

John Shreeves and Partners Limited

Directors' report and financial statements

30 April 1996

Registered number 1575164



John Shreeves and Partners Limited

Directors' report and financial statements

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John Shreeves and Partners Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 1996.

Principal activities

The main activity of the company during the year was carrying on the business of quantity surveyors, building surveyors and project managers.

Business review

Activity in the building industry continues to be at a low level but the Company consolidated on the improvements of last year and again increased turnover during the year. Political uncertainty and the lack of demand for built space give indications of another difficult year to come in the construction industry.

The Company has continued with its policy of staff training, investing in IT and improvements in management systems and continues to benefit from reduced input costs, but the difficult market that is faced indicates no significant improvement in the company's trading position next year.

Significant changes in fixed assets

Changes in fixed assets are shown in note 8 to the financial statements.

Proposed dividend

The directors do not recommend the payment of a dividend (1995:£nil).

The profit for the year retained in the company is £40,392 (1995:£49,892).

Directors and directors' interests

The directors who held office during the year were as follows:

JW Shreeves
PR Clack
EJ Lawrence
GT Wisbey
J Sipsma
G Welfare

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company. Their interests in the shares of the holding company, John Shreeves Holdings Limited, are disclosed in that company's financial statements. No rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families during the year.

John Shreeves and Partners Limited

Directors' report

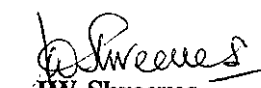
Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £1,045.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board


JW Shreeves
Secretary

66 Turnmill St
London EC1M 5RR

1997

John Shreeves and Partners Limited

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 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



PO Box 695
8 Salisbury Square
London
EC4Y 8BB

Report of the auditors to the members of John Shreeves and Partners Limited

We have audited the financial statements on pages 5 to 18.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of 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 misstatement, 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 company's affairs as at 30 April 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG
Chartered Accountants
Registered Auditors

15th January, 1997

John Shreeves and Partners Limited

Profit and loss account for the year ended 30 April 1996

	<i>Note</i>	1996 £	1995 £
Turnover	<i>1</i>	2,731,936	2,160,855
Cost of sales		(2,105,724)	(1,532,700)
Gross profit		626,212	628,155
Distribution costs		(157,195)	(144,838)
Administrative expenses		(412,239)	(398,122)
Operating profit		56,778	85,195
Other interest receivable and similar income	<i>5</i>	7,558	228
Interest payable and similar charges	<i>6</i>	(14,949)	(9,196)
Profit on ordinary activities before taxation	<i>2-4</i>	49,387	76,227
Tax on profit on ordinary activities	<i>7</i>	(8,995)	(26,335)
Profit on ordinary activities after taxation		40,392	49,892
Retained profit brought forward		125,618	75,726
Retained profit carried forward		166,010	125,618

Results are derived from continuing activities, and are on the basis of historical cost.

There are no gains or losses in either the current or previous year other than those included in the profit and loss account.


John Shreeves and Partners Limited

Balance sheet

at 30 April 1996

	Note	1996	1995
		£	£
Fixed assets			
Tangible assets	8	351,324	111,444
Current assets			
Work in progress	9	71,382	249,817
Debtors	10	338,443	397,079
Cash at bank and in hand		453,785	95,671
		<u>863,610</u>	<u>742,567</u>
Creditors: amounts falling due within one year	11	<u>(567,684)</u>	<u>(478,383)</u>
Net current assets		<u>295,926</u>	<u>264,184</u>
Total assets less current liabilities		<u>647,250</u>	<u>375,628</u>
Creditors: amounts falling due after more than one year	12	<u>(158,986)</u>	<u>(37,803)</u>
Provisions for liabilities and charges	13	<u>(321,254)</u>	<u>(211,207)</u>
Net assets		<u>167,010</u>	<u>126,618</u>
Capital and reserves			
Called up share capital	14	1,000	1,000
Profit and loss account		166,010	125,618
Total shareholders' funds		<u>167,010</u>	<u>126,618</u>

