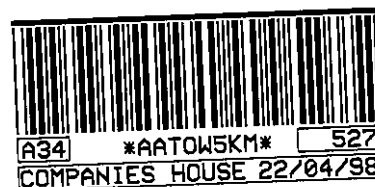


# **Wards Construction (Industrial) Limited**

## **Directors' report and financial statements**

**31st October 1997**

**Registered Number: 2313000**



# Wards Construction (Industrial) Limited

## Directors' report and financial statements

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# Wards Construction (Industrial) Limited

## Directors' report

The Directors present their annual report and the audited financial statements for the year ended 31st October 1997.

### Principal activities

The principal activity of the company is the development of industrial property for resale.

### Business review

The results achieved for the year were as follows:

	1997 £	1996 £
Turnover	<u>45,411</u>	<u>1,761,994</u>
Profit/(Loss) on ordinary activities before taxation	250,707	(1,586,553)
Taxation	<u>(15,440)</u>	<u>580,449</u>
Profit/(Loss) for the financial year	<u>235,267</u>	<u>(1,006,104)</u>

### Proposed dividend and transfer to reserves

The Directors do not recommend the payment of a dividend (1996: Nil).

The profit for the year to be transferred to reserves is £235,267 (1996: Loss £1,006,104).

# **Wards Construction (Industrial) Limited**

## **Directors' report**

### **Directors and directors' interests**

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

D.J. Ward	(Appointed 13 August 1997)
D.W. Pead	(Resigned 31 December 1997)

The director who held office at the end of the financial year had no disclosable interest in the shares of the company.

Mr D.W. Pead is a Director of the Company's ultimate holding company, Ward Holdings PLC and, accordingly, particulars of his interests in the shares of that Company are included in the Directors' Report of Ward Holdings PLC.

### **Employees**

The company gives full and fair consideration to applications for employment made by disabled persons, having regard to their particular aptitude and abilities.

It is the directors' policy to ensure that continued employment is offered to employees who become temporarily or permanently disabled.

The training, career development and promotion of disabled persons employed by the company is an integral part of the personnel policy applicable to all employees.

The company recognises the benefit of keeping employees informed of the progress of the business and of involving them in the company's performance. During the year, information regarding financial and economic factors affecting the performance of the company and other matters of concern to employees was regularly made available.

# Wards Construction (Industrial) Limited

## Directors' report *(continued)*

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as Auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

By order of the Board



G.A. Wall  
Secretary

# **Wards Construction (Industrial) 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;
- 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 maintaining 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.



KPMG Audit Plc

Barham Court

Teston

Maidstone

Kent

ME18 5BZ

## **Report of the auditors to the members of Wards Construction (Industrial) Limited**

We have audited the financial statements on pages 6 to 13.

### **Respective responsibilities of directors and auditors**

As described on page 4 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 31 October 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

12 February 1998

# Wards Construction (Industrial) Limited

## Profit and loss account

for the year ended 31 October 1997

	Note	1997 £	1996 £
Turnover arising from continuing operations	1	45,411	1,761,994
Cost of sales		(80,217)	(1,730,742)
Exceptional items		319,699	(1,387,000)
<b>Gross profit/(loss)</b>		284,893	(1,355,748)
Administrative expenses		(46,090)	(103,438)
<b>Operating profit/(loss) arising from continuing operations</b>	2-4	238,803	(1,459,186)
Interest receivable and similar income	5	11,904	-
Interest payable and similar charges	5	-	(127,367)
<b>Profit/(loss) on ordinary activities before taxation</b>		250,707	(1,586,553)
Tax on profit/(loss) on ordinary activities	6	(15,440)	580,449
<b>Profit/(loss) for the financial year</b>		235,267	(1,006,104)
Retained deficit brought forward		(6,134,858)	(5,128,754)
<b>Retained deficit carried forward</b>		(5,899,591)	(6,134,858)

The company has no recognised gains or losses in either 1997 or 1996 other than those reported in the Profit and Loss Account above.

The notes on pages 8 - 13 form part of these financial statements.



# Wards Construction (Industrial) Limited

## Balance Sheet

as at 31 October 1997

	Note	1997	1996
		£	£
<b>Current assets</b>			
Stocks	7	2,469,998	2,150,299
Debtors	8	1,922,296	2,445,218
Cash at Bank and in hand		674,503	478,072
		<u>5,066,797</u>	<u>5,073,589</u>
<b>Creditors: amount falling due within one year</b>	9	<u>(10,966,288)</u>	<u>(11,208,347)</u>
<b>Net liabilities</b>		<u>(5,899,491)</u>	<u>(6,134,758)</u>
<b>Capital and reserves</b>			
Called up share capital	10	100	100
Profit and loss account		<u>(5,899,591)</u>	<u>(6,134,858)</u>
<b>Shareholders' funds</b>	11	<u>(5,899,491)</u>	<u>(6,134,758)</u>

These financial statements were approved by the Board of Directors on 12 February 1998 and were signed on its behalf by:



D.J. Ward

The notes on pages 8 - 13 form part of these financial statements.

# Wards Construction (Industrial) 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.

Under Financial Reporting Standard 1 (revised), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary undertaking.

#### *Going concern basis*

The financial statements are prepared on a going concern basis notwithstanding the deficiency of net assets, on the basis that the directors of the company's Parent Company, Ward Holdings PLC, have confirmed that the necessary funds will be made available to enable the company to meet its liabilities as and when they fall due, albeit this undertaking should not in any way be construed as a legal guarantee.

