

1521006



**KENNEDY CONSTRUCTION GROUP  
LIMITED**  
and its subsidiaries

**REPORT AND ACCOUNTS**

**1 November 1992**

## **REPORT OF THE DIRECTORS**

The Directors submit their report and the accounts for the year ended 1 November 1992.

### **PRINCIPAL ACTIVITIES**

The principal activities of the Company and its subsidiaries comprise public works contracting, property investment and management and other ancillary activities.

### **REVIEW OF THE BUSINESS**

The Directors are able to report a small increase in group turnover to £48 million although profits before tax have fallen marginally to £4.86 million. In the context of the current economic climate this is regarded as a creditable performance and once again, all operating companies in the Group were in profit. The current year has started reasonably well and whilst some growth in turnover can be anticipated, economic conditions are continuing to adversely affect profits.

The Group has continued to invest in plant, equipment, vehicles and property. During the year £1.1 million has been spent on investment properties and £3.4 million on own use assets.

### **LAND AND BUILDINGS**

The Directors are of the opinion that the present market values of the Group's properties for own use are in excess of the amounts at which they are stated in the accounts.

### **FIXED ASSETS**

Details of movements in fixed assets are included in notes 12 to 14 to the accounts.

### **RESULTS AND DIVIDENDS**

The results of the Group for the year are set out in detail on page 4.

Dividends of £1,009,174 were paid during the year (1991 - £1,009,174). The Directors recommend that no final dividend be declared (1991 - £Nil). Details of dividends payable in relation to each class of share in issue can be found in note 11 to the accounts.

### **DIRECTORS**

The Directors who served during the year were as follows:

P J Kennedy  
J C Parsons  
R W Kirkin  
Mrs K Kennedy  
R S Boddington

Details of the Directors interests in shares are shown in note 4 to the accounts.

Mrs K Kennedy and P J Kennedy retire by rotation and, being eligible, offer themselves for re-election.

**REPORT OF THE DIRECTORS** continued

**DISABLED PERSONS**

The Company has an established policy of encouraging the employment of disabled persons wherever this is practicable. In compliance with the current legislation the Company seeks to employ at least the quota of disabled persons required. The Company endeavour that disabled employees benefit from training and career development programmes in common with all employees.

**CHARITABLE CONTRIBUTIONS**

Contributions during the year to United Kingdom charitable organisations amounted to £52,867 (1991 - £45,931).

**AUDITORS**

A resolution to re-appoint Touche Ross & Co. as auditors will be proposed at the Annual General Meeting.

By order of the Board



R W Kirkin

2 February 1993

Secretary

**Touche  
Ross**



**Chartered Accountants**

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**REPORT OF THE AUDITORS TO THE MEMBERS OF  
KENNEDY CONSTRUCTION GROUP LIMITED**

We have audited the financial statements on pages 4 to 23 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the Group and the Company at 1 November 1992 and of the profit and cashflows of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Touche Ross & Co.*

**TOUCHE ROSS & CO.**

Chartered Accountants  
and Registered Auditor

2 February 1993

**Deloitte Touche  
Tohmatsu  
International**

Aberdeen, Belfast, Birmingham, Bournemouth, Bracknell, Bristol, Cambridge, Cardiff, Coleraine, Crawley, Dartford, Edinburgh, Glasgow, Leeds, Leicester, Liverpool, London, Manchester, Milton Keynes, Newcastle upon Tyne, Nottingham and Southampton.

Principal place of business at which a list of partners' names is available:  
Peterborough Court, 133 Fleet Street, London EC4A 2TR.

Authorised by the Institute of Chartered Accountants in England and Wales to carry on investment business.

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the year ended 1 November 1992

	Note	1992 £	1991 £
<b>TURNOVER</b>		48,093,773	46,971,321
Cost of sales		<u>(38,622,204)</u>	<u>(37,556,162)</u>
<b>GROSS PROFIT</b>		9,471,569	9,415,159
Administrative expenses		(5,957,849)	(4,886,754)
Other operating income	5	<u>600,911</u>	<u>28,542</u>
		<u>(5,356,938)</u>	<u>(4,858,212)</u>
<b>OPERATING PROFIT</b>	2	4,114,631	4,556,947
Interest receivable and similar income	6	624,031	681,619
Exchange differences	1	127,936	3,321
Amounts written off investments	7	5,184	(3,915)
Interest payable and similar charges	8	<u>(8,675)</u>	<u>(8,995)</u>
		748,476	672,030
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>4,863,107</u>	<u>5,228,977</u>
Tax on profit on ordinary activities	9	<u>(1,687,177)</u>	<u>(1,831,684)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		3,175,930	3,397,293
Minority interests		<u>(157,254)</u>	<u>(267,230)</u>
<b>PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF KENNEDY CONSTRUCTION GROUP LTD</b>	10	3,018,676	3,130,063
Dividends	11	(1,009,174)	(1,009,174)
<b>RETAINED PROFIT FOR THE YEAR</b>	21	<u>2,009,502</u>	<u>2,120,889</u>

A statement of movements on reserves is set out in note 21 on page 22.

