

07-12-88

WILLIAM HARE LIMITED

WESTON STREET

BOLTON

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1987

HOPE, REDROBE & CO.

CHARTERED ACCOUNTANTS

3, MANCHESTER ROAD

BURY, LANCS.



WILLIAM HARE LIMITED

WESTON STREET

BOLTON

DIRECTORS' REPORT

The Directors submit their report together with the audited accounts of William Hare Limited for the year ended 31st December, 1987.

RESULTS AND DIVIDENDS

The trading profit for the year before taxation, including the exceptional surplus realised on property disposals, was £980,130 and after taxation £722,513. The Directors recommend a dividend of 92.29% on the ordinary shares and 4.2% on the preference shares.

REVIEW OF THE BUSINESS

Turnover has increased by 31% which has resulted in some increase in profitability.

There has been no change in the scope of the company's normal activities, that is the design, fabrication and erection of structural steelwork. Demand increased during the year, mainly on the commercial building side, and whilst this improvement in demand was reflected in the company's order book, it has yet to be translated into higher prices, and competition remained intense.

MARKET VALUE OF LAND AND BUILDINGS

The Directors are of the opinion that the market value of the freehold and leasehold land and buildings is not less than the book value shown by the accounts.

FIXED ASSETS

The movements in fixed assets during the year are shown by note 10 to the accounts.

FUTURE DEVELOPMENTS

The company's strategy will continue to be one of rationalisation and consolidation. Many uncertainties exist, and until trends are more predictable and consistent the company's traditional policy will remain the same.

POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year the company made charitable contributions of £950. There were no political contributions.

WILLIAM HARE LIMITED

DIRECTORS' REPORT (CONTINUED)

DIRECTORS AND THEIR INTERESTS

The Directors at 31st December, 1987 and their interest in the share capital of the Company were as follows:

| | <u>At 31st December 1987</u> | | <u>At 1st January, 1987</u> | |
|---------------------------|------------------------------|------------------------------|-----------------------------|------------------------------|
| | <u>Ordinary Shares</u> | <u>Preference Shares</u> | <u>Ordinary Shares</u> | <u>Preference Shares</u> |
| Bartle Hodgkiss | 1500 | - | 1500 | - |
| Alice E. Hare - Own Right | 300 | - | 300 | - |
| - Life Interest | 6800 | 2000 | 6800 | 2000 |
| Jan Hodgkiss | 1500 | - | 1500 | - |
| George Lunan | 250 | - | 250 | - |
| David M.W. Hodgkiss | 4725 | 150 | 4725 | 150 |
| John K. Hodgkiss | 4725 | 150 | 4725 | 150 |
| Graham Searle | - | - | - | - |

No voting rights attached to Mrs. Hare in respect of the shares which form part of a life interest.

AUDITORS

A resolution to reappoint as auditors, Hope, Redrobe & Co., will be put to the members at the Annual General Meeting.

On behalf of the Board,

B. Hodgkiss



Chairman

23rd August, 1988

07-12-88

WILLIAM HARE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1987

| | | <u>1987</u> | <u>1986</u> |
|--|--------------|-------------|-------------|
| | <u>Notes</u> | £ | £ |
| <u>TURNOVER</u> | 2 | 27,786,727 | 21,133,352 |
| Change in Work in progress | | (1,079,885) | 948,252 |
| | | 26,706,842 | 22,081,604 |
| Other operating income | 3 | 12,500 | 17,500 |
| | | 26,719,342 | 22,099,104 |
| Raw materials and consumables | | 5,988,128 | 4,877,182 |
| Other external charges | | 7,355,201 | 6,236,547 |
| | | 13,343,329 | 11,113,729 |
| | | 13,376,013 | 10,985,375 |
| Staff costs | 4 | 8,842,386 | 7,491,166 |
| Depreciation | | 238,332 | 205,929 |
| Other operating charges | | 3,596,207 | 2,938,681 |
| | | 12,676,925 | 10,635,776 |
| <u>OPERATING PROFIT</u> | 5 | 699,088 | 349,599 |
| Interest receivable | | 33,556 | 3,586 |
| Interest payable | 6 | (98,022) | (163,578) |
| <u>PROFIT BEFORE EXCEPTIONAL ITEM</u> | | 634,622 | 189,607 |
| Exceptional item | 7 | 345,508 | - |
| <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u> | | 980,130 | 189,607 |
| Tax on profit on ordinary activities | 8 | 257,617 | 132,559 |
| <u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u> | | 722,513 | 57,048 |
| Dividends | 9 | 22,892 | 22,892 |
| <u>RETAINED PROFIT FOR THE YEAR</u> | | 699,621 | 34,156 |
| Retained profit brought forward | | 4,268,110 | 4,233,954 |
| <u>RETAINED PROFIT CARRIED FORWARD</u> | | 4,967,731 | 4,268,110 |

