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Group

**Acumen**  
accountants + advisors

**REPORT OF THE DIRECTORS AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 2007  
FOR  
LES TAYLOR CONTRACTORS LIMITED**

FRIDAY



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**CONTENTS OF THE FINANCIAL STATEMENTS**  
**for the Year Ended 31 December 2007**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Directors</b>	<b>2</b>
<b>Report of the Independent Auditors</b>	<b>4</b>
<b>Consolidated Profit and Loss Account</b>	<b>5</b>
<b>Consolidated Balance Sheet</b>	<b>6</b>
<b>Company Balance Sheet</b>	<b>7</b>
<b>Consolidated Cash Flow Statement</b>	<b>8</b>
<b>Notes to the Consolidated Cash Flow Statement</b>	<b>9</b>
<b>Notes to the Financial Statements</b>	<b>11</b>
<b>Consolidated Trading and Profit and Loss Account</b>	<b>26</b>

**L&S TAYLOR CONTRACTORS LIMITED**

**COMPANY INFORMATION**  
**for the Year Ended 31 December 2007**

**DIRECTORS:**

L P Taylor  
Mrs J S Taylor  
I Nelson  
L G Taylor  
P Noble  
J Bremner  
P Fawns

**SECRETARY:**

Masson & Glennie

**REGISTERED OFFICE:**

Broad House  
Broad Street  
Peterhead  
Aberdeenshire  
AB42 1HY

**REGISTERED NUMBER:**

095134 (Scotland)

**AUDITORS**

Acumen Accountants and Advisors Limited  
Registered Auditors  
Bon Accord House  
Riverside Drive  
ABERDEEN  
AB11 7SL

## **LES TAYLOR CONTRACTORS LIMITED**

### **REPORT OF THE DIRECTORS for the Year Ended 31 December 2007**

The directors present their report with the financial statements of the company and the group for the year ended 31 December 2007

#### **PRINCIPAL ACTIVITIES**

The principal activities of the group in the year under review were those of earthworks, civil engineering, drainage, haulage and plant hire. The principal activities of its subsidiary company, JG Fowlie (Contractors) Limited, were those of demolition experts and asbestos removal specialists. The principal activity of its subsidiary company, Leafhill Limited is that of quarry leaseholder.

#### **REVIEW OF BUSINESS**

The results for the year and financial position of the company and the group are as shown in the annexed financial statements.

The directors of the Les Taylor Group aim to present a true and fair review of the development and performance of our business during the year and its position at the year end. Our review is consistent with the size and nature of our business and is written in the context of the risks and uncertainties we face.

At the date of 31 December 2007, the group is made up of 2 limited companies: Les Taylor Contractors Limited and J G Fowlie (Contractors) Limited. Within Les Taylor Contractors Limited we have trading divisions, which are Les Taylor Contractors, dealing with civil engineering, drainage, supply of quarry materials and plant hire, Mintlaw Transport, dealing with haulage and animal feed storage, Taylor Products, dealing in the manufacture of farm implements, Pro Tec Trailers, dealing in the manufacture of trailers. J G Fowlie (Contractors) Limited operates as licensed asbestos removers and demolition contractors.

As the only group in the North East of Scotland to offer the services of demolition, drainage and civils under one roof, we are in a unique position of offering our clients a site clearance and preparation service, ready for them to commence building. A number of the major house builders in the North East, have used us for many years and the continued housing boom during 2007 has seen our company progress and expand in the division.

Mintlaw Transport continues to make a significant contribution to group profitability and has built up a reputation over the years of a reliable service for haulage. The feed stores are audited annually by TASSC and continue to achieve the standards required to retain this certificate.

The two manufacturing divisions make up a very small part of the business, and due to tight market conditions both divisions struggled during 2007. The directors have taken the decision to cease both divisions. As at the date of signing these accounts, neither division was trading.

We consider our key financial performance indicators are those that communicate the financial performance and strength of the company as a whole as being turnover, gross margin and liquidity.

Within Les Taylor Contractors Limited, the turnover has increased by approximately 10% on 2006. The directors consider the slight decrease by approximately 0.5% in gross margin immaterial. The directors also keep a keen eye on the group's liquidity within the group banking arrangements, and are very pleased to report another cash increase from the previous year, minimising the need to rely on the bank overdraft facility.

Within J G Fowlie (Contractors) Limited, the turnover has remained steady after the 20% increase last year, however the gross margin has increased by nearly 8%. The improved gross margin has been achieved, following the success of the tightening of contract costs by negotiating better supplier discounts within Les Taylor Contractors during 2006, this strategy was applied to J G Fowlie Contractors during 2007.

As for many businesses of our size, the business environment in which we operate continues to be challenging. The UK housing market has taken a dramatic downturn since the start of the year, in stark comparison to the same time last year. Many national house builders are facing the prospects of redundancy as a knock on effect of the housing market slow down. The current "credit crunch" being experienced throughout the UK and USA, will no doubt affect our group, however we expect to bear the full impact of the downturn in 2009 rather than 2008. This is due to the volume of contracts we are currently working on and have been accepted for.

