

Company number : 1493003

Alun Griffiths (Contractors) Limited

Directors' Report And Financial Statements

Year Ended 31 December 1999

P.W. Lang & Co.  
Chartered Certified Accountants  
and Registered Auditor  
12 Torfaen Business Centre  
Panteg Way  
New Inn  
Torfaen. NP4 0LS.



**Alun Griffiths(Contractors) Limited**  
**Directors' Report & Financial Statements**  
**Year Ended 31 December 1999**

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**Alun Griffiths (Contractors) Limited**  
**Officers and Professional Advisors**  
**Year Ended 31 December 1999**

<b><u>Directors</u></b>	:	A.Griffiths
	:	T.Clark
<b><u>Secretary</u></b>	:	W.H.Brown
<b><u>Registered Office</u></b>	:	19 - 23 Neville Street Abergavenny Monmouthshire.
<b><u>Solicitors</u></b>	:	Gabb & Co. Monk Street Abergavenny Monmouthshire.
<b><u>Bankers</u></b>	:	Lloyds Bank Plc Cathedral Road Cardiff.
<b><u>Auditors</u></b>	:	P.W.Lang & Co; Chartered Certified Accountants and Registered Auditors 12 Torfaen Business Centre Panteg Way New Inn Torfaen.

**Alun Griffiths (Contractors) Limited**  
**Report of the Directors**  
**Year Ended 31 December 1999**

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

**1. Principle Activity**

The principal activity of the company continues to be building and civil engineering.

**2. Review of Business**

The company has continued to proceed with the widening of its operations.

**3. Trading Results**

The results for the year are set out on page 5.

A dividend of £100,000 is recommended for 1999 (nil (1998))

**4. Fixed Assets**

The details of the movements in fixed assets are shown in note 10 to the financial statements.

In the opinion of the directors the value of the company's freehold land and buildings is not materially different from the book value included in the financial statements.

**5. Future Developments**

The company does not plan any developments other than a continuation of its current activities.

**6. Ultimate Holding Company**

The Ultimate Holding Company at 31 December 1999 is Main Unit Limited.

**7. Directors**

The directors who served during the year and their beneficial interests in the issued ordinary share capital of Main Unit Ltd were as follows :-

	<b><u>Number of Shares</u></b>	
	<b><u>1999</u></b>	<b><u>1998</u></b>
A. Griffiths	1,000	1,000
T.Clark	nil	nil

**Alun Griffiths (Contractors) Limited**  
**Report of the Directors (cont)**  
**Year Ended 31 December 1999**

**8. Charitable Donations**

The company contributed <sup>1,105</sup>~~£2,540~~ to Charities.

£ 1105.

**9. Employees**

The company is committed to equal opportunities, which includes promoting training and career development for all employees. Full and fair consideration for all vacancies and opportunities will be given to men and women, people with disabilities and those from ethnic minorities, regardless of marital status, age or religion.

**10. Auditors**

The auditors, P.W.Lang & Co. Chartered Certified Accountants and Registered Auditors are deemed to be re-appointed in accordance with Section 386 of the Companies Act 1985 by virtue of an elective resolution passed on 15 October 1992.

This report was approved by the board on

Signed on behalf of directors.

A. Griffiths

A.Griffiths (Director)

Date : 18 April 2000

**Alun Griffiths(Contractors) Limited**  
**Accounting Period Ended 31 December 1999**  
**Statement of Directors and Auditor's Responsibilities**

**Directors' Responsibility for the Accounts**

The following statement, which should be read in conjunction with the Statement of Auditors' Responsibilities set out below, is made with a view to distinguishing for shareholders the respective responsibilities of the Directors and of the Auditors in relation to the accounts.

In accordance with the Companies Act 1985, the Directors are required to prepare accounts for each financial year which give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss for that period. The Directors consider that in preparing the accounts, the Company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, and that all accounting standards which they consider to be applicable have been followed.

