

**AMALGAMATED CONSTRUCTION CO. LIMITED**

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**Report and Financial Statements**

**For the year ended**

**31st December 1999**



# **AMALGAMATED CONSTRUCTION CO. LIMITED**

Annual report and financial statements for the year ended 31st December 1999

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**AMALGAMATED CONSTRUCTION CO. LIMITED**

Directors, Secretary and Registered Office

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Directors

W.S. Hibbs

H.J. Lethaby

Secretary

D.W. Toffolo

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 1999

The directors present their report together with the audited financial statements for the year ended 31st December 1999.

## **1. Principal activities and business review**

The company is principally engaged in construction activities.

The directors considered the result for the year to be extremely disappointing. Whilst anticipating difficult conditions again in 2000, the directors look forward to improved trading results.

## **2. Results and dividends**

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

The directors do not recommend the payment of a dividend. The retained loss has been charged to profit and loss account reserves.

## **3. Directors**

The directors in office at the end of the year were Mr. H.J. Lethaby, who served throughout the year, and Mr. W.S. Hibbs who was appointed to the Board on 4th October 1999. Messrs. L. Bradley, I. Swire and O.H. Schmill resigned from the Board on 31st August 1999, 29th September 1999 and 22nd December 1999 respectively.

The directors' interests in shares of the ultimate parent company were as follows:-

	Amco Corporation Plc Ordinary 10p Shares			
	31st December 1999		1st January 1999 (or date of appointment)	
	<u>Shares</u>	<u>Options</u>	<u>Shares</u>	<u>Options</u>
W.S. Hibbs	0	0	0	0
H.J. Lethaby	12,000	3,000	12,000	2,000

## **4. 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.

## **5. Employee involvement**

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

## **6. Payment policy**

The company's policy is to agree terms and conditions with suppliers before business takes place and to pay agreed invoices in accordance with the terms of payment. Trade creditors at the year end amount to 34 days of average supplies for the year.

# **AMALGAMATED CONSTRUCTION CO. LIMITED**

Report of the directors for the year ended 31st December 1999 (continued)

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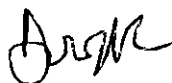
## **7. Statement of directors' responsibilities**

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.

## **8. Auditors**

Grant Thornton offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

**BY ORDER OF THE BOARD**



D.W. Toffolo  
Secretary  
9th March 2000

# **AMALGAMATED CONSTRUCTION CO. LIMITED**

Report of the auditors

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To the members of AMALGAMATED CONSTRUCTION CO. LIMITED

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

## **Respective responsibilities of directors and auditors**

As described on page 3 the company's directors are responsible for the preparation of financial statements in accordance with applicable United Kingdom law and accounting standards. 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 United Kingdom 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 1999 and of its loss 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

9th March 2000

**AMALGAMATED CONSTRUCTION CO. LIMITED**

Profit and loss account for the year ended 31st December 1999

	Note	1999		1998	
		£	£	£	£
Turnover	1		19,899,374		20,667,671
Raw materials and consumables		1,488,706		992,091	
Other external charges		<u>2,608,168</u>		<u>1,530,864</u>	
			<u>(4,096,874)</u>		<u>(2,522,955)</u>
			15,802,500		18,144,716
Staff costs	2	13,936,570		16,852,559	
Depreciation		936,951		670,385	
Other operating charges		<u>1,833,890</u>		<u>1,753,750</u>	
			<u>(16,707,411)</u>		<u>(19,276,694)</u>
Operating loss			(904,911)		(1,131,978)
Other sundry income			<u>76,509</u>		<u>12,129</u>
			(828,402)		(1,119,849)
Net interest	3		<u>42,329</u>		<u>250,455</u>
Loss on ordinary activities before taxation	1		(786,073)		(869,394)
Taxation on loss on ordinary activities	4		<u>159,742</u>		<u>355,234</u>
Retained loss charged to reserves	12		<u>(626,331)</u>		<u>(514,160)</u>

All the above transactions relate to continuing activities.