**CONSOLIDATED BALANCE SHEET**  
1 November 1992

	Note	1992 £	1991 £
<b>FIXED ASSETS</b>			
Tangible assets	12	7,012,562	6,515,881
Investment properties	13	2,210,924	1,018,435
Investments	14	<u>484,568</u>	<u>647,790</u>
		9,708,054	8,182,106
<b>CURRENT ASSETS</b>			
Stock and long term contract balances	15	95,555	57,771
Debtors	16	8,449,799	8,974,660
Investments	17	14,659	9,475
Cash at bank and in hand		<u>6,890,550</u>	<u>8,155,104</u>
		15,450,563	17,197,010
CREDITORS:AMOUNTS FALLING DUE WITHIN ONE YEAR	18	<u>(11,380,005)</u>	<u>(13,836,578)</u>
NET CURRENT ASSETS		<u>4,070,558</u>	<u>3,360,432</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		13,778,612	11,542,538
PROVISIONS FOR LIABILITIES AND CHARGES	19	<u>(1,729,235)</u>	<u>(1,580,217)</u>
		<u>12,049,377</u>	<u>9,962,321</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	218,800	218,800
Profit and loss account	21	<u>11,287,143</u>	<u>9,277,641</u>
		11,505,943	9,496,441
MINORITY INTERESTS		<u>543,434</u>	<u>465,880</u>
		<u>12,049,377</u>	<u>9,962,321</u>

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy

J C Parsons

2 February 1993

*P J Kennedy*  
*J C Parsons*

**BALANCE SHEET**  
1 November 1992

	Note	1992 £	1991 £
<b>FIXED ASSETS</b>			
Tangible assets	12	3,149,634	2,606,855
Investments	14	<u>2,250,276</u>	<u>1,782,783</u>
		5,399,910	4,389,638
<b>CURRENT ASSETS</b>			
Debtors	16	2,696,350	2,380,939
Investments	17	14,659	9,475
Cash at bank and in hand		<u>6,397,991</u>	<u>6,956,114</u>
		9,109,000	9,346,528
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	18	<u>(12,514,654)</u>	<u>(12,402,846)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(3,405,654)</u>	<u>(3,056,318)</u>
		<u>1,994,256</u>	<u>1,333,320</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	218,800	218,800
Profit and loss account	21	<u>1,775,456</u>	<u>1,114,520</u>
		<u>1,994,256</u>	<u>1,333,320</u>

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy

J C Parsons

*P J Kennedy*  
*J C Parsons*

2 February 1993

**CASH FLOW STATEMENT**  
for the year ended 1 November 1992

	Note	1992 £	1991 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	(a)	5,159,875	6,933,854
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		624,031	681,619
Interest paid		(8,675)	(8,995)
Dividends paid		(1,009,174)	(1,009,174)
Dividends paid to minority shareholders in subsidiary undertakings		(77,200)	(121,000)
Net cash outflow from returns on investments and servicing of finance		<u>(471,018)</u>	<u>(457,550)</u>
TAXATION			
Corporation tax paid		<u>(1,932,223)</u>	<u>(2,061,734)</u>
Tax paid		<u>(1,932,223)</u>	<u>(2,061,734)</u>
INVESTING ACTIVITIES			
Payments to acquire tangible fixed assets		(3,446,701)	(1,919,135)
Payments to acquire investment properties		(1,081,887)	(1,018,435)
Investment in associated company		(49,777)	-
Purchase of trade investments		(11,208)	(127,999)
Receipts from sale of tangible fixed assets		265,905	162,309
Repayment/(Issue) of loan		85,000	(85,000)
Proceeds from disposal of trade investments		<u>217,480</u>	<u>-</u>
Net cash outflow from investing activities		<u>(4,021,188)</u>	<u>(2,988,260)</u>
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	(b)	<u>(1,264,554)</u>	<u>1,426,310</u>



**NOTES TO THE CASH FLOW STATEMENT**  
for the year ended 1 November 1992

(a) **RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1992 £	1991 £
Operating profit	4,114,531	4,556,947
Depreciation charge	1,998,761	1,650,686
Profit on sale of fixed assets	(180,065)	(115,265)
Profit on disposal of trade investment	(523,273)	-
Exchange differences	110,154	1,894
Increase in provisions	125,223	359,576
Increase in stocks	(37,784)	(22,699)
Decrease/(Increase) in debtors	969,861	(1,883,398)
(Decrease)/Increase in creditors	(1,417,632)	2,386,113
Net cash inflow from operating activities	<u>5,159,875</u>	<u>6,933,854</u>

(b) **ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS**

At 27 October 1991	8,164,579	6,737,169
(Decrease)/Increase in cash and cash equivalents during the year	(1,264,554)	1,426,310
Movement in provisions against current asset investments	<u>5,184</u>	<u>1,100</u>
	<u>6,905,209</u>	<u>8,164,579</u>

(c) **ANALYSIS OF THE BALANCE OF CASH AND CASH EQUIVALENTS AS SHOWN IN THE BALANCE SHEET**

	Cash at bank and in hand £	Current asset investments £	Total £
At 28 October 1990	6,728,794	8,375	6,737,169
Change in year	<u>1,426,310</u>	<u>1,100</u>	<u>1,427,410</u>
At 27 October 1991	8,155,104	9,475	8,164,579
Change in year	<u>(1,264,554)</u>	<u>5,184</u>	<u>(1,259,370)</u>
At 1 November 1992	<u>6,890,550</u>	<u>14,659</u>	<u>6,905,209</u>

**NOTES TO THE ACCOUNTS**  
1 November 1992

**1. ACCOUNTING POLICIES**

The financial statements have been prepared under the historic cost convention as modified by the revaluation of investment properties and in accordance with applicable accounting standards. The principal accounting policies adopted by the Group are as follows:

**BASIS OF CONSOLIDATION**

The consolidated profit and loss account includes the results of subsidiaries purchased during the year from the date of acquisition and excludes the results of subsidiaries sold from the date of sale. The accounts of subsidiaries are made up to the same date as the parent company.

