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McTAY BUILDING AND CIVIL ENGINEERING  
COMPANY LIMITED

ACCOUNTS

for the 20 months ended

31ST DECEMBER, 1978

McTAY BUILDING & CIVIL ENGINEERING CO. LIMITED

REPORT OF THE DIRECTORS

Directors: J.McBurney  
J.R.Cox  
G.L.Baird  
D.E.A.Porter  
K.M.Jones  
E.R.Wilson  
J.P.Jones  
A.Mackenzie

The directors submit to the shareholders the report and accounts of the company in respect of the 20 months ended 31st December 1978.

FINANCIAL RESULTS AND STATE OF AFFAIRS

The attributable profit after taxation, for the 20 months amounted to	455,870
which is added to the restated balance brought forward from previous periods of	<u>821,374</u>
out of which dividends are recommended totalling	<u>1,277,244</u>
leaving a balance to be carried forward of	<u>210,000</u>
	<u>£1,067,244</u>

DIRECTORS

The names of the directors are shown above.

ACTIVITIES

The principal activities of the company during the period were that of Building and Civil Engineering Contractors.

FIXED ASSETS

The movements in fixed assets during the period are set out in the notes to the accounts on page 6.

EXPORTS

There were no exports from the United Kingdom during the period.

DIRECTORS' INTERESTS - SHARES

The directors were not interested in shares of the company at 31st December 1978. The interests of the directors in the ultimate holding company, John Mowlem & Company Limited, were:-

	<u>No. of ordinary shares of 25p. each</u>	
	<u>31st December 1978</u>	<u>1st May 1977</u>
J. McBurney	500,000	-
J.R. Cox	7,344	-
G.L. Baird	-	-
D.E.A. Porter	-	-
K.M. Jones	-	-
E.R. Wilson	-	-
J.P. Jones	-	-
A. Mackenzie	-	-

McTAY BUILDING & CIVIL ENGINEERING CO. LIMITED

REPORT OF THE DIRECTORS

CLOSE COMPANY

As from 1st May 1977 the company is not a close company as defined in the Income and Corporation Taxes Act 1979.

AUDITORS

A resolution will be submitted at the forthcoming annual general meeting that Dearden Farrow, Chartered Accountants, be re-appointed as auditors.

By Order of the Board



C.J. FAREY

18th December 1979.

Secretary

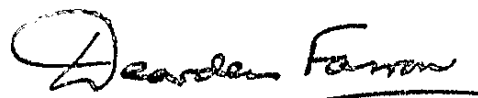
REPORT OF THE AUDITORS TO THE MEMBERS OF  
McTAY BUILDING AND CIVIL ENGINEERING COMPANY LIMITED

We are unable to form an opinion as to the value at which development costs, £62,819, are stated in the balance sheet.

With this exception in our opinion the accounts set out on pages 2 to 8 which have been prepared under the historical cost convention give, under that convention, a true and fair view of the state of affairs of the company at 31st December 1978 and of its profit and source and application of funds for the 20 months ended on that date and comply with the Companies Acts 1948 and 1967.

Manchester

18th December, 1979



Chartered Accountants

McTAY BUILDING AND CIVIL ENGINEERING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE 20 MONTHS ENDED 31ST DECEMBER, 1978

	<u>Notes</u>	<u>20 months ended</u> <u>31st December 1978</u>	<u>Year ended</u> <u>30th April 1977</u>
Turnover	2	£10,180,849	£4,277,130
TRADING PROFIT before taxation	3	886,192	354,826
Taxation	5	420,984	177,968
PROFIT AFTER TAXATION		465,208	176,858
Extraordinary item	6	9,338	-
PROFIT AFTER TAXATION AND AFTER EXTRAORDINARY ITEM		455,870	176,858
Proposed dividends		210,000	2,801
RETAINED PROFIT FOR THE PERIOD		£ 245,870	£ 174,057
STATEMENT OF RETAINED PROFITS			
At beginning of period as previously reported		484,932	320,247
Transfer from deferred taxation		336,442	327,070
As restated		821,374	647,317
Retained profit for the period		245,870	174,057
RETAINED PROFITS CARRIED FORWARD		£1,067,244	£ 821,374

McTAY BUILDING AND CIVIL ENGINEERING COMPANY LIMITED

BALANCE SHEET - 31ST DECEMBER 1978

	<u>Notes</u>	<u>31st December 1978</u>	<u>30th April 1977</u>
ASSETS EMPLOYED			
FIXED ASSETS	7	668,825	252,643
GROUP COMPANY BALANCES	12	171,693	55,554
CURRENT ASSETS			
Land and development properties		202,108	580,215
Debtors and work in progress	8	998,817	863,163
Taxation recoverable		-	6,333
Short term deposits		-	250,000
Bank and cash balances		774,906	82,256
		<u>1,975,831</u>	<u>1,781,967</u>
Deduct:			
CURRENT LIABILITIES AND PROVISIONS			
Creditors		1,138,460	1,112,537
Current taxation		462,139	-
		<u>1,600,599</u>	<u>1,112,537</u>
NET CURRENT ASSETS		375,232	669,430
		<u>£1,215,750</u>	<u>£977,627</u>
Financed by:			
ORDINARY SHARE CAPITAL AND RESERVES			
Ordinary share capital issued	9	1,000	1,000
Reserves	10	<u>1,067,244</u>	<u>821,374</u>
ORDINARY SHAREHOLDERS' FUNDS		1,068,244	822,374
DEFERRED TAXATION	11	147,506	155,253
		<u>£1,215,750</u>	<u>£977,627</u>


 ) Directors

McTAY BUILDING AND CIVIL ENGINEERING COMPANY LIMITED

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

(a) Fixed assets

Fixed assets are shown at cost less Government grants.

