

Registered No. 00468365

McNICHOLAS CONSTRUCTION COMPANY LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1995

ORR SHOTLIFF
Stuart House
55 Catherine Place
London SW1E 6DY



McNICHOLAS CONSTRUCTION COMPANY LIMITED

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McNICHOLAS CONSTRUCTION COMPANY LIMITED

COMPANY INFORMATION

DIRECTORS:

P T McNicholas
K M McNicholas
J B McNicholas
C P McNicholas
M J Byrne
M J Doyle
M Hayes

SECRETARY:

M J Doyle

REGISTERED NO:

468365

REGISTERED OFFICE:

Lismirrane Industrial Park
Elstree Road
Elstree
Herts
WD6 3EA

BANKERS:

Barclays Bank plc
Barclays Business Centre
P O Box No. 314
6 Bedford Square
London
WC1B 3TB

AUDITORS:

Orr Shotliff
Chartered Accountants
Stuart House
55 Catherine Place
London
SW1E 6DY

SOLICITORS:

Howard Schneider & Co
76 Shenley Road
Borehamwood
Herts
WD6 1EH

Ottaways
The Mansion
1 St Peters Street
St Albans
Herts
AL1 3DT

Wilmer Cutler & Pickering
4 Carlton Gardens
London
SW1Y 5AA

McNICHOLAS CONSTRUCTION COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors submit their Annual Report and Accounts of the Company for the financial year ended 31 March 1995.

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 profit or loss of the company 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 company 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 company 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 company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company in the year under review was that of Public Works And Civil Engineering Contractors.

The Directors are very pleased to announce very substantial increases in turnover and profit for the year coupled with an ongoing situation for the foreseeable future.

RESULTS AND DIVIDENDS

The results for the year and financial position of the Company are as shown in the annexed financial statements.

The Directors recommend the payment of a dividend totalling £950,000 (1994: Nil). The profit transferred to reserves is £326,381.

EMPLOYEES

The Company is conscious of its legal and social obligations with regard to the employment of disabled persons. Applications for employment by disabled persons are given full consideration, taking account of their aptitude and ability. As with all employees, general training and promotion are available to disabled employees in accordance with their ability and commitment.

FIXED ASSETS

Changes in Fixed Assets of the Company appear in Note 8 to the accounts.

McNICHOLAS CONSTRUCTION COMPANY LIMITED

REPORT OF THE DIRECTORS

DIRECTORS

The directors of the Company in office during the year were as follows:


P T McNicholas
K M McNicholas
J B McNicholas
C P McNicholas
M J Byrne
M J Doyle
M Hayes (appointed 11 April 1994)

The directors did not hold any beneficial interest in the issued share capital of the company at 31 March 1995. Shares held in the Holding Company are shown in the Directors Report thereto.

AUDITORS

The auditors, Orr Shotliff, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD:


M J DOYLE
Secretary

27 November 1995

McNICHOLAS CONSTRUCTION COMPANY LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF
McNICHOLAS CONSTRUCTION COMPANY LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, the company's directors are responsible for the preparation of the 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 misstatements, 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 the affairs of the company as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Orr Shotliff
Chartered Accountants
Registered Auditor

Stuart House
55 Catherine Place
London
SW1E 6DY

28 November 1995

McNICHOLAS CONSTRUCTION COMPANY LIMITED

PROFIT AND LOSS ACCOUNT
for the Year Ended 31 March 1995

	Notes	1995	1994
TURNOVER	1	96,542,684	69,897,614
Cost of Sales		<u>88,480,557</u>	<u>65,984,293</u>
GROSS PROFIT		8,062,127	3,913,321
Distribution Costs	332,127		321,626
Administrative Expenses	5,537,667	<u>5,869,794</u>	<u>2,782,757</u>
			3,104,383
OPERATING PROFIT	3	2,192,333	808,938
Interest Payable and Similar Charges	6	<u>110,952</u>	<u>155,282</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		2,081,381	653,656
Taxation on Ordinary Activities	7	<u>805,000</u>	<u>218,816</u>
PROFIT FOR THE YEAR AFTER TAXATION		1,276,381	434,840
Dividends	5	<u>950,000</u>	<u>—</u>
		326,381	434,840
Retained Profit brought forward		<u>10,806,285</u>	<u>10,371,445</u>
RETAINED PROFIT CARRIED FORWARD		<u>£11,132,666</u>	<u>£10,806,285</u>

CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profits for the current or previous year.