Holemasters Limited, an associated company, makes up its accounts to 31 December. The Group's share of post acquisition profits or losses is based on the audited accounts to the December preceding the Group's year end as later audited accounts are not available prior to the Director's approval of the Group accounts. Since Holemasters Limited was acquired on 24 May 1992 no share of profits or losses for the period to 1 November 1992 is included in these accounts. The Directors are of the opinion that the omission of the Group's share of profits or losses is not material to the Group's financial statements.

**GOODWILL ON CONSOLIDATION**

Goodwill arising on consolidation is written off against reserves in the year of acquisition.

**FOREIGN EXCHANGE**

Exchange rates used to translate overseas profits and currency assets and liabilities (other than shares held in overseas subsidiaries) are at the rates ruling at the balance sheet date. The differences arising on the retranslation of the Group's share at the beginning of the year of net assets of overseas subsidiaries are treated as movements on the reserves. All other currency adjustments are included in the profit before taxation.

**TURNOVER**

Turnover represents the value of work carried out and goods and services provided during the year.

**TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is provided at rates estimated to write off fixed assets over their anticipated lives and is applied from the month following that in which they are first brought into use.

The rates are as follows:

**Land and buildings:**

Freehold land	- Nil%
Freehold buildings	- 2.5%
Leasehold	- equal annual instalments over the period of the lease
Plant and machinery	- 10% to 50% on cost
Lorries and other vehicles	- 25% to 33.33% on cost

**NOTES TO THE ACCOUNTS**  
1 November 1992

**1. ACCOUNTING POLICIES** continued

**INVESTMENT PROPERTIES**

In accordance with Statement of Standard Accounting Practice No 19 investment properties are valued annually by the Directors and at least every five years by an external valuer. The aggregate surplus or deficit arising on revaluation is transferred to revaluation reserve except for shortfalls between aggregate cost and valuation which are charged to profit and loss account.

No depreciation or amortisation is provided in respect of investment properties in accordance with Statement of Standard Accounting Practice No 19. The Directors consider that this accounting policy is necessary for the accounts to show a true and fair view.

**INVESTMENTS**

Investment income is included in the accounts of the year in which it is receivable. Fixed asset investments are stated at cost less provisions for permanent diminution in value, and current asset investments are stated at the lower of cost and net realisable value.

**STOCK**

Stock is valued at the lower of cost and net realisable value. Cost is calculated on the first in first out basis.

**LONG TERM CONTRACTS IN PROGRESS**

Amounts recoverable on long term contracts are included in debtors and comprise any excess of cumulative turnover for a contract over cumulative payments on account for that contract.

Long term contract balances are stated, contract by contract, at cumulative costs less cumulative amounts transferred to cost of sales, less foreseeable losses and applicable payments on account. Any resulting excesses, for a particular contract, of foreseeable losses or payments on account are included in creditors.

Turnover and related costs on each long term contract are recorded in the profit and loss account as contract activity progresses. Turnover includes attributable profit when the outcome to the contract can be assessed with reasonable certainty. Full provision is made for losses on a contract and no credit is taken for claims by the Company until there is a firm agreement with the client.

**REINSTATEMENT PROVISION**

The reinstatement provision represents the Group's estimate of the cost of final road surfacing still to be incurred on individual contracts otherwise complete.

Particular estimates for individual contracts can prove to be incorrect. However, the Directors consider that the provision as a whole is the best estimate of the eventual cost to the Group which can be made.

**NOTES TO THE ACCOUNTS**

1 November 1992

**1. ACCOUNTING POLICIES continued**

**DEFERRED TAXATION**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

**PENSIONS**

The Group operates a contributory defined benefit pension scheme which covers a large proportion of its permanent staff employees. The scheme funds are administered by trustees and are independent of the Group's finances. Contributions are paid to the scheme in accordance with recommendations of independent actuaries whose reports are compiled every three years. The Company's contributions are charged against profits so as to spread the cost over the service lives of employees in the scheme.