07-12-88

WILLIAM HARE LIMITEDBALANCE SHEET AT 31ST DECEMBER, 1987

| | | <u>1987</u> | <u>1986</u> |
|--|--------------|------------------|------------------|
| | <u>Notes</u> | £ | £ |
| <u>FIXED ASSETS</u> | | | |
| Tangible Assets:- | 10 | | |
| Land and buildings | | 733,610 | 489,508 |
| Plant and machinery | | 1,216,920 | 836,983 |
| Fixtures and fittings | | 89,880 | 64,076 |
| | | <u>2,040,410</u> | <u>1,390,567</u> |
| Investment in subsidiaries | 11 | 78,694 | 78,694 |
| | | <u>2,119,104</u> | <u>1,469,261</u> |
| <u>CURRENT ASSETS</u> | | | |
| Stocks | 12 | 3,273,880 | 4,007,536 |
| Debtors | 13 | 3,802,768 | 4,349,438 |
| Cash at bank and in hand | | 1,576,945 | 11,956 |
| | | <u>8,653,593</u> | <u>8,368,930</u> |
| <u>PREPAYMENTS AND ACCRUED INCOME</u> | | | |
| Taxation | 14 | 7,631 | 8,467 |
| | | <u>8,661,224</u> | <u>8,377,397</u> |
| <u>CREDITORS - amounts falling due within one year</u> | | | |
| Due to bankers | | 3,039 | 569,594 |
| Trade creditors | | 4,385,120 | 3,574,569 |
| Amount due to subsidiaries | | 162,636 | 164,235 |
| Current corporation tax | | 372,334 | 123,117 |
| Other taxes and social security costs | | 211,703 | 402,942 |
| Proposed dividends | | 22,892 | 22,892 |
| Other creditors | | 421,024 | 9,823 |
| Accruals | | 183,699 | 651,305 |
| | | <u>5,762,447</u> | <u>5,518,477</u> |
| <u>NET CURRENT ASSETS</u> | | <u>2,898,777</u> | <u>2,858,920</u> |
| <u>TOTAL ASSETS LESS CURRENT LIABILITIES</u> | | <u>5,017,881</u> | <u>4,328,181</u> |

WILLIAM HARE LIMITED

BALANCE SHEET AT 31ST DECEMBER, 1987 (CONTINUED)

| | <u>Notes</u> | <u>1987</u> | <u>1986</u> |
|--|--------------|------------------|------------------|
| | | £ | £ |
| Amount brought forward | | 5,017,8£1 | 4,328,181 |
| <u>CREDITORS</u> - Amounts falling due after more than one year. | | | |
| Hire Purchase creditors | | 23,150 | 33,071 |
| | | <u>4,994,731</u> | <u>4,295,110</u> |
| <u>CAPITAL AND RESERVES</u> | | | |
| Called up share capital | 16 | 27,000 | 27,000 |
| Profit and loss Account | | <u>4,967,731</u> | <u>4,268,110</u> |
| | | <u>4,994,731</u> | <u>4,295,110</u> |

Bartle Hodgkiss

George Lunan

[Handwritten signatures of Bartle Hodgkiss and George Lunan]

