

**HARBOUR & GENERAL WORKS LIMITED**

**ANNUAL REPORT  
AND  
FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1995**

**COMPANY No 00288392**



# **HARBOUR AND GENERAL WORKS LIMITED**

## **DIRECTORS' REPORT**

The directors submit their annual report and group financial statements of Harbour and General Works Limited for the year ended 31st December 1995.

## **PRINCIPAL ACTIVITIES**

The group's principal activities during the year continued to be that of building and civil engineering contractors and related activities.

## **GROUP RESULTS AND DIVIDENDS**

These are shown on page 4.

The directors are recommending payment of a final dividend of £65,000. The retained profit for the year of £27,617 is being added to reserves.

## **REVIEW OF THE BUSINESS**

It proved to be another difficult year for the UK construction industry where depressed results continue to be reported. Despite this background, a positive result was achieved and turnover continued to recover from the low level of the previous years. The result produced however, was not proportional to the increase in turnover as margins remained under considerable pressure.

The uncertainties of a market dominated by over-capacity and weak prices ensured that the earlier policy adopted of pursuing a cautious business approach through controlled and selective tendering was continued with the objective of securing a positive result rather than one of pursuing turnover regardless. The result achieved in 1995 although modest, continued the run of positive results against a prolonged and difficult period for the construction industry.

There is little sign of any substantive improve for 1996 but although the market is expected to remain weak for sometime to come there are a number of interesting opportunities/developments which may offer possibilities of improvements for the future.

## **FIXED ASSETS**

The changes in fixed assets during the year are summarised in the notes to the financial statements.

In the opinion of the directors, the book value of land as shown in the balance sheet is substantially lower than the market value at the balance sheet date. It is not considered practicable to value this difference.

## **EMPLOYEES AND DISABLED EMPLOYEES**

Throughout the group there is close consultation between management and other employees on matters of concern with a view to keeping employees well informed about the progress and position of the group's activities. It is the policy of the group to give full and fair consideration to the employment of applicants who are disabled persons with suitable aptitudes and abilities.

## **CHARITABLE CONTRIBUTIONS**

During the year the group made various charitable contributions amounting to £2,035.

# **HARBOUR AND GENERAL WORKS LIMITED**

## **DIRECTORS' REPORT (Continued)**

### **DIRECTORS**

The Directors throughout the year were as follows:-

D.W. Hoggard	Chairman (Resigned 23rd March 1995)
M. Smith	Managing Director
P. A. Roebuck	
F. Stevenson	

In accordance with the Company's Articles of Association M. Smith retires and, being eligible, offers himself for re-election.

### **DIRECTORS' INTERESTS**

No director has any beneficial interest in the company's share capital.

The ultimate parent company has effected and maintained insurance for the directors against liabilities as officers in relation to the company.

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

select suitable accounting policies and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

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

prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

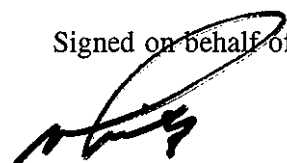
### **CLOSE COMPANY**

The close company provisions of the Income and Corporation Taxes Act 1988 do not apply to the company and there has been no change in this respect since the end of the financial year.

### **AUDITORS**

The auditors, Ernst & Young will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Board of Directors



M. Smith  
Managing Director

Approved by the Board on 29 February 1996

## **REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF**

### **HARBOUR AND GENERAL WORKS LIMITED**

We have audited the financial statements on pages 4 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

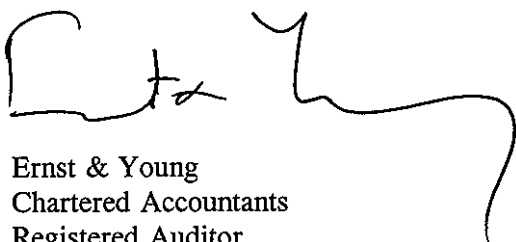
#### **BASIS OF OPINION**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