<b>2. OPERATING PROFIT</b>	<b>1992</b>	<b>1991</b>
	£	£
Operating profit is arrived at after charging/(crediting):		
Depreciation	1,998,761	1,650,686
Profit on sale of tangible assets	(180,066)	(115,265)
Hire of plant and machinery	1,284,564	1,501,052
Auditors remuneration - audit fees	47,299	45,060
- non audit fees	123,730	46,946

**3. EMPLOYEES**

The average number employed by the Group, which includes Directors, within each category of persons was:

	<b>No.</b>	<b>No.</b>
Production staff	396	405
Administrative staff	122	117
	<u>518</u>	<u>522</u>

The costs incurred in respect of these employees were:

	£	£
Wages and salaries	10,855,743	10,019,633
Social security costs	1,102,609	936,488
Other pension costs	386,073	341,951
	<u>12,344,425</u>	<u>11,298,072</u>

**NOTES TO THE ACCOUNTS**  
1 November 1992

**4. DIRECTORS**

	1992 £	1991 £
(a) Emoluments of Directors included in employee costs were:		

Management remuneration	<u>1,175,242</u>	<u>1,145,395</u>
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The number of Directors whose emoluments (excluding pension contributions) fell into the following ranges was:

	No.	No.
Not more than £ 5,000	one	one
£20,001 - £25,000	none	one
£50,001 - £55,000	one	one
£55,001 - £60,000	none	one
£70,001 - £75,000	one	none
£385,001 - £390,000	none	one
£395,001 - £400,000	one	none
£585,001 - £590,000	none	one
£610,001 - £615,000	one	none

The Chairman received emoluments during the year of £396,496 (1991: £389,903) and the highest paid Director £611,113 (1991: £586,014).

**(b) Directors' interests**

The interests of P J Kennedy and Mrs K Kennedy are shown in note 24 to the accounts. No other Director had an interest in the shares of the Company or its ultimate parent company during the year.

**(c) Directors' current accounts**

Two of the Directors have drawings accounts with the Company. The nature of the transactions on these accounts is such that the balances may switch between debit and credit during the year.

The balances at the year end, which are included in other debtors and other creditors, and the highest debit balance during the year were:

	Highest debit <u>balance</u>	1992 £	1991 £
P J Kennedy	3,370	(5,000)	(997)
J C Parsons	16,038	<u>-</u>	<u>373</u>
		<u>(5,000)</u>	<u>(624)</u>

**NOTES TO THE ACCOUNTS**  
1 November 1992

<b>5. OTHER OPERATING INCOME</b>	<b>1992</b>	<b>1991</b>
	£	£
Income from fixed asset investments	77,638	28,542
Exceptional profit on disposal of investments	<u>523,273</u>	<u>-</u>
	<u>600,911</u>	<u>28,542</u>
 <b>6. INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
Interest receivable:		
Bank deposits	608,752	670,083
Other interest	<u>15,279</u>	<u>11,536</u>
	<u>624,031</u>	<u>681,619</u>
 <b>7. AMOUNTS WRITTEN OFF INVESTMENTS</b>		
Movement in provisions against investments	<u>5,184</u>	<u>(3,915)</u>
 <b>8. INTEREST PAYABLE AND SIMILAR CHARGES</b>		
On bank loans, overdrafts and other loans:		
Repayable within 5 years	<u>8,675</u>	<u>8,995</u>

**NOTES TO THE ACCOUNTS**  
1 November 1992

**9. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1992 £	1991 £
Taxation is based on the profits for the year and comprises:		
Corporation tax at 33 % (1991 - 33.4 %) of taxable profit	1,666,674	1,916,653
Deferred taxation	(955)	(17,362)
Tax credits on UK dividends received	11,810	-
Overseas taxation	7,599	7,095
	<u>1,685,128</u>	<u>1,906,386</u>
Prior year adjustments:		
Corporation tax	(22,701)	(72,329)
Deferred taxation	24,750	(2,373)
	<u>1,687,177</u>	<u>1,831,684</u>
The tax for the year has been increased/(decreased) by the following amounts as a result of:		
General disallowable expenditure	(21,039)	107,217
Dépreciation on assets not qualifying for capital allowances	-	10,776
Deferred taxation not provided	105,335	41,168

**10. RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE  
MEMBERS OF KENNEDY CONSTRUCTION GROUP LIMITED**

	1992 £	1991 £
Dealt with in the accounts of the holding Company	<u>1,670,110</u>	<u>1,496,582</u>

The Company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not presented.

**11. DIVIDENDS**

Paid - ordinary shares	<u>1,009,174</u>	<u>1,009,174</u>
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**NOTES TO THE ACCOUNTS**  
1 November 1992

**12. TANGIBLE ASSETS**

	<u>Land and buildings</u> £	<u>Plant and machinery</u> £	<u>Total</u> £
<b>(a) THE GROUP</b>			
Cost:			
At 27 October 1991	2,563,863	8,277,133	10,840,996
Additions	581,067	2,093,034	2,674,101
Transfer to investment properties	(92,820)	-	(92,820)
Disposals	-	(573,443)	(573,443)
	<u>3,052,110</u>	<u>9,796,724</u>	<u>12,848,834</u>
At 1 November 1992			
Depreciation:			
At 27 October 1991	111,788	4,213,327	4,325,115
Charge for the year	50,421	1,948,340	1,998,761
On disposals	-	(487,604)	(487,604)
	<u>162,209</u>	<u>5,674,063</u>	<u>5,836,272</u>
At 1 November 1992			
Balance sheet value:			
At 1 November 1992	<u>2,889,901</u>	<u>4,122,661</u>	<u>7,012,562</u>
At 27 October 1991	<u>2,452,075</u>	<u>4,063,806</u>	<u>6,515,881</u>



