

**Barr Limited**

Directors' report and financial statements

Registered number SC60291

31 March 2000



## Contents

Directors' report	1
Statement of directors' responsibilities	3
Report of the auditors to the members of Barr Limited	4
Profit and loss account	5
Balance sheet	6
Notes	7

## Directors' report

The directors present their report and the audited financial statements for the year ended 31 March 2000. The basis of preparation of these financial statements is set out in note 1 to the financial statements.

### Principal activities

The company trades principally as building and civil engineering contractors with the related facilities of quarrying, readymix concrete manufacturing, plant and crane hiring, pre-cast concrete production, joinery manufacture, structural steelwork fabrication, civil engineering and structural design, waste management and house building.

### Results and dividends

The company's results for the year ended 31 March 2000 are as shown in the profit and loss account on page 5. An interim dividend of £240,000 was paid during the year. The directors do not recommend a final dividend. The retained profit of £1,894,000 will be transferred to the company's reserves.

### Land held for development

Land held for development is carried at cost.

In the opinion of the directors the market value of the land exceeds cost.

### Directors and directors' interests

The composition of the board of directors and their interests in the share capital of the parent company, Barr Holdings Limited, at 31 March 1999 and 2000 are as follows:

	Ordinary shares of £1 each
WJ Barr, OBE, CEng, FICE, FCIQB, FIMgt	70,000
JD Barr, JP	70,000
AD Barr	70,000
JB Chalmers, BSc, CEng, MICE	-
JE Eyley, BA, ACMA	-
WA Milligan, ARICS	-
D Stevenson, BSc	-
AC Towers, BAcc, MIMgt, CA	-

In accordance with the Articles of Association none of the directors is required to retire.

## Directors' report *(continued)*

### Employees

Bearing in mind the constraints of the unsuitable working environment in this industry, the company employs disabled persons where they are capable of adequately fulfilling the requirements of any vacant jobs. When an employee becomes disabled every effort is made to ensure continuity of employment.

It is the policy of the company that the training, career development and promotion of disabled employees should, as far as possible, be identical to that of other employees.

The directors recognise the importance of good communications and relations with employees. The management of each of the company's activities is responsible for the development and employee involvement as appropriate to its own particular needs. Regular communications are held with representatives of staff at all levels.

Management endeavour to involve as many employees as possible in appropriate training courses.

### Political and charitable donations

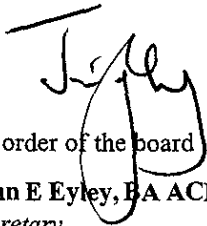
Charitable donations made during the year amounted to £8,852 (1999: £12,150). No political donations were made.

### Year 2000

The directors are satisfied that there was no material effect on the company's systems or equipment following the change in date from 1999 to 2000.

### Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company will be proposed at the forthcoming Annual General Meeting.

  
By order of the board

John E Eyley, BA ACMA  
Secretary

Heathfield  
Ayr

28 JULY 2000

## 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 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 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.



24 Blythswood Square  
Glasgow  
G2 4QS  
United Kingdom

## **Report of the auditors to the members of Barr Limited**

We have audited the financial statements on pages 5 to 16.

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

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

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

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

28 July 2000

**Profit and loss account**  
*for the year ended 31 March 2000*

	<i>Note</i>	<b>2000</b> <b>£000</b>	<b>1999</b> <b>£000</b>
<b>Turnover</b>			
(excluding internal sales of £26,040,000 1999: £36,911,000)	2	87,472	96,436
Cost of sales		(77,135)	(91,266)
<b>Gross profit</b>		10,337	5,170
Administration expenses		(6,547)	(6,820)
Other operating income	3	3	20
<b>Operating profit/(loss)</b>	4	3,793	(1,630)
Interest receivable	6	1	30
Interest payable	7	(1,588)	(1,236)
<b>Profit/(loss) on ordinary activities before tax</b>		2,206	(2,836)
Taxation (charge)/credit	8	(72)	145
<b>Profit/(loss) for the financial year</b>		2,134	(2,691)
Dividend	9	(240)	(240)
<b>Retained profit/(loss) for the year</b>	17	1,894	(2,931)

All activities in both years are continuing.

There is no material difference between the profit on ordinary activities before taxation and its historical cost equivalent.

There were no recognised gains or losses in either year other than the above profit/(loss) for the financial year.

