

**PAYE STONEWORK AND  
RESTORATION LIMITED  
REPORT AND FINANCIAL STATEMENTS  
31 AUGUST 1999**



**HORWATH  
CLARK WHITEHILL**

*Chartered Accountants*

A member of Horwath International

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[www.horwathcw.com](http://www.horwathcw.com)  
DX 0014 London Chancery Lane



## DIRECTORS AND ADVISERS

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### 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

## CHAIRMAN'S STATEMENT

### YEAR ENDED 31 AUGUST 1999

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Our position as market leaders has been enhanced this year by the securing of many major millennium projects including the Royal Opera House, the Albert Memorial, the Royal Albert Hall, the repair and extension of Southwark Cathedral, and the Millennium Seed Bank, at Wakehurst Place.

This position has been further consolidated by the granting of a Royal Warrant by H.M. The Queen for the repair and conservation of numerous historic facades at St. James' Palace, Kensington Palace, Windsor Castle, and Buckingham Palace.

As well as undertaking specialist repair works at other historic royal palaces, such as the Tower of London and Hampton Court, we have continued to excel at our core business of routine maintenance and repair works for museums, churches, parliamentary works, and other commercial and residential properties.

A large number of projects involving retained facades have also been undertaken.

Our unrivalled experience in the cathodic protection of steel-framed historic facades has led to us becoming involved in another major scheme at Northcliffe House, off Fleet Street.

We are also pleased to have supported a number of local and industry-related charities including The Lighthouse Club, British Heart Foundation, Evelines Children's Fund for Guys and St Thomas Hospital, The Island Trust and the Cathedral City Tour.

I would like to thank my fellow directors and staff of PAYE Stonework and Restoration for their commitment and hard work over the last 12 months.



20 June 2000

**PAYE STONEMWORK & RESTORATION LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 AUGUST 1999**

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The directors present their report together with the financial statements for the year ended 31 August 1999.

**RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £277,691. Interim dividends of £301,000 were paid during the year. The directors do not recommend payment of a final dividend.

**REVIEW OF THE BUSINESS**

The company's principal activities during the year were those of building repair and stonework contractors. Market growth over the period has provided a steadily rising enquiry level resulting in the considerable growth in turnover. A satisfactory level of profit has been 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 1999 No.	31 August 1998 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

**YEAR 2000**

The directors assessed the risk that the company's business and operations will be adversely affected by what is known as the Year 2000 problem. They identified, as the primary areas of risk, the company's own systems and equipment and to a lesser extent, problems encountered by the company's customers and suppliers. The directors implemented a programme of assessing the effect of those risks in each area of the business to determine the scale of the Year 2000 problem. They prepared, and implemented plans to replace or modify, as appropriate, the company's systems and equipment, and where necessary identified alternative suppliers.

To date the company has not experienced any significant Year 2000 problems.

**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

*20 June 2000*

**PAYE STONEWORK & RESTORATION LIMITED**  
**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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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 STONWORK & 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

20 June 2000

*Horwath Clark Whitehill*

Chartered Accountants  
and Registered Auditors

**PAYE STONEMARK & RESTORATION LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 AUGUST 1999**

	Notes	1999 £	1998 £
<b>TURNOVER</b>	1b)	<b>10,691,330</b>	9,577,984
Cost of sales		<u>8,389,493</u>	<u>(8,118,948)</u>
<b>GROSS PROFIT</b>		<b>2,301,837</b>	1,459,036
Administration expenses		<u>(1,955,124)</u>	<u>(1,105,981)</u>
<b>OPERATING PROFIT</b>	2/3	<b>346,713</b>	353,055
Interest receivable		35,733	7,201
Interest payable	4	<u>(926)</u>	<u>(854)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>381,520</b>	359,402
Tax on profit on ordinary activities	5	<u>(103,829)</u>	<u>(96,031)</u>
<b>PROFIT FOR THE YEAR</b>		<b>277,691</b>	263,371
Dividends	6	<u>(301,000)</u>	<u>(180,000)</u>
<b>RETAINED (LOSS)/PROFIT FOR THE YEAR</b>	13	<u><b>(23,309)</b></u>	<u>83,371</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.

