

**McNICHOLAS CONSTRUCTION SERVICES LIMITED**

**REPORT AND ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 1996**



**ORR SHOTLIFF**  
Chartered Accountants  
Stuart House  
55 Catherine Place  
London SW1E 6DY

# **McNICHOLAS CONSTRUCTION SERVICES LIMITED**

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**McNICHOLAS CONSTRUCTION SERVICES LIMITED**

**COMPANY INFORMATION**

**DIRECTORS:**

P T McNicholas  
K M McNicholas  
B S McNicholas  
M J Byrne

**SECRETARY:**

M J Doyle

**REGISTERED NUMBER:**

1510892

**REGISTERED OFFICE:**

Lismirrane Industrial Park  
Elstree Road  
Elstree  
Herts  
WD6 3EA

**AUDITORS:**

Orr Shotliff  
Chartered Accountants  
Stuart House  
55 Catherine Place  
London  
SW1E 6DY

**BANKERS:**

Barclays Bank plc  
Barclays Business Centre  
P O Box No. 314  
6 Bedford Square  
London  
WC1B 3TB

**SOLICITORS:**

Titmuss Sainer Dechert  
2 Serjeants' Inn  
London  
EC4Y 1LT

Ottaways  
The Mansion  
1 St Peters Street  
St Albans  
Herts  
AL1 3DT

Wilmer Cutler & Pickering  
4 Carlton Gardens  
London  
SW1Y 5AA

# McNICHOLAS CONSTRUCTION SERVICES LIMITED

## REPORT OF THE DIRECTORS

The Directors submit their Annual Report and Accounts of the Company for the financial year ended 31 March 1996.

### 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 of the company 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 keeping 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company in the year under review was that of Public Works Contractors.

The Directors are very pleased to report a very strong performance (as predicted last year) and remain very confident for the future.

### RESULTS AND DIVIDENDS

The results for the year and financial position of the Company are as shown in the annexed financial statements.

The Directors proposed a dividend of £250,000 for the year ended 31 March 1996 (1995: £Nil). The retained profit transferred to reserves is £850,053.

### FIXED ASSETS

Changes to Fixed Assets of the Company appear in Note 8 to the accounts.

### DIRECTORS

The directors of the Company in office during the year were as follows:

P T McNicholas  
K M McNicholas  
B S McNicholas  
M J Byrne

The directors did not hold any beneficial interest in the issued share capital of the Company at 31 March 1996. Shares held in the Holding Company are shown in the Directors Report thereto.

### AUDITORS

The auditors, Orr Shotliff, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
M J DOYLE  
Secretary

30 January 1997

**McNICHOLAS CONSTRUCTION SERVICES LIMITED**

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
McNICHOLAS CONSTRUCTION SERVICES LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared on the basis of the accounting policies set out on page 6.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 2, the Company's Directors are responsible for the preparation of the 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.

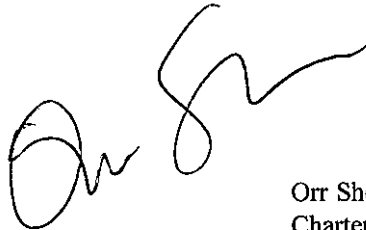
**BASIS OF OPINION**

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 misstatements, 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 affairs of the Company as at 31 March 1996 and of the Company's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Orr Shotliff  
Chartered Accountants  
Registered Auditor

Stuart House  
55 Catherine Place  
London  
SW1E 6DY

31 January 1997

# McNICHOLAS CONSTRUCTION SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT for the Year Ended 31 March 1996

	Notes	1996	1995
<b>TURNOVER</b>	<b>1</b>	<b>17,030,978</b>	<b>16,784,320</b>
Cost of Sales		<u>14,446,639</u>	<u>15,525,714</u>
<b>GROSS PROFIT</b>		<b>2,584,339</b>	<b>1,258,606</b>
Distribution Costs		79,745	104,928
Administrative Expenses		<u>804,350</u>	<u>1,192,963</u>
		<b>884,095</b>	<b>1,297,891</b>
<b>OPERATING PROFIT/(LOSS)</b>	<b>3</b>	<b>1,700,244</b>	<b>(39,285)</b>
Interest Payable and Similar Charges	<b>5</b>	<u>9,840</u>	<u>8,721</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>1,690,404</b>	<b>(48,006)</b>
Taxation on Ordinary Activities	<b>6</b>	<u>590,351</u>	<u>483</u>
<b>PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION</b>		<b>1,100,053</b>	<b>(48,489)</b>
Dividends	<b>7</b>	<u>250,000</u>	<u>-</u>
		<b>850,053</b>	<b>(48,489)</b>
Retained Profit brought forward		<u>147,537</u>	<u>196,026</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b>£997,590</b>	<b>£147,537</b>

