

MAY GURNEY & CO LIMITED  
Reports and Accounts  
31 MARCH 1989

COMPANIES HOUSE  
- 9 AUG 1989  
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Co. No. 873179

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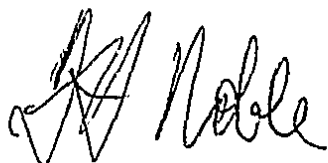
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MAY GURNEY & CO LIMITED

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of the Members of May Gurney & Co Limited will be held at the offices of the Company at Trowse Newton, Norwich on 26 July 1989 for the following business:

- 1 To receive the Directors' Report and the audited Accounts for the year ended 31 March 1989.
- 2 To re-appoint the Auditors and to authorise the Directors to fix their remuneration.



By order of the Board  
FH NOBLE  
Secretary

Holland Court  
The Close  
Norwich

26 July 1989

NB - A member entitled to attend and vote is entitled to appoint a proxy to attend and vote for him, and that proxy need not be a member of the Company.

MAY GURNEY & CO LIMITED

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## MAY GURNEY &amp; CO LIMITED

## DIRECTORS AND ADMINISTRATION

## DIRECTORS

JN Holmes - Chairman  
DE Neale - Managing Director  
DA Gooch  
AA Livock  
CJ Lingwood  
FH Noble

## SECRETARY

FH Noble

## REGISTERED OFFICE

Holland Court  
The Close  
Norwich

## AUDITORS

Peat Marwick McLintock  
Chartered Accountants  
Norwich

## BANKERS

Barclays Bank PLC

MAY GURNEY & CO LIMITED

DIRECTORS' REPORT

The Directors present their annual report and audited accounts covering the year ended 31 March 1989.

PRINCIPAL ACTIVITY

The principal activity of the company and the group during the year was that of civil engineering contractors.

BUSINESS REVIEW

	1989 £000	1988 £000
Group Turnover	<u>55,253.8</u>	<u>42,878.5</u>
Group Profit before taxation	<u>1,830.2</u>	<u>480.8</u>

(An analysis of turnover and profit before taxation is given in Note 1 to the accounts.)

All departments experienced good work loads and turnover increased by 29%. Profit margins were increased to a more acceptable level.

In the current year, it is anticipated that growth in turnover will not be maintained at last years high level. However, a further significant improvement in net profit is being sought.

FIXED ASSETS

Expenditure on tangible fixed assets amounted to £2,180,086 (1988 £1,386,614). Expenditure on fixed assets investments amounted to £NIL (1988 £184.)

EMPLOYEE INVOLVEMENT

No action has been taken during the financial year.

DISABLED PERSONS

The Group encourages, where possible, the employment of disabled people and the retention of those who become disabled during their employment with the Group by such means as may be appropriate to the circumstances of each situation.

DIRECTORS

The Directors listed on page 1 were in office throughout the year.

## MAY GURNEY &amp; CO LIMITED

## DIRECTORS' REPORT (Cont'd)

## DIRECTORS' INTERESTS

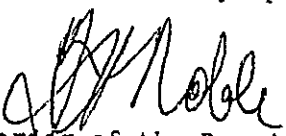
The interest of Mr JN Holmes in the shares of the ultimate holding company are disclosed in the accounts of that company.

## DONATIONS

The Group made charitable donations of £2,566 (1988 £2,211).

## AUDITORS

A resolution concerning the reappointment of Peat Marwick McLintock as Auditors will be proposed at the forthcoming Annual General Meeting.

  
By order of the Board  
FH NOBLE  
Secretary

26 July 1989

Holland Court  
The Close  
Norwich

Peat Marwick McLintock

## MAY GURNEY & CO LIMITED and Subsidiary Companies

### ACCOUNTING POLICIES

#### ACCOUNTING CONVENTION

The accounts are drawn up under the historical cost convention.

#### BASIS OF CONSOLIDATION

The consolidated accounts incorporate the accounts of May Gurney & Co Limited and its subsidiary companies.

