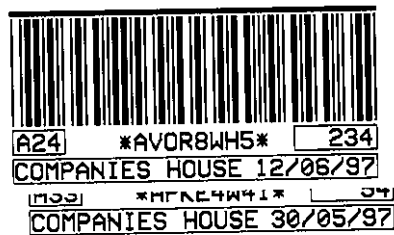


Registered no: 1040087

R&R DEVELOPMENTS LIMITED

Annual report

for the year ended 31 July 1995



R&R DEVELOPMENTS LIMITED

Annual report for the year ended 31 July 1995

	Pages
Directors and advisers	1
Directors' report and statement of directors responsibilities	2 - 3
Report of the auditors	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 13

Directors and advisers

Executive directors

A H Roberts
C C Roberts
D B Anthony

Non-executive director

B E Mellin

Secretary and registered office

A H Roberts
c/o Coopers & Lybrand
Princess House
Princess Way
SWANSEA
SA1 5LH

Auditors

Coopers & Lybrand

Bankers

Julian Hodge Bank

**Directors' report
for the year ended 31 July 1995**

The directors present their report and the audited financial statements for the year ended 31 July 1995.

Principal activities

The principal activity of the company is the supply of general maintenance and engineering work. The profit and loss account for the year is set out on page 5.

Directors

The directors of the company at 31 July 1995 and for the whole of the year ended on that date, were as follows:

A H Roberts
C C Roberts
D B Anthony

Subsequent to the end of the financial year, B E Mellin was appointed a non-executive director of the company on 1 November 1995.

Directors' interests in shares of the company

None of the directors held any interest in the share capital of the company during the year ended 31 July 1995. The directors' interests in the shares of the holding company are shown in the directors' report of that company.

Directors' interests in contracts with the company

Except for the matters disclosed in note 16 to the financial statements, none of the directors had a material interest in any contract of significance to which the company was a party during the financial year.

Close company provisions

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988 and this position has not changed since the end of the financial year.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the financial statements for the year ended 31 July 1995. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

Exemptions

In preparing the directors' report advantage has been taken of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

By order of the board



Company Secretary

**Report of the auditors to the members of
R & R DEVELOPMENTS LIMITED**

We have audited the financial statements on pages 5 to 13.

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 other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

In forming our opinion we have considered the adequacy of the disclosures made in the financial statements concerning the recoverability of the amounts due from related companies. Details of the circumstances relating to the recoverability of these amounts are set out in note 9(b). Our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31 July 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, applicable to small companies.



Chartered Accountants and Registered Auditors
Swansea, 30 May 1997

Profit and loss account for the year ended 31 July 1995

	Notes	1995 £	1994 £
Turnover	2	2,573,510	2,277,114
Change in stocks of finished goods and work in progress		(17,788)	16,391
		<u>2,555,722</u>	<u>2,293,505</u>
Raw materials and consumables		(304,208)	(289,381)
Other external charges		(143,174)	(79,101)
		<u>2,108,340</u>	<u>1,925,023</u>
Staff costs		(1,726,361)	(1,544,543)
Depreciation and other amounts written off tangible fixed assets		(24,015)	(33,664)
Other operating charges		(328,513)	(279,951)
		<u>29,451</u>	<u>66,865</u>
Operating profit		29,451	66,865
Interest receivable and similar income	3	63	701
Interest payable and similar charges	4	(16,924)	(41,033)
		<u>12,590</u>	<u>26,533</u>
Profit on ordinary activities before taxation	5	12,590	26,533
Tax on profit on ordinary activities	6	(9,165)	(10,650)
		<u>3,425</u>	<u>15,883</u>
Profit for the year	14	3,425	15,883
		<u>264,921</u>	<u>249,038</u>
Statement of retained profits			
Retained profits at 1 August 1994		264,921	249,038
Profit for the year		3,425	15,883
		<u>268,346</u>	<u>264,921</u>
Retained profits at 31 July 1995		268,346	264,921

The company has no recognised gains or losses in the year other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

The turnover and operating profit for the year have been derived from the continuing operations of the company.

