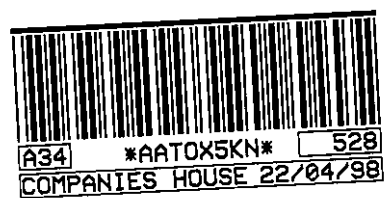


# **Wards Construction (Investments) Limited**

## **Directors' report and financial statements**

**31st October 1997**

**Registered Number: 1132078**



# Wards Construction (Investments) Limited

## Directors' report and financial statements

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# Wards Construction (Investments) Limited

## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31st October 1997.

### Principal activities

The principal activity of the company is property investment.

### Business review

The results achieved for the year were as follows:

	1997 £	1996 £
Turnover	<u>307,135</u>	<u>422,538</u>
Profit on sale of Investment Properties	<u>320,000</u>	<u>-</u>
Profit on ordinary activities before taxation	174,504	186,574
Taxation	<u>56,002</u>	<u>(57,291)</u>
Profit for the financial year	<u>230,506</u>	<u>129,283</u>

### Proposed dividend and transfer to reserves

The Directors do not recommend the payment of a dividend (1996: £Nil).

The profit for the year to be transferred to reserves is £230,506 (1996: Profit £129,283).

# **Wards Construction (Investments) Limited**

## **Directors' report**

### **Directors and directors' interests**

The directors who held office during the year were as follows:

D.J. Ward	(Chairman)
D.W. Pead	(Resigned 31 December 1997)

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

Mr D.J. Ward is a Director of the Company's ultimate holding company, Ward Holdings PLC and, accordingly, particulars of his interests in the shares of that Company are included in the Directors' Report of Ward Holdings PLC.

### **Employees**

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitude and abilities.

It is the directors' policy to ensure that continued employment is offered to employees who become temporarily or permanently disabled.

The training, career development and promotion of disabled persons employed by the company is an integral part of the personnel policy applicable to all employees.

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance. During the year, information regarding financial and economic factors affecting the performance of the company and other matters of concern to employees was regularly made available.

# Wards Construction (Investments) Limited

## Directors' report (*continued*)

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



G.A. Wall  
Secretary

# **Wards Construction (Investments) Limited**

## **Statement of Directors' Responsibilities**

Company law requires the directors to prepare financial statements 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 for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 responsible for maintaining 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 financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc

Barham Court

Teston

Maidstone

Kent

ME18 5BZ

## **Report of the auditors to the members of Wards Construction (Investments) Limited**

We have audited the financial statements on pages 6 to 15.

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

As described on page 4 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, on 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 judgements 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 as at 31 October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'KPMG Audit Plc', written over a horizontal line.

KPMG Audit Plc  
*Chartered Accountants*  
*Registered Auditor*

12 February 1998

# Wards Construction (Investments) Limited

## Profit and loss account

*for the year ended 31 October 1997*

	Note	1997 £	1996 £
Turnover arising from continuing operations	1	307,135	422,538
Cost of sales		<u>(120,893)</u>	<u>(110,389)</u>
Gross profit		186,242	312,149
Administrative expenses		<u>(32,971)</u>	<u>(15,083)</u>
Operating profit arising from continuing operations		153,271	297,066
Profit on sale of investment properties		<u>320,000</u>	<u>-</u>
Profit on ordinary activities before interest	2-4	473,271	297,066
Interest payable and similar charges	5	<u>(298,767)</u>	<u>(110,492)</u>
Profit on ordinary activities before taxation		174,504	186,574
Tax on profit on ordinary activities	6	<u>56,002</u>	<u>(57,291)</u>
Profit on ordinary activities after taxation	13	<u>230,506</u>	<u>129,283</u>

The notes on pages 9 - 15 form part of these financial statements.



# Wards Construction (Investments) Limited

## Balance Sheet

as at 31 October 1997

	Note	1997		1996	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	7		1,987,500		3,982,500
Investments	8		<u>100</u>		<u>100</u>
			1,987,600		3,982,600
<b>Current assets</b>	9				
Debtors		<u>12,695,956</u>		<u>12,091,876</u>	
		12,695,956		12,091,876	
<b>Creditors: amount falling due within one year</b>	10	<u>(4,220,513)</u>		<u>(5,958,439)</u>	
<b>Net current assets</b>			8,475,443		6,133,437
<b>Net Assets</b>			<u>10,463,043</u>		<u>10,116,037</u>
<b>Capital and reserves</b>					
Called up share capital	12		100		100
Investment Revaluation Reserve	13		1,316,323		1,672,903
Profit and loss account	13		<u>9,146,620</u>		<u>8,443,034</u>
<b>Shareholders' funds</b>	14		<u>10,463,043</u>		<u>10,116,037</u>

These financial statements were approved by the Board of Directors on 12 February 1998 and were signed on its behalf by:



D.J. Ward

The notes on pages 9 - 15 form part of these financial statements.

