

RJC

ERNST & YOUNG

Mor-Mac (Holdings) Limited

Report and Accounts

31 May 1998

Registered Number 02761171



DIRECTORS

J R Henderson
J R Ancell
A J G Chater

SECRETARY

P J Mitchell

AUDITORS

Ernst & Young
One Bridewell Street
Bristol
BS1 2AA

BANKERS

Lloyds Bank plc
61 Gloucester Road
Bristol
BS34 5JH

REGISTERED OFFICE

Northway
Gloucester Road North
Filton
Bristol
BS34 7QG

Mor-Mac (Holdings) Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 May 1998.

RESULTS AND DIVIDENDS

The company received a dividend of £50,000 during the year. An interim dividend of £50,000 was paid on 29 May 1998. The directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITY

The principal activity of the company is that of a holding company.

DIRECTORS AND THEIR INTERESTS

The directors at 31 May 1998 were as shown on page 2. None of the directors had an interest in the share capital of the company.

The interests of the directors in the ultimate parent company, Churngold Holdings Limited, are shown in that company's accounts.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 accounts 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

A resolution to reappoint Ernst & Young as auditors of the company will be put to the members at the Annual General Meeting.

By order of the board



Secretary

Date 24 - 8 - 98

REPORT OF THE AUDITORS
to the members of Mor-Mac (Holdings) Limited

We have audited the accounts on pages 5 to 8, which have been prepared under the historical cost convention and on the basis of 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 the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 May 1998 and of its result for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young

Registered Auditor
Bristol

Date 26/8/98

Mor-Mac (Holdings) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 1998

	<i>Notes</i>	<i>1998</i> <i>£000</i>	<i>1997</i> <i>£000</i>
Income from investments		50	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		50	-
Tax on profit on ordinary activities		-	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		50	-
Dividends	2	(50)	-
		<hr/>	<hr/>
PROFIT RETAINED FOR THE YEAR		-	-
		<hr/>	<hr/>

Mor-Mac (Holdings) Limited

BALANCE SHEET

at 31 May 1998

	Notes	1998 £000	1997 £000
FIXED ASSETS			
Investment	3	166	166
		<u>166</u>	<u>166</u>
CAPITAL AND RESERVES			
Called up share capital	4	16	16
Merger reserves		150	150
		<u>166</u>	<u>166</u>
TOTAL SHAREHOLDERS' FUNDS		<u>166</u>	<u>166</u>
Shareholders' funds are attributable to:			
Equity shareholders		166	151
Non-equity shareholders		-	15
		<u>166</u>	<u>166</u>



- Director

Date 24-8-98

Mor-Mac (Holdings) Limited

NOTES TO THE ACCOUNTS

at 31 May 1998

1. ACCOUNTING POLICIES

Basis of preparation

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

Investments

Investments held as fixed assets are stated at cost less provision for permanent diminution in value.

Consolidation

The company has taken advantage of the exemption granted under Section 248 of the Companies Act 1985 not to prepare group accounts as it is a wholly owned subsidiary undertaking. Accordingly, these financial statements present information about the results of the company as an individual undertaking and not its group.

2. DIVIDENDS

	1998 £000	1997 £000
Equity dividends	50	-

3. INVESTMENT

	1998 £000	1997 £000
Subsidiary undertaking	166	166

The investment in subsidiary represents the costs of acquiring the entire share capital of Churngold Surfacing Limited (formerly Mor-Mac Limited), a company registered in England and Wales and involved in road construction and re-surfacing work. The share capital and reserves of Churngold Surfacing Limited at 31 May 1998 were £414,000 and its profit on ordinary activities after taxation for the year then ended was £102,000.

In the opinion of the directors the value of investment is not less than the value at which it is included in the accounts.

Mor-Mac (Holdings) Limited

NOTES TO THE ACCOUNTS

at 31 May 1998

4. SHARE CAPITAL

	1998 £000	1997 £000
Authorised:		
101,473 ordinary shares of £1 each	101	-
100,000 deferred shares of £1 each	-	100
95,652 'A' ordinary shares of 1FF each	-	12
4,348 'B' ordinary shares of 1FF each	-	1
	<u>101</u>	<u>113</u>
Allotted, called up and fully paid:		
15,823 ordinary shares of £1 each	16	-
14,350 deferred shares of £1 each	-	14
10,002 'A' ordinary shares of 1FF each	-	1
4,348 'B' ordinary shares of 1FF each	-	1
	<u>16</u>	<u>16</u>

On 29 May 1998 the shareholders approved a reorganisation of the share capital structure of the company so that it now comprises only ordinary shares.

The authorised share capital was increased to 101,473 ordinary shares of £1 each. The deferred shares of £1 each were converted to ordinary shares of £1 each and a further 1,473 ordinary shares were issued at par for cash. The proceeds from this issue were used to repurchase the 10,002 'A' ordinary shares of 1FF each and the 4,348 'B' ordinary shares of 1FF each at a total cost of £1,473. All of the 'A' and 'B' ordinary shares of 1FF each were subsequently cancelled.

5. CONTINGENT LIABILITIES

The bank holds a letter of cross guarantee between the company and its ultimate parent undertaking.

6. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is Churngold Holdings Limited a company registered in England and Wales. It has included the company in its group accounts, copies of which are available from its registered office.