

COLLIER AND CATLEY LIMITED

ANNUAL REPORT AND ACCOUNTS

31ST DECEMBER 1997



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COMPANIES HOUSE 28/10/98

**MYERS CLARK
CHARTERED ACCOUNTANTS**

ANNUAL REPORT AND ACCOUNTS

31ST DECEMBER 1997

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OFFICERS AND ADVISERS

Directors: G.J. Denton
A.T. Gordon (Non-Executive)
I. Deverall
L. Tickner
R. Thorne
R.A. Peck
T.G. Kirk (Appointed 23rd April 1997)

Company Secretary: T.G. Kirk

Auditors: Myers Clark
Woodford House
Woodford Road
Watford
Herts WD1 1DL

Bankers: National Westminster Bank Plc
Reading Business Centre
PO Box No. 78
13, Market Place
Reading
Berkshire RG1 2EP

Solicitors: Shoosmiths & Harrison
Regents Gate
Crown Street
Reading
Berkshire RG1 2PQ

DIRECTORS' REPORT

The Directors present their annual report together with the audited accounts of the Company for the year ended 31st December, 1997.

Principal Activity

The Company's principal activity during the year continued to be that of building contractors.

Review of the Business

A summary of the results of the year's trading is given on page 5 of the accounts.

Dividends

The payment of a dividend is not recommended.

Future Developments

No major change in the Company's activities is expected during 1998.

Directors and Their Interests

The Directors who served during the year were:

R.S. Booth (Resigned 1st August 1997)

G.J. Denton

I. Deverall

A.T. Gordon (non-executive)

L. Tickner

R. Thorne

R.A. Peck

T G Kirk (appointed 23.4.97)

The Company is a wholly owned subsidiary. With the exception of G.J. Denton, none of the Directors have any shareholding in the ultimate parent company Denton and Gibson Limited. At 31st December 1996 and 1997

Mr Denton held 200,500 ordinary shares of £1 each.

Statement of Directors' Responsibilities

Company law requires the Directors to prepare accounts 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 accounts the Directors are required to select suitable accounting policies and then apply them consistently, make judgements and estimates that are reasonable and prudent and prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

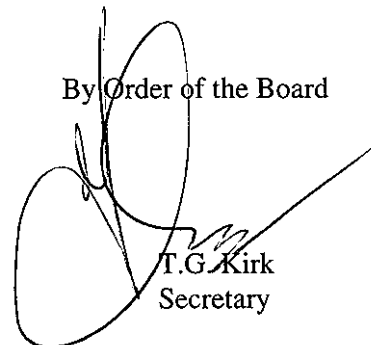
The Directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DIRECTORS' REPORT (CONTINUED)

Auditors

In accordance with Section 386(2) of Companies Act 1985 Myers Clark, Chartered Accountants, continue in office as auditors.

By Order of the Board

A large, stylized handwritten signature in black ink, consisting of several loops and a long horizontal stroke extending to the right.

T.G. Kirk
Secretary

Patrick Road,
Reading
Berks RG4 8DF

23rd October 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF

COLLIER AND CATLEY LIMITED

We have audited the accounts on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies as set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

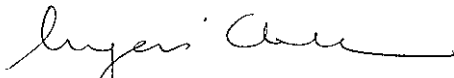
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

Woodford House
Woodford Road
Watford
Herts
WD1 1DL


MYERS CLARK
CHARTERED ACCOUNTANTS AND
REGISTERED AUDITOR

23rd October 1998

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED**31ST DECEMBER 1997**

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Turnover	2	11,504,759	5,904,206
Cost of Sales		<u>10,583,072</u>	<u>5,155,082</u>
Gross profit		921,687	749,124
Administrative expenses	1,114,316	760,771	
Other operating income	(301,321)	(134,976)	
		<u>812,995</u>	<u>625,795</u>
 <u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>	4	108,692	123,329
Taxation on profit on ordinary activities	6	-	-
 <u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>		<u>108,692</u>	<u>123,329</u>
Retained profit brought forward		<u>194,433</u>	<u>71,104</u>
 <u>RETAINED PROFIT CARRIED FORWARD</u>		<u>£303,125</u>	<u>£194,433</u>

All the Company's operations are classed as continuing.

The Company had no recognised gains or losses other than the profit for the year.

The notes on pages 7 to 11 form part of these accounts.

