

**BRIGGS AND FORRESTER (SPECIAL
PROJECTS) LIMITED**

FINANCIAL STATEMENTS

31ST OCTOBER 2000

Company Registration Number 2546421

MACINTYRE HUDSON

Chartered Accountants & Registered Auditors

Redlands
Cliftonville
Northampton
NN1 5BE



BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST OCTOBER 2000

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BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED
OFFICERS AND PROFESSIONAL ADVISERS

The Board of Directors

Mr M P Stanton
Mr J Holland

Company Secretary

Mr A J Noon

Registered Office

Bembridge House
Bembridge Drive
Kingsthorpe
Northampton
NN2 6LZ

Auditors

MacIntyre Hudson
Chartered Accountants
& Registered Auditors
Redlands
Cliftonville
Northampton
NN1 5BE

Bankers

Barclays Bank Plc
Barclays Business Centre
Cliftonville
Northampton
NN1 5BE

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST OCTOBER 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st October 2000.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company include complete services refurbishment works. A division of the company specialises in the installation of split system cassette air-conditioning.

The results for the year are set out in the profit and loss account on page 6.

Work done in the year amounted to £9.8m (1999 £7.1m) with an operating profit of £166,073 (1999 £81,085).

RESULTS AND DIVIDENDS

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	2000	1999
	£	£
Proposed dividends on ordinary shares	25,000	-

The balance of profit for the year amounting to £86,968 (1999 £58,936) will be added to reserves and carried forward to the following year.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year were as follows:

Mr M P Stanton
Mr J Holland

The company is a wholly owned subsidiary and the interests of group directors are disclosed in the accounts of the parent company.

TAXATION STATUS

The company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988.

FIXED ASSETS

The movements in fixed assets are recorded in the notes to the financial statements.

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31ST OCTOBER 2000

AUDITORS

A resolution to re-appoint MacIntyre Hudson as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:
Bembridge House
Bembridge Drive
Kingsthorpe
Northampton
NN2 6LZ

Signed by order of the directors

A handwritten signature in black ink, appearing to read 'A J Noon', written over a horizontal line.

MR A J NOON
Company Secretary

Approved by the directors on 12th January 2001

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31ST OCTOBER 2000

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies, as described on pages 8 to 10, and then apply them consistently;

- make judgements and estimates that are reasonable and prudent;

- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

- 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. The directors 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.

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST OCTOBER 2000

We have audited the financial statements on pages 6 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 4, the company's directors are responsible for the preparation of the 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.

OPINION

In our opinion the financial statements give a true and fair view of the company's state of affairs as at 31st October 2000 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

Redlands
Cliftonville
Northampton
NN1 5BE

Mac Intyre Hudson
MACINTYRE HUDSON
Chartered Accountants
& Registered Auditors

26th January 2001

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST OCTOBER 2000

	Note	2000 £	1999 £
WORK DONE		<u>9,780,469</u>	<u>7,124,402</u>
TURNOVER	1	9,842,816	6,944,657
Cost of sales		<u>8,572,646</u>	<u>6,058,941</u>
GROSS PROFIT		1,270,170	885,716
Administrative expenses		1,113,247	805,131
Other operating income		(9,150)	(500)
OPERATING PROFIT	2	<u>166,073</u>	<u>81,085</u>
Interest receivable		13	-
Interest payable	5	(5,581)	(4,366)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>160,505</u>	<u>76,719</u>
Tax on profit on ordinary activities	6	48,537	17,783
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>111,968</u>	<u>58,936</u>
Dividends	7	25,000	-
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>86,968</u>	<u>58,936</u>
Balance brought forward		79,049	20,113
Balance carried forward		<u>166,017</u>	<u>79,049</u>

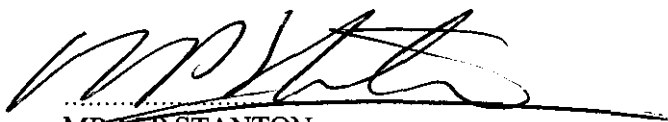
The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED**BALANCE SHEET****31ST OCTOBER 2000**

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	8	203,579	116,526
CURRENT ASSETS			
Stocks	9	55,208	67,465
Debtors	10	2,146,176	2,167,212
Cash at bank and in hand		998,845	592,290
		<u>3,200,229</u>	<u>2,826,967</u>
CREDITORS: Amounts falling due within one year	11	<u>(3,219,154)</u>	<u>(2,854,353)</u>
NET CURRENT LIABILITIES		(18,925)	(27,386)
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>184,654</u>	<u>89,140</u>
CREDITORS: Amounts falling due after more than one year	12	<u>(18,537)</u>	<u>(9,991)</u>
		<u>166,117</u>	<u>79,149</u>
CAPITAL AND RESERVES			
Called-up equity share capital	19	100	100
Profit and loss account		166,017	79,049
SHAREHOLDERS' FUNDS	20	<u>166,117</u>	<u>79,149</u>

These financial statements were approved by the directors on the 12th January 2001 and are signed on their behalf by:



MR M P STANTON

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

ACCOUNTING POLICIES

YEAR ENDED 31ST OCTOBER 2000

Basis of accounting

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

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 wholly owned and its parent publishes a consolidated cashflow statement.