These financial statements were approved by the board of directors on 24th December 1996 and were signed on its behalf by:


JW Shreeves
 Director

John Shreeves and Partners Limited

Cash flow statement for the year ended 30 April 1996

	Note	1996	1995
		£	£
Net cash inflow from operating activities	17	481,256	164,061
Return on investments and servicing of finance			
Interest received		7,558	228
Interest paid		(1,010)	(3,656)
Interest element of finance lease rental payments		(13,939)	(5,115)
Net cash outflow from return on investment and servicing of finance		(7,391)	(8,543)
Taxation			
UK corporation tax paid		(26,336)	(33,888)
Investing activities			
Purchase of tangible fixed assets		(50,592)	(23,133)
Sale of tangible fixed assets		91,835	18,550
Net cash inflow from investing activities		41,243	(4,583)
Net cash inflow before financing		488,772	117,047
Financing			
Capital element of finance lease rental payments	19	130,658	51,434
Net cash outflow from financing		130,658	51,434
Increase in cash and cash equivalents	18	358,114	65,613
		488,772	117,047

John Shreeves and Partners Limited

Notes

(forming part of the financial statements)

1 Accounting policies

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

Basis of preparation

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

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Short leasehold and improvements to

leasehold property	-	5 years
Plant and machinery	-	5 years
Motor vehicles	-	5 years

A full year's depreciation is charged in the year of acquisition, with no charge in the year of disposal.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a 'finance lease'. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as 'operating leases' and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

John Shreeves and Partners Limited

Notes (continued)

1 Accounting policies (continued)

Work in progress

Work in progress is stated at the lower of cost and net realisable value. For work in progress, cost includes an appropriate proportion of attributable overheads.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover and provision for future costs

Turnover is derived from the provision of services as quantity surveyors and project managers in the United Kingdom.

Invoices are rendered in accordance with an agreed timetable and in certain cases the relevant work may be performed after the date of the invoice. In such cases, provision is made at the date of invoicing for the costs to be incurred subsequently.

2 Profit on ordinary activities before taxation

	1996	1995
	£	£
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	18,100	18,050
Other services	18,000	2,000
Depreciation and other amounts written off tangible fixed assets:		
Owned	18,053	13,523
Leased	89,574	68,673
Hire of office equipment - rentals payable under operating leases	7,248	7,470

John Shreeves and Partners Limited

Notes (continued)

3 Remuneration of directors

	1996	1995
	£	£
Directors' emoluments:		
Remuneration as executives	<u>221,937</u>	<u>216,024</u>

The emoluments, excluding pension contributions, of the chairman were £16,052 (1995:£25,314) and those of the highest paid director were £59,040 (1995:£54,883).

The emoluments, excluding pension contributions, of the directors (including the chairman and highest paid directors) were within the following ranges:

	Number of directors	
	1996	1995
£10,001 - £15,000	2	2
£15,001 - £20,000	1	-
£25,001 - £30,000	-	1
£50,001 - £55,000	-	3
£55,001 - £60,000	<u>3</u>	<u>-</u>

4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1996	1995
Technical	32	28
Administrative	<u>11</u>	<u>9</u>
	<u>43</u>	<u>37</u>

The aggregate payroll costs of these persons were as follows:

	1996	1995
	£	£
Wages and salaries	895,766	720,505
Social security costs	77,643	69,938
Other pension costs (see note 16)	<u>43,917</u>	<u>35,757</u>
	<u>1,017,326</u>	<u>826,200</u>

John Shreeves and Partners Limited

Notes *(continued)*

5 Other interest receivable and similar income

	1996 £	1995 £
Bank interest	<u>7,558</u>	<u>228</u>

6 Interest payable and similar charges

	1996 £	1995 £
On bank loans, overdrafts and other loans wholly repayable within five years	1,010	3,656
Finance charges payable in respect of finance leases and hire purchase contracts	<u>13,939</u>	<u>5,540</u>
	<u>14,949</u>	<u>9,196</u>