#### **OPINION**

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



Ernst & Young  
Chartered Accountants  
Registered Auditor  
Newcastle upon Tyne

29 February 1996

**HARBOUR AND GENERAL WORKS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST DECEMBER 1995**

NOTE	1995		1994	
	£	£	£	£
2	<b>TURNOVER</b>	30,409,784		23,691,882
	Cost of sales	(27,666,687)		(20,635,156)
		<hr/>		<hr/>
	<b>GROSS PROFIT</b>	2,743,097		3,056,726
	Administrative expenses	(2,615,913)		(2,953,416)
		<hr/>		<hr/>
3	<b>OPERATING PROFIT</b>	127,184		103,310
5	Interest payable	(47,725)	(30,217)	
6	Interest receivable	29,158	74,671	
		<hr/>	<hr/>	
		(18,567)		44,454
		<hr/>		<hr/>
	<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	108,617		147,764
7	Tax on profit on ordinary activities	(16,000)		(15,000)
		<hr/>		<hr/>
8	<b>PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING</b>	92,617		132,764
9	Dividends	(65,000)		(95,000)
		<hr/>		<hr/>
10	<b>RETAINED PROFIT FOR THE YEAR</b>	27,617		37,764
		<hr/>		<hr/>

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

The notes on pages 9 to 20 form part of these financial statements.

# HARBOUR AND GENERAL WORKS LIMITED

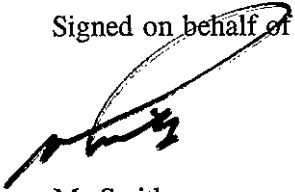
## CONSOLIDATED BALANCE SHEET

31ST DECEMBER 1995

NOTE	1995	1994
	£	£
<b>FIXED ASSETS</b>		
11 Tangible assets	1,615,841	1,624,794
<b>CURRENT ASSETS</b>		
13 Stocks	1,625,537	1,388,569
14 Debtors	4,902,703	4,808,056
Cash at bank and in hand	1,521,320	396,592
	<u>8,049,560</u>	<u>6,593,217</u>
15 <b>CREDITORS:</b> amounts falling due within one year	(7,211,124)	(5,751,919)
<b>NET CURRENT ASSETS</b>	<u>838,436</u>	<u>841,298</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>2,454,277</u>	<u>2,466,092</u>
16 <b>CREDITORS:</b> amounts falling due after more than one year	(8,000)	(11,000)
17 <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	(634,017)	(670,256)
19 <b>ACCRUALS AND DEFERRED INCOME</b>	(4,836)	(5,029)
	<u>(646,853)</u>	<u>(686,285)</u>
	<u>1,807,424</u>	<u>1,779,807</u>
<b>CAPITAL AND RESERVES</b>		
20 Called up share capital	300,000	300,000
Profit and loss account	1,507,424	1,479,807
21 <b>SHAREHOLDERS' FUNDS</b>	<u>1,807,424</u>	<u>1,779,807</u>

The notes on pages 9 to 20 form part of these financial statements.

Signed on behalf of the Board of Directors

  
M. Smith  
Managing Director

Approved by the Board on 29 February 1996

# HARBOUR AND GENERAL WORKS LIMITED

## PARENT UNDERTAKING BALANCE SHEET

31ST DECEMBER 1995

NOTE	1995	1994
	£	£
<b>FIXED ASSETS</b>		
11 Tangible assets	1,611,042	1,614,237
12 Investments	2,137	2,137
	<u>1,613,179</u>	<u>1,616,374</u>
<b>CURRENT ASSETS</b>		
13 Stocks	157,033	66,174
14 Debtors	5,178,205	4,954,153
Cash at bank and in hand	1,526,514	398,163
	<u>6,861,752</u>	<u>5,418,490</u>
15 <b>CREDITORS:</b> amounts falling due within one year	(6,766,850)	(5,339,155)
<b>NET CURRENT ASSETS</b>	<u>94,902</u>	<u>79,335</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>	<u>1,708,081</u>	<u>1,695,709</u>
16 <b>CREDITORS:</b> amounts falling due after more than one year	(8,000)	(11,000)
17 <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	(634,017)	(638,486)
19 <b>ACCRUALS AND DEFERRED INCOME</b>	(4,836)	(5,029)
	<u>(646,853)</u>	<u>(654,515)</u>
	<u>1,061,228</u>	<u>1,041,194</u>
<b>CAPITAL AND RESERVES</b>		
20 Called up share capital	300,000	300,000
Profit and loss account	761,228	741,194
21 <b>SHAREHOLDERS' FUNDS</b>	<u>1,061,228</u>	<u>1,041,194</u>

The notes on pages 9 to 20 form part of these financial statements.