The Directors have responsibility for ensuring that the Company keeps accounting records which disclose with reasonable accuracy the financial position of the Company enabling them to ensure that the accounts comply with the Companies Act 1985. The Directors have a general responsibility to take reasonable steps to safeguard the assets of the Company and to prevent and detect fraud and other irregularities.

**Statement of Auditors' Responsibility**

The Auditors are required to form an independent opinion on the accounts presented by the Directors, based on their audit, of whether the accounts give a true and fair view and comply with the Companies Act 1985 and also report their opinion to shareholders if the following requirements are not met;

- a) that the Company maintained appropriate accounting records;
- b) that the accounts are in agreement with the accounting records;
- c) that the Auditors have obtained all the information and explanations which, to the best of their knowledge and belief, are necessary for the purpose of their audit.
- d) that the contents of the Directors' report are consistent with the accounts.

**Report of the Auditors**  
**To the members of**  
**Alun Griffiths (Contractors) Limited**  
**Accounting Period Year Ended 31 December 1999**

We have audited the accounts set out on pages 5 to 14 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 to 9.

**Respective Responsibilities of Directors and Auditors**

As described on page 3, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material mis-statement, 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 accounts.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 December 1999 and of its profit for the year ended and have been properly prepared in accordance with the Companies Act 1985.

P.W.Lang & Co.  
Chartered Certified Accountants  
and Registered Auditors  
12 Torfaen Business Centre  
Panteg Way  
New Inn  
Torfaen. NP4 0LS.

*P. W. Lang and Co*

*18 April* 2000

**Alun Griffiths (Contractors) Limited**  
**Profit and Loss Account**  
**For the Year Ended 31 December 1999**

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
<b>Turnover</b>	2	23,407,963	24,973,476
Cost of sales		<u>20,918,801</u>	<u>23,023,379</u>
<b>Gross Profit</b>		2,489,162	1,950,097
Administrative Expenses		<u>2,099,346</u>	<u>1,945,260</u>
<b>Operating profit/(Loss)</b>	3	389,816	4,837
Other Interest & Similar Income		<u>-</u>	<u>-</u>
		389,816	4,837
Interest payable & Similar Charges	6	<u>192,227</u>	<u>291,863</u>
Profit/(loss) on Ordinary activities before taxation		197,589	(287,026)
Tax on ordinary activities	8	<u>90,962</u>	<u>(37,420)</u>
Profit/(loss) on ordinary activities after taxation		106,627	(249,606)
Dividends	7	<u>100,000</u>	<u>-</u>
<b>Profit(Deficit) for the year</b>		6,627	(249,606)
<b>Unappropriated profit brought forward</b>		<u>418,747</u>	<u>668,353</u>
<b>Unappropriated profit carried forward</b>		£ <u>425,374</u>	£ <u>418,747</u>

None of the company's activities were acquired or discontinued during the above two years.

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 8 to 14 form part of these financial statements.



**Alun Griffiths (Contractors) Limited**  
**Balance Sheet**  
**As at 31 December 1999**

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
<b><u>Fixed Assets</u></b>			
Tangible Assets	10	2,494,924	2,899,702
<b><u>Current Assets</u></b>			
Stock and Work in Progress	11	1,807,782	2,223,038
Debtors	12	1,611,194	1,840,082
Cash at Hand and in Bank		<u>13,271</u>	<u>613,571</u>
		3,432,247	4,676,691
<b><u>Creditors Due Within One Year</u></b>	13	<u>4,594,850</u>	<u>5,660,384</u>
<b><u>Net Current Assets(liabilities)</u></b>		<u>(1,162,603)</u>	<u>(983,693)</u>
<b><u>Total Assets less Current Liabilities</u></b>		1,332,321	1,916,009
<b><u>Creditors Due falling after one year</u></b>	14	<u>(144,238)</u>	<u>(1,272,262)</u>
		£ <u>1,188,083</u>	£ <u>643,747</u>
<b><u>Capital and Reserves</u></b>			
Called up Share Capital	15	562,709	25,000
Revaluation Reserve	16	200,000	200,000
Profit and Loss Account		<u>425,374</u>	<u>418,747</u>
		£ <u>1,188,083</u>	£ <u>643,747</u>

Signed on behalf of the Board of directors.