**Balance sheet**  
*at 31 March 2000*

	Note	2000 £000	1999 £000
<b>Fixed assets</b>			
Tangible assets	10	31,432	32,421
Investments	11	20	20
		<hr/> 31,452	<hr/> 32,441
<b>Current assets</b>			
Stocks	12	3,294	3,188
Land held for development		1,383	1,675
Debtors:			
amounts falling due within one year	13	24,543	26,531
amounts falling due after more than one year	13	2,198	2,473
		<hr/> 26,741	<hr/> 29,004
Cash at bank and in hand		5	8
		<hr/> 31,423	<hr/> 33,875
Creditors: amounts falling due within one year	14	(34,012)	(38,556)
		<hr/>	<hr/>
Net current (liabilities)		(2,589)	(4,681)
		<hr/>	<hr/>
Total assets less current liabilities		28,863	27,760
Creditors: amounts falling due after more than one year	14	(7,824)	(8,615)
		<hr/>	<hr/>
Net assets		21,039	19,145
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	16	210	210
Share premium account	17	77	77
Revaluation reserve	17	14,345	14,345
Profit and loss account	17	6,407	4,513
		<hr/>	<hr/>
<b>Shareholders' funds</b>			
Equity	18	21,039	19,145
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 28 July 2000 and were signed on its behalf by:

  
William J. Barr, OBE, CEng, FICE, FCIQB, FIMgt  
Chairman and Chief Executive



## 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 the requirements of the Companies Act 1985 and under the historical cost convention, as modified to include the revaluation of certain heritable property and quarries, and in accordance with applicable accounting standards.

#### *Financial Reporting Standard No. 1*

Barr Holdings Limited has adopted Financial Reporting Standard No. 1 in its consolidated financial statements. Accordingly, the company is exempt from the requirement to prepare a cash flow statement, on the grounds that it is a wholly owned subsidiary undertaking.

#### *Turnover*

Turnover represents the value of work executed on contracts and invoiced value of goods sold and waste management services provided to external customers, excluding Value Added Tax. In establishing turnover and profit, credit is taken for claims only when agreed in writing by the client.

#### *Joint arrangements*

The company's share of the turnover and profits, and separate assets and liabilities, of joint arrangements in which it is involved is reflected in these financial statements on a line-by-line basis.

#### *Fixed assets and depreciation*

As permitted by FRS 15, fixed assets included in the balance sheet at 31 March 1999 at a valuation will not subsequently be revalued, and additions thereafter will be stated at cost, in both cases less depreciation and any impairment provision.

Depreciation is provided on all tangible fixed assets, other than land and investment property, at rates calculated to write off the cost or valuation of each asset evenly over its estimated remaining life, as follows:

Freehold Property	-	five to fifty years
Quarries	-	see below
Plant and equipment	-	five to seven years
Motor vehicles	-	four years

## Notes (continued)

### 1 Accounting policies (continued)

#### *Fixed assets and depreciation (continued)*

Quarries are depreciated over their expected commercial life or, if leasehold, over the remaining lease period if shorter. (These are variations on the previous bases of depreciation. The effect has been to increase the depreciation charge for the year by some £358,000).

Landfill acquisition and commissioning costs are capitalised and amortised over the estimated operational life of each site based on the volume of void space consumed.

#### *Leased assets*

Assets held under finance leases are included in tangible fixed assets as though they had been purchased outright. Capital payments outstanding are treated as a liability and the interest element is charged against profit over the period of the lease in proportion to the balances outstanding.

#### *Stocks*

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

#### *Amounts recoverable on contracts*

Amounts recoverable on contracts, which represent the excess of the value of work done including attributable profit, or net of applicable losses, over cumulative payments on account received or receivable, are included in debtors. Payments on account in excess of the value of work done are included in creditors.

#### *Land held for development*

Land held for development is stated at the lower of cost and estimated net realisable value.

#### *Deferred taxation*

Provision is made for taxation deferred in respect of accelerated capital allowances and other timing differences, but only to the extent that there is reasonable probability that an actual liability will become payable in the foreseeable future.

#### *Pension costs*

The company operates a discretionary contribution scheme for certain of the directors. Contributions to the scheme are charged to the profit and loss account at time of payment.

## Notes (continued)

### 2 Turnover

The company's turnover arises wholly in the United Kingdom from its activities in the construction industry, and is stated net of Value Added Tax.

