

# **May Gurney Holdings Limited**

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

**31 March 1996**

Registered number 216679



# May Gurney Holdings Limited

## Directors' report and financial statements

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# May Gurney Holdings Limited

## Directors and officers

### Directors

JN Holmes - Chairman  
AJ Korn - Managing Director  
CJ Lingwood  
AA Livock  
DE Neale  
REP Browne

### Secretary

REP Browne

### Registered office

Holland Court  
The Close  
Norwich

### Auditors

KPMG  
Chartered Accountants  
Norwich

### Bankers

Barclays Bank PLC  
Bank Plain  
Norwich

# May Gurney Holdings Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 March 1996.

### Principal activities

The principal activities of May Gurney Holdings Limited are the provision of management services to subsidiary companies, together with the control and co-ordination of the activities of those subsidiaries.

### Business review

The results in brief are:

	1996 £000	1995 £000
Profit on ordinary activities before taxation	<u>2,308</u>	<u>429</u>

Operating results for the year were satisfactory.

The company continues to provide management services and to control subsidiary companies activities. It is anticipated that satisfactory results will be obtained in the current year.

### Dividends

No interim dividends were paid during the year (1995:£275,153).

The directors recommend a final dividend of £2,176,700 (1995:£95,699).

# May Gurney Holdings Limited

## Directors' report *(continued)*

### Directorate

The other directors of the company listed on page 1 were in office throughout the year.

Mr REP Browne was appointed on 1 April 1995.

The interests of Mr JN Holmes and Mr AJ Korn in the shares of the holding company are disclosed in the financial statements of that company.

The interests of other directors in office on 31 March 1996 in the shares of the holding company were:

	1996 Beneficial and family	1995 Beneficial and family
Ordinary shares		
CJ Lingwood	18,000	18,000
AA Livock	22,666	22,666
DE Neale	22,666	22,666

On behalf of the board



JN Holmes  
*Director*

Holland Court  
The Close  
Norwich

14 August 1996

By written resolution passed on 18 January 1991 in accordance with Section 381A of the Companies Act 1985 the company dispensed with the holding of annual general meetings, laying of financial statements before the members and annual appointment of auditors.

# May Gurney Holdings 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;
- 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.



Holland Court  
The Close  
Norwich  
NR1 4DY

## Auditors' report to the members of May Gurney Holdings Limited

We have audited the financial statements on pages 6 to 16.

### *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 at 31 March 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Chartered Accountants  
Registered Auditors

14.8.96

# May Gurney Holdings Limited

## Profit and loss account

for the year ended 31 March 1996

	Note	1996 £000	1995 £000
Income from shares in group companies		2,210	587
Other operating income	2	462	370
		<hr/>	<hr/>
		2,672	957
Net operating costs	3	(364)	(336)
		<hr/>	<hr/>
Operating profit		2,308	621
Profit on sale of properties		-	70
Deficit on revaluation of properties		-	(289)
Interest receivable		-	27
		<hr/>	<hr/>
Profit on ordinary activities before taxation		2,308	429
Tax on profit on ordinary activities	6	(70)	(120)
		<hr/>	<hr/>
Profit for the financial year		2,238	309
Dividends - equity	7	(2,177)	(371)
		<hr/>	<hr/>
Retained profit/(loss) for the financial year	16	61	(62)
		<hr/>	<hr/>

All recognised gains and losses are included in the profit and loss accounts above.

## Note of historical cost profits and losses

for the year ended 31 March 1996

	1996 £000	1995 £000
Reported profit on ordinary activities before taxation	2,308	429
Difference between historical cost depreciation charge and the actual depreciation charge (including deficit on revaluation of properties) of the year calculated on the revalued amount	10	301
Realisation of property revaluation gains of previous years	-	585
	<hr/>	<hr/>
Historical cost profit on ordinary activities before taxation	2,318	1,315
	<hr/>	<hr/>
Historical cost profit for the year retained after taxation and dividends	71	824
	<hr/>	<hr/>

The notes on pages 8 to 16 form part of this account.



