

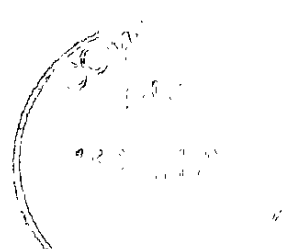
POCHIN (CONTRACTORS) LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31ST MAY 1993

Registered Number 396388



POCHIN (CONTRACTORS) LIMITED
REPORT AND ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1993

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POCHIN (CONTRACTORS) LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited accounts for the year ended 31st May 1993.

PRINCIPAL ACTIVITIES

The company continues to be principally engaged in building and civil engineering contracting, and operates within the United Kingdom.

REVIEW OF BUSINESS

During the year the company pursued its principal activities but trading resulted in a loss for the year.

The company is currently endeavouring to maintain its activities and to seek an increase in the more profitable areas of its business in the future.

RESULTS AND DIVIDENDS

The loss for the year after taxation was £211,585 (1992: profit £401,373). The directors recommend the payment of a dividend of 38.6p per share amounting to £600,000 leaving a balance on profit and loss account of £88,415 after crediting dividends receivable from subsidiary companies of £900,000.

DIRECTORS

The directors who held office during the year were:

N.J.Pochin (Chairman)
J.H.Woodcock
P.Walker
L.R.Murray

The director retiring by rotation in accordance with the Articles of Association is Mr.L.R.Murray who, being eligible, offers himself for re-election.

DIRECTORS' RESPONSIBILITY

The directors are required by UK law to prepare financial statements for each financial year which give a fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss for that period. In preparing the financial statements, appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made. Applicable accounting standards have been followed. The directors are responsible for maintaining adequate accounting records, safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

FIXED ASSETS

Notes in tangible assets are shown in note 8 on page 10.

EMPLOYEES

Information about the company and factors affecting its performance is provided to employees through the house magazine, Pochin Post.

The company continues to give full and fair consideration to applications for employment by disabled persons where they have the necessary abilities and skills for the position, and wherever possible continues to employ persons who become disabled while they are with the company. The group ensures that training, career development and promotion opportunities for disabled persons are, as far as possible, identical to those of other employees who are not disabled.

REGISTERED AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Coopers & Lybrand as registered auditors of the company and to authorise the board to fix their remuneration.

BY ORDER OF THE BOARD



D. SHAW
Secretary
MIDDLEWICH,
7th October 1993

REPORT OF THE AUDITORS TO THE MEMBERS OF

POCHIN (CONTRACTORS) LIMITED

We have audited the financial statements on pages 5 to 12

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.

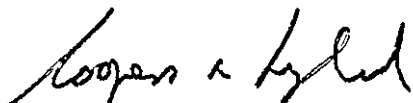
Basis of opinion

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 at 31st May, 1993 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



COOPERS & LYBRAND
Chartered Accountants and Registered Auditors
LIVERPOOL
3rd November, 1993

POCHIN (CONTRACTORS) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST MAY 1993

| | <u>NOTES</u> | <u>1993</u> £ | <u>1992</u> £ |
|---|--------------|------------------|------------------|
| TURNOVER | 1 | 10,177,034 | 16,533,874 |
| Cost of sales | | 10,233,020 | 14,400,846 |
| | | <hr/> | <hr/> |
| GROSS (LOSS)/PROFIT | | (55,986) | 2,133,028 |
| Operating expenses | 2 | 258,457 | 1,518,843 |
| | | <hr/> | <hr/> |
| OPERATING (LOSS)/PROFIT | | (314,443) | 614,185 |
| Other Income | 3 | 238 | 1,958 |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | 4 | (314,205) | 616,143 |
| Taxation | 7 | (102,620) | 214,770 |
| | | <hr/> | <hr/> |
| (LOSS)/PROFIT FOR THE YEAR | | (211,585) | 401,373 |
| Dividends receivable from subsidiary companies | | 900,000 | 1,200,000 |
| Dividend payable | | (600,000) | (1,500,000) |
| | | <hr/> | <hr/> |
| RETAINED PROFIT FOR THE YEAR | | 88,415 | 101,373 |
| RETAINED PROFIT AT 1ST JUNE 1992 | | 1,563,848 | 1,462,475 |
| | | <hr/> | <hr/> |
| RETAINED PROFIT AT 31ST MAY 1993 | | £ 1,652,263 | £ 1,563,848 |
| | | ===== | ===== |

