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EDMUND NUTTALL LIMITED

DIRECTORS' REPORT AND ACCOUNTS
31st December 1982



Edmund Nuttall Limited

Report of the directors

The directors submit the report and statement of accounts for the twelve months ended 31st December 1982.

Activities

The company's principal activity is that of civil engineering and through its subsidiary companies carries on the business of building contracting and supply of civil engineering and electrical equipment.

Results for the year

The group surplus after taxation and extraordinary items amounted to £185,000 and this amount has been credited to reserves by the group.

Acquisition of subsidiary

At the beginning of the year, the company purchased for cash the whole of the issued share capital of HCG (UK) Limited from the immediate holding company of Edmund Nuttall Holdings Limited.

Exports

Exports from the United Kingdom and the group's share of turnover from overseas joint ventures during the year amounted to £23,902,000.

Fixed assets

Movements in fixed assets during the year are set out in note 5 on page 7.

Employees

The average number of persons employed in the United Kingdom including those employed on joint ventures was 1,011. Their total remuneration for the year amounted to £7,165,000.

Company policy on the employment of disabled persons.

In common with its practice towards all applications for employment, the company considers those from disabled people in the light of its requirements and the qualifications, aptitude and abilities of the individual. Where people are so unfortunate as to become disabled during the course of their employment every practical effort is made to retain their services and to provide retraining if necessary. All employees are eligible for consideration for appropriate training, career development and promotion and disabled people are not treated any differently in this respect.

Political and charitable contributions

No political contributions were made during the year; the total amount of charitable donations was £430.

Directors

None of the directors had any personal or beneficial interest in the shares of the company during 1982.

The following were directors of the company throughout 1982 except where otherwise shown.

Mr. D. D. Land

Mr. K. H. Moore

Mr. J. C. McKenzie (resigned 26th January 1982)

Mr. R. W. Bale

Mr. M. J. Bancroft

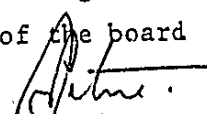
Mr. P. Naylor

In accordance with the articles of association of the company, Mr. M.J. Bancroft and Mr. K.H. Moore retire from the board and, being eligible, offer themselves for re-election.

Auditors

A resolution for the re-appointment of Peat Marwick Mitchell & Company as auditors of the company is to be proposed at the forthcoming annual general meeting.

By order of the board


A. W. Petrie

Secretary

24th June 1983

Edmund Nuttall Limited and subsidiary companies

Group profit and loss account
for the year ended 31st December

	<u>Notes</u>	<u>1982</u> <u>£'000</u>	<u>1981</u> <u>£'000</u>
Group turnover		58,537	47,732
Group trading loss		(1,406)	(2,893)
Exceptional item	2 (31)	(913)	913
Group loss before taxation		(2,319)	(1,980)
Taxation	3	2,734	1,466
Profit(Loss) after taxation		415	(514)
Extraordinary items	4	(230)	4,392
Surplus for the year		185	3,878

The statement and notes on pages 4 to 9 form part of the accounts.

Balance Sheets
Year end 31st December

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Edmund Nuttall Limited and subsidiary companies

Statement of source and application of funds
year ended 31st December

	1982		1981	
	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>	<u>£'000</u>
<u>Source of funds</u>				
Loss before taxation		(2,319)		(1,980)
Adjustment for items not involving the movement of funds :				
Depreciation		1,126		1,129
Loss(profit) on disposal of fixed assets		39		(34)
Total absorbed by operations		(1,154)		(885)
<u>Other sources of funds</u>				
Group relief	2,734		1,466	
Loan from holding company			4,250	
Loans waived			4,500	
Proceeds from sale of fixed assets	586	3,320	937	11,153
		2,166		10,268
<u>Application of funds</u>				
Purchase of fixed assets	713		1,243	
Loan waived	230			
Extraordinary items		(943)	108	(1,351)
		1,223		8,917
<u>Increase(decrease) in working capital</u>				
Contract work and stocks		3,553		5,755
Amounts due from other group companies		5,172		(1,306)
Debtors		174		69
Creditors		(2,123)		414
		6,776		4,932
<u>Movement in net liquid funds</u>				
Cash and bank balances	(1,508)		1,428	
Bank overdraft	(4,045)	(5,553)	2,557	3,985
		1,223		8,917

Notes on accounts

I. Accounting policies

a) Basis of preparation.