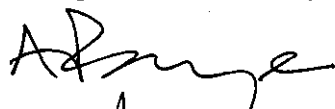
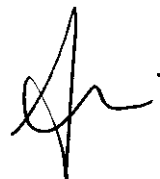
# PAYE STONEWORK & RESTORATION LIMITED

## BALANCE SHEET

31 AUGUST 1999

	Notes	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>38,535</u>	<u>26,453</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	8	1,750	326,436
Debtors	9	<u>2,127,434</u>	<u>1,442,894</u>
Cash at bank and in hand		<u>312,666</u>	<u>286,657</u>
		<b>2,441,850</b>	<b>2,055,987</b>
<b>CREDITORS:</b> amounts falling due within one year	10	<u>(2,307,086)</u>	<u>(1,892,999)</u>
<b>NET CURRENT ASSETS</b>		<u>134,764</u>	<u>162,988</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>173,299</b>	<b>189,441</b>
<b>CREDITORS:</b> amounts falling due after more than one year	11	<u>(7,167)</u>	<u>-</u>
<b>NET ASSETS</b>		<u>166,132</u>	<u>189,441</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	50,000	50,000
Profit and loss account		<u>116,132</u>	<u>139,441</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>166,132</u>	<u>189,441</u>

Approved by the Board on *20 Jun 2000*  
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 1999**

	Notes	1999 £	1998 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	14	<u>402,983</u>	<u>561,643</u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest paid		(926)	(854)
Interest received		<u>35,733</u>	<u>7,201</u>
		<u>34,807</u>	<u>6,347</u>
<b>TAXATION</b>			
Taxation paid		<u>(89,342)</u>	<u>(77,834)</u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		(26,438)	(21,005)
Proceeds from disposal of tangible fixed assets		<u>4,999</u>	<u>-</u>
		<u>(21,439)</u>	<u>(21,005)</u>
<b>EQUITY DIVIDENDS PAID</b>		<u>(301,000)</u>	<u>(180,000)</u>
<b>INCREASE IN CASH</b>	15	<u>26,009</u>	<u>289,151</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 1999**

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**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:

Fixtures, fittings and office equipment	20% per annum on reducing balance
Motor vehicles	25% per annum on reducing balance

**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 a funded defined contribution pension scheme for some of 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 1999**

<b>2. OPERATING PROFIT</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
This is stated after charging		
Auditors' remuneration: as auditors	<b>5,500</b>	<b>5,150</b>
Amortisation of goodwill	<b>-</b>	<b>22,250</b>
Depreciation	<b>10,640</b>	<b>7,150</b>
Operating lease rentals - equipment	<b>838,309</b>	<b>628,417</b>
- land and buildings	<b>23,800</b>	<b>18,449</b>

**3. EMPLOYEE INFORMATION**

Staff costs:		
Wages and salaries	<b>1,793,381</b>	<b>999,209</b>
Social security costs	<b>207,453</b>	<b>101,680</b>
Other pension costs	<b>148,220</b>	<b>90,524</b>
Compensation for loss of office	<b>2,500</b>	<b>-</b>
	<b>2,151,554</b>	<b>1,191,413</b>

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

	<b>No.</b>	<b>No.</b>
Administrative	<b>8</b>	<b>6</b>
Contracts and site	<b>28</b>	<b>22</b>
	<b>36</b>	<b>28</b>

Directors' emoluments:	<b>£</b>	<b>£</b>
Fees and salaries	<b>954,074</b>	<b>385,967</b>
Company contributions to personal pension plans	<b>122,925</b>	<b>75,000</b>
	<b>1,076,999</b>	<b>460,967</b>

The highest paid director received fees and salaries of £299,012 (1998: £99,903) together with company contributions to his pension plan of £46,375 (1998:£24,750). 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	<b>697</b>	<b>-</b>
Repayable otherwise than by instalments	<b>229</b>	<b>854</b>
	<b>926</b>	<b>854</b>