(b) Depreciation

No depreciation is provided on freehold land. The cost of freehold buildings is written off in equal annual instalments over a period of 40 years commencing 1st January 1978 or date of expenditure if later.

The cost of long leasehold properties is written off in equal annual instalments over the length of the lease.

Plant and machinery depreciation is calculated to write off the net cost of the assets on a straight line basis over their effective lives by equal instalments commencing in the month of purchase over periods varying between 3 to 7 years.

Office equipment depreciation is calculated to write off the net cost of the assets on a straight line basis over their effective lives by equal instalments commencing in the month of purchase over 10 years.

Motor cars are depreciated by 5% on the day of purchase and 16% per annum for 5 years leaving a 15% residual value.

With effect from 1st January 1978 the rates of depreciation were brought into line with those of the ultimate holding company as set out above. The result of this change in accounting policy is not considered to have had a material effect on the trading profit.

(c) Land and development properties

Land and development properties are stated at cost or valuation without additions for the cost of finance.

(d) Debtors and work in progress

Known bad debts are written off and specific provision made for any considered to be doubtful.

Work in progress is valued by reference to measured progress on contracts at the rates applicable, subject always to the exercise of prudent judgement, less provisions for foreseeable losses, progress payments received and amounts receivable. Accordingly, where the outcome of a contract can be predicted with reasonable certainty, profit is taken up and reflects only the proportion of work carried out at the accounting date, taking into account any known inequalities of profitability in the different stages of the contract.

No credit is taken of claims on contracts until the amount of such a claim is settled.

(e) Turnover

The amount has been calculated on the basis of the value of work executed during the period in respect of contracting and invoiced value of sales in respect of trading.

McTAY BUILDING AND CIVIL ENGINEERING COMPANY LIMITED

NOTES TO THE ACCOUNTS

(f) Trading profit

Trading profit includes the results of contracts in progress and balances on settlement of contracts treated as completed in previous years.

(g) Deferred taxation

Deferred taxation has been computed in accordance with the requirements of SSAP 15 using the rate of taxation applicable at the balance sheet date based on the liability method.

2. TURNOVER

Turnover includes £431,123 (1977 £Nil) in respect of sub-contract work within the Group.

3. TRADING PROFIT

	<u>1978</u>	<u>1977</u>
Trading profit is stated after charging:		
Fixed asset depreciation	120,960	56,567
Auditors' remuneration and expenses	8,100	1,050
Directors' emoluments	142,206	51,050
Hire of plant and machinery from sources outside the Mowlem Group of Companies	812,860	272,939
and after crediting:		
Income from quoted investments	8	2
Interest receivable	51,947	31,254
Rental income	71,719	-
Profits on sale of fixed assets other than properties	25,906	-

4. DIRECTORS EMOLUMENTS, excluding pension contributions:

Chairman	Nil	Nil
Highest paid director	£34,934	£14,000
Numbers:		
Nil to £2,500	1	4
£2,501 to £5,000	1	-
£5,001 to £7,500	1	-
£7,501 to £10,000	1	-
£10,001 to £12,500	-	3
£12,501 to £15,000	-	1
£20,001 to £22,500	1	-
£25,001 to £27,500	2	-
£32,501 to £35,000	1	-

5. TAXATION on the profits for the period:

United Kingdom corporation tax at 52% including payment to be made for group relief, £166,638	469,189	-
Adjustments for previous years - deferred taxation	10,946	-
Transfer to (from) deferred taxation account	(59,151)	177,968
	<u>£420,984</u>	<u>£177,968</u>

Under SSAP 15 the charge for deferred taxation for the period has been reduced by £60,217 (1977 £9,372). The tax deferred by these reductions is not expected to be payable in the foreseeable future.

6. EXTRAORDINARY ITEM

Losses on sales of freehold and short leasehold premises

<u>£ 9,338</u>	<u>£ -</u>
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McTAY BUILDING AND CIVIL ENGINEERING COMPANY LIMITED

NOTES TO THE ACCOUNTS.

