

**PAYE STONWORK AND
RESTORATION LIMITED
REPORT AND FINANCIAL STATEMENTS
31 AUGUST 2001**

**HORWATH
CLARK WHITEHILL**
Chartered Accountants

A member of Horwath International

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PAYE STONWORK & RESTORATION LIMITED
DIRECTORS AND ADVISERS

DIRECTORS

Adrian P W Paye
Albert F Goodwin
Peter D Lloyd
Paul P Newsam

SECRETARY

Martin Harvey

AUDITORS

Horwath Clark Whitehill
Chartered Accountants
25 New Street Square
London EC4A 3LN

BANKERS

National Westminster Bank plc
89 Mount Pleasant Road
Tunbridge Wells
Kent TN1 1PX

LEGAL ADVISERS

Cripps Harries Hall
Seymour House
11-13 Mount Ephraim Road
Tunbridge Wells
Kent TN1 1EN

PAYE STONWORK & RESTORATION LIMITED
CHAIRMAN'S STATEMENT
YEAR ENDED 31 AUGUST 2001

I am pleased to report that we have continued to increase the number of contracts that have been directly negotiated over the last year. These now account for approximately 55% of our turnover.

The level of repeat business is now approaching 95% following the successful negotiation of contracts for HM Government in Whitehall and the Houses of Parliament, for the Royal Household at Windsor Castle and St. James' Palace, for Historic Royal Palaces at Hampton Court and the Tower of London and for the Cadogan Estate on numerous projects including the Church of the Holy Trinity in Sloane Street.


We have continued to excel at our core business of cleaning, repairing, adapting and extending historic facades as is demonstrated by the results shown in these financial statements.

In March 2001 our Quality Management System was registered as complying with the requirements of BS EN ISO 9002 in testament to our commitment to maintaining and improving upon the high quality of service provided to our clients.

We are pleased to have supported a number of charities this year, including:-

Great Ormond Street Hospital
The Royal Collection Trust
Children with Leukaemia
The Willow Foundation

Finally, I would like to thank my fellow directors and the staff of PAYE Stonework and Restoration for their commitment and hard work over the past year.



A. D. M. J.
14 December 2001

PAYE STONEWORK & RESTORATION LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 AUGUST 2001

The directors present their report together with the financial statements for the year ended 31 August 2001.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £440,733. Interim dividends of £200,000 were paid during the year, and a final dividend of £100,000 has been declared.

REVIEW OF THE BUSINESS

The company's principal activities during the year were those of cleaning, repairing, extending and adapting historic facades. Turnover continued to grow as a result of a rising enquiry level and a satisfactory profit was achieved.

It is anticipated that the company will continue to trade profitably during the ensuing year.

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year and their interests in the share capital of the company at the beginning and end of the year were as follows:

	Ordinary shares of £1 each	
	31 August 2001 No.	31 August 2000 No.
Adrian P W Paye	16,500	16,500
Albert F Goodwin	16,500	16,500
Peter D Lloyd	8,500	8,500
Paul P Newsam	8,500	8,500

AUDITORS

The auditors, Horwath Clark Whitehill, will retire at the forthcoming Annual General Meeting and offer themselves for re-appointment.

By Order of the Board



BA(Hons), ACA, Company Secretary

14 December 2001

PAYE STONWORK & RESTORATION LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the financial statements from those of the auditors, as stated in their report.

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the company's state of affairs at the end of the period and of its profit or loss for the period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and 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 assume 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

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**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
PAYE STONEWORK & RESTORATION LIMITED**



We have audited the financial statements on pages 6 to 13 which have been prepared under the accounting policies set out on page 9.

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 financial 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 the information in the financial statements.

Unqualified Opinion

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 31 August 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

14 December 2001

Horwath Clark Whitehill

Chartered Accountants
and Registered Auditors

PAYE STONWORK & RESTORATION LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2001

	Notes	2001 £	2000 £
TURNOVER	1b)	13,364,690	10,863,379
Cost of sales		<u>(10,149,772)</u>	<u>(8,667,337)</u>
GROSS PROFIT		3,214,918	2,196,042
Administrative expenses		<u>(2,587,970)</u>	<u>(1,729,236)</u>
OPERATING PROFIT	2	626,948	466,806
Interest receivable		26,477	20,582
Interest payable	4	<u>(2,060)</u>	<u>(3,167)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		651,365	484,221
Tax on profit on ordinary activities	5	<u>(210,632)</u>	<u>(139,542)</u>
PROFIT FOR THE YEAR		440,733	344,679
Dividends	6	<u>(300,000)</u>	<u>(280,000)</u>
RETAINED PROFIT FOR THE YEAR	13	<u>140,733</u>	<u>64,679</u>

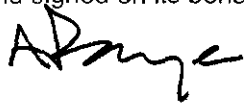
The profit and loss account contains all the gains and losses recognised in the current and previous year.