 A.Griffiths.

Approved by the board *18 April* 2000.

The notes on pages 8 to 14 form part of these financial statements.

**Alun Griffiths (Contractors) Limited**  
**Cash Flow Statement**  
**For the Year Ended 31 December 1999**

	<u>Notes</u>	<u>1999</u>		<u>1998</u>	
		£	£	£	£
<b><u>Net Cash Flow from Operating Activities</u></b>	17		910,831		1,425,377
<b><u>Returns on Investments &amp; Servicing of Finance</u></b>					
Interest received		-		-	
Interest paid including					
Interest on finance lease payments		(192,227)		(291,863)	
Dividends paid		(100,000)		-	
<b><u>Net Cash Flow from Returns on Investments &amp; Servicing of Capital</u></b>			(292,227)		(291,863)
Taxation					
Tax paid			(70,620)		(168,385)
<b><u>Investing Activities</u></b>					
Payments to acquire tangible fixed assets		(179,460)		(1,685,565)	
Receipts from sale of tangible fixed assets		9,448		47,726	
Net cash inflow (outflow) from investing activities			<u>(170,012)</u>		<u>(1,637,839)</u>
<b><u>Net Cash Inflow (outflow) before Financing</u></b>			377,972		(672,710)
<b><u>Financing</u></b>					
Capital element of finance lease payments		(568,855)		985,486	
Share Capital Issued		537,709		-	
<b><u>Net Cash Inflow (outflow) from Financing</u></b>			<u>(31,146)</u>		<u>985,486</u>
<b><u>Increase (Decrease) in Cash and Cash Equivalents</u></b>	18	£	<u>346,826</u>	£	<u>312,776</u>

The notes on pages 8 to 14 form part of these financial statements.

**Alun Griffiths (Contractors) Limited**  
**Notes to the Financial Statement**  
**For the Year Ended 31 December 1999**

**1. Accounting Policies**

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

**a) Basis of Accounting**

The financial statements have been prepared under the historical cost convention.

**b) Turnover**

Turnover represents a combination of value of work certified, retention monies held by clients and after taking into consideration the stage of completion of the contract. Turnover is shown net of Value Added Tax.

**c) Tangible Fixed Assets and Depreciation**

No depreciation is provided on freehold Land and Buildings. It is the Company's policy to maintain its buildings in such condition that the value of the property, taken as a whole is not impaired by the passage of time. Such expenditure is charged to profits in the period in which it is committed. As a consequence any element of depreciation would, in the opinion of the Directors, be immaterial and no provision for depreciation has been made. Motor Vehicles, Plant & Machinery and Office Furniture and Equipment are depreciated on the reducing balance method, over their expected useful lives, at the following annual rates:-

Motor Vehicles	:	25%
Plant and Machinery	:	20%
Office Furniture & Equipment	:	30%

**d) Leasing and Hire Purchase**

Assets obtained under finance lease are capitalised as tangible fixed assets and depreciated over the shorter of the lease term or their useful lives. Finance leases are those where substantially all the benefits and risks of ownership are assumed by the company. Assets obtained under hire purchase agreements are capitalised as tangible fixed assets and depreciated over their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant period of rate of charge on the net obligations outstanding in each period.

**e) Stock and Work in Progress**

Stock includes construction materials.

Work in progress is valued on the basis of either surveyors certificates or measured calculations.

**Alun Griffiths (Contractors) Limited**  
**Notes to the Financial Statements (cont)**  
**For the Year Ended 31 December 1999**

**f) Deferred Taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**g) Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2) Turnover**

All turnover is in the United Kingdom.