) Directors

23rd August, 1988

WILLIAM HARE LIMITEDSTATEMENT OF SOURCE AND APPLICATION OF FUNDSFOR THE YEAR ENDED 31ST DECEMBER, 1987

| | <u>1987</u> | <u>1986</u> |
|---|--------------------|------------------|
| | £ | £ |
| <u>SOURCE OF FUNDS</u> | | |
| Profit on ordinary activities before taxation | 980,130 | 189,607 |
| Adjustment for items not involving the movement of working capital: | | |
| Depreciation | 238,332 | 205,929 |
| Surplus on disposal of tangible fixed assets | (350,230) | - |
| <u>TOTAL GENERATED FROM OPERATIONS</u> | <u>868,232</u> | <u>395,536</u> |
| <u>FUNDS FROM OTHER SOURCES</u> | | |
| Proceeds of disposal of tangible fixed assets | 649,674 | 16,240 |
| | <u>1,517,906</u> | <u>411,776</u> |
| <u>APPLICATION OF FUNDS</u> | | |
| Dividends paid | 22,892 | (22,892) |
| Purchase of tangible fixed assets | 1,187,619 | (161,539) |
| Tax paid | 8,400 | (329,003) |
| | <u>1,218,911</u> | <u>(513,434)</u> |
| <u>WORKING CAPITAL - INCREASE/(DECREASE)</u> | <u>298,995</u> | <u>(101,658)</u> |
| <u>COMPONENTS OF INCREASE/(DECREASE) IN WORKING CAPITAL</u> | | |
| Stocks | (733,656) | 1,100,924 |
| Debtors and prepayments | (547,506) | 472,765 |
| Creditors | (551,387) | (1,549,339) |
| | <u>(1,832,549)</u> | <u>24,350</u> |
| <u>MOVEMENT IN NET LIQUID FUNDS</u> | | |
| Bank and cash | 2,131,544 | (126,008) |
| | <u>298,995</u> | <u>(101,658)</u> |

WILLIAM HARE LIMITEDNOTES TO THE ACCOUNTS AT 31ST DECEMBER, 19871. ACCOUNTING POLICIESAccounting Convention

The accounts are prepared under the historical cost convention.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off each asset over its expected useful life as follows:

| | | |
|--|---|--|
| Freehold buildings | - | 2% on cost |
| Leasehold buildings | - | 4% on cost |
| Plant and machinery | - | Fixed 15% on net book value and additions |
| | - | Mobile 20% on net book value and additions during the year |
| | - | Vehicles 25% on net book value and additions during the year |
| Fixtures, fittings tools and equipment | - | 15% on net book value and additions during the year |

Stocks

Stocks are stated at the lower of cost and net realisable value:-

| | | |
|------------------|---|--|
| Raw materials | - | at cost or net realisable value, if lower |
| Work in progress | - | at cost of direct materials and labour plus attributable overheads |

Deferred Taxation

In accordance with Statement of Standard Accounting Practice 15 the company has adopted a policy of providing for deferred taxation only to the extent to which it is considered likely to fall due for payment in the foreseeable future.

Foreign Currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided stated net of value added tax and is attributable to the one activity of the company, fabrication and erection of steelwork, chemical plant and pipe fabrication.

The directors consider that it is not in the company's interest to give a detailed analysis of turnover geographically area by area.

3. OTHER OPERATING INCOME

| | <u>1987</u> | <u>1986</u> |
|--------------------|-------------|-------------|
| | £ | £ |
| Management charges | 12,500 | 17,500 |

WILLIAM HARE LIMITEDNOTES TO THE ACCOUNTS AT 31ST DECEMBER, 1987 (CONTINUED)

| 4. <u>STAFF COSTS</u> | <u>1987</u> | <u>1986</u> |
|-----------------------|------------------|------------------|
| | £ | £ |
| Wages and salaries | 7,889,707 | 6,629,633 |
| Social security costs | 836,953 | 707,067 |
| Other pension costs | 115,726 | 154,466 |
| | <u>8,842,386</u> | <u>7,491,166</u> |

The average weekly number of employees during the year was 674 made up as follows:

| | <u>1987</u> | <u>1986</u> |
|--------------------------------|---------------|---------------|
| | <u>Number</u> | <u>Number</u> |
| Office and management | 98 | 85 |
| Technical services | 35 | 36 |
| Manufacturing and installation | 541 | 514 |
| | <u>674</u> | <u>635</u> |

