

**Deloitte &
Touche**

Deloitte Touche
Tohmatsu
International



Company Registration No. 1956753

REGISTRAR OF COMPANIES

M & N CONTRACTORS LIMITED

Report and Financial Statements

31 December 1995

**Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS**





REPORT AND FINANCIAL STATEMENTS 1995

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REPORT AND FINANCIAL STATEMENTS 1995

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J J Neville
K J Warren
B J Wham

SECRETARY

K J Warren

REGISTERED OFFICE

Grincrete House
Whittle Road
Leckwith Industrial Estate
Cardiff

BANKERS

Royal Bank of Scotland

SOLICITORS

Eversheds & Co.

AUDITORS

Deloitte & Touche
Chartered Accountants
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS



DIRECTORS' REPORT

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

ACTIVITIES

The principal activity of the company is the provision of services for the cable TV industry.

REVIEW OF DEVELOPMENTS

The company's trading results are shown on the profit and loss account on page 6 and its financial position at the year end is shown on the balance sheet on page 7.

FUTURE PROSPECTS

The directors consider that the company is well placed to continue to trade profitably.

DIVIDENDS

The directors do not propose to pay a dividend (1994 - £Nil).

DIRECTORS

The directors of the company during the year are set out on page 1. Their interests in the issued share capital of the company were:

	Ordinary shares of £1 each	
	31/12/95	31/12/94
J J Neville	-	-
K J Warren	25	25
B J Wham	20	20

J J Neville and K J Warren are directors of the parent company M & N Plant Limited. Their interests in the shares of that company were:

	Ordinary shares of £1 each	
	31/12/95	31/12/94
J J Neville	9,999	9,999
K J Warren	1	1

B J Wham has no interest in the shares of any other group company.

FIXED ASSETS

Movements in tangible fixed assets are shown in note 6 to the accounts.



DIRECTORS' REPORT

AUDITORS

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name.

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

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

K J Warren

Secretary

Date 5th June 1996



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 as at the end of the financial year and of the profit or loss of the company 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;
- 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. They 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.



Chartered Accountants

Deloitte & Touche
Blenheim House
Fitzalan Court
Newport Road
Cardiff CF2 1TS

Telephone: National 01222 481111
International + 44 1222 481111
Fax (Gp. 3): 01222 482615

AUDITORS' REPORT TO THE MEMBERS OF M & N CONTRACTORS LIMITED

We have audited the financial statements on pages 6 to 15 which have been prepared under the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

As described on page 4 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.

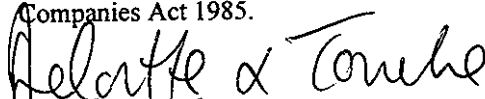
Basis of opinion

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.

Opinion

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


Deloitte & Touche

Chartered Accountants and
Registered Auditors

Date 8 July 1996



PROFIT AND LOSS ACCOUNT
Year ended 31 December 1995

	Note	1995 £	1994 as restated (see note 20) £
Turnover - continuing operations	2	100,524,554	44,438,854
Cost of sales		<u>(94,523,670)</u>	<u>(40,096,213)</u>
Gross profit		6,000,884	4,342,641
Administrative expenses		<u>(2,607,171)</u>	<u>(2,868,453)</u>
Operating profit - continuing operations		3,393,713	1,474,188
Interest receivable		5,925	-
Interest payable and similar charges	4	<u>(106,121)</u>	<u>(123,173)</u>
Profit on ordinary activities before taxation	4	3,293,517	1,351,015
Tax on profit on ordinary activities	5	<u>(1,129,287)</u>	<u>(458,060)</u>
Retained profit for the financial period		2,164,230	892,955
Profit and loss account brought forward		<u>1,201,540</u>	<u>308,585</u>
Profit and loss account carried forward		<u><u>3,365,770</u></u>	<u><u>1,201,540</u></u>

There are no recognised gains and losses or movements in shareholders' funds for the current or preceding financial year other than as stated in the profit and loss account.



**BALANCE SHEET
31 December 1995**

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible fixed assets	6		3,646,594		2,233,013
CURRENT ASSETS					
Stocks	7	5,146,546		4,729,339	
Debtors	8	8,657,492		6,305,639	
Cash at bank and in hand		6,817,268		1,000,910	
			<u>20,621,306</u>		<u>12,035,888</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(20,403,890)</u>		<u>(12,616,761)</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>217,416</u>		<u>(580,873)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,864,010		1,652,140
CREDITORS: AMOUNTS FALLING DUE AFTER ONE YEAR	10		(346,720)		(344,367)
PROVISIONS FOR LIABILITIES AND CHARGES	11		<u>(151,420)</u>		<u>(106,133)</u>
			<u>3,365,870</u>		<u>1,201,640</u>
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Profit and loss account			<u>3,365,770</u>		<u>1,201,540</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS			<u>3,365,870</u>		<u>1,201,640</u>

