

Registered No: 1521606

KENNEDY CONSTRUCTION GROUP  
LIMITED  
and its subsidiaries

REPORT AND ACCOUNTS

27 October 1991

## REPORT OF THE DIRECTORS

The directors submit their report and the audited accounts for the year ended 27 October 1991.

## 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 pleased to report an increase in group turnover to almost £47 million for 1991 and an increase in pre-tax profits to £5.2 million. As in the previous year, all operating companies within the group were profitable. The current year has started satisfactorily but in view of the continuing economic recession, it is likely that there will be no growth in turnover or profits in 1992.

However, 1991 has seen the development of two new areas of operation. Within our surfacing subsidiary, Kennedy Asphalt Limited, a road construction division has been set up and commenced its first contracts towards the end of the financial year. In addition, the property investment subsidiary, North Cheshire Properties Limited, commenced operations and has spent £1 million in acquiring three investment properties yielding good rental income. Since the year end, investment property has been acquired in Ireland by the group's Irish subsidiary, Greythorn Limited.

The group has continued its policy of investing in property, plant and equipment for its own use and in total has spent £2.7 million of capital expenditure during the year.

## LAND AND BUILDINGS

The directors are of the opinion that the present market values of the group's properties are in excess of the amounts at which they are stated in the accounts.

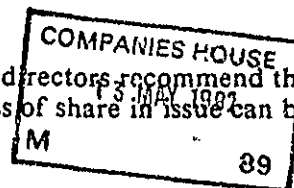
## FIXED ASSETS

Details of movements in fixed assets are included in notes 13 to 15 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 (1990-£400,000). The directors recommend that no final dividend be declared. Details of dividends payable in relation to each class of share in issue can be found in note 12 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  
M O'Kelly - resigned 24 May 1991  
R S Boddington

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

J C Parsons and R W Kirkin 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 current legislation the company seeks to employ at least the quota of disabled persons required. The company endeavours 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 £45,931 (1990 - £31,580).

**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

Secretary

25 February 1992



## Chartered Accountants

Touche Ross & Co  
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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 20 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and of the group at 27 October 1991 and of the profit and source and application of funds 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

25 February 1992

Member  
 International

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

Principal, vice of business at which a list of partners' names is available  
Peterborough Court, 133 Fleet Street, London EC4A 2TH

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

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
year ended 27 October 1991

	Note	1991	1990
TURNOVER	1	46,971,321	41,834,872
Cost of sales		(37,556,162)	(34,502,908)
GROSS PROFIT		9,415,159	7,331,964
Administrative expenses		(4,886,754)	(4,016,057)
Other operating income	5	28,542	-
		(4,858,212)	(4,016,057)
OPERATING PROFIT	2	4,556,947	3,315,907
Interest receivable and similar income	6	681,619	526,893
Exchange differences	1	3,321	(4,271)
Amounts written off investments	7	(3,915)	(15,175)
Interest payable and similar charges	8	(8,995)	(12,016)
		672,030	495,431
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		5,228,977	3,811,338
Tax on profit on ordinary activities	9	(1,831,684)	(1,412,612)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		3,397,293	2,398,726
Minority interests		(267,230)	(232,864)
PROFIT BEFORE EXTRAORDINARY ITEMS		3,130,063	2,165,862
Extraordinary items	10	-	(30,755)
PROFIT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF KENNEDY CONSTRUCTION GROUP LIMITED	11	3,130,063	2,135,107
Dividend	12	(1,009,174)	(400,000)
RETAINED PROFIT FOR THE YEAR	22	£2,120,889	£1,735,107

The notes on pages 8 to 20 form an integral part of these accounts. A statement of movements on reserves is set out in note 22 on page 19.