| 5. <u>OPERATING PROFIT</u> | <u>1987</u> | <u>1986</u> |
|---|---------------|---------------|
| | £ | £ |
| This is stated after charging: | | |
| Directors' remuneration | 621,696 | 589,172 |
| Hire of plant and machinery | 989,598 | 719,588 |
| Auditors' remuneration | 10,000 | 8,500 |
| Surplus on disposal of fixed assets | (4,722) | - |
| Directors' remuneration consists of:- | | |
| Emoluments (including pension contributions) | 621,696 | 589,172 |
| Emoluments of the Chairman | 99,646 | 87,301 |
| Emoluments of the highest paid director | 135,698 | 108,806 |
| Emoluments (excluding pension contributions) of other directors fell within the following ranges: | | |
| | <u>Number</u> | <u>Number</u> |
| £ 0 to £ 10,000 | 1 | 1 |
| £ 35,000 to £ 40,000 | 1 | 2 |
| £ 45,000 to £ 50,000 | 1 | - |
| £ 65,000 to £ 70,000 | - | 1 |
| £ 75,000 to £ 80,000 | 1 | - |
| £105,000 to £110,000 | - | 1 |
| £115,000 to £120,000 | 1 | - |
| Emoluments of senior employees falling within the range below was: | | |
| £ 20,000 to £ 25,000 | 3 | 6 |
| £ 25,000 to £ 30,000 | 3 | - |

WILLIAM HARE LIMITED

NOTES TO THE ACCOUNTS AT 31ST DECEMBER, 1987 (CONTINUED)

| 6. <u>INTEREST PAYABLE</u> | <u>1987</u> | <u>1986</u> |
|--|-------------------|-------------------|
| | £ | £ |
| Interest paid on bank overdraft and loans wholly repayable within five years | 98,022 | 163,578 |
| | <u> </u> | <u> </u> |

| 7. <u>EXCEPTIONAL ITEM</u> | <u>1987</u> | <u>1986</u> |
|---|-------------------|-------------------|
| | £ | £ |
| Surplus on disposal of Radcliffe factory premises | 345,508 | - |
| | <u> </u> | <u> </u> |

| 8. <u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u> | <u>1987</u> | <u>1986</u> |
|--|----------------|----------------|
| | £ | £ |
| Based on the profit for the year | | |
| Corporation tax at 35 per cent | 257,617 | 132,467 |
| Under provision on previous year | - | 92 |
| | <u>257,617</u> | <u>132,559</u> |

9. DIVIDENDS

| | | | | |
|------------|---|----------|--------|-----------------|
| Preference | - | proposed | 4.20% | (1986 - 4.20%) |
| Ordinary | - | proposed | 92.29% | (1986 - 92.29%) |

10. TANGIBLE FIXED ASSETS

| | <u>Freehold</u> <u>Land and</u> <u>Buildings</u> | <u>Land and</u> <u>Buildings</u> <u>Long</u> <u>Lease</u> | <u>Plant and</u> <u>Machinery</u> | <u>Fixtures</u> <u>and</u> <u>Fittings</u> <u>Tools and</u> <u>Equipment</u> | <u>Total</u> |
|--------------------------|--|--|--------------------------------------|--|------------------|
| | £ | £ | £ | £ | £ |
| Cost at 1st January 1987 | 420,086 | 196,474 | 2,236,810 | 192,927 | 3,046,297 |
| Additions | 502,547 | - | 643,467 | 41,605 | 1,187,619 |
| Disposals | (255,340) | - | (153,626) | - | (408,966) |
| At 31st December, 1987 | <u>667,293</u> | <u>196,474</u> | <u>2,726,651</u> | <u>234,532</u> | <u>3,824,950</u> |
| Depreciation | | | | | |
| At 1st January, 1987 | 21,262 | 105,790 | 1,399,827 | 128,851 | 1,655,730 |
| Provided during year | 9,547 | 7,859 | 205,125 | 15,801 | 238,332 |
| Disposals | (14,301) | - | (95,221) | - | (109,522) |
| At 31st December, 1987 | <u>16,508</u> | <u>113,649</u> | <u>1,509,731</u> | <u>144,652</u> | <u>1,784,540</u> |

WILLIAM HARE LIMITED

NOTES TO THE ACCOUNTS AT 31ST DECEMBER, 1987 (CONTINUED)

| | <u>Freehold Land and Buildings</u> | <u>Land and Buildings Long Lease</u> | <u>Plant and Machinery</u> | <u>Fixtures and Fittings Tools and Equipment</u> | <u>Total</u> |
|--|--|--|--------------------------------|--|--------------|
| | £ | £ | £ | £ | £ |
| Net Book Value at 31st December, 1987 | 650,785 | 82,825 | 1,216,920 | 89,880 | 2,040,410 |
| Net Book Value at 1st January, 1987 | 398,824 | 90,684 | 836,983 | 64,076 | 1,390,567 |

