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WILKINSON & HOUGHTON LIMITED

31 August 1980



WILKINSON & HOUGHTON LIMITED

DIRECTORS

JR Adamson (Chairman.)
PM Milburn
J Livingston
RA Wilkinson
JD Houghton

REPORT OF THE DIRECTORS FOR THE EIGHTEEN MONTHS ENDED 31 AUGUST 1980

ACTIVITIES

The company continues to carry on business as a house-builder and estate developer.

CHANGE OF ACCOUNTING REFERENCE DATE

The accounting reference date of the company has been changed to 31 August in each year. Accordingly these accounts relate to the eighteen months ended 31 August 1980.

RESULTS

The results for the period are set out in the annexed profit and loss account.

DIVIDENDS

The directors recommend the payment of a final dividend on the ordinary shares of £9,000. This, together with the first and second interim dividends of £11,000 and £4,000 respectively, will make a total for the period of £24,000.

The preference shareholders have waived their rights to a dividend for the period.

DIRECTORS

The directors who served during the period are as detailed above.

The Articles of Association do not require the directors to retire by rotation.

DIRECTORS' INTERESTS

JR Adamson, PM Milburn and J Livingston are directors of William Leech Limited and their interests in the share capital of that company are shown in its directors' report. JD Houghton held 1,000 shares in William Leech Limited at 31 August 1980 (28 February 1979 - 1,000).

EXPORTS

There were no exports by the company during the period.

AUDITORS

The auditors, Price Waterhouse & Co, have indicated their willingness to continue in office and a resolution concerning their appointment will be proposed at the Annual General Meeting.

By order of the Board

BT REDBURN

Secretary

18 December 1980



SUN ALLIANCE HOUSE,
35 MOSLEY STREET,
NEWCASTLE UPON TYNE NE99 1PL

AUDITORS' REPORT TO THE MEMBERS OF
WILKINSON & HOUGHTON LIMITED

We have audited the financial statements on pages 4 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements which have been prepared under the historical cost convention give, under that convention, a true and fair view of the state of the company's affairs at 31 August 1980 and of its profit and source and application of funds for the eighteen months then ended and comply with the Companies Acts 1948 and 1967.

A handwritten signature in dark ink, appearing to read "Price Waterhouse & Co.", is written over the printed name.

Chartered Accountants

Newcastle upon Tyne

18 December 1980

WILKINSON & HOUGHTON LIMITED

PROFIT AND LOSS ACCOUNT FOR THE EIGHTEEN MONTHS
ENDED 31 AUGUST 1980 (1979 - TWELVE MONTHS ENDED
28 FEBRUARY 1979)

	<u>Note</u>	<u>1980</u>	<u>1979</u>
TURNOVER	1	<u>£1,213,469</u>	<u>£443,523</u>
OPERATING PROFIT	2	60,987	27,988
FINANCE CHARGES	4	<u>7,353</u>	<u>25,033</u>
PROFIT BEFORE TAXATION		53,634	2,955
TAXATION	5	<u>-</u>	<u>(263)</u>
PROFIT FOR THE PERIOD AFTER TAXATION		53,634	3,218
DIVIDENDS		<u>24,000</u>	<u>-</u>
RETAINED PROFIT FOR THE PERIOD	10	<u>£29,634</u>	<u>£3,218</u>

WILKINSON & HOUGHTON LIMITED

BALANCE SHEET - 31 AUGUST 1980

	<u>Note</u>	<u>31 August 1980</u>	<u>28 February 1979</u>
INVESTMENT PROPERTY		28,340	28,340
OTHER FIXED ASSETS	6	37,560	17,588
CURRENT ASSETS			
Land for development		219,704	75,954
Work in progress	7	420,358	65,676
Debtors		132,491	95,607
Amounts owing by fellow subsidiaries		67,420	398,690
Cash in hand		1,103	76
		<u>841,076</u>	<u>636,003</u>
CURRENT LIABILITIES			
Creditors		103,131	40,944
Proposed dividend		9,000	-
Amount owing to holding company		22,796	1,159
Amount owing to fellow subsidiaries		2,238	-
Bank overdraft	8	135,480	35,131
		<u>272,645</u>	<u>77,234</u>
NET CURRENT ASSETS		<u>568,431</u>	<u>558,769</u>
		<u>£634,331</u>	<u>£604,697</u>
Representing:			
SHARE CAPITAL	9	190,875	190,875
RESERVES	10	443,456	413,822
		<u>£634,331</u>	<u>£604,697</u>

