

John Shreeves & Partners Limited

**Directors' report and financial
statements**

Registered number 1575164

30 April 2002



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2002.

Principal activities

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

Business review

The Company has for many years provided the most substantial part of its services to investment institutions albeit it is also involved in local authority housing regeneration, educational and speculative development projects. Whilst the Company has continued to work on large institutional projects during the year, the most substantial being the £50m Eastgate Phase 2 Shopping Centre Inverness for Royal and Sun Alliance and the £40m Lothbury office development for Grosvenor/Royal Bank of Scotland, institutional investment in property development has substantially slowed, particularly in the City of London and the south-east. This has led to many projects being postponed leading to a fee shortfall for this year. The political and economic uncertainties that have contributed to an over supply of office accommodation, particularly in Central London, continue. It is anticipated that this uncertainty will continue to delay secured commissions and lead to another difficult year ahead.

Despite anticipation of difficult trading conditions for the next year, the Company has secured a number of financial monitoring, new housing regeneration and project management commissions, which together with the institutional investors commissions secured but delayed, form a firm foundation for the continuing success of the Company.

The loss for the year in the Company is £295,857(2001: profit of £21,519).

Proposed dividend

The directors do not recommend the payment of a dividend (2001: *£nil*).

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

Directors' report (continued)

The director who held office at the end of the financial year had the following interests in the ordinary shares of the company according to the register of directors' interests:

	Class of share	Interest at end of year	Interest at start of year
JW Shreeves	Ordinary	1	1

The interests of JW Shreeves are disclosed in the directors' report of the parent company.

None of the other directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interest, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Political and charitable contributions

The company made no political contributions during the year. Donations to UK charities amounted to £1,729 (2001: £665).

Auditors

KPMG were re-appointed auditors in February 2002. However, since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 4 June and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for the reappointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

On behalf of the Board


JW Shreeves
Director

66 Turnmill Street
London
EC1M 5RR

18 March 2003

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;
- 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 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.



8 Salisbury Square
London
EC4Y 8BB
United Kingdom

Report of the independent auditors to the members of John Shreeves & Partners Limited

We have audited the financial statements on pages 5 to 14.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

Basis of audit 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 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

19 March 2003

Profit and loss account
for the year ended 30 April 2002

	<i>Note</i>	2002 £	2001 £
Turnover	<i>1</i>	3,347,665	3,716,028
Cost of sales		(2,672,691)	(2,756,295)
Gross profit		674,974	959,733
Distribution costs		(269,643)	(273,669)
Administrative expenses		(670,927)	(595,696)
Operating (loss)/profit		(265,596)	90,368
Other interest receivable and similar income	<i>5</i>	5,376	21,874
Interest payable and similar charges	<i>6</i>	(65,637)	(60,723)
(Loss)/profit on ordinary activities before taxation	<i>2</i>	(325,857)	51,519
Tax on (loss)/profit on ordinary activities	<i>7</i>	30,000	(30,000)
(Loss)/profit on ordinary activities after taxation		(295,857)	21,519
Retained profit brought forward		254,421	232,902
(Loss)/retained profit carried forward		(41,436)	254,421

A statement of total recognised gains and losses has not been included as part of these financial statements as the company made no gains or losses in the year other than those disclosed above.

A note on historical gains and losses has not been included as part of the financial statements as the results as disclosed in the profit and loss account are prepared on an unmodified historical cost basis.

The results stated above are all derived from continuing operations.

Balance sheet
at 30 April 2002

	<i>Note</i>	2002 £	£	2001 £	£
Fixed assets					
Tangible assets	8		1,010,712		892,362
Current assets					
Work in Progress	9	108,556		191,091	
Debtors	10	738,670		505,960	
Cash at bank and in hand		621		557,915	
		<u>847,847</u>		<u>1,254,966</u>	
Creditors: amounts falling due within one year	11	<u>(753,449)</u>		<u>(986,097)</u>	
Net current assets			<u>94,398</u>		<u>268,869</u>
Total assets less current liabilities			<u>1,105,110</u>		<u>1,161,231</u>
Creditors: amounts falling due after more than one year	12		(549,263)		(424,998)
Provisions for liabilities and charges	13		(596,283)		(480,812)
Net (liabilities)/assets			<u>(40,436)</u>		<u>255,421</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account			(41,436)		254,421
Total shareholders' (deficit)/funds – equity	15		<u>(40,436)</u>		<u>255,421</u>

These financial statements were approved by the board of directors on 18 March 2003 and were signed on its behalf by:


J.W. Shreeves
Director

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. The company has adopted FRS 18 'Accounting policies' and FRS 19 'Deferred tax' in these financial statements.

