



The Construction Brands Group



Morgan Sindall plc is one of the fastest growing construction groups in the UK. It comprises a balanced portfolio of operating divisions — fit out, construction, affordable housing and investments.

Morgan Sindall is uniquely positioned to take advantage of significant opportunities as the industry faces dramatic change. Three key challenges are the pressure for consolidation within the sector, a more demanding and discerning client base which requires better all round service and central Government seeking community construction solutions to dramatically improve health, education and the housing stock.

Morgan Sindall differentiates itself from the competition through its management style and culture, which supports empowerment and decentralisation. This leaves its operating units ideally positioned to serve properly their individual customer needs.

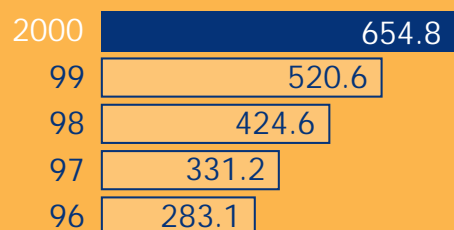
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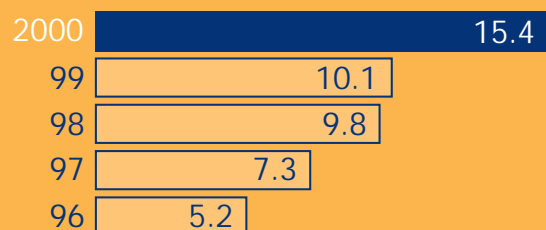
Financial Highlights

	2000	1999	%
Turnover	£655m	£521m	+26
Profit on ordinary activities before taxation	£15.36m	£10.08m	+52
Earnings per ordinary share	29.75p	22.17p	+34
Dividends per ordinary share	10.50p	8.50p	+24
Net assets	£45.7m	£37.9m	+20
Net cash funds	£23.5m	£22.0m	+6

Turnover £m



Profit Before Tax £m





We have started the year well and the Group is in a healthy financial position. It is now time to increase the pace of the Group's development.

It is always a pleasure to report on a successful year, 2000 being the sixth consecutive record performance. More importantly I believe 2001 can be even better. The Group entered the year with an order book of £406m, an improvement of 49% on last year. Our three core business Divisions are stronger from a management perspective than ever before. With a restructured central management team in support and increased potential returns from the investment of our balance sheet we look ahead with confidence.

Turnover in 2000 of £655m is 26% ahead of the previous year and whilst this is flattered by a full year's turnover from Lovell compared to six months in 1999, the second half turnover was still ahead of last year by 22%.

Profit before tax on ongoing businesses increased by 16% to £16.0m despite reduced contribution from property investment, where one major property completion originally expected for 2000 is now anticipated this year. The bottom line result is that profit available to ordinary shareholders are up 41% to £11.2m. The Board is pleased to recommend a further increase in dividend with a proposed final dividend of 7.5p to make a total of 10.5p for the year (1999: 8.5p).

Against a backdrop of good news I am sorry to inform you that Andy Stoddart our Managing Director will today be resigning due to ill health. His contribution to the Group over the last six years has been immense and all of us wish him success in overcoming his health problems and a long and happy retirement.

It is typical of the man that he leaves us with a newly reshaped and improved structure. Whereas previously all Brands reported to the centre, this year has seen the formation of three Divisional boards moving more of the decision-making closer to the operational front. The Divisions are supported at the centre by Paul Whitmore, who joined us in April 2000 as Commercial Director, and Jack Lovell and John Bishop who have been with the Group since its creation in 1994. The three Divisional Managing Directors will now report to me as Executive Chairman and as such the Board believes the structure needs no further expansion at this time.

Chairman's Statement

Market Capitalisation

£125m

Share Price

£3.30

Trading Overview

The Fit Out Division is led by Steve Elliott and traded well through 2000. For 20 years Overbury and Morgan Lovell have been providing fit out services almost exclusively for offices with contract values up to £15m on either a traditional or design and build basis. Changes in procurement patterns such as partnering, framework agreements and ongoing maintenance support have demanded greater flexibility and closer co-operation between our Fit Out Brands.

The new divisional structure will assist in ensuring that we offer the best service to our clients irrespective of historic Brand boundaries. In addition I believe that a divisional structure will accelerate the opportunities of expansion of this business into related areas.

This year has seen
the formation of three
operating Divisions



left to right

Stewart Davenport – Affordable Housing

Steve Elliott – Fit Out

Chris Saxton – Construction

The Construction Division is headed by Chris Saxton who as Managing Director of Snape was responsible for transforming that company from losses to a successful regional Brand with margins of over 3%.

The seven regional Brands that comprise the Construction Division are all profitable and have reached varying degrees of success in establishing themselves as regional forces. The formation of the Division will not only improve the Brands' individual performances but enable them to respond better to national clients and initiatives.

The Division's 2000 performance with turnover of £318m and operating profits of £4.5m is its best so far but still leaves tremendous scope for improvement in both volume and margin.

Affordable Housing represented by Lovell, headed by Stewart Davenport, has always been a divisional structure split into five geographical areas each with its own management team. Since its acquisition in June 1999 Lovell has undergone intense scrutiny and significant strengthening. I have always been confident that the combination of the Lovell Brand strength and the Morgan Sindall resource and motivation would be a winning formula, my only question was how soon the benefits would flow through to the bottom line. The results for 2000 are a welcome improvement ahead of expectation.

The fact that the improvement has been achieved whilst investing in new staff and increasing Lovell's forward opportunity levels augurs well for the future.

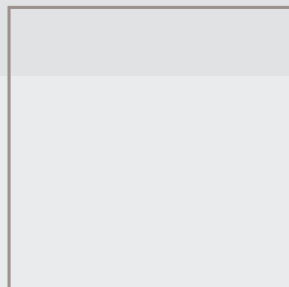
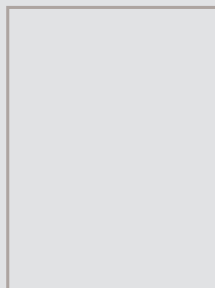
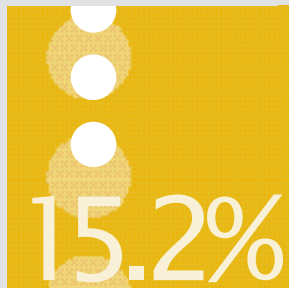
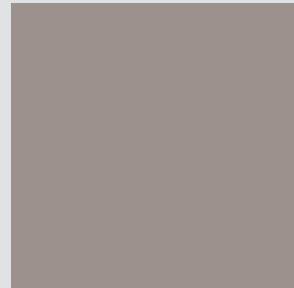
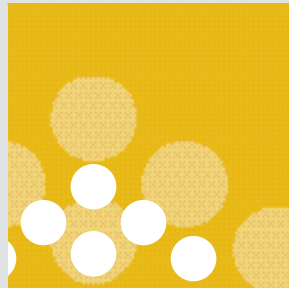
Prospects

I feel optimistic for the coming year with the three Divisions all in good shape. Returns from property should be ahead as the delayed 2000 project completes and this will give us extra income to offset the early costs of investing in Private Finance Initiative projects, which in the longer term will give us a more steady income flow. I see that there is both the potential and the determination to achieve substantial organic growth. This will not preclude us from looking at further strategic development, but should ensure that we only make moves that are truly capable of taking the Group up to the next level.



John Morgan
Executive Chairman
13 February 2001

Our 'Perfect Delivery' initiative is making a significant contribution to repeat order levels.



It was a lively year for Fit Out. The market sector has been healthy and the Division was able to generate increased levels of repeat orders from a customer base that has been carefully nurtured over the years. The Fit Out Division is committed to continually improving the quality of our service delivery.

Our 'Perfect Delivery' initiative, now in its third year, seeks to identify and deliver the bases of competitive advantage that enable us to always delight our customers. This is making a significant contribution to repeat order levels and the incidence of

partnering which we confidently expect will deliver increased profitability.

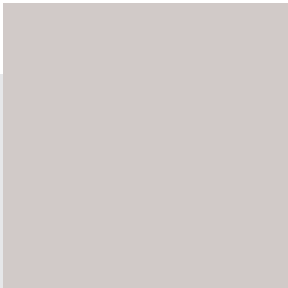
The growth of the Fit Out Division continued with a turnover of £229m and operating profits of £8.7m, a 15.2% increase from last year.

A significant proportion of growth came from the major projects team which has successfully become a leading contender for large projects in London and the Home Counties.

Our newest team, Overbury Special Projects, established to manage small works, had a good first year and proved an effective way of consolidating established customer relationships. The Fit Out Division is now able to offer customers a service from the smallest to largest project that we believe will enable us to further lock out competitors.

Both Morgan Lovell and Overbury have continued their successful growth in the southern Home Counties and particularly the Thames Valley, working with a broad mix of old and new economy customers. Growth outside of London will continue with Morgan Lovell seeking to establish themselves in the northern Home Counties with a new Milton Keynes office.

Current order levels show a strong start for the year ahead. The establishment of a divisional structure gives the Overbury and Morgan Lovell Brands a unique opportunity to learn from each other's strengths and consequently offer customers a strong and effective service, regardless of procurement route. It also gives us a wider base from which to investigate opportunities to expand the Fit Out Division into new related areas.



Fit Out

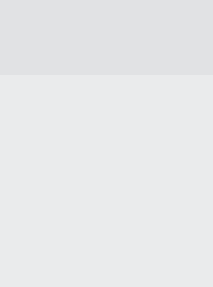
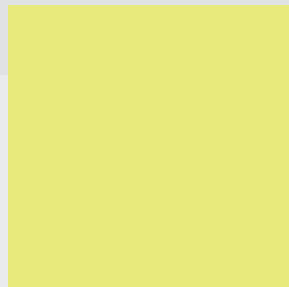
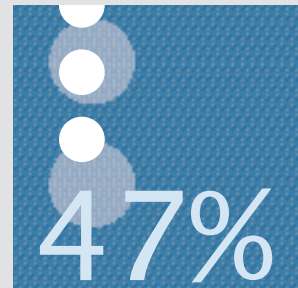
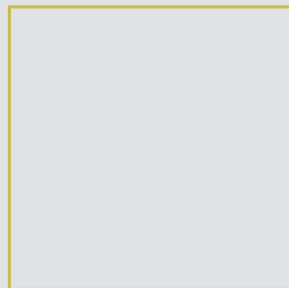
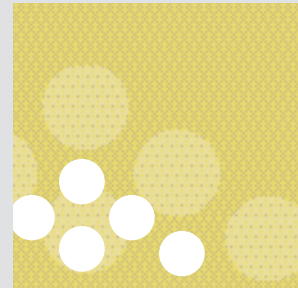
Turnover £'000s



Operating Profit £'000s



All our Construction Brands are profitable, have strong order books for 2001 and are in a good position to show further growth in the coming year.