CONSOLIDATED BALANCE SHEET  
27 October 1991

	<u>Note</u>	<u>1991</u>	<u>1990</u>
<b>FIXED ASSETS</b>			
Tangible assets	13	6,515,881	5,520,449
Investment properties	14	1,018,435	-
Investments	15	647,790	439,806
		<hr/>	<hr/>
		8,182,106	5,960,255
<b>CURRENT ASSETS</b>			
Stock and long term contract balances	16	57,771	35,072
Debtors	17	8,513,841	6,798,778
Investments	18	9,475	8,375
Cash at bank and in hand		8,155,104	6,728,794
		<hr/>	<hr/>
		16,736,191	13,571,019
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	19	(13,375,759)	(10,594,196)
		<hr/>	<hr/>
NET CURRENT ASSETS		3,360,432	2,976,823
		<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		11,542,538	8,937,078
PROVISIONS FOR LIABILITIES AND CHARGES	20	(1,580,217)	(1,240,376)
		<hr/>	<hr/>
		£9,962,321	£7,696,702
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	218,800	218,800
Profit and loss account	22	9,277,641	7,156,752
		<hr/>	<hr/>
		9,496,441	7,375,552
MINORITY INTERESTS		465,880	321,150
		<hr/>	<hr/>
		£9,962,321	£7,696,702

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy  
J C Parsons

*P J Kennedy*  
*J C Parsons*

25 February 1992

The notes on pages 8 to 20 form an integral part of these accounts.

BALANCE SHEET  
27 October 1991

	Note	1991	1990
<b>FIXED ASSETS</b>			
Tangible assets	13	2,606,855	1,720,321
Investments	15	1,782,783	1,329,610
		<hr/>	<hr/>
		4,389,638	3,049,931
<b>CURRENT ASSETS</b>			
Debtors	17	2,380,939	1,664,505
Investments	18	9,475	8,375
Cash at bank and in hand		6,956,114	5,323,194
		<hr/>	<hr/>
		9,346,528	6,996,074
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	19	(12,402,846)	(9,200,093)
<b>NET CURRENT LIABILITIES</b>			
		<hr/>	<hr/>
		(3,056,318)	(2,204,019)
		<hr/>	<hr/>
		£1,333,320	£845,912
<b>CAPITAL AND RESERVES</b>			
Called up share capital	21	218,800	218,800
Profit and loss account	22	1,114,520	627,112
		<hr/>	<hr/>
		£1,333,320	£845,912
		<hr/>	<hr/>

APPROVED BY THE BOARD OF DIRECTORS

P J Kennedy,  
J C Parsons

*P.J. Kennedy*  
*J.C. Parsons*

25 February 1992

The notes on pages 8 to 20 form an integral part of these accounts.

SOURCE AND APPLICATION OF FUNDS  
year ended 27 October 1991

	<u>1991</u>	<u>1990</u>
<b>SOURCE OF FUNDS</b>		
Profit on ordinary activities before taxation	5,228,977	3,811,338
Items not involving the movement of funds:		
Depreciation	1,650,686	1,187,818
Profit on disposal of tangible assets	(115,265)	(133,695)
Exchange difference	(1,427)	1,598
Movement on provisions	359,576	352,474
Write down of investments to net realisable value	3,915	15,175
	<u>1,897,485</u>	<u>1,423,370</u>
<b>FUNDS GENERATED FROM OPERATIONS</b>	<u>7,126,462</u>	<u>5,234,708</u>
<b>FUNDS FROM OTHER SOURCES</b>		
Issue of shares	-	1,000
Issue of shares in subsidiary to minorities	-	12,495
Proceeds of sale of tangible assets	162,309	652,758
	<u>162,309</u>	<u>666,253</u>
	<u>7,288,771</u>	<u>5,900,961</u>
<b>APPLICATION OF FUNDS</b>		
Capital expenditure	(2,691,735)	(2,455,476)
Tax paid	(2,061,734)	(967,382)
Dividends paid	(1,131,674)	(504,700)
Purchase of fixed asset investments	(212,999)	(434,791)
Investment property additions	(1,018,435)	-
	<u>(7,116,577)</u>	<u>(4,362,349)</u>
<b>INCREASE IN WORKING CAPITAL</b>	<u>£172,194</u>	<u>£1,538,612</u>
Representing/(funded by):		
Stock and long term contract balances	22,699	(404,335)
Debtors	1,715,063	83,405
Cash at bank and in hand	1,426,310	2,263,248
Creditors	(2,991,878)	(403,706)
	<u>£172,194</u>	<u>£1,538,612</u>



**NOTES TO THE ACCOUNTS**  
27 October 1991

**I. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**CONVENTION**

These financial statements are prepared on an historic cost accounting convention subject to revaluation of investment properties.