7. FIXED ASSETS

	<u>Freehold property</u>	<u>Long leasehold property</u>	<u>Motor cars</u>	<u>Plant and machinery</u>	<u>Office equipment</u>	<u>Total</u>
Cost						
At 1st May 1977	50,405	11,138	75,112	198,659	27,548	362,862
Additions less grants	19,886	335,703	94,322	138,069	41,610	629,590
Disposals	(50,405)	(11,138)	(34,052)	(39,375)	(11,000)	(145,970)
At 31st December 1978	£19,886	£335,703	£135,382	£297,353	£58,153	£846,482
Depreciation						
At 1st May 1977	-	380	16,496	88,474	4,869	110,219
Provided in year	331	9,400	34,715	67,300	9,214	120,960
Released on disposals	-	(455)	(15,977)	(37,090)	-	(53,522)
At 31st December 1978	£ 331	£9,325	£ 35,234	£118,684	£14,083	£177,657
Net as balance sheet						
At 31st December 1978	£19,555	£326,378	£100,148	£178,669	£44,075	£668,825
At 30th April 1977	£50,405	£10,758	£58,616	£110,185	£22,679	£252,643

Capital expenditure authorised and contracted for at 31st December 1978, but not included in these accounts amounted to £21,000 (1977 £10,000). In addition £210,000 (1977 £Nil) was authorised but not contracted for.

8. DEBTORS AND WORK IN PROGRESS

The amount included for work in progress has been calculated by reference to the net valuation of current contracts of £5,167,575 (1977 £4,238,526) less progress payments received and amounts receivable of £4,695,160 (1977 £3,668,100) resulting in a balance of £472,415 (1977 £570,426).

9. SHARE CAPITAL

<u>Authorised, issued and fully paid</u>	
<u>1978</u>	<u>1977</u>
Shares of £1 each	
£1,000	£1,000

10. RESERVES

	<u>1978</u>	<u>1977</u>
Distributable	£1,067,244	£821,374

11. DEFERRED TAXATION

This amount is made up as follows:

Accelerated capital allowances	98,920	-
Stock relief	48,586	273,459
Other timing differences	-	(118,206)
	<u>£147,506</u>	<u>£155,253</u>

The value of group relief surrendered to a fellow subsidiary company included with deferred taxation at 30th April 1977 has been utilised during the period, £40,458.

The company's accounting policy in respect of deferred taxation has been changed to comply with the requirements of SSAP 15. The adjustment arising from the change in policy shown above has the effect of increasing distributable reserves by £396,659 (1977 £336,442).

McTAY BUILDING AND CIVIL ENGINEERING COMPANY LIMITEDNOTES TO THE ACCOUNTS

## 12. GROUP COMPANY BALANCES

Holding company and fellow subsidiary companies:

Amount owing to	1,556	-
Amount owing by	<u>173,249</u>	<u>55,554</u>
	<u>£171,693</u>	<u>£55,554</u>

## 13. ULTIMATE HOLDING COMPANY

With effect from 1st May 1977 the ultimate holding company of the company is John Mowlem & Company Limited which is incorporated in England.

## 14. CONTINGENT LIABILITY

There is a contingent liability under a bank debenture and guarantee in respect of group companies overdrafts amounting to £813,313 (1977 £204,298).

McTAY BUILDING AND CIVIL ENGINEERING COMPANY LIMITED

SOURCE AND APPLICATION OF FUNDS  
FOR THE 20 MONTHS ENDED 31ST DECEMBER, 1978

	<u>1978</u>	<u>1977</u>
<b>SOURCE OF FUNDS</b>		
Profit after taxation and extraordinary item	455,870	176,858
Depreciation and amortisation	120,960	56,567
Net book value of assets disposed of	92,448	10,319
Deferred taxation	(48,205)	177,968
Movement in group balances	-	33,201
Decrease in working capital	736,848	-
	<u>£1,357,921</u>	<u>£454,913</u>
<b>APPLICATION OF FUNDS</b>		
Dividends	210,000	2,801
Capital expenditure net of grants	629,590	102,184
Increase in working capital	-	471,111
Movement in group balances including group relief adjustment in respect of prior years	75,681	-
	<u>915,271</u>	<u>576,096</u>
Increase (decrease) in bank and cash balances	442,650	(121,183)
	<u>£1,357,921</u>	<u>£454,913</u>
<b>Increase (decrease) in working capital:</b>		
Movement in land and development properties	(378,107)	8,821
Movement in debtors and work in progress	135,654	557,570
Movement in creditors and taxation	(494,395)	(95,280)
	<u>£(736,848)</u>	<u>£471,111</u>

ADDENDUM TO DIRECTORS REPORT


Company Name      McTay Construction Ltd  
Number      992077.

The attached accounts, which do not comply with the provisions of the Companies Act 1976 (Sections 1(1), 2(4), 3(5)), were prepared for the period ..... 1:..5:..77..... to ..... 31:..12:..78..... for the following reason(s):-

The Company was taken over by John Mowlem & Company Limited in November 1977 which consequently meant changing the Company's year end from 30th April to 31st December (John Mowlem & Company Limited year end)

Because of the proximity of the 31st December 1977 to the take over date no statutory accounts were prepared for that period, which consequently meant preparing accounts for the period to 31st December 1978 (ie 20 months).

We undertake that the next and future accounts have been and/or will be prepared for each accounting reference period in compliance with the Companies Act 1976.

Signed .....  .....  
Director (on behalf of the Board)