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N. O'ROURKE & SON LIMITED

AUDITED ACCOUNTS

For Year End 31st August, 1987

DIRECTORS' REPORTFor the Year Ended 31st August 1987

Directors: R.G. O'Rourke (Chairman)
 H.D. O'Rourke
 B.A. Dempsey
 D.R. Neufeld
 A.C. Neufeld
 S.G. Neufeld (appointed 15/7/87)

Secretary: Mrs. B. O'Rourke

1. The main activity of the Company and its subsidiary is Civil and Structural Engineering and Specialised Flooring.
2. The profit for the year was £79,812 (1985/86 loss £130,116).
3. Mr. C.W. Neufeld resigned as a Director on 15/7/87.
4. The Directors' shareholdings are as follows:-

	<u>31.8.87</u>	<u>31.8.88</u>
R.G. O'Rourke "A" Ordinary	240,000	240,000
H.D. O'Rourke "A" Ordinary	210,000	210,000
B.A. Dempsey "A" Ordinary	110,000	110,000

The following held over 5% of the issued share capital at 31.8.87.

C.W. Neufeld	560,000 'C' Ordinary Shares
Miss L. Rowley	20,000 Shares of £1 each
Oakwood Plant Ltd	12,000 Shares of £1 each

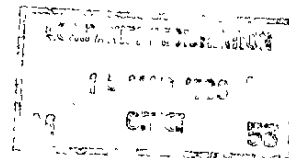
5. A resolution to re-appoint as auditors Rutherfords Green will be put to the members at the Annual General Meeting.

By Order of the Board

B. O'Rourke

B. O'ROURKE
Secretary

5 Middleton Road,
 Shenfield, Essex CM15 8DL



GROUP PROFIT AND LOSS ACCOUNTFor the Year Ended 31st August, 1987

		1986/7	1985/6
	Notes	£	£
<u>TURNOVER</u>	(2)	9,674,051	5,854,901
Cost of Sales		<u>9,059,738</u>	<u>5,453,549</u>
Gross Profit	(3)	614,313	401,352
Distribution Costs and Administrative Expenses	(3)	<u>475,100</u>	<u>484,667</u>
<u>OPERATING PROFIT/LOSS</u>		139,213	(83,315)
Other Income		13,972	-
Interest Payable	(3)	<u>(67,373)</u>	<u>77,278</u>
<u>PROFIT (LOSS) ON ORDINARY ACTIVITIES</u> (before taxation)	(2)	85,812	(160,593)
Tax charge for year	(5)	<u>(6,000)</u>	<u>30,477</u>
<u>PROFIT (LOSS) ON ORDINARY ACTIVITIES</u> (after taxation)	(6)	79,812	(130,116)
		=====	=====

STATEMENT OF GROUP RETAINED PROFITSFor the Year Ended 31st August 1987

	£	£
<u>PROFIT/(LOSS) FOR THE YEAR</u>	79,812	(130,116)
<u>Retained Profits at 31.8.86</u>	(78,834)	54,902
Prior Year Adjustment	-	<u>(3,700)</u>
Retained Profits at 31.8.87	978	(78,834)
	=====	=====

BALANCE SHEETAs at 31st August, 1987

		31.8.87		31.8.86	
	(Notes)	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
		£	£	£	£
FIXED ASSETS					
Tangible Assets	(7)	583,326	583,326	593,781	589,471
Investment in Subsidiary	(8)	-	10,090	-	9,270
		-----	-----	-----	-----
		583,326	593,416	593,781	598,741
		=====	=====	=====	=====
CURRENT ASSETS					
Stocks	(9)	323,722	323,722	412,326	412,326
Debtors	(10)	1,074,348	1,073,496	844,058	844,058
Cash at Bank and in Hand		<u>33,252</u>	<u>33,181</u>	<u>98</u>	<u>-</u>
		1,431,322	1,430,399	1,256,482	1,256,384
		=====	=====	=====	=====
CREDITORS					
Amounts falling due within one year	(11)	<u>(1,847,106)</u>	<u>(1,846,533)</u>	<u>(1,586,198)</u>	<u>(1,584,953)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>(415,784)</u>	<u>(416,194)</u>	<u>(329,716)</u>	<u>(328,569)</u>
		=====	=====	=====	=====
TOTAL ASSETS LESS CURRENT LIABILITIES		167,542	177,222	264,065	270,172
CREDITORS					
Amounts falling due after more than one year	(12)	<u>(22,564)</u>	<u>(22,564)</u>	<u>(198,899)</u>	<u>(198,899)</u>
DEFERRED TAXATION	(13)	-	-	-	-
		-----	-----	-----	-----
		144,978	154,658	65,166	71,273
		=====	=====	=====	=====
CAPITAL AND RESERVES					
Called up Share Capital	(14)	144,000	144,000	144,000	144,000
Profit and Loss Account	(15)	<u>978</u>	<u>10,658</u>	<u>(78,834)</u>	<u>(72,727)</u>
		144,978	154,658	65,166	71,273
		=====	=====	=====	=====