**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.

**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 and of the long term loans with those subsidiaries are treated as movements on reserves. All other currency adjustments are included in the profit before taxation.

**TURNOVER**

Turnover represents the value of work carried out.

**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.

**TANGIBLE FIXED ASSETS AND DEPRECIATION**

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

The rates used 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  
27 October 1991

1. ACCOUNTING POLICIES continued

INVESTMENT PROPERTIES

In accordance with Statement of Standard Accounting Practice No. 19 investment properties are revalued 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.

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 for 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.

PENSIONS

The Group operates a contributory defined benefit pension scheme covering 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 the employees of the scheme.

NOTES TO THE ACCOUNTS  
27 October 1991

2. OPERATING PROFIT

1991

1990

Operating profit is arrived at after charging/(crediting):

Depreciation	1,650,686	1,187,818
Profit on sale of tangible assets	(115,265)	(133,695)
Hire of plant and machinery	2,797,084	3,051,100
Auditors' remuneration	45,060	41,055
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3. EMPLOYEES

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

Production staff	405	454
Administrative staff	117	105
	<hr/>	<hr/>
	522	559
	<hr/>	<hr/>

The costs incurred in respect of these employees were:

Wages and salaries	10,019,633	9,527,436
Social security costs	936,488	913,802
Other pension costs	341,951	399,022
	<hr/>	<hr/>
	£11,298,072	£10,840,260
	<hr/>	<hr/>

4. DIRECTORS

(a) Emoluments of directors of the company included in employee costs were:

Management remuneration	£1,145,395	£1,057,876
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The fees and management remuneration (excluding pension contributions) of the directors were as follows:

Chairman (1990 - and highest paid director)	£389,903	£483,819
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Highest paid director	£586,014
	<hr/>

Other directors

No of directors

Not more than £5,000	one	two
£20,001 - £25,000	one	none
£45,001 - £50,000	none	one
£50,001 - £55,000	one	one
£55,001 - £60,000	one	none
£445,001 - £450,000	none	one
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS  
27 October 1991

4. DIRECTORS continued

(b) Directors' interests

The interests of P J Kennedy and Mrs K Kennedy are shown in note 25 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 drawing accounts with the company. The nature of the transactions on these accounts is such that the balances 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 balance	1991	1990
P J Kennedy	6,945	(997)	(2,433)
J C Parsons	6,065	373	(96)
		<u>£(624)</u>	<u>£(2,529)</u>
5. OTHER OPERATING INCOME			
Income from fixed asset investments		<u>£28,542</u>	<u>£ -</u>
6. INTEREST RECEIVABLE AND SIMILAR INCOME			
Interest receivable:			
on bank deposits		670,083	525,294
other interest		11,536	1,599
		<u>£681,619</u>	<u>£526,893</u>
7. AMOUNTS WRITTEN OFF INVESTMENTS			
Provision against current and fixed asset investments		<u>£3,915</u>	<u>£15,175</u>
8. INTEREST PAYABLE AND SIMILAR CHARGES			
On bank loans, overdrafts and other loans:			
Repayable within 5 years		<u>£8,995</u>	<u>£12,016</u>