# Wards Construction (Investments) Limited

## Statement of total recognised gains and losses *for the year ended 31 October 1997*

	1997 £	1996 £
Profit for the financial year	230,506	129,283
Unrealised surplus/(deficit) on revaluation of properties	<u>116,500</u>	<u>(479,000)</u>
Total gains and losses recognised since last annual report	<u>347,006</u>	<u>(349,717)</u>

## Note of historical cost profits and losses *for the year ended 31 October 1997*

	1997 £	1996 £
Profit on ordinary activities before taxation	174,504	186,574
Realisation of property revaluation gains/(losses) of previous years	473,080	-
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount.	<u>2,518</u>	<u>2,518</u>
Historical cost profit on ordinary activities before taxation	<u>650,102</u>	<u>189,092</u>
Historical cost profit for the year retained after taxation and dividends	<u>706,104</u>	<u>131,801</u>

The notes on pages 9 - 15 form part of these financial statements.

# Wards Construction (Investments) Limited

## Notes

*(forming part of the financial statements)*

### 1. Accounting policies

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

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

The Company is exempt by virtue of s228 of the Companies Act 1985 from the requirement to prepare group financial statements. Shares in subsidiary companies are shown at cost. In the Director's opinion, the aggregate value of the assets of subsidiary undertakings is not less than the value at which the investment is shown in the Balance Sheet.

#### *Fixed assets and depreciation*

In accordance with the Statement of Standard Accounting Practice No. 19:

- i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve; and
- ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the company's investment properties, may be a departure from the requirements of the Companies Act concerning depreciation of assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. Depreciation or amortisation is only one of the many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

Freehold property occupied by Group companies is depreciated at 2% per annum on cost or revalued amount.

# Wards Construction (Investments) Limited

## Notes (continued)

### 1. Accounting policies (continued)

#### *Deferred taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Turnover*

Turnover represents the amounts receivable in respect of gross rents, insurance and service charges including amounts receivable from fellow Subsidiaries of £43,033 (1996: £23,835).

All turnover arose within the United Kingdom

# Wards Construction (Investments) Limited

## Notes (Continued)

### 2. Profit on ordinary activities before taxation

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging:		
Auditors' remuneration:		
Audit	3,350	3,200
Other	650	-
Depreciation and other amounts written off tangible fixed assets:		
Owned	<u>6,500</u>	<u>6,500</u>

### 3. Remuneration of Directors

The Directors did not receive any remuneration either as directors or executives during the year (1996: Nil).

### 4. Staff numbers and costs

The average number of persons employed by the company (including Directors) during the year, analysed by category, was as follows:

	Number of employees	
	1997	1996
Management	2	2
Administration	-	2
	<u>2</u>	<u>4</u>

The aggregate payroll costs of these persons were as follows:

	1997 £	1996 £
Wages and salaries	-	10,687
Social Security costs	-	460
	<u>-</u>	<u>11,147</u>

### 5. Interest Payable

	1997 £	1996 £
On bank loans and overdrafts	<u>298,767</u>	<u>110,492</u>

### 6. Taxation

	1997 £	1996 £
UK Corporation Tax at 31.8% (1996: 33 %)	(54,430)	57,291
Adjustment in respect of prior years	<u>(1,572)</u>	<u>-</u>
	<u>(56,002)</u>	<u>57,291</u>

# Wards Construction (Investments) Limited

## Notes (continued)

### 7. Tangible fixed assets

	Freehold land and buildings Occupied by Group Companies	Held for Investment	Long Leasehold Held for Investment	Total
	£	£	£	£
<b>Cost</b>				
At beginning of year	925,000	2,777,500	280,000	3,982,500
Revaluations	-	15,000	95,000	110,000
Disposals	(25,000)	(2,080,000)	-	(2,105,000)
<b>At end of year</b>	<u>900,000</u>	<u>712,500</u>	<u>375,000</u>	<u>1,987,500</u>
<b>Depreciation</b>				
At beginning of year	-	-	-	-
Charge for year	6,500	-	-	6,500
Adjustment on revaluation	(6,500)	-	-	(6,500)
<b>At end of year</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book value</b>				
At 31 October 1997	<u>900,000</u>	<u>712,500</u>	<u>375,000</u>	<u>1,987,500</u>
At 31 October 1996	<u>925,000</u>	<u>2,777,500</u>	<u>280,000</u>	<u>3,982,500</u>

At 30th April 1997, freehold and leasehold investment property and freehold property occupied by the Group were revalued by Richard Ellis, independent property consultants. Investment property was valued on a Open Market Value basis and freehold property occupied by the Group on an Existing use basis. These values have been used in the Accounts as no further adjustments were considered necessary by the Directors as at 31st October 1997.