# May Gurney Holdings Limited

Balance sheet  
at 31 March 1996

	Note	1996		1995	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	8	2,009		2,026	
Investments	9	1,604		1,604	
		<u>          </u>	3,613	<u>          </u>	3,630
<b>Current assets</b>					
Debtors	10	3,997		662	
Cash at bank		202		1,393	
		<u>          </u>		<u>          </u>	
		4,199		2,055	
<b>Creditors: amounts falling due within one year</b>	11	(2,380)		(314)	
		<u>          </u>		<u>          </u>	
<b>Net current assets</b>			1,819		1,741
			<u>          </u>		<u>          </u>
<b>Total assets less current liabilities</b>			5,432		5,371
<b>Provisions for liabilities and charges</b>	13		(4)		(4)
			<u>          </u>		<u>          </u>
<b>Net assets</b>			5,428		5,367
			<u>          </u>		<u>          </u>
<b>Capital and reserves</b>					
Called up share capital	14		354		354
Revaluation reserve	15		2,543		2,543
Profit and loss account	16		2,531		2,470
			<u>          </u>		<u>          </u>
<b>Equity shareholders' funds</b>	17		5,428		5,367
			<u>          </u>		<u>          </u>

These financial statements were approved by the board of directors on 14 August 1996 and were signed on its behalf by:

AJ Korn  
Director



The notes on pages 8 to 16 form part of this balance sheet.

# May Gurney Holdings Limited

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

#### *Accounting convention*

The financial statements are drawn up under the historical cost convention modified by the revaluation of certain fixed assets and in accordance with applicable accounting standards.

#### *Depreciation*

Depreciation of tangible fixed assets is calculated so as to write off their cost or valuation over their expected economic lives. The annual rates of depreciation are as follows:

Freehold land	-	not depreciated
Freehold buildings	-	over 50 years

#### *Taxation*

The company provides deferred taxation at the rates at which liabilities are expected to crystallise to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for taxation purposes.

Provision is not made for deferred tax assets unless there is a reasonable certainty of their recovery in the next accounting period.

#### *Foreign exchange*

Exchange differences on the conversion of foreign currency trading transactions are dealt with in the profit and loss account.

#### *Pension contributions*

Pension contributions are charged to the profit and loss account in accordance with the annual charge made by May Gurney Group Limited, based on the recommendation of the scheme's actuary.

# May Gurney Holdings Limited

## Notes (continued)

### 2 Other operating income

	1996 £000	1995 £000
Service charges to group companies	422	302
Sundry income	-	36
Rent	40	32
	<u>462</u>	<u>370</u>

### 3 Net operating costs

	1996 £000	1995 £000
Directors emoluments (note 5)	165	180
Depreciation (note 8)	17	25
Auditors remuneration	2	2
Other fees paid to auditors	13	10
Other administration costs	167	118
Provision against fixed asset investment	-	1
	<u>364</u>	<u>336</u>

### 4 Staff numbers and costs

The average number of persons (including directors) employed during the year was as follows:

	Number of employees	
	1996	1995
Management	9	9

The aggregate payroll costs of those employees were:

	1996 £000	1995 £000
Salaries	236	236
Social security costs	21	21
Other pension costs (note 18)	26	19
	<u>283</u>	<u>276</u>

# May Gurney Holdings Limited

## Notes (continued)

### 5 Emoluments of directors

	1996 £000	1995 £000
Salaries and benefits	154	168
Pension contributions	11	12
	<u>165</u>	<u>180</u>

Emoluments and benefits, excluding pension contributions:

	1996 £000	1995 £000
Chairman	£Nil	£Nil
Highest paid director	£58,857	£57,374

Emoluments of all the directors fall within the following bands:

	Number of directors	
	1996	1995
£0 - £ 5,000	3	3
£35,001 - £40,000	1	-
£50,001 - £55,000	-	1
£55,001 - £60,000	2	2

### 6 Taxation

The taxation charge comprises:

	1996 £000	1995 £000
<i>Current year</i>		
Corporation tax at 33% (1995:33%)	39	42
Deferred taxation (note 13)	-	(15)
Tax on franked investment income	33	93
	<u>72</u>	<u>120</u>
<i>Prior year</i>		
Corporation tax	(2)	-
	<u>70</u>	<u>120</u>

# May Gurney Holdings Limited

## Notes (continued)

### 7 Dividends

1996	1995
£000	£000
Interim dividends paid	275
Final dividend proposed	96
<u>2,177</u>	<u>96</u>
<u>2,177</u>	<u>371</u>

### 8 Tangible fixed assets

Freehold  
land and  
buildings  
£000

#### *Cost or valuation*

At beginning and end of year 2,052

#### *Accumulated depreciation*

At beginning of year 26

Charge for the year 17

At end of year 43

#### *Net book value*

At end of year 2,009

At beginning of year 2,026

Freehold land and buildings are held at cost or open market value as follows:

£000

Valuation at 31.3.95 1,235

Valuation at 31.12.88 804

Cost 13

2,052

£000

Freehold land and buildings includes land which is not depreciated of: 1,464

# May Gurney Holdings Limited

## Notes (continued)

### 8 Tangible fixed assets (continued)

The book values of freehold land and buildings under the historical cost convention would be as follows:

	1996 £000	1995 £000
Cost	854	854
Accumulated depreciation	(152)	(142)
	<u>702</u>	<u>712</u>
Net book value		

### 9 Fixed assets - investments

Shares in  
subsidiary  
companies  
£000

#### *Cost/valuation*

At 1 April 1995 and 31 March 1996

1,605

#### *Provisions*

At 1 April 1995 and 31 March 1996

(1)

#### *Net book value*

At 1 April 1995 and 31 March 1996

1,604

#### *Shares in subsidiary companies*

The company's investment in the shares of subsidiary companies includes shares revalued at 31 March 1986, at the nominal value of shares held in a subsidiary at that date amounting to £1,500,000, the historic cost of those shares being £272,000.

# May Gurney Holdings Limited

## Notes (continued)

10	<b>Debtors</b>	1996 £000	1995 £000
	Other debtors	27	10
	Amounts due from group companies (note 12)	<u>3,970</u>	<u>652</u>
		<u>3,997</u>	<u>662</u>
11	<b>Creditors: amounts falling due within one year</b>	1996 £000	1995 £000
	Amounts owed to group companies (note 12)	73	83
	Corporation tax	39	42
	PAYE and social security	18	17
	Other taxation	41	60
	Accruals and deferred income	32	16
	Proposed dividend	<u>2,177</u>	<u>96</u>
		<u>2,380</u>	<u>314</u>
12	<b>Group companies</b>	1996 £000	1995 £000
	Amounts owed by group companies:		
	ultimate holding company (note 22)	1,785	392
	subsidiaries (note 21)	<u>2,185</u>	<u>260</u>
		<u>3,970</u>	<u>652</u>
	Amounts owed to:		
	subsidiaries (note 21)	<u>(73)</u>	<u>(83)</u>
	Total	<u>3,897</u>	<u>569</u>

# May Gurney Holdings Limited

## Notes (continued)

### 13 Provisions for liabilities and charges

	1996 £000	1995 £000
<i>Deferred taxation</i>		
At 1 April 1995	4	19
Profit and loss account credit (note 6)	-	(15)
	<u>4</u>	<u>-</u>
At 31 March 1996	<u>4</u>	<u>4</u>

Deferred taxation calculated using the liability method is in respect of excess capital allowances at 33% (1995:33%).

No provision for deferred taxation has been made in relation to the surplus on the revaluation of freehold land and buildings included in the revaluation reserve. If freehold land and buildings were disposed of at the balance sheet amounts it is estimated that the tax liability calculated in accordance with the 1982 rebasing provisions of the Finance Act 1988, would amount to approximately £8,000 (1995:£16,000).

