

SPADE OAK GROUP LIMITED

DIRECTORS' REPORT AND
FINANCIAL STATEMENTS

for the year ended
31 March 1992

Company Number 1049982

DIRECTORS' REPORT
for the year ended 31 March 1992**FINANCIAL STATEMENTS**

The directors present their report and financial statements for the year ended 31 March 1992.

PRINCIPAL ACTIVITY

During the year the principal activity of the company continued to the provision of management and other services to its subsidiary undertakings. These subsidiary undertakings carry out surfacing contracts.

REVIEW OF THE BUSINESS

The group's trading year has overall produced a satisfactory result in difficult times.

Both subsidiaries are now in a very good position to trade profitably and effectively in their respective sectors.

RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £102,497 (1991: loss £149,396). The directors do not recommend the payment of a dividend, and propose to transfer this amount to reserves.

FIXED ASSETS

The movements are set out in note 5 to the financial statements.

DIRECTORS AND THEIR INTERESTS IN SHARE CAPITAL

The directors who served during the year, and their share interests in the company, were:

	Ordinary shares of 10p each 1992	Ordinary shares of 10p each 1991
C Wellington (Chairman)	25,000	25,000
Mrs A V Wellington	125,000	125,000
M P J Wellington	295,000	295,000
P N C Wellington	295,000	295,000
P D A Wellington	220,000	220,000
P J W Wellington	20,000	20,000

SEADE OAK GROUP LIMITED

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DIRECTORS' REPORT
for the year ended 31 March 1992 (continued)

DONATIONS

The group made a total of £470 (1991: £853) in charitable donations in the year and no political contributions.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing that BDO Binder Hamlyn be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 15 July 1992.


Director

**AUDITORS' REPORT
to the members of Spade Oak Group Limited**

We have audited the financial statements on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group at 31 March 1991 and of the profit and cash flow of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rdo Binder Hamlyn

Chartered Accountants
Registered Auditor

15 July 1991

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GROUP PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1992

	Notes	1992 £	1991 £
Turnover		10,571,883	10,776,803
Cost of sales		(8,696,337)	(9,056,519)
Gross profit		1,875,546	1,720,284
Administrative expenses		(1,522,740)	(1,732,501)
Operating profit/(loss)		352,806	(12,217)
Income from fixed asset investments		562	416
Interest payable		(187,695)	(190,054)
Profit/(loss) on ordinary activities before taxation	2	165,673	(201,855)
Tax on profit/(loss) on ordinary activities	4	(63,176)	52,459
Retained profit/(loss) for the year	14	£102,497	£(149,396)

SEADE OAK GROUP LIMITED

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GROUP BALANCE SHEET
as at 31 March 1992

	Notes	1992 £	1991 £
FIXED ASSETS			
Tangible assets	5	948,861	1,130,588
Investments	6	1,730	1,730
		<u>950,591</u>	<u>1,132,318</u>
CURRENT ASSETS			
Stocks	8	19,969	35,005
Debtors	9	2,091,688	2,129,606
Cash at bank and in hand		1,361	2,869
		<u>2,113,018</u>	<u>2,167,480</u>
CREDITORS: amounts falling due within one year	10	(1,772,072)	(2,161,015)
Net Current Assets		<u>340,946</u>	<u>6,465</u>
Total Assets less Current Liabilities		1,291,537	1,138,783
CREDITORS: amounts falling due after more than one year	11	(528,253)	(462,284)
PROVISIONS FOR LIABILITIES AND CHARGES	12	(8,102)	(23,814)
Net Assets		<u>£755,182</u>	<u>£652,685</u>
CAPITAL AND RESERVES			
Called up share capital	13	100,000	100,000
Revaluation reserve	14	89,509	89,509
Profit and loss account	14	565,673	463,176
		<u>£755,182</u>	<u>£652,685</u>

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BALANCE SHEET
as at 31 March 1992

	Notes	1992 £	1991 £
FIXED ASSETS			
Tangible assets	5	52,971	17,157
Investments	6	1,730	1,730
Investment in subsidiary undertakings	7	6,500	4,000
		<u>61,201</u>	<u>22,887</u>
CURRENT ASSETS			
Debtors	9	159,222	156,633
Cash at bank and in hand		1,204	2,602
		<u>160,426</u>	<u>159,235</u>
CREDITORS: amounts falling due within one year	10	(42,874)	(12,276)
Net Current Assets		<u>117,552</u>	<u>146,959</u>
Net Assets		<u>£178,753</u>	<u>£169,846</u>
CAPITAL AND RESERVES			
Called up share capital	13	100,000	100,000
Revaluation reserve	14	8,920	8,920
Profit and loss account	14	69,833	60,926
		<u>£178,753</u>	<u>£169,846</u>

The financial statements on pages 4 to 15 were approved by the Board on 15 July 1992.