BALANCE SHEET AT 31ST DECEMBER 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
<u>FIXED ASSETS</u>			
Tangible assets	7	111,676	67,849
Investments	8	<u>73,632</u>	<u>73,632</u>
		185,308	141,481
<u>CURRENT ASSETS</u>			
Stocks	9	14,227	14,227
Debtors	10	2,653,800	1,346,162
Cash at bank and in hand		<u>-</u>	<u>100,345</u>
		2,668,027	1,460,734
Creditors: amounts falling due within one year	11	<u>2,440,210</u>	<u>1,293,800</u>
		<u>227,817</u>	<u>166,934</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		413,125	308,415
CREDITORS: amounts falling due after one year	11	<u>100,000</u>	<u>103,982</u>
		<u>£313,125</u>	<u>£204,433</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	12	10,000	10,000
Profit and loss account	13	<u>303,125</u>	<u>194,433</u>
		<u>£313,125</u>	<u>£204,433</u>

Approved by the Board on 23rd October 1998

 G.J. Denton - Director


 A.T. Gordon - Director

The notes on pages 7 to 11 form part of these accounts.

NOTES TO THE ACCOUNTS
AT 31ST DECEMBER 1997

1. **ACCOUNTING POLICIES**

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the Company's accounts.

Accounting 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 the cost, less estimated residual value, of each asset evenly over its expected useful life as follows:

Mobile site office	-	over 3 to 8 years
Plant and motor vehicles	-	over 4 to 5 years

Stocks of raw materials and consumables

Stocks are stated at the lower of cost and net realisable value on a first-in, first-out basis.

Long Term Contracts

Long term contract work in progress balances are stated at cost less provision for any known or anticipated losses and less payments on account received or receivable.

Long term contracts are assessed on a contract by contract basis and are reflected in the profit and loss account by recording turnover and related costs as contract activity progresses.

Where the outcome of a contract can be assessed with reasonable certainty before its conclusion, the prudently calculated profit attributable to the work performed at the accounting date is recognised in the profit and loss account as the difference between the reported turnover and related costs for that contract.

Deferred Taxation

Deferred taxation is provided at the current tax rate on the differences arising from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. No provision is made where these timing differences are not expected to give rise to a tax liability.

Leasing and Hire Purchase Commitments

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value in the balance sheet.

The interest element of finance lease obligations is charged to the profit and loss account over the period of the lease so as to give a constant rate of charge on the remaining balance of the obligation.

Rentals paid under operating leases are charged to profit and loss account in equal annual instalments over the period of the lease.

NOTES TO THE ACCOUNTS
AT 31ST DECEMBER 1997 (CONTINUED)

2. **TURNOVER**

Turnover represents the value of work done during the year, stated net of value added tax and is attributable to one class of business, that of building contracting.

3. **OTHER OPERATING INCOME**

	<u>1997</u>	<u>1996</u>
	<u>£'s</u>	<u>£'s</u>
Cash discounts	128,427	56,967
Plant hire and cartage	172,894	78,009
	<u>£301,321</u>	<u>£134,976</u>

4. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

	<u>1997</u>	<u>1996</u>
	<u>£'s</u>	<u>£'s</u>
This is stated after charging:		
Directors' emoluments as executives	263,866	145,831
Auditors' remuneration	5,000	5,000
Depreciation	<u>28,048</u>	<u>17,119</u>

5. **DIRECTORS AND EMPLOYEES**

Employee information

The average weekly number of persons, including directors, employed by the company during the year was as follows:-

	<u>1997</u>	<u>1996</u>
Management and administration	6	6
Site supervision	15	7
Operatives	<u>32</u>	<u>18</u>

The aggregate payroll costs of these persons were as follows:

	<u>1997</u>	<u>1996</u>
Wages and salaries	955,419	430,630
Social security costs	95,007	37,185
Other pension costs	<u>3,114</u>	<u>17,492</u>
	<u>£1,053,540</u>	<u>£485,307</u>

The above costs have been recharged by a fellow group company.

Directors' emoluments

Excluding pension contributions, the emoluments of the Chairman were £NIL (1996:£NIL) and those of the highest paid director were £43,096(1996:£33,512). The emoluments, excluding pension contributions, of the other directors fell within the following ranges:-

	<u>1997</u>	<u>1996</u>
£ 5,001 - £10,000	1	1
£10,001 - £15,000	-	1
£25,001 - £30,000	1	-
£30,001 - £35,000	1	3
£35,001 - £40,000	3	-
£40,001 - £45,000	1	-

NOTES TO THE ACCOUNTS
AT 31ST DECEMBER 1997 (CONTINUED)

6. **TAXATION**

It is anticipated that there will be no Corporation Tax liability based on these accounts due to available group relief.

