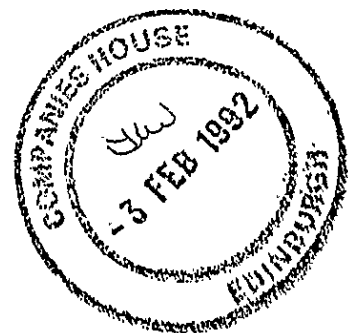


THORBURN GROUP ONE LIMITED

Report and Financial Statements
for the year ended 30th April 1991

Company Registered No 118271 Scotland



THORBURN GROUP ONE LIMITED

REPORT OF THE DIRECTORS for the year ended 30th April 1991

The directors present their report and financial statements for the year ended 30th April 1991.

DIRECTORS

The directors who have held office during the year were:

J Q Beaman (Chairman)
W M Reid
D Porter
L Clark
I A Wotherspoon
G McLagan
R Grove (appointed 28th October 1990)

RESULTS

The profit for the year after tax was £532,321 (1990: £29,902). No dividend is proposed, leaving £532,321 (1990: £29,902) to be transferred to reserves.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is consulting structural and civil engineering.

FIXED ASSETS

The movements in tangible fixed assets are shown at note 7 to the financial statements.

DIRECTORS' INTERESTS

Mr J Q Beaman, Mr W M Reid and Mr D Porter are also directors of Thorburn PLC, the ultimate parent undertaking and their interests in the share capital of that company are disclosed in that company's financial statements. Mr L Clark, Mr I A Wotherspoon, Mr G McLagan and Mr R Grove had no interests in the share capital of the parent undertaking. None of the directors had any interests in the share capital of the company.

THORBURN GROUP ONE LIMITED

REPORT OF THE DIRECTORS

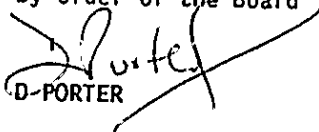
for the year ended 30th April 1991

(contd)

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board


D-PORTER

Secretary

Kinneil House
243 West George Street
GLASGOW
G2 4QE

10th October 1991

REPORT OF THE AUDITORS, KPMG PEAT MARWICK,
TO THE MEMBERS OF THORBURN GROUP ONE LIMITED

We have audited the financial statements on pages 4 to 12 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 30th April 1991 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Chartered Accountants

24 Blythswood Square
GLASGOW
G2 4QS

10th October 1991

THORBURN GROUP ONE LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 30th April 1991

		Year ended 30 April <u>1991</u> £	Period from 19 March 1990 to 30 April <u>1990</u> £
	<u>Notes</u>		
TURNOVER	2	5,172,921	775,056
Cost of sales		<u>2,642,597</u>	<u>414,823</u>
GROSS PROFIT		2,530,324	360,233
Other operating expenses		<u>1,807,705</u>	<u>313,831</u>
OPERATING PROFIT		722,619	46,402
Interest receivable	5	<u>76,486</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	799,105	46,402
Taxation on profit on ordinary activities	6	<u>266,784</u>	<u>16,500</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION AND FOR THE FINANCIAL YEAR	12	<u><u>532,321</u></u>	<u><u>29,902</u></u>

The notes on pages 7 to 12 form part of these financial statements.