Director

SPADE OAK GROUP LIMITED

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GROUP CASH FLOW STATEMENT
for the year ended 31 March 1992

	Notes	£	1992 £	£	1991 £	£
Net cash inflow from operating activities	15		626,527		315,244	
Returns on investments and servicing of finance						
Investment income		562		416		
Interest paid		(161,833)		(143,319)		
Interest element of hire purchase payments		(25,862)		(46,735)		
Net cash outflow from returns on investments and servicing of finance			(187,133)		(189,638)	
Taxation						
Corporation tax paid		(40,650)		(81,547)		
Corporation tax refunded		49,373		302		
			8,723		(81,245)	
Investing activities						
Purchase of tangible fixed assets		(51,753)		(125,083)		
Sale of tangible fixed assets		51,246		25,225		
Net cash outflow from investing activities			(507)		(99,858)	
Net cash inflow/(outflow) before financing			447,610		(55,497)	
Financing						
New loans	100,000			-		
Repayment of amounts borrowed	(12,137)			(7,131)		
Capital element of hire purchase payments	(89,573)			(162,412)		
Net cash outflow from financing			(1,710)		(169,543)	
Increase/(decrease) in cash and cash equivalents			£445,900		£(225,040)	
Cash at bank and in hand			(1,508)		17	
Bank overdraft			447,408		(225,057)	
			£445,900		£(225,040)	

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Basis of consolidation

The consolidated financial statements include the results of the company and of its subsidiaries for the year ended 31 March 1992. A separate profit and loss account for the company has not been prepared as permitted by Section 230 of the Companies Act 1985. Goodwill arising on consolidation has been written off against consolidated reserves.

Recognition of income

Each contract undertaken may consist of several phases. The income attaching to each phase is therefore recognised when the work for that phase is complete.

Tangible assets and depreciation

Tangible fixed assets have been depreciated on the straight line basis, based on the directors' estimate of useful lives, as follows:

Freehold building	-	50 years
Leasehold building	-	Length of lease
Office equipment	-	2-10 years
Plant and machinery	-	2-12 years
Motor vehicles	-	4 years

No depreciation is provided in respect of freehold land.

Stocks

Stocks have been valued at the lower of cost and net realisable value.

Long-term contracts

Amounts recoverable on long-term contracts, which are included in debtors, are stated at the net sales value of the work done after provision for contingencies and anticipated future losses on contracts, less amounts received as progress payments on account.

Deferred taxation

Provision is made for deferred taxation, using the liability method, where the directors expect liabilities to arise in the foreseeable future.

Provision has not been made for potential taxation liabilities arising from the revaluation of the freehold property as the directors do not expect these to crystallise. The potential liability has not been quantified.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992 (continued)

1. ACCOUNTING POLICIES (continued)

Leased assets and hire purchase obligations

Assets held under hire purchase agreements are capitalised in accordance with Statement of Standard Accounting Practice 21 and are depreciated over their useful lives. Finance charges are calculated on the straight line basis and are charged to profit and loss accordingly.

Assets held under operating leases are not capitalised and no depreciation is provided. Operating lease rentals are charged to profit and loss account.

Pension costs

Both the directors' and the staff pension schemes are defined contribution schemes. The profit and loss charge represents the amount contributed in the year.

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards.

2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	1992	1991
	£	£
is stated after charging:		
Depreciation - of owned assets	146,653	110,707
- of assets held under hire purchase contracts	55,767	125,950
Operating lease rentals - plant and machinery	583,414	618,988
- land and buildings	59,550	49,550
Auditors' remuneration	12,000	10,500
Hire purchase interest	25,862	46,735
Bank loan interest	55,257	55,079
Other loan interest	11,753	-
Bank overdraft interest	90,267	88,240
Provision for doubtful debts	87,294	251,059
	<u>1,000,000</u>	<u>1,000,000</u>

The bank loan interest relates to a loan which is partly repayable after more than five years.

