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F J CHALCROFT (CONSTRUCTION) LIMITED

DIRECTORS

F J Chalcroft (Chairman)  
M J Chalcroft

SECRETARY

Mrs M J Chalcroft

REGISTERED OFFICE

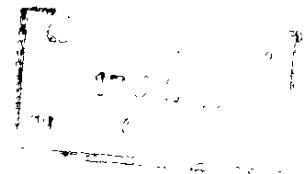
Wisteria House  
Clifton  
Seven Stoke  
Worcester

AUDITORS

Rabjohns  
1 2 & 3 College Yard  
Worcester WR1 2LB

BANKERS

Barclays Bank Plc  
5 College Street  
Worcester



AUDITORS' REPORT TO THE DIRECTORS UNDER SCHEDULE 8 OF THE COMPANIES ACT 1985

F J CHALCROFT (CONSTRUCTION) LIMITED

In our opinion the Company satisfies the requirements of Section 248(1) of the Companies Act 1985 for exemption as a small Company in respect of the year ended 31 March 1986 and in particular, the modified accounts set out on pages 3 to 5 have been properly prepared in accordance with schedule 8 of that Act. We are not required to express an audit opinion on the truth and fairness of these modified accounts.

We reported, as auditors of F J Chalcroft (Construction) Limited to the Members on 12 May 1987 on the Company's accounts prepared under Section 227 of the Act for the year ended 31 March 1986 and our audit report was as follows:

We have audited the accounts set out on pages 4 to 12 in accordance with approved auditing standards, having regard to the matter referred to in the following paragraph.

The company values all work in progress at cost together with an element of profit to the stage of completion which as regards short term contracts is not in accordance with SSAP 9.

Except for the non compliance with SSAP 9 referred to above with which we concur, in our opinion the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31 March 1986 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985.



1 2 & 3 College Yard  
WORCESTER WR1 2LB

RABJOHNS  
CHARTERED ACCOUNTANTS

12 May 1987

## BALANCE SHEET AT 31 MARCH 1986

We have relied on the exemptions for individual accounts available under the Companies Act 1985 and have done so on the basis that the company is entitled to the benefit of those exemptions as a small company.

44 22-1-1948  
M. J. Chalcraft  
DIRECTORS

F J CHALCROFT (CONSTRUCTION) LIMITED

NOTES TO THE MODIFIED ACCOUNTS AT 31 MARCH 1986

1 Accounting policies

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts.

a) Accounting convention

The accounts are prepared under the historical cost convention.

b) Depreciation

Depreciation is provided on all tangible fixed assets on a straight line basis at rates calculated to write off the cost of each asset over its expected useful life as follows:

Plant and equipment	- over 5 years
Motor vehicles	- over 5 years

c) Long and short term contracts

Long and short term contract work in progress is stated at cost of direct materials, labour and attributable overheads based on normal level of activity, plus attributable profits estimated to be earned to date based on the stage of completion, less provision for any known or anticipated losses and payments on account received or receivable. As regards short term contracts this is not in accordance with SSAP 9 but is necessary in order for the accounts to show a true and fair view.

d) Deferred taxation

Deferred taxation is provided using the liability method on all short term timing differences, and other timing differences except for those which are not expected to reverse in the future.

e) Turnover

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

2 Bank Loans and Overdrafts

Details of security:

The bank overdraft is secured by a debenture giving a fixed and floating charge over the company's assets.

F J CHALCROFT (CONSTRUCTION) LIMITED

NOTES TO THE MODIFIED ACCOUNTS AT 31 MARCH 1986

		1985
3	Share capital	No
	Authorised ordinary shares of £1 each	<u>50,000</u>
	Allotted, called up and fully paid	<u>£ 3,000</u>
4	Transactions with directors	
	During the year a company motor car was transferred to Mr F J Chalcroft for a consideration of £3,700, representing full open market valuation at the date of transfer. The value of the vehicle was charged to Mr Chalcroft's directors current account.	
5	Approval of Accounts	
	The full accounts and these modified accounts were approved at a directors meeting held on 12 May 1987.	