

Company Number 896821

**Deloitte
& Touche**

**COWLIN CONSTRUCTION LIMITED
AND ITS SUBSIDIARY COMPANIES**

Report and Financial Statements

Year ended 30 September 2000



Deloitte & Touche
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COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES**REPORT AND FINANCIAL STATEMENTS 2000****CONTENTS**

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

G L Ballard
D A Brown
T P Crew
N J Higgs
I R Natt
N A Sherreard
M D Spiller

SECRETARY

G L Ballard

REGISTERED OFFICE

Stratton House
Cater Road
Bishopsworth
Bristol
BS13 7UH

BANKERS

HSBC Bank plc
City Office
49 Corn Street
Bristol
BS99 7PP

AUDITORS

Deloitte & Touche
Queen Anne House
69-71 Queen Square
Bristol
BS1 4JP

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 30 September 2000.

RESULTS

The consolidated profit for the year is set out in the consolidated profit and loss account on page 6.

PRINCIPAL ACTIVITY OF THE COMPANY AND THE GROUP

The company's and group's principal activity continues to be building contracting.

REVIEW OF BUSINESS AND FUTURE DEVELOPMENTS

During the year the company continued to be successful in winning new orders, many with repeat business clients and the number of negotiated and Partnering agreements has continued to increase. The average value of contracts secured has increased significantly, although many of the larger contracts are carried forward in work in progress and not reflected in this year's turnover. Despite this the turnover for the year at £48m is 20% up on last year. Net profit before tax also increased from £503,998 in 1999 to £613,015 in 2000. This represents an increase of more than 20% in net profit compared with last year.

This welcome and sustained increase in profitability reflects the continued investment which has been made by the company in both raising its profile and recruiting top quality staff, to fulfil increasing commitments. During the year the freehold of the 27,000 sq ft Head Office in Bristol, with adjoining 53,000 sq ft warehouse, which was previously rented, was acquired following which all properties from which the company operates are now owned.

The current year has started well with further exciting new orders and work in progress currently totals £80m. As a result the directors are confident of continued growth in turnover and profitability for the year ended September 2001, maintaining our place as one of the leading privately owned construction companies in the South West / South Wales region.

DIVIDENDS

The directors recommend the payment of a dividend of 12p (1999: 17p) per ordinary share in respect of the year ended 30 September 2000.

DIRECTORS AND THEIR INTERESTS

The current membership of the Board is shown on page 1. The directors of the company who held office during the year and their beneficial interests in the ordinary shares of the ultimate holding company Cowlin Group Limited at the beginning and end of the year were:

	2000	1999
D L Rebori (resigned 2 October 2000)	51,546	48,460
G L Ballard	54,338	48,460
D A Brown	14,289	11,896
T P Crew	5,388	1,000
N J Higgs	14,289	4,500
I R Natt	14,289	11,896
N A Sherreard	5,717	2,679
M D Spiller	5,000	2,000

At the beginning of the year Messrs Crew, Higgs and Spiller held respectively 3,400, 8,071 and 2,400 options to purchase ordinary shares in the ultimate holding company. All of these options were exercised during the year. No director was granted further options over the shares of any group company during the year.

None of the directors had any interest in the shares of any other group company during the year.

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES**DIRECTORS' REPORT (continued)****CHARITABLE DONATIONS**

The group made charitable donations of £2,710 (1999: £1,855) during the year.

EMPLOYEES

The policy is to encourage and assist, where practicable, the recruitment and training of disabled people and the retention of those who become disabled during their employment.

The company believes in good communications within the organisation. To this end, monthly financial and production meetings are held, which are attended by senior management. A news-sheet detailing contract progress and prospects is published at intervals and is available to all employees.

AUDITORS

A resolution to reappoint Deloitte & Touche as the company's auditors will be proposed at the Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



G L Ballard
Secretary

16/3/2001

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 the group as at the end of the financial year and of the profit or loss of the group 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS' REPORT TO THE MEMBERS OF
COWLIN CONSTRUCTION LIMITED**

We have audited the financial statements on pages 6 to 18 which have been prepared under the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 circumstances of the company and the group, 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 September 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and
Registered Auditors

16 March 2001

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED PROFIT AND LOSS ACCOUNT
Year ended 30 September 2000

