

COMPANY REGISTRATION NUMBER: 3089060

CCS GROUP PLC
REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1999



CCS GROUP PLC

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

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CCS GROUP PLC

COMPANY INFORMATION

CHAIRMAN (Non-Executive)

D Sweeney

DIRECTORS

M Horgan

M Daly

D Tiernan

SECRETARY

G McGough

REGISTERED OFFICE AND BUSINESS ADDRESS

Heather Park House

North Circular Road

Stonebridge

London NW10 7NN

REGISTERED NUMBER

3089060

REGISTERED AUDITORS

Cheesman and Partners

4 Aztec Row

Berners Road

London N1 OPW

SOLICITORS

Rosenblatt Solicitors

9-13 St Andrews Street

London EC4A 3AE

PRINCIPAL BANKERS

Barclays Bank Plc

50 Pall Mall East

PO Box 15163

London SW1A 1QD

CCS GROUP PLC

REPORT OF THE DIRECTORS

The directors present their annual report with the audited financial statements for the year ended 31 March 1999.

PRINCIPAL ACTIVITIES

The principal activities of the group are those of:

- general building and civil engineering contracting;
- railway engineering and maintenance services;
- development of commercial and residential property;
- the hiring of plant, equipment and motor vehicles to the construction and engineering industries;
- interior design and fit out.
- the provision of contract furniture and furnishings.

The company's principal activity is that of a holding company.

REVIEW OF THE BUSINESS

The results for the year are set out on page 5.

The directors are confident of group activities sustaining further steady and significant growth in all aspects of trading in the forthcoming year.

The company paid the dividend due in the year on the preference shares. A first interim dividend of £0.40 per share was proposed and paid on the ordinary share capital on 20 November 1998. The directors proposed a second interim dividend of £0.76 per share on the ordinary share capital, on 16 March 1999 to be paid to the shareholders on the register at 31 March 1999.

INTRODUCTION OF THE SINGLE EUROPEAN CURRENCY

The directors do not consider that the introduction of the Single European Currency will have a significant effect on the operation of the business, because the company does not carry out a significant amount of trade with entities outside the UK.

YEAR 2000 ISSUES

The directors have considered the risks and uncertainties affecting the business in respect of year 2000 compliance and are satisfied that there will be no material effect on the company.

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year and their beneficial interests in the share capital of the company at the balance sheet date and the beginning of the year were as follows:

	Class of Share	Number of Shares	
		1999	1998
M Horgan	Ordinary Shares	112,500	22,522
	Preference Shares	-	45,000
M Daly	Ordinary Shares	75,000	15,014
	Preference Shares	-	30,000
D Tiernan	Ordinary Shares	62,500	12,512

SHARE CAPITAL

On 30 October 1998 the company redeemed the 75,000 12.5% Redeemable Cumulative Preference Shares of £1 each for cash at par value.

CCS GROUP PLC

REPORT TO THE DIRECTORS (Continued)

SHARE CAPITAL (Continued)

On 20 November 1998 CCS Group Plc increased its authorised share capital from £150,000 to £1,075,000 by creation of 925,000 ordinary shares of £1 each to rank pari passu with the Ordinary Shares already in existence. On the same day 199,952 of these shares were issued at par as fully paid up by way of capitalisation of amounts standing to the credit of distributable reserves.

SUPPLIER PAYMENT POLICY AND PRACTICE

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

At the balance sheet date, the company had an average of 16 days purchases outstanding in trade creditors.

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 and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- state whether the financial statements have been prepared in accordance with applicable accounting standards;
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have a general responsibility for taking such steps reasonably open to them to safeguard assets and prevent and detect fraud.

CHARITABLE DONATIONS

In the year under review the group made charitable donations totalling £2,290.

AUDITORS

The auditors, Cheesman and Partners, are willing to be re-appointed in accordance with Section 385 of the Companies Act 1985. Accordingly a resolution with regard to their re-appointment will be proposed at the forthcoming Annual General Meeting.