NOTES TO THE ACCOUNTS  
1 November 1992

12. TANGIBLE ASSETS continued	Land and buildings	Plant and machinery	Total
(b) THE COMPANY	£	£	£
Cost:			
At 27 October 1991	2,462,922	701,537	3,164,459
Additions	581,067	175,269	756,336
Disposals	-	(98,974)	(98,974)
At 1 November 1992	<u>3,043,989</u>	<u>777,832</u>	<u>3,821,821</u>
Depreciation:			
At 27 October 1991	106,667	450,937	557,604
Charge for the year	50,421	139,427	189,848
On disposals	-	(75,265)	(75,265)
At 1 November 1992	<u>157,088</u>	<u>515,099</u>	<u>672,187</u>
Balance sheet value:			
At 1 November 1992	<u>2,886,901</u>	<u>262,733</u>	<u>3,149,634</u>
At 27 October 1991	<u>2,356,255</u>	<u>250,600</u>	<u>2,606,855</u>

	GROUP		COMPANY	
The balance sheet value of land and buildings comprises:	1992 £	1991 £	1992 £	1991 £
Freehold	1,504,026	1,594,475	1,501,026	1,498,655
Long leasehold	<u>1,385,875</u>	<u>857,600</u>	<u>1,385,875</u>	<u>857,600</u>
	<u>2,889,901</u>	<u>2,452,075</u>	<u>2,886,901</u>	<u>2,356,255</u>

Future capital expenditure:

Contracted for but not provided for in the accounts	284,619	240,848	-	-
Authorised by the Directors but not contracted for	<u>90,012</u>	<u>350,093</u>	<u>-</u>	<u>205,000</u>
	<u>374,631</u>	<u>590,941</u>	<u>-</u>	<u>205,000</u>

**NOTES TO THE ACCOUNTS**  
1 November 1992

**13. INVESTMENT PROPERTIES**

THE GROUP	Freehold land and buildings £
Cost and valuation at 27 October 1991	1,018,435
Additions at cost	1,081,887
Transfer from tangible fixed assets	92,820
Exchange differences	17,782
	<u>2,210,924</u>
Cost and valuation at 1 November 1992	<u>2,210,924</u>

At 1 November 1992 the properties were valued by the Directors and considered to have a market value of £2,210,924 (1991 - £1,018,435). The historical cost of properties owned at 1 November 1992 was £2,210,924 (1991 - £1,018,435).

**14. FIXED ASSET INVESTMENTS**

**(a) THE GROUP**

	<u>Subsidiaries</u> £	<u>Associated company</u> £	<u>Loans</u> £	<u>Other</u> £	<u>Total</u> £
Cost:					
At 27 October 1991	156,685	-	85,000	562,790	804,475
Additions	-	49,777	-	11,208	60,985
Disposals	-	-	(85,000)	(139,207)	(224,207)
	<u>156,685</u>	<u>49,777</u>	<u>-</u>	<u>434,791</u>	<u>641,253</u>
Provisions:					
At 27 October 1991 and 1 November 1992	<u>156,685</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>156,685</u>
Balance sheet value:					
At 1 November 1992	<u>-</u>	<u>49,777</u>	<u>-</u>	<u>434,791</u>	<u>484,568</u>
At 27 October 1991	<u>-</u>	<u>-</u>	<u>85,000</u>	<u>562,790</u>	<u>647,790</u>

**NOTES TO THE ACCOUNTS**  
1 November 1992

**FIXED ASSET INVESTMENTS continued**

(b) THE COMPANY	<u>Subsidiaries</u> £	<u>Associated company</u> £	<u>Loans</u> £	<u>Other</u> £	<u>Total</u> £
Cost:					
At 27 October 1991	1,351,744	-	176,870	562,790	2,091,404
Additions	-	49,777	525,000	11,208	585,985
Disposals	-	-	(85,000)	(139,207)	(224,207)
Exchange difference	17	-	105,698	-	105,715
At 1 November 1992	<u>1,351,761</u>	<u>49,777</u>	<u>722,568</u>	<u>434,791</u>	<u>2,558,897</u>
Provisions:					
At 27 October 1991 and 1 November 1992	<u>308,621</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>308,621</u>
Balance sheet value:					
At 1 November 1992	<u>1,043,140</u>	<u>49,777</u>	<u>722,568</u>	<u>434,791</u>	<u>2,250,276</u>
At 27 October 1991	<u>1,043,123</u>	<u>-</u>	<u>176,870</u>	<u>562,790</u>	<u>1,782,783</u>

- (c) The principal subsidiary companies of which the Company holds the following proportions of ordinary shares issued, being the only class of shares in issue, as at 1 November 1992 are:

Joseph Kennedy & Co (Manchester) Limited	100%
Kennedy Asphalt Limited	100%
Kennedy Construction Limited	77%
Kennedy Pipelining Services Limited	90%
STH Plant Limited	100%
North Cheshire Properties Limited	75%
Hale Brooks Insurance Company Limited (incorporated in the Isle of Man)	100%
Greythorn Limited (incorporated in Ireland)	100%

In addition to the above, the following companies are owned by subsidiaries:

Kennedy Gas Services (Scotland) Limited (registered in Scotland)	100%
Astley Self Drive Limited	100%
Kennedy Brooks Limited (registered in Ireland)	100%

Kennedy Brooks Limited is in voluntary liquidation and has not been consolidated as in the opinion of the Directors the amounts involved are not material.

