

FREEDOM BUILDING SERVICES LIMITED

FINANCIAL STATEMENTS

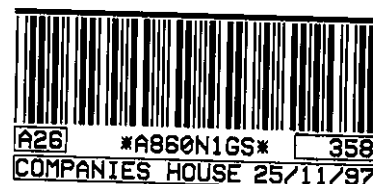
30TH APRIL 1997

Registered number: 3215363

RAWCLIFFE & CO

CHARTERED ACCOUNTANTS

Blackpool, Kirkham, Lytham St.Annes & Wakefield



FREEDOM BUILDING SERVICES LIMITED

FINANCIAL STATEMENTS

for the period ended 30th April 1997

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FREEDOM BUILDING SERVICES LIMITED**COMPANY INFORMATION****30th April 1997**

INCORPORATED	in England on 24th June 1996
NUMBER	3215363
CHAIRMAN	William Simon Rigby
MANAGING DIRECTOR	Kenneth John Pugh
OTHER DIRECTORS	Bryan Niel Schofield Andrew Norman Webster
SECRETARY	J.Bryan Smith & Co. Company Secretarial Services Limited
REGISTERED OFFICE	19 King Street Wakefield West Yorkshire WF1 2SQ
BANKERS	Midland Bank Plc. 66 Westgate Wakefield WF1 1XB
FINANCIAL ADVISORS	Coutts & Co. 44 The Strand London WC2R 0QS
SOLICITORS	J.Bryan Smith & Co 19 King Street Wakefield WF1 2SQ
LEGAL ADVISORS	Pinsent Curtis 41 Park Square Leeds LS1 2HZ
AUDITORS	Rawcliffe & Co Chartered Accountants West Park House 7/9 Wilkinson Avenue Blackpool FY3 9XG

FREEDOM BUILDING SERVICES LIMITED**DIRECTORS' REPORT****30th April 1997**

The directors present their report and the audited financial statements for the period ended 30th April 1997.

Principal activity

The principal activity of the company is that of building refurbishment and construction projects.

Business review

As a subsidiary of the Freedom Group of Companies PLC, Freedom Building Services shares the value of and a belief in an open book policy with the organisations and people with which it deals.

Part of this policy is evident from the notes in brackets following narratives in the accounts. The narratives in the accounts are prescribed by Company Law and accounting convention. However, where the directors feel this wording is not sufficient then brackets are inserted and further clarification is provided.

Freedom Building Services Limited commenced trading on 1st October as a subsidiary of the Freedom Group of Companies PLC. The Freedom Group of Companies has a majority 51% shareholding in the company with the balance of the shareholder's funds held by the other directors. Its prime objective is to exploit and develop markets and customer groups not addressed by Freedom Maintenance Ltd the Freedom subsidiary working in the "blue chip" building maintenance sector.

The Directors are pleased to report a period of substantial growth, with the establishment of operating bases in Wakefield and Sedgefield. The business currently has some 27 employed operatives (both skilled and unskilled), 5 management and technical staff and 2 administrative/clerical support staff, as well as currently running a fleet of 13 vehicles. Although the company has made a trading loss of £23,348 the Directors believe the overall performance of the business is excellent, bearing in mind the start up costs of the business and the highly competitive sector it operates in.

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £76,652.

Significant progress has been made in the following areas:-

Health & Safety

Safety continues to be a key responsibility for the Directors and the appointment of a Group Technical and Safety Advisor by our parent company will ensure that Health and Safety policy is effective and robust. His responsibilities will include ensuring that Freedom Building Services Ltd meet the highest standards of health, safety and welfare towards customers, employees and members of the public. During the year we have run a large number of internal courses on subjects ranging from the CDM Regulations to Risk Assessment. We have also appointed a safety representative to attend the Group Safety Forum meetings.

Among the safety initiatives we are developing for the next 12 months are:- a commitment to achieving BS8800 Safety Management standard, a drive towards Zero Accidents, a review of the safety arrangements of our major suppliers and sub-contractors to ensure they meet our safety standards.

continued

FREEDOM BUILDING SERVICES LIMITED**DIRECTORS' REPORT****30th April 1997**Quality Systems and Investors in People.

In common with and fully supporting the Freedom Group Of Company's initiatives in the above areas, we have recognised that ISO9002 is an essential part of the way in which we distinguish ourselves in the market place. We also recognise that our staff are our greatest asset, and are therefore actively working towards Investors In People accreditation. In keeping with our policy that Freedom expects all its staff, franchisees and sub-contractors to uphold a professional and courteous standard of service to all our customers the Directors introduced a Customer Code of Conduct during the year.

Environmental Report

Development of our Environmental Management System is planned to follow on from attainment of ISO 9002. The principle of environmental management is new to many of our employees but we take every opportunity to promote a responsible approach to environmental issues as part of our job training. Training has been given on such environmental issues as "controlled waste" handling and management and we have employed external trainers on the use of horticultural and arboricultural treatments.