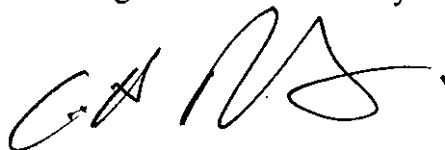
Balance sheet at 31 July 1995

	Notes	1995 £	1994 £
Fixed assets			
Tangible assets	7	<u>156,743</u>	<u>179,859</u>
Current assets			
Stocks	8	168,805	186,593
Debtors	9	893,343	939,574
Cash at bank and in hand		<u>3,284</u>	<u>4,860</u>
		<u>1,065,432</u>	<u>1,131,027</u>
Creditors: amounts falling due within one year	10	<u>(944,297)</u>	<u>(1,026,651)</u>
Net current assets		<u>121,135</u>	<u>104,376</u>
Total assets less current liabilities		<u>277,878</u>	<u>284,235</u>
Creditors: amounts falling due after more than one year	11	(307)	(3,839)
Provision for liabilities and charges	12	(9,200)	(15,450)
Net assets		<u>268,371</u>	<u>264,946</u>
Capital and reserves			
Called-up share capital	13	25	25
Profit and loss account		<u>268,346</u>	<u>264,921</u>
Equity shareholders' funds	14	<u>268,371</u>	<u>264,946</u>

In the preparation of the company's annual accounts advantage has been taken of special exemptions applicable to small companies, conferred by Part I of Schedule 8 of the Companies Act 1985, because in the directors opinion, as it meets the conditions, the company is entitled to these exemptions as a small company.

The financial statements on pages 5 to 13 were approved by the board of directors on 23 May 1997 and were signed on its behalf by:

Directors



**Notes to the financial statements
for the year ended 31 July 1995****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

Tangible fixed assets are stated at their purchase price together with any incidental expenses. Depreciation is calculated so as to write off the cost, less the estimated net realisable value, of fixed assets on a reducing balance basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures, fittings and equipment	20%
Plant and machinery	20%
Motor vehicles	20%
Helicopter	10%

Finance and operating leases

Where assets are financed by leasing agreements which give substantially the same rights as ownership ("finance leases"), the assets are treated as if they had been purchased outright at the capital value of the assets, and the corresponding leasing commitments are shown as obligations due to the lessor. The capital element of lease payments is applied to reduce the outstanding obligations and the interest is charged to the profit and loss account over the period of the lease. Other rentals are charged wholly to the profit and loss account.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Net realisable value is the price at which stocks can be sold in the normal course of business, after allowing for the cost of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Cash flow statement

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cashflow statement.

Deferred taxation

Provision is made for deferred taxation at the rate of corporation tax expected to apply when the timing differences reverse (the liability method), to the extent that it is probable that a liability or asset will crystallise.

2 Turnover

The turnover of the company is wholly attributable to the principal activity and arose entirely within the United Kingdom.

3 Interest receivable and similar income

	1995 £	1994 £
Interest receivable and similar income	63	701

4 Interest payable and similar charges

	1995 £	1994 £
On bank loans, overdrafts and other loans: Repayable within 5 years, not by instalments	12,513	26,614
On finance leases and hire purchase contracts	2,037	7,174
Interest on tax paid late	2,374	7,245
	<u>16,924</u>	<u>41,033</u>

5 Profit on ordinary activities before taxation

	1995 £	1994 £
Profit on ordinary activities before taxation is stated after charging:		
Directors' emoluments	58,835	89,642
Depreciation charge for the year:		
Tangible owned fixed assets	22,041	18,479
Assets held under hire purchase	1,974	15,185
Auditors' remuneration	2,500	2,300
Hire of plant and machinery - operating leases	103,690	47,934
Provision against debt due from related company	31,938	-
	<u>190,978</u>	<u>173,540</u>

6 Tax on profit on ordinary activities

	1995 £	1994 £
United Kingdom corporation tax at 25% (1994: 25%)		
Current	14,000	5,200
Deferred	(6,250)	5,450
Under provision in respect of prior years:		
Current	1,415	-
	<u>9,165</u>	<u>10,650</u>

7 Tangible fixed assets

	Fixtures, fittings and equipment £	Plant and machinery £	Motor vehicles £	Helicopter £	Totals £
Cost					
At 1 August 1994	33,981	169,327	45,134	82,777	331,219
Additions	323	7,236	-	(6,660)	899
At 31 July 1995	<u>34,304</u>	<u>176,563</u>	<u>45,134</u>	<u>76,117</u>	<u>332,118</u>
Depreciation					
At 1 August 1994	24,959	92,762	15,580	18,059	151,360
Charge for year	1,863	16,241	5,911	-	24,015
At 31 July 1995	<u>26,822</u>	<u>109,003</u>	<u>21,491</u>	<u>18,059</u>	<u>175,375</u>
Net book value					
At 31 July 1995	<u>7,482</u>	<u>67,560</u>	<u>23,643</u>	<u>58,058</u>	<u>156,743</u>
At 31 July 1994	<u>9,022</u>	<u>76,565</u>	<u>29,554</u>	<u>64,718</u>	<u>179,859</u>

The net book value of tangible fixed assets includes an amount of £7,895 (1994: £100,661) in respect of assets held under finance leases and hire purchase contracts.

