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WALTER LAWRENCE CONSTRUCTION LIMITED

DIRECTORS' REPORT AND ACCOUNTS

YEAR ENDED 31 DECEMBER 1981



WALTER LAWRENCE CONSTRUCTION LIMITED.

REPORT OF THE DIRECTORS.

The Directors submit their report for the year ended 31 December 1981 together with the audited accounts for the year.

Results

The results for the year are set out in the Profit and Loss Account on Page 4.

Dividends

No dividend has been paid or proposed in respect of the year.

Activity

The principal activity of the company is building contractors.

Exports

The company did not export any goods during the year.

Directors

The directors of the company during the year were:

J.A.B.Redgrave

T.R.Davis

T.J.C.Mawby

K.E.Hill

B.J.Prichard

D.J.Downing

appointed 13 May 1981

appointed 5 November 1981

resigned 5 November 1981

resigned 5 November 1981

Mr.T.R.Davis retires as a director by rotation and, being eligible, offers himself for re-election.

Mr.K.E.Hill who was appointed since the last Annual General Meeting, retires and, being eligible, offers himself for re-election.

Directors' Interests

None of the directors have any interest in the shares of the company, and their interests in the shares of the ultimate holding company, Walter Lawrence P.L.C. are shown in the accounts of that company.

Employment of disabled persons

The company gives full and fair consideration to applications for employment received from disabled persons, having regard to their particular aptitudes and abilities, and wherever possible the company continues the employment of, and arranges for the appropriate training for, employees who become disabled persons while employed by the company. Disabled employees are treated no differently from other employees as regards training, career development, and promotion opportunities. This policy was operated by the company, where appropriate, throughout the year.

WALTER LAWRENCE CONSTRUCTION LIMITED

REPORT OF THE DIRECTORS (continued...)

Share Capital and Reorganisation

The authorised share capital was increased from £100 to £1,000,000 on 5 November 1981 by the creation of additional ordinary shares of £1 each. The company has issued these shares at a premium of 293.57p per share to fellow subsidiary companies of Walter Lawrence P.L.C. in consideration for their trade and assets less liabilities with effect from 1 January 1981.

The housebuilding trade formerly carried out by Frederick Coyle & Co. Limited was transferred to a new subsidiary, Frederick Coyle Homes Limited with effect from 1 January 1981.

Auditors

A resolution for the re-appointment of Peat, Marwick, Mitchell & Co. as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the board

T.J.C. Mawby

Secretary

19 April 1982

WALTER LAWRENCE CONSTRUCTION LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF WALTER LAWRENCE CONSTRUCTION
LIMITED

We have audited the accounts on pages 4 to 11 in accordance with approved Auditing Standards.

In our opinion the Accounts which have been prepared on the basis of the accounting policies set out on pages 7 and 8 give a true and fair view of the state of affairs of the company at 31 December 1981 and of the profit and source and application of funds for the company for the year to that date and comply with the Companies Acts 1948 to 1981.

Peat Marwick Mitchell & Co.

Peat, Marwick, Mitchell & Co.

Chartered Accountants

London

19 April 1982

WALTER LAWRENCE CONSTRUCTION LTD.

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1981

	<u>Note</u>	<u>1981</u> <u>£'000</u>	<u>Proforma</u> <u>1980</u> <u>£'000</u>
<u>Turnover</u>		<u>42,858</u>	<u>43,503</u>
Operating profit before taxation	1	1,209	1,386
Taxation	2	146	586
Profit after taxation		<u>1,355</u>	<u>1,972</u>
Extraordinary items		-	579
		<u>1,355</u>	<u>1,393</u>
Dividends paid and proposed		-	1,428
Retained profit for the year		<u>1,355</u>	<u>(35)</u>

The policies and notes on pages 7. to 11 form an integral part of these accounts.