Except as stated above all the subsidiaries are incorporated in Great Britain and registered in England and Wales.

The total value of goodwill written off on consolidation of the above subsidiaries is £111,291 (1991 -£111,291).

**NOTES TO THE ACCOUNTS**  
1 November 1992

**FIXED ASSET INVESTMENTS** continued

- (d) On the 24 May 1992 the Company acquired a 40% interest in Holmasters Limited for £49,777. This is represented by cumulative convertible 10% preference participating £1 ordinary shares convertible at par and is considered to represent the Company's share of the fair value of net assets of the associated company at 1 November 1992. No goodwill or discount arose on the acquisition of this investment.

In addition to the above, a subsidiary company, Joseph Kennedy & Co (Manchester) Limited, entered into a joint venture agreement on 22 September 1992 with Dätwyler (UK) Limited and subscribed for 50% of the ordinary share capital of Kendat Cabling Services Limited. At 1 November 1992 the share capital of this associated company was £1,000. As no amounts had been paid at the year end and the company had not commenced trading, the associated company has not been reflected in the accounts at 1 November 1992.

- (e) Unless otherwise stated the principal activities of subsidiary and associated companies is public works contracting, property investment and management and other ancillary services.
- (f) Other investments held by both the Group and the Company are made up as follows:

	1992 £	1991 £
Book value:		
Listed on a recognised stock exchange	434,790	434,790
Unlisted	<u>-</u>	<u>128,000</u>
	<u>434,790</u>	<u>562,790</u>
Market value of listed investments	<u>531,000</u>	<u>495,000</u>

**15. STOCK AND LONG TERM CONTRACT BALANCES**

	<u>GROUP</u>	
	£	£
Stock	<u>95,555</u>	<u>57,771</u>

The replacement value of stock and work in progress is estimated to be the same as book value.

NOTES TO THE ACCOUNTS  
1 November 1992

16. DEBTORS

	<u>GROUP</u>		<u>COMPANY</u>	
	1992 £	1991 £	1992 £	1991 £
Trade debtors	6,470,341	6,607,340	-	-
Amounts recoverable on long term contracts	1,030,091	1,214,680	-	-
Amounts owed by group companies	-	-	1,013,930	716,322
Other debtors	287,749	954,641	258,755	762,245
Prepayments and accrued income	661,618	197,999	509,893	67,754
Dividends receivable	-	-	913,772	834,618
	<u>8,449,799</u>	<u>8,974,660</u>	<u>2,696,350</u>	<u>2,380,939</u>

The following amounts which are included above are due after more than one year:

Trade debtors	73,307	143,925	-	-
Other debtors	-	30,000	-	30,000
	<u>73,307</u>	<u>173,925</u>	<u>-</u>	<u>30,000</u>

17. CURRENT ASSET INVESTMENTS

Book and market value:

Listed on a recognised stock exchange:	<u>14,659</u>	<u>9,475</u>	<u>14,659</u>	<u>9,475</u>
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18. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	5,968,089	5,953,583	106,827	590,939
Payments on account of long term contracts	185,878	232,380	-	-
Amounts owed to group companies	-	-	11,391,691	9,517,103
Corporation tax	1,646,322	1,915,163	152,980	96,668
Other taxation and social security	1,068,311	1,394,811	81,626	82,819
Other creditors	825,843	2,309,651	5,000	925,202
Accruals and deferred income	<u>1,685,562</u>	<u>2,030,990</u>	<u>776,530</u>	<u>1,190,115</u>
	<u>11,380,005</u>	<u>13,836,578</u>	<u>12,514,654</u>	<u>12,402,846</u>

**NOTES TO THE ACCOUNTS**  
1 November 1992

**19. PROVISION FOR LIABILITIES  
AND CHARGES**

	<u>GROUP</u>		<u>COMPANY</u>	
	1992	1991	1992	1991
	£	£	£	£
Deferred taxation	62,201	38,406	-	-
Reinstatement and other provisions	1,667,034	1,541,811	-	-
	<u>1,729,235</u>	<u>1,580,217</u>	<u>-</u>	<u>-</u>
(a) Deferred taxation				
Movement in year				
At 27 October 1991	38,406			
Charge for the year	<u>23,795</u>			
At 1 November 1992	<u>62,201</u>			

The source of the balance in the deferred tax account and the amounts for which provision has not been made are as follows:

	<u>Provided</u>		<u>Unprovided</u>	
	1992	1991	1992	1991
	£	£	£	£
i) THE GROUP				
Capital allowances in excess of depreciation	71,566	98,796	(185,088)	(110,000)
Short term timing differences	<u>(9,365)</u>	<u>(60,390)</u>	<u>(125,684)</u>	<u>(86,614)</u>
	<u>62,201</u>	<u>38,406</u>	<u>(310,772)</u>	<u>(196,614)</u>
ii) THE COMPANY				
Capital allowances in excess of depreciation	(3,835)	(10,090)	(44,564)	(46,576)
Short term timing differences	<u>3,835</u>	<u>10,090</u>	<u>-</u>	<u>-</u>
	<u>-</u>	<u>-</u>	<u>(44,564)</u>	<u>(46,576)</u>