8 Stocks

	1995 £	1994 £
Raw materials and consumables	65,305	64,466
Work in progress	103,500	122,127
	<u>168,805</u>	<u>186,593</u>

The current replacement cost of the raw materials and consumables is not significantly different from the above total.

9 Debtors

	1995	1994
	£	£
Amounts falling due within one year		
Trade debtors (see (a) below)	518,801	532,465
Amounts owed by related companies (see (b) below)	320,276	359,393
Other debtors	1,120	2,070
Prepayments and accrued income	53,146	45,646
	<u>893,343</u>	<u>939,574</u>

- (a) The trade debtors are subject to factoring arrangements whereby the legal title to the debt has been assigned to a factoring company.
- (b) The amounts owed by related companies are due from companies under the control of A H Roberts, a director of the company. The amounts are interest free and have no fixed terms for their repayment. At 31 July 1995 the related companies had net assets of £78,994 and they continue to be dependant for their future viability on the support of R & R Developments Limited.

10 Creditors: amounts falling due within one year

	1995	1994
	£	£
Bank overdrafts (secured)	157,838	149,959
Hire purchase instalments due in one year	3,532	30,568
Factoring advances (see note 9)	340,174	298,714
Trade creditors	143,785	137,981
Amounts owed to related companies	6,848	5,612
Corporation tax	22,553	23,202
Other taxation and social security payable	200,364	238,454
Accruals and deferred income	69,182	142,161
Directors' loan account (see below)	21	-
	<u>944,297</u>	<u>1,026,651</u>

The directors' loan account is interest free and has no fixed terms for its repayment. During the year the directors' loan was overdrawn and the maximum amount outstanding was £24,284. This was in contravention of Section 330 of the Companies Act 1985, which prohibits making loans to a director of the company.

11 Creditors: amounts falling due after more than one year

	1995 £	1994 £
Obligations under hire purchase contracts (see below)	3,839	34,407
Less amounts falling due for repayment within one year	(3,532)	(30,568)
	<u>307</u>	<u>3,839</u>

Hire purchase

The future minimum hire purchase payments to which the company are committed to under hire purchase contracts are as follows:

	1995 £	1994 £
In one year or less	3,532	30,568
Between one and two years	307	3,839
	<u>3,839</u>	<u>34,407</u>

12 Provisions for liabilities and charges

	Deferred taxation (see below) £
At 1 August 1994	15,450
Transfer to profit and loss account	(6,250)
At 31 July 1995	<u>9,200</u>

Deferred taxation

Deferred taxation provided in the financial statements, and the total potential liability including the amounts for which provision has been made, are as follows:

	Amount provided		Total potential liability	
	1995 £	1994 £	1995 £	1994 £
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	15,500	15,450	15,500	15,450
Other timing differences	(6,300)	-	(6,300)	-
	<u>9,200</u>	<u>15,450</u>	<u>9,200</u>	<u>15,450</u>

13 Called-up share capital

	1995 £	1994 £
Authorised		
4,000 ordinary shares of 25p each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
100 ordinary shares of 25p each	<u>25</u>	<u>25</u>

14 Reconciliation of movements in shareholders' funds

	1995 £	1994 £
Opening shareholders' funds	264,946	249,063
Profit for the year	<u>3,425</u>	<u>15,883</u>
Closing shareholders' funds	<u>268,371</u>	<u>264,946</u>

15 Capital commitments

The directors have neither contracted for nor authorised any capital expenditure which is not provided for in these financial statements.

16 Transactions with directors

The company has accrued service charges of £35,000 (1994: £20,000) due from a company owned and controlled by Mr A H Roberts. The company has accrued management charges of £20,000 (1994: £30,000) due to a company owned and controlled by Mr A H Roberts. The company has recharged insurance costs of £Nil (1994: £608) to two related companies owned and controlled by Mr A H Roberts.

The company has accrued management charges of £13,000 (1994:£5,000) due from its following subsidiary company.

The company has made sales of £196,452 (1994: £122,132) to companies owned and controlled by Mr A H Roberts.

The company has accrued interest due on loans to a related company of £390 and interest payable of £389 on loans due to a related company.

The company has made purchases of £10,351 (1994: £5,847) from a company in which Mr A H Roberts is a joint owner.

The company has paid rent of £30,000 (1994: £30,000) for occupying a property owned by Mr A H Roberts.

All these transactions were in the ordinary course of business.

17 Ultimate and immediate parent company

The directors regard R&R Group Limited, a company registered in the United Kingdom as the ultimate parent company. According to the register kept by the company R&R Group Limited has a 98% interest in the equity share capital of the company at 31 July 1995