On behalf of the board



.....
M Horgan
Director

25 June 1999

CCS GROUP PLC

AUDITORS' REPORT TO THE SHAREHOLDERS

We have audited the financial statements on pages 5 to 23 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the Directors' Report 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.

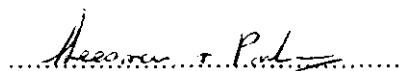
BASIS OF OPINION

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 and Group'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 affairs of the Company and of the Group as at 31 March 1999 and of the profit of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Cheesman and Partners

Registered Auditors

**4 Aztec Row
Berners Road
London N1 OPW**

25 June 1999

CCS GROUP PLC

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £	1998 £
TURNOVER	1	13,148,203	6,556,820
Cost of sales	2	(10,976,672)	(5,430,149)
		<hr/>	<hr/>
GROSS PROFIT		2,171,531	1,126,671
Administrative expenses		(1,266,191)	(993,038)
		<hr/>	<hr/>
OPERATING PROFIT	3	905,340	133,633
Interest receivable	4	33,788	3,208
Interest payable and similar charges	5	(15,063)	(22,133)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		924,065	114,708
Tax on profit on ordinary activities	8	(252,628)	(47,082)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION BEING PROFIT FOR THE FINANCIAL YEAR		671,437	67,626
Dividends	9	(297,344)	(7,500)
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR	22	374,093	60,126
		<hr/>	<hr/>

Continuing operations

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

Total recognised gains and losses

The group has no recognised gains or losses other than those dealt with in the profit and loss account during the above two financial years.

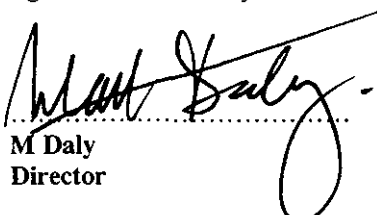
The notes on pages 9 to 23 form part of these financial statements

CCS GROUP PLC

CONSOLIDATED BALANCE SHEET AT 31 MARCH 1999

	Notes	1999	1998
		£	£
FIXED ASSETS			
Tangible assets	11	398,931	271,569
CURRENT ASSETS			
Stocks	14	74,371	55,252
Debtors	15	2,168,383	1,487,572
Cash at bank and in hand		1,873,268	923,429
		<u>4,116,022</u>	<u>2,466,253</u>
CREDITORS: Amounts falling due within one year	16	<u>(3,652,525)</u>	<u>(2,149,486)</u>
NET CURRENT ASSETS		<u>463,497</u>	<u>316,767</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>862,428</u>	<u>588,336</u>
CREDITORS: Amounts falling due after more than one year	17	(79,874)	(45,155)
PROVISIONS FOR LIABILITIES AND CHARGES	18	(27,403)	(12,124)
NET ASSETS		<u>755,151</u>	<u>531,057</u>
CAPITAL AND RESERVES			
Called up share capital	19	250,000	125,048
Capital reserve	20	-	74,999
Capital redemption reserve	21	-	1,952
Profit and loss account	22	505,151	329,058
TOTAL SHAREHOLDERS' FUNDS	23	<u>755,151</u>	<u>531,057</u>

The financial statements were approved by the board of directors on 25 June 1999 and signed on its behalf by:


M Daly
Director

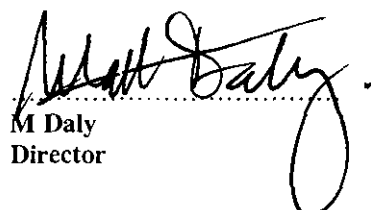
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CCS GROUP PLC

BALANCE SHEET AT 31 MARCH 1999

	Notes	£	1999	£	1998	£
FIXED ASSETS						
Tangible assets	12			71,240		65,687
Investments	13			52,349		52,151
				<u>123,589</u>		<u>117,838</u>
CURRENT ASSETS						
Stocks	14	6,007			5,358	
Debtors	15	212,739			188,489	
Cash at bank and in hand		1,975,294			920,000	
		<u>2,194,040</u>			<u>1,113,847</u>	
CREDITORS: Amounts falling due within one year	16	(1,953,937)			(997,673)	
NET CURRENT ASSETS				<u>240,103</u>		<u>116,174</u>
TOTAL ASSETS LESS CURRENT LIABILITIES				<u>363,692</u>		<u>234,012</u>
PROVISIONS FOR LIABILITIES AND CHARGES	18			(5,924)		(4,000)
NET ASSETS				<u>357,768</u>		<u>230,012</u>
CAPITAL AND RESERVES						
Called up share capital	19			250,000		125,048
Profit and loss account	22			107,768		104,964
TOTAL SHAREHOLDERS' FUNDS	23			<u>357,768</u>		<u>230,012</u>