(b) Reinstatement and other provisions

	<u>Reinstatement and remedial</u>	<u>Plant repairs</u>	<u>Total</u>
	£	£	£
Movement in the year:			
At 27 October 1991	1,488,930	52,881	1,541,811
Transfer from other creditors	-	664,656	664,656
Profit and loss account	502,700	16,091	518,791
Expenditure	<u>(527,595)</u>	<u>(530,629)</u>	<u>(1,058,224)</u>
At 1 November 1992	<u>1,464,035</u>	<u>202,999</u>	<u>1,667,034</u>

NOTES TO THE ACCOUNTS  
1 November 1992

20. CALLED UP SHARE CAPITAL

Authorised, allotted and fully paid:	Ordinary shares of <u>£1 each</u>	"A" Ordinary shares of <u>£1 each</u>	<u>Total</u>
At 1 November 1992 and 27 October 1991	<u>217,800</u>	<u>1,000</u>	<u>218,800</u>

21. RESERVES

	<u>Profit and loss account</u> £
(a) THE GROUP	
At 27 October 1991	9,277,641
Retained profit for the year	<u>2,009,502</u>
At 1 November 1992	<u>11,287,143</u>
(b) THE COMPANY	
At 27 October 1991	1,114,520
Retained profit for the year	<u>660,936</u>
At 1 November 1992	<u>1,775,456</u>

The balance on profit and loss account is all available for distribution.

22. CONTINGENT LIABILITIES

The Company is liable under the group election scheme for the value added tax liabilities of other group companies. The contingent liability at 1 November 1992 amounted to £747,779 (1991 - £1,127,508).

Under the terms of a cross guarantee set up between Kennedy Construction Group Limited and its subsidiaries, the Company has a contingent liability at 1 November 1992 of £1,161,610 for the bank overdrafts of other group companies (1991 - £918,950).

During the year the Company has entered into a number of irrevocable letters of credit some of which matured after the year end. The value of these contingent obligations at 1 November 1992 amounted to £57,443 (1991 - £Nil)

NOTES TO THE ACCOUNTS  
1 November 1992

23. PENSIONS

The Kennedy Construction Group operates a contributory defined benefit pension scheme which covers a large proportion of its permanent staff employees and directors.

Pension costs are assessed in accordance with the advice of a professionally qualified actuary using the attained age method. Actuarial valuations of the pension scheme are performed triennially. The most recent such valuation was made as at 1 July 1992, and the assumptions which had the most significant effect on the results of the valuation were as follows:

	<u>% per annum</u>
Increase in present and future pensions	3
Excess of average rate of return on investments over average salary increases	1

The total market value of pension scheme assets was £4,926,104 and, based on the above method and assumptions, was sufficient to cover 109.8% of the benefits which had accrued to pension scheme members after allowing for future increases in earnings. This surplus will be eliminated for funding purposes by maintaining the contributions of the Group and employees at 10% and 5% of earnings respectively.

The total pension cost for the Group was £386,073 (1991 - £341,951). Since the actuarial valuation a special contribution of £100,000 has been made to fund agreed benefit improvements (1991 - £100,000).

£31,616 (1991 - £28,562) is included within debtors, this being the excess of the cumulative amounts paid over the accumulated pension cost.

24. ULTIMATE PARENT COMPANY

The Company's ultimate parent company is Bertrem Limited, a company incorporated and registered in the Isle of Man.

The shareholders of Bertrem Limited throughout the year were:

	<u>£1 "A" Ordinary shares</u>
P J Kennedy - beneficial	560
Mrs K Kennedy - beneficial	560

The balance of the issued share capital, 800 £1 "A" Ordinary shares and 80 £1 "B" Ordinary shares is held directly by or in trust for the benefit of certain individuals which include other members of the family of Mr P J Kennedy and Mrs K Kennedy.

Copies of the Group financial statements of Bertrem Limited are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.



Abgardens Properties Limited	1057380
Amphill Business Park Limited	2418209
Astermill Limited	1243365
Barrs Court Building Limited	1472932
Barwent Developments Limited	2302073
Beaulon Properties Limited	751513
Beaulon Property & Investment Company Limited	748071
Beaumont Properties Limited	912979
Bournemouth & District Hotel Company Limited	424376
Brookvale Development Limited	561130
Cannorth Property Investments Limited	114663
Castle Quay Property Management Limited	2385024
Chalford Industrial Estate Limited	1001065
Cockfosters Holdings Limited	592123
Cockgate Holdings Limited	629659
Corinium Properties Limited	793123
Cronkdrean Limited	2608743
Earlbroom Limited	1689505
Estax Property Company Limited	1399305
Fee Simple Holdings Limited	537247
Grainstone Estates Limited	1364397
Greathey Investments Limited	2160857
Halldeed Limited	1798783
Harbour City Investments Limited	2421336
Harmont Investment Company Limited	762441
Hartlebury Trading Estate Limited	1324908
Haxbridge Limited	2130867
Haxden Properties Limited	802594
Helpbase Property Management Limited	2441097