In 2000, the Construction Division delivered a record annual turnover of £318m and a record operating profit of £4.5m up 47% on last year. The second half result demonstrated a continuing improvement in our business. All our Construction Brands are profitable, have strong order books for 2001 and are in a good position to show further growth in the coming year.

Since 1994 seven Brands have been acquired providing a network which now covers England and Wales. Dramatic organic growth in turnover has been achieved and the opportunity for future expansion remains as exciting.

The present emphasis however is to lift margins by improving Brand performance and building lasting relationships with our clients and our supply chain. We will achieve this by promoting the individual abilities of the profit centre units all of which are continually developing a track record in specific areas of construction.

Collectively, we are also able to pool the resources of our network to respond to national clients and national initiatives. New procurement initiatives such as ProCure 21 in the health sector offer significant opportunity for us. Our divisional management structure will facilitate our ability to respond to such market opportunities.

Strong profit centre teams who deliver on promises to clients are the key to achieving net margins above historic industry norms. The Morgan Sindall culture of decentralised management will continue to encourage the enthusiasm and motivation of our people upon whom our future success depends.

Construction



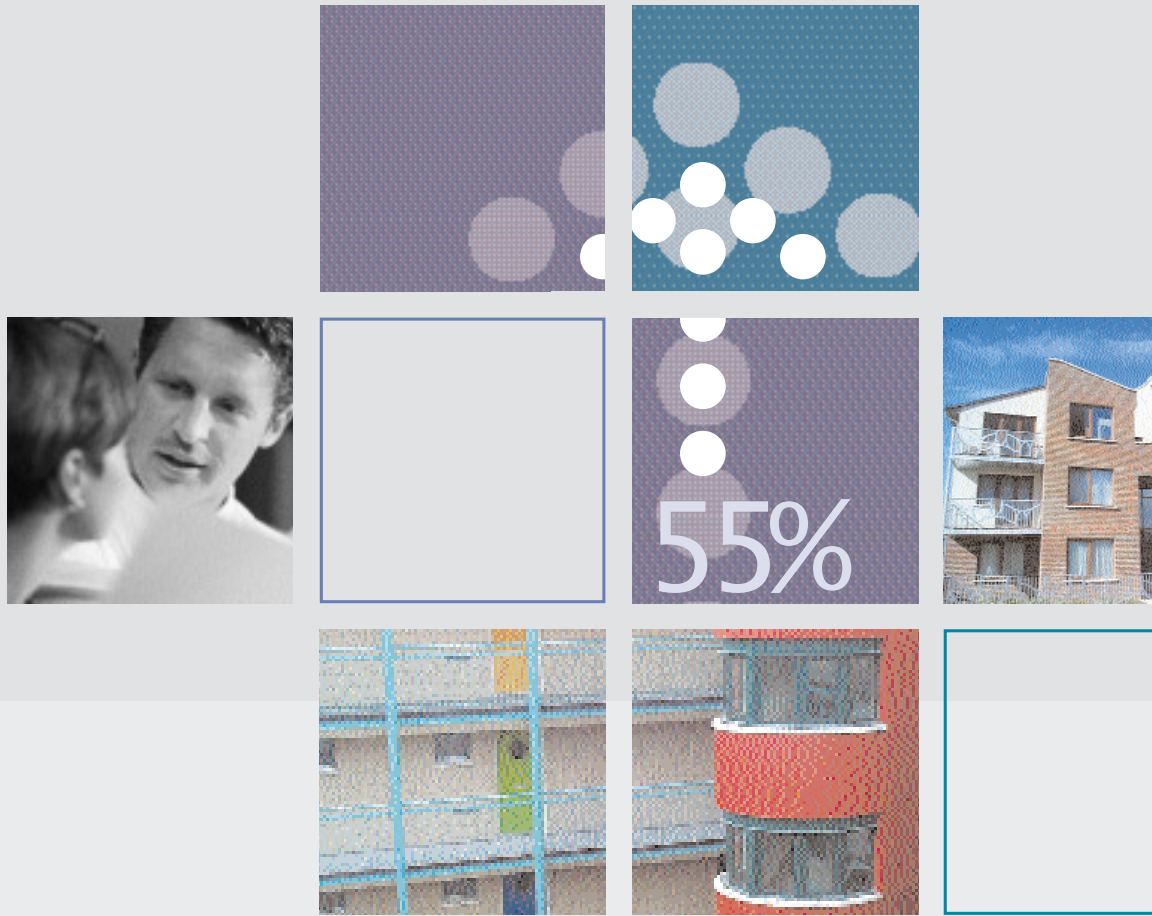
Turnover £'000s



Operating Profit £'000s



The Government continues its commitment to increase the provision of social and affordable housing where Lovell is ideally positioned to benefit.



Lovell produced very pleasing results in 2000 with turnover of £108m and operating profit of £2.7m an increase in margin of 55% to 2.5%. This was despite considerable investment in people, premises and new systems. The value of new contracts secured in the year was £156m with an even mix between partnership housing and open market in line with the business plan.

The Government continues its commitment to increase the provision of social and affordable housing from which Lovell is ideally positioned to benefit, particularly in mixed tenure urban regeneration schemes.

One such project secured this year is the £16m regeneration of the Trowbridge Estate in Hackney which involves the building over three years of 220 mixed tenure homes. Price was only one of many factors considered in the award of this project.

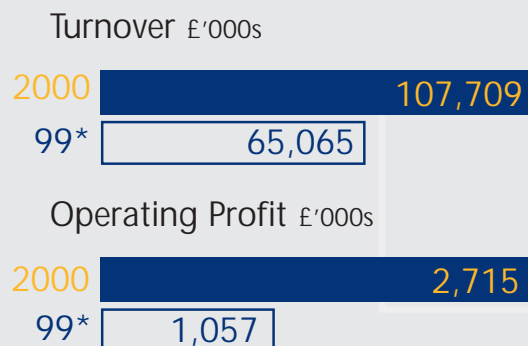
Other opportunities for Lovell include PFI housing schemes. In 2000 eight Pathfinder schemes were announced with a further thirty schemes expected to be released in 2001.

Whilst lead in times are lengthy on these types of project, Lovell entered 2001 with a healthy forward order book significantly ahead of this time last year.

A considerable proportion of this new work was secured under the principles of Best Value. In addition Lovell is in discussions on a range of exciting projects where they have been appointed preferred developer and from which they will secure work for 2002 and beyond.



Affordable Housing



*6 months

It remains the Group's policy to keep strengthening the balance sheet, as buyers of construction services increasingly favour companies whose turnover is sufficiently supported by assets.



In 2000 the return from our property profits and interest was £2.2m (1999: £3.7m) which was lower than expected due to a delay in the letting of our office development in Wigmore Street, London. The building had been under offer in mid-year but the lease was not finalised and we eventually let to a new tenant in December at a higher rental. When the remaining ground floor and basement units are let this building will be added to our investment property portfolio or sold.

Our refurbishment of offices in Shepherds Bush which we purchased in 2000 will also be completed shortly and is already attracting interest from potential tenants.

Whilst we will continue to look for further property opportunities we have established a company for investing in PFI projects. This will assist the core Divisions in pursuing PFI opportunities and will also become an important investment vehicle gradually acquiring a quality stream of income through its holdings in individual project companies.

Primary Medical Property, our joint venture business which develops and retains primary care buildings, continues to expand its portfolio and now has £41m of projects either completed or under construction. This investment has excellent capital growth potential, provides construction work opportunities for Group companies and is proving invaluable as a partner when we are dealing with national Government procurement of medical facilities.

It remains the Group's policy to keep strengthening the balance sheet, as buyers of construction services increasingly favour companies whose turnover is sufficiently supported by assets. Our policy has been to invest our reserves in a mixture of cash and property and to be proactive but conservative.



Investments



Fit Out



- Morgan Lovell
The Workplace Specialist
London
Milton Keynes
Wokingham
- Overbury
The Fitting Out & Refurbishment Contractor
Bracknell
London

Construction



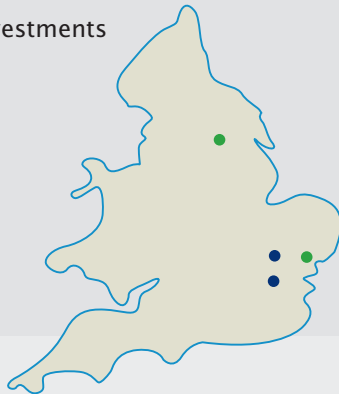
- Jersey
- Barnes & Elliott
- Hinkins & Frewin
- Roberts
- Sindall
- Snape
- Stansell
- Wheatley

Affordable Housing



- Lovell
- Altrincham
- Barnet
- Basingstoke
- Birmingham
- Bristol
- Cardiff
- Leeds
- Tamworth

Investments



- Morgan Sindall
London
Cambridge
- Primary Medical Property
London
Ipswich
Leeds

 **Barnes & Elliott**

HINKINS & FREWIN


LOVELL


MORGAN LOVELL
THE WORKPLACE SPECIALIST

OVERBURY


PRIMARY
MEDICAL
PROPERTY

Roberts
refreshingly constructive

Sindall

SNAPE

STANSELL

WHEATLEY

The Construction Brands Group

A top 10 UK construction company
50 offices throughout England and Wales
2,600 employees



Jack Lovell (45)
Client Director

Bernard Asher (64)
Senior Non-executive

John Morgan (45)
Executive Chairman

John Bishop (55)
Finance Director

Board of Directors



Geraldine Gallacher (41)
Non-executive

Sir Derek Hornby (71)
Non-executive

Paul Whitmore (45)
Commercial Director

Report of the Directors

The directors have pleasure in submitting their report to the members together with the audited accounts for the year ended 31 December 2000.

Principal activities

Morgan Sindall is a construction group with activities including fit out, construction, affordable housing and investments. The principal subsidiary companies are shown on page 44. All activities are carried out in the United Kingdom and the Channel Islands.