The financial statements were approved by the board of directors on 25 June 1999 and signed on its behalf by


M Daly
Director

The notes on pages 9 to 23 form part of these financial statements

CCS GROUP PLC

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 1999

	Notes	1999 £	1998 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	24	2,105,110	433,996
RETURN ON INVESTMENTS AND SERVICING OF FINANCE:			
Interest received		33,564	3,208
Interest paid		(796)	(8,723)
Interest element on hire purchase contracts		(14,267)	(13,410)
Dividends paid to preference shareholders		(7,344)	(7,500)
NET CASH INFLOW/(OUTFLOW) FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		11,157	(26,425)
TAXATION			
Corporation tax paid		(61,977)	(24,925)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(86,684)	(157,846)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(86,684)	(157,846)
ACQUISITIONS AND DISPOSALS			
Purchase of subsidiary undertakings		-	(100)
EQUITY DIVIDENDS PAID		(100,000)	-
CASH INFLOW BEFORE FINANCING		1,867,606	224,700
FINANCING			
Receipts of capital from hire purchase contracts		-	63,520
Repayments of capital element on hire purchase contracts		(123,208)	(54,179)
Redemption of redeemable preference shares		(75,000)	-
NET CASH OUTFLOW FROM FINANCING		(198,208)	(9,341)
INCREASE IN CASH	25	1,669,398	234,041

The notes on pages 9 to 23 form part of these financial statements

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair value of the consideration given in exchange for assets.

As provided by Section 230 of the Companies Act 1985, the profit and loss account of the parent undertaking has not been separately presented in the financial statements. The profit of the parent undertaking for the year is disclosed in note 23 to the financial statements.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements. The accounting policies have been consistently applied unless otherwise stated.

(a) Basis of consolidation

The group financial statements consolidate the financial statements of the company and its subsidiary undertakings at 31 March each year. The results of subsidiary undertakings acquired or disposed of during the financial year are included from, or up to, the effective date of acquisition or disposal.

(b) Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the period together with the sales value of work in progress where the outcome of the contract can be assessed with reasonable certainty and the related proportionate costs have been taken into account.

(c) Goodwill

In respect of acquisitions made prior to 1 April 1998, depending on the circumstances of each acquisition, it was the group's policy to eliminate purchased and consolidation goodwill against reserves immediately upon acquisition. For acquisitions made subsequent to 31 March 1998, depending on the circumstances of each acquisition, the group's policy is to capitalise purchased and consolidation goodwill and to amortise it over its estimated useful economic life. Where negative goodwill arises it is similarly capitalised and amortised over the period expected to benefit.

Goodwill is the difference between fair values of the consideration for the acquisition and the aggregate of the fair values of the identifiable assets and liabilities acquired. Positive goodwill arises when the consideration exceeds the aggregate fair values of the identifiable assets and liabilities. Negative goodwill arises when the aggregate fair values of the identifiable assets and liabilities exceeds the consideration.

(d) Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Plant and machinery	20%	on cost
Fixtures and fittings	15%	on cost
Motor vehicles	25%	on cost
Computer equipment	33 1/3%	on cost

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

STATEMENT OF ACCOUNTING POLICIES (continued)

(e) **Amounts recoverable on contracts**

Profit on contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a consistent basis to reflect the proportion of the work carried out at the year end by recording turnover and related costs as activity progresses. Retentions are excluded from valuation of amounts recoverable on contracts until received.

(f) **Stocks**

Stocks are represented by consumable materials and are stated at cost.