### 14 Share capital

	1996 £000	1995 £000
<i>Authorised</i>		
1,000,000 ordinary £1 shares - equity	<u>1,000</u>	<u>1,000</u>
<i>Issued and fully paid</i>		
353,706 ordinary £1 shares - equity	<u>354</u>	<u>354</u>

### 15 Revaluation reserve

	1996 £000	1995 £000
At 1 April 1995	2,543	3,429
Transfer to profit and loss account (note 16)	-	(886)
	<u>2,543</u>	<u>2,543</u>
At 31 March 1996	<u>2,543</u>	<u>2,543</u>

### 16 Profit and loss account

	1996 £000	1995 £000
At 1 April 1995	2,470	1,646
Profit/(loss) for the year	61	(62)
Transfer from revaluation reserve (note 15)	-	886
	<u>2,531</u>	<u>2,470</u>
At 31 March 1996	<u>2,531</u>	<u>2,470</u>



# May Gurney Holdings Limited

## Notes (continued)

### 17 Reconciliation of movements in equity shareholders' funds

	1996 £000	1995 £000
Profit for the financial year	2,238	309
Dividends	(2,177)	(371)
	<hr/>	<hr/>
Net increase/(decrease) in equity shareholders' funds	61	(62)
Opening equity shareholders' funds	5,367	5,429
	<hr/>	<hr/>
Closing equity shareholders' funds	5,428	5,367
	<hr/>	<hr/>

### 18 Pensions

The company makes contributions in respect of employees who are members of the May Gurney Group Limited Pension Scheme, which is open to the salaried employees and supervisory foremen. The scheme funds are administered by trustees and are independent of the group's finances. The scheme provides defined benefits based upon final pensionable pay. Contribution levels are determined by a qualified actuary on the basis of periodic valuations using the projected unit costing method. The most recent valuation was at 1 April 1996. Full details of this valuation are contained in the financial statements of May Gurney Group Limited.

Pension contributions charged to the profit and loss account for the year ended 31 March 1996 amounted to £25,578 (1995:£18,819).

### 19 Contingent liabilities

- (i) The company has given an unlimited guarantee, secured by fixed and floating charges over the company's assets in respect of the borrowings from Barclays Bank PLC, of all group companies. At 31 March 1996, the net indebtedness of all other group companies amounted to £Nil (1995:£933,833).
- (ii) The company has given joint and several guarantees securing indemnities given by other group companies in respect of performance bonds. At 31 March 1996 indemnities outstanding for other group companies amounted to £1,229,778 (1995:£900,248).
- (iii) The company has given a joint and several guarantee securing indemnities given by other group companies in respect of HM Customs and Excise bonds issued by Barclays Bank PLC in the normal course of business. At 31 March 1996, the indemnities outstanding for other group companies amounted to £206,500 (1995:£166,650).

### 20 Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirements to prepare a cash flow statement on the grounds that it is a wholly owned subsidiary of a UK parent company.

# May Gurney Holdings Limited

## Notes *(continued)*

### 21 Subsidiary companies

The principal subsidiary companies at 31 March 1996, which are all incorporated in England and are all 100% owned were:

Ayton Asphalte Company Limited	- Asphalt road surfacing, manufacturing and distribution of bituminous and resin based products
May Gurney (Regional) Limited formerly Darby (Sutton) Limited	- Civil engineering and land drainage
Farm & Domestic Oils Limited	- Distributing heating and fuel oils
May Gurney & Co Limited	- Civil engineering, construction, road surfacing, fencing, dredging and plant hire
May Gurney (Construction) Limited	- Civil engineering, construction, piling and road surfacing
May Gurney (Technical Services) Limited	- Piling and technical services

The company is a wholly owned subsidiary of a UK parent company (note 22) and accordingly under Section 228 of the Companies Act 1985, is exempt from preparing group financial statements. Consequently, these financial statements present information about the company only and not about its group.

### 22 Ultimate holding company

The ultimate holding company of May Gurney Holdings Limited is May Gurney Group Limited which is incorporated in England.