The accounts have been prepared under the historical cost convention adjusted by the revaluation of land and buildings and in compliance with section 149A, 152A and schedule 8A of the Companies Act 1948.

b) Basis of consolidation.

The group profit and loss account and balance sheet include the accounts of Edmund Nuttall Limited and subsidiaries made up to 31st December 1982.

c) Group turnover.

Turnover represents the work done during the year, and adjustments relating to prior years agreed during the year, and includes the group's share of joint venture turnover amounting to £20.1m (1981 £15.0m).

d) Depreciation

Depreciation is provided on a straight line basis as follows:

- (i) No depreciation is provided on freehold land.
- (ii) Freehold buildings : 10 to 50 years.
- (iii) Plant, machinery and equipment : 2 to 10 years.
- (iv) Leasehold properties : over the period of the lease.

e) Research and development.

All research and development costs are written off as incurred.

f) Group result before taxation

The result before taxation includes residual profits and losses on contracts completed prior to 31st December 1981, and an appropriate proportion of the estimated results of current contracts based on valuations by officials of the companies. No credit is taken in respect of contract claims until legal entitlement has been established and agreed. Provision is made in full for any anticipated losses on current contracts.

g) Stocks and work in progress.

Stocks are valued at the lower of cost and net realisable value. Work in progress represents the gross value of work certified less any provisions and progress payments received to date. The interest in joint ventures which is principally represented by contract work in progress is included under this heading.

h) Leased plant

Leased assets have been capitalised at their cash price, and are subject to depreciation in accordance with normal group policy. The interest included in rentals is written off over the primary period of each lease. The balance of rentals payable, net of deferred interest expense, is included as a current liability.

i) Deferred taxation

Full provision is made representing corporation tax at 52% on all timing differences between the date at which items are reflected in the accounts and the date at which they have effect for tax after taking account of losses carried forward, except where it can be reasonably foreseen that such deferred taxation will not be payable in the future.

j) Foreign currency translation.

Assets and liabilities denominated in foreign currencies have been translated into sterling at the exchange rates ruling at the balance sheet date. Any resulting difference has been dealt with in the profit and loss account.

Notes on accounts

	1982 £'000	1981 £'000
2. <u>Group loss before taxation</u>		
(i) Group loss before taxation is arrived at after charging		
Depreciation	1,126	1,129
Auditors' remuneration	43	40
Bank and other interest	779	993
Hire of plant and machinery	1,916	1,927
Provision for bad debts	440	
(ii) Exceptional item		
The contribution shown as receivable in 1981 for interest and overheads in respect of certain contracts, the outcome of which has been guaranteed by the ultimate holding company, will not now be received as a result of an alteration to the guarantee.		
(iii) Emoluments of directors of Edmund Nuttall Limited		
Directors' remuneration comprises:		
Emoluments	68	77
Pension contributions	9	10
	<u>77</u>	<u>87</u>
The emoluments of directors excluding pension contributions are :		
The chairman	-	-
The highest paid director	23	24
Other directors' emoluments fell within the following ranges:		
£ 0 - £ 5,000	2	2
£ 5,001 - £10,000		2
£15,001 - £20,000		1
£20,001 - £25,000	2	1
3. <u>Taxation</u>		
The tax credit is arrived at as follows :		
Proposed receipts for group relief - current year	1,633	
- prior years	<u>1,101</u>	<u>1,466</u>
	<u>2,734</u>	<u>1,466</u>
4. <u>Extraordinary items</u>		
Loan waived by the company in favour of another group company	(230)	
Loans waived in favour of the company by its holding company		4,500
Redundancy and closure costs		<u>(108)</u>
	<u>(230)</u>	<u>4,392</u>

Notes on accounts

	Freehold Property £'000	Patents £'000	Plant and Machinery £'000	Total £'000
5. Fixed assets - the group				
Cost of valuation at 1st January 1982	972	20	7,004	7,996
Additions at cost			714	714
Disposals	(16)		(1,581)	(1,597)
At 31st December 1982	956	20	6,137	7,113
Accumulated depreciation at 1st January 1982	45	20	3,735	3,800
Charge for year	14		1,112	1,126
Disposals	(1)		(970)	(971)
At 31st December 1982	58	20	3,877	3,955
Net book amount :				
At 31st December 1982	898	-	2,260	3,158
At 31st December 1981	927	-	3,269	4,196
Fixed assets - parent company				
Cost or valuation at 1st January 1982	972	20	6,619	7,611
Additions at cost			1,052	1,052
Disposals	(16)		(1,569)	(1,585)
At 31st December 1982	956	20	6,102	7,078
Accumulated depreciation at 1st January 1982	45	20	3,537	3,602
Charge for year	14		1,112	1,126
Disposals	(1)		(792)	(793)
At 31st December 1982	58	20	3,857	3,935
Net book amount :				
At 31st December 1982	898	-	2,245	3,143
At 31st December 1981	927	-	3,082	4,009

A valuation carried out in 1978 of freehold land and buildings, which is included above, does not differ significantly from original cost and all additions since that date are included at cost.