Results and dividends

The Group made a profit for the year, after taxation, of £11.396 million.

The final dividend for the year recommended by the directors is 7.5p per ordinary share, which together with the interim dividend of 3p per ordinary share gives a total dividend for the year of 10.5p per ordinary share. Preference dividends paid or accrued amounted to £0.243 million.

Review of business and future developments

A general review of the Group's activities, development and future prospects are included in the Chairman's Statement on pages 2 to 5.

Fixed assets

External professional valuations of the Group's investment properties were carried out as at 31 December 1999. The directors have considered the carrying value of the Group's interests in property and consider that there is no substantial difference between market and balance sheet values.

Directors

The directors at the date of this report are shown on pages 16 and 17. Details of the changes to Board positions which took place in the year, including the resignation of Andy Stoddart and also of the restructuring of the central management team are given in the Chairman's Statement on pages 2 to 5. Further information on the Group Board's constitution, policies and procedures is set out under corporate governance on pages 22 to 24.

Bernard Asher and John Bishop are the directors to retire by rotation and, being eligible, offer themselves for re-election. Biographical details of Bernard Asher are shown below. John Bishop (aged 55) is a Chartered Accountant with twenty years experience in UK quoted companies. On the creation of the Morgan Sindall Group in October 1994 he joined the Board initially as Corporate Development Director and became Finance Director in June 1998.

Non-executive directors

A short biographical note on each independent non-executive director is shown below. The role and responsibilities of the non-executive directors have been formally established by the Board. Further information on these matters may be found under corporate governance on pages 22 and 24.

Biographical notes

Bernard Asher
Chairman of Lonrho Africa plc. Vice-Chairman of the Court of Governors of The London School of Economics, Non-Executive Director of Legal & General Group plc, Remy Cointreau and Randgold Resources. Formerly Chairman of HSBC Investment Bank plc and a director of HSBC plc and Midland Bank plc.

Sir Derek Hornby
Non-executive director of a number of companies and charitable trusts. Formerly Chairman of London & Continental Railways, Rank Xerox (UK) Limited and the British Overseas Trade Board.

Geraldine Gallacher
Founder and Managing Director of The Executive Coaching Consultancy having formerly been head of Group Management Development for Burton Group plc (now Arcadia plc).

Substantial shareholdings

Excluding directors, on 13 February 2001, the following shareholdings representing 3% or more of the issued ordinary share capital have been notified to the Company:

	Number of Shares	Percentage Holding
Britel Fund		
Nominees Limited	1,301,405	3.44
Equitable Life Assurance Society	1,498,497	3.96
Nortrust Nominees Ltd	1,500,364	3.96

Report of the Directors

Employment policies

The Company insists that a policy of equal opportunity employment is demonstrably evident throughout the Group at all times. Selection criteria and procedures and training opportunities are designed to ensure that all individuals are selected, treated and promoted on the basis of their merits, abilities and potential. Subject to the nature of its businesses in the construction industry, the policy of the Company is to ensure that there are fair opportunities in the Group for the employment, training and career development of disabled persons, including continuity of employment with re-training where appropriate.

The Company recognises the need to ensure effective communication with employees. Policies and procedures, including in-house newsletters, have been developed in the Group, taking account of such factors as location and numbers employed.

Pensions

Details of pension schemes operated for the permanent salaried staff of the Group are shown in Note 27 on page 43.

In preparation for the launch of the Government sponsored stakeholder pensions for employees not eligible for existing schemes, the Group is examining the alternatives available. It is expected that details of the arrangements for the Group will be advised to employees concerned in April this year.

Environmental policy

Last year's report under this heading said that 'consistent with the Group's policy of autonomous operation and responsibility, each of the Brand businesses has developed its own environmental policy tailored to the particular nature of its own activities. Each policy statement is consistent with the principles contained in the Group environmental policy, copies of which are available on request.'

The Board is satisfied that this approach has worked well in the past and the Brand businesses have been diligent in discharging their responsibilities. In the light of the size of the Group after six consecutive years of expansion and development, the Board now considers that a more proactive approach with leadership from the centre would bring benefits to the whole Group not least in the identification and dissemination of best practices.

Accordingly, a Main Board director has been charged with responsibility for these matters and external consultants have been engaged to assist not only in the consideration of policies and practice but also in the development of management and monitoring systems.

This commitment to ensure that demanding social and environmental objectives are set and achieved will bring increasing rewards for the Group and the community in general.

Creditor payment policy

The Company does not adhere to any formal Code regarding payments to its trade creditors. Its current policy in this respect, which the Company endeavours to have its subsidiary and joint venture companies also follow, is to:

1. use unamended terms of Standard Forms of Contract widely recognised in, and drawn up by, bodies representing participants in the industry
2. clearly agree and set down the terms of payment with suppliers and subcontractors
3. make payments in accordance with its obligations.

Calculated in accordance with Regulations made under the Companies Act 1985, as at 31 December 2000, the Group's number of creditor days outstanding was 29.

Annual General Meeting

The Annual General Meeting will be held on 10 April 2001. The notice of the meeting is set out in pages 46 to 49 of this Annual Report. The notice contains items which are special business, being the authority to the Board to allot equity securities and changes to the Company's Articles of Association pursuant to The Companies Act 1985 (Electronic Communications) Order 2000. Explanatory notes on the special business items are shown on pages 48 and 49.

Political and charitable contributions

During the year charitable contributions amounted to £19,603. No contributions were made to any political parties during the year.

Auditors

A resolution for the reappointment of Deloitte & Touche as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Report of the Directors

Remuneration report

The remuneration committee comprises:

Ms G Gallacher (Chairman)

Mr B H Asher

Sir D P Hornby

Policy on executive directors' remuneration

The remuneration of the executive directors is determined by the remuneration committee ("the committee") taking full account of the Combined Code appended to The Listing Rules issued by the Financial Services Authority.

The committee seeks to develop remuneration packages which satisfy the following principles:

- to attract, retain and motivate the best possible person for each position;
- to recognise the importance of achieving the expectations of performance in short and long term;
- to align the interests of executives with those of the shareholders.

The committee reviews salaries annually and seeks independent professional advice when appropriate.

Remuneration details

Details of the remuneration of all directors who have held office during the year are shown in Note 11 to the Accounts on page 36.

Bonus arrangements and Long Term Incentive Plan

Performance related bonuses are a key feature of remuneration policy throughout the Group. Performance targets are set against matters in which the individual concerned has a direct influence. In subsidiary companies this means the performance of the relevant individual Brand. For executive directors of Morgan Sindall plc and senior head office personnel cash bonuses are based on the performance of the Group against targets set annually by the committee. The targets comprise a scale that takes into account the previous year's result and growth expectations both internally set and those externally published.

The Long Term Incentive Plan (the 'LTIP') approved by shareholders is designed to provide additional rewards for consistent out performance and service over the longer period. It was introduced in 1997 for the executive directors of the Company and certain key Group senior management agreed with the committee. Shares are conditionally awarded to participants in each financial year and can be allocated in whole or part after the Group's performance over the next three financial years has been measured and compared to a selected peer group.

The comparison made is of the increase in total shareholder value over those years with the corresponding increase of the fourteen companies listed in the Financial Times as construction companies which are considered by the committee as having a comparable business to the Group.

At the end of each three year period shares conditionally awarded can be allocated to participants if the Company is ranked first in the peer group and none will be allocated if the ranking is in the middle of the peer group or lower. Shares are allocated on a graduated scale between these two positions.

Participation in the LTIP is voluntary and requires the individual to forego payment of a proportion of the cash bonus part of remuneration for each year in return for the conditional award of the number of shares in the Company that the cash sum concerned would purchase at the then market price.

Fourth position in the peer group was achieved for the measurement period ended 31 December 1999 and an allocation of shares from those conditionally awarded for 1997 was made by the committee on 30 June 2000. The interests of each participating director are shown below, 39,927 shares from the numbers conditionally awarded in 1997 having lapsed on 30 June 2000.

	As at 31 December 2000	As at 31 December 1999
Shares conditionally awarded:		
J C Morgan	88,263	91,820
J M Bishop	82,060	83,636
J J C Lovell	66,769	71,922
A M Stoddart	83,521	84,803
P Whitmore	13,950	-
Shares allocated:		
J C Morgan	14,212	-
J M Bishop	12,274	-
J J C Lovell	12,274	-
A M Stoddart	12,920	-

Once shares have been allocated, a participant is entitled to receive dividends in respect of those shares and to exercise voting rights. The participant is not entitled to transfer, sell or otherwise deal in the shares until a further two years have elapsed.

The committee will be meeting shortly after the date of this report to consider conditional awards and allocations to be made in the current year.

Report of the Directors

Service contracts

Executive directors' contracts are terminable on one year's notice.

In circumstances of termination by notice (except in cases of removal for misconduct), compensation will be determined by the committee having regard to the particular circumstances of the case. The committee's guidelines will be to determine an equitable compensation package, while avoiding rewarding poor performance and having regard to the departing director's obligations of mitigating loss.

The service contracts of the directors who are seeking re-election at the Annual General Meeting, Mr B H Asher and Mr J M Bishop, do not have a notice period for termination which is in excess of one year's duration.

Directors' interests

The shareholdings of all directors are shown in Note 31 to the Accounts on page 45 and their interests in shares under the Long Term Incentive Plan are shown on page 20 of this report.

Pensions

The Company contributes 10% of base salary to defined contribution schemes of the individual director's choice. There are no arrangements for the provision of benefits in excess of the Inland Revenue cap.

Share option schemes

It is the Company's policy not to grant share options to the directors.

Details of options granted to employees in the Group are shown in Note 23 to the Accounts on page 42. The total number of options which may be granted at any time is fixed by the committee.

No further options can be granted under the Company's 1988 Scheme. The exercise of options granted under the 1995 Scheme will be subject to performance targets and will normally be exercisable only if the percentage growth in earnings per share of the Company over a five year period has at least been equal to the percentage growth in earnings per share of at least three-fourths of the constituent companies in the FTSE 100 index over the same period.

By order of the Board
W R Johnston
Company Secretary

13 February 2001

Corporate Governance

Policy statement

Morgan Sindall plc supports the Principles of Good Governance and the Code of Best Practice ('the Combined Code'). Accordingly, this report will also deal with the requirements of paragraphs (a) and (b) of FSA Listing Rule 12.43A relating to Section 1 of the Combined Code.