	Note	Continuing operations 2000 £	1999 £
TURNOVER	2	48,201,192	40,093,562
Cost of sales		(42,699,860)	(35,584,735)
GROSS PROFIT		5,501,332	4,508,827
Administrative expenses		(4,874,673)	(4,000,608)
OPERATING PROFIT		626,659	508,219
Interest payable and similar charges	3	(13,644)	(4,221)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	613,015	503,998
Tax on profit on ordinary activities	7	(158,831)	(150,817)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	17	454,184	353,181
Dividends proposed	8,17	(72,000)	(102,000)
RETAINED PROFIT FOR THE YEAR		382,184	251,181

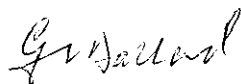
The group has no recognised gains and losses other than the retained profit for the current year and the preceding year. Accordingly no statement of total recognised gains and losses has been prepared.

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
CONSOLIDATED BALANCE SHEET
30 September 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible assets	10		866,847		674,703
CURRENT ASSETS					
Stocks	12	277,325		145,135	
Debtors	13	11,390,178		11,572,879	
Cash at bank and in hand		5,599,836		5,781,264	
			17,267,339		17,499,278
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(12,471,840)		(13,308,273)	
NET CURRENT ASSETS			4,795,499		4,191,005
TOTAL ASSETS LESS CURRENT LIABILITIES			5,662,346		4,865,708
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15		3,304,619		2,890,165
CAPITAL AND RESERVES					
Called up share capital	16	600,000		600,000	
Revaluation reserve	17	167,069		169,184	
Other reserves	17	1,450		1,450	
Profit and loss account	17	1,589,208		1,204,909	
EQUITY SHAREHOLDERS' FUNDS	17		2,357,727		1,975,543
			5,662,346		4,865,708

These financial statements were approved by the Board of Directors on 16/3/2001

Signed on behalf of the Board of Directors



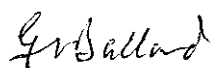
G L Ballard
Director

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
COMPANY BALANCE SHEET
30 September 2000

	Note	£	2000	£	£	1999	£
FIXED ASSETS							
Tangible assets	10		866,847			674,703	
CURRENT ASSETS							
Stocks	12	277,325			145,135		
Debtors	13	11,555,442			11,563,902		
Cash at bank and in hand		5,599,836			5,878,905		
			17,432,603		17,587,942		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	(12,879,048)			(13,638,881)		
NET CURRENT ASSETS			4,553,555			3,949,061	
TOTAL ASSETS LESS CURRENT LIABILITIES			5,420,402			4,623,764	
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR							
	15		3,304,619			2,890,165	
CAPITAL AND RESERVES							
Called up share capital	16	600,000			600,000		
Profit and loss account	17	1,515,783			1,133,599		
EQUITY SHAREHOLDERS' FUNDS	17		2,115,783			1,733,599	
			5,420,402			4,623,764	

These financial statements were approved by the Board of Directors on 16/3/2001

Signed on behalf of the Board of Directors



G L Ballard
Director

NOTES TO THE ACCOUNTS
Year ended 30 September 2000**1. ACCOUNTING POLICIES**

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

Basis of accounting

The accounts are prepared in accordance with the historical cost convention as modified by the revaluation of land and buildings.

Basis of consolidation

The group accounts include the accounts of the company and its subsidiaries made up to the end of the financial year.

Turnover

Sales values are credited to turnover, which excludes value added tax and trade discounts, when:

- (a) Contracts are finalised and the practical completion certificates issued.
- (b) Significant contracts in progress at the financial year end have reached a sufficiently advanced stage for the final outcome to be reasonably foreseen.

Specific provision is made for remedial work to be carried out at the expiry of the defects liability period.

Stocks and work in progress

Stocks and work in progress, including long term contracts, are valued at the lower of cost and net realisable value, less progress payments received and receivable on account. Cost, in the case of work in progress, consists of materials, labour and sub-contractors' charges, together with overheads directly chargeable to contracts. Net realisable value is the price at which stocks and work in progress can be sold in the normal course of business after allowing for the costs of realisation. Provision is made where necessary for obsolescent, slow moving and defective stocks.

A proportion of the profits earned on those long term contracts, which are in an advanced state of completion at the period end, is added to the value of turnover, together with a proportion of the costs associated with these contracts. In addition, full provision is made in the accounts for losses incurred, or expected to be incurred, on contracts entered into at the balance sheet date.