6. Subsidiary companies

	1982 £'000	1981 £'000
Investment in subsidiaries at cost	69	44
Amounts due from subsidiaries on loan accounts	1,009	3,342
	1,078	3,386
Amounts due from subsidiaries on current accounts	59	443
Amounts due to subsidiaries on current accounts	(45)	(42)
	1,092	3,787

At 31st December 1982 the company's principal active subsidiaries were as follows :

Mears Contractors Limited
HCG (UK) Limited
Nuttall Geotechnical Services Limited.

They are all wholly owned and incorporated in Great Britain.

Notes on accounts

7. Contract work and stocks

Certified work in progress on current long-term contracts at cost plus attributable profit, less provision for losses
Deduct : progress payments received

Other work in progress
Interest in joint ventures
Stocks

1982 £'000	1981 £'000
83,641	89,855
<u>81,601</u>	<u>86,935</u>
2,040	2,920
1,627	326
13,365	10,138
<u>421</u>	<u>516</u>
<u>17,453</u>	<u>13,900</u>

No provision has been made for possible losses amounting to £4.7m (1981 £4.7m) arising on contracts the outcome of which has been guaranteed by the ultimate holding company.

8. Share capital of Edmund Nuttall Limited

The share capital of the company at 31st December 1981 and 1982 comprises :

3.85% redeemable preference shares of £1 each
Ordinary shares of £1 each

Authorised £'000	Issued & fully paid £'000
150	
850	850
<u>1,000</u>	<u>850</u>

9. Reserves

These comprise:

Opening balance
(Loss)/surplus for the year
Closing balance

Parent company £'000	The group £'000
8,803	5,108
<u>(4,423)</u>	<u>185</u>
<u>4,380</u>	<u>5,293</u>

(i) £132,000 of the group and parent company reserves are not regarded as being distributable by way of dividend.

(ii) The loss dealt with in the accounts of the parent company includes the waiver of loans to subsidiaries and another group company of £2,813,000.

10. Deferred Taxation

There is no provision for deferred taxation because the trading losses available for carry forward exceed the potential deferred tax liability. At 31st December 1982 these losses were in excess of £ 6.5 m after deducting the potential deferred tax liability.

11. Loan from holding company

The loan is interest free and there is no fixed date of repayment.

12. Holding company

The company's ultimate holding company is Hollandsche Beton Groep N.V., a company registered in The Netherlands.

Notes on accounts

13. <u>Capital commitments</u>	1982	1981
	<u>£'000</u>	<u>£'000</u>
Outstanding commitments for capital expenditure not provided for in these accounts are :		
Parent company contracted for	<u>30</u>	<u>12</u>
The group contracted for	30	12
authorised but not contracted for	<u>30</u>	<u>12</u>

14. Contingent liabilities

Parent company :

The parent company has given a guarantee to the National Westminster Bank plc on behalf of Edmund Nuttall Holdings Limited, Robert L. Priestley Limited, Nuttall Geotechnical Services Limited and Mears Contractors Limited. This guarantee is supported by a counter-indemnity provided by the ultimate holding company.

The group:

There are contingent liabilities in respect of contract performance bonds given in the normal course of business.

REPORT OF THE AUDITORS TO THE MEMBERS OF EDMUND NUTTALL LIMITED

We have audited the accounts on pages 2 to 9 in accordance with approved auditing standards.

In our opinion, the accounts, which have been prepared on the basis of the accounting policies set out on page 5, give a true and fair view of the state of affairs of the company and of the group at 31st December 1982, and of the profit and source and application of funds for the year to that date and comply with the Companies Acts 1948 to 1981.

Peat, Marwick, Mitchell & Co.

Peat Marwick Mitchell & Co.
Chartered Accountants.

BRISTOL

24th June 1983