The directors took the decision early in 2008 to add to the group with the purchase of Grampian Building Contractors Limited. Their area of expertise to add to the group is the supply of quarry materials and skip hire. They have recently completed the build of a waste transfer station to enhance their skip hire division.

The directors have considered the future of the group carefully and are constantly monitoring the situation, ready to be proactive to ensure the profitability and growth of our group. The directors are aware that any plans for the future development of the business may be subject to unforeseen future events outside of their control.

#### **DIVIDENDS**

No dividends will be distributed for the year ended 31 December 2007.

## **LES TAYLOR CONTRACTORS LIMITED**

### **REPORT OF THE DIRECTORS for the Year Ended 31 December 2007**

#### **EVENTS SINCE THE END OF THE YEAR**

Information relating to events since the end of the year is given in the notes to the financial statements

#### **DIRECTORS**

The directors shown below have held office during the whole of the period from 1 January 2007 to the date of this report

L P Taylor  
Mrs J S Taylor  
I Nelson  
L G Taylor  
P Noble  
J Bremner

Other changes in directors holding office are as follows

P Fawns appointed 18 June 2007

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

#### **STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS**

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the group's auditors are unaware, and each director has taken all the steps that he or she ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the group's auditors are aware of that information.


#### **AUDITORS**

The auditors, Acumen Accountants and Advisors Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

#### **ON BEHALF OF THE BOARD**

L P Taylor Director

Date

  
1/10/08

## **REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF LES TAYLOR CONTRACTORS LIMITED**

We have audited the financial statements of Les Taylor Contractors Limited for the year ended 31 December 2007 on pages five to twenty five. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page three.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the Report of the Directors and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 other irregularity or error. 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of affairs of the company and the group as at 31 December 2007 and of the profit of the group for the year then ended, the financial statements have been properly prepared in accordance with the Companies Act 1985, and the information given in the Report of the Directors is consistent with the financial statements.

*Acumen Accountants and Advisors Limited*

Acumen Accountants and Advisors Limited  
Registered Auditors  
Bon Accord House  
Riverside Drive  
ABERDEEN  
AB11 7SL

Date

*1/10/08*

**LES TAYLOR CONTRACTORS LIMITED**

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
for the Year Ended 31 December 2007

	Notes	2007 £	2006 £
<b>TURNOVER</b>		23,998,475	22,037,790
Cost of sales		18,542,249	17,194,403
<b>GROSS PROFIT</b>		5,456,226	4,843,387
Administrative expenses		2,666,705	2,759,880
		2,789,521	2,083,507
Other operating income		33,502	99,500
<b>OPERATING PROFIT</b>	3	2,823,023	2,183,007
Interest receivable and similar income		231,804	161,932
		3,054,827	2,344,939
Amounts written off investments	4	4,894	
		3,049,933	2,344,939
Interest payable and similar charges	5	101,384	80,455
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		2,948,549	2,264,484
Tax on profit on ordinary activities	6	946,789	799,754
<b>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</b>		2,001,760	1,464,730

**CONTINUING OPERATIONS**

None of the group's activities were acquired or discontinued during the current year or previous year

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profits for the current year or previous year

**L&S TAYLOR CONTRACTORS LIMITED**

**CONSOLIDATED BALANCE SHEET**

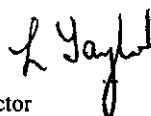
**31 December 2007**

	Notes	2007 £	2006 £
<b>FIXED ASSETS</b>			
Intangible assets	8		
Tangible assets	9	8,373,384	7,409,900
Investments	10	49,406	55,303
		<u>8,422,790</u>	<u>7,465,203</u>
<b>CURRENT ASSETS</b>			
Stocks	11	1,224,515	1,512,526
Debtors	12	4,691,496	2,886,698
Investments	13	21,372	424,527
Cash at bank and in hand		4,117,870	2,970,467
		<u>10,055,253</u>	<u>7,794,218</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	4,898,027	3,940,643
<b>NET CURRENT ASSETS</b>		<u>5,157,226</u>	<u>3,853,575</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,580,016</u>	<u>11,318,778</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(824,415)	(681,206)
<b>PROVISIONS FOR LIABILITIES</b>	19	(766,964)	(650,695)
<b>NET ASSETS</b>		<u><u>11,988,637</u></u>	<u><u>9,986,877</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	556,630	556,630
Share premium	21	771,614	771,614
Revaluation reserve	21	875,669	918,623
Capital redemption reserve	21	142,212	142,212
Profit and loss account	21	9,642,512	7,597,798
<b>SHAREHOLDERS' FUNDS</b>	27	<u><u>11,988,637</u></u>	<u><u>9,986,877</u></u>