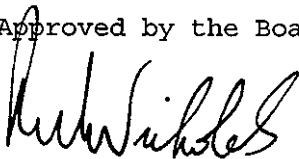
The notes form part of these financial statements

McNICHOLAS CONSTRUCTION COMPANY LIMITED

BALANCE SHEET
As at 31 March 1995

	Notes	1995	1994
FIXED ASSETS:			
Tangible Assets	8	438,978	686,634
CURRENT ASSETS:			
Stocks and Work in Progress	9	4,528,463	2,890,174
Debtors	10	24,432,850	25,636,095
Cash at Bank and in Hand		955,777	804,671
		<u>29,917,090</u>	<u>29,330,940</u>
CREDITORS: Amounts falling due within one year	11	18,647,478	18,400,671
NET CURRENT ASSETS		11,269,612	10,930,269
TOTAL ASSETS LESS CURRENT LIABILITIES		11,708,590	11,616,903
CREDITORS: Amounts falling due after more than one year			
Hire Purchase		(116,813)	(205,586)
PROVISIONS FOR LIABILITIES AND CHARGES:			
Reinstatement Reserve	12	(437,911)	(583,832)
NET ASSETS		£11,153,866	£10,827,485
CAPITAL AND RESERVES:			
Called Up Share Capital	13	20,000	20,000
Capital Redemption Reserve		1,200	1,200
Profit and Loss Account		11,132,666	10,806,285
SHAREHOLDERS FUNDS	14	£11,153,866	£10,827,485

Approved by the Board on 27 November 1995 and signed on its behalf.



P T McNICHOLAS DIRECTOR

The notes form part of these financial statements

McNICHOLAS CONSTRUCTION COMPANY LIMITED

**ACCOUNTING POLICIES
for the Year Ended 31 March 1995**

Basis of Accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Furniture and Equipment	- 20% per annum on cost
Commercial Vehicles	- 20% per annum on cost
Motor Vehicles	- 25% per annum on cost

Stocks and Work in Progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Long term contracts are valued at cost plus attributable profit (based on the work completed) on sufficiently advanced contracts less foreseeable losses and payments on account not matched with turnover. Cost includes an appropriate proportion of overheads. Any excess of turnover over payments on account is included in debtors.

Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter life of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Operating Leases

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Reinstatement Provision

Full provision is made for the future liability in respect of permanent reinstatement of road and footway surfaces. This liability is determined using the rates ruling at the time of the original works, irrespective of when the reinstatement work is completed. Increases in these costs are recoverable from customers.

McNICHOLAS CONSTRUCTION COMPANY LIMITED

ACCOUNTING POLICIES
for the Year Ended 31 March 1995

Pensions

The Holding Company operates two defined benefit pension schemes. Contributions are charged to the Profit and Loss Account so as to spread costs of pensions over the employees working lives with the company.

Foreign Currencies

Assets and liabilities recorded in foreign currencies are translated at the rates ruling at the Balance Sheet date or the rates fixed by forward contracts. Transactions denominated in foreign currencies are translated into sterling and recorded at the rates of exchange ruling at the date of the transaction. Differences on exchange are dealt with in the Profit and Loss Account.

McNICHOLAS CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1995

1. **TURNOVER**

Turnover represents sales to third parties net of discounts and excludes value added tax.

2. **STAFF COSTS**

Staff costs, including directors remuneration, were as follows:

	1995	1994
Wages and Salaries	5,679,752	4,451,731
Social Security Costs	529,264	465,514
Other Pension Costs	89,443	77,912
	<u>6,298,459</u>	<u>4,995,157</u>

The average weekly number of persons employed by the Company during the year was 275 (1994: 248).

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	1995	1994
Directors' Emoluments (see Note 4)	495,638	315,911
Hire of Plant and Machinery	11,627,494	9,044,137
Depreciation	158,735	231,511
Auditors' Remuneration	31,950	31,450
Other Fees to the Auditors	12,050	25,700
	<u>12,325,867</u>	<u>9,648,709</u>

4. **DIRECTORS' EMOLUMENTS**

Excluding Pension Contributions

	1995	1994
(i) The Chairman's Emoluments for the year were:	<u>Nil</u>	<u>Nil</u>
(ii) The Emoluments of the highest paid Director were:	<u>183,148</u>	<u>109,879</u>
(iii) Other Directors of the company received emoluments as follows:		
£ 0 - £ 5,000	3	3
£ 55,001 - £ 60,000	-	1
£ 75,001 - £ 80,000	1	-
£100,001 - £105,000	-	1
£175,001 - £180,000	1	-
	<u>5</u>	<u>5</u>

McNICHOLAS CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1995

5. DIVIDENDS

A Dividend was paid during the year of £47.50 per share totalling £950,000 (1994: Nil).

