

REGISTRAR'S  
COPY

SOUTH MIDLANDS CONSTRUCTION LIMITED

FINANCIAL STATEMENTS

30TH SEPTEMBER 1997

Registered number: 2851490

MERCER & HOLE

CHARTERED ACCOUNTANTS

Buckinghamshire



SOUTH MIDLANDS CONSTRUCTION LIMITED

FINANCIAL STATEMENTS

for the year ended 30th September 1997

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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## SOUTH MIDLANDS CONSTRUCTION LIMITED

## COMPANY INFORMATION

30th September 1997

INCORPORATED	In England on 8th September 1993.
NUMBER	2851490
DIRECTORS	A.J.Armour, Esq., B.M.Perkins, Esq.,
SECRETARY	B.M.Perkins, Esq.,
REGISTERED OFFICE	Old Lodge Farm, Grendon Road, Wollaston, Northants. NN29 7PU
BANKERS	National Westminster Bank Plc Barclays Bank Plc
AUDITORS	Mercer & Hole Chartered Accountants 19 Market Place Olney Buckinghamshire MK46 4BA

## SOUTH MIDLANDS CONSTRUCTION LIMITED

## DIRECTORS' REPORT

30th September 1997

The directors present their report and the audited financial statements for the year ended 30th September 1997.

**Principal activity**

The principal activity of the company is that of a civil engineering company.

**Business review**

The company's balance sheet, as detailed on page 6, shows a satisfactory position, shareholders' funds amounting to £52,422.

**Directors**

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30th September 1997	30th September 1996
	Ordinary shares	Ordinary shares
A.J.Armour, Esq.,	74	60
B.M.Perkins, Esq.,	26	-

**Auditors**

The auditors, Mercer & Hole, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

**Future developments**

The directors do not anticipate that there will be any fundamental change in the development of the company's business during the coming year.

**Small company exemptions**

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

B.M.Perkins, Esq.,  
Secretary

Old Lodge Farm,  
Grendon Road,  
Wollaston,  
Northants. NN29 7PU



2 FEBRUARY 1998

## SOUTH MIDLANDS CONSTRUCTION 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 of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

On behalf of the board

A.J. Armour, Esq.,  
Director



2 FEBRUARY 1998

## SOUTH MIDLANDS CONSTRUCTION LIMITED

## AUDITORS' REPORT

Auditors' report to the members of

South Midlands Construction Limited

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

**Respective responsibilities of directors and auditors**

As described on page 3, 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 error or other irregularity. 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 as at 30th September 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Buckinghamshire

Mercer & Hole  
Registered Auditor  
Chartered Accountants

4/2/98

## SOUTH MIDLANDS CONSTRUCTION LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 30th September 1997

	Note	1997 £	1996 £
Turnover	2	932,447	679,013
Cost of sales		(759,534)	(590,730)
Gross profit		172,913	88,283
Net operating expenses			
Administrative expenses		(127,991)	(77,506)
Other operating income		910	614
Operating profit	3	45,832	11,391
Interest payable	5	(3,370)	(1,610)
Profit on ordinary activities before taxation		42,462	9,781
Taxation	6	(9,862)	(2,280)
Profit on ordinary activities after taxation		32,600	7,501
Dividends	7	(7,000)	-
Retained profit for the year	16	25,600	7,501

Movements in reserves are shown in note 16.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit for the year.

## SOUTH MIDLANDS CONSTRUCTION LIMITED

## BALANCE SHEET

at 30th September 1997

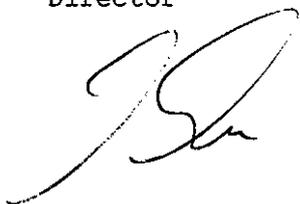
	Note	1997		1996	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		130,789		36,267
<b>Current assets</b>					
Stocks	9	25,000		-	
Debtors	10	109,465		155,876	
Cash at bank and in hand		30,970		224	
			165,435		156,100
<b>Creditors: amounts falling due within one year</b>	11	(230,429)		(157,868)	
<b>Net current liabilities</b>			(64,994)		(1,768)
<b>Total assets less current liabilities</b>			65,795		34,499
<b>Creditors: amounts falling due after more than one year</b>	12		(10,161)		(7,677)
<b>Provision for liabilities and charges</b>			(3,212)		-
			52,422		26,822
<b>Capital and reserves</b>					
Called up share capital	15		100		100
Profit and loss account	16		52,322		26,722
<b>Total shareholders' funds</b>	14		52,422		26,822

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 11 were approved by the board of directors on 2 FEBRUARY 1998 and signed on its behalf by:

A.J. Armour, Esq.,  
Director

B.M. Perkins, Esq.,  
Director




## SOUTH MIDLANDS CONSTRUCTION LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th September 1997

**1 Accounting policies****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Depreciation**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Plant and machinery	25% reducing instalment basis
Motor vehicles	25% reducing instalment basis
Office equipment	20% reducing instalment basis

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

**Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

## SOUTH MIDLANDS CONSTRUCTION LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th September 1997

## 2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1996 nil)

## 3 Operating profit

	1997 £	1996 £
Operating profit is stated after crediting		
Interest receivable	910	614
and after charging		
Auditors' remuneration	2,500	500
Loss on sale of assets	3,682	-
Depreciation of tangible fixed assets (note 8) owned assets	20,040	11,101
The total amount charged against profits in respect of finance leases and hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 5)	15,533	7,938

## 4 Directors

	1997 £	1996 £
Directors' emoluments	32,500	22,600

## 5 Interest payable

	1997 £	1996 £
Finance lease and hire purchase contracts	3,094	1,610
Other interest payable	276	-
	3,370	1,610

## SOUTH MIDLANDS CONSTRUCTION LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th September 1997

## 6 Taxation

	1997	1996
	£	£
Corporation tax on profit on ordinary activities at 22.5% (1996 25%)	6,650	2,280
Deferred taxation	3,212	-
	<u>9,862</u>	<u>2,280</u>

## 7 Dividends

	1997	1996
	£	£
Dividends	<u>7,000</u>	<u>-</u>

## 8 Tangible fixed assets

Cost	Motor	Plant	Office	Total
	Vehicles	and	Equipment	
	£	Machinery	£	£
1st October 1996	14,890	34,821	-	49,711
Additions	15,021	101,043	5,880	121,944
Disposals	(11,090)	-	-	(11,090)
30th September 1997	<u>18,821</u>	<u>135,864</u>	<u>5,880</u>	<u>160,565</u>
<b>Depreciation</b>				
1st October 1996	5,059	8,385	-	13,444
Charge for year	4,210	15,497	333	20,040
Disposals	(3,708)	-	-	(3,708)
30th September 1997	<u>5,561</u>	<u>23,882</u>	<u>333</u>	<u>29,776</u>
<b>Net book amount</b>				
30th September 1997	<u>13,260</u>	<u>111,982</u>	<u>5,547</u>	<u>130,789</u>
30th September 1996	<u>9,831</u>	<u>26,436</u>	<u>-</u>	<u>36,267</u>

The net book amount of fixed assets includes £59,374 (1996 £25,712) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

## 9 Stocks

	1997	1996
	£	£
Work in progress	<u>25,000</u>	<u>-</u>

## SOUTH MIDLANDS CONSTRUCTION LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th September 1997

10 Debtors		
	1997	1996
	£	£
Amounts falling due within one year		
Trade debtors	89,826	130,617
Other debtors	19,639	25,259
	<u>109,465</u>	<u>155,876</u>
11 Creditors: amounts falling due within one year		
	1997	1996
	£	£
Bank overdrafts	41,516	54,319
Trade creditors	90,554	76,692
Obligations under finance leases and hire purchase contracts - note 12	26,540	13,460
Corporation tax	6,650	2,280
Other taxation and social security	18,457	5,536
Other creditors	46,712	5,581
	<u>230,429</u>	<u>157,868</u>
12 Creditors: amounts falling due after more than one year		
	1997	1996
	£	£
Other creditors	10,161	7,677
	<u>10,161</u>	<u>7,677</u>
Obligations under finance leases and hire purchase contracts		
Amounts included above are repayable over varying periods by monthly instalments as follows:		
In the next year	26,540	13,460
In the second to fifth years	10,161	7,677
	<u>36,701</u>	<u>21,137</u>

## SOUTH MIDLANDS CONSTRUCTION LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th September 1997

## 13 Deferred taxation

	1997		1996	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by capital allowances	3,212	3,212	-	-
	<u>3,212</u>	<u>3,212</u>	<u>-</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 22.5% (1996 25%).

## 14 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	32,600	7,501
Dividends	<u>(7,000)</u>	<u>-</u>
Net addition to shareholders' funds	25,600	7,501
Opening shareholders' funds	<u>26,822</u>	<u>19,321</u>
Closing shareholders' funds	<u><u>52,422</u></u>	<u><u>26,822</u></u>

## 15 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

## 16 Profit and loss account

	1997 £
1st October 1996	26,722
Retained profit for the year	<u>25,600</u>
30th September 1997	<u><u>52,322</u></u>