Signed on behalf of the Board of Directors

  
M. Smith

Managing Director

Approved by the Board on 29 February 1996

**HARBOUR AND GENERAL WORKS LIMITED**

**CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31ST DECEMBER 1995**

	<b>1995</b>	<b>1994</b>
	£	£
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>	92,617	132,764
Reversal of unrealised surplus on revaluation of property	---	(247,974)
	<hr/>	<hr/>
<b>TOTAL RECOGNISED CHANGES RELATING TO THE YEAR</b>	92,617	(115,210)
	<hr/>	<hr/>

The notes on pages 9 to 20 form part of these financial statements.



# HARBOUR AND GENERAL WORKS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1995

NOTE	1995	1994
	£	£
<b>26 NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1,616,634</b>	<b>(1,816,301)</b>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	29,158	74,671
Interest paid	(36,165)	(12,103)
Interest element of finance lease rental payments	(11,560)	(18,114)
Dividend paid	(95,000)	(135,000)
Net cash outflow from returns on investments and servicing of finance	(113,567)	(90,546)
<b>TAXATION</b>		
Corporation tax paid	(9,905)	(225,769)
Tax paid	(9,905)	(225,769)
<b>INVESTMENT ACTIVITIES</b>		
Payments to acquire tangible fixed assets	(441,866)	(378,399)
Receipts from sale of tangible fixed assets	108,500	17,378
Net cash outflow from investment activities	(333,366)	(361,021)
<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>	<b>1,159,796</b>	<b>(2,493,637)</b>
<b>FINANCING</b>		
Capital element of financing lease rental payments	(35,068)	(107,485)
Net cash outflow from financing	(35,068)	(107,485)
<b>27 INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,124,728</b>	<b>(2,601,122)</b>

The notes on pages 9 to 20 form part of these financial statements.

# **HARBOUR AND GENERAL WORKS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES**

#### **ACCOUNTING CONVENTION**

The financial statements are prepared under the historical cost convention, as modified prior to 1994 by the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

#### **BASIS OF CONSOLIDATION**

The group financial statements consolidate the accounts of Harbour and General Works Limited and all its subsidiary undertakings made up to 31st December each year.

The group's share of the result and net assets of contracting joint ventures, when it has a significant influence, is included under each relevant heading within the profit and loss account and the balance sheet.

#### **DEPRECIATION**

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life, as follows:-

Freehold buildings	-	over 25 to 50 years
Plant and equipment	-	over 4 to 10 years

#### **GOVERNMENT GRANTS**

Government grants on capital expenditure are credited to a deferral account and released to revenue, over the expected useful life of each asset.

Grants of a revenue nature are credited to income in the period to which they relate.

#### **STOCKS**

Stocks and work in progress are stated at the lower cost or average cost and net realisable value.

Net realisable value is based on estimated selling price less, where appropriate, further costs expected to be incurred to disposal.

#### **LONG TERM CONTRACTS**

Long term contracts are stated at cost and include an allocation of overheads. Provision is made for estimated losses to completion. Profits are only taken when the final result can be assessed with reasonable certainty.

Progress payments received or receivable at the accounting date are deducted from the gross value of work completed and the balance included in debtors as "amounts recoverable on contracts", any excess being included in creditors as "payments on account".

Claims for work carried out are not accounted for until the outcome of the particular claim is certain.

# **HARBOUR AND GENERAL WORKS LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

### **1. ACCOUNTING POLICIES (continued)**

#### **DEFERRED TAXATION**

Deferred taxation is provided on the liability method on all timing differences to the extent that a liability may crystallise in the foreseeable future.

#### **DEFERRED REPAIRS**

Provision for deferred repairs is made by reference to the cost of repairs incurred during the year compared with a predetermined proportion, based on past years' experience, of the year's relevant turnover.

#### **LEASING COMMITMENTS**

Assets obtained under finance lease contracts are capitalised in the balance sheet and are depreciated over their useful lives. A corresponding amount is reflected in leasing indebtedness. The amount by which the payment to the leasing companies exceeds the depreciation charge is written off annually against profits.

#### **OPERATING LEASES**

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

#### **PENSION COSTS**

The Harbour and General Works Group operates a funded defined benefits pension scheme for many of its employees. Payments made to the scheme and charged against profits are calculated with actuarial advice and represent a proper charge to cover the accruing liabilities on a continuing basis. An independent actuarial valuation of the scheme is made every three years.