The financial statements were approved by the Board of Directors on

1/10/08

and were signed on its behalf by



L P Taylor Director



**LES TAYLOR CONTRACTORS LIMITED**

**COMPANY BALANCE SHEET**  
**31 December 2007**

	Notes	2007 £	2006 £
<b>FIXED ASSETS</b>			
Intangible assets	8		
Tangible assets	9	8,274,781	7,294,607
Investments	10	537,604	543,501
		<u>8,812,385</u>	<u>7,838,108</u>
<b>CURRENT ASSETS</b>			
Stocks	11	791,797	1,182,591
Debtors	12	4,312,985	2,499,612
Investments	13	21,372	424,527
Cash in hand		4,117,870	2,958,779
		<u>9,244,024</u>	<u>7,065,509</u>
<b>CREDITORS</b>			
Amounts falling due within one year	14	4,543,832	3,736,883
<b>NET CURRENT ASSETS</b>		<u>4,700,192</u>	<u>3,328,626</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>13,512,577</u>	<u>11,166,734</u>
<b>CREDITORS</b>			
Amounts falling due after more than one year	15	(3,004,471)	(2,333,431)
<b>PROVISIONS FOR LIABILITIES</b>	19	(753,165)	(632,322)
<b>NET ASSETS</b>		<u><u>9,754,941</u></u>	<u><u>8,200,981</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	20	556,630	556,630
Share premium	21	771,614	771,614
Revaluation reserve	21	875,669	918,623
Capital redemption reserve	21	142,212	142,212
Profit and loss account	21	7,408,816	5,811,902
<b>SHAREHOLDERS' FUNDS</b>	27	<u><u>9,754,941</u></u>	<u><u>8,200,981</u></u>

The financial statements were approved by the Board of Directors on 1 October 2008 and were signed on its behalf by

L P Taylor Director



**LES TAYLOR CONTRACTORS LIMITED**

**CASH FLOW STATEMENT  
for the Year Ended 31 December 2007**

	Notes	2007 £	2006 £
<b>Net cash inflow from operating activities</b>	1	3,174,296	2,900,326
<b>Returns on investments and servicing of finance</b>	2	130,420	81,477
<b>Taxation</b>		(621,369)	(615,389)
<b>Capital expenditure and financial investment</b>	2	(1,973,683)	(1,390,457)
		709,664	975,957
<b>Financing</b>	2	70,051	222,763
<b>Increase in cash in the period</b>		<u>779,715</u>	<u>1,198,720</u>

**Reconciliation of net cash flow  
to movement in net funds**

	3		
Increase in cash in the period		779,715	1,198,720
Cash (inflow)/outflow from (decrease)/increase in liquid resources		(403,155)	13,675
Cash inflow from increase in debt and lease financing		<u>(160,429)</u>	<u>(185,520)</u>
Change in net funds resulting from cash flows		216,131	1,026,875
<b>Movement in net funds in the period</b>		216,131	1,026,875
<b>Net funds at 1 January</b>		<u>1,817,777</u>	<u>790,902</u>
<b>Net funds at 31 December</b>		<u>2,033,908</u>	<u>1,817,777</u>

The notes form part of these financial statements

**LES TAYLOR CONTRACTORS LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
for the Year Ended 31 December 2007**

**1 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	2007 £	2006 £
Operating profit	2,823,023	2,183,007
Depreciation charges	1,603,825	1,496,925
Profit on disposal of fixed assets	(190,099)	(39,927)
Decrease/(Increase) in stocks	288,011	(291,022)
Increase in debtors	(1,804,166)	(401,244)
Increase/(Decrease) in creditors	453,702	(47,413)
<b>Net cash inflow from operating activities</b>	<b>3,174,296</b>	<b>2,900,326</b>

**2 ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	2007 £	2006 £
<b>Returns on investments and servicing of finance</b>		
Interest received	231,804	161,932
Interest paid	(5,675)	(3,211)
Interest element of hire purchase payments	(95,709)	(77,244)
<b>Net cash inflow for returns on investments and servicing of finance</b>	<b>130,420</b>	<b>81,477</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(3,262,879)	(2,654,629)
Purchase of fixed asset investments	(4,300)	(5,303)
Sale of tangible fixed assets	748,156	1,280,008
Sale of fixed asset investments	142,183	3,144
Purchase of current asset investments		(80,614)
Sale of current asset investment	403,157	66,937
<b>Net cash outflow for capital expenditure and financial investment</b>	<b>(1,973,683)</b>	<b>(1,390,457)</b>
<b>Financing</b>		
Capital repayments in year	160,429	185,520
Amount withdrawn by directors	(90,378)	37,243
<b>Net cash inflow from financing</b>	<b>70,051</b>	<b>222,763</b>