3. EMPLOYEES

(a) Number of employees

The average number of persons (including directors) employed by the group during the year was:

	Number	Number
Category		
Administration	35	53
Roadmen	69	93
	<u>104</u>	<u>136</u>
	<u>104</u>	<u>136</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992 (continued)

3. EMPLOYEES (continued)

	1992 £	1991 £
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(b) Employment costs

Their total remuneration was:

Wages and salaries	1,841,265	2,107,473
Social security costs	189,599	215,517
Other pension costs	57,286	63,647

	<u>£2,088,150</u>	<u>£2,386,637</u>
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(c) Directors' emoluments

Pension contributions	31,500	31,700
Fees, salaries and benefits-in-kind	202,019	210,856

	<u>£233,519</u>	<u>£242,556</u>
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(d) Bandings

Directors' emoluments, excluding pension contributions, include amounts paid to:

Chairman	£20,058	£21,374
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Highest paid director	£49,255	£52,817
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Other directors' emoluments are within the following bands:

	Number	Number
£10,001 - £15,000	1	1
£25,001 - £30,000	1	1
£40,001 - £45,000	1	1
£45,001 - £50,000	1	-
£50,001 - £55,000	-	1

4. TAXATION

	£	£
U.K. corporation tax at 33% (1991: 35%)	83,125	(40,000)
Transfer from deferred tax	(15,712)	(12,163)
	<u>67,413</u>	<u>(52,163)</u>
Prior year adjustments		
Corporation tax	(4,237)	(296)
Tax on profit/(loss) on ordinary activities	<u>£63,176</u>	<u>£(52,459)</u>

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992 (continued)

5. TANGIBLE FIXED ASSETS

(a) Group	Plant and machinery £	Office equipment and improve- ments £	Motor vehicles £	Freehold land and buildings £	Leasehold property £	Total £
Cost or valuation						
1 April 1991	783,572	147,334	297,132	570,710	16,875	1,815,623
Additions	3,755	7,188	40,810	-	-	51,753
Reclassifications	47,757	(1,720)	(47,757)	1,720	-	-
Disposals	(218,282)	(18,901)	(107,368)	-	-	(344,551)
31 March 1992	616,802	133,901	182,817	572,430	16,875	1,522,825
Depreciation						
1 April 1991	393,468	65,858	204,644	13,110	7,955	685,035
Charge for year	116,857	16,600	60,921	6,614	1,428	202,420
Reclassifications	47,757	-	(47,757)	-	-	-
Disposals	(191,123)	(15,519)	(106,849)	-	-	(313,491)
31 March 1992	366,959	66,939	110,959	19,724	9,383	573,964
Net book value						
31 March 1992	£249,843	£66,962	£71,858	£552,706	£7,492	£948,861
31 March 1991	£390,104	£81,476	£92,488	£557,600	£8,920	£1,130,588

The net book value of fixed assets held by the group at 31 March 1992 includes an amount of £118,988 (1991 : £314,323) in respect of assets held under hire purchase contracts.

The freehold property at Well End was revalued at £80,000 during the year ended 31 March 1990. The valuation was based on market conditions and was carried out by a firm of chartered surveyors.

If freehold land and buildings had not been revalued, they would have been included at the following amounts:

	1992 £	1991 £
Cost	511,453	509,733
Depreciation	(19,724)	(13,110)
	£491,729	£496,623

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992 (continued)

5. TANGIBLE FIXED ASSETS

(b) Company	Leasehold property £	Office equipment £	Plant and machinery £	Motor vehicles £	Total £
Cost					
1 April 1991	16,875	6,774	20,039	53,312	97,000
Additions	-	42,522		16,861	59,383
Disposals	-	(550)	(67,796)	(5,555)	(73,901)
Reclassifications	-	-	47,757	(47,757)	-
31 March 1992	16,875	48,746	-	16,861	82,482
Depreciation					
1 April 1991	7,955	5,390	18,741	47,757	79,843
Charge for year	1,428	6,707	-	8,581	16,716
Disposals	-	(550)	(66,498)	-	(67,048)
Reclassifications	-	-	47,757	(47,757)	-
31 March 1992	9,383	11,547	-	8,581	29,511
Net book value					
31 March 1992	£7,492	£37,199	£-	£8,280	£52,971
31 March 1991	£8,920	£1,384	£1,298	£5,555	£17,157

The net book value of fixed assets held by the company at 31 March 1992 includes an amount of £8,280 (1991 : £5,555) in respect of assets held under hire purchase contracts.

6. INVESTMENTS

	1992	1991
Shares in listed companies at cost	£1,730	£1,730

The market value of listed investments at 31 March 1992 was £10,443 (1991 : £15,955).

7. INVESTMENT IN SUBSIDIARY UNDERTAKINGS

Investment in subsidiary undertakings	£6,500	£4,000
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The company's subsidiary undertakings are:

Name	Class of share	Percentage held	Nature of business
Spade Oak Construction Co. Limited	Ordinary	100%	Surfacing contracts
Spade Oak Duracourt Limited	Ordinary	100%	Surfacing contracts

Both subsidiary undertakings are registered in England and are included in these consolidated accounts.

