

995892

AMALGAMATED CONSTRUCTION CO. LIMITED

Report and Financial Statements

For the year ended

31st December 1994



AMALGAMATED CONSTRUCTION CO. LIMITED

Annual report and financial statements for the year ended 31st December 1994

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AMALGAMATED CONSTRUCTION CO. LIMITED

Directors, Secretary and Registered Office

Directors

O.H. Schmill

L. Bradley

P.M. Davies

H.J. Lethaby

I. Swire

Secretary

I. Swire

Registered Office

Amco House

25, Moorgate Road

Rotherham

S60 2AD

Registered in England : Company Number - 995892

AMALGAMATED CONSTRUCTION CO. LIMITED

Report of the directors for the year ended 31st December 1994

The directors present their report together with the audited financial statements for the year ended 31st December 1994.

1. Principal activities and business review

The company was principally engaged in construction activities.

Despite the improvement from 1993, the directors considered the result to be disappointing. Whilst anticipating difficult conditions again in 1995, the directors look forward to continued profitability.

2. Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors recommend payment of a final dividend of £250,000 on 1st March 1995. The retained profit has been transferred to profit and loss account reserves.

3. Directors

Messrs O.H. Schmill, L. Bradley, P.M. Davies, H.J. Lethaby and I. Swire served throughout the year. Mr. O.H. Schmill is also a director of the holding company and his indirect beneficial interest in the shares of the company is disclosed in the holding company's financial statements. At the end of the year the other directors' beneficial interest in shares of group companies were as follows:-

	Amco Corporation Plc Ordinary 10p Shares			
	1994		1993	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
L. Bradley	10,000	7,000	0	15,000
P.M. Davies	0	5,000	0	0
H.J. Lethaby	3,500	7,500	0	6,000
I. Swire	5,000	6,000	0	7,500

4. Fixed assets

The principal changes to the fixed assets of the company during the year are shown in note 5 to the accounts.

5. Disabled persons

The company's policy is to give sympathetic consideration, in both recruitment and training, to the problems of the disabled, and to assist them in developing their knowledge and skills to undertake greater responsibilities wherever possible.

AMALGAMATED CONSTRUCTION CO. LIMITED

Report of the directors for the year ended 31st December 1994 (continued)

6. Employee involvement

Information is made available to employees at the discretion of the directors.

7. Charitable donations

During the year the company made contributions totalling £655 to United Kingdom charitable organisations.

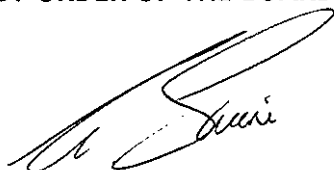
8. Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit and loss for that year. In preparing the financial statements, the directors are required to select suitable accounting policies and apply them consistently, to make reasonable and prudent judgments and estimates, to follow applicable accounting standards and to 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 also responsible for maintaining adequate accounting records, for safeguarding the assets of the company, and for preventing and detecting fraud and other irregularities.

9. Auditors

The auditors, Grant Thornton, have expressed their willingness to continue in office.

BY ORDER OF THE BOARD



I. Swire
Secretary
1st March 1995

AMALGAMATED CONSTRUCTION CO. LIMITED

Report of the auditors

To the members of AMALGAMATED CONSTRUCTION CO. LIMITED

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit of 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 judgments 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 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON

Registered Auditors

Chartered Accountants

8, West Walk
Leicester

1st March 1995

AMALGAMATED CONSTRUCTION CO. LIMITED

Profit and loss account and statement of total recognised gains and losses for the year ended
31st December 1994

	Note	1994		1993	
		£	£	£	£
Turnover	1		30,373,046		33,234,696
Raw materials and consumables		1,304,500		451,403	
Other external charges		<u>7,288,972</u>		<u>3,817,354</u>	
			<u>8,593,472</u>		<u>4,268,757</u>
			21,779,574		28,965,939
Staff costs	2	18,945,651		26,035,406	
Depreciation		729,697		1,145,426	
Other operating charges		<u>1,293,431</u>		<u>1,732,308</u>	
			<u>20,968,779</u>		<u>28,913,140</u>
Operating profit			810,795		52,799
Other sundry income			<u>45,720</u>		<u>37,408</u>
			856,515		90,207
Interest receivable	3		<u>43,232</u>		<u>133,546</u>
Profit on ordinary activities before taxation	1		899,747		223,753
Taxation on profit on ordinary activities	4		<u>(446,517)</u>		<u>(187,258)</u>
Profit on ordinary activities after taxation			453,230		36,495
Dividends			<u>(250,000)</u>		<u>(475,000)</u>
Retained profit/(loss) transferred to reserves	12		<u>203,230</u>		<u>(438,505)</u>

All the above transactions relate to continuing activities.