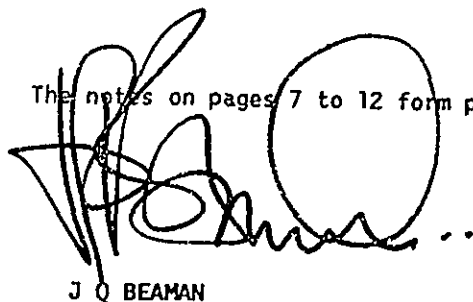
THORBURN GROUP ONE LIMITED

BALANCE SHEET

at 30th April 1991

	<u>Notes</u>	<u>1991</u> £	<u>1990</u> £
FIXED ASSETS			
Tangible assets	7	<u>17,462</u>	<u>3,293</u>
CURRENT ASSETS			
Stock	8	314,767	446,589
Debtors	9	1,773,521	1,512,449
Cash at bank and in hand		<u>479,681</u>	<u>1,547,800</u>
		2,567,969	3,506,838
CREDITORS: Amounts falling due within one year	10	<u>2,023,108</u>	<u>3,480,129</u>
NET CURRENT ASSETS		<u>544,861</u>	<u>26,709</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>562,323</u>	<u>30,002</u>
CAPITAL AND RESERVES			
Called up share capital	11	100	100
Profit and loss account	12	<u>562,223</u>	<u>29,902</u>
		<u>562,323</u>	<u>30,002</u>

The notes on pages 7 to 12 form part of these financial statements.



J Q BEAMAN

Director

THORBURN GROUP ONE LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
for the year ended 30th April 1991

	Year ended 30 April 1991 £	Period from 19 March 1990 to 30 April 1990 £
SOURCE OF FUNDS		
Profit for the year before taxation	799,105	46,402
Adjustment for items not involving the movement of funds:		
Depreciation	7,137	661
	806,242	47,063
Funds from other sources:		
Issue of shares	-	100
	806,242	47,163
APPLICATION OF FUNDS		
Taxation paid	(520,946)	-
Purchase of tangible fixed assets	(21,306)	(3,954)
Purchase of net assets of group undertakings (note)	-	(1,671,529)
NET SOURCE/(APPLICATION)	<u>263,990</u>	<u>(1,628,320)</u>
THE NET SOURCE/(APPLICATION) OF FUNDS IS REPRESENTED BY THE FOLLOWING MOVEMENTS IN WORKING CAPITAL:		
Stock	(131,822)	(26,920)
Debtors	261,072	(1,570,638)
Creditors	1,202,859	(1,338,442)
	1,332,109	(2,936,000)
Movement in net liquid funds:		
Cash at bank and in hand	(1,068,119)	1,307,680
INCREASE/(DECREASE) IN WORKING CAPITAL	<u>263,990</u>	<u>(1,628,320)</u>
Note: Net assets of group undertakings acquired:		
	£	£
Stock	-	473,509
Debtors	-	3,083,087
Cash	-	240,120
Creditors	-	(1,620,700)
Taxation	-	(504,487)
	<u>-</u>	<u>1,671,529</u>

The notes on pages 7 to 12 form part of these financial statements.

THORBURN GROUP ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th April 1991

1 ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements are prepared under the historical cost accounting rules and comply with all applicable UK statements of standard accounting practice.

(b) Turnover

Turnover represents the amounts invoiced, excluding value added tax, during the year to clients. Amounts to be invoiced are ascertained by reference to the value of work done, taking into account the nature of contracts and any discernable elements thereof.

(c) Contracts

All contracts are classified as long term in nature and are stated at total cost incurred, net of amounts transferred to the profit and loss account in respect of work done to date, less foreseeable losses and applicable payments to account. Cumulative turnover, less payments to account, is included in debtors as amounts recoverable on contracts. Where payments to account exceed turnover the difference is included in creditors as payments received on account.

(d) Depreciation

Depreciation is calculated to write off the original cost of fixed assets over their estimated useful lives in equal instalments at the following annual rates:

Fixtures and fittings	25%
Machines	25%

(e) Deferred taxation

The company provides for deferred taxation at the appropriate rates of tax on timing differences, except where it can be reasonably demonstrated that no corporation tax liabilities will arise in the foreseeable future.

(f) Pension costs

Contributions to the group pension scheme in which the company participates are charged to the profit and loss account in accordance with actuarial advice so as to spread the cost of pensions over the members' expected working lives with the group.

(g) Leased assets

Rental payments due under operating leases are charged in arriving at profit or loss on ordinary activities in the period to which they relate.