During the year, the whole of the issued share capital of Spade Oak Duracourt Limited was paid up for £2,500.

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992 (continued)

8. STOCKS - Group		1992	1991		
Consumables stores		£19,969	£35,005		
		*****	*****		
9. DEBTORS		Group		Company	
	1992	1991	1992	1991	
	£	£	£	£	
Trade debtors - valuations	1,452,968	1,505,573	-	-	
- retentions	444,644	409,022	-	-	
Amounts recoverable on contracts	129,522	109,391	-	-	
Amount owed by subsidiary undertaking	-	-	113,430	151,015	
Value added tax	6,372	12,214	5,827	818	
Corporation tax	-	45,000	-	-	
Sundry debtors	7,745	21,278	-	1,675	
Prepayments	50,437	27,128	39,957	3,125	
	<u>£2,091,688</u>	<u>£2,129,606</u>	<u>£159,222</u>	<u>£156,633</u>	
	*****	*****	*****	*****	

Group retentions due after one year £352,294 (1991 : £272,681).

10. CREDITORS: amounts falling due within one year

Bank loan (secured)	23,000	22,920	-	-
Bank overdraft (secured)	238,697	686,105	-	-
Payments received in advance	23,962	-	-	-
Trade creditors	1,245,530	1,179,020	27,720	-
Sundry creditors	7,999	7,566	-	6,026
Corporation tax payable	93,125	40,514	1,000	5,000
PAYE and National Insurance	51,621	64,546	4,446	-
Hire purchase creditor	48,072	115,831	1,222	-
Directors' loan accounts	11,577	14,870	171	-
Accruals	38,489	29,643	8,315	1,250
	£1,772,072	£2,161,015	£42,874	£12,276

The bank overdraft is secured by fixed and floating charges on the general assets of the group.

The bank loan is secured by a first mortgage on a freehold property.

11. CREDITORS: amounts falling due after more than one year

Bank loan (secured)	413,275	425,492	-	-
Other loan	100,000	-	-	-
Hire purchase creditor	14,978	36,792	-	-
	£528,253	£462,284	£-	£-

NOTES TO THE FINANCIAL STATEMENTS
for the year ended 31 March 1992 (continued)

11. CREDITORS: amounts falling due after more than one year (continued)

The bank loan is secured by a first mortgage on a freehold property.

The bank loan is repayable by instalments over 20 years at a fixed interest rate of 12.5%.

Hire purchase obligations are repayable within five years.

The other loan is borrowed from the Spade Oak Construction Co Limited Directors' Pension Scheme and is unsecured and repayable within five years at an interest rate of 3% over the Bank Base rate.

12. PROVISIONS FOR LIABILITIES AND CHARGES - Group

	1992 £	1991 £
Deferred taxation		
Related to accelerated capital allowances:		
1 April 1991	23,814	35,977
Transfer to profit and loss account	(15,712)	(12,163)
31 March 1992	£8,102	£23,814

13. SHARE CAPITAL

Authorised		
1,500,000 ordinary shares of 10p each	£150,000	£150,000
Allotted, called up and fully paid		
1,000,000 ordinary shares of 10p each	£100,000	£100,000

14. RESERVES

	Revaluation reserve		Profit and loss account	
	Group £	Company £	Group £	Company £
1 April 1991	89,509	8,920	463,176	60,926
Retained profit for the year	-	-	102,497	8,907
31 March 1992	£89,509	£8,920	£565,673	£69,833

The group profit and loss account is shown after writing off goodwill of £1,500 in previous years.

15. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES	1992 £	1991 £
Operating profit/(loss)	352,806	(12,217)
Depreciation	202,420	236,657
Profit on disposal of fixed assets	(20,186)	(25,225)
(Increase)/decrease in stocks	15,036	(99,696)
(Increase)/decrease in debtors	(7 32)	253,002
Increase/(decrease) in creditors	83,533	(37,277)
Net cash inflow from operating activities	£626,527	£315,244

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 March 1992 (continued)

16. FINANCIAL COMMITMENTS

	1992	Group	1991
	£		£
Annual operating lease rentals due under agreements expiring within 1 year	19,406		18,300
2 to 5 years	59,067		32,584
	<u>£78,473</u>		<u>£50,884</u>

17. DIRECTOR'S LOAN

The following loan to a director was made by Spade Oak Construction Co Limited during the year:

Name	Amount outstanding		Maximum in year
	1992	1991	
M P J Wellington	£-	£-	£18,000

The loan was interest free and unsecured.