Operating leases and lease purchase agreements

Costs in respect of operating leases are charged on a straight-line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under lease purchase agreements. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under lease purchase agreements are depreciated over the useful lives of the equivalent owned assets.

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES**NOTES TO THE ACCOUNTS**
Year ended 30 September 2000**1. ACCOUNTING POLICIES (continued)****Fixed assets**

The cost of fixed assets is their purchase cost, together with any incidental expenses of acquisition, if appropriate.

Following the adoption of FRS15 depreciation is provided on freehold property at 2.5%.

Depreciation on plant and equipment is calculated to write off the cost of the assets by equal instalments over the estimated useful life of the relevant assets, the rates used being between 15% and 25%.

Short leasehold property is depreciated over the period of the lease.

Investments

Investments held as fixed assets are stated at cost less any provision for impairment.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that tax will arise.

Pension costs

The company operates a defined contribution pension scheme the assets of which are held separately from those of the company. The pension cost charge represents contributions payable by the company to the scheme.

Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard No 8 from the requirement to disclose related party transactions within the group.

2. TURNOVER

Turnover and profit on ordinary activities before taxation is attributable to the activities of building and specialist contracting, which are based solely in the United Kingdom.

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS
Year ended 30 September 2000

3. INTEREST PAYABLE AND SIMILAR CHARGES	2000	1999
	£	£
On lease purchases	13,534	4,291
Other interest payable	110	-
Interest receivable	-	(70)
	<u>13,644</u>	<u>4,221</u>
 4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit on ordinary activities before taxation is arrived at after charging/(crediting):	2000	1999
	£	£
Auditors' remuneration for company and group	28,040	25,220
Depreciation of tangible fixed assets - owned	54,227	45,936
Depreciation of tangible fixed assets - leased	50,125	13,240
Operating leases - plant and machinery	207,828	233,177
Property rents	(34,570)	(16,685)
Profit on disposal of tangible fixed assets	<u>(21,576)</u>	<u>(1,834)</u>
 5. DIRECTORS' EMOLUMENTS	2000	1999
	£	£
Emoluments (excluding pension contributions)	<u>435,752</u>	<u>539,104</u>
	No.	No.
Number of directors who are members of the company's defined contribution pension scheme	<u>8</u>	<u>9</u>
	£	£
Contributions paid to the defined contribution pension scheme in respect of directors	<u>53,362</u>	<u>63,824</u>
	£	£
Highest-paid director's remuneration (excluding pension contributions)	<u>106,495</u>	<u>77,006</u>
	£	£
Contributions paid to the defined contribution pension scheme in respect of the highest paid director	<u>41,245</u>	<u>13,248</u>

During the year three directors exercised options to purchase shares in the ultimate holding company.

NOTES TO THE ACCOUNTS
Year ended 30 September 2000**6. EMPLOYEE INFORMATION**

The average number of persons employed by the group during the year, including executive directors, is analysed below:

	2000 No.	1999 No.
Production	198	199
Administration	110	93
	<u>308</u>	<u>292</u>
Employment costs of all the employees included above:	£	£
Gross wages and salaries	4,979,947	4,360,044
Employer's national insurance and state pension contributions	525,877	457,604
Employer's contributions under the group pension scheme	135,775	146,674
	<u>5,641,599</u>	<u>4,964,322</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
United Kingdom corporation tax based on profit for the year at 30% (1999: 30.25%)		
- current year	195,000	198,000
- prior years	(36,169)	(57,183)
Amounts payable for group relief		
- current year	-	10,000
	<u>158,831</u>	<u>150,817</u>

8. DIVIDENDS

	2000 £	1999 £
Final dividend proposed of 12p (1999: 17p) per ordinary share	<u>72,000</u>	<u>102,000</u>

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS
Year ended 30 September 2000
9. PROFIT OF PARENT COMPANY

As permitted by section 230 of the Companies Act 1985, no profit and loss account of the parent company is presented. The parent company's profit after tax for the year is £454,184 (1999: £353,181).

