

TURNKEY MANAGEMENT SERVICES LIMITED

FINANCIAL STATEMENTS

31ST DECEMBER 1996

Company Registration Number 1588564

CUSHING FAIRBAIRN WARDLE & CO.

Chartered Accountants
1 - 3 Sterling Court
Loddington
Kettering
Northamptonshire NN14 1RZ



TURNKEY MANAGEMENT SERVICES LIMITED

FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER 1996

CONTENTS	PAGE
The directors' report	1
Accountants' report to the shareholders	2
Profit and loss account	3
Reconciliation of movements in shareholders' funds	4
Balance sheet	5
Notes to the financial statements	7

The following pages do not form part of the financial statements

Detailed trading and profit and loss account	12
Notes to the detailed trading and profit and loss account	13

TURNKEY MANAGEMENT SERVICES LIMITED

THE DIRECTORS' REPORT YEAR ENDED 31ST DECEMBER 1996

The directors have pleasure in presenting their report and the unaudited financial statements of the company for the year ended 31st December 1996.

PRINCIPAL ACTIVITIES

The principal activity of the company is the provision of building and design services to the construction industry and project management services.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1.00 each	
	At 31 Dec 96	At 1 Jan 96
S.D.S. Gregory	100	95
P.C. Thacker	<u>100</u>	<u>10</u>

REPORTING ACCOUNTANTS

Messrs Cushing Fairbairn Wardle & Co. will continue in office as reporting accountants for the ensuing year.

SMALL COMPANY EXEMPTIONS

In preparing their report, the directors have taken advantage of the special exemptions from disclosure conferred by Part II of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the company qualifies as a small company.

Registered office:
1-3 Sterling Court
Loddington
Kettering
Northants NN14 1RZ

Signed on behalf of the directors

L. Gregory
Mrs.L.Gregory
Company secretary

Approved by the directors on 4th March 1997

TURNKEY MANAGEMENT SERVICES LIMITED

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS YEAR ENDED 31ST DECEMBER 1996

We report on the unaudited accounts for the year ended 31st December 1996 set out on pages 3 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE REPORTING ACCOUNTANTS As described on page 6 the directors of the company are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

OPINION

In our opinion:

- (a) the accounts are in agreement with those accounting records kept by the company under section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemptions specified in section 249B(1)(a) to (f).

1 - 3 Sterling Court
Loddington
Kettering
Northamptonshire NN14 1RZ

4th March 1997



CUSHING FAIRBAIRN WARDLE & CO.
Chartered Accountants

TURNKEY MANAGEMENT SERVICES LIMITED

PROFIT AND LOSS ACCOUNT YEAR ENDED 31ST DECEMBER 1996

	Note	1996 £	1995 £
TURNOVER		202,782	182,695
Cost of sales		(96,587)	(105,327)
GROSS PROFIT		106,195	77,368
Administrative expenses		(90,595)	(85,253)
Other operating income		-	968
OPERATING PROFIT/(LOSS)	2	15,600	(6,917)
Interest receivable and similar income	3	-	261
Interest payable and similar charges	4	(1,645)	(3,000)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		13,955	(9,656)
Tax on profit/(loss) on ordinary activities	5	132	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		14,087	(9,656)
Extraordinary items	6	-	(12,428)
PROFIT/(LOSS) FOR THE FINANCIAL		14,087	(22,084)
Dividends		(19,200)	(3,200)
DEFICIENCY FOR THE FINANCIAL YEAR		(5,113)	(25,284)
Balance brought forward		16,930	42,214
BALANCE CARRIED FORWARD		11,817	16,930

The company has no recognised gains or losses other than the results for the year as set out above.

None of the company's activities were acquired or discontinued during the above two years.

TURNKEY MANAGEMENT SERVICES LIMITED

YEAR ENDED 31ST DECEMBER 1996

RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit/(Loss) for the financial year	14,087	(22,084)
Dividends	(19,200)	(3,200)
	(5,113)	(25,284)
Opening shareholders' equity funds	17,130	42,414
Closing shareholders' equity funds	<u>12,017</u>	<u>17,130</u>

The notes on pages 7 to 10 form part of these financial statements.

TURNKEY MANAGEMENT SERVICES LIMITED

BALANCE SHEET 31ST DECEMBER 1996

	Note	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		32,402		16,565
CURRENT ASSETS					
Debtors	8	68,070		61,639	
Cash at bank and in hand		215		249	
		<u>68,285</u>		<u>61,888</u>	
CREDITORS: Amounts falling due within one year	9	<u>(77,337)</u>		<u>(61,323)</u>	
NET CURRENT (LIABILITIES)/ASSETS			(9,052)		565
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>23,350</u>		<u>17,130</u>
CREDITORS: Amounts falling due after more than one year	10		(11,333)		-
NET ASSETS			<u>12,017</u>		<u>17,130</u>
CAPITAL AND RESERVES					
Equity share capital	12		200		200
Profit and loss account			11,817		16,930
SHAREHOLDERS' FUNDS			<u>12,017</u>		<u>17,130</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the accounts for the year by virtue of section 249A(2), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

The directors acknowledge their responsibilities for:

- (i) ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- (ii) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The balance sheet continues on the following page.