**PAYE STONEWORK & RESTORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 AUGUST 1999**

<b>5. TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
UK Corporation Tax at 24.6%	<b>109,250</b>	<b>102,081</b>
Over-provision in previous year	<b>(5,421)</b>	<b>(6,050)</b>
	<b>103,829</b>	<b>96,031</b>
<b>6. DIVIDENDS</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Interim dividends paid: £6.02 per share (1998: £120.00 per share on 1 October 1997 and £1.20 per share on 8 April 1998)	<b>301,000</b>	<b>180,000</b>
<b>7. TANGIBLE FIXED ASSETS</b>		
	Fixtures, fittings and office equipment £	Motor vehicles £
		Total £
<b>Cost</b>		
At 1 September 1998	26,206	14,197
Additions	13,066	13,372
Disposals	-	(10,571)
<b>At 31 August 1999</b>	<b>39,272</b>	<b>16,998</b>
<b>Depreciation</b>		
At 1 September 1998	6,189	7,761
Charge for year	6,617	4,023
Released on disposal	-	(6,855)
<b>At 31 August 1999</b>	<b>12,806</b>	<b>4,929</b>
<b>Net book value</b>		
<b>At 31 August 1999</b>	<b>26,466</b>	<b>12,069</b>
<i>At 31 August 1998</i>	<i>20,017</i>	<i>6,436</i>
Included within motor vehicles are assets held under finance leases with net book value of £10,029, £3,343 depreciation was charged on those assets during the year.		
<b>8. STOCKS AND WORK IN PROGRESS</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Raw materials and consumables	<b>1,750</b>	<b>1,750</b>
Work in progress	<b>-</b>	<b>324,686</b>
	<b>1,750</b>	<b>326,436</b>

**PAYE STONWORK AND RESTORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 AUGUST 1999**

9. DEBTORS	1999 £	1998 £
Amounts recoverable on contracts	2,094,771	1,412,764
Other debtors	25,069	23,328
Prepayments and accrued income	7,594	6,802
	<u>2,127,434</u>	<u>1,442,894</u>

**10. CREDITORS:** Amounts falling due within one year

Obligations under finance leases	2,739	-
Trade creditors	1,001,961	1,343,418
Corporation tax	68,000	53,513
Other taxes and social security costs	246,276	164,849
Accruals	987,749	331,219
Other creditors	361	-
	<u>2,307,086</u>	<u>1,892,999</u>

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

Obligations under finance leases	<u>7,167</u>	<u>-</u>
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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>
Allotted, 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 1997	100	105,970	106,070
Retained profit for the year	-	83,371	83,371
Bonus share issue	49,900	(49,900)	-
At 31 August 1998	50,000	139,441	189,441
Retained loss for the year	-	(23,309)	(23,309)
At 31 August 1999	<u>50,000</u>	<u>116,132</u>	<u>166,132</u>

**PAYE STONWORK AND RESTORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 AUGUST 1999**

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

	1999 £	1998 £
Operating profit	346,713	353,055
Depreciation of tangible fixed assets	10,640	7,150
Profit on disposal of tangible fixed assets	(1,283)	-
Amortisation of goodwill	-	22,250
Decrease/(increase) in stock	324,686	(202,705)
Increase in debtors	(684,540)	(530,319)
Increase in creditors	406,767	912,212
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>402,983</b>	<b>561,643</b>

**15. ANALYSIS OF NET FUNDS**

	At 1 September 1998 £	Cash Flow £	At 31 August 1999 £
Cash at bank in hand	286,657	26,009	312,666

**16. OPERATING LEASE COMMITMENTS**

At 31 August 1999, the company had annual commitments under non-cancellable operating leases as set out below.

	1999		1998	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	12,679	-	1,434
Within two to five years	23,800	47,569	23,800	27,116
	<b>23,800</b>	<b>60,248</b>	<b>23,800</b>	<b>28,550</b>

**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. £314,145 was charged during the year by the partnership to the company for goods and services provided. £15,810 was charged for goods and services provided by Milehelp Ltd of which Mr Goodwin is a director and shareholder. At 31 August 1999 the company owed the Goodwin Paye partnership £1,024.

**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.