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DUDLEY BOWER MAINTENANCE
(INC.AML) LTD.

REPORT AND FINANCIAL STATEMENTS

31 MAY 1996



DUDLEY BOWER MAINTENANCE (INC.AML) LTD.

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DIRECTOR AND COMPANY INFORMATION

DIRECTOR

S. W. Wilton

Chairman

SECRETARY

A. Rackham

REGISTERED OFFICE

Bower House,
66-67 Colebrooke Row,
London, N1 8BG.

REGISTERED NUMBER

2556013

AUDITORS

Saffery Champness,
Fairfax House,
Fulwood Place,
Gray's Inn,
London, WC1V 6UB.

BANKERS

Royal Bank of Scotland plc,
London Islington Branch,
40 Islington High Street,
London, N1 8XJ.

SOLICITORS

Lovell, Son & Pitfield,
9 Gray's Inn Square,
Gray's Inn,
London, WC1R 5JD.

REPORT OF THE DIRECTOR

The Director submits his report and the financial statements for the year ended 31 May 1996.

RESULTS AND DIVIDENDS

The Company made a loss for the year, after taxation, of £75,000 which is carried forward. No dividends are to be paid for the year ended 31 May, 1996.

REVIEW OF THE BUSINESS

The principal activity of the company during the year was that of electrical and refrigeration installation and maintenance.

The turnover amounted to £3,003,000. Included within the direct costs was an invoice for £1,220,000 representing a charge from our sister company for completion of contracts in progress at 1 October 1995. We have invoiced this company £1,025,000 in respect of direct costs paid by us on its behalf and this is reflected in the turnover of our Company.

Following a reorganisation by our parent Company, no new works have been taken on by us since October 1995. Subsequently we lost our largest contract when it was renewed at the end of 1995 which largely contributed to the loss made during the year. All contracts have now been completed and remaining annual maintenance contracts have been transferred to our sister Company.

The Company will become dormant.

DIRECTORS' RESPONSIBILITIES IN RELATION TO FINANCIAL STATEMENTS

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 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, state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements and 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 or other irregularities.

REPORT OF THE DIRECTOR (CONTINUED)

DIRECTORS

R. N. Lewis served as a Director until his retirement on 18 June 1995.

M. A. McMullen resigned as a Director of the Company on 29 September 1995 and R. F. Whiley resigned as a Director of the Company on 24 April 1996.

S. W. Wilton was appointed a Director of the Company on 24 April 1996.

None of the Directors had an interest in the Share Capital of the Company notifiable under Section 324, Companies Act 1985.

EMPLOYEES

The Company continues with its policy of giving disabled people full and fair consideration for all job vacancies for which they offer themselves as suitable applicants, having regard to their particular aptitude and abilities.

The sole criterion for selection or promotion is the suitability of an applicant for the job. The Company does not discriminate against anyone on any other grounds.

The Company continues its practice of keeping all its employees informed of matters affecting them and recognises the relevant Industrial Board and Trade Union. The Company operates a long-established employees profit sharing scheme which is service related.

AUDITORS

A resolution proposing the re-appointment of Saffery Champness and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

By Order of the Board.



A. Rackham
Secretary

9 September 1996

REPORT OF THE AUDITORS TO THE SHAREHOLDER

We have audited the financial statements set out on pages 5 to 12 in accordance with Auditing Standards.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described in the Director's report on page 2 the Company's Director is 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 Director 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 mis-statement, 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 31 May 1996 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



SAFFERY CHAMPNESS
Chartered Accountants
Registered Auditors
London

20 September 1996

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

TURNOVER

The turnover is stated at the amount receivable, excluding value added tax, from inter company and outside customers for contracts and work done after adjustment for the opening and closing work in progress. Profits are taken on contracts on agreement of the final invoice value. Anticipated losses on contracts are provided for in full.