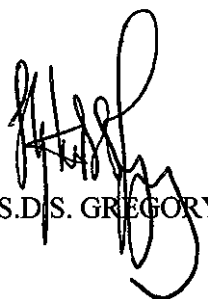
The notes on pages 7 to 10 form part of these financial statements.

TURNKEY MANAGEMENT SERVICES LIMITED

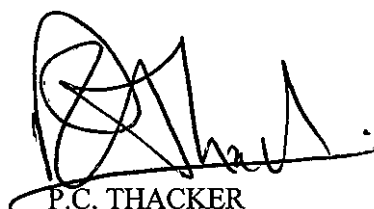
BALANCE SHEET *(continued)* 31ST DECEMBER 1996

In preparing these accounts, the directors have taken advantage of the special accounting exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the basis that, in their opinion, the company qualifies as a small company.

These financial statements were approved by the directors on the 4th March 1997 and are signed on their behalf by:



S.D.S. GREGORY



P.C. THACKER

TURNKEY MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER 1996

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Computer and Electrical Equipment	20% of Cost
Motor Vehicles	25% of Cost
Office Furniture and Fittings	10% of Cost

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

2. OPERATING PROFIT/LOSS

Operating profit/loss is stated after charging/(crediting):

	1996 £	1995 £
Directors' emoluments	33,040	69,523
Directors' pension contributions	-	869
Depreciation	10,409	12,594
Loss on disposal of fixed assets	1,454	-
Profit on disposal of fixed assets	-	(968)

3. INTEREST RECEIVABLE AND SIMILAR INCOME

	1996 £	1995 £
Bank interest receivable	-	261

TURNKEY MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER 1996

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
Finance charges	1,243	2,252
Other interest and similar charges	402	748
	<u>1,645</u>	<u>3,000</u>

5. TAXATION ON PROFIT/LOSS ON ORDINARY ACTIVITIES

	1996 £	1995 £
Corporation tax based on the results for the year at 24% (1995 25%)	-	-
Adjustment to provision in previous years	(132)	-
	<u>(132)</u>	<u>-</u>

6. EXTRAORDINARY ITEMS

Extraordinary charges	-	<u>12,428</u>
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7. TANGIBLE FIXED ASSETS

	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST				
At 1st January 1996	4,546	30,783	43,511	78,840
Additions	-	32,000	3,700	35,700
Disposals	-	(30,783)	(17,567)	(48,350)
At 31st December 1996	<u>4,546</u>	<u>32,000</u>	<u>29,644</u>	<u>66,190</u>
DEPRECIATION				
At 1st January 1996	4,030	20,046	38,199	62,275
Charge for the year	211	7,741	2,457	10,409
On disposals	-	(21,329)	(17,567)	(38,896)
At 31st December 1996	<u>4,241</u>	<u>6,458</u>	<u>23,089</u>	<u>33,788</u>
NET BOOK VALUE				
At 31st December 1996	<u>305</u>	<u>25,542</u>	<u>6,555</u>	<u>32,402</u>
At 31st December 1995	<u>516</u>	<u>10,737</u>	<u>5,312</u>	<u>16,565</u>

TURNKEY MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER 1996

7. TANGIBLE FIXED ASSETS *(continued)*

Hire purchase agreements

Included within the net book value £32,402 is £25,452 (1995 - £10,737) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £6,458 (1995 - £7,904).

8. DEBTORS

	1996 £	1995 £
Trade debtors	53,927	52,582
ACT recoverable against future taxation	5,600	-
Prepayments and accrued income	8,543	9,057
	<u>68,070</u>	<u>61,639</u>

9. CREDITORS: Amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	25,935	6,804
Trade creditors	20,348	26,622
Other creditors including:		
Advance Corporation Tax	1,200	-
Corporation Tax	-	132
PAYE and social security	3,584	4,723
VAT	4,806	5,960
Hire purchase agreements	8,000	3,889
Other creditors	-	4
Directors current accounts	802	802
	<u>18,392</u>	<u>15,510</u>
Accruals and deferred income	12,662	12,387
	<u>77,337</u>	<u>61,323</u>

The Bank loan and overdraft are secured.

10. CREDITORS: Amounts falling due after more than one year

	1996 £	1995 £
Hire purchase agreements	<u>11,333</u>	<u>-</u>

TURNKEY MANAGEMENT SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31ST DECEMBER 1996

11. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	1996 £	1995 £
Amounts payable within 1 year	9,841	5,142
Amounts payable between 2 to 5 years	13,890	-
	<u>23,731</u>	<u>5,142</u>
Less interest and finance charges relating to future periods	(4,398)	(1,253)
	<u>19,333</u>	<u>3,889</u>

12. SHARE CAPITAL

Authorised share capital:

	1996 £	1995 £
1,000 Ordinary shares of £1.00 each	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	1996 £	1995 £
Ordinary share capital	<u>200</u>	<u>200</u>
Ordinary share capital carried forward	<u>200</u>	<u>200</u>