Cost is calculated as the cost of purchases on a first in, first out basis.

(g) **Taxation**

The charge for taxation is based on the result for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Provision is made for deferred taxation only to the extent that it is probable that a tax liability or asset will crystallise.

(h) **Leasing and hire purchase commitments**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their estimated useful lives. The interest element of the agreement is charged to the profit and loss account on a straight line basis over the term of the agreement.

(i) **Pensions**

Pension contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the group's assets.

2. **COST OF SALES**

Cost of sales is stated after writing back negative goodwill amounting to £74,999. See note 10.

3. **OPERATING PROFIT**

	1999 £	1998 £
The operating profit is stated after charging:-		
Depreciation	123,748	69,904
Auditors remuneration:		
- Audit services	30,000	25,000
- Non-audit services	52,822	5,351
Hire of equipment	297,955	334,264
Operating lease costs - land and buildings	161,610	99,750
	<u> </u>	<u> </u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

4. INTEREST RECEIVABLE	1999	1998
	£	£
Bank interest	33,564	3,208
Interest on overdue taxation	224	-
	<u>33,788</u>	<u>3,208</u>
5. INTEREST PAYABLE AND SIMILAR CHARGES	1999	1998
	£	£
On bank overdraft	646	8,687
On overdue tax	150	36
Hire purchase interest	14,267	13,410
	<u>15,063</u>	<u>22,133</u>
6. DIRECTORS AND EMPLOYEES	1999	1998
	£	£
Staff costs (including directors)-		
Wages and salaries	970,128	597,339
Social security costs	95,963	58,148
Other pension costs	197,921	85,244
	<u>1,264,012</u>	<u>740,731</u>
The average number of employees during the year was as follows:	Number	Number
Management and Administration	7	6
Production	<u>23</u>	<u>20</u>
Directors' emoluments:-	£	£
Remuneration for management services		
- emoluments	288,648	213,002
- pension contributions	193,884	75,000
Compensation for loss of office	<u>-</u>	<u>30,000</u>
Emoluments of the highest paid director	<u>91,644</u>	<u>76,375</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

6. DIRECTORS AND EMPLOYEES (Continued)

	1999 £	1998 £
Chairman	<u>3,214</u>	<u>3,143</u>

Payments of £3,214 (1998 - £3,143) were made in the year to The Dancar Partnership in respect of services rendered to CCS Group plc. The chairman, Dan Sweeney, is a partner in The Dancar Partnership.

The company contributes to a defined contribution pension scheme under which the three executive directors are accumulating benefits.

7. PENSION COSTS

The group operates a defined contribution pension scheme in respect of the directors. The assets of the scheme are held separately from those of the company in an independently administered fund. The company also contributed amounts to an independent scheme in respect of certain employees. Such contributions terminated in the year. Contributions payable by the group amounted to £197,921 (1998:£85,244) and all contributions were paid in the period.

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge based on the profit before tax comprises:-		
U. K. corporation tax at 31% (1998 - 21%)	240,017	35,452
Transfer to deferred taxation at 31% (1998: 21%)	15,279	9,127
Adjustment in respect of prior years	(2,668)	2,503
	<u>252,628</u>	<u>47,082</u>

Of the amounts transferred to deferred taxation, £3,869 related to the increase in rate at which provision is made.

9. DIVIDENDS

	1999 £	1998 £
Dividends on 12.5% Redeemable Cumulative Preference Shares	7,344	7,500
First interim dividend - paid on 20 November 1998	100,000	-
Second interim dividend - proposed 16 March 1999	190,000	-
	<u>297,344</u>	<u>7,500</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

10. INTANGIBLE ASSETS	1999 £	1998 £
Negative goodwill arising		
At 1 April	-	-
Increase during the year	74,999	-
At 31 March	<u>74,999</u>	<u>-</u>
Amortisation		
At 1 April	-	-
Amounts written back to profit and loss account	74,999	-
At 31 March	<u>74,999</u>	<u>-</u>

Following the conversion of the preference shares in the company's subsidiary undertaking, Cleshar Contract Services Limited, to ordinary shares the directors consider that the amount previously shown as Capital Reserve is now more properly classified as negative goodwill. Such negative goodwill is wholly attributable to short-term non-monetary assets and liabilities. Accordingly, in the opinion of the directors, such negative goodwill should be written back within one year.