**LES TAYLOR CONTRACTORS LIMITED**

**NOTES TO THE CASH FLOW STATEMENT  
for the Year Ended 31 December 2007**

**3 ANALYSIS OF CHANGES IN NET FUNDS**

	At 1 1 07 £	Cash flow £	At 31 12 07 £
Net cash			
Cash at bank and in hand	2,970,467	1,147,403	4,117,870
Bank overdraft		(367,688)	(367,688)
	<u>2,970,467</u>	<u>779,715</u>	<u>3,750,182</u>
 Liquid resources			
Current asset investments	424,527	(403,155)	21,372
	<u>424,527</u>	<u>(403,155)</u>	<u>21,372</u>
 Debt			
Hire purchase	(1,577,217)	(160,429)	(1,737,646)
	<u>(1,577,217)</u>	<u>(160,429)</u>	<u>(1,737,646)</u>
 Total	<u>1,817,777</u>	<u>216,131</u>	<u>2,033,908</u>

## LES TAYLOR CONTRACTORS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS for the Year Ended 31 December 2007

#### 1 ACCOUNTING POLICIES

##### Accounting convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets and are in accordance with applicable accounting standards

##### Basis of consolidation

The consolidated financial statements include the company and all of its subsidiary undertakings. The results of subsidiaries acquired or disposed of during the year are included in the consolidated profit and loss account from the date of their acquisition or up to the date of their disposal. Intra group sales and purchases are eliminated upon consolidation.

##### Turnover

Turnover represents net invoiced sales of goods and services excluding value added tax.

##### Goodwill

Goodwill, being the amount paid in connection with the acquisition of a business, has been fully amortised in the current year.

##### Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	4% on cost
Plant and machinery	22.5% on reducing balance, 20% on reducing balance and 15% on reducing balance
Fixtures and fittings	33% on cost, 25% on cost, 20% on reducing balance and 15% on reducing balance
Motor vehicles	25% on reducing balance

##### Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Work in progress is valued in accordance with long term work in progress per Statement of Standard Accounting Practice 9, due to the nature of the ongoing contracts at the year end.

##### Deferred tax

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more (or less) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset.

Deferred tax assets and liabilities are not discounted.

##### Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Rentals paid under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 1 ACCOUNTING POLICIES continued

#### Pension costs and other post retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to the profit and loss account in the period to which they relate.

#### Fixed asset investments

Fixed asset investments are recorded in the balance sheet at original cost less any provision for permanent diminution in value.

#### Current asset investments

Current asset investments are recorded in the balance sheet at original cost less any provision for permanent diminution in value.

### 2 STAFF COSTS

	2007 £	2006 £
Wages and salaries	7,786,745	7,274,514
Social security costs	865,733	698,463
Other pension costs	108,175	360,035
	<u>8,760,653</u>	<u>8,333,012</u>

The average monthly number of employees during the year was as follows

	2007	2006
Management	7	6
Administration	23	24
Drivers, labourers and plant operators	202	207
	<u>232</u>	<u>237</u>

### 3 OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	2007 £	2006 £
Plant & equipment hire	21,563	28,849
Depreciation owned assets	1,061,864	860,645
Depreciation assets on hire purchase contracts	541,961	550,237
Profit on disposal of fixed assets	(190,099)	(39,927)
Goodwill amortisation		27,708
Auditors' remuneration	31,201	26,813
	<u>1,095,454</u>	<u>711,458</u>

The number of directors to whom retirement benefits were accruing was as follows

Money purchase schemes	<u>6</u>	<u>5</u>
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Information regarding the highest paid director is as follows

	2007 £	2006 £
Emoluments etc	<u>280,124</u>	<u>180,737</u>

# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 4 AMOUNTS WRITTEN OFF INVESTMENTS

	2007 £	2006 £
Provision for diminution in value of investment	4,894	

### 5 INTEREST PAYABLE AND SIMILAR CHARGES

	2007 £	2006 £
Bank interest	5,675	3,211
Hire purchase	95,709	77,244
	<u>101,384</u>	<u>80,455</u>

Included in the hire purchase interest charge, in the previous year, is the release of provisions in respect of finance charges no longer expected to crystallise

### 6 TAXATION

#### Analysis of the tax charge

The tax charge on the profit on ordinary activities for the year was as follows

	2007 £	2006 £
Current tax		
UK corporation tax	830,520	591,578
Prior year under provision		51,691
Total current tax	<u>830,520</u>	<u>643,269</u>
Deferred tax	<u>116,269</u>	<u>156,485</u>
Tax on profit on ordinary activities	<u>946,789</u>	<u>799,754</u>

UK corporation tax has been charged at 30% (2006 30%)

#### Factors affecting the tax charge

The tax assessed for the year is lower than the standard rate of corporation tax in the UK. The difference is explained below

