the board of directors.