This report sets out how the principles of the Combined Code have been applied.

Board constitution and procedures

Throughout the period covered by this report the Board has been comprised of three non-executive and four executive directors, increased to five with the appointment of Paul Whitmore on 1 April 2000. Up to the Annual General Meeting held on 11 April 2000 the roles of Chairman and Chief Executive were held by Sir Derek Hornby and John Morgan respectively. At that meeting John Morgan became Executive Chairman and Andy Stoddart Group Managing Director.

With the resignation of Andy Stoddart at the date of this report, the Company acknowledges that in not having a division of strategic and operational responsibilities between two people it will not be in compliance with the Combined Code. The Board believes that with the appointment during the reporting period of a further executive director and the creation of a stronger divisional management structure (described in more detail in the Chairman's Statement on pages 2 to 5) the underlying principle of Code provision A.2 will be maintained.

All of the non-executive directors are considered to be independent of management and free from any business or other relationship which could materially affect their independent judgement. Mr B H Asher is the senior independent director.

The composition of the Board satisfies the Code Principles and Provisions that the Board should have a balance of executive and non-executive directors in terms of number and relevant experience to enable it to have effective leadership and control of the Company and its subsidiaries. It also ensures that the decision making process cannot be dominated by any individual or small group of individuals.

The Board met on nine scheduled occasions during the year in addition to ad hoc meetings convened for particular purposes. For each of the scheduled meetings, a comprehensive information pack is provided in advance

of the meeting to allow for proper detailed consideration. The key purposes of these meetings were to review all significant aspects of the Group's activities, supervise the executive management and to make decisions in relation to those matters which are specifically reserved to the Board.

At the Annual General Meeting of the Company last year amendments to the Articles of Association of the Company were approved requiring that each director be submitted for re-election at least once every three years. The explanatory note to the proposed resolution confirmed that the resolution's purpose was merely to reflect what had been the Company's established policy and practice since 1994.

The Company agrees with the Code provision regarding training facilities for directors on first appointment and subsequently as necessary. Adequate provision for these requirements is made annually in an allocated training budget which also covers senior head office personnel with specific professional responsibilities relating to the proper management and conduct of a listed company.

There are agreed procedures by which directors are able to take independent professional advice on matters relating to their duties, if necessary, at the expense of the Company. For certain purposes the Company Secretary is regarded as falling within that category of advisers and has been instructed by the Board to act accordingly. The Board has also resolved that any question of the removal from office of the Company Secretary is a matter to be considered by the Board as a whole.

Board committees

The Board has established an audit, a remuneration and a nominations committee.

Audit committee

The audit committee is comprised of the three non-executive directors. Its duties include keeping under review the scope and results of the audit, its cost effectiveness and the objectivity of the auditors. The committee may request the attendance of any executive director and a representative of the external auditors. The committee meets at least twice yearly and in addition, the external auditors may request a meeting at any time they consider it necessary.

Remuneration committee

The remuneration committee is composed of the three non-executive directors. Meetings will usually be held twice in each year to cover all elements of the directors' remuneration. A remuneration report is included in the Directors' Report on pages 20 and 21.

Nominations committee

The Board considers that because of its small size and the manner in which it conducts its business, the full board will comprise the nominations committee.

The Board's policy on appointments to it is that every Board member should have the opportunity of individual meetings with prospective candidates.

Going concern

After making enquiries, the directors have formed a judgement at the time of approving the financial statements that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason, the directors continue to adopt a going concern basis in preparing the financial statements.

Relations with shareholders

The Company actively seeks to enter into dialogue with institutional shareholders whenever possible. It also endorses the Combined Code principles generally on the conduct of Annual General Meetings including that it be used as an opportunity for effective communication with private shareholders whose participation in the proceedings should be encouraged.

In addition, the Company proposes to take advantage of The Companies Act 1985 (Electronic Communications) Order 2000 allowing communication with shareholders, where individual shareholders so choose, in electronic format. Explanatory notes of these proposals are set out on pages 48 and 49.

Taking advantage of electronic communications (see resolution 9 in the Notice of Annual General Meeting on page 48) the Company will make future results announcements, including the Annual Report in complete format, available on the Company's website as at the dates of releases to the London Stock Exchange Regulatory News Service.

Internal control statement

During the year to 31 December 1999, all procedures necessary to implement 'Internal Control: Guidance for directors on the Combined Code' were established and put in place. This report therefore follows an approach of full compliance throughout the year with Code Principle D.2.

The Board has formally acknowledged that it has overall responsibility for the Group's system of internal control and for ongoing review of its effectiveness. The internal control system is designed to manage rather than eliminate the risk of failure to achieve business objectives. It can only provide reasonable, but not absolute, assurance against material misstatement or loss.

Risk management

The Board has reserved to itself specific responsibility for the formulation of the risk management strategy of the Group.

A formal process is now in place through which the Board identifies the significant risks attached to its strategic objectives, confirms the control strategy for each risk and identifies the appropriate early warning mechanism for each risk. A risk management policy document has been adopted by the Board setting out the Board's role and responsibilities and its overall approach to management and acceptance of risk. This approach has been communicated to the directors of each Brand business who have in turn undertaken their own risk identification and assessment exercise tailored to their own individual circumstances and carried out their first annual reviews.

Risk management and internal control are considered by the Board and each Brand business at their monthly meetings. Steps are being taken to embed internal control and risk management further into the operations of the business and to deal with areas of improvement which come to management and Board attention.

The Board has also reserved to itself the evaluation of any risk arising from the acquisition or development of any new businesses or activities.

Corporate Governance

Financial information

The Board recognises that an essential part of the responsibility for running a business is the effective safeguarding of assets, the proper recognition of liabilities and the accurate reporting of profits. The Group has a comprehensive system for monthly reporting to the Board.

Investment and capital expenditure appraisal

There are clear policies, detailed procedures and defined levels of authority in relation to investment, capital expenditure, significant cost commitments and asset disposals.

Computer systems

The Group has established controls and procedures over the security of data held on computer systems. These controls and procedures are reviewed under the rolling examination programme described below under 'Internal audit'.

Controls over central functions

A number of the Group's key functions, including treasury and insurance, are dealt with centrally. Each of these functions have detailed procedure manuals.

Internal audit

During the year the Board has reviewed the need or otherwise for an internal audit function and remains of the opinion that such a function is not necessary. Instead, led by specialist central Group personnel, there is a rolling programme of peer group examination in which selected staff participate in the examination and review of the practices and procedures of Brand businesses other than their own. It is felt that this programme not only provides many of the benefits to be derived from an internal audit function but also assists in the professional development of the individual staff concerned whilst at the same time identifying and providing a mechanism for the cross-fertilisation of ideas and best practice throughout the Group.

Annual review

The Board has conducted a review of the effectiveness of the system of internal financial control for the year ended 31 December 2000 and up to the date of this report. The review was performed on the basis of the criteria set out in the Guidance for Directors 'Internal Control and Financial Reporting' issued in December 1994.

The process included a formal review conducted by the Board of the consolidated report of the Brand Risk Framework reviews, undertaken by the boards of each operating subsidiary, together with the Group Risk Framework document originally approved by the Board in November 1999. In addition, the Board has also reviewed the results of the internal financial control reviews which had taken place during the year in a number of the operating subsidiaries in the course of an agreed rolling programme.

Compliance statement

The Company has throughout the year been in compliance with the Code Provisions set out in Section 1 of the Combined Code on Corporate Governance appended to the Listing Rules issued by the Financial Services Authority.

Directors' Responsibilities and Auditors' Report

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:

1. Select suitable accounting policies and then apply them consistently

2. Make judgements and estimates that are reasonable and prudent
3. State whether applicable accounting standards have been followed

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the Group, for the Group systems of internal control and for the prevention and detection of fraud and other irregularities.

Auditors' Report to the Members of Morgan Sindall plc

We have audited the financial statements on pages 26 to 45 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 32 and 33.

Respective responsibilities of directors and auditors

The directors are responsible for preparation of the Annual Report, which is required to be prepared in accordance with United Kingdom law and accounting standards as described above. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the UK Listing Authority, and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the Company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law or the Listing Rules regarding directors' remuneration and transactions with the Company is not disclosed.

We review whether the corporate governance statement on page 24 reflects the Company's compliance with the seven provisions of the Combined Code specified for our review by the UK Listing Authority, and we report if it does not. We are not required to consider whether the Board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the Group's corporate governance procedures or its risk and control procedures. We read the other information contained in the Annual Report, including the corporate governance statement, and consider whether it is consistent with the audited financial

statements. We consider the implications for our report if we become aware of any apparent misstatement or material inconsistencies with the financial statements.

Basis of audit 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 Company's and the 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 the Group as at 31 December 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
Stonecutter Court, Stonecutter Street, London EC4A 4TR
13 February 2001

Group Profit and Loss Account for the year ended 31 December 2000

	Notes	2000		1999	
		£'000s	£'000s	£'000s	£'000s
Turnover					
Continuing operations			655,980		519,385
Discontinued operations			–		1,900
Less share of joint venture turnover			(1,144)		(658)
Group turnover	1		654,836		520,627
Cost of sales			(588,180)		(465,584)
Gross profit			66,656		55,043
Administrative expenses			(52,804)		(44,299)
Other operating income	2		897		983
Operating profit					
Continuing operations			14,749		12,377
Discontinued operations			–		(650)
Total operating profit	1,3		14,749		11,727
Exceptional loss on closure of discontinued business	26		(684)		(3,129)
Share of profits of joint venture			–		51
Net interest receivable	4		1,295		1,426
Profit on ordinary activities before taxation			15,360		10,075
Tax charge on profit on ordinary activities	5		(3,964)		(1,910)
Profit on ordinary activities after taxation			11,396		8,165
Dividends on equity and non-equity shares	6		(4,163)		(3,439)
Retained profit for the year			7,233		4,726
Earnings per ordinary share	7		29.75p		22.17p
Diluted earnings per ordinary share	7		28.58p		21.34p