### 3 Other operating income

	2000 £000	1999 £000
Rental income	3	20

### 4 Operating profit

	2000 £000	1999 £000
<i>Operating profit is stated after charging/(crediting):</i>		
Depreciation of tangible fixed assets (see note 1)	3,472	2,902
Gain on sale of tangible fixed assets	(229)	(304)
Hire of plant and machinery	3,573	3,719
Auditors' remuneration - audit	45	50
- other services	119	197

## Notes (continued)

### 5 Directors and other employees

The average number of persons employed by the company during the year was as follows:

	Number of employees	
	2000	1999
Construction services and materials	897	890
Management and administration	57	68
	<u>954</u>	<u>958</u>

Employee costs comprise:

	2000 £000	1999 £000
Wages and salaries	19,502	18,673
Social security costs	1,876	2,012
	<u>21,378</u>	<u>20,685</u>

Prior year number of employees have been restated to exclude all employees transferred to Barr Facilities Management Limited. X

Remuneration in respect of directors was as follows:

	2000 £000	1999 £000
Salaries and benefits	1,402	1,240
Pension contributions	-	65
	<u>1,402</u>	<u>1,305</u>

The emoluments of the chairman and chief executive, who was also the highest paid director, excluding pension contributions, were £254,467 (1999: £271,005).

**Notes (continued)**

**6 Interest receivable**

	2000 £000	1999 £000
Other interest	1	30

**7 Interest payable**

	2000 £000	1999 £000
Finance lease interest	429	495
Bank interest	1,159	741
	<u>1,588</u>	<u>1,236</u>

**8 Tax on ordinary activities**

The tax (charge)/credit is based on the profit/(loss) for the year and is made up as follows:

	2000 £000	1999 £000
UK corporation tax:		
- current year	(4)	-
- prior year adjustment	-	145
Group relief - current year	(68)	-
	<u>(72)</u>	<u>145</u>

**9 Dividend**

Dividend on ordinary shares:

	2000 £000	1999 £000
Interim dividend	240	240

## Notes (continued)

### 10 Tangible fixed assets

	Freehold heritable property £000	Freehold quarries and landfill sites £000	Short leasehold quarries £000	Plant, vehicles and equipment £000	Total £000
<b>Cost or valuation</b>					
At beginning of year	3,495	13,201	7,098	24,023	47,817
Additions	-	530	-	2,470	3,000
Disposals	-	-	-	(1,574)	(1,574)
At end of year	3,495	13,731	7,098	24,919	49,243
Being:					
At cost	145	6,431	348	24,919	31,843
At valuation	3,350	7,300	6,750	-	17,400
	3,495	13,731	7,098	24,919	49,243
<b>Depreciation</b>					
At beginning of year	-	1,238	-	14,158	15,396
On disposals	-	-	-	(1,057)	(1,057)
Provided in the year	57	583	358	2,474	3,472
At end of year	57	1,821	358	15,575	17,811
<b>Net book value</b>					
At 31 March 2000	3,438	11,910	6,740	9,344	31,432
At 31 March 1999	3,495	11,963	7,098	9,865	32,421

Barr Limited's freehold property was revalued at 31 March 1994 by Bell-Ingram, Chartered Surveyors, on the basis of open market value for existing use, with the exception of one property which was revalued on the basis of depreciated replacement cost. Quarries were revalued by Gerald Eve, Chartered Surveyors, on the basis of open market value for existing use at 31 March 1994. The valuations were made in accordance with the RICS Statement of Asset Valuation Practice and Guidance Notes. These valuations have been reviewed by the directors, who consider them to be appropriate. Additions to freehold property, quarries and landfill sites since 31 March 1994 are included at cost.

The historical cost of freehold property, quarries and landfill sites included at valuation is as follows:

	£000
Freehold property	2,098
Quarries and landfill sites	1,039
	3,137

The net book value of plant, vehicles and equipment held under finance leases is £6,408,350 (1999: £6,846,491) after charging depreciation for the year of £1,645,403 (1999: £1,577,731).

## Notes (continued)

### 11 Investments

	Other investments and associated undertaking £000
Cost of shares at 1 April 1999 and 31 March 2000	60
Provision at beginning and end of year	40
At 31 March 2000	<u>20</u>
At 31 March 1999	<u>20</u>

#### Associated undertaking of the company

	Country of registration	Class of share	Proportion Held	Nature of business
Freeport Scotland Limited	Scotland	Ordinary	21%	Development of freeport facilities

Freeport Scotland Limited has not been accounted for on the equity basis in view of the immateriality of the investment.