	2007 £	2006 £
Profit on ordinary activities before tax	<u>2,948,549</u>	<u>2,264,484</u>
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2006 30%)	884,565	679,345
Effects of		
Effect of differences between depreciation and capital allowances	(91,917)	(104,584)
Loss on disposal of fixed assets	(57,144)	1,375
Non allowable expenses	61,568	31,251
Income subject to capital gains, covered by losses brought forward less diminution provision	31,728	662
Profit on disposal of fixed assets		(13,353)
Marginal rate		(3,118)
Underprovision in previous years	<u>1,720</u>	<u>51,691</u>
Current tax charge	<u>830,520</u>	<u>643,269</u>

# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 6 TAXATION continued

#### Factors that may affect future tax charges

No provision has been made for the deferred tax on gains recognised on revaluing property to its market value. Such tax would become payable only if the property was sold without it being possible to claim rollover relief. The total amount unprovided for is £199,500 (2006 £199,500). At present, it is not envisaged that any tax will become payable in the foreseeable future.

### 7 PROFIT OF PARENT COMPANY

As permitted by Section 230 of the Companies Act 1985, the profit and loss account of the parent company is not presented as part of these financial statements. The parent company's profit for the financial year was £1,553,960 (2006 £1,288,783).

### 8 INTANGIBLE FIXED ASSETS

Company	Goodwill £
<b>COST</b>	
At 1 January 2007	
and 31 December 2007	87,500
<b>AMORTISATION</b>	
At 1 January 2007	
and 31 December 2007	87,500
<b>NET BOOK VALUE</b>	
At 31 December 2007	
At 31 December 2006	

### 9 TANGIBLE FIXED ASSETS

Group	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>					
At 1 January 2007	1,326,500	9,557,130	46,827	949,831	11,880,288
Additions	456,047	2,637,838	3,313	165,049	3,262,247
Disposals	(32,954)	(1,511,036)	(4,317)	(121,642)	(1,669,949)
At 31 December 2007	1,749,593	10,683,932	45,823	993,238	13,472,586
<b>DEPRECIATION</b>					
At 1 January 2007	54,555	3,841,884	44,866	529,084	4,470,389
Charge for year	58,071	1,426,916	2,713	116,125	1,603,825
Eliminated on disposal	(2,636)	(888,466)	(3,959)	(79,951)	(975,012)
At 31 December 2007	109,990	4,380,334	43,620	565,258	5,099,202
<b>NET BOOK VALUE</b>					
At 31 December 2007	1,639,603	6,303,598	2,203	427,980	8,373,384
At 31 December 2006	1,271,945	5,715,246	1,961	420,747	7,409,899

Included in freehold property is investment property with a value of £500,000. This valuation has been agreed by the directors of the company. No depreciation has been charged in accordance with SSAP 19.



# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 9 TANGIBLE FIXED ASSETS continued

#### Group

Cost or valuation at 31 December 2007 is represented by

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1995	194,937				194,937
Valuation in 2000	171,451				171,451
Valuation in 2005	424,681				424,681
Cost	958,524	10,683,932	45,823	993,238	12,681,517
	<u>1,749,593</u>	<u>10,683,932</u>	<u>45,823</u>	<u>993,238</u>	<u>13,472,586</u>

If freehold properties had not been revalued they would have been included at the following historical cost

	2007 £	2006 £
Cost	<u>958,523</u>	<u>535,430</u>
Aggregate depreciation	<u>249,203</u>	<u>178,472</u>

Freehold properties were valued on an open market basis on 20 June 2006 by Aberdeen and Northern (Estates) Limited

The valuers are independent and the valuations were based on open market value. The valuation has been made in accordance with RICS Statements of Asset Valuation Practice and Guidance Notes.

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £
<b>COST OR VALUATION</b>	
At 1 January 2007	3,647,401
Additions	1,527,830
Disposals	(149,500)
Transfer to ownership	<u>(1,473,800)</u>
At 31 December 2007	<u>3,551,931</u>
<b>DEPRECIATION</b>	
At 1 January 2007	921,353
Charge for year	541,961
Eliminated on disposal	(52,017)
Transfer to ownership	<u>(566,788)</u>
At 31 December 2007	<u>844,509</u>
<b>NET BOOK VALUE</b>	
At 31 December 2007	<u>2,707,422</u>
At 31 December 2006	<u>2,726,048</u>

# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 9 TANGIBLE FIXED ASSETS continued

#### Company

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
<b>COST OR VALUATION</b>					
At 1 January 2007	1,326,500	9,277,516	46,827	935,394	11,586,237
Additions	456,047	2,630,448	3,313	165,049	3,254,857
Disposals	(32,954)	(1,511,036)	(4,317)	(121,642)	(1,669,949)
At 31 December 2007	1,749,593	10,396,928	45,823	978,801	13,171,145
<b>DEPRECIATION</b>					
At 1 January 2007	54,555	3,674,441	44,866	517,769	4,291,631
Charge for year	58,071	1,403,620	2,713	115,341	1,579,745
Eliminated on disposal	(2,636)	(888,466)	(3,959)	(79,951)	(975,012)
At 31 December 2007	109,990	4,189,595	43,620	553,159	4,896,364
<b>NET BOOK VALUE</b>					
At 31 December 2007	1,639,603	6,207,333	2,203	425,642	8,274,781
At 31 December 2006	1,271,945	5,603,075	1,961	417,625	7,294,606

Included in freehold property, in 2005, was investment property with a value of £500,000. This valuation was agreed by the directors of the company. No depreciation has been charged in accordance with SSAP 19.