DIRECTORS

PM Milburn
J Livingston



WILKINSON & HOUGHTON LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS FOR
THE EIGHTEEN MONTHS ENDED 31 AUGUST 1980 (1979 - TWELVE
MONTHS ENDED 28 FEBRUARY 1979)

	<u>1980</u>	<u>1979</u>
SOURCE OF FUNDS		
Profit before taxation	53,634	2,955
Adjustment for items not involving the movement of funds:		
Depreciation	<u>11,249</u>	<u>4,249</u>
TOTAL GENERATED FROM OPERATIONS	<u>64,883</u>	<u>7,204</u>
FUNDS FROM OTHER SOURCES		
Sales less purchases of fixed assets	<u>-</u>	<u>95,742</u>
	<u>64,883</u>	<u>102,946</u>
APPLICATION OF FUNDS		
Purchases less sales of fixed assets	31,221	-
Dividend paid	15,000	-
INCREASE/(DECREASE) IN WORKING CAPITAL		
Land for development, work in progress and stocks	498,432	(47,920)
Debtors	36,884	(49,261)
Balances with group companies (excluding group relief)		
- holding company	(21,637)	11,127
- fellow subsidiaries	(333,508)	(386,147)
Creditors	<u>(62,187)</u>	<u>42,328</u>
	<u>117,984</u>	<u>(429,873)</u>
	<u>164,205</u>	<u>(429,873)</u>
(DECREASE)/INCREASE IN NET LIQUID FUNDS	<u>£(99,322)</u>	<u>£532,819</u>

WILKINSON & HOUGHTON LIMITED

NOTES TO THE ACCOUNTS - 31 AUGUST 1980

1 ACCOUNTING POLICIES

The significant accounting policies adopted in the preparation of the accounts are as follows:

(1) Turnover

Turnover represents sales of houses legally completed in the period and the sales value of completed contracts.

(2) Profit-taking

Profits on sales of houses are brought into account when the sales have been legally completed and the properties accepted by the purchasers. Profits on short-term contracts are brought into account when the contracts have been completed.

(3) Finance charges

All interest is charged to profit and loss account as incurred.

(4) Investment properties

Investment properties are stated at cost. No depreciation is provided on these assets.

(5) Other fixed assets

Other fixed assets are stated at cost less depreciation except for loose tools, scaffolding and site offices which are revalued at the balance sheet date by officials of the company. Depreciation is provided at rates calculated to write off the cost of fixed assets on the straight line method over their estimated useful lives at rates varying between 3% and 20% per annum.

(6) Land for development, work in progress and stocks

These assets are stated at the lower of cost and estimated net realisable value. The cost of work in progress includes an appropriate proportion of production and administration overheads.

(7) Deferred taxation

Provision is made on the liability basis if the deferred taxation liability on stock appreciation relief, accelerated capital allowances and other timing differences is likely to become payable in the foreseeable future.