We are taking our environmental responsibilities seriously in selecting and specifying materials and techniques for construction which do not unnecessarily pollute or deplete the world's natural resources. We have also introduced the "Good Wood Guide" published by the Friends of the Earth in helping to develop the use of sustainable hard and soft woods for our specifications.

Our Environmental Advisor will be carrying out a review of the full range of environmental issues during the first half of the new financial year. This will then be used to prepare an action plan and targets for improving our environmental performance. This plan will be reviewed by the Directors monthly at Board Meetings.

Marketing Plan

The marketing plan for the business is consistent with the overall Group Marketing Strategy and will focus on the organic growth of the customer base on a nation-wide basis. Significant efforts during the period of this report have been made on the development of the company marketing material which have resulted in a general company brochure, a domestic mail-out in West Yorkshire, the establishment of a working group to continually monitor the services which we offer, who we offer them to and how we market these services most effectively as well embarking on a marketing campaign using local and regional advertising.

Diversification & Growth

The company will continue to operate on a predominantly direct employed labour basis, making use of approved sub-contractors only when necessary. This policy is aimed at the wider development of the corporate image of the Freedom Group of Companies and also ensures high standards of control over the quality and safety of our work.

We are pleased to report that following on from the successful establishment of our existing bases in Wakefield and Sedgefield we plan to open operating centres in Bristol and Wigan during the next few months with further centres being planned later in the year for Plymouth, Reading, South Wales and Chelmsford. This is consistent with our strategy of moving Freedom Building Services into the national arena as a provider of quality Building services. We are already tendering for work on a national basis and have submitted tenders for substantial contracts as far apart as Edinburgh and Plymouth. Efforts will be concentrated during the next year on continuing to expand business through our contract works for major contractors, developing the domestic insurance market and growing the retail sector business.

continued

FREEDOM BUILDING SERVICES LIMITED**DIRECTORS' REPORT**

30th April 1997

We are pleased to be able to include, Yorkshire Electricity, Northern Electric, NORWEB, Wincanton Logistics, CPM Northern, West Yorkshire Police, LARS Communications, Torch Telecom, Balfour Kilpatrick amongst others in our current client list.

Since our launch, we have also developed a number of complementary building services in specialist areas. These include:- mechanical pointing, stone renewal and refurbishment, as well as security and protective window films. The business has also achieved both CORGI and NICEIC registration.

Results and dividends

The results for the period are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Fixed assets

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 7.

Directors

The directors of the company during the period and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30th April 1997 Ordinary shares
William Simon Rigby	-
Kenneth John Pugh	-
Andrew Norman Webster	-
Bryan Niel Schofield	24,500

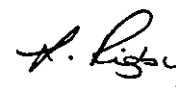
Share capital

100,000 ordinary shares of £1 each were allotted, called up and fully paid during the period under review.

Auditors

The auditors, Messrs. Rawcliffe & Co. are willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

On behalf of the board



J Bryan Smith & Co. Company
Secretarial Services Limited
 Secretary

19 King Street
 Wakefield
 West Yorkshire
 WF1 2SQ

4th November 1997

FREEDOM BUILDING SERVICES LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period 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 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.

4th November 1997

On behalf of the board



William Simon Rigby
Chairman

FREEDOM BUILDING SERVICES LIMITED**AUDITORS' REPORT**

Auditors' report to the members of

Freedom Building Services Limited

We have audited the financial statements on pages 5 to 11 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 3, 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.

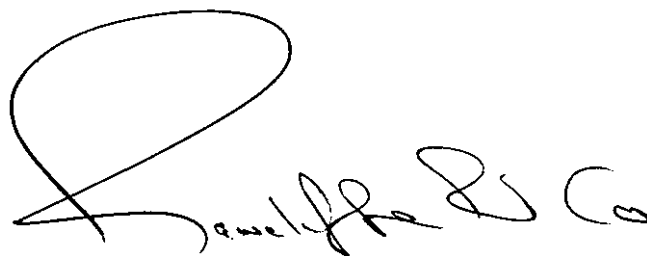
Basis of opinion

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 error or other irregularity. 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 30th April 1997 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, likely belonging to a representative of Rawcliffe & Co.

Rawcliffe & Co
Registered Auditors
Chartered Accountants

Blackpool
4th November 1997

FREEDOM BUILDING SERVICES LIMITED

PROFIT AND LOSS ACCOUNT

for the period ended 30th April 1997

	Note	1997 £
Turnover	2	463,290
Cost of sales		(313,280)
Gross profit		<u>150,010</u>
Net operating expenses		
Administrative expenses		(173,684)
Other operating income		577
Operating loss	3	<u>(23,097)</u>
Interest payable	5	(251)
Loss on ordinary activities before taxation		<u>(23,348)</u>
Taxation	6	-
Loss on ordinary activities after taxation		<u>(23,348)</u>
retained for the period	13	<u><u>(23,348)</u></u>

Movements in reserves are shown in note 13.

None of the company's activities were acquired or discontinued during the above financial year.

There are no recognised gains and losses in 1997 other than the loss for the period.