Cost or valuation at 31 December 2007 is represented by

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Totals £
Valuation in 1995	194,937				194,937
Valuation in 2000	171,451				171,451
Valuation in 2005	424,681				424,681
Cost	958,524	10,396,928	45,823	978,801	12,380,076
	1,749,593	10,396,928	45,823	978,801	13,171,145

If freehold properties had not been revalued they would have been included at the following historical cost

	2007 £	2006 £
Cost	958,523	535,430
Aggregate depreciation	249,203	178,472

Freehold properties were valued on an open market basis on 20 June 2006 by Aberdeen and Northern (Estates) Limited

The valuers are independent and the valuations were based on open market value. The valuation has been made in accordance with RICS Statements of Asset Valuation Practice and Guidance Notes.

**LES TAYLOR CONTRACTORS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS continued**  
**for the Year Ended 31 December 2007**

**9 TANGIBLE FIXED ASSETS continued**

**Company**

Fixed assets, included in the above, which are held under hire purchase contracts are as follows

	Plant and machinery £
<b>COST OR VALUATION</b>	
At 1 January 2007	3,647,401
Additions	1,527,830
Disposals	(149,500)
Transfer to ownership	(1,473,800)
	<hr/>
At 31 December 2007	3,551,931
<b>DEPRECIATION</b>	
At 1 January 2007	921,353
Charge for year	541,961
Eliminated on disposal	(52,017)
Transfer to ownership	(566,788)
	<hr/>
At 31 December 2007	844,509
<b>NET BOOK VALUE</b>	
At 31 December 2007	<u>2,707,422</u>
At 31 December 2006	<u>2,726,048</u>

**10 FIXED ASSET INVESTMENTS**

**Group**

	Unlisted investments £
<b>COST</b>	
At 1 January 2007	55,303
Additions	4,300
Disposals	(5,303)
	<hr/>
At 31 December 2007	54,300
<b>PROVISIONS</b>	
Provision for year	4,894
	<hr/>
At 31 December 2007	4,894
<b>NET BOOK VALUE</b>	
At 31 December 2007	<u>49,406</u>
At 31 December 2006	<u>55,303</u>

**LES TAYLOR CONTRACTORS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS continued**  
for the Year Ended 31 December 2007

**10 FIXED ASSET INVESTMENTS continued**

Company	Unlisted investments £
<b>COST</b>	
At 1 January 2007	573,501
Additions	4,300
Disposals	(35,303)
At 31 December 2007	<u>542,498</u>
<b>PROVISIONS</b>	
At 1 January 2007	30,000
Provision for year	4,894
Eliminated on disposal	(30,000)
At 31 December 2007	<u>4,894</u>
<b>NET BOOK VALUE</b>	
At 31 December 2007	<u>537,604</u>
At 31 December 2006	<u>543,501</u>

The group or the company's investments at the balance sheet date in the share capital of companies include the following

**Subsidiaries**

**J G Fowlie (Contractors) Limited**

Nature of business demolition & asbestos removal specialists

	% holding	2007 £	2006 £
Class of shares			
Ordinary £1	100.00		
Aggregate capital and reserves		2,721,892	2,274,093
Profit for the year		<u>447,799</u>	<u>175,949</u>

**Les Taylor Construction Limited**

Nature of business Dormant

	% holding
Class of shares	
Ordinary £1	100.00

**Leafhill Limited**

Nature of business quarry leaseholder

	% holding	2007 £	2006 £
Class of shares			
Ordinary £1	100.00		
Aggregate capital and reserves		(5,868)	(5,676)
Loss for the year		<u>(192)</u>	<u>(105)</u>

**Les Taylor (Properties) Limited**

Nature of business Dormant

	% holding
Class of shares	
Ordinary £1	100.00

# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 10 FIXED ASSET INVESTMENTS continued

#### Les Taylor Waste Management Limited

Nature of business Dormant

Class of shares	% holding
Ordinary £1	100.00

### 11 STOCKS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Raw materials and consumables	145,924	226,610	145,924	226,610
Work in progress	1,078,591	1,285,916	645,873	955,981
	<u>1,224,515</u>	<u>1,512,526</u>	<u>791,797</u>	<u>1,182,591</u>