THORBURN GROUP ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 1991

	Year ended 30 April 1991 £	Period from 19 March 1990 to 30 April 1990 £
2 TURNOVER		
Sales in the UK	<u>5,172,921</u>	<u>775,056</u>
3 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is stated after charging:	<u>1991</u> £	<u>1990</u> £
Directors' remuneration	119,940	25,691
Auditors' remuneration	7,000	-
Operating lease charges:		
Land and buildings	62,012	4,833
Depreciation	<u>7,137</u>	<u>661</u>
4 DIRECTORS AND EMPLOYEES		
EMPLOYEES	<u>1991</u>	<u>1990</u>
The average weekly number of persons (including directors) employed by the company during the year was:	Number	Number
Directors	6	6
Other employees	<u>71</u>	<u>71</u>
	<u>77</u>	<u>77</u>
Staff costs (for the above persons) were as follows:	<u>1991</u> £	<u>1990</u> £
Wages and salaries	1,212,623	223,201
Social security costs	97,602	16,821
Other pension costs	<u>77,079</u>	<u>14,189</u>
	<u>1,387,304</u>	<u>254,211</u>
DIRECTORS' REMUNERATION		
Emoluments	111,063	24,173
Pension contributions	<u>8,877</u>	<u>1,518</u>
	<u>119,940</u>	<u>25,691</u>

THORBURN GROUP ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 1991 (contd)

4 DIRECTORS AND EMPLOYEES (contd)

DIRECTORS' REMUNERATION (contd)

Emoluments disclosed above include amounts paid to:

The chairman

The highest paid director

The number of directors (including the chairman and the highest paid director) who received fees and other emoluments (excluding pension contributions) in the following ranges were:

£Nil - £ 5,000

£ 5,001 - £10,000

£35,001 - £40,000

	Year ended	Period from
	30 April	19 March 1990
	<u>1991</u>	to
	£	30 April
		<u>1990</u>
		£

37,929

8,461

1991
Number

1990
Number

3

5

-

3

3

-

5. INTEREST RECEIVABLE

1991
£

1990
£

Bank interest received

76,486

-

6 TAXATION ON PROFIT ON ORDINARY ACTIVITIES

1991
£

1990
£

Charge for year:

UK corporation tax at 33.9% (1990: 35%)

Prior year overprovision

272,000
(5,216)

16,500
-

266,784

16,500

The prior year overprovision mainly arises due to the surrender of group relief from group undertakings for no consideration.

THORBUEN GROUP ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 1991 (contd)

7 TANGIBLE FIXED ASSETS

	<u>Fixtures and Fittings</u>	<u>Machines</u>	<u>Total</u>
	£	£	£
Cost			
At 1st May 1990	3,954	-	3,954
Additions	<u>6,569</u>	<u>14,737</u>	<u>21,306</u>
At 30th April 1991	<u>10,523</u>	<u>14,737</u>	<u>25,260</u>
Depreciation			
At 1st May 1990	661	-	661
Charge for year	<u>3,452</u>	<u>3,685</u>	<u>7,137</u>
At 30th April 1991	<u>4,113</u>	<u>3,685</u>	<u>7,798</u>
Net book value			
At 30th April 1991	<u>6,410</u>	<u>11,052</u>	<u>17,462</u>
At 30th April 1990	<u>3,293</u>	<u>-</u>	<u>3,293</u>

8 STOCK

	<u>1991</u>	<u>1990</u>
	£	£
Work in progress	<u>314,767</u>	<u>446,589</u>

9 DEBTORS

	<u>1991</u>	<u>1990</u>
	£	£
Amounts falling due within one year:		
Trade debtors	1,263,581	1,506,187
Amounts due from group undertakings	448,669	-
Prepayments	11,120	-
Other debtors	<u>50,151</u>	<u>6,262</u>
	<u>1,773,521</u>	<u>1,512,449</u>

THORBURN GROUP ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 30th April 1991 (contd)