TANGIBLE FIXED ASSETS

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

Plant and equipment	10% - 50%
Motor vehicles	25%

STOCKS

Stocks, representing raw materials, are valued at the lower of cost and net realisable value.

WORK IN PROGRESS

Work in progress is valued at the lower of cost and net realisable value including attributable overheads and is stated after deduction of progress payments received and receivable.

DEFERRED TAXATION

Provision is made, using the liability method, for taxation in respect of items where there is a timing difference between their treatment for accounts and taxation purposes if it is probable that a material tax liability or asset will crystallise in the foreseeable future.

PENSIONS

Contributions to the pension scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Company. (note 11 to the financial statements).

OPERATING LEASES

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MAY 1996

	<u>Note</u>	<u>1996</u> £'000	<u>1995</u> £'000
SALES		3,611	2,798
Movement in work in progress		(608)	(140)
TURNOVER - discontinued activities	14	<u>3,003</u>	<u>2,658</u>
Raw materials and other direct costs		2,391	1,932
Staff costs	1	609	456
Travelling expenses		<u>16</u>	<u>21</u>
		625	477
Other operating charges		86	143
		<u>3,102</u>	<u>2,552</u>
(LOSS)/PROFIT ON DISCONTINUED ACTIVITIES BEFORE TAXATION	2	(99)	106
Tax on (loss) / profit on discontinued activities	3	<u>(24)</u>	<u>35</u>
(LOSS)/PROFIT AFTER TAXATION		(75)	71
Balance brought forward		159	88
Balance carried forward		<u>84</u>	<u>159</u>

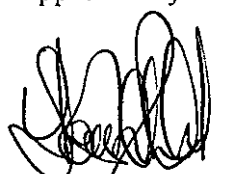
There are no recognised gains or losses for the year other than those reflected above.

The notes on pages 8 to 12 form part of these financial statements.

BALANCE SHEET AS AT 31 MAY 1996

	<u>Note</u>	<u>1996</u> £'000	<u>1995</u> £'000
FIXED ASSETS			
Tangible	4	-	59
CURRENT ASSETS			
Stocks		-	7
Work in progress	5	-	314
Debtors	6	296	342
Cash at bank		12	5
		<u>308</u>	<u>668</u>
CURRENT LIABILITIES			
Creditors: amounts falling due within one year	7	<u>174</u>	<u>518</u>
NET CURRENT ASSETS		134	150
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>134</u>	<u>209</u>
CAPITAL AND RESERVES			
Called up share capital	8	50	50
Profit and Loss account		84	159
SHAREHOLDERS FUNDS	9	<u>134</u>	<u>209</u>

Approved by the board on 9 September 1996.


 S. W. WILTON
 Director

The notes on pages 8 to 12 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS

	<u>1996</u> <u>Number</u>	<u>1995</u> <u>Number</u>
1 PARTICULARS OF STAFF		
Average monthly number of persons (including Directors) employed during the year was:	24	16
	<u>24</u>	<u>16</u>
	£'000	£'000
Staff costs:		
Wages and salaries	553	398
Social security costs	56	35
Other pension costs	-	23
	<u>609</u>	<u>456</u>
	<u>609</u>	<u>456</u>
The emoluments of the Directors were:		
Management remuneration including pension contributions	15	32
	<u>15</u>	<u>32</u>
Additional particulars of the emoluments, excluding pension contributions, of the Directors:		
Chairman	Nil	Nil
	<u>Nil</u>	<u>Nil</u>
Highest paid Director:	15	28
	<u>15</u>	<u>28</u>
	<u>Number</u>	<u>Number</u>
Other Directors within the scale £0 - £ 5,000	2	1
	<u>2</u>	<u>1</u>

The Directors received fees totalling £ 42 (1995: £1,008) from the holding Company in respect of their services to the Company.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>1996</u>	<u>1995</u>
	£'000	£'000
2 (LOSS)/PROFIT ON DISCONTINUED ACTIVITIES BEFORE TAXATION		
This is stated after charging:-		
Depreciation of tangible fixed assets	21	32
Auditors' remuneration	-	1
Operating lease rentals	8	13
	<u> </u>	<u> </u>