There are no recognised gains or losses other than the profit for the financial year.

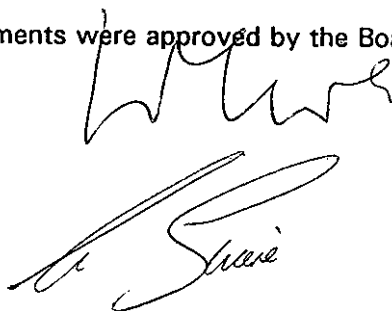
The accounting policies and notes on pages 7 to 14 form part of these financial statements.

AMALGAMATED CONSTRUCTION CO. LIMITED

Balance sheet at 31st December 1994

	Note	1994		1993	
		£	£	£	£
Fixed Assets					
Tangible assets	5		615,449		930,545
Current Assets					
Stock	6	449,669		401,416	
Amounts receivable on contracts		3,330,008		2,495,112	
Debtors	7	7,337,704		677,278	
Cash at bank and in hand		<u>4,377</u>		<u>4,300,801</u>	
		11,121,758		7,874,607	
Creditors: amounts falling due within one year	8	<u>5,981,727</u>		<u>3,256,512</u>	
Net current assets			<u>5,140,031</u>		<u>4,618,095</u>
Total assets less current liabilities			5,755,480		5,548,640
Creditors: amounts falling due after more than one year	9		<u>6,965</u>		<u>3,355</u>
			<u>5,748,515</u>		<u>5,545,285</u>
Capital and reserves					
Called up share capital	11		3,000,000		3,000,000
Profit and loss account	12		<u>2,748,515</u>		<u>2,545,285</u>
Shareholders' funds	13		<u>5,748,515</u>		<u>5,545,285</u>

The financial statements were approved by the Board of Directors on 1st March 1995.



O.H. SCHMILL

I. SWIRE

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Directors

The accounting policies and notes on pages 7 to 14 form part of these financial statements.

AMALGAMATED CONSTRUCTION CO. LIMITED

Statement of accounting policies

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

No statement of cashflows has been presented as the cashflows of the company have been incorporated into the group financial statements.

The principal accounting policies of the company set out below have remained unchanged from the previous year.

(a) Turnover

Turnover is the total amount receivable in respect of work done and services provided, excluding value added tax.

(b) Depreciation

Depreciation is normally calculated to write off the cost of fixed assets by equal annual instalments over their expected useful lives.

The rates generally applicable are:

Freehold buildings	1%
Plant and equipment	5% to 33.3%
Motor vehicles	25%

(c) Stock and work in progress

Stock is valued at the lower of cost and net realisable value.

Consumable stock includes assets with a limited economic life which are written off on a reducing balance basis by monthly instalments over a period of 18 months.

(d) Long-term contracts

Long-term contracts are included in turnover on the basis of independent certification of value of work done. Unpaid certified work is classified as amounts receivable on contracts.

Costs incurred to carry out work on long-term contracts are matched with turnover.

Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date.

(e) Deferred taxation

Provision is made using the liability method for material timing differences between the treatment of certain items for taxation and accounting purposes except that no provision is made where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

AMALGAMATED CONSTRUCTION CO. LIMITED

Statement of accounting policies (continued)

(f) Pensions

The cost of providing retirement pensions and related benefits is charged to the profit and loss account over the periods benefiting from the employees' service. The difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet.

(g) Leased assets

Assets acquired under finance leases that give rights approximating to ownership are treated as if they had been purchased and an amount equivalent to their cost is included under tangible fixed assets. Depreciation is provided in accordance with the group's normal depreciation policy. Leasing payments are treated as consisting of capital and finance charge elements and the finance charge is charged to the profit and loss account. All other leases are operating leases and the annual rentals are charged wholly to the profit and loss account.

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 1994

1. Turnover and profit on ordinary activities before taxation

All the company's turnover and profits are derived from its principal activities, and its turnover is all from the United Kingdom.