### **2. TURNOVER**

Turnover represents the following:-

- (a) The value of work executed on contracts during the year.
- (b) The amount invoiced during the year for goods supplied and services provided.

This turnover is stated net of value added tax and includes inter-group sales of £14,711 (1994 - £494,025).

All of the group's turnover relates to work undertaken on its principal activities within the United Kingdom.

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 3. OPERATING PROFIT

(a) This is stated:	1995 £	1994 £
After charging		
Directors' emoluments (see below)	211,383	193,541
Auditors' remuneration - audit	46,000	52,000
- non audit	5,000	17,750
Depreciation of tangible fixed assets	367,567	335,513
Hire of plant and machinery	2,453,389	1,857,109
Other operating leases	16,833	11,000
Transfer to provision for deferred repairs	16,713	48,424
Transfer to provision for sundry risks	---	25,000
After crediting		
Profit on sale of tangible fixed assets	25,248	6,461
Release of deferred government grant	193	194
Transfer from provision for pension obligations	21,182	18,538
(b) Directors' emoluments:	£	£
Fees	---	---
Other emoluments (including pension contributions)	211,383	193,541
	<u>211,383</u>	<u>193,541</u>
Emoluments (excluding pension contributions) of the highest paid director	<u>70,639</u>	<u>63,069</u>

The chairman received no emoluments.

The emoluments (excluding pension contributions) of the directors fell within the following ranges:

	No.	No.
0 - £5,000	1	1
£55,001 - £60,000	---	2
£60,001 - £65,000	2	1
£70,001 - £75,000	1	---

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 4. STAFF COSTS

	1995 £	1994 £
Wages and salaries	5,291,361	4,805,405
Social security costs	524,033	468,735
Other pension costs	186,134	185,659
	<u>6,001,528</u>	<u>5,459,799</u>

The average weekly number of employees during the year was made up as follows:

	No.	No.
Management and administrative	133	129
Operational	164	159
	<u>297</u>	<u>288</u>

### 5. INTEREST PAYABLE

	1995 £	1994 £
Group undertakings	33,028	10,594
Bank overdraft	3,137	1,509
Lease purchase interest	11,560	18,114
	<u>47,725</u>	<u>30,217</u>

### 6. INTEREST RECEIVABLE

	1995 £	1994 £
Bank deposit interest	26,985	74,671
Other interest	2,173	---
	<u>29,158</u>	<u>74,671</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	1995 £	1994 £
Corporation tax at 33% (1994 - 33%)		
Based on the result for the year	27,978	19,528
Adjustment for overprovision in previous years	(11,978)	(4,528)
	<u>16,000</u>	<u>15,000</u>

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 8. PROFIT ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

	1995 £	1994 £
Dealt with in the financial statements of:		
The parent undertaking	85,034	125,289
The subsidiary undertakings	7,583	7,475
	<u>92,617</u>	<u>132,764</u>

The company has taken advantage of the exemption conferred by Section 230 of the Companies Act 1985 not to prepare a separate profit and loss account of the parent undertaking.

### 9. DIVIDENDS

	1995 £	1994 £
Final proposed	<u>65,000</u>	<u>95,000</u>

### 10. RETAINED PROFIT CARRIED FORWARD

	1995		1994	
	£	£	£	£
Parent undertaking:				
Retained profit brought forward	741,194		710,905	
Retained profit for year	20,034		30,289	
	<u>          </u>	761,228	<u>          </u>	741,194
Subsidiary undertakings:				
Retained profit brought forward	738,613		730,649	
Retained profit for year	7,583		7,475	
Release of consolidation revaluation adjustment	---		489	
	<u>          </u>	746,196	<u>          </u>	738,613
		<u>          </u>		<u>          </u>
		1,507,424		1,479,807
		<u>          </u>		<u>          </u>