DIRECTORS: R.G. O'ROURKE
D.R. NEUFELD

[Signature]
[Signature]

NOTES TO THE ACCOUNTSAt 31st August, 19871. ACCOUNTING POLICIES

- (a) The accounts are prepared under the historical cost convention.
- (b) The group accounts consolidate the accounts of R. O'Rourke & Son Limited and its subsidiary Metro Floors Limited.
- (c) Depreciation is provided on all fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:-

Lease	10 years
Plant etc.	1-10 years

- (d) Stocks are stated at the lower of cost and net realisable value, as follows:-

Raw Materials	- Purchase Cost
Work in Progress	- Cost of Direct Materials and Labour plus attributable overheads.

2. TURNOVER AND GROUP PROFIT/(LOSS)

Turnover represents the invoiced amount of work done in the year, stated net of value added tax.

Turnover and group profit/(loss) on ordinary activities were contributed as follows:-

	1986/87 £	1985/86 £
Turnover - Structural Engineering	9,674,051	5,854,829
Flooring	<u> </u>	<u>72</u>
	9,674,051	5,854,901
	=====	=====
Group Profit/(Loss)		
Structural Engineering	89,385	(156,253)
Flooring	<u>(3,573)</u>	<u>(4,340)</u>
	85,812	(160,593)
	=====	=====

All activities were confined to the United Kingdom.

R. O'ROURKE & SON LIMITEDNOTES (Continued)3. GROUP PROFIT

Profit is stated after charging or crediting:-

	1986/7	1985/6
	£	£
Cost of sales		
Depreciation	99,538	69,644
	(747)	(14,286)
Profit on sale of fixed asset	<u>8,960,947</u>	<u>5,398,191</u>
Other costs	9,059,738	5,453,549
	=====	=====

Administrative Expenses

	5,625	2,710
Auditors Remuneration	7,172	7,291
Depreciation	<u>462,303</u>	<u>474,666</u>
Other Expenses	475,100	484,667
	=====	=====

Interest Payable

	21,453	29,617
On Bank overdrafts	<u>45,920</u>	<u>47,661</u>
On Hire Purchase	67,373	77,278
	=====	=====

4. EMPLOYEES

Staff costs during the year amounted to:-

	3,435,633	2,474,163
Wages and Salaries	<u>83,453</u>	<u>39,287</u>
Social Security Costs	3,519,086	2,513,450
	=====	=====

Directors Remuneration

	86,853	68,500
Remuneration	=====	=====

Directors remuneration of £86,853 includes an ex-gratia payment to Mr. C.W. Neufeld following his resignation as Director.

The emoluments of those directors who acted during the year were:-

	26,500	26,500
The Chairman	2	-
£20,001 - £25,000	-	2
£15,001 - £20,000	1	-
£10,001 - £15,000	2	3
£0 - £5,000		

NOTES (Continued)4. EMPLOYEES (Continued)

in addition, management charges were made by a company in which three of the directors have an interest. £27,584(1985/6 £25,816).