### 12 DEBTORS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts falling due within one year				
Trade debtors	2,515,868	2,563,694	2,164,083	2,189,553
Other debtors	1,133,705	85,828	1,107,611	83,697
Amounts due from associated undertakings		104		104
VAT		10,814		
Accrued income	750,000		750,000	
Prepayments	42,654	35,532	42,654	35,532
	<u>4,442,227</u>	<u>2,695,972</u>	<u>4,064,348</u>	<u>2,308,886</u>
Amounts falling due after more than one year				
Trade debtors	144,637	34,726	144,637	34,726
Amounts owed by group undertakings	632			
Other debtors	104,000	156,000	104,000	156,000
	<u>249,269</u>	<u>190,726</u>	<u>248,637</u>	<u>190,726</u>
Aggregate amounts	<u>4,691,496</u>	<u>2,886,698</u>	<u>4,312,985</u>	<u>2,499,612</u>

### 13 CURRENT ASSET INVESTMENTS

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Listed investments	<u>21,372</u>	<u>424,527</u>	<u>21,372</u>	<u>424,527</u>

Market value of listed investments at 31 December 2007 held by the group and the company £26,332 (2006 £555,845)

# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 14 CREDITORS AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Bank loans and overdrafts (see note 16)	367,688		356,587	273
Hire purchase contracts (see note 17)	913,863	896,011	913,863	896,011
Trade creditors	1,710,885	1,476,684	1,627,704	1,431,340
Tax	600,052	390,901	454,556	315,538
Social security and other taxes	700,853	559,847	636,247	519,584
VAT	16,687			
Other creditors	93,244	101,860	91,694	100,116
Amounts owed to group undertakings	8	313	8	313
Directors' current accounts	59,910	150,287	59,910	150,287
Accruals & deferred income	434,837	364,740	403,263	323,421
	<u>4,898,027</u>	<u>3,940,643</u>	<u>4,543,832</u>	<u>3,736,883</u>

### 15 CREDITORS AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Hire purchase contracts (see note 17)	823,783	681,206	823,783	681,206
Amounts owed to group undertakings	632		2,180,688	1,652,225
	<u>824,415</u>	<u>681,206</u>	<u>3,004,471</u>	<u>2,333,431</u>

### 16 LOANS

An analysis of the maturity of loans is given below

	Group		Company	
	2007	2006	2007	2006
	£	£	£	£
Amounts falling due within one year or on demand				
Bank overdrafts	<u>367,688</u>	<u></u>	<u>356,587</u>	<u>273</u>

**LES TAYLOR CONTRACTORS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS continued**  
**for the Year Ended 31 December 2007**

**17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES**

**Group**

	Hire purchase contracts	
	2007	2006
	£	£
Gross obligations repayable		
Within one year	992,459	954,114
Between one and five years	859,832	711,128
	<u>1,852,291</u>	<u>1,665,242</u>
Finance charges repayable		
Within one year	78,596	58,103
Between one and five years	36,049	29,922
	<u>114,645</u>	<u>88,025</u>
Net obligations repayable		
Within one year	913,863	896,011
Between one and five years	823,783	681,206
	<u>1,737,646</u>	<u>1,577,217</u>

**Company**

	Hire purchase contracts	
	2007	2006
	£	£
Gross obligations repayable		
Within one year	992,459	954,114
Between one and five years	859,832	711,128
	<u>1,852,291</u>	<u>1,665,242</u>
Finance charges repayable		
Within one year	78,596	58,103
Between one and five years	36,049	29,922
	<u>114,645</u>	<u>88,025</u>
Net obligations repayable		
Within one year	913,863	896,011
Between one and five years	823,783	681,206
	<u>1,737,646</u>	<u>1,577,217</u>

# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 17 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS AND LEASES continued

The following operating lease payments are committed to be paid within one year

#### Group

	Other operating leases	
	2007 £	2006 £
Expiring		
Within one year	7,131	
Between one and five years	7,030	30,034
	<u>14,161</u>	<u>30,034</u>

#### Company

	Other operating leases	
	2007 £	2006 £
Expiring		
Within one year	7,131	
Between one and five years	7,030	30,034
	<u>14,161</u>	<u>30,034</u>

### 18 SECURED DEBTS

The following secured debts are included within creditors

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Bank overdrafts	<u>367,688</u>	<u></u>	<u>356,587</u>	<u>273</u>

The bank overdraft is secured by a standard security over the property and a floating charge over all the other assets of the group

### 19 PROVISIONS FOR LIABILITIES

	Group		Company	
	2007 £	2006 £	2007 £	2006 £
Deferred tax	<u>766,964</u>	<u>650,695</u>	<u>753,165</u>	<u>632,322</u>

#### Group

	Deferred tax £
Balance at 1 January 2007	650,695
Accelerated capital allowances	116,269
Balance at 31 December 2007	<u>766,964</u>



# LES TAYLOR CONTRACTORS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007

### 19 PROVISIONS FOR LIABILITIES continued

Company	Deferred tax £
Balance at 1 January 2007	632,322
Accelerated Capital Allowances	120,843
Balance at 31 December 2007	<u>753,165</u>

### 20 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value £1	2007 £	2006 £
1,000,000	Ordinary "A"	£1	1,000,000	1,000,000
100	Ordinary "B"	£1	100	100
			<u>1,000,100</u>	<u>1,000,100</u>

Allotted, issued and fully paid Number	Class	Nominal value £1	2007 £	2006 £
556,630	Ordinary "A"	£1	<u>556,630</u>	<u>556,630</u>

The A and B ordinary shares have full dividend rights, are not redeemable, carry equal rights on a winding up. The A ordinary shares carry full voting rights, whereas the B ordinary shares carry no voting rights.