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Plant and <u>equipment</u> Purchased £	Leased £	The Company £	Subsidiary <u>Undertakings</u> Plant £	The Group £
Cost						
At 1.1.95	414,584	2,792,353	1,086,618	4,293,555	82,248	4,375,803
Additions	65,079	376,787	---	441,866	---	441,866
Disposals	---	(214,805)	---	(214,805)	(24,668)	(239,473)
At 31.12.95	479,663	2,954,335	1,086,618	4,520,616	57,580	4,578,196
Depreciation:						
At 1.1.95	201,139	1,682,509	795,670	2,679,318	71,691	2,751,009
Charge for year	10,026	288,576	63,207	361,809	5,758	367,567
Disposals	- --	(131,553)	---	---	(24,668)	(156,221)
At 31.12.95	211,165	1,839,532	858,877	2,909,574	52,781	2,962,355
Net book value at 31.12.95	268,498	1,114,803	227,741	1,611,042	4,799	1,615,841
Net book value at 31.12.94	213,445	1,109,844	290,948	1,614,237	10,557	1,624,794

Depreciation has not been charged on freehold land which is stated at its cost of £2,026.

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 12. INVESTMENTS

	1995 £	1994 £
Share in group undertakings (at cost)	2,137	2,137

The company holds 100% of the equity of the following subsidiary undertakings, which have been included in the consolidated accounts:

Name of undertaking	Country of registration	Holding	Nature of business
Harbour & General Works (Stevin) Limited	England and Wales	100 shares	Civil Engineering
Brooks Contracting Co. Limited	England and Wales	3,000 shares	Plant hire, formwork and steelwork fabrication
Steel Foundations Limited	England and Wales	100 shares	Civil Engineering and pile trading.

### 13. STOCKS

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Raw materials and consumables	288,382	196,766	35,592	28,001
Piling stock	1,211,621	1,145,270	---	---
Long term contract balances				
Net cost less foreseeable losses	121,441	38,658	121,441	38,173
Work in progress	4,093	7,875	---	---
	<u>1,625,537</u>	<u>1,388,569</u>	<u>157,033</u>	<u>66,174</u>

### 14. DEBTORS

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Amounts owed by group undertakings	---	26,936	106,822	462,449
Trade debtors	2,114,094	2,481,950	1,864,545	2,055,358
Amounts recoverable on contracts	2,636,912	2,135,800	2,612,968	1,963,359
Dividends receivable	---	---	345,000	239,285
Corporation tax recoverable	---	---	136,211	105,764
Other debtors	4,716	3,865	4,716	3,865
Prepayments and accrued income	146,981	159,505	107,943	124,073
	<u>4,902,703</u>	<u>4,808,056</u>	<u>5,178,205</u>	<u>4,954,153</u>



# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 15. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Amounts owed to group undertakings	471,595	518,159	835,478	708,027
Trade creditors	5,535,993	4,250,993	4,808,760	3,742,326
Obligations under finance leases	3,000	35,068	3,000	35,068
Payments on account	900	26,265	---	---
Provision for foreseeable losses	79,836	97,405	79,836	97,405
Proposed dividend	65,000	95,000	65,000	95,000
Corporation tax	27,978	21,883	---	---
Other taxes and social security costs	814,799	460,341	814,799	460,341
Accruals and deferred income	212,023	246,805	159,977	200,988
	<u>7,211,124</u>	<u>5,751,919</u>	<u>6,766,850</u>	<u>5,339,155</u>

### 16. OBLIGATIONS UNDER FINANCE LEASES

The amount due in respect of obligations under finance leases is the same for the group and the company and is made up as follows:

	1995	1994
	£	£
Year ending		
31.12.95	---	35,068
31.12.96	3,000	3,000
31.12.97	3,000	3,000
31.12.98	3,000	3,000
31.12.99	2,000	2,000
	<u>11,000</u>	<u>46,068</u>
Current obligations	3,000	35,068
Non-current obligations	8,000	11,000
	<u>11,000</u>	<u>46,068</u>

The above leases are held in the name of the parent undertaking.

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 17. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Pension obligations	221,858	243,040	221,858	243,040
Deferred repairs	197,159	180,446	197,159	180,446
Sundry risks	215,000	246,770	215,000	215,000
	<u>634,017</u>	<u>670,256</u>	<u>634,017</u>	<u>638,486</u>

### 18. DEFERRED TAXATION

	Group		Company	
	1995	1994	1995	1994
	£	£	£	£
Capital allowances in advance of depreciation	100,500	102,250	100,500	100,500
Other timing differences	(209,500)	(254,000)	(209,500)	(243,000)
Amount unprovided	<u>(109,000)</u>	<u>(151,750)</u>	<u>(109,000)</u>	<u>(142,500)</u>