### 12 Stocks

	2000 £000	1999 £000
Raw materials and consumables	963	965
Work in progress	607	860
Finished goods	1,724	1,363
	<u>3,294</u>	<u>3,188</u>

## Notes (continued)

### 13 Debtors

	2000 £000	1999 £000
<b>Due within one year:</b>		
Trade debtors	13,771	14,904
Amounts recoverable on contracts	2,434	4,199
Amounts due from group companies	6,871	5,993
Other debtors	1,277	843
Prepayments and accrued income	190	592
	<hr/> 24,543	<hr/> 26,531
<b>Due after more than one year:</b>		
Trade debtors	1,700	1,975
Other debtors	498	498
	<hr/> 26,741	<hr/> 29,004

### 14 Creditors

	2000 £000	1999 £000
<b>Amounts falling due within one year:</b>		
Bank overdrafts (secured - see note below)	4,619	5,094
Trade creditors	16,337	20,197
Payments received on account	756	338
Other taxes and social security	713	719
Amounts due under finance leases (secured)	1,088	851
Other creditors	1,077	507
Corporation tax	109	180
Accruals	1,301	2,888
Amounts due to group companies	8,012	7,782
	<hr/> 34,012	<hr/> 38,556
<b>Amounts falling due after more than one year:</b>		
Trade creditors	2,750	2,100
Other creditors	2,074	2,365
Amounts due under finance leases payable within two to five years (secured)	3,000	4,150
	<hr/> 7,824	<hr/> 8,615

National Westminster Bank plc holds standard securities over certain of the company's assets and a bond and floating charge over its whole property and undertaking in security for advances to the group. Liabilities under finance leases are secured over the assets to which they relate.



## Notes (continued)

### 15 Deferred taxation

As it is the company's intention to retain heritable properties and quarries for trading purposes no provision has been made for deferred taxation amounting to £3 million (1999: £4 million) which might arise if such assets were disposed of.

The full potential deferred taxation liability for excess capital allowances over depreciation and other timing differences not provided in the financial statements amounts to £0.1 million (1999: £0.5 million).

### 16 Called up share capital

	2000 £000	1999 £000
<i>Authorised</i>		
210,000 ordinary shares of £1 each	210	210
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
210,000 ordinary shares of £1 each	210	210
	<hr/>	<hr/>

### 17 Reserves

	Share premium account £000	Revaluation Reserve £000	Profit and loss account £000
At beginning of year	77	14,345	4,513
Retained profit for the year	-	-	1,894
	<hr/>	<hr/>	<hr/>
At end of year	77	14,345	6,407
	<hr/>	<hr/>	<hr/>

### 18 Shareholders' funds

	2000 £000	1999 £000
<b>Profit/(loss) for the financial year</b>	2,134	(2,691)
Dividend	(240)	(240)
	<hr/>	<hr/>
<b>Net increase/(decrease) in shareholders' funds</b>	1,894	(2,931)
Shareholders' funds at 1 April 1999	19,145	22,076
	<hr/>	<hr/>
<b>Shareholders' funds at 31 March 2000</b>	21,039	19,145
	<hr/>	<hr/>

## Notes (continued)

### 19 Pension costs

The company operates a discretionary contribution pension scheme for certain of the directors of the company. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions paid during the year by the company to the fund and amounted to £nil (1999: £65,000).

### 20 Capital commitments

At 31 March 2000 capital commitments authorised but not contracted for amounted to £850,000 (1999: £1,000,000)

### 21 Contingent liabilities

The company has entered into various performance bonds amounting to £7,000,000 million (1999: £4,300,000) in the normal course of business. In the opinion of the directors no loss will arise in connection with any of these bonds.

### 22 Related party transactions

Under FRS8 the company is exempt from the requirement to disclose related party transactions with other group companies on the grounds that it is a wholly owned subsidiary undertaking of Barr Holdings Limited.

### 23 Ultimate parent company

Barr Holdings Limited, which is incorporated in the United Kingdom and registered in Scotland, is the company's ultimate parent company.

Copies of the financial statements of Barr Holdings Limited can be obtained from:

The Company Secretary  
Heathfield  
Ayr  
KA8 9SL