POCHIN (CONTRACTORS) LIMITED

BALANCE SHEET AS AT 31ST MAY 1993

| | <u>NOTES</u> | <u>1993</u> £ | <u>1992</u> £ |
|---|--------------|------------------|------------------|
| FIXED ASSETS | | | |
| Tangible Assets | 8 | 221,283 | 119,757 |
| | | ----- | ----- |
| INVESTMENT IN SUBSIDIARIES | 15 | 88,926 | 88,926 |
| | | ----- | ----- |
| CURRENT ASSETS | | | |
| Stocks and work in progress | 9 | 795,872 | 962,805 |
| Debtors | 10 | 11,219,882 | 10,584,192 |
| Cash in hand | | 7,329 | 7,176 |
| | | ----- | ----- |
| | | 12,023,083 | 11,554,173 |
| | | ----- | ----- |
| CURRENT LIABILITIES | | | |
| Creditors | 11 | 7,707,579 | 7,509,609 |
| | | ----- | ----- |
| NET CURRENT ASSETS | | 4,315,504 | 4,044,564 |
| | | ----- | ----- |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 4,625,713 | 4,253,247 |
| | | ----- | ----- |
| PROVISIONS FOR LIABILITIES AND CHARGES | 12 | 1,134,744 | 1,035,474 |
| FINANCE LEASE INSTALMENTS | 13 | 184,781 | - |
| | | ----- | ----- |
| | | £ 3,306,188 | £ 3,217,773 |
| | | ***** | ***** |
| CAPITAL AND RESERVES | | | |
| Called-up share capital | 14 | 1,553,500 | 1,553,500 |
| Other non-distributable reserves | | 100,425 | 100,425 |
| Profit and loss account | | 1,652,263 | 1,563,848 |
| | | ----- | ----- |
| | | £ 3,306,188 | £ 3,217,773 |
| | | ***** | ***** |

The accounts on pages 5 to 12 were approved at a meeting of the Board of Directors on 7th October 1993 and were signed on its behalf by:

Nicholas J. Pochin

N.J. POCHIN

Directors

J.H. Woodcock

J.H. WOODCOCK

POCHIN (CONTRACTORS) LIMITED

ACCOUNTING POLICIES

The accounts have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The accounts have been prepared on the historical cost basis of accounting.

Cash Flow Statement

A cash flow statement has not been produced under the requirements of Financial Reporting Standard 1. The company is claiming exemption as the ultimate holding company publishes a consolidated financial statement incorporating the results of the company and this complies with the provisions necessary for exemption.

Turnover

Turnover is the total estimated value of work executed, whether invoiced or not, excluding Value Added Tax.

Stocks and Development Work in Progress

Stocks comprise building materials and are stated at the lower of cost and net realisable value.

Development work in progress includes development land and buildings and is stated at the lower of cost and net realisable value. Cost excludes interest incurred.

Long-term Contracts

In accordance with Statement of Standard Accounting Practice No. 9 (Revised), amounts recoverable on contracts, being the excess of sales value of work executed over payments received on account are included in debtors. Excess payments received are included in creditors.

Full provision is made for all foreseeable losses.

Depreciation

Depreciation is provided on the cost of office equipment over its estimated useful life in equal annual instalments over 3-5 years.

Deferred Taxation

Deferred taxation is provided under the liability method if there is reasonable probability that it may be required in the foreseeable future.

Finance Leases

Assets leased under finance leases are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. These assets are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

POCHIN (CONTRACTORS) LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1993

1. TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities before taxation are attributable to the company's sole class of business, namely building and civil engineering contracting in the United Kingdom.