10 CREDITORS

	<u>1991</u>	<u>1990</u>
	£	£
Amounts falling due within one year:		
Excess progress payments on contracts	-	250,000
Trade creditors	58,979	125,182
Amounts due to group undertakings	1,628,787	2,486,524
Amounts due to connected companies	36,500	-
Corporation tax	231,640	520,987
Other taxation and social security	24,005	35,186
Accruals and deferred income	8,012	62,250
Group relief payable	35,185	-
	<u>2,023,108</u>	<u>3,480,129</u>

11 SHARE CAPITAL

	<u>1991</u>	<u>1990</u>
	£	£
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

12 PROFIT AND LOSS ACCOUNT

	£
Balance at 1st May 1990	29,902
Retained profit for the year	<u>532,321</u>
Balance at 30th April 1991	<u>562,223</u>

13 COMMITMENTS

At 30th April the company had the following annual commitments under operating leases:

	<u>1991</u>	<u>1990</u>
	Land and buildings	Land and buildings
	£	£
Expiring between two and five years	-	-
Expiring after five years	<u>71,500</u>	<u>-</u>
	<u>71,500</u>	<u>-</u>

THORBURN GROUP ONE LIMITED

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30th April 1991 (contd)

14 PENSIONS

The company participates in a group operated defined benefit scheme, the assets of which are held separately from those of the group in an insurance company administered scheme. Contributions to the scheme are charged to the profit and loss account so as to spread the costs of the pensions over the expected working lives of the members. The contributions are determined by a qualified actuary on the basis of triennial valuations using the current unit method with a twenty year control period.

The most recent valuation was at 25th March 1989. The assumptions used in the valuation and the results thereof are shown in the financial statements of Thorburn PLC.

The pension charge for the year was £77,079 (1990, £14,189).

15 CONTINGENT LIABILITY

The company, in common with other undertakings in the Thorburn PLC group, has guaranteed certain bank overdrafts of other group undertakings. At 30th April 1991, this contingent liability amounted to £nil (1990, £nil).

Under a group registration, the company is jointly and severally liable for value added tax due by other group undertakings. At 30th April 1991, this contingent liability amounted to £178,000 (1990, £237,234).

16 ULTIMATE PARENT UNDERTAKING

The directors regard Thorburn PLC, which is registered in Scotland, as the ultimate parent undertaking.

17 APPROVAL OF FINANCIAL STATEMENTS

These financial statements were approved by the board of directors on 10th October 1991.

THORBURN GROUP ONE LIMITED

DETAILED OPERATING STATEMENT
for the year ended 30th April 1991

	<u>1991</u> £	<u>1990</u> £
SALES	<u>5,172,921</u>	<u>775,056</u>
Technical staff remuneration	1,641,012	273,168
Recharged costs from other group undertakings	869,763	114,735
Administration salaries	81,507	12,827
Travel and subsistence	139,858	2,494
Stationery and postage	57,324	9,786
Training courses and exam fees	10,657	739
Computer costs	15,580	1,085
Repairs and maintenance	15,087	14,383
General expenses	27,784	6,346
Administration fee	995,917	246,760
Depreciation	7,137	661
Telephone	29,764	4,040
Heat and light	17,100	1,033
Leasing charges	30,297	831
Legal and professional fees	26,493	2,734
Promotion and advertising	6,810	-
Staff recruitment	958	730
Recoveries	(82,719)	(8,474)
Rent and rates	99,337	17,856
Insurance	9,273	-
Bad debt provision	<u>319,541</u>	<u>-</u>
	<u>4,318,480</u>	<u>701,734</u>
Work in progress - opening	446,589	473,509
Work in progress - closing	<u>(314,767)</u>	<u>(446,589)</u>
	<u>131,822</u>	<u>26,920</u>
	<u>4,450,302</u>	<u>728,654</u>
NET OPERATING PROFIT	<u><u>722,619</u></u>	<u><u>46,402</u></u>