7. **TANGIBLE FIXED ASSETS**

<u>Cost</u>	<u>Total</u>	<u>Mobile Site Offices</u>	<u>Plant and Motor Vehicles</u>
At 1st January 1997	252,140	42,712	209,428
Additions	73,155	7,500	65,655
Disposals	<u>(32,829)</u>	<u>(1,280)</u>	<u>(31,549)</u>
At 31st December 1997	<u>292,466</u>	<u>48,932</u>	<u>243,534</u>
 <u>Depreciation</u>			
At 1st January 1997	184,291	40,849	143,442
Provided during the year	28,048	1,990	26,058
Disposals	<u>(31,549)</u>	<u>-</u>	<u>(31,549)</u>
At 31st December 1997	<u>180,790</u>	<u>42,839</u>	<u>137,951</u>
 <u>Net Book Value</u>			
At 31st December 1997	<u>£111,676</u>	<u>£6,093</u>	<u>£105,583</u>
At 31st December 1996	<u>£67,849</u>	<u>£1,863</u>	<u>£65,986</u>

Assets held under Finance Leases and Hire Purchase Contracts

Included in the overall total for fixed assets above are amounts relating to assets held under finance leases and hire purchase contracts as follows:

	<u>1997</u>	<u>1996</u>
Net book value	<u>£16,385</u>	<u>£22,115</u>
Depreciation charged in the year	<u>£5,730</u>	<u>£3,770</u>

8. **FIXED ASSET INVESTMENT**

	<u>1997</u>	<u>1996</u>
Shares in group undertaking at cost:		
At 1st January 1997 and 31st December 1997	<u>£73,632</u>	<u>£73,632</u>

The investment represent shares in the following wholly owned subsidiary company, which is incorporated in Great Britain and is unlisted.

	<u>Nature of Business</u>
Collier and Catley (Small Works) Limited	
100 £1 ordinary shares	Non – trading

NOTES TO THE ACCOUNTS

AT 31ST DECEMBER 1997 (CONTINUED)

9. **STOCKS**

	<u>1997</u>	<u>1996</u>
Raw materials and consumables	<u>£14,227</u>	<u>£14,227</u>

10. **DEBTORS**

	<u>1997</u>	<u>1996</u>
Trade debtors	1,102,472	629,521
Amounts recoverable on contracts	370,062	188,922
Amounts owed by group undertakings	1,170,292	520,492
Other debtors	<u>10,974</u>	<u>7,227</u>
	<u>£2,653,800</u>	<u>£1,346,162</u>

11. **CREDITORS**

	<u>1997</u>	<u>1996</u>
	<u>£</u>	<u>£</u>

Amounts falling due within one year

Bank overdraft	36,562	-
Trade creditors	1,975,766	1,222,166
Amounts owed to group undertakings	249,478	23,702
Other creditors	707	1,296
Obligations under finance leases and hire purchase contracts	4,200	9,789
Accruals and deferred income	<u>173,497</u>	<u>36,847</u>
	<u>£2,440,210</u>	<u>£1,293,800</u>

Amounts falling due after one year

	<u>1997</u>	<u>1996</u>
Subordinated loan stock	100,000	100,000
Obligations under finance leases and hire purchase contracts	-	3,982
	<u>£100,000</u>	<u>£103,982</u>

The Company's bank overdraft is secured by a fixed and floating charge by way of a mortgage debenture over the Company's assets.

12. **SUBORDINATED LOAN STOCK**

Mr John Madejski advanced £100,00 to the Company on 30th December 1994 by way of a loan stock which was specifically subordinated to the trade creditors.

NOTES TO THE ACCOUNTS**AT 31ST DECEMBER 1997 (CONTINUED)****CALLED UP SHARE CAPITAL**1997 and 1996

Authorised:

10,000 ordinary shares of £1 each

£10,000

Allotted, called up and full paid:

10,000 ordinary shares of £1 each

£10,000**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS**19971996

Profit for the financial year

108,692 123,329

Opening shareholders funds

204,433 81,104

Closing Shareholder's funds

£313,125 £204,433

Shareholder's funds at the year end are comprised of:-

Equity interests

19971996

- Ordinary Shares

10,000 10,000

- Profit and Loss Account

303,125 194,433£313,125 £204,433**14. HOLDING COMPANY**

The ultimate Holding Company is Denton and Gibson Limited, a company incorporated in Great Britain.

15. CONTINGENT LIABILITY

The company is party to cross guarantees in respect of borrowings outstanding to National Westminster Bank plc.

The total borrowings of the Denton and Gibson Limited Group due to National Westminster Bank plc at 31st December 1997 was £785,757 which was secured against the total assets of the Group.

The Company, together with other members of the Denton and Gibson Limited Group is a member of a V.A.T Group under which all members are jointly and severally liable.