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

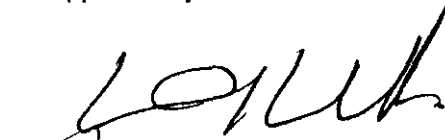

The accounting policies and notes on pages 7 to 13 form part of these financial statements.

**AMALGAMATED CONSTRUCTION CO., LIMITED**

Balance sheet at 31st December 1999

	Note	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	5		1,751,640		2,286,911
Current assets					
Stock	6	215,457		290,664	
Amounts receivable on contracts		1,714,841		1,286,429	
Debtors	7	5,160,569		5,502,818	
Cash at bank and in hand		236,292		311,756	
		7,327,159		7,391,667	
Creditors: amounts falling due within one year	8	(3,602,942)		(3,276,390)	
Net current assets			3,724,217		4,115,277
Total assets less current liabilities			5,475,857		6,402,188
Creditors: amounts falling due after more than one year	9		(275,000)		(575,000)
			5,200,857		5,827,188
Capital and reserves					
Called up share capital	11		3,000,000		3,000,000
Profit and loss account	12		2,200,857		2,827,188
Shareholders' funds	13		5,200,857		5,827,188

The financial statements were approved by the Board of Directors on 9th March 2000.

 W.S. HIBBS )  
 H.J. LETHABY ) Directors

The accounting policies and notes on pages 7 to 13 form part of these financial statements.



# **AMALGAMATED CONSTRUCTION CO. LIMITED**

## Statement of accounting policies

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

The company is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions within the Group headed by Amco Corporation plc.

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 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**

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.

## **AMALGAMATED CONSTRUCTION CO. LIMITED**

Statement of accounting policies (continued)

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**(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.

**(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 1999

## **1. Turnover and result on ordinary activities before taxation**

All the company's turnover and results are derived from its principal activity of construction and its turnover is all from the United Kingdom.

Result on ordinary activities is stated after:

	<u>1999</u>	<u>1998</u>
	£	£
Auditors' remuneration	9,785	12,000
Operating lease charges:		
Hire of plant and machinery	745,640	327,464
Other operating leases	<u>495,641</u>	<u>510,711</u>

## **2. Directors and employees**

Staff costs during the year:

	<u>1999</u>	<u>1998</u>
	£	£
Wages and salaries	12,635,352	15,337,558
Social security	1,174,191	1,377,104
Pension costs	<u>127,027</u>	<u>137,897</u>
	<u>13,936,570</u>	<u>16,852,559</u>

The average number of employees of the company during the year was 521 (1998 - 660).

Remuneration in respect of directors was as follows:

	<u>1999</u>	<u>1998</u>
	£	£
Aggregate emoluments	123,845	130,101
Company pension contributions to a defined contribution scheme	1,037	0
Gains made on the exercise of share options	<u>940</u>	<u>0</u>
	<u>125,822</u>	<u>130,101</u>

During the year two directors (1998 - two directors) participated in a defined benefit pension scheme and one director (1998 - no directors) participated in a defined contribution pension scheme.

During the year one director (1998 - no directors) exercised share options.

**AMALGAMATED CONSTRUCTION CO. LIMITED**

Notes forming part of the financial statements for the year ended 31st December 1999  
(continued)

**3. Net interest**

	1999	1998
	£	£
Receivable on group loans	92,232	263,432
Payable on bank loans	(48,506)	(8,476)
Payable on bank overdrafts	(1,397)	(4,501)
	<u>42,329</u>	<u>250,455</u>

**4. Taxation on loss on ordinary activities**

The taxation credit/(charge) is based on the loss for the year and is made up as follows

	1999	1998
	£	£
United Kingdom corporation tax at 30.25% (1998-31%)	215,678	331,320
Adjustment in respect of previous years (Under)/over provision of corporation tax	(55,936)	23,914
	<u>159,742</u>	<u>355,234</u>