### CONTINUING OPERATIONS

None of the Company's activities were acquired or discontinued during the current or previous year.

### TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profits for the current or previous year.

The notes form part of these financial statements

# McNICHOLAS CONSTRUCTION SERVICES LIMITED

## BALANCE SHEET As at 31 March 1996

	Notes	1996	1995
<b>FIXED ASSETS:</b>			
Tangible Assets	8	106,000	278,392
<b>CURRENT ASSETS:</b>			
Stocks and Work in Progress	9	1,959,535	1,271,432
Debtors	10	1,306,999	2,155,747
Cash at Bank		79,787	334,898
		<u>3,346,321</u>	<u>3,762,077</u>
<b>CREDITORS:</b> Amounts falling due within one year	11	<u>2,449,481</u>	<u>3,860,209</u>
<b>NET CURRENT ASSETS/(LIABILITIES)</b>		<u>896,840</u>	<u>(98,132)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,002,840</u>	<u>180,260</u>
<b>CREDITORS:</b> Amounts falling due after more than one year			
Hire Purchase		4,250	31,723
<b>NET ASSETS</b>		<u><u>£998,590</u></u>	<u><u>£148,537</u></u>
<b>CAPITAL AND RESERVES:</b>			
Called Up Share Capital	12	1,000	1,000
Profit and Loss Account		997,590	147,537
<b>SHAREHOLDERS FUNDS</b>	13	<u><u>£998,590</u></u>	<u><u>£148,537</u></u>

Approved by the Board on 30 January 1997 and signed on its behalf.

K M McNICHOLAS DIRECTOR



M J BYRNE DIRECTOR



The notes form part of these financial statements

# **McNICHOLAS CONSTRUCTION SERVICES LIMITED**

## **ACCOUNTING POLICIES for the Year Ended 31 March 1996**

### **Basis of Accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

### **Tangible Fixed Assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Furniture and Equipment	- 20% per annum on cost
Motor Vehicles	- 25% and 20% per annum on cost

### **Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value. Long term contracts are valued at cost plus attributable profit (based on the work completed) on sufficiently advanced contracts less foreseeable losses and payments on account not matched with turnover. Cost includes an appropriate proportion of overheads. Any excess of turnover over payments on account is included in debtors.

### **Leasing and Hire Purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter life of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 periodic rate of charge on the net obligation outstanding in each period.

### **Operating Leases**

Rental applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

### **Deferred Taxation**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

### **Pensions**

The Holding Company operates two defined benefit pension schemes. Contributions are charged to the Profit and Loss Account so as to spread costs of pensions over the employees working lives with the company.



# McNICHOLAS CONSTRUCTION SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 1996

### 1. TURNOVER

Turnover represents sales to third parties net of discounts and excludes valued added tax.

### 2. STAFF COSTS

Staff costs, including directors remuneration, were as follows:

	1996	1995
Wages and Salaries	1,823,771	1,984,170
Social Security Costs	188,053	188,997
Other Pension Costs	35,513	40,282
	<u>2,047,337</u>	<u>2,213,449</u>

The average weekly number of employees during the year was 104 (1995: 100).

### 3. OPERATING PROFIT

The operating profit/(loss) is stated after charging:

	1996	1995
Directors' Emoluments (See Note 4)	77,469	42,903
Hire of Plant and Machinery	2,789,203	3,075,770
Depreciation	90,135	96,969
Auditors' Remuneration	4,300	4,000
Other Fees to Auditors	5,000	6,000
	<u>2,966,067</u>	<u>3,265,642</u>

### 4. DIRECTORS EMOLUMENTS

The emoluments of the highest paid director (excluding pension contributions) were £74,429 (1995: £37,487). No other director received any emoluments during the year (1995: Nil).

