

**PAYE STONERWORK AND  
RESTORATION LIMITED  
REPORT AND FINANCIAL STATEMENTS  
31 AUGUST 2000**



**HORWATH  
CLARK WHITEHILL**

*Chartered Accountants*

A member of Horwath International

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DX 0014 London Chancery Lane



**PAYE STONWORK & RESTORATION LIMITED**  
**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

**PAYE STONEMWORK & RESTORATION LIMITED**  
**CHAIRMAN'S STATEMENT**  
**YEAR ENDED 31 AUGUST 2000**

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Our position as industry leaders for the repair, extension, and adaption of historic facades has been enhanced by the securing of several major projects including those at H.M. Treasury in Parliament Square, Osborne House on the Isle of Wight, and the Rainbow Theatre, Islington.

Other contracts of note include those at the Tower of London, the Houses of Parliament, St James's Palace, and London's oldest church, St Bartholomew the Great.

We have also continued to excel at our core business of routine maintenance and repair works for major museums, churches, and other commercial clients.

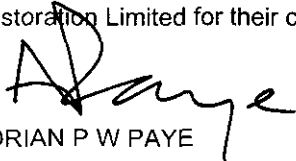
As in previous years, we have undertaken several projects involving the repair and adaption of retained facades.

Such is the reputation of our company for quality, reliability and value, we now negotiate approximately half of our turnover without competition. Furthermore, nearly all our work is repeat business for previous clients. We believe that this is testament to the technical, administrative, and craft skills of our staff and operatives.

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

The Masons Company Craft Training Fund  
Queen Elizabeth Scholarship Trust  
British Heart Foundation  
The Lighthouse Club

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

Y  X  
ADRIAN P W PAYE

*15 December 2000*

**PAYE STONEMWORK & RESTORATION LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 AUGUST 2000**

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The directors present their report together with the financial statements for the year ended 31 August 2000.

**RESULTS AND DIVIDENDS**

The profit for the year after taxation amounted to £344,679. Interim dividends of £100,000 were paid during the year, and a final dividend of £180,000 has been declared.

**REVIEW OF THE BUSINESS**

The company's principal activities during the year were those of building repair and stonework contractors. 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 2000	31 August 1999
	No.	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

*15 December 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.

**HORWATH  
CLARK WHITEHILL**

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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 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

15 December 2000

*Horwath Clark Whitehill*

Chartered Accountants  
and Registered Auditors

**PAYE STONEMASONRY & RESTORATION LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 AUGUST 2000**

	Notes	2000 £	1999 £
<b>TURNOVER</b>	1b)	<b>10,863,379</b>	<b>10,691,330</b>
Cost of sales		<u>(8,667,337)</u>	<u>(8,389,493)</u>
<b>GROSS PROFIT</b>		<b>2,196,042</b>	<b>2,301,837</b>
Administration expenses		<u>(1,729,236)</u>	<u>(1,955,124)</u>
<b>OPERATING PROFIT</b>	2/3	<b>466,806</b>	<b>346,713</b>
Interest receivable		<b>20,582</b>	<b>35,733</b>
Interest payable	4	<u>(3,167)</u>	<u>(926)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>484,221</b>	<b>381,520</b>
Tax on profit on ordinary activities	5	<u>(139,542)</u>	<u>(103,829)</u>
<b>PROFIT FOR THE YEAR</b>		<b>344,679</b>	<b>277,691</b>
Dividends	6	<u>(280,000)</u>	<u>(301,000)</u>
<b>RETAINED PROFIT/(LOSS) FOR THE YEAR</b>	13	<u><b>64,679</b></u>	<u><b>(23,309)</b></u>

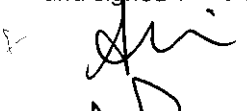

The profit and loss account contains all the gains and losses recognised in the current and previous year.