Group Balance Sheet at 31 December 2000

	Notes	2000		1999	
		£'000s	£'000s	£'000s	£'000s
Fixed assets					
Intangible assets	12		11,218		11,768
Tangible assets	13		11,865		12,637
Share of joint venture gross assets		17,929		13,697	
Share of joint venture gross liabilities		(16,840)		(12,904)	
Investment in joint venture	14		1,089		793
Investment in own shares	14		1,245		1,170
			25,417		26,368
Current assets					
Stocks	15		35,355		24,812
Debtors	16		117,964		88,820
Cash at bank and in hand	17		23,474		22,042
			176,793		135,674
Creditors: amounts falling due within one year	18		(156,510)		(124,113)
Net current assets			20,283		11,561
Net assets			45,700		37,929
Capital and reserves					
Called up share capital	23		5,686		6,714
Share premium account			13,064		11,794
Revaluation reserve	24		4,259		3,963
Profit and loss account			22,691		15,458
Total shareholders' funds			45,700		37,929
Shareholders' funds are attributable to:					
Equity shareholders' funds			41,907		33,076
Non-equity shareholders' funds			3,793		4,853
			45,700		37,929

Approved by the Board on 13 February 2001

J C Morgan

J M Bishop

Company Balance Sheet at 31 December 2000

	Notes	2000 £'000s	1999 £'000s
Fixed assets			
Tangible assets	13	7,727	8,732
Investments	14	63,880	63,113
		71,607	71,845
Current assets			
Stocks	15	14,797	6,511
Debtors	16	15,382	3,697
Cash at bank and in hand	17	343	–
		30,522	10,208
Creditors: amounts falling due within one year	18	(36,010)	(21,794)
Net current liabilities		(5,488)	(11,586)
Total assets less current liabilities		66,119	60,259
Provisions for liabilities and charges	19	(80)	(80)
Net assets		66,039	60,179
Capital and reserves			
Called up share capital	23	5,686	6,714
Share premium account		13,064	11,794
Revaluation reserve	24	3,074	3,074
Special reserve		13,644	13,644
Profit and loss account		30,571	24,953
Total shareholders' funds		66,039	60,179
Shareholders' funds are attributable to:			
Equity shareholders' funds		62,246	55,326
Non-equity shareholders' funds		3,793	4,853
		66,039	60,179

Approved by the Board on 13 February 2001

J C Morgan

J M Bishop

Group Cash Flow Statement for the year ended 31 December 2000

	Notes	2000 £'000s	1999 £'000s
Net cash inflow from operating activities	28	8,211	12,648
Returns on investments and servicing of finance			
Interest received		1,411	1,494
Interest paid		(615)	(395)
Dividends paid to preference shareholders		(253)	(275)
		543	824
Taxation			
Corporation tax paid		(2,563)	(2,191)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(2,288)	(3,286)
Receipts from sale of tangible fixed assets		8	778
Payments to acquire fixed asset investments		(155)	(480)
		(2,435)	(2,988)
Acquisitions and disposals			
Repayment of purchase consideration	25	750	-
Purchase of subsidiary undertakings	25	-	(20,689)
Net cash acquired with subsidiary undertakings		-	9
		750	(20,680)
Equity dividends paid			
Equity dividends paid		(3,316)	(2,427)
Net cash inflow/(outflow) before financing		1,190	(14,814)
Financing			
Issue of shares, net of expenses		242	8,470
Net cash inflow from financing activities		242	8,470
Increase/(decrease) in cash	29	1,432	(6,344)

Combined Statement of Movements in Reserves and Shareholders' Funds for the year ended 31 December 2000

Group	Share premium account £'000s	Revaluation reserve £'000s	Profit and loss account £'000s	Total reserves £'000s	Share capital £'000s	2000 Shareholders' funds £'000s	1999 Shareholders' funds £'000s
Balance at 1 January	11,794	3,963	15,458	31,215	6,714	37,929	23,182
Retained profit for year	-	-	7,233	7,233	-	7,233	4,726
New shares issued	-	-	-	-	-	-	8,151
Converted preference shares	1,038	-	-	1,038	(1,038)	-	-
Options exercised	232	-	-	232	10	242	319
Goodwill realised on discontinued operations	-	-	-	-	-	-	68
Surplus on revaluation	-	296	-	296	-	296	1,483
Balance at 31 December	13,064	4,259	22,691	40,014	5,686	45,700	37,929

Included within the profit and loss account balance at 31 December 2000 is an amount for unrealised goodwill totalling £7,034,000 (1999: £7,034,000).

Company	Share premium account £'000s	Special reserve £'000s	Revaluation reserve £'000s	Profit and loss account £'000s	Total reserves £'000s	Share capital £'000s	2000 Shareholders' funds £'000s	1999 Shareholders' funds £'000s
Balance at 1 January	11,794	13,644	3,074	24,953	53,465	6,714	60,179	40,499
Retained profit for year	-	-	-	5,618	5,618	-	5,618	10,285
New shares issued	-	-	-	-	-	-	-	8,151
Converted preference shares	1,038	-	-	-	1,038	(1,038)	-	-
Options exercised	232	-	-	-	232	10	242	319
Surplus on revaluation	-	-	-	-	-	-	-	925
Balance at 31 December	13,064	13,644	3,074	30,571	60,353	5,686	66,039	60,179

Other Primary Statements for the year ended 31 December 2000

Statement of Total Recognised Gains and Losses

	2000 £'000s	1999 £'000s
Profit for the financial year before dividends	11,396	8,165
Share of joint venture's surplus on revaluation of investment property	296	558
Surplus on revaluation of investment property	-	925
Total recognised gains and losses	11,692	9,648

Note of Historical Cost Profits and Losses

	2000 £'000s	1999 £'000s
Profit on ordinary activities before taxation	15,360	10,075
Realisation of property valuation gains of prior years	-	140
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	73	6
Historical cost profit on ordinary activities before taxation	15,433	10,221
Historical cost profit on ordinary activities after taxation and dividends	7,306	4,872

Principal Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed asset properties, and in accordance with applicable accounting standards. Compliance with SSAP19 accounting for investment properties requires departure from the requirements of the Companies Act 1985 relating to depreciation and an explanation is given below.

Basis of consolidation

The consolidated financial statements incorporate the financial statements of the Company and all its subsidiary undertakings.

Acquisitions and disposals

The results of subsidiaries are included in the consolidated profit and loss account from the date of acquisition. Goodwill is the difference between the fair value of consideration given on acquisition of a business and the aggregate fair value of its separable net assets. Goodwill arising on consolidation is capitalised and written off in equal instalments over its useful economic life of 20 years.

Goodwill that arose on acquisitions prior to 31 December 1997 is eliminated against the profit and loss reserve. Amounts will be charged or credited to the profit and loss account on subsequent disposal of the business to which it relates.

Turnover

Turnover is defined as the value of goods and services rendered excluding VAT.

Fixed asset investments

Except as stated below, investments held as fixed assets are stated at cost less provision for any impairment in value. In the consolidated accounts the Group's share of the results of the joint venture is shown each year in the profit and loss account and the Group's share of retained profits and reserves is added to the cost of the investment in the balance sheet.

Fixed assets and depreciation

By adopting Financial Reporting Standard 15, non-investment properties are now held at cost. Under the transitional rules of the Standard, the Group has retained the book amounts of certain revalued properties and the valuation has not been updated.

No depreciation is provided on freehold land. On other assets depreciation is provided in equal annual instalments at rates calculated to write off the cost or valuation of fixed assets over their estimated useful lives as follows:

Freehold buildings	–	50 years
Leasehold property	–	period of the lease
Plant, machinery, motor vehicles and equipment	–	between 3 and 10 years

No depreciation is provided in respect of freehold investment properties which are revalued annually and the aggregate surplus or deficit is transferred to revaluation reserve. The Companies Act 1985 requires all properties to be depreciated. However, this requirement conflicts with the generally held accounting principle set out in SSAP19. The directors consider that, as these properties are not held for consumption, but for their investment potential, to depreciate them would not give a true and fair view, and that it is necessary to adopt SSAP19 in order to give a true and fair view.

If this departure from the Act had not been made, the profit for the financial year would have been reduced by depreciation. However, the amount of depreciation cannot reasonably be quantified because depreciation is only one of many factors reflected in the annual valuation.

Principal Accounting Policies

Stocks

Stocks are valued at the lower of cost and net realisable value. Interest incurred on borrowings to finance specific developments is capitalised.

Contract accounting

Contracts are accounted for as long term contracts. Anticipated net sales value of contracts include a proportion of attributable profit where a profitable outcome can be foreseen, provision being made for foreseeable losses. Turnover less progress payments is recorded in "amounts recoverable on contracts" within debtors. Where progress payments exceed turnover and other contract balances the excess is shown as "payments on account" in creditors.

Deferred taxation

Provision under the liability method is made for deferred taxation at the current rate of corporation tax on all timing differences, to the extent that they are expected to crystallise.

Leases

Rental costs under operating leases are charged to the profit and loss account in equal amounts over the period of the leases.

Pensions

The Group contributes to The Morgan Sindall Retirement Benefits Plan and to other employees' personal pension arrangements which are of a defined contribution type. Subject to the circumstances referred to in Note 27 on page 43, the annual costs are charged to the profit and loss account.

Notes to the Accounts

1 Analysis of turnover, operating profit and net assets

	2000			1999		
	Turnover £'000s	Profits/ (losses) £'000s	Net assets £'000s	Turnover £'000s	Profits/ (losses) £'000s	Net assets £'000s
Construction	317,605	4,542	(2,366)	274,516	3,097	(684)
Fit out	229,350	8,716	(13,817)	174,146	7,564	(4,427)
Affordable housing	107,709	2,715	16,879	65,065	1,057	8,546
Investments	172	892	22,487	5,000	2,235	14,866
Group activities	-	(2,116)	(957)	-	(1,576)	(4,190)
	654,836	14,749	22,226	518,727	12,377	14,111
Discontinued operations	-	-	-	1,900	(650)	1,776
	654,836	14,749	22,226	520,627	11,727	15,887
Net cash balances			23,474			22,042
Net assets			45,700			37,929

Segmental net assets are stated after deducting interest bearing net cash balances. All activities are carried out in the United Kingdom and Channel Islands.