Profit on ordinary activities is stated after:

	<u>1994</u>	<u>1993</u>
	£	£
Auditors' remuneration	9,750	16,000
Operating lease charges:		
Hire of plant and machinery	348,097	213,207
Other operating leases	<u>286,138</u>	<u>479,894</u>

2. Directors and employees

Staff costs during the year:

	<u>1994</u>	<u>1993</u>
	£	£
Wages and salaries	17,278,290	23,816,994
Social security	1,379,920	2,023,592
Pension costs	<u>287,441</u>	<u>194,820</u>
	<u>18,945,651</u>	<u>26,035,406</u>

The average number of employees of the company during the year was 650 (1993 - 1,047).

Directors remuneration is as follows:-

	<u>1994</u>	<u>1993</u>
	£	£
Management remuneration	217,586	115,652
Pension premiums	<u>18,298</u>	<u>8,511</u>
	<u>235,884</u>	<u>124,163</u>

Included within management remuneration above are non cash benefits amounting to £20,836 (1993 - £17,770).

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 1994
(continued)

2. Directors and employees (continued)

The emoluments of the directors, excluding pension contributions, were as follows:-

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
The chairman	<u>Not Applicable</u>	<u>10,505</u>
The highest paid director	<u>64,940</u>	<u>56,240</u>
Other directors	<u>Number</u>	<u>Number</u>
£0 to £5,000	1	1
£10,001 to £15,000	0	1
£15,001 to £20,000	0	2
£45,001 to £50,000	2	0
£55,001 to £60,000	<u>1</u>	<u>0</u>

3. Interest receivable/(payable)

	<u>1994</u>	<u>1993</u>
	<u>£</u>	<u>£</u>
On group loans, overdrafts and other loans:-		
on group loans repayable within 5 years, otherwise than by instalments	42,421	135,842
on overdrafts repayable within 5 years, otherwise than by instalments	2,056	2,965
on finance leases repayable within 5 years, by instalments	<u>(1,245)</u>	<u>(5,261)</u>
	<u>43,232</u>	<u>133,546</u>

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 1994
(continued)

4. Taxation on profit on ordinary activities

The taxation charge is based on the profit for the year and is made up as follows

	<u>1994</u>	<u>1993</u>
	£	£
United Kingdom corporation tax at 33% (1993-33%)	442,074	248,716
Adjustment in respect of previous years		
Under/(over) provision of corporation tax	<u>4,443</u>	<u>(61,458)</u>
	<u><u>446,517</u></u>	<u><u>187,258</u></u>

5. Tangible fixed assets

	<u>Total</u>	<u>Freehold property</u>	<u>Plant and equipment</u>	<u>Motor vehicles</u>
	£	£	£	£
Cost				
At 1st January 1994	16,224,773	36,865	15,605,381	582,527
Additions	410,076	0	237,522	172,554
Transfers from group undertakings	22,294	0	12,364	9,930
Disposals	(3,202,793)	0	(3,003,070)	(199,723)
Transfers to group undertakings	<u>(46,408)</u>	<u>0</u>	<u>(39,308)</u>	<u>(7,100)</u>
At 31st December 1994	<u><u>13,407,942</u></u>	<u><u>36,865</u></u>	<u><u>12,812,889</u></u>	<u><u>558,188</u></u>
Depreciation				
At 1st January 1994	15,294,228	3,643	14,773,905	516,680
Provided in year	729,697	393	676,516	52,788
Transfers from group undertakings	10,222	0	10,015	207
Disposals	(3,196,489)	0	(3,001,294)	(195,195)
Transfers to group undertakings	<u>(45,165)</u>	<u>0</u>	<u>(38,258)</u>	<u>(6,907)</u>
At 31st December 1994	<u><u>12,792,493</u></u>	<u><u>4,036</u></u>	<u><u>12,420,884</u></u>	<u><u>367,573</u></u>
Net book value at 31st December 1994	<u><u>615,449</u></u>	<u><u>32,829</u></u>	<u><u>392,005</u></u>	<u><u>190,615</u></u>
Net book value at 31st December 1993	<u><u>930,545</u></u>	<u><u>33,222</u></u>	<u><u>831,476</u></u>	<u><u>65,847</u></u>

Included within plant and equipment and motor vehicles are items subject to finance leases and hire purchase with a book value of £17,580 (1993 - £28,750) in respect of which depreciation of £7,740 (1993 - £15,000) has been charged in the year.