2 OPERATING PROFIT

The operating profit is stated after charging:

	<u>1980</u>	<u>1979</u>
	£	£
Depreciation	11,249	4,249
Hire of plant	8,791	7,163
Directors' emoluments (Note 3)	31,917	5,065
Auditors' remuneration	<u>1,650</u>	<u>1,250</u>

NOTES TO THE ACCOUNTS (continued)

3 DIRECTORS' EMOLUMENTS

Directors' emoluments excluding pension contributions were:

	<u>18 months ended</u> <u>31 August 1980</u>	<u>12 months ended</u> <u>28 February 1979</u>
	£Nil	£Nil
Chairman		
Highest paid director	<u>£16,833</u>	<u>£4,643</u>
Other directors		
Nil - £5,000		2
£15,001 - £20,000		1

4 FINANCE CHARGES

	<u>1980</u>	<u>1979</u>
Bank interest payable	47,473	31,166
Less: Interest receivable	<u>40,120</u>	<u>6,133</u>
	<u>£7,353</u>	<u>£25,033</u>

5 TAXATION

The taxation charge is made up as follows:

	<u>1980</u>	<u>1979</u>
Group relief overprovided in prior years	-	(263)
	<u>£-</u>	<u>£(263)</u>

The taxation charge for the period has been reduced by approximately £29,000 (1979 - £1,600) in respect of deferred taxation not provided in accordance with the accounting policy described in Note 1(7).

6 FIXED ASSETS

	<u>Plant, equipment and vehicles</u>	<u>Loose tools, scaffolding, and site offices</u>	<u>Total</u>
Cost or valuation			
At 1 March 1979	115,063	7,877	122,940
Additions	15,034	14,563	29,597
Inter-company transfers	11,345	-	11,345
Disposals	<u>(7,645)</u>	<u>-</u>	<u>(7,645)</u>
At 31 August 1980	133,797	22,440	156,237
Depreciation at 31 August 1980	118,677	-	118,677
Net book amounts			
At 31 August 1980	<u>£15,120</u>	<u>22,440</u>	<u>37,560</u>
At 28 February 1979	<u>£9,711</u>	<u>7,877</u>	<u>17,588</u>

Loose tools, scaffolding and site offices are revalued at the balance sheet date by company officials.

NOTES TO THE ACCOUNTS (continued)

7 WORK IN PROGRESS

	<u>1980</u>	<u>1979</u>
Work in progress	743,026	132,325
Stocks	<u>36,636</u>	<u>-</u>
	779,662	132,325
Less: Amounts received and receivable on account of work in progress	<u>(359,304)</u>	<u>(66,649)</u>
	<u>£420,358</u>	<u>£65,676</u>

8 BANK OVERDRAFT

The bank overdraft is guaranteed by William Leech Limited and by a fellow subsidiary company and is also secured on various assets of the company.

9 SHARE CAPITAL

	<u>1980</u>		<u>1979</u>	
	<u>Authorised</u>	<u>Issued and fully paid</u>	<u>Authorised</u>	<u>Issued and fully paid</u>
6½% free of tax cumulative preference shares of £1	12,000	7,875	12,000	7,875
Ordinary shares of £1	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>	<u>183,000</u>
	<u>£195,000</u>	<u>£190,875</u>	<u>£195,000</u>	<u>£190,875</u>

10 RESERVES

	<u>1980</u>	<u>1979</u>
Revenue reserves brought forward	413,822	410,604
Retained profit for the period	<u>29,634</u>	<u>3,218</u>
Revenue reserves carried forward	<u>£443,456</u>	<u>£413,822</u>

11 DEFERRED TAXATION

The potential liability for deferred taxation not provided in the accounts since the liability is unlikely to become payable in the foreseeable future is as follows:

	<u>1980</u>	<u>1979</u>
Taxation deferred in respect of stock appreciation relief	260,000	-
Taxation deferred in respect of capital allowances and adjustments for other timing differences including unabsorbed tax losses	<u>(224,000)</u>	<u>7,000</u>
	<u>£36,000</u>	<u>£7,000</u>

Taxation losses of approximately £468,000 (1979 - £1,300) are available for relief against future taxable profits and have been taken into account in arriving at the potential liability noted above.

NOTES TO THE ACCOUNTS (continued)

12 CONTINGENT LIABILITIES

The company has guaranteed the overdraft of a fellow subsidiary company.

13 HOLDING COMPANY

The company is a wholly-owned subsidiary of William Leech Limited, a company incorporated in England, which is also the ultimate holding company.