The accounts of all group companies are made up to 31 March.

A separate profit and loss account has not been prepared for May Gurney & Co Limited.

#### TURNOVER

Turnover represents the contract value of work done in the year on civil engineering contracts and variations on valuations of contracts completed in prior years excluding Value Added Tax.

#### DEPRECIATION

Depreciation of tangible fixed assets is calculated so as to write off their cost over their expected economic lives. During the year the expected economic lives and depreciation methods used, were reviewed.

The rates of depreciation are as follows:

##### Plant, Machinery

and Vehicles: between 10% and 25% straight line (1988: between 25% and 33.3% reducing balance and 20% straight line)

##### Fixtures, Fittings

and Equipment: between 20% and 25% straight line (1988: 20% straight line and 25% reducing balance)

#### STOCKS AND WORK-IN-PROGRESS

Stocks and work-in-progress of short term contracts are valued at the lower of cost and net realisable value. Cost consists of direct costs, determined on a first in, first out basis unless actual cost is identifiable, and appropriate overheads.

The work-in-progress of long term contracts (over one year's duration) is valued at cost plus attributable profit less any foreseeable losses, in accordance with Statement of Standard Accounting Practice No. 9.

The inclusion of attributable profit supersedes the statutory valuation rules for current assets to comply with the overriding requirement of Section 228(6) of the Companies Act 1985 to enable the accounts to give a true and fair view. As progress payments cannot meaningfully be allocated between cost and profit it is impracticable to determine the effect of the inclusion of attributable profit on the balance sheet carrying value of long term work-in-progress.

MAY GURNEY & CO LIMITED and Subsidiary Companies

ACCOUNTING POLICIES (Cont'd)

FIXED ASSET INVESTMENTS

The investments in the companies in which the Group has a consortium interest are valued at cost.

TAXATION

The Group 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.

RESEARCH AND DEVELOPMENT

Research and development expenditure is charged to the Profit and Loss Account in the year in which it is incurred.

FOREIGN EXCHANGE

Exchange differences on the conversion of foreign currencies are dealt with in the Profit and Loss Account.

PENSION CONTRIBUTIONS

Pension contributions are charged to the Profit and Loss Account in the year in which they are made.



## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## CONSOLIDATED PROFIT AND LOSS ACCOUNT - For the year ended 31 MARCH 1989

	Notes	1989 £000	1988 £000
TURNOVER	1	55,253.8	42,878.5
Cost of sales		(52,149.5)	(41,284.7)
GROSS PROFIT		3,104.3	1,593.8
Net operating costs	2	(1,274.1)	(1,113.0)
PROFIT ON ORDINARY ACTIVITY BEFORE TAXATION	1	1,830.2	480.8
Tax on profit on ordinary activity	6	(634.1)	(173.6)
PROFIT FOR THE FINANCIAL YEAR		1,196.1	307.2
Retained profits at 1 April 1988		5,781.6	5,474.4
RETAINED PROFITS AT 31 MARCH 1989		6,977.7	5,781.6
By May Gurney & Co Limited		6,217.6	5,444.9
By subsidiary companies		760.1	336.7
		6,977.7	5,781.6

The notes on pages 10 to 17 form part of this Account

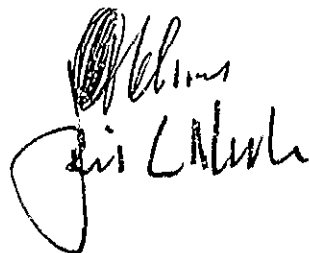
MAY GURNEY & CO LIMITED and Subsidiary Companies