NOTES TO THE ACCOUNTS  
27 October 1991

9. TAX ON PROFIT ON ORDINARY ACTIVITIES	<u>1991</u>	<u>1990</u>
Taxation is based on the profits for the year and comprises:		
Corporation tax at 33.4% (1990 - 35%) of taxable profit	1,916,653	1,392,161
Deferred taxation	(17,362)	16,770
Overseas taxation	7,095	-
	<u>1,906,386</u>	<u>1,408,931</u>
Prior year adjustments:		
Corporation tax	(72,329)	449
Deferred taxation	(2,373)	-
Overseas taxation	-	3,232
	<u>£1,831,684</u>	<u>£1,412,612</u>
The tax charge for the year has been increased by the following amounts as a result of:		
General disallowable expenditure	107,217	101,221
Depreciation on assets not qualifying for capital allowances	10,776	8,686
Deferred taxation not provided	41,168	(33,183)
	<u></u>	<u></u>
10. EXTRAORDINARY ITEMS		
Loss on disposal of fixed asset investments	-	(43,384)
Gain arising from forfeiture of deposit on abortive sale of property by subsidiary (net of foreign tax of £14,000)	-	12,629
	<u>£ -</u>	<u>£(30,755)</u>
11. RESULT FOR THE FINANCIAL YEAR ATTRIBUTABLE TO THE MEMBERS OF KENNEDY CONSTRUCTION GROUP LIMITED		
Dealt with in the accounts of the holding company:	<u>£1,496,582</u>	<u>£917,541</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.		
12. DIVIDEND		
Paid - Ordinary Shares	<u>£1,009,174</u>	<u>£400,000</u>

NOTES TO THE ACCOUNTS  
27 October 1991

13. TANGIBLE ASSETS

(a) THE GROUP	Land and buildings	Plant and machinery	Total
Cost			
At 28 October 1990	1,625,501	6,962,440	8,587,941
Additions	936,935	1,754,800	2,691,735
Disposals	-	(440,107)	(440,107)
Exchange difference	1,427	-	1,427
At 27 October 1991	<u>2,563,863</u>	<u>8,277,133</u>	<u>10,840,996</u>
Depreciation			
At 28 October 1990	79,537	2,987,955	3,067,492
Charge for the year	32,251	1,618,435	1,650,686
On disposals	-	(393,063)	(393,063)
At 27 October 1991	<u>111,788</u>	<u>4,213,327</u>	<u>4,325,115</u>
Balance sheet value			
27 October 1991	<u>£2,452,075</u>	<u>£4,063,806</u>	<u>£6,515,881</u>
28 October 1990	<u>£1,545,964</u>	<u>£3,974,485</u>	<u>£5,520,449</u>

NOTES TO THE ACCOUNTS  
27 October 1991

13. TANGIBLE ASSETS (continued)		Land and buildings	Plant and machinery	Total
(b) THE COMPANY				
Cost				
At 28 October 1990		1,525,987	592,465	2,118,452
Additions		936,935	118,141	1,055,076
Disposals		-	(9,069)	(9,069)
At 27 October 1991		<u>2,462,922</u>	<u>701,537</u>	<u>3,164,459</u>
Depreciation				
At 28 October 1990		74,416	323,715	398,131
Charge for the year		32,251	133,204	165,455
On disposals		-	(5,982)	(5,982)
At 27 October 1991		<u>106,667</u>	<u>450,937</u>	<u>557,604</u>
Balance sheet value				
27 October 1991		<u>£2,356,255</u>	<u>£250,600</u>	<u>£2,606,855</u>
28 October 1990		<u>£1,451,571</u>	<u>£268,750</u>	<u>£1,720,321</u>
		<u>GROUP</u>	<u>COMPANY</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
The balance sheet value of land and buildings comprises:				
Freehold	2,442,153	1,535,730	2,346,333	1,441,337
Long leasehold	9,922	10,234	9,922	10,234
	<u>£2,452,075</u>	<u>£1,545,964</u>	<u>£2,356,255</u>	<u>£1,451,571</u>
Future capital expenditure				
Contracted for but not provided for in the accounts	240,848	410,066	-	-
Authorised by the directors but not contracted for	350,093	43,550	205,000	-
	<u>£590,941</u>	<u>£453,616</u>	<u>£205,000</u>	<u>£ -</u>

NOTES TO THE ACCOUNTS  
27 October 1991

14. INVESTMENT PROPERTIES

Freehold:	<u>Land and buildings</u>
Cost and valuation	
Additions	1,018,435
At 27 October 1991	<u>£1,018,435</u>

At 27 October 1991 the properties, which were acquired during the year, were considered by the directors to have a market value of £1,018,435.

