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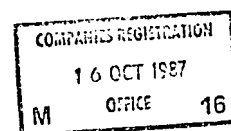
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L. WILLIAMS & CO. LIMITED
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DIRECTORS' REPORT AND FINANCIAL STATEMENTS
31ST DECEMBER, 1986

PEAT MARWICK McLINTOCK

Black Horse House
Alexandra Terrace,
Guildford,
Surrey.
GU1 3AE



L. WILLIAMS & CO. LIMITED
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REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31ST DECEMBER, 1986

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The directors submit their report and the audited financial statements for the year ended 31st December, 1986.

BUSINESS REVIEW

The company's results for the year are set out on page 3.

The principal activities of the company consist of:

- the building of houses for the private sector, and
- the building of small warehouses for the commercial sector.

There has been no significant change in these activities during the year.

PROPOSED DIVIDEND

The directors propose a dividend of £361,203.

DIRECTORS

The directors who served during the year were:

J. Miller	(Chairman)
D.V. Ottewell	(Resigned 31st December, 1986)
J. Paske	
G.R.C. Scott	
R.O.S. Miller	

No director had any interests in the company's shares. With the exception of J. Paske, the directors are also directors of the holding company, The Miller Group Limited, and particulars of their shareholdings (if any) will be shown in that company's accounts.

AUDITORS

At the company's 1986 annual general meeting, Peat, Marwick, Mitchell & Co. were re-appointed as auditors to the company. They are now practising under the name of Peat Marwick McLintock and accordingly they have signed the audit report in their new name. A resolution concerning their re-appointment as auditors will be proposed at the forthcoming annual general meeting.

By order of the board



Secretary

Registered office:
Miller House,
(Rear of Bridge House),
Godalming,
Surrey.

REPORT OF THE AUDITORS TO THE MEMBERS OF
L. WILLIAMS & CO. LIMITED
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We have audited the financial statements on pages 3 to 8 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December, 1986 and of its profit and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GUILDFORD

6th July, 1987

Peter Maxwell McLeod

Chartered Accountants

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L. WILLIAMS & CO. LIMITED

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1986

	Note	1986 <u>£</u>	1985 <u>£</u>
TURNOVER	2	2,183,242	1,197,246
Change in stocks of finished goods and work in progress		(748,189)	(564,577)
Rent receivable		48,100	1,543
Raw materials, consumables and other direct charges		(974,491)	(496,457)
Staff costs	3	(18,752)	(21,227)
Other operating charges		(47,684)	(45,359)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	442,200	71,169
Tax on profit on ordinary activities	6	80,997	(14,723)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		361,203	56,446
Proposed dividend		(361,203)	(56,446)
RETAINED PROFIT FOR THE FINANCIAL YEAR		-	-
Retained profit brought forward		241,937	241,937
RETAINED PROFIT CARRIED FORWARD		241,937 =====	241,937 =====

The notes referred to above form part of these accounts.

L. WILLIAMS & CO. LIMITED

BALANCE SHEET AT 31ST DECEMBER, 1986

	<u>Note</u>	<u>£</u>	<u>1986</u>	<u>£</u>	<u>1985</u>	<u>£</u>
FIXED ASSETS						
Tangible fixed assets	7			160		160
CURRENT ASSETS						
Stocks and work in progress	8	1,069,115			1,817,304	
Debtors	9	18,901			5,362	
Cash at bank and in hand		54,138			97,402	
		<u>1,142,154</u>		<u>1,920,068</u>		
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	<u>(852,377)</u>		<u>(1,630,291)</u>		
NET CURRENT ASSETS				<u>289,777</u>		<u>289,777</u>
NET ASSETS				<u>289,937</u>		<u>289,937</u>
CAPITAL AND RESERVES						
Called up share capital	11		48,000		48,000	
Profit and loss account			<u>241,937</u>		<u>241,937</u>	
			<u>289,937</u>		<u>289,937</u>	

The notes referred to above form part of these accounts.

James Miller)
Roger Miller) Directors

The accounts were approved by the board of directors on 6th July, 1987.

L. WILLIAMS & CO. LIMITED
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STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER, 1986

	<u>£</u>	<u>1986</u>	<u>£</u>	<u>1985</u>	<u>£</u>
SOURCE OF FUNDS					
Profit before tax		442,200		71,169	
MOVEMENT IN WORKING CAPITAL					
Stocks and work in progress reduced	748,189		568,138		
Debtors (increased)/reduced	(13,539)		25,798		
Creditors reduced	(1,220,114)		(1,018,995)		
		<u>(485,464)</u>		<u>(425,059)</u>	
		<u>(43,264)</u>		<u>(353,820)</u>	
		=====		=====	
NET LIQUID FUNDS					
Bank balance reduced		<u>(43,264)</u>		<u>(353,890)</u>	
		=====		=====	

L. WILLIAMS & CO. LIMITED
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NOTES TO THE ACCOUNTS

1. PRINCIPAL ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

a) Basis of Accounting

The financial statements have been prepared under the historical cost convention.

b) Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value. Cost includes attributable overheads.

c) Property sales

Property sales are recognised when legally and constructionally completed.

2. TURNOVER

Turnover comprises the sale of the following within the United Kingdom:

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Private housing	723,242	1,197,246
Commercial developments	1,460,000	-
	<u>2,183,242</u>	<u>1,197,246</u>
	=====	=====

3. STAFF NUMBERS AND COSTS

The average number of persons employed by company during the year was 2 (1985: 3). The aggregate payroll costs of these persons were:

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Wages and salaries	17,162	19,428
Social security costs	1,590	1,799
	<u>18,752</u>	<u>21,227</u>
	=====	=====

The company also employed a number of subcontractors during the year and their costs have been included under Raw materials, consumables, and other direct charges.

L. WILLIAMS & CO. LIMITED
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NOTES TO THE ACCOUNTS

(Continued)

4. DIRECTORS' EMOLUMENTS

No directors received any emoluments for their services during either 1986 or 1985.

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging:

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Auditors' remuneration	2,500	3,000
Plant hire	9,449	5,111
	=====	=====
6. <u>TAX ON PROFIT ON ORDINARY ACTIVITIES</u>		
	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Corporation tax (1985: Group relief) payable on results for the year	84,217	7,504
Prior year tax charge adjustments	(3,220)	7,219
	<u>80,997</u>	<u>14,723</u>
	=====	=====
7. <u>TANGIBLE FIXED ASSETS</u>		
	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Capitalised value of ground rent receivable	160	160
	===	===
8. <u>STOCKS AND WORK IN PROGRESS</u>		
	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Land and work in progress	1,069,115	1,817,304
	=====	=====

L. WILLIAMS & CO. LIMITED
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NOTES TO THE ACCOUNTS

(Continued)

9. DEBTORS

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Trade debtors	14,710	5,362
Prepayments and accrued income	4,191	-
	<u>18,901</u>	<u>5,362</u>
	=====	=====

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Trade creditors	74,812	19,210
Amounts owed to group companies	329,145	1,329,398
Accruals and deferred income	3,000	32,150
Proposed dividend	361,203	249,533
Corporation tax	84,217	-
	<u>852,377</u>	<u>1,630,291</u>
	=====	=====

11. SHARE CAPITAL

	<u>1986</u> <u>£</u>	<u>1985</u> <u>£</u>
Authorised, allotted, called up and fully paid:		
8% cumulative preference shares of £1 each	24,000	24,000
Ordinary shares of £1 each	24,000	24,000
	<u>48,000</u>	<u>48,000</u>
	=====	=====

12. HOLDING COMPANY

The ultimate holding company is The Miller Group Limited, which is incorporated in Great Britain.