3 TAXATION

The (credit) / charge is based on (losses) / profits for the year and comprises:-

Corporation tax at 31% (1995: 32%)	(27)	35
Under provision in prior year	3	-
	<u> </u>	<u> </u>
	(24)	35
	<u> </u>	<u> </u>

4 TANGIBLE FIXED ASSETS

£'000	<u>Plant and Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
Cost:			
1 June 1995	37	103	140
Disposals	(15)	-	(15)
Disposals - Inter Group	(22)	(103)	(125)
	<u> </u>	<u> </u>	<u> </u>
31 May 1996	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Depreciation:			
1 June 1995	24	57	81
Provided this year	5	16	21
Disposals	(29)	(73)	(102)
	<u> </u>	<u> </u>	<u> </u>
31 May 1996	-	-	-
	<u> </u>	<u> </u>	<u> </u>
Net Book Value			
31 May 1996	-	-	-
	<u> </u>	<u> </u>	<u> </u>
31 May 1995	13	46	59
	<u> </u>	<u> </u>	<u> </u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>1996</u> £'000	<u>1995</u> £'000
5 WORK IN PROGRESS		
Work in progress	-	608
Less: progress payments	-	(294)
	<u>-</u>	<u>314</u>
6 DEBTORS		
Due within one year:		
Trade debtors	174	209
Amounts owed by group undertakings	95	120
Corporation Tax	27	-
Other debtors	-	6
Prepayments and accrued income	-	7
	<u>296</u>	<u>342</u>
7 CREDITORS		
Due within one year:		
Payments on account under contracts	-	305
Trade creditors	170	123
Corporation tax	-	35
Other taxes and social security	-	38
Other creditors	-	15
Accruals and deferred income	4	2
	<u>174</u>	<u>518</u>
8 SHARE CAPITAL		
Authorised		
100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid		
50,000 Ordinary shares of £1 each	<u>50</u>	<u>50</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

	<u>1996</u> £'000	<u>1995</u> £'000
9 SHAREHOLDERS FUNDS		
Shareholders funds at the beginning of the year	209	138
(Loss) / Profit for the year	(75)	71
Shareholders funds at the end of the year	<u>134</u>	<u>209</u>

10 COMMITMENTS UNDER OPERATING LEASES

At 31 May 1996 the Company had annual commitments under non-cancellable operating leases as follows:

Land and buildings:

Expiring in five years or more

<u>13</u>	<u>13</u>
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11 PENSION SCHEMES

The Company participates in the holding Company pension scheme for all senior employees providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the holding Company, being invested with the Sun Life Assurance Society plc. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the Company. The scheme is a funded, defined benefits scheme and the funding of the scheme is assessed in accordance with the advice of a professionally qualified actuary.

The most recent valuation at 1 March 1995, was carried out using the projected unit method in which the main actuarial assumptions are a rate of interest of 8½% pa and a rate of salary increase of 7% pa. The market value of the assets was £1,957,000 assuming contributions continue to be paid by the Trustees to the Sun Life and does not represent the current surrender value of the policy. The level of funding is 154% on an ongoing basis and represents as a percentage, the value of the assets divided by the value of the accrued liabilities and means there is no deficiency on a current funding level basis. The corresponding level of funding at the previous valuation was 108%, which indicates that there has been an increase in the level of over-funding of the scheme.

The pension charge for the year was nil compared with £23,000 in the previous year.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

12 PARENT COMPANY

The parent Company is Bower Group PLC, a Company incorporated in Great Britain. Copies of the Group accounts, prepared by the parent Company, can be obtained from the Registrar of Companies, Cardiff, CF4 3UZ.

13 HOLDING COMPANY

The ultimate holding Company is Dudley Bower & Co. Ltd, a Company incorporated in Great Britain. Copies of the Group accounts, prepared by the holding Company, can be obtained from the Registrar of Companies, Cardiff, CF4 3UZ.