Ilchester Properties Limited	772167
Kamella Limited	295324
Knight & Company (Services) Limited	617618
L.C.R.E. Securities Limited	786082
Lansbury Shop Properties Limited	339976
London & Yorkshire Real Estate Limited	801476
London Shop (Bishops Stortford) Limited	489050
London Shop (Crosby) Limited	600051
London Shop (Formby) Limited	38438
London Shop (Oldaker) Limited	545237
London Shop (Princes Street) Limited	694561
London Shop (Stockport) Limited	344090
London Shop (Tiverton) Limited	553235
London Shop Development Services Limited	1047381
Londrock Finance Company Limited	505287
Luaro Investment Company Limited	525351
Lyman Limited	1158651
Main Street (Hornchurch) Investments Limited	703016
Manchester Chamber of Commerce and Industry	26926
Manchester Ship Canal Developments Limited	2181411
Manchester Ship Canal Services Limited	1060081
Maxstar Securities Limited	1237554
Morris Central Properties Limited	695090
Mode Wheel Property Limited	2598836
MSC (Waste) Limited	1164006
Oxnard Investments Limited	866536
Peel (Anglia) Limited	744568
Peel Commercial (N.W.) Limited	1388218
Peel Commercial (S.E.) Limited	307912
Peel Commercial (S.W.) Limited	948263

Peel Developments Ampthill Limited	2507764
Peel Developments (Cambuslang) Limited	1387921
Peel Developments (N.E.) Limited	306173
Peel Developments (N.W.) Limited	1565719
Peel Developments (North) Limited	1231559
Peel Developments (South) Limited	325193
Peel Developments (S.W.) Limited	28486
Peel Farms Limited	1904353
Peel Holdings p.l.c.	166957
Peel Homes (Anglia) Limited	845511
Peel Homes Limited	1227843
Peel Housing (Anglia) Limited	756772
Peel Investments (Anglia) Limited	2295594
Peel Investments (N.E.) Limited	84337
Peel Investments (N.W.) Limited	1628172
Peel Investments (North) Limited	187724
Peel Investments (South) Limited	491228
Peel Investments (S.W.) Limited	709002
Peel Land Limited	599468
Peel North East Limited	2392436
Peel North West Limited	1078235
Peel Overseas Limited	2022817
Peel Properties (Gloucester) Limited	1633859
Peel Properties (N.W.) Limited	517377
Peel Properties (S.E.) Limited	2292361
Peel Properties (S.W.) Limited	944771
Peel Securities (N.E.) Limited	539745
Peel Securities (N.W.) Limited	258495

Peel Securities (S.E.) Limited	110220
Peel Securities (S;W.) Limited	564105
Peel South East Limited	216214
Peel South West Limited	24965
Penmill Estates Limited	382437
Perfect Homes Limited	283220
Pleece Holdings Limited	340505
R.D.J. (Developments) Limited	573732
Realty Holdings Limited	609151
Rio de Janeiro Land, Mortgage & Investment Agency Co Limited	129122
Rowriver Limited	1725883
Ship Canal Enterprises Limited	2486891
Ship Canal Investments Limited	2224895
Ship Canal Land Limited	924359
South Coast Gardens (Warlingham) Limited	574357
South Farm Road Company Limited	296996
Sovereign Property Investments (Croydon) Limited	711168
Sovereign Property Investments (Edgeware Rd) Limited	758658
Sovereign Property Investments (Bexleyheath) Limited	696201
Stroud Securities Limited	968227
Sudbrook Trading Estate Limited	201251
Sydney Court Holdings (Jersey Ltd	21240 (Jersey)
Sunset Investments Limited	742478
The Beaumont Property Trust Limited	279336
The Beaumont Property Trust Limited	279336
The Blackburn Ice Arena Limited	2090015
The Manchester Ship Canal Company	
The Manchester Stock Exchange Buildings Limited	64889

The Queen Anne St. Investment Company Limited	514046
Tinahue Limited	944367
Toll House Motors Limited	837841
Tonstall Investments Limited	796028
Upperbel Investments (Andover) Limited	1420222
Upperbel Investments (Bournemouth) Limited	1502414
Upperbel Services Limited	1421498
W. Pleece & Son Limited	322871
Walkspeed (Properties) Limited	2233832
Walkspeed Limited	2163765
Warwick Estates Limited	287227

Former Directorships of Mr. Robert E. Hough

Arpley Gas Limited	2250123
City & Provincial Real Estate Limited	702548
City & St. James's Real Estate Limited	748705
City & Town Centre Re-Developments Limited	700412
Conqueror Property Trust Limited	308068
Emel Investments (Piccadilly) Limited	593855
Home Park Properties Limited	173510
Kenwell Property Holdings Limited	185221
London Shop (Chapel Lane) Limited	622160
London Shop (Salisbury) Limited	415649
Northern Shops Developments Limited	625201
Northleigh Investments Limited	435943
Sixty-Nine Limited	
Stonehouse Investments (Cheltenham) Limited	1194957
The Oak Property Company Limited	267103
The Rock Investment Company Limited	122856