7 Taxation

	1996 £	1995 £
UK corporation tax at 25% and 24% (1995:25%) on the profit for the year on ordinary activities	9,191	26,335
Over provision in previous years	<u>(196)</u>	<u>-</u>
	<u>8,995</u>	<u>26,335</u>

John Shreeves and Partners Limited

Notes (continued)

8 Tangible fixed assets

	Short leasehold and leasehold improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£
Cost				
At beginning of year	224,095	139,169	343,363	706,627
Additions	-	50,592	343,763	394,355
Disposals	-	(6,218)	(239,247)	(245,465)
	<u>224,095</u>	<u>183,543</u>	<u>447,879</u>	<u>855,517</u>
At end of year	224,095	183,543	447,879	855,517
Depreciation and diminution in value				
At beginning of year	224,095	131,429	239,659	595,183
Charge for year	-	18,053	89,574	107,627
On disposals	-	-	(198,617)	(198,617)
	<u>224,095</u>	<u>149,482</u>	<u>130,616</u>	<u>504,193</u>
At end of year	224,095	149,482	130,616	504,193
Net book value				
At 30 April 1996	<u>-</u>	<u>34,061</u>	<u>317,263</u>	<u>351,324</u>
At 30 April 1995	<u>-</u>	<u>7,740</u>	<u>103,704</u>	<u>111,444</u>

Included in the total net book value of motor vehicles is £317,263 (1995:£74,976) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £89,574 (1995:£32,706).

John Shreeves and Partners Limited

Notes *(continued)*

9 Work in progress

	1996 £	1995 £
Long term contract balances	<u>71,382</u>	<u>249,817</u>

10 Debtors

	1996 £	1995 £
Trade debtors	274,739	311,168
Other debtors	24,739	16,296
Prepayments and accrued income	<u>38,965</u>	<u>69,615</u>
	<u>338,443</u>	<u>397,079</u>

John Shreeves and Partners Limited

Notes (continued)

11 Creditors: amounts falling due within one year

	1996	1995
	£	£
Obligations under finance leases and hire purchase contracts (see note 12)	113,686	21,764
Trade creditors	29,275	30,339
Amounts owed to parent undertaking	190,100	245,028
Other creditors including taxation and social security:		
Corporation tax	9,191	26,532
Other taxes and social security	114,852	107,428
	<u>124,043</u>	<u>133,960</u>
Taxation and social security	124,043	133,960
Accruals and deferred income	110,580	47,292
	<u>567,684</u>	<u>478,383</u>

12 Creditors: amounts falling due after more than one year

	1996	1995
	£	£
Obligations under finance leases and hire purchase contracts	158,986	37,803

John Shreeves and Partners Limited

Notes *(continued)*

12 Creditors: amounts falling due after more than one year *(continued)*

The maturity of obligations under finance leases and hire purchase contracts, net of future finance charges, is as follows:

	1996 £	1995 £
Within one year	113,686	21,764
In the second to fifth years	158,986	37,803
	<u>272,672</u>	<u>59,567</u>

13 Provisions for liabilities and charges

i) Provision for future costs

	£
At beginning of year	211,207
Provided during year	110,047
	<u>321,254</u>
At end of year	

ii) Deferred tax

A deferred tax asset of £17,864 (*1995: £27,000*) relating to capital allowances on fixed assets has not been recognised in the balance sheet.

14 Called up share capital

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

John Shreeves and Partners Limited

Notes (continued)

15 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year	40,392	49,892
Opening shareholders' funds	126,618	76,726
	<hr/>	<hr/>
Closing shareholders' funds	167,010	126,618
	<hr/>	<hr/>

16 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £43,917 (1995:£35,757). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17 Reconciliation of trading profit to net cash inflow from operating activities