These financial statements were approved by the Board of Directors on *5th July 1996*
Signed on behalf of the Board of Directors

J J Neville)
) Directors *J J Neville*
K J Warren)
) *K J Warren*



CASH FLOW STATEMENT
Year ended 31 December 1995

	Note	£	1995 £	£	1994 £
Net cash inflow from operating activities	14		8,577,811		1,982,038
Returns on investments and servicing of finance:					
Interest received		5,925		-	
Interest paid		(7,725)		(104,347)	
Interest element of lease repayments		(98,396)		(18,826)	
Net cash outflow from returns on investments and servicing of finance			(100,196)		(123,173)
UK corporation tax paid			(142,350)		-
Investing activities:					
Purchase of tangible fixed assets		(1,279,820)		(1,208,075)	
Receipts from sales of fixed assets		4,500		-	
Net cash outflow from investing activities			(1,275,320)		(1,208,075)
Net cash inflow before financing			7,059,945		650,790
Financing					
Capital element of lease repayments	17		(695,547)		(178,538)
Increase in cash and cash equivalents	15		6,364,398		472,252



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Turnover

Turnover represents invoiced sales less credit notes and any adjustment for the increase or decrease in the reinstatement provision and is recorded net of value added tax.

Tangible fixed assets

Depreciation is provided on tangible fixed assets by the reducing balance method at the following rates per annum:

Plant and machinery	-	25%
Motor vehicles	-	25%
Office equipment	-	25%

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost of work in progress represents materials, direct labour and appropriate production overheads.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on timing differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that an asset or liability will crystallise in the future.

Reinstatement provision

Provision is made for potential reinstatement costs on all work carried out during the period. The provision is charged against turnover.

2. TURNOVER

The turnover and profit before taxation are attributable to the company's principal activity.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	1995 £	1994 £
Directors emoluments		
Other emoluments	34,348	95,000
Remuneration of the chairman	-	-
Remuneration of the highest paid director	34,348	95,000
Scale of director's remuneration	No.	No.
£ 0 - £ 5,000	2	2
£ 30,001 - £ 35,000	1	-
£ 85,001 - £ 90,000	-	-
£ 90,001 - £ 95,000	-	1

Remuneration of J J Neville and K J Warren was met by the parent company M & N Plant Limited

	£	£
Employee costs during the year		
Wages	2,798,088	1,590,784
Social security	279,937	179,666
	<u>3,078,025</u>	<u>1,770,450</u>
	No.	No.
Average numbers of employees	<u>118</u>	<u>79</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £	1994 £
Profit on ordinary activities before taxation is stated after charging:		
Management charge from parent company	2,300,708	1,903,884
Depreciation - owned assets	587,764	279,436
- leased assets	315,156	113,490
Hire of plant and machinery	<u>9,687,682</u>	<u>3,626,646</u>
Interest payable:		
Interest on bank overdraft	5,738	104,347
Lease and hire purchase interest	98,396	18,826
Other	1,987	-
	<u>106,121</u>	<u>123,173</u>

The auditors' remuneration has been borne by the parent company and is included in the management charge.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £	1995 £
United Kingdom corporation tax at 33% (1994 - 33%) based on the result for the period	1,084,000	388,728
Deferred taxation	45,287	75,409
Adjustment in respect of prior year	-	(6,077)
	<u>1,129,287</u>	<u>458,060</u>

The tax charge for the year is increased due to the incidence of expenditure that is disallowable for taxation purposes.

6. TANGIBLE FIXED ASSETS

	Total £	Plant and machinery £	Motor vehicles £	Office equipment £
Cost				
At 1 January 1995	2,857,127	400,558	2,399,870	56,699
Additions	2,321,001	523,536	1,773,866	23,599
Disposals	(4,800)	-	(4,800)	-
	<u>5,173,328</u>	<u>924,094</u>	<u>4,168,936</u>	<u>80,298</u>
At 31 December 1995				
Accumulated depreciation				
At 1 January 1995	624,114	89,819	513,812	20,483
Charge for the period	902,920	150,280	739,738	12,902
Disposals	(300)	-	(300)	-
	<u>1,526,734</u>	<u>240,099</u>	<u>1,253,250</u>	<u>33,385</u>
At 31 December 1995				
Net book value				
At 31 December 1995	<u>3,646,594</u>	<u>683,995</u>	<u>2,915,686</u>	<u>46,913</u>
At 31 December 1994	<u>2,233,013</u>	<u>310,739</u>	<u>1,886,058</u>	<u>36,216</u>

Included in tangible fixed assets are assets with a net book value of £1,512,288 (1994 - £1,005,133) held under finance leases and hire purchase contracts.