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 1994
(continued)

6. Stock

	<u>1994</u>	<u>1993</u>
	£	£
Consumables and plant spares	<u>449,669</u>	<u>401,416</u>

7. Debtors

Amounts falling due within one year

	<u>1994</u>	<u>1993</u>
	£	£
Trade debtors	244,015	56,701
Amounts owed by group undertakings	6,937,272	159,453
Prepayments and accrued income	156,417	443,130
Current taxation	0	17,994
	<u>7,337,704</u>	<u>677,278</u>

8. Creditors: amounts falling due within one year

	<u>1994</u>	<u>1993</u>
	£	£
Trade creditors	873,165	514,458
Amounts owed to group undertakings	1,480,092	630,154
Social security and other taxes	1,658,366	1,110,626
Other creditors	653,158	357,523
Accruals and deferred income	621,205	623,322
Current taxation	439,335	0
Finance leases	6,406	20,429
Dividends	250,000	0
	<u>5,981,727</u>	<u>3,256,512</u>

9. Creditors: amounts falling due after more than one year

	<u>1994</u>	<u>1993</u>
	£	£
Finance leases	<u>6,965</u>	<u>3,355</u>
Amounts payable under finance leases include		
Between one and two years	3,308	3,355
Between two and five years	<u>3,657</u>	<u>0</u>
	<u>6,965</u>	<u>3,355</u>

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 1994
(continued)

10. Provisions for liabilities and charges

Deferred taxation provided in the financial statements and the total potential liability including the amounts provided, are set out below.

	Amount provided		Potential liability	
	1994	1993	1994	1993
	£	£	£	£
Excess capital allowances	(49,600)	(52,300)	(49,600)	(52,300)
Other timing differences	49,600	52,300	49,600	52,300
	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>

11. Called up share capital

	1994	1993
	£	£
Authorised, ordinary shares of £1 each	<u>5,000,000</u>	<u>5,000,000</u>
Allotted, called up and fully paid ordinary shares of £1 each	<u>3,000,000</u>	<u>3,000,000</u>

12. Profit and loss account

	1994	1993
	£	£
At 1st January 1994	2,545,285	2,983,790
Retained profit/(loss) for year	<u>203,230</u>	<u>(438,505)</u>
At 31st December 1994	<u>2,748,515</u>	<u>2,545,285</u>

13. Reconciliation of movements in shareholders' funds

	1994	1993
	£	£
Profit for year	453,230	36,495
Dividends	<u>(250,000)</u>	<u>(475,000)</u>
Net increase/(decrease) in shareholders' funds	203,230	(438,505)
Shareholders' funds at 1st January 1994	<u>5,545,285</u>	<u>5,983,790</u>
Shareholders' funds at 31st December 1994	<u>5,748,515</u>	<u>5,545,285</u>

AMALGAMATED CONSTRUCTION CO. LIMITED

Notes forming part of the financial statements for the year ended 31st December 1994
(continued)

14. Operating lease obligations

	<u>1994</u>		<u>1993</u>	
	<u>Land & buildings</u>	<u>Other</u>	<u>Land & buildings</u>	<u>Other</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Commitments to operating lease payments within one year are as follows:				
In respect of leases expiring				
Within one year	<u>183,000</u>	<u>34,229</u>	<u>183,000</u>	<u>47,053</u>

15. Contingent liabilities

The company has charged certain of its freehold properties in support of its bank facilities. It has also given an unlimited guarantee in respect of certain group bank borrowings operated on a pool basis with Amco Property Investments Plc and Amco Corporation Plc.

16. Pension commitments

The company operates a funded pension scheme for certain employees including the directors. The scheme provides benefits based on final pensionable pay and is operated through a group trust fund. Contributions are based on pension costs across the whole group. The pension cost is assessed in accordance with the advice of a qualified actuary. The most recent actuarial valuation of the Scheme was on 1st April 1994. The pension cost was £287,441 (1993 - £194,820). Further details of the actuarial valuation of the group scheme may be found in the financial statements of Amco Corporation Plc.

17. Director's interest in transactions

The company had transactions in the normal course of business with a company controlled by Mr O.H.Schmill. Details of these transactions are set out in the holding company's financial statements.

18. Ultimate parent company

The ultimate parent company of this company is Amco Corporation Plc, which is registered in England. Copies of these financial statements can be obtained from the Registered Office.