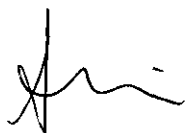
The notes on pages 9 to 13 form part of these financial statements.

PAYE STONEMASONRY & RESTORATION LIMITED
BALANCE SHEET
31 AUGUST 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	7	<u>31,407</u>	<u>32,432</u>
CURRENT ASSETS			
Stocks and work in progress	8	2,000	2,000
Debtors	9	3,465,828	2,752,882
Cash at bank and in hand		<u>728,634</u>	<u>402,982</u>
		4,196,462	3,157,864
CREDITORS: amounts falling due within one year	10	<u>(3,856,325)</u>	<u>(2,955,171)</u>
NET CURRENT ASSETS		<u>340,137</u>	<u>202,693</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		371,544	235,125
CREDITORS: amounts falling due after more than one year	11	<u>-</u>	<u>(4,314)</u>
NET ASSETS		<u>371,544</u>	<u>230,811</u>
CAPITAL AND RESERVES			
Called up share capital	12,13	50,000	50,000
Profit and loss account	13	<u>321,544</u>	<u>180,811</u>
SHAREHOLDERS' FUNDS	13	<u>371,544</u>	<u>230,811</u>

Approved by the Board on *14 December 2001*
and signed on its behalf by:

 } Directors



The notes on pages 9 to 13 form part of these financial statements.

PAYE STONWORK & RESTORATION LIMITED
CASH FLOW STATEMENT
YEAR ENDED 31 AUGUST 2001

	Notes	2001 £	2000 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	14	<u>832,782</u>	<u>247,309</u>
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest paid		(2,060)	(3,167)
Interest received		<u>26,477</u>	<u>20,582</u>
		<u>24,417</u>	<u>17,415</u>
TAXATION			
Taxation paid		<u>(140,632)</u>	<u>(67,542)</u>
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Payments to acquire tangible fixed assets		(10,915)	(8,866)
Proceeds from disposal of tangible fixed assets		<u>-</u>	<u>2,000</u>
		<u>(10,915)</u>	<u>(6,866)</u>
EQUITY DIVIDENDS PAID		<u>(380,000)</u>	<u>(100,000)</u>
INCREASE IN CASH	15	<u>325,652</u>	<u>90,316</u>

The notes on pages 9 to 13 form part of these financial statements.

PAYE STONWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2001

1. ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

b) Turnover

This represents the invoiced amounts of goods sold and services provided, net of value added tax. All turnover arose in the UK and relates entirely to the company's principal activity.

c) Depreciation of Tangible Fixed Assets

Provision is made for depreciation on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:

Computer equipment	33% per annum on a straight line basis
Fixtures, fittings and office equipment	20% per annum on a reducing balance basis
Motor vehicles	25% per annum on a reducing balance basis

d) Stock and Long Term Contracts

Stocks are valued at the lower of cost and net realisable value.

Amounts recoverable on long-term contracts are stated at cost plus attributable profits less provision for any known or anticipated losses and payments on account and are included in debtors. Payments on account in excess of amounts recoverable on contracts are included in creditors.

e) Deferred Taxation

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise.

f) Pension Costs

The company operates funded defined contribution pension schemes for its employees. Contributions are charged to the profit and loss account as they accrue.

g) Finance and Operating Leases

Finance leases, where substantially all the rights and rewards of ownership are transferred to the lessee, are capitalised in tangible fixed assets at their fair value and depreciated over their useful lives.

Operating lease rentals are charged to the profit and loss account in the period they accrue.

PAYE STONEWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2001

2. OPERATING PROFIT	2001	2000
	£	£
This is stated after charging		
Auditors' remuneration: as auditors	5,500	5,500
Depreciation	11,940	12,929
Operating lease rentals - equipment	1,054,540	515,441
- land and buildings	<u>23,800</u>	<u>23,800</u>

3. EMPLOYEE INFORMATION

Staff costs:		
Wages and salaries	2,466,475	1,569,849
Social security costs	281,828	174,508
Other pension costs	<u>176,325</u>	<u>142,609</u>
	<u>2,924,628</u>	<u>1,886,966</u>

The average weekly number of employees during the year was as follows:

	No.	No.
Administrative	10	11
Contracts and site	<u>31</u>	<u>31</u>
	<u>41</u>	<u>42</u>

Directors' emoluments:	£	£
Fees and salaries	1,404,139	658,114
Company contributions to personal pension plans	<u>129,926</u>	<u>106,858</u>
	<u>1,534,065</u>	<u>764,972</u>

The highest paid director received fees and salary of £433,583 (2000: £198,000) together with company contributions to his pension plan of £29,000 (2000: £26,000). All four directors had company contributions made into their pension plans.