15. FIXED ASSET INVESTMENTS

(a) THE GROUP

	<u>Subsidiaries</u>	<u>Loans</u>	<u>Other</u>	<u>Total</u>
Cost				
At 28 October 1990				
Additions	156,685	-	434,791	591,476
	-	85,000	127,999	212,999
At 27 October 1991	<u>156,685</u>	<u>85,000</u>	<u>562,790</u>	<u>804,475</u>
Provisions				
At 28 October 1990				
Provided in the year	151,670	-	-	151,670
	5,015			5,015
At 27 October 1991	<u>156,685</u>	<u>-</u>	<u>-</u>	<u>156,685</u>
Balance sheet value				
27 October 1991	<u>£ -</u>	<u>£85,000</u>	<u>£562,790</u>	<u>£647,790</u>
28 October 1990	<u>£5,015</u>	<u>£ -</u>	<u>£434,791</u>	<u>£439,806</u>



NOTES TO THE ACCOUNTS  
27 October 1991

15. FIXED ASSET INVESTMENTS (continued)

(b) THE COMPANY	<u>Subsidiaries</u>	<u>Loans</u>	<u>Other</u>	<u>Total</u>
Cost				
At 28 October 1990	1,101,744	90,457	434,791	1,626,992
Additions	250,000	85,000	127,999	462,999
Exchange difference	-	1,413	-	1,413
At 27 October 1991	<u>1,351,744</u>	<u>176,870</u>	<u>562,790</u>	<u>2,091,404</u>
Provisions				
At 28 October 1990	297,382	-	-	297,382
Provided in the year	11,239	-	-	11,239
At 27 October 1991	<u>308,621</u>	<u>-</u>	<u>-</u>	<u>308,621</u>
Balance sheet value				
27 October 1991	£1,043,123	£176,870	£562,790	£1,782,783
28 October 1990	<u>£804,362</u>	<u>£90,457</u>	<u>£434,791</u>	<u>£1,329,610</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 27 October 1991 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%
Kennedy Civil Engineering Limited - dormant	100%

In addition to the above, the following company is owned by a subsidiary:

Kennedy Gas Services (Scotland) Limited (registered in Scotland)	100%
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Unless otherwise stated the principal activities of subsidiary companies is public works contracting, property investment and management, and other ancillary services.

The total value of goodwill written off on consolidation of the above subsidiaries is £96,738 (1990 - £96,738).

- (d) The company also owns 100% of Kennedy Brocks Limited (incorporated in Ireland) which is now in voluntary liquidation. It has not been consolidated as in the opinion of the directors it would be of no real value because of the insignificant amounts involved.
- (e) A full list of subsidiaries will be annexed to the next annual return.
- (f) Other investments represents the interests of the group and the company in securities.

NOTES TO THE ACCOUNTS  
27 October 1991

16. STOCK AND LONG TERM CONTRACT BALANCES

	<u>GROUP</u>	
	<u>1991</u>	<u>1990</u>
Stock	£57,771	£35,072

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

17. DEBTORS

	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
Trade debtors	6,146,521	5,218,342	-	-
Amounts recoverable on long term contracts	1,214,680	1,034,510	-	-
Amounts owed by group companies	-	-	716,322	746,965
Other debtors	954,641	426,949	762,245	399,257
Prepayments and accrued income	197,999	118,977	67,754	43,283
Dividends receivable	-	-	834,618	475,000
	<u>£8,513,841</u>	<u>£6,798,778</u>	<u>£2,380,939</u>	<u>£1,664,505</u>

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

Trade debtors	143,925	97,473	-	-
Other debtors	30,000	-	30,000	-
	<u>£173,925</u>	<u>£97,473</u>	<u>£30,000</u>	<u>£ -</u>

18. CURRENT ASSET INVESTMENTS

Cost

Listed on a recognised stock exchange

£9,475	£8,375	£9,475	£8,375
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Market value

£9,475	£8,375	£9,475	£8,375
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19. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