2 Other operating income

	2000 £'000s	1999 £'000s
Rent receivable	897	983

3 Operating profit

Operating profit is stated after charging/(crediting)

	2000 £'000s	1999 £'000s
Depreciation	2,082	1,660
(Profit)/loss on sale of fixed assets	(360)	28
Amortisation of goodwill	650	379
Hire of plant and machinery	8,388	6,155
Operating lease costs	2,338	1,759
Land and buildings		
Other	2,460	2,517
Auditors' remuneration	16	15
Audit – Morgan Sindall plc		
Audit – Subsidiary undertakings	178	170
Other	-	30

Notes to the Accounts

4 Net interest receivable

	2000 £'000s	1999 £'000s
Interest payable	(615)	(395)
Interest capitalised	499	327
	(116)	(68)
Interest receivable	1,411	1,494
	1,295	1,426

5 Tax charge on profit on ordinary activities

	2000 £'000s	1999 £'000s
Corporation tax payable at 30% (1999: 30.25%)	4,073	3,000
Under/(over) provision in prior years	96	(143)
Share of tax of joint venture	-	-
Tax on exceptional loss	(205)	(947)
	3,964	1,910

The tax charge for the year is lower than the standard rate due to the availability of tax losses brought forward.

6 Dividends on equity and non-equity shares

	2000 £'000s	1999 £'000s
Non-equity dividends on preference shares		
Paid	197	219
Accrued	46	56
	243	275
Equity dividends on ordinary shares		
Interim paid 3.00p (1999: 2.50p)	1,133	929
Final proposed 7.50p (1999: 6.00p)	2,839	2,235
	3,972	3,164
Total dividends	4,215	3,439
Dividends on shares held in trust relating to the Long Term Incentive Plan	(52)	-
	4,163	3,439

7 Earnings per ordinary share

The calculation of the earnings per share is based on the weighted average number of 37,494,000 (1999: 35,591,000) ordinary shares in issue during the year and on the profits for the year attributable to ordinary shareholders of £11,153,000 (1999: £7,890,000).

In calculating the diluted earnings per share, earnings are adjusted for the preference dividend of £243,000 (1999: £275,000) making adjusted earnings of £11,396,000 (1999: £8,165,000). The weighted average number of ordinary shares are adjusted for the dilutive effect of the convertible preference shares by 1,517,000 (1999: 1,941,000), share options by 554,000 (1999: 722,000) and contingent Long Term Incentive Plan shares by 290,000 (1999: nil) giving an adjusted number of ordinary shares of 39,855,000 (1999: 38,254,000).

Notes to the Accounts

8 Profit of parent company

The Company has taken advantage of s230 of the Companies Act 1985 and consequently the profit and loss account of the parent company is not presented as part of these accounts. The profit of the parent company for the financial year amounted to £9,781,000 (1999: £13,724,000).

9 Employees

	2000 No.	1999 No.
The average number of people employed by the Group during the year was:		
Fit out	471	392
Construction	1,612	1,432
Affordable housing	443	171
Other (including discontinued business)	29	127
	2,555	2,122

10 Staff costs

	2000 £'000s	1999 £'000s
Wages and salaries	67,950	56,932
Social security costs	7,195	5,732
Pension costs	1,637	1,205
	76,782	63,869

11 Directors' remuneration

	Salary and fees £'000s	Bonus £'000s	Benefits £'000s	Pension £'000s	2000 Totals £'000s	1999 Totals £'000s
J C Morgan	180	96	16	18	310	210
A M Stoddart	175	93	18	18	304	198
J M Bishop	160	85	13	16	274	193
J J C Lovell	120	64	13	12	209	159
P Whitmore	98	52	12	10	172	-
Executive directors	733	390	72	74	1,269	760
Sir D P Hornby	23	-	-	-	23	36
G Gallacher	20	-	-	-	20	20
B H Asher	20	-	-	-	20	20
Non-executive directors	63	-	-	-	63	76
Totals	796	390	72	74	1,332	836

The totals of directors' remuneration shown above include fees of £63,000 (1999: £76,000). Pension contributions made on behalf of the executive directors are made to money purchase pension schemes. Further details of the directors' remuneration are contained in the Directors' Report on pages 20 and 21.

Long Term Incentive Plan

A Long Term Incentive Plan has been established as explained in detail in the Long Term Incentive Plan section of the Directors' Report on page 20. Conditional awards which have been made are shown therein. Excluded from the above table is an amount of £183,000 which has been accrued for potential awards relating to 2000.

Notes to the Accounts

12 Intangible fixed assets

Group	Goodwill £'000s
Cost or valuation	
At 1 January 2000	12,338
Additions (see note 25)	100
At 31 December 2000	12,438
Amortisation	
At 1 January 2000	570
Provided in the year	650
At 31 December 2000	1,220
Net book value at 31 December 2000	11,218
Net book value at 31 December 1999	11,768

13 Tangible fixed assets

(a) Group	Plant, machinery & equipment £'000s	Motor vehicles £'000s	Freehold property £'000s	Leasehold property £'000s	Total £'000s
Cost or valuation					
At 1 January 2000	6,971	851	7,038	3,249	18,109
Additions	1,789	35	-	464	2,288
Disposals	(631)	(224)	(958)	(310)	(2,123)
At 31 December 2000	8,129	662	6,080	3,403	18,274
Depreciation					
At 1 January 2000	4,192	722	223	335	5,472
Provided in the year	1,630	65	62	325	2,082
Disposals	(625)	(217)	(51)	(252)	(1,145)
At 31 December 2000	5,197	570	234	408	6,409
Net book value at 31 December 2000	2,932	92	5,846	2,995	11,865
Net book value at 31 December 1999	2,779	129	6,815	2,914	12,637

Notes to the Accounts

13 Tangible fixed assets (continued)

(b) Company

	Plant, machinery & equipment £'000s	Freehold property £'000s	Leasehold property £'000s	Total £'000s
Cost or valuation				
At 1 January 2000	162	7,018	1,875	9,055
Additions	104	-	-	104
Disposals	(9)	(959)	-	(968)
At 31 December 2000	257	6,059	1,875	8,191
Depreciation				
At 1 January 2000	92	217	14	323
Provided in the year	58	60	82	200
Disposals	(8)	(51)	-	(59)
At 31 December 2000	142	226	96	464
Net book value at 31 December 2000	115	5,833	1,779	7,727
Net book value at 31 December 1999	70	6,801	1,861	8,732

The net book value of land and buildings comprises:

	Group		Company	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Investment properties				
Freehold	3,655	3,655	3,655	3,655
Short leasehold	1,521	1,600	1,521	1,600
	5,176	5,255	5,176	5,255
Other properties				
Freehold	2,191	3,160	2,178	3,146
Short leasehold	1,474	1,314	258	261
	3,665	4,474	2,436	3,407
Total net book value	8,841	9,729	7,612	8,662

Land and buildings at cost or valuation are stated:

	Group		Company	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Investment properties at valuation	5,250	5,250	5,250	5,250
Other properties at valuation	1,626	1,626	1,626	1,626
Other properties at cost	2,607	3,411	1,058	2,017
	9,483	10,287	7,934	8,893

An independent valuation of the Group's investment properties was undertaken by Healey & Baker Real Estate Consultants as at 31 December 1999 on the basis of Existing Use Value in accordance with the RICS Appraisal and Valuation Manual. The directors have considered these valuations as at the balance sheet date and have concluded that no change is required to their carrying value.

Comparable amounts determined according to the historical cost convention:

	Cost	Accumulated depreciation	Net book value	Net book value
	2000 £'000s	2000 £'000s	2000 £'000s	1999 £'000s
Land and buildings	7,172	1,260	5,912	6,698

Notes to the Accounts

14 Investments

(a) Group	Joint venture £'000s	Own shares at cost £'000s
At 1 January 2000	793	1,170
Additions	-	155
Allocations	-	(80)
Share of results for the year	-	-
Share of revaluation reserve	296	-
At 31 December 2000	1,089	1,245

Investment in joint venture

The Group's joint venture investment is in Primary Medical Property Limited, which develops and invests in primary care health centres. The principal place of business of Primary Medical Property Limited is Camilla Court, Nacton, Ipswich IP10 0EU. Morgan Sindall plc's involvement in the management of Primary Medical Property Limited is restricted to the appointment of two directors under the terms of a shareholder agreement under which certain matters may only be undertaken by the Company with the approval of all directors. At 31 December 2000 the fixed assets of Primary Medical Property Limited were £35.3m, current assets £0.5m, current liabilities £2.5m and long term liabilities £31.1m.

Investment in own shares

The own shares at cost represent 598,542 Morgan Sindall plc ordinary shares held in trust in connection with the Long Term Incentive Plan as detailed in the Directors' Report on page 20. Based on the Company's share price on 31 December 2000 of £2.94 the market value of the shares was £1,759,713.

(b) Company	Own shares at cost £'000s	Subsidiary undertakings Shares £'000s	Loans £'000s	Joint venture shares £'000s	Total £'000s
Cost at 1 January 2000	1,170	62,082	1,640	4	64,896
Additions	155	2,000	-	-	2,155
Allocations	(80)	-	-	-	(80)
Disposals	-	(66)	-	-	(66)
Repaid during the year	-	(750)	(300)	-	(1,050)
Cost at 31 December 2000	1,245	63,266	1,340	4	65,855
Provisions at 1 January 2000	-	713	1,066	4	1,783
Disposals	-	(53)	-	-	(53)
Provisions created in year	-	-	245	-	245
Provisions at 31 December 2000	-	660	1,311	4	1,975
Net book value at 31 December 2000	1,245	62,606	29	-	63,880
Net book value at 31 December 1999	1,170	61,369	574	-	63,113

The additions to shares in subsidiary undertakings include £0.1m relating to the acquisition of Lovell Partnerships Limited (see note 25) and the issue of £1.9m share capital by existing subsidiaries.

Notes to the Accounts

15 Stocks

	Group		Company	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Development works and building land	33,534	23,863	14,217	5,931
Trading properties	1,693	863	580	580
Materials and equipment	128	86	–	–
	35,355	24,812	14,797	6,511

Included within development works and building land is £900,000 (1999: £401,000) in respect of interest capitalised.

16 Debtors

	Group		Company	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Trade debtors	51,915	48,387	183	270
Amounts recoverable on contracts	51,975	36,755	–	–
Amounts owed by subsidiary undertakings	–	–	11,572	3,014
Amounts owed by joint venture	46	276	40	40
Corporation tax recoverable	–	–	326	–
Other debtors	11,598	2,196	1,862	163
Prepayments and accrued income	2,430	1,206	1,399	210
	117,964	88,820	15,382	3,697

17 Cash at bank and in hand

The Group's financial instruments comprise cash and various short-term items such as trade debtors and trade creditors that arise directly from its operations. In particular the Group holds cash in the form of sterling deposits with counterparties, which are at a fixed interest rate and for periods not exceeding three months.