11. TANGIBLE ASSETS	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Computer equipment £	Total £
GROUP					
Cost					
At 1 April 1998	49,693	276,295	45,785	36,813	408,586
Additions	43,839	188,092	12,843	15,745	260,519
Disposals	(11,270)	-	-	-	(11,270)
At 31 March 1999	<u>82,262</u>	<u>464,387</u>	<u>58,628</u>	<u>52,558</u>	<u>657,835</u>
Depreciation					
At 1 April 1998	15,967	104,139	6,209	10,702	137,017
Charge for year	12,268	88,445	8,019	15,016	123,748
Released on disposals	(1,861)	-	-	-	(1,861)
At 31 March 1999	<u>26,374</u>	<u>192,584</u>	<u>14,228</u>	<u>25,718</u>	<u>258,904</u>
Net book value					
31 March 1999	<u>55,888</u>	<u>271,803</u>	<u>44,400</u>	<u>26,840</u>	<u>398,931</u>
31 March 1998	<u>33,726</u>	<u>172,156</u>	<u>39,576</u>	<u>26,111</u>	<u>271,569</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

11. TANGIBLE ASSETS (Continued)

Included above are assets held under finance leases or hire purchase contracts as follows:-

	1999 £	1998 £
Net book values:		
Motor vehicles	199,616	161,264
	<u> </u>	<u> </u>
 Depreciation charge for the year:		
Motor vehicles	45,095	47,946
	<u> </u>	<u> </u>

12. TANGIBLE ASSETS COMPANY

	Fixtures and fittings £	Computer equipment £	Total £
Cost			
At 1 April 1998	45,785	36,813	82,598
Additions	12,843	15,745	28,588
	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	<u>58,628</u>	<u>52,558</u>	<u>111,186</u>
 Depreciation			
At 1 April 1998	6,209	10,702	16,911
Charge for year	8,019	15,016	23,035
	<u> </u>	<u> </u>	<u> </u>
At 31 March 1999	<u>14,228</u>	<u>25,718</u>	<u>39,946</u>
 Net book value			
At 31 March 1999	<u>44,400</u>	<u>26,840</u>	<u>71,240</u>
At 31 March 1998	<u>39,576</u>	<u>26,111</u>	<u>65,687</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

13. INVESTMENTS

	Beginning of year	Additions	Disposals	End of year
Cost				
Shares:				
Group undertakings	<u>52,151</u>	<u>198</u>	<u>-</u>	<u>52,349</u>

Additions in the year reflect increase in share capital of Collieston Limited and the acquisition of CCS Rail Limited.

The following were the subsidiary undertakings at the balance sheet date:

Subsidiary undertakings	Description and proportion of share capital owned	Country of incorporated or registration	Nature of business
CCS Projects Limited	Ordinary 100%	England and Wales	General building and civil engineering contracting
CCS (Plant) Limited	Ordinary 100%	England and Wales	Hire of plant, equipment and motor vehicles to construction and engineering industries
CCS (Developments) Limited	Ordinary 100%	England and Wales	Commercial and residential property development
Cleshar Contract Services Limited	Ordinary 100%	England and Wales	Railway engineering and maintenance services
Collieston Limited	Ordinary 100%	England and Wales	Provision of contract furniture and furnishings.
Heather Park Interiors Limited	Ordinary 100%	England and Wales	Interior design and fit out.
CCS Rail Limited	Ordinary 100%	England and Wales	Dormant

14. STOCKS

	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
Raw material and consumables	<u>74,371</u>	<u>6,007</u>	<u>55,252</u>	<u>5,358</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