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

**PAYE STONEWORK & RESTORATION LIMITED**  
**BALANCE SHEET**  
**31 AUGUST 2000**

	Notes	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	7	<u>32,432</u>	<u>38,535</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	8	2,000	1,750
Debtors	9	<u>2,382,671</u>	<u>2,127,434</u>
Cash at bank and in hand		<u>402,982</u>	<u>312,666</u>
		<b>2,787,653</b>	<b>2,441,850</b>
<b>CREDITORS: amounts falling due within one year</b>	10	<u>(2,584,960)</u>	<u>(2,307,086)</u>
<b>NET CURRENT ASSETS</b>		<u>202,693</u>	<u>134,764</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>235,125</b>	<b>173,299</b>
<b>CREDITORS: amounts falling due after more than one year</b>	11	<u>(4,314)</u>	<u>(7,167)</u>
<b>NET ASSETS</b>		<u>230,811</u>	<u>166,132</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	12	50,000	50,000
Profit and loss account		<u>180,811</u>	<u>116,132</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>230,811</u>	<u>166,132</u>

Approved by the Board on *15 December 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 2000**

	Notes	2000 £	1999 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	14	<u><b>247,309</b></u>	<u><b>402,983</b></u>
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>			
Interest paid		<u><b>(3,167)</b></u>	<u><b>(926)</b></u>
Interest received		<u><b>20,582</b></u>	<u><b>35,733</b></u>
		<u><b>17,415</b></u>	<u><b>34,807</b></u>
<b>TAXATION</b>			
Taxation paid		<u><b>(67,542)</b></u>	<u><b>(89,342)</b></u>
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>			
Payments to acquire tangible fixed assets		<u><b>(8,866)</b></u>	<u><b>(26,438)</b></u>
Proceeds from disposal of tangible fixed assets		<u><b>2,000</b></u>	<u><b>4,999</b></u>
		<u><b>(6,866)</b></u>	<u><b>(21,439)</b></u>
<b>EQUITY DIVIDENDS PAID</b>		<u><b>(100,000)</b></u>	<u><b>(301,000)</b></u>
<b>INCREASE IN CASH</b>	15	<u><b>90,316</b></u>	<u><b>26,009</b></u>

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

**PAYE STONework & RESTORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 AUGUST 2000**

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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:

Computer equipment	33% per annum on a straight line basis
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 2000**

<b>2. OPERATING PROFIT</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
This is stated after charging		
Auditors' remuneration: as auditors	<b>5,500</b>	<b>5,500</b>
Depreciation	<b>12,929</b>	<b>10,640</b>
Operating lease rentals - equipment	<b>515,441</b>	<b>838,309</b>
- land and buildings	<b>23,800</b>	<b>23,800</b>

**3. EMPLOYEE INFORMATION**

Staff costs:		
Wages and salaries	<b>1,569,849</b>	<b>1,793,381</b>
Social security costs	<b>174,508</b>	<b>207,453</b>
Other pension costs	<b>142,609</b>	<b>148,220</b>
Compensation for loss of office	<b>-</b>	<b>2,500</b>
	<b>1,886,966</b>	<b>2,151,554</b>

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

	<b>No.</b>	<b>No.</b>
Administrative	<b>11</b>	<b>8</b>
Contracts and site	<b>31</b>	<b>28</b>
	<b>42</b>	<b>36</b>

Directors' emoluments:	<b>£</b>	<b>£</b>
Fees and salaries	<b>658,114</b>	<b>954,074</b>
Company contributions to personal pension plans	<b>106,858</b>	<b>122,925</b>
	<b>764,972</b>	<b>1,076,999</b>

The highest paid director received fees and salaries of £198,000 (1999: £299,012) together with company contributions to his pension plan of £26,000 (1999: £46,375). 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>873</b>	<b>697</b>
Repayable otherwise than by instalments	<b>2,294</b>	<b>229</b>
	<b>3,167</b>	<b>926</b>