CONSOLIDATED BALANCE SHEET - 31 MARCH 1989

	Notes	1989 £000	1988 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	3,501.3	2,807.1
Investments	8	0.7	0.7
		<u>3,502.0</u>	<u>2,807.8</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	9	6,222.7	3,874.9
Debtors	10	7,692.6	8,001.2
Cash at bank and in hand		1,030.7	9.8
		<u>14,946.0</u>	<u>11,885.9</u>
CREDITORS - amounts falling due within one year	11	9,784.2	7,412.1
		<u>5,161.8</u>	<u>4,473.8</u>
<b>NET CURRENT ASSETS</b>			
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
		<u>8,663.8</u>	<u>7,281.6</u>
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	15	186.1	-
		<u>8,477.7</u>	<u>7,281.6</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	1,500.0	1,500.0
Profit and loss account		6,977.7	5,781.6
		<u>8,477.7</u>	<u>7,281.6</u>

Accounts approved by board of directors  
on 26 July 1989

JN HOLMES  
DE NEALE  
Directors



The notes on pages 10 to 17 form part of this Balance Sheet

## MAY GURNEY &amp; CO LIMITED

## BALANCE SHEET - 31 MARCH 1989

	Notes	1989 £000	1988 £000
<b>FIXED ASSETS</b>			
Tangible assets	7	3,501.3	2,807.1
Investments	8	14.7	14.7
		<u>3,516.0</u>	<u>2,821.8</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	9	5,644.9	3,649.6
Debtors	10	7,267.9	7,755.4
Cash at bank and in hand		1,030.7	9.8
		<u>13,943.5</u>	<u>11,414.8</u>
CREDITORS - amounts falling due within one year	11	9,555.8	7,291.7
		<u>4,387.7</u>	<u>4,123.1</u>
<b>NET CURRENT ASSETS</b>			
		<u>7,903.7</u>	<u>6,944.9</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	15	186.1	-
		<u>7,717.6</u>	<u>6,944.9</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	1,500.0	1,500.0
Profit and loss account		6,217.6	5,444.9
		<u>7,717.6</u>	<u>6,944.9</u>

Accounts approved by board of directors  
on 26 July 1989

JN HOLMES  
DE NEALE  
Directors



The notes on pages 10 to 17 form part of this Balance Sheet

## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## STATEMENT OF SOURCE AND APPLICATION OF FUNDS

For the year ended 31 MARCH 1989

SOURCE OF FUNDS	1989		1988	
	£000	£000	£000	£000
Profit before tax		1,830.2		480.8
Items not involving movement of funds:				
Depreciation	1,277.7		897.1	
Profit on sale of tangible fixed assets	(82.2)		(41.7)	
Reinstated assets	0.4		(3.0)	
	<u>1,195.9</u>		<u>852.4</u>	
Total generated by operations		3,026.1		1,333.2
Funds from other sources:				
Sale of tangible fixed assets		281.2		118.1
		<u>3,307.3</u>		<u>1,451.3</u>
APPLICATION OF FUNDS				
Purchase of tangible fixed assets	2,180.1		1,386.6	
Investment acquired	-		0.2	
Tax paid	271.7		659.3	
	<u>2,451.8</u>		<u>2,046.1</u>	
WORKING CAPITAL:				
Increase/(Decrease) in stocks and work in progress	2,347.8		(40.6)	
Increase in debtors (excluding group companies and corporation tax)	200.7		1,604.0	
(Increase) in creditors due within one year (excluding group companies and corporation tax)	(3,012.0)		(1,375.0)	
(Decrease) in net amount due from group companies excluding group relief	(430.7)		(490.5)	
	<u>(894.2)</u>		<u>(302.1)</u>	
MOVEMENT IN NET LIQUID FUNDS:				
Increase/(Decrease) in cash at bank and in hand		1,749.7		(292.7)
		<u>3,307.3</u>		<u>1,451.3</u>

The notes on pages 10 to 17 form part of this Statement.

## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## NOTES on the Accounts

## 1 TURNOVER AND PROFIT

Turnover and profit on ordinary activity before taxation are derived wholly from the group's principal activity and are analysed by geographical area as follows:

	Turnover		Profit before taxation	
	1989 £000	1988 £000	1989 £000	1988 £000
By geographical area				
United Kingdom	55,238.3	42,702.6	1,817.6	410.5
North Africa	-	11.3	-	12.9
Europe other than UK	15.5	164.6	12.6	57.4
	<u>55,253.8</u>	<u>42,878.5</u>	<u>1,830.2</u>	<u>480.8</u>

Profit on ordinary activity before taxation is stated after charging/(crediting):

Directors' emoluments (note 4)	201.7	186.5
Depreciation (note 7)	1,277.7	897.1
Auditors' remuneration	15.0	14.7
Hire of plant and machinery	3,901.2	3,806.8
Surplus on disposal of assets	(82.2)	(41.7)
Rents received	(24.7)	(23.5)
	<u>772.7</u>	<u>83.8</u>

The amount of the consolidated profit for the financial year after taxation dealt with in the accounts of the Company is:

<u>772.7</u>	<u>83.8</u>
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## 2 NET OPERATING COSTS

Administrative expenses	(1,552.6)	(1,187.9)
Other operating income	106.9	65.2
Interest receivable	1.6	9.7
Exceptional interest receivable	170.0	-
	<u>(1,274.1)</u>	<u>(1,113.0)</u>

## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## NOTES on the Accounts (Cont'd)

## 3 STAFF NUMBERS AND COSTS

The average number of persons (including directors) employed by the Group during the year, categorised by function, was as follows:-

	1989 Number	1988 Number
Management	6	6
Contracts, Sales Staff and all Operatives	569	541
Administration	41	41
	<u>616</u>	<u>588</u>

The aggregate payroll costs of these employees were as follows:-

	£000	£000
Wages and Salaries	7,415.3	6,178.4
Social Security costs	632.8	529.2
Other pension costs	251.1	200.4
	<u>8,299.2</u>	<u>6,908.0</u>

## 4 DIRECTORS' REMUNERATION

Salary and benefits	183.4	170.6
Pension contributions	18.3	15.9
	<u>201.7</u>	<u>186.5</u>

Emoluments and benefits (excluding pension contributions)

Chairman	£NIL	£NIL
Highest paid director	£38,831	£38,552

Emoluments of the remaining directors fall within the following bands:

	Number	Number
£30,001 - £35,000	-	4
£35,001 - £40,000	4	-

## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## NOTES on the Accounts (Cont'd)

## 5 PENSION OBLIGATIONS

The Company makes contributions in respect of employees who are members of the May Gurney Holdings Limited Pension Scheme which is a contributory pension scheme covering directors and certain salaried employees.

The scheme funds are administered by trustees and are independent of the group's finances. Contributions are paid in accordance with the recommendations of independent actuaries.

6 TAXATION	1989 £000	1988 £000
The taxation charge on the profit of the year on ordinary activity is made up of:		
Current year		
Corporation tax at 35% (1988 - 35%)	(462.5)	(274.9)
Deferred taxation	(196.9)	98.1
	<u>(659.4)</u>	<u>(176.8)</u>
Prior years		
Group relief	-	(4.3)
Corporation tax	14.5	7.5
Deferred taxation	10.8	-
	<u>(634.1)</u>	<u>(173.6)</u>

## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## NOTES on the Accounts (Cont'd)

## 7 TANGIBLE FIXED ASSETS

Group and Company	Plant, Machinery & Vehicles £000	Fixtures, Fittings & Equipment £000	Total £000
Cost at 31 March 1988	6,994.6	487.2	7,481.8
Additions at cost	2,114.8	65.3	2,180.1
Assets reinstated at cost	35.2	0.1	35.3
Disposals at cost	(957.6)	(1.4)	(959.0)
Group transfers	(5.2)	-	(5.2)
Cost at 31 March 1989	8,181.8	551.2	8,733.0
Accumulated depreciation at 31 March 1988	4,338.9	335.8	4,674.7
Depreciation for the year	1,153.3	124.4	1,277.7
Depreciation on assets reinstated	35.6	0.1	35.7
Depreciation on disposals	(758.6)	(1.4)	(760.0)
Group transfers	3.6	-	3.6
Accumulated depreciation at 31 March 1989	4,772.8	458.9	5,231.7
Net book value at 31 March 1989	3,409.0	92.3	3,501.3
Net book value at 31 March 1988	2,655.7	151.4	2,807.1

The expected economic lives of the group's tangible fixed assets, together with the methods used to calculate depreciation, have been reviewed during the year ended 31 March 1989.

