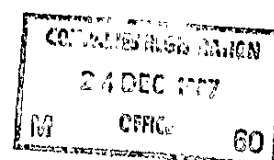


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MODIFIED ACCOUNTS FOR THE PERIOD ENDED  
30 SEPTEMBER 1987

FOR

P. BIRCH AND SONS LIMITED



P. BIRCH AND SONS LIMITED

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**P. BIRCH AND SONS LIMITED**

**COMPANY INFORMATION**

**DIRECTORS:** Dennis Bell F.R.C.I.S.  
Peter J. Gadsby M. INST M.  
Nicholas Hopkin F.C.A.

**SECRETARY:** Patrick Gadsby

**REGISTERED OFFICE:** 64 Friar Gate  
Derby  
DE1 1DJ

**AUDITORS:** Pearce and Jackson  
Chartered Accountants  
3 Charnwood Street  
Derby  
DE1 2GY

**BANKERS:** The Royal Bank of Scotland PLC  
Cornmarket  
Derby  
DE1 2DH

REPORT OF THE AUDITORS OF  
P. BIRCH AND SONS LIMITED  
UNDER SECTION 10 SCHEDULE 8 OF THE COMPANIES ACT 1985

In our opinion the Directors are entitled under Section 247 to 249 of the Companies Act 1985 to deliver modified accounts for the period ended 30 September 1987.

We have examined the modified accounts set out on pages three to five which, in our opinion, have been properly prepared in accordance with Schedule 8 of the Companies Act 1985.

As auditors of P. BIRCH AND SONS LIMITED, we reported on 17th November 1987 to the members on the accounts for the company prepared under Section 227 of the Companies Act 1985 for the period ended 30 September 1987 as follows:

"We have audited the financial statements on pages four to thirteen. Our audit was conducted in accordance with approved auditing standards having regard to the matters referred to in the following paragraph.

In common with many businesses of similar size and organisation, the Company's system of control is dependent upon the close involvement of the directors, who are shareholders. Where independent confirmation of the completeness of the accounting records was therefore not available, we have accepted assurances from the directors that all the Company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion, the financial statements, which have been prepared under the historical cost convention, subject to the revaluation of certain assets, give a true and fair view of the state of the Company's affairs at 31 September 1987 and of its profit and source and application of funds for the period then ended and comply with the Companies Act 1985."

Pearce and Jackson  
Chartered Accountants  
3 Charnwood Street  
Derby  
DE1 2GY

*Pearce & Jackson*

Dated: 17th November 1987

**MODIFIED BALANCE SHEET**  
**As at 30 September 1987**

## Notes

3

32

## Investments

61,623

246,903

## Cash In Hand

7,523

12

480,852

214,998

265,854

512,757

2

380,891

131,866

## Deferred Taxation

14,043

£117,823

### Profit and Loss Account

50.000

37,969

29,854

£117,823

19 11 11 11 11 11 11

DIRECTOR. Dennis Sullivan

DIRECTOR. *H. Galt*

The notes form part of these accounts

**P. BIRCH AND SONS LIMITED**

**NOTES TO THE MODIFIED ACCOUNTS  
for the Period Ended 30 September 1987**

**1. ACCOUNTING POLICIES:**

**Basis of Accounting:**

The accounts have been prepared under the historical cost convention as modified by the revaluation of certain assets.

**Turnover:**

Turnover represents net invoiced sales, excluding value added tax.

**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:

Freehold Property	- not provided
Fixtures and Fittings	- 12.5% on reducing balance

Provision for the depreciation of freehold buildings, in accordance with the Companies Act 1985 and Statement of Standard Accounting Practice 12, is not considered to be necessary as it is the company's policy to maintain its property in good condition. This prolongs its useful life and any depreciation arising would not be material.

**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.

**Deferred Taxation:**

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

# P. BIRCH AND SONS LIMITED

## NOTES TO THE MODIFIED ACCOUNTS for the Period Ended 30 September 1987

### 2. CREDITORS:

Creditors include the following bank borrowing:

	1987
	£
Amount repayable after five years	£70,891
	=====
Other borrowings are as follows:	
	1987
	£
Directors Loan : P. J. Gadsby	155,000
: D. Bell	130,000
Other Loan (See Note)	25,000
	-----
	£310,000
	=====

#### Other Loan:

This was from Bell Waste Disposal Limited, a company in which D. Bell, who is a director of this company, has a controlling interest.

### 3. CALLED UP SHARE CAPITAL:

			1987
			£
Authorised:			
Number:	Class:	Nominal Value:	
50,000	Ordinary	£1	£50,000
			=====
Allotted, issued and fully paid			
50,000 Ordinary Shares of £1 each			£50,000
			=====

### 4. ULTIMATE HOLDING COMPANY:

On 12th June 1987, following the acquisition of 90% of its issued share capital, this company became the holding company of Granite Construction (Derby) Limited, a company incorporated in England. Group accounts have not been prepared however, since the directors are of the opinion that the benefits to be derived therefrom would be insignificant and would not justify the effort and expense their preparation would entail.