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SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

REPORT AND FINANCIAL STATEMENTS

Year ended 31 December 1985



SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

DIRECTORS' REPORT

The Directors submit the annual report, together with the audited financial statements for the year ended 31 December 1985.

1. PRINCIPAL ACTIVITIES

The Company's principal activity, which has remained unchanged throughout the year has been Structural Engineering.

2. RESULTS

A summary of the results of the period's trading is given on page 4 of the financial statements.

The Directors consider the net profit achieved on ordinary activities before taxation of £207,407 to be satisfactory.

3. DIVIDENDS

The Directors do not recommend the declaration of any dividend.

4. DIRECTORS AND THEIR SHAREHOLDINGS

The Directors of the Company who have served throughout the year, and their interests in the shares of the Company are as follows:-

	1985	1984
	£	£
M J Reeve	30	30
J L Severs	30	30
J Grice	30	30
R P Goodwin	10	10
	<u>100</u>	<u>100</u>

No Director has:

(a) a right to acquire shares under any arrangement to which he is party.

(b) an interest in any contract with the Company.

In accordance with the Company's Articles of Association Mr M J Reeve and Mr J L Severs retire and, being eligible, offer themselves for re-election.

5. FUTURE PROSPECTS

The directors are optimistic about the long term prospects for the continued growth of the business.

SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

DIRECTORS' REPORT

6. FIXED ASSETS

Full details of movements in Fixed Assets are given in Note 7 to the financial statements.

7. CLOSE COMPANY STATUS

The Company is a Close Company within the meaning of Section 282 of the Income and Corporation Taxes 1970.

8. AUDITORS

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

By order of the Board

Secretary

[Signature] 23/2/87
[Signature] 23/2/87

of

We have audited the financial statements on pages 4 to 11 in accordance with approved Auditing Standards.

Tamela Ross aka 23/2/87

Dr. John C. Powell, JR., is a retired postal official. Chesapeake, Crawley, Hartford, Edinburgh, England, and London, England. He has been a postal official, letter carrier, Manchester, Newcastle upon Tyne, England, and London, England. He is a member of the World Postal Union.

Touche Ross International

SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

PROFIT AND LOSS ACCOUNT

Year ended 31 December 1985

	Note	12 months 31 December 1985 £	9 months 31 December 1984 £
Turnover	2	3,183,210	1,905,936
Cost of Sales		<u>2,679,824</u>	<u>1,663,011</u>
Gross Profit		<u>503,386</u>	<u>242,925</u>
Distribution Costs		59,064	46,881
Administrative Expenses		226,989	177,492
Other operating income		<u>(1,715)</u>	<u>-</u>
		<u>284,338</u>	<u>224,373</u>
Operating profit		219,048	18,552
Other interest receivable and similar income		5,130	-
Interest payable and similar charges	3	<u>(16,771)</u>	<u>(949)</u>
Profit on ordinary activities before taxation	4	207,407	17,603
Tax on profit on ordinary activities	5	<u>61,213</u>	<u>6,289</u>
Profit on ordinary activities after taxation for the financial year transferred to reserves		146,194	11,314
Profit and loss account brought forward		<u>11,314</u>	<u>-</u>
Profit and loss account carried forward		<u>157,508</u> =====	<u>11,314</u> =====

SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

BALANCE SHEET AT 31 DECEMBER 1986

		1985	1984
		£	£
FIXED ASSETS			
Tangible assets	7	324,732	26,373
CURRENT ASSETS			
Stocks	8	155,208	64,819
Debtors	9	<u>390,632</u>	<u>410,801</u>
		<u>545,840</u>	<u>475,620</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdraft	10	45,785	50,389
Trade creditors		523,412	422,901
Other creditors including taxation and social security	11	39,323	11,387
Accruals and deferred income		<u>56,010</u>	<u>-</u>
		<u>664,530</u>	<u>484,677</u>
NET CURRENT LIABILITIES		(118,690)	(9,057)
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	12	<u>(48,434)</u>	<u>(5,902)</u>
		<u>157,608</u>	<u>11,414</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	13	100	100
Profit and loss account		<u>157,508</u>	<u>11,314</u>
		<u>157,608</u>	<u>11,414</u>
		=====	=====

These financial statements were approved by the Board of Directors on

[Signature]
[Signature]

} Directors 23/2/87
23/2/87

SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31 DECEMBER 1985

	1985 £	1984 £
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	207,407	17,603
Adjustment for items not involving the movement of funds:		
Depreciation	<u>8,725</u>	<u>3,361</u>
Total generated from operations	216,132	20,964
Proceeds from the sale of tangible fixed assets	86,230	-
Increase in creditors	225,776	422,901
Issue of share capital	-	100
Directors loans	<u>-</u>	<u>11,000</u>
	<u>528,138</u>	<u>454,965</u>
APPLICATION OF FUNDS		
Purchases of tangible fixed assets	393,314	29,734
Increase in stocks	90,389	64,819
Increase in debtors	<u>39,831</u>	<u>410,801</u>
	<u>523,534</u>	<u>505,354</u>
INCREASE/(DECREASE) IN NET LIQUID FUNDS		
Bank overdraft	<u>4,604</u> =====	<u>(50,389)</u> =====

SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 MONTHS ENDED 31 DECEMBER 1985

1. ACCOUNTING POLICIES

(a) Accounting convention

The financial statements are prepared under the historical cost convention.