**PAYE STONEWORK & RESTORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 AUGUST 2000**

5.	<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	UK Corporation Tax at 28.9%	<b>140,000</b>	<b>109,250</b>
	Over-provision in previous year	<b>(458)</b>	<b>(5,421)</b>
		<b><u>139,542</u></b>	<b><u>103,829</u></b>
6.	<b>DIVIDENDS</b>		
	Interim dividends paid: £2 per share (1999: £6.02 per share)	<b>100,000</b>	<b>301,000</b>
	Final dividend: £3.60 per share (1999: Nil)	<b>180,000</b>	<b>-</b>
		<b><u>280,000</u></b>	<b><u>301,000</u></b>
7.	<b>TANGIBLE FIXED ASSETS</b>		
		Fixtures, fittings and office equipment £	Motor vehicles £
			Total £
	<b>Cost</b>		
	At 1 September 1999	39,272	16,998
	Additions	8,866	-
	Disposals	-	(3,626)
		<b><u>48,138</u></b>	<b><u>13,372</u></b>
	<b>At 31 August 2000</b>	<b><u>48,138</u></b>	<b><u>13,372</u></b>
	<b>Depreciation</b>		
	At 1 September 1999	12,806	4,929
	Charge for year	10,422	2,507
	Disposals	-	(1,586)
		<b><u>23,228</u></b>	<b><u>5,850</u></b>
	<b>At 31 August 2000</b>	<b><u>23,228</u></b>	<b><u>5,850</u></b>
	<b>Net book value</b>		
	<b>At 31 August 2000</b>	<b><u>24,910</u></b>	<b><u>7,522</u></b>
	<i>At 31 August 1999</i>	<i><u>26,466</u></i>	<i><u>12,069</u></i>
		<b><u>26,466</u></b>	<b><u>12,069</u></b>
			<b><u>38,535</u></b>
	Included within motor vehicles are assets held under finance leases with net book value of £7,522. £2,507 depreciation was charged on those assets during the year.		
8.	<b>STOCKS AND WORK IN PROGRESS</b>	<b>2000</b>	<b>1999</b>
		<b>£</b>	<b>£</b>
	Raw materials and consumables	<b>2,000</b>	<b>1,750</b>

**PAYE STONEWORK AND RESTORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 AUGUST 2000**

<b>9. DEBTORS</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Amounts recoverable on contracts	2,344,499	2,094,771
Other debtors	29,079	25,069
Prepayments and accrued income	9,093	7,594
	<u>2,382,671</u>	<u>2,127,434</u>
 <b>10. CREDITORS: Amounts falling due within one year</b>		
Obligations under finance leases	2,796	2,739
Trade creditors	1,334,771	1,001,961
Corporation tax	140,000	68,000
Other taxes and social security costs	240,630	246,276
Accruals	686,386	987,749
Proposed dividend	180,000	-
Other creditors	377	361
	<u>2,584,960</u>	<u>2,307,086</u>
 <b>11. CREDITORS: Amounts falling due after more than one year</b>		
Obligations under finance leases	<u>4,314</u>	<u>7,167</u>
The above amounts are repayable within one to five years from the balance sheet date.		
 <b>12. SHARE CAPITAL</b>		
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>
 <b>13. SHAREHOLDERS' FUNDS</b>		
	Called Up Share Capital £	Profit and Loss Account £  Total £
At 1 September 1998	50,000	139,441
Retained loss for the year	-	(23,309)
	<u>50,000</u>	<u>116,132</u>
At 31 August 1999	50,000	116,132
Retained profit for the year	-	64,679
	<u>50,000</u>	<u>180,811</u>
At 31 August 2000	<u>50,000</u>	<u>230,811</u>

**PAYE STONEWORK AND RESTORATION LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS (Continued)**  
**YEAR ENDED 31 AUGUST 2000**

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

	2000 £	1999 £
Operating profit	466,806	346,713
Depreciation of tangible fixed assets	12,929	10,640
Loss/(profit) on disposal of tangible fixed assets	40	(1,283)
(Increase)/decrease in stock	(250)	324,686
Increase in debtors	(255,237)	(684,540)
Increase in creditors	23,021	406,767
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>247,309</b>	<b>402,983</b>

**15. ANALYSIS OF NET FUNDS**

	At 1 September 1999 £	Cash Flow £	At 31 August 2000 £
Cash at bank in hand	312,666	90,316	402,982

**16. OPERATING LEASE COMMITMENTS**

At 31 August 2000, the company had annual commitments under non-cancellable operating leases as set out below.

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	5,581	-	12,679
Within two to five years	23,800	44,130	23,800	47,569
	<u>23,800</u>	<u>49,711</u>	<u>23,800</u>	<u>60,248</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. £601,169 was charged during the year by the partnership to the company for goods and services provided.

**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.