Trade creditors	5,953,583	4,911,846	590,939	42,442
Payments on account of long term contracts	232,380	357,772	-	-
Amounts owed to group companies	-	-	9,517,103	7,487,788
Corporation tax	1,915,163	2,125,478	96,668	200,681
Other taxation and social security	1,394,811	1,059,761	82,819	110,747
Other creditors	1,848,832	690,562	925,202	439,135
Accruals and deferred income	2,030,990	1,448,777	1,190,115	919,300
	<u>£13,375,759</u>	<u>£10,594,196</u>	<u>£12,402,846</u>	<u>£9,200,093</u>

NOTES TO THE ACCOUNTS  
27 October 1991

20. PROVISIONS FOR LIABILITIES AND CHARGES	<u>GROUP</u>		<u>COMPANY</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
Deferred taxation	38,406	58,141	-	-
Reinstatement and other provisions	1,541,811	1,182,235	-	-
	<u>£1,580,217</u>	<u>£1,240,376</u>	<u>£ -</u>	<u>f -</u>

(a) Deferred taxation	<u>GROUP</u>			
Movement in year				
At 28 October 1990				
Credit for the year	58,141 (19,735)			
At 27 October 1991	<u>£38,406</u>			

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

i) THE GROUP	<u>Provided</u>		<u>Unprovided</u>	
	<u>1991</u>	<u>1990</u>	<u>1991</u>	<u>1990</u>
Capital allowances in excess of depreciation	98,796	123,687	(110,000)	(71,605)
Short-term timing differences	(60,390)	(65,546)	(86,614)	(118,016)
	<u>£38,406</u>	<u>£58,141</u>	<u>£(196,614)</u>	<u>£(189,621)</u>
ii) THE COMPANY				
Capital allowances in excess of depreciation	(10,090)	-	(46,576)	(43,060)
Short term timing differences	10,090	-	-	(47,002)
	<u>£ -</u>	<u>£ -</u>	<u>£(46,576)</u>	<u>£(90,062)</u>

NOTES TO THE ACCOUNTS  
27 October 1991

20. PROVISIONS FOR LIABILITIES AND CHARGES continued

(b) Reinstatement and other provisions:		<u>GROUP</u>
Movement in the year		
At 28 October 1990		1,182,235
Created during the year		974,776
Utilised during the year		(615,200)
At 27 October 1991		<u>£1,541,811</u>

21. CALLED UP SHARE CAPITAL	Ordinary shares of £1 each	"A" Ordinary shares of £1 each	Total
Authorised:			
At 27 October 1991 and 28 October 1990	<u>£217,800</u>	<u>£1,000</u>	<u>£218,800</u>
Allotted			
At 27 October 1991 and 28 October 1990	<u>£217,800</u>	<u>£1,000</u>	<u>£218,800</u>

22. PROFIT AND LOSS ACCOUNT

(a) THE GROUP

At 28 October 1990	7,156,752
Retained profit for the year	2,120,889
At 27 October 1991	<u>£9,277,641</u>

(b) THE COMPANY

At 28 October 1990	627,112
Retained profit for the year	487,408
At 27 October 1991	<u>£1,114,520</u>

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

NOTES TO THE ACCOUNTS  
27 October 1990

23. 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 27 October 1991 amounted to £1,127,508 (1990 - £759,577).

Under the terms of a cross guarantee set up between Kennedy Construction Group Limited and its subsidiaries, the company has a contingent liability at 27 October 1991 of £918,950 (1990 - £Nil) for the bank overdrafts of other group companies.

24. PENSIONS

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 1989, and the assumptions which had the most significant effect on the results of the valuation were as follows:

	% per annum
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 £2,856,000 and, based on the above method and assumptions, was sufficient to cover 108% 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 £341,951 (1990 - £399,022). Since the last actuarial valuation special contributions have been made to fund agreed benefit improvements and these amounted to £100,000 for the current year (1990 - £200,000).

£28,562 (1990 - £29,917) is included within debtors, this being the excess of the cumulative amounts paid over the accumulated pension cost.

25. 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:

	£1 "A" Ordinary Shares
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.