

HARBOUR AND GENERAL WORKS LIMITED

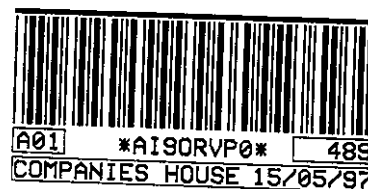
ANNUAL REPORT

AND

FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1996

COMPANY NUMBER 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 31 December 1996.

### **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 5.

The Directors are recommending that no dividend be paid. The loss for the year of (£72,303) is being deducted from reserves.

### **REVIEW OF THE BUSINESS**

The year offered little in the way of improved trading conditions. Despite signs of restructuring in sectors of the industry, the market remained ultra competitive as many organisations continued as in previous years to report unsatisfactory results.

During the year, a policy of caution was maintained towards exposure to risk with efforts being concentrated on seeking opportunities which offered prospects of achieving profitability. As a result, turnover for 1996 fell below that of the previous year, resulting in a small loss.

A substantial improvement in order book during the latter part of the year, together with a number of new opportunities for the future have given encouragement to achieving an improved result for 1997.

### **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 £1,690.

## **HARBOUR AND GENERAL WORKS LIMITED**

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

#### **DIRECTORS**

The Directors throughout the year were as follows:-

M. Smith	Managing Director
P. A. Roebuck	
F. Stevenson	

In accordance with the Company's Articles of Association P.A. Roebuck 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.

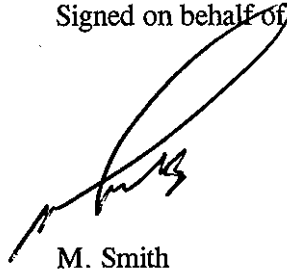
#### **CLOSE COMPANY**

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 10 April 1997

## **HARBOUR AND GENERAL WORKS LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company 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.

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

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

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 9 and 10.

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

As described on page 3, 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.

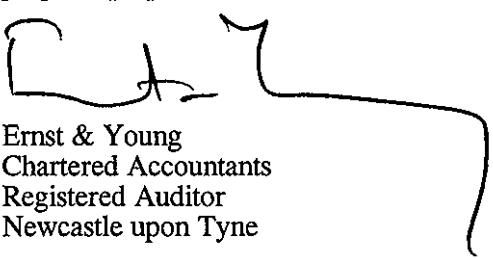
#### **BASIS OF OPINION**

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 31 December 1996 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

10 April 1997

# HARBOUR AND GENERAL WORKS LIMITED

## CONSOLIDATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 DECEMBER 1996

NOTE	£	1996 £	£	1995 £
2	<b>TURNOVER</b>		23,714,410	30,409,784
	Cost of sales		(20,762,853)	(27,666,687)
	<b>GROSS PROFIT/(LOSS)</b>		2,951,557	2,743,097
	Administrative expenses		(3,068,719)	(2,615,913)
3	<b>OPERATING PROFIT/(LOSS)</b>		(117,162)	127,184
5	Interest payable	(62,691)		(47,725)
6	Interest receivable	18,369		29,158
			(44,322)	(18,567)
	<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(161,484)	108,617
7	Tax on profit on ordinary activities		89,181	(16,000)
8	<b>PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING</b>		(72,303)	92,617
9	Dividends		—	(65,000)
10	<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>		(72,303)	27,617

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

The company has no recognised gains or losses other than the results for the above two financial years.

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

## CONSOLIDATED BALANCE SHEET

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

**M. Smith**  
**Managing Director**

6

**PARENT UNDERTAKING BALANCE SHEET**  
**31 DECEMBER 1996**

7



# HARBOUR AND GENERAL WORKS LIMITED

## CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 1996

NOTE	£	1996	£	£	1995	£
27	<b>NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES</b>		(900,828)		1,616,634	
	<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>					
	Interest received	18,369		29,158		
	Interest paid	(62,606)		(36,165)		
	Interest element of finance lease rental payments	(85)		(11,560)		
	Dividend paid	(65,000)		(95,000)		
	Net cash outflow from returns on investments and servicing of finance		(109,322)		(113,567)	
	<b>TAXATION</b>					
	Corporation tax paid	(26,797)		(9,905)		
	Tax paid		(26,797)		(9,905)	
	<b>INVESTING ACTIVITIES</b>					
	Payments to acquire tangible fixed assets	(439,152)		(441,866)		
	Receipts from sale of tangible fixed assets	68,717		108,500		
	Net cash outflow from investing activities		(370,435)		(333,366)	
	<b>NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING</b>		(1,407,382)		1,159,796	
	<b>FINANCING</b>					
	Capital element of financing lease rental payments	146,901		(35,068)		
	Net cash inflow/(outflow) from financing		146,901		(35,068)	
28	<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>		(1,260,481)		1,124,728	

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, 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 31 December each year.

#### **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 3 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 of purchase 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 £929,296 (1995 - £14,711).