Depreciation for the year is based upon the results of that review.

This has resulted in an increase of £241,816 when compared with the rates and methods used in the preceding year.



## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## NOTES on the Accounts (Cont'd)

8 INVESTMENTS	1989		1988	
	Group £000	Company £000	Group £000	Company £000
Shares in subsidiary companies at cost (note 12)	-	14.0	-	14.0
Unlisted investments at cost	0.7	0.7	0.7	0.7
	<u>0.7</u>	<u>14.7</u>	<u>0.7</u>	<u>14.7</u>
	<u><u>0.7</u></u>	<u><u>14.7</u></u>	<u><u>0.7</u></u>	<u><u>14.7</u></u>
9 STOCKS AND WORK IN PROGRESS				
Materials and consumables	441.5	441.5	422.2	422.2
Work in Progress	5,781.2	5,203.4	3,452.7	3,227.4
	<u>6,222.7</u>	<u>5,644.9</u>	<u>3,874.9</u>	<u>3,649.6</u>
	<u><u>6,222.7</u></u>	<u><u>5,644.9</u></u>	<u><u>3,874.9</u></u>	<u><u>3,649.6</u></u>
Work in Progress is analysed as follows:				
Long term contracts	5,454.0	5,454.0	7,155.4	7,155.4
Short term contracts	13,288.2	12,588.2	5,591.8	5,366.5
	<u>18,742.2</u>	<u>18,042.2</u>	<u>12,747.2</u>	<u>12,521.9</u>
Payments on account	12,961.0	12,838.8	9,294.5	9,294.5
	<u>5,781.2</u>	<u>5,203.4</u>	<u>3,452.7</u>	<u>3,227.4</u>
	<u><u>5,781.2</u></u>	<u><u>5,203.4</u></u>	<u><u>3,452.7</u></u>	<u><u>3,227.4</u></u>
10 DEBTORS				
Trade debtors	4,233.5	3,493.4	4,720.8	3,706.8
Amounts owed by group companies (note 13)	2,519.7	2,835.1	3,040.3	3,808.7
Corporation tax recoverable	21.5	21.5	9.1	9.1
Other debtors	481.6	481.6	95.7	95.5
Prepayments and accrued income	436.3	436.3	135.3	135.3
	<u>7,692.6</u>	<u>7,267.9</u>	<u>8,001.2</u>	<u>7,755.4</u>
	<u><u>7,692.6</u></u>	<u><u>7,267.9</u></u>	<u><u>8,001.2</u></u>	<u><u>7,755.4</u></u>

## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## NOTES on the Accounts (Cont'd)

11 CREDITORS - amounts falling due within one year	1989		1988	
	Group £000	Company £000	Group £000	Company £000
Bank overdraft	-	-	728.8	728.8
Payments received on account and provisions in excess of contract work in progress valuations	454.7	454.7	444.2	444.2
Trade creditors	7,982.2	7,982.2	5,181.4	5,181.4
Amounts owed to group companies (note 13)	290.1	289.7	388.8	388.4
Corporation Tax	462.5	234.5	274.9	154.9
PAYE and Social Security	194.3	194.3	196.6	196.6
Other creditors	115.8	115.8	50.4	50.4
Accruals and deferred income	284.6	284.6	147.0	147.0
	<u>9,784.2</u>	<u>9,555.8</u>	<u>7,412.1</u>	<u>7,291.7</u>