4. INTEREST PAYABLE

On bank loans, overdrafts and similar loans:

Repayable by instalments within 5 years	873	873
Repayable otherwise than by instalments	<u>1,187</u>	<u>2,294</u>
	<u>2,060</u>	<u>3,167</u>

PAYE STONWORK & RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2001

5.	TAX ON PROFIT ON ORDINARY ACTIVITIES	2001	2000
		£	£
	UK Corporation Tax at 28%	210,000	140,000
	Under/(over) provision in previous year	632	(458)
		210,632	139,542
6.	DIVIDENDS		
	Interim dividends paid: £4 per share (2000: £2 per share)	200,000	100,000
	Final dividend: £2 per share (2000: £3.60)	100,000	180,000
		300,000	280,000
7.	TANGIBLE FIXED ASSETS		
		Fixtures, fittings and office equipment £	Motor Vehicles £
			Total £
	Cost		
	At 1 September 2000	48,138	13,372
	Additions	10,915	-
		59,053	13,372
	At 31 August 2001		72,425
	Depreciation		
	At 1 September 2000	23,228	5,850
	Charge for year	10,056	1,884
		33,284	7,734
	At 31 August 2001		41,018
	Net book value		
	At 31 August 2001	25,769	5,638
	At 31 August 2000	24,910	7,522
	Included within motor vehicles are assets held under finance leases with net book value of £5,638. £1,884 depreciation was charged on those assets during the year.		
8.	STOCKS AND WORK IN PROGRESS	2001	2000
		£	£
	Raw materials and consumables	2,000	2,000

PAYE STONWORK AND RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2001

9. DEBTORS	2001 £	2000 £
Amounts recoverable on contracts	3,434,002	2,714,710
Other debtors	28,562	29,079
Prepayments and accrued income	3,264	9,093
	<u>3,465,828</u>	<u>2,752,882</u>

10. CREDITORS: Amounts falling due within one year

Obligations under finance leases	4,314	2,796
Trade creditors	1,896,136	1,704,982
Corporation tax	210,000	140,000
Other taxes and social security costs	337,276	240,630
Accruals	1,295,444	686,386
Proposed dividend	100,000	180,000
Other creditors	13,155	377
	<u>3,856,325</u>	<u>2,955,171</u>

11. CREDITORS: Amounts falling due after more than one year

Obligations under finance leases	-	4,314
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The above amounts are repayable within one to five years from the balance sheet date.

12. SHARE CAPITAL

Authorised share capital 100,000 Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Alotted, called up and fully paid 50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

13. SHAREHOLDERS' FUNDS

	Called Up Share Capital £	Profit and Loss Account £	Total £
At 1 September 1999	50,000	116,132	166,132
Retained profit for the year	-	64,679	64,679
At 31 August 2000	50,000	180,811	230,811
Retained profit for the year	-	140,733	140,733
At 31 August 2001	<u>50,000</u>	<u>321,544</u>	<u>371,544</u>

PAYE STONework AND RESTORATION LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
YEAR ENDED 31 AUGUST 2001

14. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2001 £	2000 £
Operating profit	626,948	466,806
Depreciation of tangible fixed assets	11,940	12,929
Loss on disposal of tangible fixed assets	-	40
Increase in stock	-	(250)
Increase in debtors	(712,946)	(625,448)
Increase in creditors	906,840	393,232
NET CASH INFLOW FROM OPERATING ACTIVITIES	832,782	247,309

15. ANALYSIS OF NET FUNDS

	<i>At 1 September 2000 £</i>	<i>Cash Flow £</i>	At 31 August 2001 £
Cash at bank in hand	402,982	325,652	728,634

16. OPERATING LEASE COMMITMENTS

At 31 August 2001, the company had annual commitments under non-cancellable operating leases as set out below.

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	23,800	7,020	-	5,581
Within two to five years	-	26,283	23,800	44,130
	<u>23,800</u>	<u>33,303</u>	<u>23,800</u>	<u>49,711</u>

17. RELATED PARTY TRANSACTIONS/DIRECTORS' MATERIAL INTERESTS IN CONTRACTS

A P W Paye and A F Goodwin are directors of the company and partners of the Goodwin Paye partnership. £417,639 was charged during the year by the partnership to the company for goods and services provided. At 31 August 2001 the company was owed £69,562 by the Goodwin Paye partnership (2000: £61,501).

18. CONTROL

Throughout the year the company was controlled by its directors, details of their interest in the ordinary share capital of the company can be found in the directors' report.