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:	1996 £	1995 £
After charging		
Directors' emoluments (see below)	208,618	211,383
Auditors' remuneration - audit	35,000	46,000
- non audit	2,750	5,000
Depreciation of tangible fixed assets	323,901	367,567
Transfer to provision for deferred repairs	---	16,713
After crediting		
Profit on sale of tangible fixed assets	56,493	25,248
Release of deferred government grant	194	193
Transfer from provision for pension obligations	19,978	21,182
Transfer from provisions for deferred repairs	63,445	---
(b) Directors' emoluments:	£	£
Fees	---	---
Other emoluments (including pension contributions)	208,618	211,383
	<u>208,618</u>	<u>211,383</u>
Emoluments (excluding pension contributions) of the highest paid Director	<u>69,722</u>	<u>70,639</u>

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

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

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 4. STAFF COSTS

	1996 £	1995 £
Wages and salaries	4,927,799	5,291,361
Social security costs	463,640	524,033
Other pension costs	189,695	186,134
	<u>5,581,134</u>	<u>6,001,528</u>

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

	No.	No.
Management and administrative	131	133
Operational	149	164
	<u>280</u>	<u>297</u>

### 5. INTEREST PAYABLE

	1996 £	1995 £
Group undertakings	49,840	33,028
Bank overdraft	12,766	3,137
Lease purchase interest	85	11,560
	<u>62,691</u>	<u>47,725</u>

### 6. INTEREST RECEIVABLE

	1996 £	1995 £
Bank deposit interest	17,684	26,985
Other interest	685	2,173
	<u>18,369</u>	<u>29,158</u>

### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:

	1996 £	1995 £
Corporation tax at 33% (1995 - 33%)		
Based on the result for the year	---	27,978
Group relief	(88,000)	---
Adjustment for over provision in previous years	(1,181)	(11,978)
	<u>(89,181)</u>	<u>16,000</u>

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 8. PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE PARENT UNDERTAKING

	1996 £	1995 £
Dealt with in the financial statements of:		
The parent undertaking	(77,644)	85,034
The subsidiary undertakings	5,341	7,583
	<u>(72,303)</u>	<u>92,617</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

	1996 £	1995 £
Final proposed	---	65,000

### 10. RETAINED PROFIT CARRIED FORWARD

	£	1996 £	£	1995 £	£
Parent undertaking:					
Retained profit brought forward	761,228		741,194		
Retained profit/(loss) for year	(77,644)		20,034		
	<u>        </u>	683,584	<u>        </u>	761,228	
Subsidiary undertakings:					
Retained profit brought forward	746,196		738,613		
Retained profit for year	5,341		7,583		
	<u>        </u>	751,537	<u>        </u>	746,196	
		<u>        </u>		<u>        </u>	
		1,435,121		1,507,424	
		<u>        </u>		<u>        </u>	

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### 11. TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Purchased £	Plant and equipment Leased £	The Company £	Subsidiary Undertakings Plant £	The Group £
Cost						
At 1.1.96	479,663	2,954,335	1,086,618	4,520,616	57,580	4,578,196
Additions	179,990	106,256	152,906	439,152	---	439,152
Disposals	---	(250,891)	(43,500)	(294,391)	---	(294,391)
At 31.12.96	659,653	2,809,700	1,196,024	4,665,377	57,580	4,722,957
Depreciation:						
At 1.1.96	211,165	1,839,532	858,877	2,909,574	52,781	2,962,355
Charge for year	13,742	274,010	31,350	319,102	4,799	323,901
Disposals	---	(238,667)	(43,500)	(282,167)	---	(282,167)
At 31.12.96	224,907	1,874,875	846,727	2,946,509	57,580	3,004,089
Net book value at 31.12.96	434,746	934,825	349,297	1,718,868	---	1,718,868
Net book value at 31.12.95	268,498	1,114,803	227,741	1,611,042	4,799	1,615,841

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

	1996 £	1995 £
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
Volker Stevin Piling & Contracting 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	
	1996 £	1995 £	1996 £	1995 £
Raw materials and consumables	318,687	288,382	25,710	35,592
Piling stock	923,408	1,211,621	---	---
Long term contract balances				
Net cost less foreseeable losses	37,537	121,441	36,871	121,441
Work in progress	11,673	4,093	---	---
	<u>1,291,305</u>	<u>1,625,537</u>	<u>62,581</u>	<u>157,033</u>

### 14. DEBTORS

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Amounts owed by group undertakings	---	---	---	106,822
Trade debtors	3,060,338	2,114,094	2,813,850	1,864,545
Amounts recoverable on contracts	2,134,706	2,636,912	1,652,208	2,612,968
Dividends receivable	---	---	127,500	345,000
Corporation tax recoverable	---	---	152,812	136,211
Other debtors	5,396	4,716	5,396	4,716
Prepayments and accrued income	252,641	146,981	212,331	107,943
	<u>5,453,081</u>	<u>4,902,703</u>	<u>4,964,097</u>	<u>5,178,205</u>



# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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

	Group		Company	
	1996 £	1995 £	1996 £	1995 £
Amounts owed to group undertakings	116,197	471,595	182,481	835,478
Trade creditors	4,936,174	5,535,993	3,928,785	4,808,760
Obligations under finance leases	33,581	3,000	33,581	3,000
Payments on account	510,099	900	503,482	---
Provision for foreseeable losses	---	79,836	---	79,836
Proposed dividend	---	65,000	---	65,000
Corporation tax	---	27,978	---	---
Other taxes and social security costs	491,591	814,799	491,591	814,799
Accruals and deferred income	221,774	212,023	205,462	159,977
	<u>6,309,416</u>	<u>7,211,124</u>	<u>5,345,382</u>	<u>6,766,850</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:

	1996 £	1995 £
Year ending		
31.12.1996	---	3,000
31.12.1997	33,581	3,000
31.12.1998	33,581	3,000
31.12.1999	32,581	2,000
31.12.2000	30,581	---
31.12.2001	27,577	---
	<u>157,901</u>	<u>11,000</u>
Current obligations	33,581	3,000
Non-current obligations	124,320	8,000
	<u>157,901</u>	<u>11,000</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	
	1996	1995	1996	1995
	£	£	£	£
Pension obligations	201,880	221,858	201,880	221,858
Deferred repairs	133,714	197,159	133,714	197,159
Sundry risks	215,000	215,000	215,000	215,000
	<u>550,594</u>	<u>634,017</u>	<u>550,594</u>	<u>634,017</u>

### 18. DEFERRED TAXATION

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Capital allowances in advance of depreciation	95,000	100,500	95,000	100,500
Other timing differences	(182,000)	(209,500)	(182,000)	(209,500)
Amount unprovided	<u>(87,000)</u>	<u>(109,000)</u>	<u>(87,000)</u>	<u>(109,000)</u>

### 19. ACCRUALS AND DEFERRED INCOME

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

	£
Balance as at 1 January 1996	4,836
Released to profit and loss account	194
Balance at 31 December 1996	<u>4,642</u>

### 20. SHARE CAPITAL

	Authorised		Allotted, called up and fully paid	
	1996	1995	1996	1995
	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	
	1996 £	1995 £	1996 £	1995 £
Profit/(Loss) for the financial year	(72,303)	92,617	(77,644)	85,034
Dividend	---	(65,000)	---	(65,000)
	<u>(72,303)</u>	<u>27,617</u>	<u>(77,644)</u>	<u>20,034</u>
Other recognised charges relating to the year	---	---	---	---
Net additions/(reductions in) shareholders' funds	<u>(72,303)</u>	<u>27,617</u>	<u>(77,644)</u>	<u>20,034</u>
Opening shareholders' funds at 1.1.96	1,807,424	1,779,807	1,061,228	1,041,194
Closing shareholders' funds at 31.12.96	<u>1,735,121</u>	<u>1,807,424</u>	<u>983,584</u>	<u>1,061,228</u>

### 22. COMMITMENTS

#### 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	
	1996 £	1995 £	1996 £	1995 £
Land and buildings				
Expiring within two to five years inclusive	---	---	---	---
Expiring in over five years	30,513	6,000	30,513	6,000
Other- contract hire vehicles				
Expiring within one year	58,237	99,061	---	---
Expiring within two to five years inclusive	204,840	195,002	---	---
	<u>293,590</u>	<u>300,063</u>	<u>30,513</u>	<u>6,000</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 1 January 1996 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 £6,171,796 and that the actuarial value of those assets, based on the discounted income value, represented 111 % of the benefits that had accrued to members, after allowing for expected future increases in earnings.

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

There were contingent liabilities at 31 December 1996 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.

#### **26. RELATED PARTIES**

The company has taken advantage of the exemption given to wholly owned subsidiary undertakings on disclosure.

# HARBOUR AND GENERAL WORKS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

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

	1996 £	1995 £
Operating profit/(loss)	(117,162)	127,184
Depreciation charges	323,901	367,567
(Profit) on sale of tangible fixed assets	(56,493)	(25,248)
(Decrease) in provisions	(83,423)	(36,239)
(Decrease) in government grants	(194)	(193)
(Increase)/Decrease in stocks	334,232	(236,968)
(Increase) in debtors	(550,378)	(121,583)
Increase/(Decrease) in creditors	(483,913)	1,561,742
Transfer of funds or services to other group companies	(267,398)	(19,628)
<b>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>	<b>(900,828)</b>	<b>1,616,634</b>

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

	1996 £	1995 £
Cash at bank and in hand		
Balance at 31 December 1996	260,839	1,521,320
Balance at 1 January 1996	1,521,320	396,592
<b>INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS</b>	<b>(1,260,481)</b>	<b>1,124,728</b>