11. INVESTMENTS

| | <u>1987</u> | <u>1986</u> |
|---|---------------|---------------|
| | £ | £ |
| Subsidiary companies - | | |
| California Engineering Company Limited (Registered in England, wholly owned, non-trading) | 78,544 | 78,544 |
| William Hare (Cumbria) Limited (Registered in England, 75% Holding) | 150 | 150 |
| | <u>78,694</u> | <u>78,694</u> |

12. STOCKS

| | <u>1987</u> | <u>1986</u> |
|-------------------------------|------------------|------------------|
| | £ | £ |
| Raw materials and consumables | 1,115,173 | 768,944 |
| Work in progress | 2,158,707 | 3,238,592 |
| | <u>3,273,880</u> | <u>4,007,536</u> |

13. DEBTORS

| | <u>1987</u> | <u>1986</u> |
|------------------------------------|------------------|------------------|
| | £ | £ |
| Trade Debtors | 3,228,263 | 3,766,673 |
| Prepayments | 191,674 | 170,750 |
| Other Debtors | 100 | 100 |
| Customs & Excise - Value added tax | 382,731 | 411,915 |
| | <u>3,802,768</u> | <u>4,349,438</u> |

14. PREPAYMENTS AND ACCRUED INCOME

| | <u>1987</u> | <u>1986</u> |
|-------------------------------------|-------------|-------------|
| | £ | £ |
| Advance corporation tax recoverable | 7,631 | 8,467 |

WILLIAM HARE LIMITEDNOTES TO THE ACCOUNTS AT 31ST DECEMBER, 1987 (CONTINUED)

| | | | | | |
|-----|--|-------------------|---------------|--|----------------|
| 15. | <u>DEFERRED TAXATION</u> | | | <u>1987</u> | <u>1986</u> |
| | | | | £ | £ |
| | The potential amounts of deferred taxation are as follows: | | | | |
| | Capital allowances in advance of depreciation and amortisation | | | 310,615 | 304,703 |
| | <u>Less:</u> Advance corporation tax on proposed dividends | | | 7,631 | 8,467 |
| | | | | <u>302,985</u> | <u>296,236</u> |
| 16. | <u>SHARE CAPITAL</u> | | | | |
| | | <u>Authorised</u> | | <u>Allotted, Issued and fully Paid</u> | |
| | | <u>1987</u> | <u>1986</u> | <u>1987</u> | <u>1986</u> |
| | | <u>No.</u> | <u>No.</u> | <u>No.</u> | <u>No.</u> |
| | Ordinary shares of £1 each | 25,000 | 25,000 | 24,700 | 24,700 |
| | 6% (now 4.20% plus tax credit) preference shares of £1 each | 10,000 | 10,000 | 2,300 | 2,300 |
| | | <u>35,000</u> | <u>35,000</u> | <u>27,000</u> | <u>27,000</u> |
| 17. | <u>CAPITAL COMMITMENTS</u> | | | <u>1987</u> | <u>1986</u> |
| | | | | £ | £ |
| | Contracted | | | 282,182 | 15,678 |
| | Authorised but not contracted | | | 130,203 | 47,887 |
| 18. | <u>CONTINGENT LIABILITIES</u> | | | <u>1987</u> | <u>1986</u> |
| | | | | £ | £ |
| | Bank Indemnities | | | 1,055,469 | 1,167,515 |
| 19. | <u>BANKING FACILITIES</u> | | | | |
| | There is a banking facility of £3,300,000 to cover overdraft and/or indemnities. | | | | |
| | The bank overdraft is secured by a debenture and on the freehold property. | | | | |

07-12-88

REPORT OF THE AUDITORS

TO THE MEMBERS OF WILLIAM HARE LIMITED

We have audited the financial statements on pages 3 to 11 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention give a true and fair view of the state of the Company's affairs at 31st December, 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

3, Manchester Road,
Bury,
Lancs.

HOPE, REDROBE & CO.
Chartered Accountants

23rd August, 1988