The objective of placing these deposits with financial institutions approved by the Board is to maximise interest received. The Group's treasury policy sets out lending limits and minimum liquidity requirements to be met. By lending surplus funds to counterparties the Group's risk profile is not significantly changed.

During the period under review the Group did not enter into derivative transactions and has not undertaken trading in any financial instruments.

18 Creditors: amounts falling due within one year

	Group		Company	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Bank overdraft	–	–	9,864	1,119
Payments on account	7,559	8,162	–	–
Trade creditors	47,132	49,127	486	695
Amounts owed to subsidiary undertakings	–	–	18,865	15,815
Other creditors	3,444	2,917	1,741	127
Corporation tax	2,789	1,388	–	262
Other tax and social security	5,773	2,253	41	36
Accruals and deferred income	86,928	57,975	2,128	2,069
Dividend	2,885	2,291	2,885	1,671
	156,510	124,113	36,010	21,794

Notes to the Accounts

19 Provisions for liabilities and charges

	Group		Company	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Provisions for losses:				
At 1 January 2000 and 31 December 2000	-	-	80	80

The amounts of deferred taxation provided and not provided in the accounts are as follows:

Group	Provided		Not provided	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Capital allowances in excess of depreciation	-	-	426	154
Taxation loss relief and other timing differences	-	-	(426)	(154)
	-	-	-	-

There are taxation losses to carry forward of approximately £8 million (1999: £10 million).

20 Operating lease commitments

At 31 December 2000 the Group was committed to making the following payments during the next year in respect of non-cancellable operating leases:

	Land and buildings	Other	Total
	£'000s	£'000s	£'000s
Leases which expire:			
Within one year	192	1,015	1,207
Within two to five years	671	1,830	2,501
After five years	1,610	3	1,613
	2,473	2,848	5,321

21 Financial commitments

	Group		Company	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Capital expenditure				
Authorised and contracted	120	53	-	-

22 Contingent liabilities

Group bank accounts and performance bond facilities are supported by cross-guarantees given by the Company and participating trading companies in the Group. The overdraft facility of the joint venture is supported by a Group guarantee.

Notes to the Accounts

23 Called up share capital	2000		1999	
	No. '000s	£'000s	No. '000s	£'000s
Authorised				
Ordinary shares of 5p each	50,000	2,500	42,960	2,148
5.625% Convertible cumulative redeemable preference shares of £1 each	5,000	5,000	5,000	5,000
	55,000	7,500	47,960	7,148
Issued and fully paid				
Ordinary shares of 5p each	37,854	1,893	37,222	1,861
5.625% Convertible cumulative redeemable preference shares of £1 each	3,793	3,793	4,853	4,853
	41,647	5,686	42,075	6,714

Ordinary shares

The ordinary shares of 5p each of the Company issued during the year are shown below. Details of the share option schemes referred to are given later in this note.

- 80,700 ordinary shares in respect of options exercised under the Company's 1988 Scheme (referred to below) for total consideration of £131,384.
- 127,750 ordinary shares in respect of options exercised under the Company's 1995 Scheme (referred to below) for total consideration of £111,013.
- 423,683 ordinary shares in respect of conversion rights attached to 1,059,209 convertible preference shares exercised as at 30 June 2000.

Preference shares

The convertible preference shares are convertible at the option of the holder on 30 June in each of the years 1991 to 2003 inclusive on the basis of 40 ordinary shares for every 100 convertible preference shares. After conversion of 75% of the convertible preference shares the Company has the right to require the conversion of the outstanding balance. The convertible preference shares are redeemable at par at the Company's option after the last date of conversion in 2003 and are finally redeemable on 30 June 2005. There is no premium payable on a return of capital on a winding up and the convertible preference shares do not entitle the holders to any participation in the profits or assets of the Company beyond their preference dividend entitlement.

Options

The company has two share option schemes. The first scheme ('the 1988 Scheme') was introduced on 21 January 1988 and the second scheme ('the 1995 Scheme') received shareholders' approval on 24 May 1995. Options granted under the 1988 Scheme are exercisable between three and ten years from the date of grant and under the 1995 Scheme are exercisable between five and seven years from the date of grant. The period for the granting of options under the 1988 Scheme expired in January 1998. As at 31 December 2000 there remain 271,150 options outstanding under that Scheme exercisable at prices between £0.73 and £1.71. At the same date there were 1,354,850 options outstanding under the 1995 Scheme exercisable at prices between £0.73 and £2.70.

No options have been granted to any members of the Morgan Sindall plc Board.

24 Revaluation reserve

	Group		Company	
	2000 £'000s	1999 £'000s	2000 £'000s	1999 £'000s
Investment property revaluation reserve	2,854	2,854	2,854	2,854
Other property revaluation reserve	1,405	1,109	220	220
	4,259	3,963	3,074	3,074

Notes to the Accounts

25 Acquisitions

Lovell Partnerships

On 16 June 1999 the Company acquired Lovell Partnerships. The final cash consideration was £19.6m with cost of acquisition of £0.5m. Additional fair value adjustments of £0.75m were made to the provisional fair values, relating to the carrying value of work in progress.

	Provisional values		Final values
	1999	Adjustments	2000
	£'000s	£'000s	£'000s
Cash consideration	20,316	(750)	19,566
Acquisition cost	373	100	473
Total cost	20,689	(650)	20,039
Net assets	12,512	(750)	11,762
Goodwill	8,177	100	8,277

26 Exceptional loss on closure of discontinued business

On 3 November 1999, the Company announced the Group's withdrawal from tendered term maintenance work for housing associations. The majority of the closure costs were provided in 1999. However additional and final costs have been incurred during the year totalling £684,000.

27 Pensions

Defined contribution and hybrid schemes

The Morgan Sindall Retirement Benefits Plan was established on 31 May 1995 and operates on defined contribution principles where contributions are invested to accumulate capital sums to provide members with retirement and death benefits. The Plan includes some defined benefit liabilities and transfers of funds representing the accrued benefit rights of former active and deferred members of pension plans of companies which are part of the Group as it now stands. In addition the Plan provides final salary related benefits for the members of the former Sindall Group Pension Fund in respect of benefits accrued before 31 May 1995.

Subject as provided below, pension costs for the Plan and for other small defined contribution schemes in the Group represent the employers' contributions actually paid in the year together with employers' contributions to the personal pension plans of individuals, where applicable.

The latest actuarial valuation was dated 1 June 1998 and was prepared using the assumptions of rate of investment return of 6.5% per annum, rate of earnings escalation of 5.5% per annum and rate of inflation of 4.5% per annum. The ongoing liabilities of the Plan were assessed using the attained age method whereas the assets were taken at realisable market value. The defined benefit liabilities are fully funded. The actuarial valuation referred to shows that on an ongoing basis, the value of the assets represented 137% of the value of these liabilities. The actuarial valuation also showed that the realisable market value of the Plan's assets is in excess of its minimum liabilities when assessed on the Minimum Funding Requirement basis (as defined in the Pensions Act 1995).

Accordingly, on the recommendation of the Plan actuary, certain employers' contributions in the period to 30 June 2000 were funded using the unallocated reserve of the Plan and in these circumstances no charge to the profit and loss account of the employer is recorded. Following a further review by the Plan actuary in May 2000, this practice then ceased as at the date referred to above.

Notes to the Accounts

28 Reconciliation of operating profit to net cash inflow from operating activities

	2000 £'000s	1999 £'000s
Operating profit	14,749	11,727
Depreciation of tangible fixed assets	2,082	1,660
Amortisation of goodwill	650	379
(Profit)/loss on sale of fixed assets	(360)	28
Increase in stocks and work in progress	(10,044)	(242)
Increase in debtors	(28,564)	(8,177)
Increase in creditors	30,382	10,334
Exceptional loss	(684)	(3,061)
Net cash inflow from operating activities	8,211	12,648

29 Reconciliation and analysis of net cash flow to movement in net cash

	1999 £'000s	Cash flow £'000s	2000 £'000s
Cash at bank and in hand	22,042	1,432	23,474

30 Additional information on subsidiary undertakings and joint venture

The Company acts as a holding company for the Group and has the following principal subsidiary undertakings and joint venture which affected the Group's results or net assets.

<i>Subsidiary undertakings</i>	<i>Activity</i>
Barnes & Elliott Limited	Construction
Hinkins & Frewin Limited	Construction
Lovell Partnerships Limited	Affordable housing
*Morgan Lovell Group Limited	The workplace specialist
Overbury plc	Fitting out and refurbishment specialist
Roberts Construction Limited	Construction
Sindall Limited	Construction
*Snape Limited	Construction
Stansell Limited	Construction
*Stansell QVC Limited	Construction
Wheatley Construction Limited	Construction
<i>Joint venture</i>	
Primary Medical Property Limited (50%)	Development and investment of medical properties

All subsidiary undertakings are wholly owned unless shown otherwise and with the exception of companies marked * all shareholdings are in the name of Morgan Sindall plc. With the exception of Stansell QVC Limited, registered and operating in Jersey, all undertakings are registered in England, which is the principal place of business.

Notes to the Accounts

31 Directors' interests

According to the register maintained as required by the Companies Act 1985, the interests of the directors in office at the start and end of the year are shown below and their interests in shares under the Long Term Incentive Plan are shown in the Remuneration Report on page 20.

	5p Ordinary Beneficial	
	2000 No.	1999 No.
J C Morgan	6,226,801	6,206,926
J M Bishop	17,814	12,814
J J C Lovell	6,223,581	6,183,706
A M Stoddart	10,000	5,000
P Whitmore	2,250	–
G Gallacher	3,000	–
B H Asher	5,000	–
Sir D P Hornby	5,452	5,452

No director had any non-beneficial interest in the ordinary shares or any interest in the preference shares of the Company or the shares of any Group company. There have been no changes in the interests of the directors between the year end and 13 February 2001. No director had any material interest in any contract with the Company.

Notice of Annual General Meeting

Notice is hereby given that the Annual General Meeting of the Company will be held in the Conference Room, College Hill Associates, 4th Floor, Elizabeth House, 9/11 Bush Lane, London, EC4N 0AR at 12 noon on Tuesday 10 April 2001 for the following purposes:

Ordinary business

1. To receive the Reports of the Directors and the Auditors and the Accounts for the year ended 31 December 2000.
2. To declare a final dividend of 7.5 pence per Ordinary Share.
3. To re-elect Mr B H Asher a Director.
4. To re-elect Mr J M Bishop a Director
5. To re-appoint Deloitte & Touche as Auditors.
6. To authorise the Directors to fix the Auditors' remuneration.