In accordance with Statement of Standard Accounting Practice No. 19, investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve except that any permanent diminution in value is taken to the Profit and Loss Account. In addition no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over 20 years to run.

This treatment, as regards certain of the Group's investment properties, may be a departure from the requirements of the Companies Act 1985 concerning depreciation of fixed assets. However, these properties are not held for consumption but for investment and the Directors consider that systematic annual depreciation would be inappropriate. The accounting policy adopted is therefore necessary for the financial statements to give a true and fair view. The amount of depreciation for the year not provided is £22,000 (1996: £67,000). The cumulative amount of this depreciation is £594,000 (1996: £1,671,000).

The amount of freehold land and buildings and long leasehold investment properties determined according to the historical accounting rules is as follows:

	1997 £	1996 £
Historical cost of revalued assets	1,035,910	2,667,830
Aggregate depreciation based on historical cost	(343,000)	(883,000)
<b>Historical cost net book value</b>	<u>692,910</u>	<u>1,784,830</u>

# Wards Construction (Investments) Limited

## Notes (continued)

### 8. Fixed asset investments

The company owns 100% of the issued share capital of Wards Construction (Industrial) Limited, a company registered in England and Wales, at a cost of £100 (1996: £100). This company's principal activity is the development of industrial property for resale.

### 9. Debtors

	1997 £	1996 £
Trade debtors	27,935	43,228
Amounts owed by Group undertakings	12,643,699	12,004,273
Other debtors	2,053	2,700
Prepayments and accrued income	22,269	41,675
	<hr/>	<hr/>
	12,695,956	12,091,876
	<hr/>	<hr/>

### 10. Creditors: amounts falling due within one year

	£	1997 £	£	1996 £
Bank Overdraft		4,149,927		3,649,675
Trade Creditors		8,502		36,718
Amounts owed to Group undertakings		319		2,177,039
Other creditors including taxation and social security				
Other taxes and social security	-		9,295	9,295
		<hr/>		<hr/>
Accruals and deferred income		61,765		85,712
		<hr/>		<hr/>
		4,220,513		5,958,439
		<hr/>		<hr/>

# Wards Construction (Investments) Limited

## Notes (continued)

### 11 Provisions for liabilities and charges

No provision for deferred tax has been made and no amount quantified in relation to the surplus on the revaluation of those freehold and long leasehold land and buildings included in the revaluation reserve which the company has no intentions to dispose of in the foreseeable future, because this is not considered to be a timing difference.

### 12 Share Capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 13. Reserves

	Investment revaluation reserve £	Profit and loss account £
At beginning of year	1,672,903	8,443,034
Revaluation of investment property	116,500	-
Profit for the year	-	230,506
Realised on sale of properties	(473,080)	473,080
	<u>1,316,323</u>	<u>9,146,620</u>
At end of year		



# Wards Construction (Investments) Limited

## Notes (continued)

### 14. Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	230,506	129,283
Revaluation of investment properties	116,500	(479,000)
Net increase/(reduction) in shareholders' funds	347,006	(349,717)
Opening shareholders' funds	10,116,037	10,465,754
Closing shareholders' funds	10,463,043	10,116,037

### 15. Contingent liabilities

The company is party to a multilateral guarantee secured by fixed and floating charges in respect of amounts due on bank overdrafts by the Ward Holdings PLC Group of Companies up to a maximum of £2,000,000 of which £Nil (1996: £ 328,815) was outstanding as at 31 October 1997.

### 16. Ultimate Parent Company

The Company is a subsidiary undertaking of Ward Holdings PLC registered in England and Wales, the head of the only group for which group financial statements are drawn up and of which the company is a member.

Copies of the group financial statements can be obtained from 2 Ash Tree Lane, Chatham, Kent.

### 17. Statement on Related Party Transactions

The Company is exempt from the requirements of the Financial Reporting Standard 8 ("Related Party Disclosures") insofar as it refers to transactions with fellow Group companies, as it is a wholly-owned subsidiary of Ward Holdings PLC, whose accounts are publicly available