10. TANGIBLE FIXED ASSETS

Group	Freehold property £	Plant and equipment £	Total £
Cost or valuation			
At 1 October 1999	531,591	898,467	1,430,058
Additions	-	319,623	319,623
Disposals	-	(133,234)	(133,234)
At 30 September 2000	531,591	1,084,856	1,616,447
Depreciation			
At 1 October 1999	-	755,355	755,355
Provided in year	6,645	97,707	104,352
Disposals	-	(110,107)	(110,107)
At 30 September 2000	6,645	742,955	749,600
Net book value			
At 30 September 2000	524,946	341,901	866,847
At 30 September 1999	531,591	143,112	674,703

Freehold property was professionally revalued on an open market value for existing use basis at 30 November 1988 by Hartnell Taylor Cook, independent surveyors and valuers, at £476,000. In accordance with the transitional rules of Financial Reporting Standard No. 15 'Tangible Fixed Assets', freehold property which was revalued in prior years has not been revalued during the year. The carrying value relating to the previous valuation performed as at 30th November 1988 has been carried forward in this year's accounts.

The historic cost of tangible assets stated at valuation in the accounts is £362,407 (1999: £362,407) and the net book value is £357,877 (1999: £362,407).

The net book value of plant and equipment includes an amount of £245,604 (1999: £50,401) acquired under lease purchase agreements.

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS
Year ended 30 September 2000
10. TANGIBLE FIXED ASSETS (continued)

Company	Freehold property £	Plant and equipment £	Total £
Cost			
At 1 October 1999	531,591	897,066	1,428,657
Additions	-	319,623	319,623
Disposals	-	(133,234)	(133,234)
At 30 September 2000	531,591	1,083,455	1,615,046
Depreciation			
At 1 October 1999	-	753,954	753,954
Provided in year	6,645	97,707	104,352
Disposals	-	(110,107)	(110,107)
At 30 September 2000	6,645	741,554	748,199
Net book value			
At 30 September 2000	524,946	341,901	866,847
At 30 September 1999	531,591	143,112	674,703

11. INVESTMENTS

	£
Shares in group companies at cost	
At 1 October 1999 and at 30 September 2000	128,150
Provisions	
At 1 October 1999 and at 30 September 2000	128,150
Net book value	
At 30 September 1999 and at 30 September 2000	-

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS
Year ended 30 September 2000
11. INVESTMENTS (continued)

The subsidiary companies at 30 September 2000 were:

Subsidiary	Nature of Business
Bayford Builders Limited	Dormant
Stratton Electrical Limited	Dormant
Pratten Construction Limited	Dormant
Samuel Wren & Sons Limited	Dormant
Cowlin Developments Limited	Dormant

All the subsidiaries have only ordinary share capital, are wholly owned and are registered in England and Wales.

12. STOCKS

	2000		1999	
	Group £	Company £	Group £	Company £
Raw materials and consumables	141,648	141,648	145,133	145,133
Work in progress	8,418,338	8,418,338	5,162,760	5,162,760
	8,559,986	8,559,986	5,307,893	5,307,893
Payments on account	(8,282,661)	(8,282,661)	(5,162,758)	(5,162,758)
	<u>277,325</u>	<u>277,325</u>	<u>145,135</u>	<u>145,135</u>

13. DEBTORS

	2000		1999	
	Group £	Company £	Group £	Company £
Trade debtors	5,835,432	5,835,432	6,958,789	6,958,789
Amounts recoverable on contracts	5,229,109	5,229,109	4,455,801	4,446,824
Amounts due from group companies	16,613	181,877	1,563	1,563
Group relief receivable	-	-	13,000	13,000
Other debtors	161,662	161,662	52,670	52,670
Prepayments and accrued income	147,362	147,362	91,056	91,056
	<u>11,390,178</u>	<u>11,555,442</u>	<u>11,572,879</u>	<u>11,563,902</u>

Included in trade debtors are retentions of £2,083,605 (1999: £1,763,416) of which £297,812 (1999: £193,959) is due after more than one year.

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS
Year ended 30 September 2000
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000		1999	
	Group £	Company £	Group £	Company £
Payments on account	251,809	251,809	123,476	123,476
Trade creditors	10,737,893	10,737,893	11,664,323	11,674,448
Amounts owed to group companies	170,861	578,069	438,227	765,170
Corporation tax	196,267	196,267	164,556	164,556
Group relief payable	-	-	10,000	10,000
Other creditors including taxation and social security	615,474	615,474	502,615	496,155
Accruals and deferred income	427,536	427,536	303,076	303,076
Proposed dividends	72,000	72,000	102,000	102,000
	<u>12,471,840</u>	<u>12,879,048</u>	<u>13,308,273</u>	<u>13,638,881</u>

15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000		1999	
	Group £	Company £	Group £	Company £
Amounts owed to group companies	3,151,000	3,151,000	2,864,000	2,864,000
Other creditors	153,619	153,619	26,165	26,165
	<u>3,304,619</u>	<u>3,304,619</u>	<u>2,890,165</u>	<u>2,890,165</u>

Amounts due to group companies are due within five years, do not bear interest and are unsecured.