Turnover

Turnover represents amounts invoiced during the year, excluding value added tax, except in respect of contracting activities. For contracting activities, turnover represents the value of work carried out during the year, including amounts not yet invoiced. The amount by which turnover exceeds progress payments received and receivable is classified as "Amounts recoverable on contracts" and is separately disclosed in Debtors. Progress payments received in excess of amounts matched with turnover are classified as "Payments received on account" and disclosed in Creditors.

Profit recognition on contracts

Profit is recognised on contracts with a duration of more than 12 months("Long term contracts"). A conservative approach is adopted whereby profit is only recognised where a contract is materially complete. The amount of profit recognised is the lower of the margin earned to date and a proportion of that forecast at completion, taking account of agreed claims.

The recognition of profit on long term contracts is in accordance with Statement of Standard Accounting Practice 9, which unlike the Companies Act 1985 allows unrealised profit to be included in the profit and loss account for the period. This departure from the provisions of the Act is required in order to give a true and fair view.

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:

Plant and equipment	- 20% on a straight line basis
Fixtures and fittings	- 10% on a straight line basis
Motor vehicles	- 25% on a straight line basis

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31ST OCTOBER 2000

Work in progress

1) Small works

Small works are stated at the lower of cost and net realisable value.

2) Short term contracts

"Cost" for contracts with a duration of less than 12 months ("short term contracts") consist of direct materials, labour and attributable production overheads, less foreseeable losses and applicable payments on account.

Contract provisions in excess of amounts recoverable are included in Accruals.

3) Long term contracts

"Cost" for long term contracts is determined on the same basis as short term contracts, except that anticipated profits are recognised where appropriate, in accordance with the principles set out above.

Stock

Stocks are stated 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 costs of realisation. Provision is made where necessary for obsolete, slow moving and defective stocks.

Work done

Work done represents the work carried out during the year, calculated by adjusting turnover for the movement between opening and closing stocks and work in progress. Work in progress for this purpose includes cost on materially completed contracts, but excludes attributable overheads.

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.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

ACCOUNTING POLICIES (CONTINUED)

YEAR ENDED 31ST OCTOBER 2000

Taxation

The charge for taxation is based on the profit for the year as adjusted for disallowable items.

When taxation losses are transferred between group companies, under the group relief provisions a charge equivalent to 30% of the losses transferred is made.

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST OCTOBER 2000****1. TURNOVER**

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2000 £	1999 £
United Kingdom	9,842,816	6,944,657

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting):

	2000 £	1999 £
Depreciation	65,513	41,442
Profit on disposal of fixed assets	(9,150)	(500)
Auditors' remuneration		
- as auditors	3,000	-
Operating lease costs:		
Land and buildings	6,770	2,440

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2000 No.	1999 No.
Number of production staff	29	23
Number of administrative staff	17	14
	46	37

The aggregate payroll costs of the above were:

	2000 £	1999 £
Wages and salaries	1,083,862	709,122
Social security costs	101,158	66,550
Other pension costs	18,154	13,207
	1,203,174	788,879

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST OCTOBER 2000****4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2000 £	1999 £
Emoluments receivable	79,644	64,706
Value of company pension contributions to money purchase schemes	4,738	3,406
	<u>84,382</u>	<u>68,112</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	2000 No.	1999 No.
Money purchase schemes	<u>1</u>	<u>1</u>

5. INTEREST PAYABLE

	2000 £	1999 £
Interest payable on bank borrowing	1	-
Finance charges	5,580	4,366
	<u>5,581</u>	<u>4,366</u>

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
In respect of the year:		
Corporation tax based on the results for the year at 30% (1999 - 32.50%)	48,205	20,172
Adjustment in respect of previous years:		
Corporation tax	332	(2,389)
	<u>48,537</u>	<u>17,783</u>

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST OCTOBER 2000****7. DIVIDENDS**

The following dividends have been proposed in respect of the year:

	2000 £	1999 £
Proposed dividends on equity shares	25,000	-

8. TANGIBLE FIXED ASSETS

	Plant and equipment £	Fixtures and fittings £	Motor vehicles £	Total £
COST				
At 1st November 1999	50,514	3,130	248,361	302,005
Additions	25,296	-	130,707	156,003
Disposals	-	-	(59,006)	(59,006)
At 31st October 2000	<u>75,810</u>	<u>3,130</u>	<u>320,062</u>	<u>399,002</u>
DEPRECIATION				
At 1st November 1999	27,547	1,046	156,886	185,479
Charge for the year	9,283	313	55,917	65,513
On disposals	-	-	(55,569)	(55,569)
At 31st October 2000	<u>36,830</u>	<u>1,359</u>	<u>157,234</u>	<u>195,423</u>
NET BOOK VALUE				
At 31st October 2000	<u>38,980</u>	<u>1,771</u>	<u>162,828</u>	<u>203,579</u>
At 31st October 1999	<u>22,967</u>	<u>2,084</u>	<u>91,475</u>	<u>116,526</u>

Hire purchase agreements

Included within the net book value of £203,579 is £129,611 (1999 - £65,858) relating to assets held under hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £32,830 (1999 - £13,835).

9. STOCKS

	2000 £	1999 £
Work in progress	159,109	206,456
Payments on account	(103,901)	(138,991)
	<u>55,208</u>	<u>67,465</u>

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST OCTOBER 2000

10. DEBTORS

	2000 £	1999 £
Trade debtors	1,919,360	1,625,084
Amounts owed by group undertakings	116,363	364,515
Amounts recoverable on contracts	100,919	171,062
Prepayments and accrued income	9,534	6,551
	<u>2,146,176</u>	<u>2,167,212</u>

11. CREDITORS: Amounts falling due within one year

	2000 £	1999 £
Payments received on account	149,422	462,503
Trade creditors	2,090,154	1,718,327
Amounts owed to group undertakings	100,854	214,553
Other creditors including taxation and social security:		
Corporation tax	48,205	19,912
PAYE and social security	37,768	34,377
VAT	234,317	87,428
Hire purchase agreements	50,453	29,620
Dividends payable	25,000	-
Other creditors	<u>406,495</u>	<u>259,126</u>
	802,238	430,463
Accruals and deferred income	76,486	28,507
	<u>3,219,154</u>	<u>2,854,353</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2000 £	1999 £
Hire purchase	<u>50,453</u>	<u>29,620</u>

The hire purchase liabilities are secured by assets held under these agreements.

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

	2000 £	1999 £
Other creditors:		
Hire purchase agreements	<u>18,537</u>	<u>9,991</u>

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST OCTOBER 2000****12. CREDITORS:** Amounts falling due after more than one year *(continued)*

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2000 £	1999 £
Hire purchase	<u>18,537</u>	<u>9,991</u>

13. PENSIONS

The company participates in the defined contribution pension scheme of its parent company. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £18,154 (1999 - £13,207).

14. DEFERRED TAXATION

No provision has been made in the accounts and the amounts unprovided at the end of the year are as follows:

	2000 £	1999 £
Excess of taxation allowances over depreciation on fixed assets	<u>1,455</u>	<u>2,219</u>

15. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	2000 £	1999 £
Amounts payable within 1 year	50,453	29,620
Amounts payable between 1 and 2 years	16,017	9,991
Amounts payable between 3 and 5 years	2,520	-
	<u>68,990</u>	<u>39,611</u>

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST OCTOBER 2000

16. COMMITMENTS UNDER OPERATING LEASES

At 31st October 2000 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2000 £	1999 £
Operating leases which expire:		
Within 1 year	<u>6,500</u>	<u>-</u>

17. CONTINGENCIES

The company has given an unlimited guarantee to Barclays Bank Plc in favour of Briggs and Forrester (Holdings) Limited and all other group companies. At the balance sheet date the total overdraft on these accounts was £NIL (1999 - £738,384).

Barclays Bank Plc hold a legal charge over the assets of the group.

18. RELATED PARTY TRANSACTIONS

As disclosed below the directors regard Briggs and Forrester (Holdings) Limited as the ultimate parent company. The consolidated accounts of the group are available to the public from the Registrar of Companies.

The company has therefore taken advantage of the exemptions from disclosure of inter-group transactions conferred in Financial Reporting Standard 8.

In the opinion of the directors the ultimate controlling party of the parent company are M P Stanton and G J L Stanton.

19. SHARE CAPITAL

Authorised share capital:

	2000 £	1999 £
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2000 £	1999 £
Ordinary share capital	<u>100</u>	<u>100</u>

BRIGGS AND FORRESTER (SPECIAL PROJECTS) LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31ST OCTOBER 2000****20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000 £	1999 £
Profit for the financial year	111,968	58,936
Dividends	(25,000)	-
	<u>86,968</u>	<u>58,936</u>
Opening shareholders' equity funds	79,149	20,213
Closing shareholders' equity funds	<u>166,117</u>	<u>79,149</u>

21. ULTIMATE PARENT COMPANY

The directors regard Briggs and Forrester (Holdings) Limited, a company registered in England and Wales, as the ultimate holding company.