15.	DEBTORS	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
	Due within one year				
	Trade debtors	1,385,027	-	813,970	3,264
	Amounts recoverable on long term contracts	655,952	-	599,040	-
	Amounts owed by group undertakings	-	95,378	-	137,955
	Other debtors	23,002	20,890	2,875	2,875
	Prepayments and accrued income	<u>29,402</u>	<u>21,471</u>	<u>31,687</u>	<u>4,395</u>
		2,093,383	137,739	1,447,572	148,489
	Due in more than one year				
	Other debtors	<u>75,000</u>	<u>75,000</u>	<u>40,000</u>	<u>40,000</u>
		<u>2,168,383</u>	<u>212,739</u>	<u>1,487,572</u>	<u>188,489</u>
16.	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
	Bank overdrafts	80,451	-	800,010	46,606
	Trade creditors	442,283	17,674	272,567	23,490
	Corporation tax	213,181	103	35,921	19,622
	Other taxes and social security costs	728,814	630,895	485,308	389,269
	Net obligations under finance lease and hire purchase contracts (part, see note 17)	70,410	-	54,501	55
	Amounts owed to group undertakings	-	845,283	-	390,033
	Other creditors	17,202	7,419	18,547	23
	Accruals and deferred income	1,910,184	262,563	482,632	128,575
	Proposed dividends	190,000	190,000	-	-
		<u>3,652,525</u>	<u>1,953,937</u>	<u>2,149,486</u>	<u>997,673</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

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

	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
Net obligations under finance leases and hire purchase contracts (see below)	79,874	-	45,155	-
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	80,743	-	66,368	123
Repayable between one and five years	92,185	-	52,190	-
Finance charges and interest allocated to future accounting periods	(22,644)	-	(18,902)	(68)
	150,284	-	99,656	55
Included in current liabilities	(70,410)	-	(54,501)	(55)
	<u>79,874</u>	<u>-</u>	<u>45,155</u>	<u>-</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

18. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is calculated at 31% (1998 - 21%) analysed over the following timing differences:-

GROUP	Not provided		Provided	
	1999	1998	1999	1998
	£	£	£	£
On the excess of capital allowances over depreciation	<u>-</u>	<u>-</u>	<u>27,403</u>	<u>12,124</u>

COMPANY	Not provided		Provided	
	1999	1998	1999	1998
	£	£	£	£
On the excess of capital allowances over depreciation	<u>-</u>	<u>-</u>	<u>5,924</u>	<u>4,000</u>

Movements on the provision for deferred taxation are:

	Group £	Company £
At 1 April 1998	12,124	4,000
Transferred from profit and loss account	15,279	1,924
At 31 March 1999	<u>27,403</u>	<u>5,924</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

19. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised		
1,000,000 (1998:75,000) Ordinary shares of £1 each	1,000,000	75,000
75,000 12.5% Redeemable Cumulative Preference Shares of £1 each	75,000	75,000
	<u>1,075,000</u>	<u>150,000</u>
Allotted and fully paid		
250,000 (1998: 50,048) Ordinary shares of £1 each	250,000	50,048
75,000 12.5% Redeemable Cumulative Preference Shares of £1 each	-	75,000
	<u>250,000</u>	<u>125,048</u>

On 30 October 1998 the company redeemed the 75,000 12.5% Redeemable Cumulative Preference Shares of £1 each for cash at par value.

On 20 November 1998 CCS Group Plc increased its authorised share capital from £150,000 to £1,075,000 by creation of 925,000 ordinary shares of £1 each to rank pari passu with the Ordinary Shares already in existence. On the same day 199,952 of these shares were issued at par as fully paid up by way of capitalisation of amounts standing to the credit of distributable reserves.

20. CAPITAL RESERVE

	1999 £	1998 £
Balance at 1 April	74,999	-
Movement during the year	(74,999)	74,999
Balance at 31 March	<u>-</u>	<u>74,999</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

21. CAPITAL REDEMPTION RESERVE

	Group 1999	Company 1999	Group 1998	Company 1998
	£	£	£	£
As at 1 April	1,952	-	1,952	-
Bonus issue	(1,952)	-	-	-
As at 31 March	<u>-</u>	<u>-</u>	<u>1,952</u>	<u>-</u>

On 3 July 1998 and 31 March 1999 respectively Cleshar Contract Services Limited issued 952 and 1,000 Ordinary Shares of £1 each by way of the capitalisation of the Capital Redemption Reserve.