14 TURNOVER

Following the reorganisation of the Group, no new contracts have been taken on by this Company. All new maintenance related contracts will be carried out by the Maintenance Division of our sister Company.

TRADING AND PROFIT AND LOSS ACCOUNT YEAR ENDED 31 MAY 1996

<u>FOR MANAGEMENT INFORMATION ONLY</u>				
	<u>Schedule</u>	<u>1996</u>	<u>1995</u>	
SALES less allowances and builders discounts		3,610,593	2,798,028	
Add:				
Work in progress 31 May		-	608,364	
		<u>3,610,593</u>	<u>3,406,392</u>	
Deduct				
Work in progress 1 June		<u>608,364</u>	<u>747,995</u>	
TURNOVER		3,002,229	2,658,397	
Purchases		681,379	1,050,374	
Mechanical and other subcontract		1,354,533	338,427	
Wages and agency labour		491,688	785,130	
Travelling expenses		<u>11,150</u>	<u>14,228</u>	
		<u>2,538,750</u>	<u>2,188,159</u>	
GROSS PROFIT		463,479	470,238	
Other income	1	9,614	10,689	
		<u>473,093</u>	<u>480,927</u>	
Establishment expenses	2	29,236	52,348	
Administration expenses	3	<u>543,452</u>	<u>323,121</u>	
		<u>572,688</u>	<u>375,469</u>	
(LOSS) / PROFIT BEFORE TAXATION		<u>£ (99,595)</u>	<u>£ 105,458</u>	

The above information does not form part of the financial statements on which the auditors have reported.

SCHEDULES TO TRADING AND PROFIT AND LOSS ACCOUNT

FOR MANAGEMENT INFORMATION ONLY

	<u>1996</u>	<u>1995</u>
1 OTHER INCOME		
Cash discounts	9,029	10,336
Bank deposit interest	585	353
	<u>£ 9,614</u>	<u>£ 10,689</u>
2 ESTABLISHMENT EXPENSES		
Rent and service charges	8,257	14,126
Rates	2,737	3,341
Lighting and heating	424	836
Insurances	5,700	11,888
Telephone and facsimile	5,420	12,150
Repairs and renewals	322	1,053
Depreciation: Furniture, fixtures, fittings and computers.	6,376	8,954
	<u>£ 29,236</u>	<u>£ 52,348</u>

The above information does not form part of the financial statements on which the auditors have reported.

SCHEDULES TO TRADING AND PROFIT AND LOSS ACCOUNT (CONTINUED)

FOR MANAGEMENT INFORMATION ONLY

	<u>1996</u>	<u>1995</u>
3 ADMINISTRATION EXPENSES		
Directors' remuneration:		
Salaries and National Insurance	37,557	30,948
Fees	420	336
Pension scheme contributions	-	3,500
BUPA	228	1,382
	<hr/>	<hr/>
	38,205	36,166
Office salaries	316,336	108,530
BUPA	980	2,980
Contracted out pension	-	-
Contracted in pension	354	15,961
Promotions and publications	-	-
Printing and stationery	1,098	4,859
Entertaining	3,035	5,112
Recruitment	-	2,430
Training	724	1,053
Computer running costs	800	742
Travel and subsistence	4,969	6,525
Bad debts	-	4,234
Sundry Expenses	2,674	14,294
Subscriptions	816	701
Motor vehicle expenses	11,022	35,497
Motor vehicle depreciation	16,738	25,717
Less recharged to contracts	-	(29,228)
	<hr/>	<hr/>
	27,760	31,986
Accountancy and taxation charges	(25)	375
Audit fee	380	1,000
Legal and professional charges	1,346	4,173
Management charges	144,000	82,000
	<hr/>	<hr/>
	£ 543,452	£ 323,121
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The above information does not form part of the financial statements on which the auditors have reported.