BALANCE SHEET
31 DECEMBER 1981

	<u>Note</u>	<u>1981</u> <u>£'000</u>	<u>Proforma</u> <u>1980</u> <u>£'000</u>
Fixed Assets	3	671	1,027
Current Assets:			
Stock & Work-in-progress	4	4,001	6,324
Debtors		3,612	2,812
Amount due from holding & fellow subsidiary companies		211	81
Group Relief		389	-
Due from Group Bank account		4,373	3,197
Cash at Bank and in hand		18	42
		<u>12,610</u>	<u>12,456</u>
Current Liabilities:			
Creditors		7,143	7,640
Amount due to holding & fellow subsidiary companies		915	556
Group Relief		-	261
Dividends		-	582
Bank loans and overdrafts	3	93	514
Taxation		5	
		<u>8,156</u>	<u>9,553</u>
Net Current Assets		<u>4,454</u>	<u>2,903</u>
		<u>5,125</u>	<u>3,930</u>
Financed by:			
Share Capital	5	1,000	1,000
Share Premium		2,935	2,935
Revenue Reserve	7	1,190	(165)
Shareholders Funds		<u>5,125</u>	<u>3,770</u>
Bank Loan	3		160
		<u>5,125</u>	<u>3,930</u>

The policies and notes on pages 7 to 11 form an integral part of these Accounts

Reynolds
Reynolds
Directors

19 April 1982

WALTER LAWRENCE CONSTRUCTION LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
YEAR ENDED 31 DECEMBER 1981

	1981 £'000	
<u>Source of Funds</u>		
Profit before taxation	1,209	
Items not involving movement of funds		
Depreciation	376	
Total generated from operations	1,585	
<u>Funds from other sources</u>		
Net book value of fixed assets sold	217	
	1,802	
<u>Application of Funds</u>		
Dividends paid	582	
Group Relief paid	499	
Purchase of Fixed Assets	237	
	1,318	
Increase in working capital	484	
	1,802	
<u>Working Capital Summary</u>		
	Source	Application
Increase in debtors	-	806
Decrease in stocks & work-in-progress	2,323	-
Decrease in creditors	-	497
Increase in intra group indebtedness	229	-
Increase in liquid funds	-	1,733
	2,552	3,036
Increase in working capital	484	-
	3,036	3,036

WALTER LAWRENCE CONSTRUCTION LIMITED

ACCOUNTING POLICIES
YEAR ENDED 31 DECEMBER 1961

The Accounts have been prepared under the historical cost convention.

A. TURNOVER

Turnover represents the sales value of work executed in the year.

B. PROFITS

Contracting

Contracting profits, as assessed by the directors, having regard to architects' certificates, are taken as they accrue over the life of the contract, including those the duration of which does not exceed 12 months. The directors are of the opinion that such short term contracts are of an identical nature to long term contracts in that work done is subject to periodic certification by independent architects or surveyors and progress payments are received based on those certificates.

Housebuilding

Housebuilding profits are taken when there has been an exchange of contracts with purchasers and houses are physically completed, provided that legal completion has taken place.

C. STOCK AND WORK-IN-PROGRESS

Work-in-progress in respect of building and contracting works is stated at cost, including site and other appropriate overheads, plus attributable profit. Full provision is made for anticipated losses to date of completion. Extra contractual claims arising on a contract are accounted for when agreed.

Housing developments under construction are valued at cost including site and other appropriate overheads (less provisions for estimated losses where appropriate) after deducting the estimated costs attributable to the units sold.

Property held for and in course of development is stated at the lower of cost and net realisable value as estimated by the directors.

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

D. DEPRECIATION AMORTISATION

The cost of leases having an unexpired period of less than fifty years and of improvements thereto is amortised on a straight line basis over the residual life of the lease.

The cost of plant and machinery fixtures and fittings and motor vehicles is in general written off by equal annual instalments over its estimated economic life which for most items is between three and ten years.

WALTER LAWRENCE CONSTRUCTION LIMITED

ACCOUNTING POLICIES (Continued....)
YEAR ENDED 31 DECEMBER 1981

E. DEFERRED TAXATION

Provision for deferred taxation is made under the liability method except where, in the opinion of the directors, there is a reasonable probability that tax relief granted will continue for the foreseeable future.

F. INTEREST

Interest is written off to the profit and loss account as incurred.