**3) Operating Profit**

The Operating Profit is after charging	<u>1999</u>	<u>1998</u>
	£	£
Depreciation of tangible fixed assets:-		
- owned by the company	291,681	378,921
- held under finance leases	256,512	158,985
Auditor's remuneration	11,000	6,000

**4) Staff Costs**

Staff costs, including directors' remuneration were as follows:-

Wages and Salaries	5,748,662	5,177,293
Social Security Costs	513,349	483,182
Other Pension Costs - (defined contribution schemes)	<u>70,821</u>	<u>35,822</u>
	£ <u>6,332,832</u>	£ <u>5,696,297</u>

The average weekly number of employees including directors during the year was as follows:-

Management	29	25
Administration	12	12
Production	<u>291</u>	<u>283</u>
	<u>332</u>	<u>320</u>

**5) Directors' Remuneration**

For services as directors	£ <u>378,527</u>	£ <u>242,500</u>
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**Alun Griffiths (Contractors) Limited**  
**Notes to the Financial Statements (cont)**  
**For the Year Ended 31 December 1999**

**Directors Remuneration (Cont)**

**1999**

**1998**

Included in the above are emoluments, excluding pension contributions paid to:-  
£

£

Chairman

280,000

187,500

Other Director

55,000

55,000

Contributions to money purchase pension scheme

30,915

nil

**6) Interest Payable**

On bank loans, overdrafts and other loans:-  
Repayable within 5 years, not by instalments

£ 125,554

£ 246,526

On finance leases and hire purchase contracts

£ 66,623

£ 45,337

**7) Dividends**

Interim dividend -

£ nil

£ nil

Final dividend -

£ 100,000

£ nil

**8) Taxation**

Current year taxation:-

Corporation tax @ 20% (1998 - 21%)

31,105

(37,420)

Deferred Taxation

41,514

-

Prior Year Adjustment

18,343

-

Charge (credit) in profit and loss account

£ 90,962

£ (37,420)

**9) Deferred Taxation**

No provision made for a possible deferred taxation liability of £44,035 (£41,514 deferred asset 1998).

**Alun Griffiths (Contractors) Limited**  
**Notes to the Financial Statements (cont)**  
**For the Year Ended 31 December 1999**

**10) Tangible Fixed Assets**

	Freehold Land & Buildings	Plant & Machinery	Motor Vehicles	Office Equipment	Total
	£	£	£	£	£
<b>Cost:</b>					
At 1.1.1999	505,616	3,328,360	1,828,199	82,670	5,744,845
Additions	-	130,998	42,790	5,672	179,460
(Disposals)	-	-	(228,107)	-	(228,107)
Cost & Valuation at 31.12.1999	505,616	3,459,358	1,642,882	88,342	5,696,198
<b>Depreciation</b>					
At 1.1.1999	-	1,759,457	1,037,576	48,109	2,845,142
Provision for the year	-	342,674	195,057	10,462	548,193
Disposals	-	-	(192,061)	-	(192,061)
Depreciation at 31.12.1999	-	2,102,131	1,040,572	58,571	3,201,274
<b>Net Book Values</b>					
31.12.1999	505,616	1,357,227	602,310	29,771	2,494,924
31.12.1998	505,616	1,568,903	790,623	34,561	2,899,703

In the opinion of the directors the current market values are not materially different to the book values.

The Fixed Assets include assets subject to hire purchase as follows:-

<b>Plant &amp; Machinery</b>	<b>1999</b>	<b>1998</b>
Cost	1,172,540	1,172,540
Depreciation	332,968	124,622
Net Book Value	839,572	1,047,918
<b>Motor Vehicles</b>		
Cost	227,028	227,028
Depreciation	82,529	34,363
Net Book Value	144,499	192,665

**11) Stocks and Work in Progress**

Stocks of raw materials are charged out to contracts as required and taken into account in the valuation of work in progress.