	1996 £	1995 £
Trading profit	56,778	85,195
Depreciation charge	107,627	82,196
Profit on sale of tangible fixed assets	(44,987)	(2,970)
Decrease/(increase) in work in progress	178,435	(34,371)
Decrease in debtors	58,636	102,031
Increase/(decrease) in creditors excluding finance leases and similar hire purchase contracts	14,720	(52,013)
Provision for future costs	110,047	(16,007)
	<hr/>	<hr/>
Net cash inflow from operating activities	481,256	164,061
	<hr/>	<hr/>

18 Analysis of changes in cash and cash equivalents

	Cash £
Balance at 30 April 1995	95,671
Net cash inflow	358,114
	<hr/>
Balance at 30 April 1996	453,785
	<hr/>

John Shreeves and Partners Limited

Notes (continued)

19 Analysis of changes in financing

	Finance leases £
Balance at 30 April 1995	59,567
New loans	343,763
Repayment of capital	(130,658)
	<hr/>
Balance at 30 April 1996	<u>272,672</u>

20 Transactions involving directors

The company leased a part of its operating premises from three of its directors (John Shreeves, Peter Clack and Edward Lawrence) under an extension of a 5 year lease agreement effective from August 1986. In the year ended 30 April 1996 the rent payable was £31,585 (1995:£30,545).

21 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1996		1995	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	-	3,750	-
Over five years	3,750	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	3,750	-	3,750	-
	<hr/>	<hr/>	<hr/>	<hr/>

22 Post balance sheet

The company has purchased its operating premises, 66 Turnmill Street, from three of its directors (John Shreeves, Peter Clark and Edward Lawrence) for £550,000 since the year end.

John Shreeves and Partners Limited

Notes *(continued)*

23 **Parent company**

The parent and ultimate parent company is John Shreeves Holdings Limited, a company registered in England and Wales. John Shreeves Holdings Limited is the parent company of the only group of companies for which group accounts are drawn up and of which the company is a member. Copies of the group accounts may be obtained from the Registrar of Companies, Companies House, Crown Way, Cardiff.

John Shreeves and Partners Limited

Detailed profit and loss account for the year ended 30 April 1996

	1996		1995	
	£	£	£	£
Turnover		2,731,936		2,160,855
Direct costs				
Opening work in progress	249,817		215,446	
Quality assurance	22,901		22,220	
Subcontractors cost	75,074		95,165	
Recoverable disbursements	25,787		10,288	
Salaries and NHI	1,017,326		826,199	
Staff welfare	57,672		50,478	
Directors' remuneration	172,282		172,238	
Increase/(decrease) in provision for future costs	110,047		(16,007)	
Management charge	446,900		407,100	
Discounts received	(700)		(610)	
	<u>2,177,106</u>		<u>1,782,517</u>	
Less: Closing work in progress	(71,382)		(249,817)	
		<u>(2,105,724)</u>		<u>(1,532,700)</u>
Gross profit - 23% (1995 - 29%)		626,212		628,155
Distribution costs				
Motor running expenses	27,127		32,568	
Travel and entertainment	60,993		40,680	
Depreciation - motor cars	89,574		68,673	
Bad debts	(360)		2,917	
	<u>(177,334)</u>		<u>(144,838)</u>	
Administration expenses				
Advertising	5,593		22,250	
Insurance	109,522		106,002	
Office running costs	48,244		38,775	
Repairs and maintenance	6,847		9,054	
Rent and rates	96,435		92,836	
Telephone, fax and telex	16,679		16,791	
Sundry office costs	34,560		17,876	
Audit and accountancy	33,166		20,050	
Other professional fees	985		1,355	
Printing, postage and stationery	34,832		32,898	
Consultancy fees	20,000		20,000	
Depreciation - leasehold building and plant and machinery	18,053		13,523	
Profit on sale of fixed assets	(44,987)		(2,969)	
Safety and security	4,923		2,211	
Contract hire	7,248		7,470	
	<u>(392,100)</u>		<u>(398,122)</u>	
Trading profit		56,778		85,195
Interest receivable		7,558		228
Interest payable		(14,949)		(9,196)
Profit on ordinary activities before taxation		49,387		76,227

This page does not form part of the statutory financial statements.