Lease purchase obligations

The net lease purchase obligations, shown within other creditors, to which the group and company are committed are:

	2000		1999	
	Group £	Company £	Group £	Company £
In one year or less	83,106	83,106	18,992	18,992
Between one and two years	12,384	12,384	14,814	14,814
Between two and five years	141,234	141,234	11,351	11,351
	<u>236,724</u>	<u>236,724</u>	<u>45,157</u>	<u>45,157</u>

Assets purchased under lease purchase arrangements are held as security for the related lease obligations.

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS
Year ended 30 September 2000

16. CALLED UP SHARE CAPITAL					2000	1999
					£	£
Authorised, called up, allotted and fully paid: 600,000 ordinary shares of £1 each					600,000	600,000
					<u> </u>	<u> </u>
 17. COMBINED RECONCILIATION OF MOVEMENTS ON RESERVES AND SHAREHOLDERS' FUNDS						
GROUP						
	Share capital	Revaluation reserve	Other reserves	Profit and loss account	2000 Total	1999 Total
	£	£	£	£	£	£
At 1 October	600,000	169,184	1,450	1,204,909	1,975,543	1,724,362
Profit for the year	-	-	-	454,184	454,184	353,181
Dividends	-	-	-	(72,000)	(72,000)	(102,000)
Transfer from revaluation reserve	-	(2,115)	-	2,115	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September	600,000	167,069	1,450	1,589,208	2,357,727	1,975,543
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
 COMPANY						
			Share capital	Profit and loss account	2000 Total	1999 Total
			£	£	£	£
At 1 October			600,000	1,133,599	1,733,599	1,482,418
Profit for the year			-	454,184	454,184	353,181
Dividends			-	(72,000)	(72,000)	(102,000)
			<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 September			600,000	1,515,783	2,115,783	1,733,599
			<u> </u>	<u> </u>	<u> </u>	<u> </u>

COWLIN CONSTRUCTION LIMITED AND ITS SUBSIDIARY COMPANIES
NOTES TO THE ACCOUNTS
Year ended 30 September 2000
18. OPERATING LEASES

At 30 September 2000 the group had annual commitments under non-cancellable operating leases as follows:

	2000 £	1999 £
Plant and machinery:		
Leases terminating within one year	22,989	34,955
Leases terminating between two and five years	175,129	78,488
Leases terminating after more than five years	-	7,115
	<u>198,118</u>	<u>120,558</u>

19. CONTINGENT LIABILITIES
Banking arrangements
Overdraft facilities

The company participates in an arrangement with HSBC Bank plc whereby the accounts of the seven companies in the Cowlin Group Limited group, 'the guarantors', are combined, with cleared debit and credit balances being offset for interest calculation purposes.

Each of the guarantors has provided a fixed and floating charge over all assets, first legal charges over freehold properties, and unlimited multilateral company guarantees securing the liabilities of each other. In addition, Cowlin Group Limited has an unlimited company cross guarantee with Cowlin Property Investments Limited to secure the liabilities of each other.

The net balance owing under this arrangement at 30 September 2000 was £542,287 (1999: £491,760).

Secured loan

The company has agreed to provide security for loans to William Cowlin (Holdings) Limited. The guarantors for these loans are the companies of the Cowlin Property Investments Limited group and the Cowlin Group Limited group of companies.

Each of the guarantors has provided a fixed and floating charge over all assets, first legal charges over freehold properties, and unlimited multilateral company guarantees securing the liabilities of each other. In addition, Cowlin Group Limited has an unlimited company cross guarantee with Cowlin Property Investments Limited to secure the liabilities of each other.

The net balance owing on these loans at 30 September 2000 was £1,222,132 (1999: £357,517).

20. CASH FLOW STATEMENT

As a wholly owned subsidiary of Cowlin Group Limited, the company has taken advantage of the exemption from producing a cashflow statement. A consolidated cashflow statement is included in the group accounts.

21. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

In the opinion of the directors the ultimate parent company and controlling party is Cowlin Group Limited, a company registered in England and Wales. Copies of its accounts can be obtained from Companies House, Cardiff, CF4 3UZ.