### 5. INTEREST PAYABLE AND SIMILAR CHARGES

	1996	1995
Bank Loans, Overdrafts and Other Loans repayable within five years	290	171
Finance Charges — Hire Purchase Contracts and Finance Leases	9,550	8,550
	<u>9,840</u>	<u>8,721</u>

# McNICHOLAS CONSTRUCTION SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 1996

### 6. TAXATION

The tax charge on the profit/(loss) on ordinary activities for the year was as follows:

	1996	1995
UK Corporation Tax at 33% (1995: 33%)	590,351	3,000
Under provision in Prior Years	-	(2,517)
	<u>590,351</u>	<u>483</u>

### 7. DIVIDENDS

A dividend was proposed at the year end of £250 per Ordinary Share totalling £250,000 (1995: Nil).

### 8. TANGIBLE FIXED ASSETS

	Furniture and Equipment	Motor Vehicles	Totals
<b>COST:</b>			
As at 1 April 1995	150,966	336,621	487,587
Additions	4,400	10,126	14,526
Disposals	-	(206,536)	(206,536)
At 31 March 1996	<u>155,366</u>	<u>140,211</u>	<u>295,577</u>
<b>DEPRECIATION:</b>			
As at 1 April 1995	72,824	136,372	209,196
Charge for Year	25,635	64,500	90,135
Eliminated on Disposals	-	(109,754)	(109,754)
At 31 March 1996	<u>98,459</u>	<u>91,118</u>	<u>189,577</u>
<b>NET BOOK VALUES:</b>			
At 31 March 1996	<u>£56,907</u>	<u>£49,093</u>	<u>£106,000</u>
At 31 March 1995	<u>£78,143</u>	<u>£200,249</u>	<u>£278,392</u>

The net book value of tangible fixed assets included above held under finance leases or hire purchase contracts amounted to £32,964 (1995: £208,444). Total depreciation allocated to these assets during the year was £14,589 (1995: £69,221).

### 9. STOCKS AND WORK IN PROGRESS

	1996	1995
Work in Progress	<u>1,959,535</u>	<u>1,271,432</u>

# McNICHOLAS CONSTRUCTION SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 March 1996

### 10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996	1995
Trade Debtors	721,461	1,264,134
Other Debtors	5,403	23,167
Prepayments	14,601	16,399
Group Companies	565,534	852,047
	<u>1,306,999</u>	<u>2,155,747</u>

### 11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1996	1995
Trade Creditors	508,891	498,992
Group Companies	730,849	2,446,703
Other Creditors	154,568	16,582
Hire Purchase	11,082	74,425
Other Taxes and PAYE	385,587	540,706
Taxation	592,871	3,000
Accrued Expenses	65,633	279,801
	<u>2,449,481</u>	<u>3,860,209</u>

### 12. CALLED UP SHARE CAPITAL

	1996	1995
Authorised, called up and fully paid: 1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

### 13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1996	1995
Profit/(Loss) for the year	1,100,053	(48,489)
Dividends	(250,000)	-
	<u>850,053</u>	<u>(48,489)</u>
Retained Profit/(Loss) for the year	148,537	197,026
Shareholders Funds at 1 April 1995		
	<u>998,590</u>	<u>148,537</u>
Shareholders Funds at 31 March 1996		

### 14. HOLDING COMPANY

The Holding Company is McNicholas Construction (Holdings) Limited, incorporated in England.

### 15. CONTINGENT LIABILITIES

Unlimited Cross Guarantees on liabilities of Group Companies.

**McNICHOLAS CONSTRUCTION SERVICES LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
for the Year Ended 31 March 1996**

**16. CAPITAL COMMITMENTS**

There were no capital commitments at 31 March 1996 (1995: Nil).

**17. PENSION SCHEME**

The Company is a member of the defined benefit group pension scheme operated by McNicholas Construction (Holdings) Limited. The pension cost was assessed by a professionally qualified actuary. The most recent formal actuarial valuation was as at 1 April 1995. The total pension cost for the company was £35,513 (1995: £40,282).