(b) Turnover

The turnover represents net invoiced sales of goods, excluding Value Added Tax.

(c) Tangible Fixed Assets

Depreciation is provided, after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimated useful life:-

Plant and Machinery	-	10% on written-down value
Fixtures and Fittings	-	10% on written-down value
Motor Vehicles	-	25% on written-down value

(d) Stocks

Stock and work in progress is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost represents direct expenditure and an appropriate proportion of fixed and variable overheads.

(e) 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.

2. TURNOVER

	1985 £	1984 £
Manufactured	3,183,210 =====	1,905,936 =====

3. INTEREST PAYABLE AND SIMILAR CHARGES

	1985 £	1984 £
Bank overdraft	16,771 =====	949 ===

NOTES TO THE FINANCIAL STATEMENTS

12 MONTHS ENDED 31 DECEMBER 1985

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is after charging:

	1985 £	1984 £
Hire and leasing charges on plant, machinery and motor vehicles	47,957	21,824
Depreciation	8,725	3,361
Auditors remuneration	4,000	1,500
Management and rent charges from the Severfield Reeve Group	183,600	215,950
	=====	=====

The Severfield Reeve Group is a partnership in which the Directors of Severfield Reeve Structural Engineers Limited have a significant interest.

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1985 £	1984 £
United Kingdom corporation tax at 41.25% based on profit for the year	18,681	387
Deferred taxation	<u>43,540</u>	<u>5,902</u>
	62,221	6,289
Adjustments to prior years' deferred tax provision	<u>(1,008)</u>	<u>-</u>
	<u>61,213</u>	<u>6,289</u>
	=====	=====

6. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

Employees costs during the year:

	1985 £	1984 £
Wages and salaries	273,816	107,529
Social Security costs	<u>26,948</u>	<u>15,315</u>
	300,764	122,944
	=====	=====

Average number of persons employed:

	No.	No.
Production	20	25
Administration	<u>7</u>	<u>7</u>
	27	32
	==	==

The directors have not been paid any remuneration during the year.

SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 MONTHS ENDED 31 DECEMBER 1985

7. TANGIBLE FIXED ASSETS

	Plant and equipment £	Motor vehicles £	Total £
Cost:			
As at 1 January 1985	24,483	5,251	29,734
Additions	379,933	13,381	393,314
Disposals	(86,230)	-	(86,230)
As at 31 December 1985	<u>318,186</u>	<u>18,632</u>	<u>336,818</u>
Accumulated depreciation:			
As at 1 January 1985	2,376	985	3,361
Provisions	<u>6,243</u>	<u>2,482</u>	<u>8,725</u>
As at 31 December 1985	<u>8,619</u>	<u>3,467</u>	<u>12,086</u>
Net book value:			
As at 31 December 1985	309,567 =====	15,165 =====	324,732 =====
As at 31 December 1984	22,107 =====	4,266 =====	26,373 =====

8. STOCKS

	1985 £	1984 £
Raw Materials and consumables	8,610	12,400
Work in progress	<u>146,598</u>	<u>52,419</u>
	<u>155,208</u> =====	<u>64,819</u> =====

Work in progress is stated net of any payments received on account and includes £52,000 in respect of work performed for the Severfield Reeve Group Partnership.

SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 MONTHS ENDED 31 DECEMBER 1985

9. DEBTORS

	1985 £	1984 £
Trade debtors	204,080	353,026
Amounts owed by Severfield Reeve Group Partnership	140,913	38,933
Other debtors	<u>45,639</u>	<u>16,242</u>
	390,632	410,801
	=====	=====

The balances with the Severfield Reeve Group at the beginning and end of the year are shown above. The maximum amount of the balance during the year was £200,913. The balances have arisen from the amounts invoiced by Severfield Reeve Structural Engineers Limited for the construction of premises for the Severfield Reeve Group, net of management charges made by the Severfield Reeve Group and settlements of amounts due.

The amounts owed by the Severfield Reeve Group bear no interest and have no fixed date of repayment.

10. BANK OVERDRAFT

The bank overdraft is secured by a charge on the company's assets.

11. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

This heading includes taxation and social security amounting to £28,323 (1985 £9,389).

12. PROVISIONS FOR LIABILITIES AND CHARGES

	£	
Deferred taxation		
Balance at 1 January 1985	5,902	
Charged to profit and loss account	<u>42,532</u>	
Balance at 31 December 1985	48,434	
	=====	
		Full potential liability and amounts provided
		1985 1984
		£ £
Capital allowances in excess of depreciation	48,434	5,902
	=====	=====

SEVERFIELD REEVE STRUCTURAL ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

12 MONTHS ENDED 31 DECEMBER 1985

13. CALLED UP SHARE CAPITAL

£1 Ordinary:

Authorised, allotted
and fully paid

1985		1984	
No	£	No	£
100	100	100	100
===	===	===	===