5. TAXATION

The taxation charge which is based on profit/loss of the year is made up as follows:-

	1986/7 £	1985/6 £
Repayment in respect of earlier year	-	(211)
Corporation Tax at 30%	-	-
Deferred Taxation	<u>6,000</u>	<u>(30,266)</u>
	6,000	(30,477)
	=====	=====

6. PROFIT/(LOSS) ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

Dealt with in the accounts of the holding company	83,385	(125,987)
Retained by subsidiary company	<u>(3,573)</u>	<u>(4,129)</u>
	79,812	(130,116)
	=====	=====

7. TANGIBLE FIXED ASSETS

	Short Leasehold £	GROUP Plant etc £	Total £	Short Leasehold £	COMPANY Plant etc £	Total £
Cost at 31.8.86	6,625	748,713	755,338	6,625	731,160	737,785
Additions	-	107,839	107,839	-	107,839	107,839
Sales	-	<u>(73,814)</u>	<u>(73,814)</u>	-	<u>(56,261)</u>	<u>(56,261)</u>
Cost at 31.8.87	6,625	782,738	789,363	6,625	782,738	789,363
	=====	=====	=====	=====	=====	=====
Depreciation at 31.8.86	3,285	158,272	161,557	3,285	145,029	148,314
Charge for 1986/87	510	106,200	106,710	510	103,025	103,025
Depreciation on sales	-	<u>(62,230)</u>	<u>(62,230)</u>	-	<u>(45,812)</u>	<u>(45,812)</u>
Depreciation at 31.8.87	3,795	202,242	206,037	3,795	202,242	206,037
	=====	=====	=====	=====	=====	=====
Net Book Amount at 31.8.87	2,830	580,496	583,326	2,830	580,496	583,326
	=====	=====	=====	=====	=====	=====

NOTES (Continued)8. INVESTMENT IN SUBSIDIARY

	COMPANY	
	31.8.87	31.8.86
	£	£
At Cost	1,000	1,000
Amount owed	<u>9,090</u>	<u>8,270</u>
	10,090	9,270
	=====	=====

Subsidiary Company: Metro Floors Limited. 100%. Flooring Specialists (Registered in England).

9. STOCKS

	31.8.87		31.8.86	
	Group	Company	Group	Company
	£	£	£	£
Raw Materials & Consumables	169,722	169,722	137,826	137,826
Work in Progress	<u>154,000</u>	<u>154,000</u>	<u>274,500</u>	<u>274,500</u>
	323,722	323,722	412,326	412,326
	=====	=====	=====	=====

10. DEBTORS

	£	£	£	£
Trade Debtors	950,773	950,773	704,717	704,717
Other Debtors	123,575	122,723	117,920	117,920
Payments in Advance	-	-	<u>21,421</u>	<u>21,421</u>
	1,074,348	1,073,496	844,058	844,058
	=====	=====	=====	=====

11. CREDITORS: amounts falling due within one year

	£	£	£	£
Bank Overdraft			98,707	98,707
Trade Creditors	1,073,180	1,073,180	832,418	832,418
Sundry Creditors	156,336	155,823	115,856	115,438
Hire Purchase	216,437	216,437	251,721	250,894
Loan	176,364	176,364	194,000	194,000
Other Taxes & Social Security Costs	<u>224,789</u>	<u>224,789</u>	<u>93,496</u>	<u>93,496</u>
	1,847,106	1,846,593	1,586,198	1,584,953
	=====	=====	=====	=====

The loan has been made by a company in which three of the directors have an interest. It is repayable on demand and the lender has a right to purchase any current book debts on giving one months notice. Such amount shall be deducted from the balance outstanding on the loan. By agreement this loan is being repaid during the coming financial year.

NOTES (Continued)

12. CREDITORS: amounts falling due after more than one year

	£	£	£	£
Hire Purchase	16,564	16,564	198,899	198,899
Deferred Tax	<u>6,000</u>	<u>6,000</u>	<u>-</u>	<u>-</u>
	22,564	22,564	198,899	198,899
	=====	=====	=====	=====

13. DEFERRED TAXATION

Capital allowances in advance of depreciation + other differences

	£	£	£	£
	-	-	-	-
	=====	=====	=====	=====

14. SHARE CAPITAL

	No	£	No	£
Authorised				
"A" Ordinary Shares of 10p each	1,000,000	100,000	1,000,000	100,000
"B" Ordinary Shares of £1 each	50,000	50,000	50,000	50,000
"C" Ordinary Shares of 10p each	<u>1,000,000</u>	<u>100,000</u>	<u>1,000,000</u>	<u>100,000</u>
	2,050,000	250,000	2,050,000	250,000
	=====	=====	=====	=====
Allotted, issued and fully paid				
"A" Ordinary Shares of 10p each	560,000	56,000	560,000	56,000
"B" Ordinary Shares of £1 each	32,000	32,000	32,000	32,000
"C" Ordinary Shares of 10p each	<u>560,000</u>	<u>56,000</u>	<u>560,000</u>	<u>56,000</u>
	1,152,000	144,000	1,152,000	144,000
	=====	=====	=====	=====

Mr. R.G. O'Rourke holds an option to purchase the 560,000 'C' Ordinary Shares within 3 months of the Loan Account (see note 11) having been repaid.