FREEDOM BUILDING SERVICES LIMITED

BALANCE SHEET

at 30th April 1997

	Note	1997	
		£	£
Fixed assets			
Tangible assets	7		44,819
Current assets			
Stocks	9	18,651	
Debtors	10	242,260	
Cash at bank and in hand		141	
		<hr/>	
		261,052	
Creditors: amounts falling due within one year	11	(229,219)	
		<hr/>	
Net current assets			31,833
Total assets less current liabilities			<hr/>
			76,652
Capital and reserves			
Called up share capital	12	100,000	
Profit and loss account	13	(23,348)	
		<hr/>	
Total shareholders' funds	14		76,652
			<hr/>

The financial statements on pages 5 to 11 were approved by the board of directors on 4th November 1997 and signed on its behalf by:



William Simon Rigby
Chairman

FREEDOM BUILDING SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

30th April 1997

1 Accounting policies

Basis of accounting

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

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Leasehold land and buildings	10% on written down value
Plant and machinery	10% on written down value
Motor vehicles	20% on written down value
Fixtures and fittings	10% on written down value

Leases and hire purchase contracts

Rentals paid under operating leases are charged to income as incurred.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

2 Turnover

The turnover for the period was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

FREEDOM BUILDING SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

30th April 1997

3 Operating loss

	1997
	£
Operating loss is stated after crediting	
Interest receivable	577
Profit on sale of assets	1,735
	<u> </u>
and after charging	
Staff costs (note 4)	177,884
Audit and accountancy	2,000
Operating leases	
Hire of plant and machinery	5,913
Rent	5,393
	<u> </u>
Depreciation of tangible fixed assets (note 7)	
owned assets	4,414
	<u> </u>

4 Directors and employees

	1997
	£
Staff costs including directors' emoluments	
Wages and salaries	177,884
	<u> </u>
Average monthly number employed including executive directors:	Number
	22
	<u> </u>
Directors	£
Emoluments	16,000
	<u> </u>

5 Interest payable

	1997
	£
Bank interest	251
	<u> </u>
	251
	<u> </u>

6 Taxation

The company has no liability for taxation.

FREEDOM BUILDING SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

30th April 1997

7 Tangible fixed assets

	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Land and Buildings £	Total £
Cost					
Additions	32,257	13,665	370	2,941	49,233
30th April 1997	32,257	13,665	370	2,941	49,233
Depreciation					
Charge for period	3,495	740	20	159	4,414
30th April 1997	3,495	740	20	159	4,414
Net book amount					
30th April 1997	28,762	12,925	350	2,782	44,819

8 Land and buildings

	1997 £
Short leasehold	2,782

9 Stocks

	1997 £
Work in progress	12,294
General stock	6,357
	18,651

10 Debtors

	1997 £
Amounts falling due within one year	
Trade debtors	235,299
Prepayments and accrued income	6,961
	242,260

FREEDOM BUILDING SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

30th April 1997

11 Creditors: amounts falling due within one year

	1997 £
Bank overdrafts	93,530
Trade creditors	64,172
Other taxation and social security	32,151
Other creditors	9,999
Accruals and deferred income	29,367
	<u>229,219</u>

12 Called up share capital

	1997	
	Number of shares	£
Authorised		
ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted called up and fully paid		
ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>

13 Profit and loss account

	1997 £
Retained loss for the period	<u>(23,348)</u>

14 Reconciliation of movements in shareholders' funds

	1997 £
Loss for the financial period	(23,348)
New share capital subscribed	<u>100,000</u>
Net addition to shareholders' funds	76,652
Opening shareholders' funds	<u>-</u>
Closing shareholders' funds	<u>76,652</u>

FREEDOM BUILDING SERVICES LIMITED**NOTES ON FINANCIAL STATEMENTS****30th April 1997****15 Guarantees and other financial commitments**

The company has entered into an unlimited cross party guarantee with the parent company and the parent company's other subsidiary companies. These companies are Freedom Maintenance Limited, Freedom Maintenance (Northern) Limited, Freedom Professional Services Limited, Freedom Solutions Limited, Freedom Facilities Management Limited and Freedom Electrical Services Limited.

16 Directors' interests and loans

Mr. K.J. Pugh is a shareholder in P.K.S. Enterprises Limited which provided management services to the value of £16,026, at normal commercial rates.

As at 30th April 1997 P.K.S. Enterprises Limited held 24,500 ordinary £1 shares in Freedom Building Services Limited.

17 Ultimate parent undertaking

The ultimate parent company is The Freedom Group Of Companies Plc, which is registered in England and Wales number 3250709. The company's registered office is at Freedom House, Bradford Road, Tingley, Wakefield, West Yorkshire. WF3 1SD

18 Related parties

The company occupies premises beneficially owned by Mr. & Mrs. W.S. Rigby under a one year lease dated 1st October 1996. The rent for the property was £3,908, at the balance sheet date no amount was outstanding. The rent for these premises has been independently set under Inland Revenue guide lines.