7. STOCKS

	1995 £	1994 £
Raw materials	1,593,388	1,134,324
Work-in-progress	3,553,158	3,595,015
	<u>5,146,546</u>	<u>4,729,339</u>



NOTES TO THE ACCOUNTS

Year ended 31 December 1995

8. DEBTORS

	1995	1994
	£	£
Trade debtors	5,975,220	3,002,067
Other debtors	-	1,159
Amounts due from parent company	2,681,966	3,300,976
Amounts due from related company	306	1,437
	<u>8,657,492</u>	<u>6,305,639</u>

The amount owed by the related company is owed by a company with common directors and shareholders.

9. CREDITORS: AMOUNTS DUE WITHIN ONE YEAR

	1995	1994
	£	£
Bank overdraft	-	548,037
Trade creditors	5,850,398	7,358,311
Amount due to related company	3,167,067	518,956
Taxation and social security	4,555,860	2,626,633
Other creditors	1,548,584	490,097
Accruals	3,146,547	610,571
Reinstatement provision	1,428,000	100,000
Obligations under hire purchase agreements (note 10)	707,434	364,156
	<u>20,403,890</u>	<u>12,616,761</u>

The amount due to the related company is due to a company with common directors and shareholders.

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

	1995	1994
	£	£
Hire purchase agreements and finance leases:		
Amounts due in 1 - 2 years	341,325	288,437
Amounts due in 2 - 5 years	5,395	55,930
	<u>346,720</u>	<u>344,367</u>

Hire purchase and finance lease liabilities are secured on the assets to which they relate.



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

11. PROVISIONS FOR LIABILITIES AND CHARGES

	Balance at 1 January 1995 £	Charged to profit and loss account £	Balance at 31 December 1995 £
Deferred taxation	106,133	45,287	151,420

The potential amounts of deferred taxation provided and unprovided in the financial statements are:

	Provided 1995 £	Provided 1994 £	Not provided 1995 £	Not Provided 1994 £
Capital allowances in excess of depreciation	151,420	106,133	-	-

12. CALLED UP SHARE CAPITAL

	1995 £	1994 £
Authorised, allotted and fully paid:		
Ordinary shares of £1 each	100	100

13. STATEMENT OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1995 £	1994 £
Profit for period	2,164,230	892,955
Shareholders funds brought forward	1,201,640	308,685
Shareholders funds carried forward	3,365,870	1,201,640



NOTES TO THE ACCOUNTS

Year ended 31 December 1995

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1995 £	1994 £
Operating profit	3,458,713	1,474,188
Depreciation	902,920	392,926
Increase in stocks	(417,207)	(3,929,762)
Increase in debtors	(2,351,853)	(2,178,400)
Increase in creditors	6,985,238	6,223,086
	<u>8,577,811</u>	<u>1,982,038</u>
Net cash inflow from operating activities	<u>8,577,811</u>	<u>1,982,038</u>

15. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

	1995 £	1994 £
Balance at 1 January	452,873	(19,379)
Net cash inflow	6,364,395	472,252
	<u>6,817,268</u>	<u>452,873</u>
Balance at 31 December	<u>6,817,268</u>	<u>452,873</u>

16. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

	1995 £	1994 £	Change in period £
Cash at bank and in hand	6,817,268	1,000,910	5,816,358
Bank overdraft	-	(548,037)	548,037
	<u>6,817,268</u>	<u>452,873</u>	<u>6,364,395</u>



NOTES TO THE ACCOUNTS
Year ended 31 December 1995

17. ANALYSIS OF CHANGES IN FINANCE

	Share capital 1995 £	Finance lease and hire purchase obligations 1995 £	Share capital 1994 £	Finance lease and hire purchase obligations 1994 £
Balance brought forward	100	708,523	100	170,713
New agreements in year	-	1,041,178	-	716,348
Capital element of repayments	-	(695,547)	-	(178,538)
Balance carried forward	<u>100</u>	<u>1,054,154</u>	<u>100</u>	<u>708,523</u>

18. ULTIMATE PARENT COMPANY

The company's ultimate parent company is M & N Plant Limited, a company registered in England and Wales.

Group accounts for M & N Plant Limited may be obtained from Companies House, Crown Way, Maindy, Cardiff.

19. CONTINGENT LIABILITIES

An unlimited cross guarantee exists between the company and its parent company, M & N Plant Limited.

20. PRIOR PERIOD ADJUSTMENT

The prior period adjustment represents the effect of a change in accounting policy for direct staff costs. The directors believe that the inclusion of direct staff costs in cost of sales presents a more true and fair view of the business. Consequently £1,353,426 of direct staff costs has been transferred from administrative expenses to cost of sales in 1994. There is no net effect on reserves.