Basis of preparation

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

The financial statements have been prepared on a going concern basis, notwithstanding net liabilities of £40,436, which the directors believe to be appropriate for the following reasons. The company is dependent for its working capital on funds provided to it by John Shreeves Holdings Limited, the company's ultimate parent company. John Shreeves Holdings Limited has provided the company with an undertaking that for at least 12 months from the date of approval of these financial statements, it will continue to make available such funds as are needed by the company. This should enable the company to continue in operational existence for the foreseeable future by meeting its liabilities as they fall due for payment. As with any company placing reliance on other group entities for financial support, the directors acknowledge that there can be no certainty that this support will continue although at the date of approval of these financial statements, they have no reason to believe that it will not do so.

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that a parent undertaking includes the company in its own published consolidated financial statements.

As the company is a wholly owned subsidiary of John Shreeves Holdings Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group. The consolidated financial statements of John Shreeves Holdings Limited, within which this company is included, can be obtained from The Secretary, 66 Turnmill, London EC1M 5RR.

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:

Freehold buildings	- 50 years
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

When 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 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.

Notes (continued)

Accounting policies (continued)

Post-retirement benefits

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 to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. Cost is taken as production cost, which 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. Deferred tax is recognised, without discounting, in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Turnover and provision for future costs

Turnover represents the amounts (excluding VAT) derived from the provision of goods and services to customers. 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 (Loss)/Profit on ordinary activities before taxation

	2002 £	2001 £
<i>(Loss)/Profit on ordinary activities before taxation is stated after charging:</i>		
Auditors' remuneration:		
Audit	21,780	19,800
Other services	31,000	3,100
Depreciation and other amounts written off tangible fixed assets:		
Owned	48,301	40,649
Leased	136,010	128,020
Hire of office equipment – rentals payable under operating leases	14,456	16,426
Hire of other assets – operating leases	27,566	27,511
Loss on sale of fixed assets	23,325	3,000

Notes (continued)

3 Remuneration of directors

	2002 £	2001 £
Directors' emoluments	<u>316,436</u>	<u>315,563</u>

The emoluments, excluding pension contributions, of the highest paid director were £64,000(2001: £81,386).

	Number of directors 2002	2001
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>3</u>	<u>3</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 2002	2001
Technical	35	35
Administrative	12	12
	<u>47</u>	<u>47</u>

The aggregate payroll costs of these persons were as follows:

	2002 £	2001 £
Wages and salaries	1,531,190	1,479,618
Social security costs	180,679	164,239
Other pension costs (see note 16)	75,037	66,051
	<u>1,786,906</u>	<u>1,709,908</u>

Notes (continued)

5 Other interest receivable and similar income

	2002	2001
	£	£
Bank interest	5,376	21,874

6 Interest payable and similar charges

	2002	2001
	£	£
On bank loans repayable after five years	37,085	37,085
On bank loans and overdrafts wholly repayable within five years	520	310
Finance charges payable in respect of finance leases and hire purchase contracts	28,032	23,328
	65,637	60,723

7 Taxation

	2002	2001
	£	£
<i>UK corporation tax</i>		
Current tax (credit)/charge on income for the period	(30,000)	30,000
Total current tax	(30,000)	30,000

Factors affecting the tax charge for the current period

The current tax charge for the period is higher (2001: higher) than the standard rate of corporation tax in the UK (20%, 2001: 20%). The differences are explained below.

	2002	2001
	£	£
<i>Current tax reconciliation</i>		
Profit on ordinary activities before tax	(325,857)	51,519
Current tax at 20 % (2001: 20 %)	(65,171)	10,304
<i>Effects of:</i>		
Expenses not deductible for tax purposes	16,561	8,760
Capital allowances for period in excess of depreciation	6,265	10,936
Unutilised tax losses	12,345	-
Total current tax (credit)/charge (see above)	(30,000)	30,000

Factors that may affect future tax charges

There is no charge for the year since the company made a net operating loss. The company has tax losses to be carried forward amounting to £61,725.