15. PROFIT AND LOSS ACCOUNT

	31.8.87		31.8.86	
	Group £	Company £	Group £	Company £
Balance at 31st August 1986	(78,834)	(72,727)	54,982	56,980
Retained Profit/(Loss) for year	79,812	83,385	(130,116)	(125,987)
Prior Year Adjustment	-----	-----	<u>(3,700)</u>	<u>(3,700)</u>
	978	10,658	(78,834)	(72,727)
	=====	=====	=====	=====

16. LEGAL CHARGE

The Banco de Bilbao hold a legal charge on the lease of the company's premises at 727/729 High Road, Leyton E10, a Debenture on the other assets and a second charge on the personal properties of Messrs. R.G. O'Rourke, H.D. O'Rourke and B.A. Dempsey together with a personal guarantee for £250,000 each by the above three named directors.

STATEMENT OF SOURCE AND APPLICATION OF FUNDSAs at 31st August, 1987

	1986/7 £	1985/6 £
<u>SOURCE OF FUNDS</u>		
New Capital		56,000
Profit/(Loss) before Taxation	85,812	(164,293)
Adjustment for item not involving movement of funds (Depreciation)	<u>106,245</u>	<u>62,649</u>
Total generated from operation	192,057	(45,644)
<u>APPLICATION OF FUNDS</u>		
Purchase of Fixed Assets (Net)	95,790	(516,680)
Taxation Paid	<u> </u>	<u>(2,040)</u>
	<u>96,267</u>	<u>(564,364)</u>
	=====	=====
<u>INCREASE IN WORKING CAPITAL</u>		
(Decrease)/Increase in Debtors	230,290	218,237
(Decrease)/Increase in Stock, etc.	(88,604)	3,032
Decrease/(Increase) in Creditors	(177,280)	(1,103,636)
(Decrease)/Increase in Bank and Cash Balances	<u>131,861</u>	<u>318,003</u>
	<u>96,267</u>	<u>(564,364)</u>
	=====	=====

REPORT OF THE AUDITORS

To the Members of R. O'Rourke & Son Limited

We have examined the accounts set out on Pages 1 to 9, which have been prepared under the historical cost convention in accordance with approved auditing standards.

In our opinion, these accounts present a true and fair view of the state of affairs of R. O'Rourke & Son Limited (and of its subsidiary company) at the 31st August 1987, and of the consolidated profit for the year ended on that date, and comply with the Companies Act 1985.

Rutherford Green
RUTHERFORDS GREEN

190 Merton High Street,
LONDON SW19

Chartered Accountants

30th November 1987

CHAIRMAN'S REPORT

Year to 31st August 1987

The profit for the year (before taxation) was £85,812 as against a loss of £160,953 in the previous year.

This turnaround has resulted from:-

- (a) the completion of the loss making contracts (Richmond Terrace and Uxbridge Town Centre).
- (b) the securing of contracts by tender and negotiation with better margins.
- (c) the introduction of cost effective systems and working practices.

In this current year contracts will be completed at the following sites:-

- 1. Greenland Passage - Glenlion (Midland) Limited
- 2. Harbour Exchange Blocks 4 & 5 - Fairclough Building Limited
- 3. Bishopsgate Building 7 - Rosehaugh Stanhope Developments Plc
- 4. Gun House, Wapping - Barratt Urban Construction

In addition new work has commenced on site at:-

- 1. Wray House, Chelsea - Wates Construction Limited
- 2. Bishopsgate Building 9/10 - Rosehaugh Stanhope Developments Plc
- 3. Blackwall Yard - Rosehaugh Stanhope Developments Plc
- 4. Harbour Exchange Blocks 1 & 2 - Fairclough Building Limited

The Company continues to negotiate and/or tender for other major projects.

I am confident that all the above contracts will be profitable and will contribute to the Company's continued success. Turnover for 1987/88 will be in excess of £15m with further growth envisaged for the following year.

R.G. O'ROURKE

CHAIRMAN

5 Middleton Road,
Shenfield, Essex CM15 8DX
30th November, 1987