**5. Tangible fixed assets**

	Freehold property	Plant and equipment	Motor vehicles	Total
	£	£	£	£
<b>Cost</b>				
At 1st January 1999	41,574	14,738,895	93,780	14,874,249
Additions	0	406,508	0	406,508
Disposals	0	(498,079)	(5,500)	(503,579)
At 31st December 1999	<u>41,574</u>	<u>14,647,324</u>	<u>88,280</u>	<u>14,777,178</u>
<b>Depreciation</b>				
At 1st January 1999	5,608	12,487,954	93,776	12,587,338
Charge for year	393	936,558	0	936,951
Disposals	0	(493,252)	(5,499)	(498,751)
At 31st December 1999	<u>6,001</u>	<u>12,931,260</u>	<u>88,277</u>	<u>13,025,538</u>
Net book value at 31st December 1999	<u>35,573</u>	<u>1,716,064</u>	<u>3</u>	<u>1,751,640</u>
Net book value at 31st December 1998	<u>35,966</u>	<u>2,250,941</u>	<u>4</u>	<u>2,286,911</u>

**AMALGAMATED CONSTRUCTION CO. LIMITED**

Notes forming part of the financial statements for the year ended 31st December 1999  
(continued)

**6. Stock**

	1999	1998
	£	£
Consumables and plant spares	215,457	290,664

**7. Debtors**

	1999	1998
	£	£
Trade debtors	1,837,149	628,262
Amounts owed by group undertakings	3,095,908	4,505,610
Prepayments and accrued income	9,166	59,983
Current taxation	218,346	308,963
	5,160,569	5,502,818

**8. Creditors: amounts falling due within one year**

	1999	1998
	£	£
Bank loan	300,000	300,000
Trade creditors	547,961	414,128
Amounts owed to group undertakings	1,102,281	843,974
Social security and other taxes	568,728	490,735
Other creditors	707,109	406,568
Accruals and deferred income	376,863	820,985
	3,602,942	3,276,390

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

	1999	1998
	£	£
Bank loan	275,000	575,000
Aggregate amounts repayable by instalments-		
Between one and two years	275,000	300,000
Between two and five years	0	275,000
	275,000	575,000

# **AMALGAMATED CONSTRUCTION CO. LIMITED**

Notes forming part of the financial statements for the year ended 31st December 1999  
(continued)

## **10. Provisions for liabilities and charges**

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

	Amount provided		Potential (asset)/liability	
	1999	1998	1999	1998
	£	£	£	£
Excess capital allowances	0	0	(104,500)	(57,000)
Other timing differences	0	0	(28,000)	(107,400)
	<u>0</u>	<u>0</u>	<u>(132,500)</u>	<u>(164,400)</u>

## **11. Called up share capital**

	1999	1998
	£	£
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**

	1999	1998
	£	£
At 1st January 1999	2,827,188	3,341,348
Retained loss for year	<u>(626,331)</u>	<u>(514,160)</u>
At 31st December 1999	<u>2,200,857</u>	<u>2,827,188</u>

## **13. Reconciliation of movements in shareholders' funds**

	1999	1998
	£	£
Loss for year	<u>(626,331)</u>	<u>(514,160)</u>
Net decrease in shareholders' funds	<u>(626,331)</u>	<u>(514,160)</u>
Shareholders' funds at 1st January 1999	<u>5,827,188</u>	<u>6,341,348</u>
Shareholders' funds at 31st December 1999	<u>5,200,857</u>	<u>5,827,188</u>

## **AMALGAMATED CONSTRUCTION CO. LIMITED**

Notes forming part of the financial statements for the year ended 31st December 1999  
(continued)

### **14. Operating lease obligations**

	1999		1998	
	Land & buildings	Other	Land & buildings	Other
	£	£	£	£
Commitments to operating lease payments within one year are as follows:				
In respect of leases expiring within one year	183,000	328,430	183,000	331,596

### **15. 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 1997. The pension cost was £127,027 (1998 - £137,897). Further details of the actuarial valuation of the group scheme may be found in the financial statements of Amco Corporation Plc.

### **16. Ultimate parent undertaking**

The immediate parent undertaking of this company is Amco Property Investments Plc. The ultimate parent undertaking/controlling related party of this company is Amco Corporation Plc, which is registered in England and Wales. The only group of undertakings for which consolidated accounts have been prepared is that headed by Amco Corporation Plc. Further details relating to this matter are disclosed in that company's financial statements, copies of which can be obtained from the Registered Office.