#### *Pensions costs*

Contributions to defined benefit pension schemes are charged to the profit and loss account on a basis that spreads the expected cost of providing pensions over the remaining service lives of current employees in the schemes. Contributions to defined contribution schemes are charged directly to the profit and loss account.

#### *Stocks*

Stocks and work in progress are stated at the lower of cost and estimated net realisable value. In respect of work in progress, costs include labour, materials and relevant overheads. Land held for development is valued on a site by site basis at the lower of cost and net realisable value.

#### *Deferred 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*

Turnover represents the amounts receivable on the sale of land and commercial properties.

All turnover arose within the United Kingdom.

# Wards Construction (Industrial) Limited

## Notes (Continued)

### 2. Profit/(Loss) on ordinary activities before taxation

	1997 £	1996 £
<b>Profit/(loss) on ordinary activities before taxation is stated after charging:</b>		
Exceptional items:		
Land and property write-downs	-	1,387,000
Auditors' remuneration:		
Audit	3,150	3,000
Plant hire	<u>-</u>	<u>15</u>
<b>After crediting:</b>		
Exceptional Items:		
Land and property write-backs	319,699	-
Rents receivable	<u>43,563</u>	<u>56,567</u>

### 3. Remuneration of Directors

The Directors did not receive any remuneration either as Directors or Executives during the year.  
(1996: Nil).

# Wards Construction (Industrial) Limited

## Notes (continued)

### 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	
	1997	1996
Management	3	2
Administration	1	1
	<u>4</u>	<u>3</u>

The aggregate payroll costs of these persons were as follows:

Wages and salaries	22,198	29,421
Social Security costs	2,107	2,495
Other pension costs (see note 14)	1,095	-
	<u>25,400</u>	<u>31,916</u>

### 5. Interest Receivable/(Payable)

	1997 £	1996 £
Interest receivable/(payable) and similar charges on bank deposits, loans and overdrafts.	11,904	(127,367)
	<u>11,904</u>	<u>(127,367)</u>

### 6. Taxation

	1997 £	1996 £
UK Corporation Tax at 31.8% (1996: 33 %)	15,179	(522,166)
Adjustment in respect of prior years	261	(58,283)
	<u>15,440</u>	<u>(580,449)</u>

The Company has surplus tax losses available for carry forward amounting to approximately £2.7 million.

# Wards Construction (Industrial) Limited

## Notes (continued)

### 7. Stocks

	1997 £	1996 £
Work in progress	1,246,020	1,186,608
Land held for development	<u>1,223,978</u>	<u>963,691</u>
	<u>2,469,998</u>	<u>2,150,299</u>

### 8. Debtors

	1997 £	1996 £
Trade debtors	6,697	10,315
Amounts owed by Group undertakings	1,866,346	2,399,089
Other debtors	17,224	390
Prepayments and accrued income	32,029	35,424
	<u>1,922,296</u>	<u>2,445,218</u>

### 9. Creditors: amounts falling due within one year

	£	1997 £	£	1996 £
Trade Creditors		45,255		15,290
Amounts owed to Group undertakings		10,901,715		10,881,293
Other creditors including taxation and social security				
Other taxes and social security	-		288,484	
Other creditors	5,837		6,570	
		<u>5,837</u>		<u>295,054</u>
Accruals and deferred income		13,481		16,710
		<u>10,966,288</u>		<u>11,208,347</u>

# Wards Construction (Industrial) Limited

## Notes (continued)

### 10 Share Capital

	1997 £	1996 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

### 11 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit/(Loss) for the financial year	235,267	(1,006,104)
Opening shareholders' funds	<u>(6,134,758)</u>	<u>(5,128,654)</u>
Closing shareholders' funds	<u>(5,899,491)</u>	<u>(6,134,758)</u>

### 12. Contingent liabilities

The company is party to a multilateral guarantee secured by fixed and floating charges in respect of amounts due on bank overdrafts by the Ward Holdings PLC Group of Companies up to a maximum of £2,000,000 of which £Nil (1996: £ 328,815) was outstanding as at 31 October 1997.

# Wards Construction (Industrial) Limited

## Notes (continued)

### 13. Pension Scheme

The Ward Holdings PLC Pension and Life Assurance Scheme, was restructured in April 1993.

In respect of service from that date the Scheme now operates as a funded defined contribution scheme. For service to that date, benefits are provided on a funded defined benefit basis. The scheme is administered by Trustees who are independent of the Group's finances and the contributions payable are age related.

The most recent actuarial valuation of the defined benefit part of this scheme was at 1 July 1996 and this indicated that the Scheme's assets of £1.49 million exceeded the liabilities of the fund at that date equivalent to a funding level of 112.3%. The assumption which has the most significant effect on the results of the valuation is that relating to the rate of return on investments. It was assumed that the return would be equivalent to a rate of interest of 9 per cent per annum.

The pension charge for the year was £ Nil (1996: £ Nil).

The group also operates an insured defined contribution scheme for which the pension charge for the year under review was £1,095 (1996: £Nil).

### 14 Ultimate Parent Company

The Company's ultimate Parent Company is Ward Holdings PLC registered in England and Wales, the head of the only group for which group financial statements are drawn up.

Copies of the group financial statements can be obtained from 2 Ash Tree Lane, Chatham, Kent.

### 15. Statement on Related Party Transactions

The Company is exempt from the requirements of the Financial Reporting Standard 8 ("Related Party Disclosures") insofar as it refers to transactions with fellow Group companies, as it is a wholly-owned subsidiary of Ward Holdings PLC, whose accounts are publicly available.