A deferred tax asset of £195,864 has not been recognised due to the loss making situation of the company. This will only be recognised in the future if it can be regarded as more likely than not there will be suitable profits from which the future reversal of the timing difference can be deducted.

Notes (continued)

8 Tangible fixed assets

	Freehold property	Short leasehold and leasehold improvements	Plant and machinery	Motor vehicles	Total
	£	£	£	£	£
Cost					
At beginning of year	550,000	242,217	313,671	651,604	1,757,492
Additions	-	-	40,711	407,730	448,441
Disposals	-	-	-	(379,473)	(379,473)
At end of year	550,000	242,217	354,382	679,861	1,826,460
Depreciation and diminution in value					
At beginning of year	55,000	234,967	246,962	328,201	865,130
Charge for year	11,000	3,625	33,676	136,010	184,311
On disposals	-	-	-	(233,693)	(233,693)
At end of year	66,000	238,592	280,638	230,518	815,748
Net book value					
At 30 April 2002	484,000	3,625	73,744	449,343	1,010,712
At 30 April 2001	495,000	7,250	66,709	323,403	892,362

Included in the total net book value of motor vehicles is £449,343 (2001: £323,403) in respect of assets held under the hire purchase contracts. Depreciation for the year on these assets was £136,010 (2001: £128,020).

9 Work in Progress

	2002 £	2001 £
Work in progress	108,556	191,091

10 Debtors

	2002 £	2001 £
Trade debtors	514,000	374,782
Other debtors	99,625	33,183
Prepayments and accrued income	125,045	97,995
	738,670	505,960

Notes (continued)

11 Creditors: amounts falling due within one year

	2002 £	2001 £
Overdrafts	137,992	-
Obligations under finance leases and hire purchase contracts (see note 12)	153,577	131,282
Trade creditors	58,957	60,119
Amounts owed to parent undertaking	13,700	453,605
Taxation and social security	144,817	171,686
Other creditors	194,984	-
Accruals and deferred income	49,422	169,405
	<u>753,449</u>	<u>986,097</u>

12 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Mortgage loan	350,000	350,000
Obligations under finance leases and hire purchase contracts	199,263	74,998
	<u>549,263</u>	<u>424,998</u>

The loan is secured on the freehold property of the company at 66 Turnmill Street, and the finance leases are secured on the assets to which they relate. The rate of interest on the loan is at 2% above LIBOR.

The maturity of obligations is as follows:

	Mortgage Loan £	2002 Finance leases £	Total £	Mortgage Loan £	2001 Finance leases £	Total £
Within one year	-	153,577	153,577	-	131,282	131,282
In the second to fifth years	-	199,263	199,263	-	74,998	74,998
Over five years	350,000	-	350,000	350,000	-	350,000
	<u>350,000</u>	<u>352,840</u>	<u>702,840</u>	<u>350,000</u>	<u>206,280</u>	<u>556,280</u>

Notes (continued)

13 Provisions for liabilities and charges

Provision for future costs

	2002 £
At beginning of year	480,812
Charge to the profit and loss for the year	115,471
	<hr/>
At end of year	596,283
	<hr/>

14 Called up share capital

	2002 £	2001 £
<i>Authorised</i>		
Equity : 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Equity : 1,000 Ordinary shares of £1 each	1,000	1,000
	<hr/>	<hr/>

15 Reconciliation of movements in shareholders' (deficit)/funds

	2002 £	2001 £
(Loss)/profit for the financial year	(325,857)	21,519
Opening shareholders' funds	255,421	233,902
	<hr/>	<hr/>
	(70,436)	255,421
	<hr/>	<hr/>

Notes (continued)

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 £75,037 (2001: £66,051). There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

17 Commitments

There are no capital commitments existing at the year end.

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

	2002 Land and buildings £	Other £	2001 Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	658	-	4,621
Within the second to fifth years inclusive	19,500	2,506	19,500	10,593
In more than five years	7,950	-	7,950	-
	<u>27,450</u>	<u>3,164</u>	<u>27,450</u>	<u>15,214</u>

18 Parent company and ultimate controlling party

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 Holdings Limited is controlled by John Shreeves, a director of that company.

19 Related parties

As the company is a wholly owned subsidiary of John Shreeves Holdings Limited, the company has taken advantage of the exemption contained in FRS8 and has therefore not disclosed transactions or balances with John Shreeves Holdings Limited.