6. INTEREST PAYABLE AND SIMILAR CHARGES

	1995	1994
Bank Loans, Overdrafts and Other Loans repayable within five years	5,434	42,069
Loans not wholly repayable within five years	72,486	81,144
Finance Charges – Hire Purchase Contracts and Finance Leases	33,032	32,069
	<u>110,952</u>	<u>155,282</u>

7. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	1995	1994
UK Corporation Tax at 33% (1994: 33%)	805,000	232,063
Overprovision in Prior Year	–	(13,247)
	<u>805,000</u>	<u>218,816</u>

8. TANGIBLE FIXED ASSETS

	Furniture and Equipment	Motor Vehicles	Totals
COST:			
As at 1 April 1994	788,700	617,251	1,405,951
Additions	7,487	198,745	206,232
Disposals	(419,140)	(143,600)	(562,740)
At 31 March 1995	<u>377,047</u>	<u>672,396</u>	<u>1,049,443</u>
DEPRECIATION:			
As at 1 April 1994	478,065	241,252	719,317
Charge for Year	28,757	129,978	158,735
Eliminated on Disposals	(186,723)	(80,864)	(267,587)
At 31 March 1995	<u>320,099</u>	<u>290,366</u>	<u>610,465</u>
NET BOOK VALUES:			
At 31 March 1995	<u>£56,948</u>	<u>£382,030</u>	<u>£438,978</u>
At 31 March 1994	<u>£310,635</u>	<u>£375,999</u>	<u>£686,634</u>

McNICHOLAS CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1995

8. TANGIBLE FIXED ASSETS - Continued

The net book value of tangible fixed assets included above held under finance leases or hire purchase contracts amounted to £419,457 (1994: £410,555). Total depreciation allocated to these assets during the year was £175,356 (1994: £159,012).

9. STOCKS AND WORK IN PROGRESS

	1995	1994
Raw Materials and Consumables	925,309	587,948
Work in Progress	3,603,154	2,302,226
	<u>4,528,463</u>	<u>2,890,174</u>

10. DEBTORS

	1995	1994
Trade Debtors	12,996,047	11,605,662
Group Companies	8,762,188	10,274,237
Other Debtors	95,062	195,646
Prepayments	51,913	92,924
Amounts Recoverable on Contracts	2,527,640	3,467,626
	<u>24,432,850</u>	<u>25,636,095</u>

11. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR

	1995	1994
Bank Loans and Overdrafts	-	4,600,871
Trade Creditors	13,053,378	10,717,679
Group Companies	134,736	133,914
Hire Purchase	162,551	191,907
Other Taxes and Social Security	2,618,563	1,517,502
Taxation	1,066,750	421,750
Other Creditors	643,866	357,948
Accrued Expenses	967,634	459,100
	<u>18,647,478</u>	<u>18,400,671</u>

McNICHOLAS CONSTRUCTION COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1995**

12. REINSTATEMENT RESERVE

	1995	1994
Balance brought forward at 1 April 1994	1,088,069	5,372,372
Utilised during year	(650,158)	(4,284,303)
	<u>437,911</u>	<u>1,088,069</u>
Less: Specific Retentions held by Customers	—	504,237
	<u>437,911</u>	<u>583,832</u>
Balance carried forward at 31 March 1995	<u>437,911</u>	<u>583,832</u>

13. CALLED UP SHARE CAPITAL

	1995	1994
Authorised, called up and fully paid:		
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1995	1994
Profit for the year	1,276,381	434,840
Retained Profit for the year	1,276,381	434,840
Dividend Paid	(950,000)	—
Shareholders Funds at 1 April 1994	10,827,485	10,392,645
Shareholders Funds at 31 March 1995	<u>11,153,866</u>	<u>10,827,485</u>

15. CONTINGENT LIABILITIES

Unlimited cross guarantees on liabilities of the Holding Company and fellow subsidiaries.

16. CAPITAL COMMITMENTS

There were no capital commitments at 31 March 1995 (1994: Nil).

17. HOLDING COMPANY

The Holding Company is McNicholas Construction (Holdings) Limited, incorporated in England.

McNICHOLAS CONSTRUCTION COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
for the Year Ended 31 March 1995

18. OPERATING LEASES

As at 31 March 1995 the Company had annual commitments under non-cancellable operating leases as set out below:

	1995	1994
Operating Leases which expire within one year	322,425	251,343
Operating Leases which expire in the second to fifth year	632,966	925,200
	<u>955,391</u>	<u>1,176,543</u>

19. PENSION SCHEME

The Company is a member of the defined benefit group pension scheme operated by McNicholas Construction (Holdings) Limited. The pension cost was assessed by a professionally qualified actuary. The most recent formal actuarial valuation was as at 6 April 1992. The total pension cost for the company was £89,443 (1994: £77,912).