2. OPERATING EXPENSES

| | <u>1993</u> | <u>1992</u> |
|-------------------------|-------------|-------------|
| | £ | £ |
| Distribution costs | 71,714 | 121,529 |
| Administrative expenses | 196,743 | 1,397,314 |
| | <hr/> | <hr/> |
| | £ 258,457 | £ 1,518,843 |
| | ===== | ===== |

3. OTHER INCOME

| | | |
|---------------------|-------|---------|
| Interest receivable | £ 238 | £ 1,958 |
| | === | ===== |

4. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The (loss)/profit on ordinary activities before taxation is stated after charging:

| | | |
|-----------------------------------|---------|---------|
| Hire of plant and machinery | 184,593 | 920,248 |
| Auditors' remuneration | 15,800 | 15,800 |
| Depreciation charge for the year: | | |
| Owned assets | 63,507 | 87,985 |
| Assets held under a finance lease | 18,277 | - |
| | <hr/> | <hr/> |

5. DIRECTORS AND EMPLOYEES

The average number of persons employed by the company during the year was:

| | <u>1993</u> | <u>1992</u> |
|-----------------------|-------------|-------------|
| Hourly paid employees | 214 | 226 |
| Salaried staff | 106 | 108 |
| | <hr/> | <hr/> |
| | 320 | 334 |
| | <hr/> | <hr/> |

| | | |
|--------------------------------------|-------------|-------------|
| Employee costs during the year were: | £ | £ |
| Wages and salaries | 3,700,690 | 3,975,347 |
| Social security costs | 275,414 | 285,402 |
| Other pension costs | 236,398 | 166,794 |
| | <hr/> | <hr/> |
| | £ 4,212,502 | £ 4,427,543 |
| | ===== | ===== |

POCHIN (CONTRACTORS) LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1993

5. DIRECTORS AND EMPLOYEES (continued)

| | <u>1993</u> £ | <u>1992</u> £ |
|---|------------------|------------------|
| Remuneration paid to directors (including pension contributions) | £ 274,338 | £ 255,493 |
| Emoluments (excluding pension contributions) include amounts paid to: | | |
| The Chairman: | £ 82,258 | £ 79,820 |

| | | |
|--|----------|----------|
| The highest paid director (other than the chairman): | £ 64,923 | £ 59,615 |
|--|----------|----------|

The number of other directors who received emoluments (excluding pension contributions) in the following ranges was:

| | Number | Number |
|----------------------|--------|--------|
| Not exceeding £5,000 | - | " |
| £5,001 - £10,000 | - | " |
| £10,001 - £15,000 | - | 1 |
| £20,001 - £25,000 | - | 1 |
| £35,001 - £40,000 | 1 | - |
| £55,001 - £60,000 | - | 1 |
| £60,001 - £65,000 | 1 | " |

6. PENSION COSTS

The company participates in a pension plan operated on a group basis providing benefits based on final pensionable pay. The assets of the plan are held separately from those of the company and of the group, being invested in an Exempt Unit Fund through an investment manager.

Contributions to the plan are charged to the Profit and Loss Account so as to spread the cost of pensions over employees' working lives with the group as a whole.

The pension charge for the period was £236,398 (1992: £166,794).

Details of the latest actuarial valuation of the plan are disclosed in the accounts of Pochin's PLC.

POCHIN (CONTRACTORS) LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1993

7. TAXATION

Corporation tax at 33% (1992: 33%) on the profit for the year:

| | <u>1993</u> | <u>1992</u> |
|-----------------------|------------------|-----------------|
| | £ | £ |
| Current | - | 212,500 |
| Group Relief | (101,000) | - |
| Deferred | - | - |
| | <u>(101,000)</u> | <u>212,500</u> |
| Prior year adjustment | (1,620) | 2,270 |
| | <u>£102,620</u> | <u>£214,770</u> |
| | ===== | ===== |

8. TANGIBLE FIXED ASSETS

| | |
|-----------------------|---------------------|
| | OFFICE EQUIPMENT |
| | £ |
| COST | |
| At 1st June 1992 | 588,076 |
| Additions in the year | 241,838 |
| Disposals | (227,069) |
| At 31st May 1993 | <u>602,845</u> |
| DEPRECIATION | |
| At 1st June 1992 | 469,319 |
| Charge for the year | 12,784 |
| Disposals | (163,541) |
| At 31st May 1993 | <u>381,562</u> |
| NET BOOK VALUE | |
| At 31st May 1993 | £ 221,283 ===== |
| At 31st May 1992 | £ 119,757 ===== |

The net book value of assets subject to finance leases is £181,000 (1992: £NIL).