## 12 SUBSIDIARIES

May Gurney & Co Limited hold 100% of the equity share capital of the following companies:-

May Gurney (Colchester) Limited	- non trading
May Gurney (Dredging) Limited	- non trading
May Gurney (Fencing Services) Limited	- non trading
May Gurney (Plant Hire) Limited	- non trading
May Gurney (Surfacing & Sealing) Limited	- non trading
May Gurney (Technical Services) Limited	- technical services
May Gurney (Tunnelling) Limited	- non trading

## 13 GROUP COMPANIES

	1989		1988	
	Group £000	Company £000	Group £000	Company £000
Amounts owed by group companies -				
holding company	2,233.7	2,245.9	2,985.4	2,997.7
fellow subsidiaries	286.0	340.3	54.9	109.2
subsidiaries	-	248.9	-	701.8
	<u>2,519.7</u>	<u>2,835.1</u>	<u>3,040.3</u>	<u>3,808.7</u>
Amounts owed to group companies -				
fellow subsidiaries	(290.1)	(289.7)	(388.8)	(388.4)
TOTAL	<u>2,229.6</u>	<u>2,545.4</u>	<u>2,651.5</u>	<u>3,420.3</u>

## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## NOTES on the Accounts (Cont'd)

## 14 ULTIMATE HOLDING COMPANY

The ultimate holding company of May Gurney & Co Limited at 31 March 1989, was May Gurney Holdings Limited which is incorporated in England. On 13 July 1989, the entire share capital of May Gurney Holdings Limited was purchased by Saltvine Limited also incorporated in England, which then became the ultimate holding company of May Gurney & Co Limited.

## 15 DEFERRED TAXATION

	Group and Company	
	1989	1988
	£000	£000
Deferred taxation		
At 31 March 1988	-	98.1
Profit and Loss Account charge/(credit)	186.1	(98.1)
At 31 March 1989	<u>186.1</u>	<u>-</u>
Deferral of taxation by the liability method for Group and Company is in respect of:		
Tangible fixed assets	197.2	256.5
Other timing differences	(11.1)	(256.5)
	<u>186.1</u>	<u>-</u>

## 16 SHARE CAPITAL

	1989 and 1988	
	Authorised	Issued and Fully Paid
	£000	£000
Ordinary shares of £1 each	<u>1,500.0</u>	<u>1,500.0</u>

## 17 CAPITAL COMMITMENTS

	Group and Company	
	1989	1988
	£000	£000
Tangible fixed assets		
Future capital expenditure authorised by the directors but not provided for in these accounts is as follows:		
Contracts placed	<u>80.1</u>	<u>226.3</u>

## MAY GURNEY &amp; CO LIMITED and Subsidiary Companies

## NOTES on the Accounts (Cont'd)

## 18 CONTINGENT LIABILITIES

- (i) The company has given an unlimited guarantee to Barclays Bank PLC in respect of amounts owed by group companies. At 31 March 1989 the net indebtedness to the bank of other group companies amounted to £1,275,986 (1988 £108,187).
- (ii) Subsequent to the year end 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 including Saltvine Limited (note 14) but excluding John Mansfield Timber Limited.
- (iii) The following indemnities in respect of performance bonds issued by Barclays Bank PLC in the normal course of business were outstanding at the 31 March 1989;

	1989 £000	1988 £000
Group	<u>1,690.8</u>	<u>1,170.7</u>
Company	<u>1,591.6</u>	<u>1,140.0</u>

- (iv) The claim brought against the company for damages amounting to approximately £1,500,000, as noted in the accounts for the year ended 31 March 1988, has been settled and consequently there is no liability whatsoever arising from this claim.

## AUDITORS' REPORT

TO THE MEMBERS OF MAY GURNEY &amp; CO LIMITED

We have audited the accounts on pages 4 to 17 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the Company's and the Group's affairs at 31 March 1989 and of the profit and source and application of funds of the Group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

26<sup>th</sup> July 1989.

*Ranner*