G. COMPARATIVE FIGURES

Comparative figures have been prepared on the basis that the trades acquired from fellow subsidiaries on 1 January 1981 had been in existence for the previous year. The company did not trade in the previous year and its balance sheet at 31 December 1980 was:-

	£'000
Share Capital	-
Deficit on revenue reserves	(165)
	<hr/>
	(165)
Loan from Walter Lawrence P.L.C.	165
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NOTES TO THE ACCOUNTS
YEAR ENDED 31 DECEMBER 1981

1981
£'000

1. OPERATING PROFIT

The operating profit has been arrived at:

(a) After charging:	
Depreciation and amortisation	376
Directors' Emoluments	1
Auditors' Remuneration	45
Plant Hire Charges	943
Interest payable	8
	<hr/>
(b) After crediting:	
Interest receivable - inter group	124
- other	3
Rental Income	7
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Directors' Emoluments were as follows:	<u>1981</u>
Chairman's Emoluments	£Nil
Highest paid directors' emoluments	£1,000

None of the other directors received any emoluments during the year. The company had one employee paid in the range of £30,001 to £35,000.

2. TAXATION

	<u>1981</u>
	<u>£'000</u>
Corporation Tax at 52% on profits for the year	-
Adjustment in respect of previous year	146
	<hr/>
	146
	<hr/>

There are tax losses carried forward available to be set off against future taxable profits amounting to £1,381,000.

The potential liability for deferred taxation amounts to:- 1981
£'000

Accelerated capital allowances and other timing differences	341
Less losses carried forward	(341)
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The tax charge for the year has been reduced by £270,000 in respect of Stock Appreciation Relief and £442,000 in respect of utilisation of past losses.

WALTER LAWRENCE CONSTRUCTION LIMITED

NOTES TO THE ACCOUNTS (Continued....)
YEAR ENDED 31 DECEMBER 1981

3. FIXED ASSETS

(a) <u>Short leasehold premises</u>	<u>Cost</u>	<u>Amortisation</u>	<u>Net Book Value</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 January 1981	19	18	1
Amortisation		1	(1)
Intra-Group disposals	(12)	(12)	nil
At 31 December 1981	7	7	nil
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(b) <u>Plant, Machinery, Fixtures & Fittings and Motor Vehicles</u>	<u>Cost</u>	<u>Depreciation</u>	<u>Net Book Value</u>
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
At 1 January 1981	2,896	1,870	1,026
Additions	214		214
Intra-Group additions	50	27	23
	3,160	1,897	1,263
Depreciation	-	375	(375)
Disposals	(813)	(633)	(180)
Intra-group disposals	(80)	(43)	(37)
At 31 December 1981	2,267	1,596	671
TOTAL	2,274	1,603	671

Certain of the company's plant is charged to Citibank Limited as security for a loan.

The fixed assets at 1 January 1981 represents the amount of those assets in the accounts of fellow subsidiaries transferring their trade with effect on that date.

NOTES TO THE ACCOUNTS (Continued)....
 YEAR ENDED 31 DECEMBER 1981

4. STOCK AND WORK-IN-PROGRESS	1981 £'000
Work-in-progress on uncompleted contracts	36,903
Less amounts received and receivable on account	33,464
	<hr/> 3,439
Property held for or in the course of development	330
Stocks	232
	<hr/> 4,001

5. SHARE CAPITAL	1981 £'000
Authorised, issued and fully paid Ordinary shares of £1 each	1,000

6. ULTIMATE HOLDING COMPANY

The company's ultimate holding company is Walter Lawrence P.L.C., a company incorporated in Great Britain.

7. REVENUE RESERVES	£'000
Revenue reserves at 1 January 1981	(165)
Retained profit for the year	1,355
	<hr/> 1,190

8. CONTINGENT LIABILITIES

The company is contingently liable in the sum of £712,000 for counter indemnities given in respect of performance bonds relating to the contracts of other group companies.

The company is liable under a guarantee with certain other subsidiary companies of Walter Lawrence P.L.C. in respect of any overdraft existing on a joint banking account. At 31 December 1981 this overdraft was £248,000.

9. CAPITAL COMMITMENTS

The company had capital commitments at 31 December 1981 of £nil and the Directors had authorised £52,000 of capital expenditure.