CAPITAL COMMITMENTS

| | <u>1993</u> | <u>1992</u> |
|---|--------------|--------------|
| Capital expenditure contracted for but not provided in the accounts amounts to | £ Nil === | £ Nil === |
| Capital expenditure authorised by the directors but not contracted for amounts to | £ Nil === | £ Nil === |

POCHIN (CONTRACTORS) LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1993

| | <u>1993</u> £ | <u>1992</u> £ | |
|--|---|---|-------------------|
| 9. STOCKS AND WORK IN PROGRESS | | | |
| Long-term contract work in progress | 464,741 | 601,605 | |
| Development work in progress | 186,303 | 185,904 | |
| Stocks | 144,828 | 175,296 | |
| | £ 795,872 | £ 962,805 | |
| | ===== | ===== | |
| 10. DEBTORS | | | |
| Amounts falling due within one year: | | | |
| Trade debtors | - | 18,152 | |
| Amounts due from Parent Company | 10,449,966 | 8,746,957 | |
| Other debtors | 86,420 | 120,171 | |
| Prepayments and accrued income | 120,868 | 66,923 | |
| Recoverable under long term contracts | 562,628 | 1,631,989 | |
| | £ 11,219,882 | £ 10,584,192 | |
| | ===== | ===== | |
| 11. CREDITORS | | | |
| Amounts falling due within one year: | | | |
| Trade creditors | 4,283,201 | 4 751 041 | |
| Taxation and social security payable | 338,616 | 1,987,179 | |
| Other creditors | 274,671 | 225,930 | |
| Accruals and deferred income | 2,796,490 | 545,459 | |
| Finance lease instalments | 14,601 | - | |
| | £ 7,707,579 | £ 7,509,609 | |
| | ===== | ===== | |
| 12. PROVISIONS FOR LIABILITIES AND CHARGES | | | |
| | <u>Deferred</u> <u>Taxation</u> £ | <u>Contract</u> <u>Provisions</u> £ | <u>Total</u> £ |
| At 1st June 1992 | - | 1,035,474 | 1,035,474 |
| Provided in year | - | 99,270 | 99,270 |
| At 31st May 1993 | £ - | £ 1,134,744 | £ 1,134,744 |
| | ===== | ===== | ===== |
| 13. NET FINANCE LEASE INSTALMENTS PAYABLE | | | |
| In 1 year or less | | 14,601 | - |
| In 1 to 2 years | | 32,768 | - |
| In 2 to 5 years | | 126,738 | - |
| Over 5 years | | 25,275 | - |
| | | 184,781 | - |
| | | 199,382 | - |
| | | ===== | ===== |

POCHIN (CONTRACTORS) LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1993

| | 1993 £ | 1992 £ |
|--------------------------------------|----------------------|----------------------|
| 14. CALLED-UP SHARE CAPITAL | | |
| Authorised | | |
| 2,500,000 Ordinary shares of £1 each | £ 2,500,000 ===== | £ 2,500,000 ===== |
| Allotted, called-up and fully paid | | |
| 1,553,500 Ordinary shares of £1 each | £ 1,553,500 ===== | £ 1,553,500 ===== |

15. INVESTMENT IN SUBSIDIARIES

Shares at cost:
At 1st June 1992 and 31st May 1993 £ 88,926
=====

Subsidiary Companies:
Pochin (Design & Build) Limited
Pochin (Wales) Limited
Timber & Plywood Co. (Cheshire) Limited
William Griffith & Son (Benllech) Limited

All holdings are of £1 ordinary shares and represent 100% of the nominal issued capital. Subsidiary companies are registered in England and Wales.

16. CONTINGENT LIABILITIES

There are contingent liabilities in respect of guarantees under building agreements entered into in the normal course of business.

There are unlimited cross guarantees among group companies relating to group bank overdraft facilities.

17. HOLDING COMPANY

The company's ultimate holding company is Pochin's PLC, a company registered in England and Wales.

The company is exempt from the obligation to prepare and deliver group accounts and its results are included in the group accounts of its parent. These accounts are available from Pochin's PLC, Brooks Lane, Middlewich, Cheshire. CW10 0JQ.