22. PROFIT AND LOSS ACCOUNT

	Group 1999	Company 1999	Group 1998	Company 1998
	£	£	£	£
As at 1 April	329,058	104,964	268,932	91,126
Profit for the financial year	374,093	202,756	60,126	13,838
Bonus issue of shares	(199,952)	(199,952)	-	-
Transferred from Capital Redemption Reserve	1,952	-	-	-
As at 31 March	<u>505,151</u>	<u>107,768</u>	<u>329,058</u>	<u>104,964</u>

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 1999 £	Company 1999 £	Group 1998 £	Company 1998 £
PROFIT FOR THE FINANCIAL YEAR	671,437	500,100	67,626	21,338
DIVIDENDS	(297,344)	(297,344)	(7,500)	(7,500)
PROFIT FOR THE FINANCIAL YEAR - RETAINED	374,093	202,756	60,126	13,838
Capitalisation of reserves	(199,952)	(199,952)	-	-
Share capital subscribed	199,952	199,952	75,000	75,000
Capital reserve on share purchase	(74,999)	-	74,999	-
Redemption of preference shares	(75,000)	(75,000)	-	-
NET ADDITION TO SHAREHOLDERS' FUNDS	224,094	127,756	210,125	88,838
Opening shareholders' funds	531,057	230,012	320,932	141,174
Closing shareholders' funds	755,151	357,768	531,057	230,012
Equity	755,151	357,768	456,057	155,012
Non- equity	-	-	75,000	75,000
	755,151	357,768	531,057	230,012

The group profit and loss account is stated after amortisation in prior years of goodwill amounting to £200,000.

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

24. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

GROUP	1999	1998
	£	£
Operating profit	905,340	133,633
Movement on capital reserve	(74,999)	-
Depreciation	123,748	69,904
Loss on disposal of fixed assets	9,408	8,893
Increase in stocks	(19,119)	(27,725)
(Increase)/decrease in debtors	(678,699)	12,827
Increase in creditors	1,839,431	236,464
	<u>2,105,110</u>	<u>433,996</u>

25. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	1999	1998
	£	£
Increase in cash in the period	1,669,398	234,041
Cash inflow from increase in debt and leasing financing	123,208	54,179
	<u>1,792,606</u>	<u>288,220</u>
Change in net funds resulting from cash flows		
New finance leases	(173,836)	(63,520)
	<u>1,618,770</u>	<u>224,700</u>
Movement in net funds in the period		
Net funds at 1 April	23,763	(200,937)
	<u>1,642,533</u>	<u>23,763</u>

26. ANALYSIS OF CHANGES IN NET FUNDS

	At 1 April 1998	Cash Flow	Non Cash Changes	31 March 1999
	£	£	£	£
Cash in hand and at bank	923,429	949,839	-	1,873,268
Overdrafts	(800,010)	719,559	-	(80,451)
Finance leases	(99,656)	123,208	(173,836)	(150,284)
	<u>23,763</u>	<u>1,792,606</u>	<u>(173,836)</u>	<u>1,642,533</u>
Net Funds				

CCS GROUP PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

27. MAJOR NON-CASH TRANSACTIONS

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £173,836.

28. REVENUE COMMITMENTS

At the year end the group and the company were committed to making the following payments during the next year in respect of operating leases with expiry dates as follow:

	Group		Company	
	Land and Buildings		Land and Buildings	
	1999	1998	1999	1998
	£	£	£	£
Within one year	-	-	-	-
More than five years	<u>219,000</u>	<u>183,000</u>	<u>219,000</u>	<u>183,000</u>

29. CONTINGENT LIABILITIES

There is a cross guarantee/debenture overdraft facility between the companies of the CCS Group plc group, under the terms at which amounts due to Barclays Bank plc are secured on the assets of all group companies, and amounts due to and from Barclays Bank plc are offset for the purpose of interest calculation. At the balance sheet date amounts outstanding and covered by this arrangement totalled £80,000.