### 19. ACCRUALS AND DEFERRED INCOME

The amount in respect of deferred government grant is the same for the company and group as follows:  
£

Unutilised at 1st January 1995	5,029
Released to profit and loss account	193
Unutilised at 31st December 1995	<u>4,836</u>

### 20. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1995	1994	1995	1994
	No.	No.	£	£
Ordinary shares of £1 each	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>	<u>300,000</u>

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Profit for the financial year	92,617	132,764	85,034	125,289
Dividend	(65,000)	(95,000)	(65,000)	(95,000)
	<u>27,617</u>	<u>37,764</u>	<u>20,034</u>	<u>30,289</u>
Other recognised charges relating to the year	---	(247,974)	---	(247,974)
Net additions/(reductions in) shareholders' funds	<u>27,617</u>	<u>(210,210)</u>	<u>20,034</u>	<u>(217,685)</u>
Opening shareholders' funds at 1.1.95	1,779,807	1,990,017	1,041,194	1,258,879
Closing shareholders' funds at 31.12.95	<u><u>1,807,424</u></u>	<u><u>1,779,807</u></u>	<u><u>1,061,228</u></u>	<u><u>1,041,194</u></u>

### 22. COMMITMENTS

#### (a) Capital

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Amounts contracted for but not provided in the financial statements	---	---	---	---
Amounts authorised by the directors but not contracted for	---	---	---	---

#### (b) Lease commitments - operating leases

At the balance sheet date the group and the company had commitments under operating leases falling due within the next twelve months as follows:-

	Group		Company	
	1995 £	1994 £	1995 £	1994 £
Land and buildings				
Expiring within two to five years inclusive	---	5,000	---	5,000
Expiring in over five years	6,000	6,000	6,000	6,000
Other- contract hire vehicles				
Expiring within one year	99,061	47,533	---	---
Expiring within two to five years inclusive	195,002	215,038	---	---
	<u><u>300,063</u></u>	<u><u>273,571</u></u>	<u><u>6,000</u></u>	<u><u>11,000</u></u>

## **HARBOUR AND GENERAL WORKS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS**

#### **23. PENSION SCHEME**

The group operates a funded defined benefits pension scheme based on final pensionable salary. The assets of the scheme are held separately from those of the group, in an independently administered fund. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained-age method.

The most recent valuation was at 1st January 1993 and was based on the attained-age method. The principal assumptions used were:-

that the average long-term rate of investment return will be 9% per annum net of expenses;

that the average rate of salary growth will be 7% per annum compound;

that mortality will be in accordance with appropriate modern tables;

early retirement has been allowed for between ages 60 and 65, for males and females, in accordance with a sliding scale;

no specific allowance has been made for withdrawals.

The valuation showed that the market value of the scheme's assets was £3,361,897 and that the actuarial value of those assets, based on the discounted income value, represented 117% of the benefits that had accrued to members, after allowing for expected future increases in earnings.

#### **24. CONTINGENT LIABILITIES**

There were contingent liabilities at 31st December 1995 as follows:-

- (a) A guarantee in respect of the bank indebtedness of subsidiary undertakings.
- (b) Performance bonds given by the company on behalf of its subsidiaries and agreements entered into in the normal course of business.

#### **25. PARENT COMPANY**

The company is a wholly owned undertaking of Volker Stevin (UK) Limited, a company registered in England and Wales.

The ultimate parent company is Royal Volker Stevin NV incorporated in The Netherlands.

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 26. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	1995 £	1994 £
Operating profit	127,184	103,310
Depreciation charges	367,567	335,513
(Profit) on sale of tangible fixed assets	(25,248)	(6,461)
(Decrease)/Increase in provisions	(36,239)	66,656
(Decrease) in government grants	(193)	(194)
(Increase) in stocks	(236,968)	(161,008)
(Increase) in debtors	(121,583)	(1,717,389)
Increase/(Decrease) in creditors	1,561,742	(773,259)
Transfer of funds or services to other group companies	(19,628)	336,531
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>1,616,634</b>	<b>(1,816,301)</b>

### 27. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE YEAR

	1995 £	1994 £
Cash at bank and in hand		
Balance at 31st December 1995	1,521,320	396,592
Balance at 1st January 1995	396,592	2,997,714
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>1,124,728</b>	<b>(2,601,122)</b>