Special business

To consider and if thought fit pass the following resolutions of which resolution 7 will be proposed as an Ordinary Resolution and resolutions 8 and 9 will be proposed as Special Resolutions.

7. That the Directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Companies Act 1985 ('the Act') to exercise all of the powers of the Company to allot relevant securities (within the meaning of that section) of the Company up to an aggregate amount of £607,288.20 such authority (unless previously revoked or varied) to expire on the earlier of the conclusion of the Company's next Annual General Meeting and fifteen months from the date of the passing of this resolution save that the Company may make offers or agreements which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred hereby had not expired.
8. That subject to the passing of the previous resolution, the Directors be and they are hereby authorised and empowered pursuant to section 95 of the Act to allot equity securities (as defined in section 94 of the Act) for cash pursuant to the authority given in the previous resolution as if section 89(1) of the Act did not apply to such allotment, provided that such power be limited to:
 - i) the allotment of equity securities which are offered to all the holders of equity securities of the Company (at a date specified by the Directors) where the equity securities respectively attributable to the interests of such holders are as nearly as practicable in proportion to the respective number of equity securities held by them, but subject to such exclusions and other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements and any legal or practical problems under any laws, or requirements of any regulatory body or stock exchange in any territory or otherwise; and

Notice of Annual General Meeting

- ii) the allotment (otherwise than pursuant to sub-paragraphs i) above and iii) below) of equity securities up to an aggregate nominal amount of £94,635.55; and
- iii) the allotment of equity securities up to a total nominal amount of £75,866 in connection with the satisfaction of conversion rights attached to the 5.625% Convertible Cumulative Redeemable Preference Shares of £1 each currently in issue

and this power shall expire on the earlier of the conclusion of the Company's next Annual General Meeting and fifteen months from the date of the passing of this resolution save that the Company may make an offer or enter into an agreement before the expiry of that date which would or might require equity securities to be allotted after that date and the Directors may allot equity securities in pursuance of such an offer as if the power conferred hereby had not expired.

9. That the Articles of Association of the Company be amended as follows:

- i) by adding the following sentence at the end of article 69:
"Subject to the Statutes, and if and on the terms that the directors so determine, an instrument appointing a proxy may be delivered electronically to an electronic address or facsimile number designated by the Company for this purpose, in which case the requirements of these Articles that an instrument appointing a proxy be signed or executed in any particular way or (as the case may require) be in writing shall not apply;"
- ii) by adding the words "or, subject to the Statutes, electronically to an electronic address or facsimile number notified to the Company by the shareholder for this purpose, provided that a share certificate may only be delivered personally or by post" to the end of the first sentence in article 136; and
- iii) by adding the following sentence after the third sentence in article 136
"Where a notice or document is sent electronically service or delivery is deemed to be effected at the time of transmission and in proving such service or delivery it shall be sufficient to show that the sender's equipment indicates successful transmission."

By order of the Board

W R Johnston
Company Secretary
13 February 2001

Registered Office
77 Newman Street
London
W1T 3EW

Notice of Annual General Meeting

Notes

1. A member entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend and vote on a poll in his place. A proxy need not also be a member of the Company. A form of proxy accompanies this notice.
2. In the case of joint holders the vote of the senior who tenders a vote, whether in person or by proxy, will be accepted to the exclusion of the votes of any other joint holders. For these purposes, seniority shall be determined by the order in which the names stand in the register of members in respect of the joint holding.
3. In the case of a corporation the form of proxy must be executed under its common seal or signed on its behalf by a duly authorised attorney or a duly authorised officer of the corporation.
4. To be effective, the form of proxy, together with any power of attorney or other authority under which it is executed or a notarially certified copy thereof must be sent to Capita IRG plc, Bourne House, 34 Beckenham Road, Beckenham, Kent BR3 4TU as to arrive no later than 12 noon on 7 April 2001.
5. Short biographical details of the directors seeking re-election are shown on page 18.
6. Service contracts of Directors will be available for inspection at 77 Newman Street, London, W1T 3EW during usual business hours on any business day from the date of this notice until the date of the meeting and for 15 minutes prior to the meeting at the Conference Room, College Hill Associates, 4th Floor, Elizabeth House, 9/11 Bush Lane, London, EC4N 0AR.
7. The Company, pursuant to regulation 34 of The Uncertificated Securities Regulations 1995, specifies that only those Ordinary Shareholders registered in the register of members of the Company 48 hours before the meeting shall be entitled to attend or vote at the meeting in respect of the number of shares registered in their name at that time. Changes to entries on the relevant register of securities after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.
8. Resolution 7
When resolution 7 in the notice of the Annual General Meeting is passed, the Board will have general and unconditional authority to allot 12,145,776 Ordinary Shares, which authority will expire fifteen months from the date on which this resolution is passed or, if earlier, at the conclusion of the next Annual General Meeting. Of that number, 3,143,320 authorised but unissued Ordinary Shares will be reserved in respect of share options granted under the two Share Option Schemes which members have approved and to provide for the conversion of Preference Shares. Accordingly, following the passing of this resolution 9,002,456 Ordinary Shares, representing approximately 18 per cent of the issued Ordinary Share capital of the Company, will remain authorised, unissued and unreserved.
9. Resolution 8
In addition to the above, on the passing of resolution 8, the Board will have authority to allot equity securities up to an aggregate value of £94,635.55, representing approximately 5 per cent of the issued Ordinary Share capital of the Company, for cash otherwise than pro-rata to existing shareholders, which authority will expire fifteen months from the date on which the resolution is passed or, if earlier, at the conclusion of the next Annual General Meeting of the Company. The Board will also have authority to allot equity securities in order to satisfy the conversion rights attaching to the Preference Shares. However, currently there is no intention to issue any further share capital otherwise than pursuant to the exercise of conversion rights in respect of the Preference Shares in issue and in the exercise of any options under the two Share Option Schemes.

Notice of Annual General Meeting

10. Resolution 9

The Companies Act 1985 (Electronic Communications) Order 2000 ('the Order') passed through Parliament in December 2000. The Order allows the principal documents which the Act requires to be sent to shareholders in written form to be transmitted (where a shareholder so agrees) to an electronic address nominated by the shareholder concerned for that purpose. In addition, it will allow the principal communications required by the Act (Notices of Meetings for example) to be placed on the company's website accessible by the shareholders entitled to receive that information and also for the appointment of a proxy to be transmitted to the Company by electronic means.

The Order allows companies to use electronic communications despite any provisions to the contrary in the relevant Articles of Association but best practice dictates that a company's Articles should mirror the underlying legal position and this is the purpose of resolution 9.

As this enabling Order is of very recent effect and the sophistication and availability of electronic communications is fast developing, a considerable amount of work needs to be done before more detailed proposals can be circulated to shareholders. It is expected that this will be completed during the current year. It is, however, appropriate to stress that participation in the electronic communications regime will be entirely at the option of individual shareholders and there are no proposals by Government legislation or by Company initiatives to in any way affect shareholders' rights to continue to receive written documentation.

11. Institutional Shareholders

Facilitated by the Company's brokers, regular presentations are made to institutional shareholders to further mutual understanding of objectives.

12. Private Shareholders

For ease of reference paragraph C.2 of the Principles of Good Governance as set out in Section 1 of the Combined Code is reproduced below.

C.2 Constructive Use of the AGM

Principle

Boards should use the AGM to communicate with private investors and encourage their participation.

Code Provisions

- C.2.1 Companies should count all proxy votes and, except where a poll is called, should indicate the level of proxies lodged on each resolution, and the balance for and against the resolution, after it has been dealt with on a show of hands.
- C.2.2 Companies should propose a separate resolution at the AGM on each substantially separate issue, and should in particular propose a resolution at the AGM relating to the report and accounts.
- C.2.3 The chairman of the board should arrange for the chairmen of the audit, remuneration and nomination committees to be available to answer questions at the AGM.
- C.2.4 Companies should arrange for the Notice of the AGM and related papers to be sent to shareholders at least 20 working days before the meeting.

Corporate Directory

Directors

J C Morgan (Chairman)
 J M Bishop
 J J C Lovell
 P Whitmore
 B H Asher (Non-Executive)
 G Gallacher (Non-Executive)
 Sir D P Hornby (Non-Executive)

Secretary

W R Johnston

Registered Office

77 Newman Street, London W1T 3EW
 Tel: 020 7307 9200
 Fax: 020 7307 9201
 Registration No. 521970

Solicitors

Charles Russell,
 8-10 New Fetter Lane, London EC4 1RS

Auditors

Deloitte & Touche,
 Stonecutter Court, Stonecutter Street,
 London EC4A 4TR

Tax Advisors

Grant Thornton,
 Grant Thornton House, Melton Street, Euston Square,
 London NW1 2EP

Clearing Bankers

Lloyds TSB Bank plc,
 Po Box 17328, 11-15 Monument Street, London EC3V 9JA

Merchant Bankers

Close Brothers Corporate Finance Limited,
 10 Crown Place, Clifton Street, London EC2A 4FT

Brokers

Peel Hunt & Company Limited,
 62 Threadneedle Street, London EC2R 8HP

Registrars

Capita IRG plc,
 Bourne House, 34 Beckenham Road,
 Beckenham, Kent BR3 4TU

Shareholder communication

Contact with existing and prospective shareholders is welcomed by the Company. If you have any questions or enquiries about the Company or the activities of the Group, please contact Jack Lovell, Client Director, at the registered office.

Website

www.morgansindall.co.uk

Share prices (FT Cityline)

Current buying and selling prices of the Company's shares, can be obtained by dialling 0336 434027.

Please note that the EPIC code as used in the Topic and Datastream Share Price information services was changed in January 2001 to MGNS.

Financial Calendar

Annual General Meeting	10 April 2001
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Ordinary shares

Final dividend:

Ex-dividend date	7 March 2001
Record date	9 March 2001
Payment date	12 April 2001

Interim results announcement	August 2001
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Preference shares

Dividend payment dates:	15 April 2001 15 October 2001
Next conversion date	30 June 2001

MORGAN  SINDALL

Morgan Sindall plc
77 Newman Street,
London W1T 3EU

Tel: 020 7307 9200
Fax: 020 7307 9201

Visit our website at
www.morgansindall.co.uk