Work in progress is calculated as:-

Value of work done	71,735,668	69,333,020
Less cash received	68,602,032	66,230,103
	3,133,636	3,102,917
of which included in debtors	1,325,854	879,879
	£ 1,807,782	£ 2,223,038

**Alun Griffiths (Contractors) Limited**  
**Notes to the Financial Statements (cont)**  
**For the Year Ended 31 December 1999**

**12) Debtors**

	<b><u>1999</u></b>	<b><u>1998</u></b>
	<b>£</b>	<b>£</b>
Amounts due within one year:-		
Trade Debtors	1,325,854	879,878
Other Debtors	42,335	98,407
Due from Director	43,527	-
Due from Associate Company	199,478	820,283
Deferred Tax - note 9	-	41,514
	<b>£ <u>1,611,194</u></b>	<b>£ <u>1,840,082</u></b>

**13) Creditors: Amounts falling due within one year**

Trade creditors	3,047,927	3,699,007
Other creditors	33,765	35,629
Corporation Tax	31,105	52,275
Social security and other taxes	973,356	1,104,618
Current obligations under loan and Hire Purchase Contracts	328,023	568,855
Accruals and deferred income	20,000	-
Due to associated company	107,800	-
Due to Bank	52,874	200,000
	<b>£ <u>4,594,850</u></b>	<b>£ <u>5,660,384</u></b>

**14) Creditor: Amounts falling due after more than one year**

Hire Purchase	144,238	472,262
Bank Loan	-	800,000
	<b>£ <u>144,238</u></b>	<b>£ <u>1,272,262</u></b>

The bank loan was secured by a standard bank debenture and legal charges on certain of the company freehold premises.

**15) Called up Share Capital**

Authorised :-		
Ordinary Shares of £1 each	<b>£ <u>700,000</u></b>	<b>£ <u>25,000</u></b>
Issued and fully paid :-		
Ordinary Shares of £1 each	<b>£ <u>562,709</u></b>	<b>£ <u>25,000</u></b>

**Alun Griffiths (Contractors) Limited**  
**Notes to the Financial Statements (cont)**  
**For the Year Ended 31 December 1999**

**16) Revaluation Reserve**

An independent valuation of one of the company's properties revalued it at £200,000 above its original cost. No account has been taken of deferred taxation resulting from the increase in value because it is probable that no liability will crystallise in the near future.

**17) Reconciliation of Operating Profit to Net Cash Inflow from Operations.**

	<u>1999</u>	<u>1998</u>
	£	£
Operating profit per accounts	389,816	4,837
Add: depreciation	548,193	537,906
(Profit) Loss on sale of assets	<u>26,598</u>	<u>(12,763)</u>
	964,607	529,980
(Increase)decrease in working capital		
Stock and work in progress	415,256	(1,346,205)
Debtors	187,374	100,174
Creditors	<u>(656,406)</u>	<u>2,141,428</u>
	£ <u>910,831</u>	£ <u>1,425,377</u>

**18) Analysis at Changes in Cash and Cash Equivalents during the Year.**

Balance at start of year	(386,429)	(699,205)
Net cash inflow (outflow)	<u>346,826</u>	<u>312,776</u>
Balance at end of year	£ <u>(39,603)</u>	£ <u>(386,429)</u>

**19) Ultimate Holding Company**

The Ultimate Holding Company is Main Unit Limited.

**20) Transactions with Related Parties**

Throughout the year Alun Griffiths (Contractors) Limited, United Joinery Limited and WBC Plant Hire Limited and Main Unit Limited were ultimately controlled by Mr A.Griffiths.

United Joinery Limited supplies materials to Alun Griffiths (Contractors) Limited and WBC Plant Hire supplies services to Alun Griffiths (Contractors) Limited in each case at arms length.

The total value of transactions during the year were:-

	<u>1999</u>	<u>1998</u>
United Joinery Limited	64,458	40,839
WBC Plant Hire Limited	2,722,197	938,467



Alun Griffiths (Contractors) Limited  
Notes to the Financial Statements (cont)  
For the Year Ended 31 December 1999

Loan to Director

During the year Mr A Griffiths was in receipt of an unsecured free loan as follows:-

Liability at 1 January 1999	Maximum Liability	Liability at 31 December 1999
386,981	386,981	43,527

21) Contingent Liability

There was no known contingent liability.

22) Capital Commitments

Capital Expenditure	£ NIL	£ NIL
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23) <u>Other Commitments</u>	£ NIL	£.NIL
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24) Post Balance Sheet Events

There have been no material post balance sheet events.