### 21 RESERVES

Group	Profit and loss account £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2007	7,597,798	771,614	918,623	142,212	9,430,247
Profit for the year	2,001,760				2,001,760
Transferred to profit & loss account in line with depreciation	42,954		(42,954)		
At 31 December 2007	<u>9,642,512</u>	<u>771,614</u>	<u>875,669</u>	<u>142,212</u>	<u>11,432,007</u>

Company	Profit and loss account £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1 January 2007	5,811,902	771,614	918,623	142,212	7,644,351
Profit for the year	1,553,960				1,553,960
Transferred to profit & loss account in line with depreciation	42,954		(42,954)		
At 31 December 2007	<u>7,408,816</u>	<u>771,614</u>	<u>875,669</u>	<u>142,212</u>	<u>9,198,311</u>

## **LES TAYLOR CONTRACTORS LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS continued for the Year Ended 31 December 2007**

#### **22 CONTINGENT LIABILITIES**

A cross guarantee is held by the Bank of Scotland in respect of all sums owed by Les Taylor Contractors Limited and J G Fowlie (Contractors) Limited

#### **23 TRANSACTIONS WITH DIRECTORS**

L P Taylor is a director and shareholder of Les Taylor Contractors Limited. At 31 December 2007 the company had an outstanding loan due to L P Taylor of £59,910 (2006 £150,287). The loan is unsecured, interest free and repayable on demand.

#### **24 RELATED PARTY DISCLOSURES**

The following are considered to be related parties of Les Taylor Contractors Limited

J G Fowlie (Contractors) Limited wholly owned subsidiary of the company  
Les Taylor Construction Limited wholly owned subsidiary of the company  
Leafhill Limited wholly owned subsidiary of the company  
Les Taylor Properties Limited wholly owned subsidiary of the company  
Les Taylor Waste Management Limited wholly owned subsidiary of the company  
Terranova (Peterhead) Limited a company in which L P Taylor owns 50% of the shares, and is a director of the company  
Les Taylor Construction (Northern) Limited a company in which L P Taylor owns 30% of the shares and is a director of the company  
Les Taylor Contractors Directors Pension Scheme a scheme in which L P Taylor, J Taylor and L G Taylor are members  
New Leeds Properties Limited a company owned 100% by L G Taylor, a director of the company

Transactions with these related parties during the year were as follows

The company made sales of £972,458 (2006 £894,591) to and purchases of £174,886 (2006 £225,452) from J G Fowlie (Contractors) Limited. At the balance sheet date the company owed J G Fowlie (Contractors) Limited a net amount of £2,180,688 (2006 £1,652,225).

The company made sales of £106,427 to Les Taylor Construction (Northern) Ltd at 31 December 2007 there was an outstanding balance due to the company of £6,147.

At 31 December 2007 a balance of £906 (2006 £313) was due to Leafhill Limited.

At 31 December 2007 the company had an outstanding loan due from Les Taylor Construction (Northern) Limited of £156,000 (2006 £208,000). The company made sales of £124,664 (2006 £129,778) to Les Taylor Construction (Northern) Limited. At the year end a balance of £6,147 (2006 £34,464) was due from Les Taylor Construction (Northern) Limited.

During the year rent of £68,578 (2006 £31,125) was paid to the Les Taylor Contractors Directors Pension Scheme.

During the year the company was charged £15,700 (2006 £15,700) for rent by New Leeds Properties Limited.

Les Taylor Properties Limited, Les Taylor Construction Limited and Les Taylor Waste Management Limited have now all been dissolved. Les Taylor Properties Limited was dissolved on 22 May 2008, Les Taylor Construction Limited and Les Taylor Waste Management Limited were dissolved on 8 May 2008.

All transactions between these companies were carried out at arms' length.

#### **25 POST BALANCE SHEET EVENTS**

On 29 February 2008 Les Taylor Contractors Ltd acquired 100% of the issued share capital of Grampian Contractors Ltd.

#### **26 ULTIMATE CONTROLLING PARTY**

The company is controlled by L P Taylor and Mrs J S Taylor.

**LES TAYLOR CONTRACTORS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS continued**  
**for the Year Ended 31 December 2007**

**27 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

**Group**

	2007 £	2006 £
Profit for the financial year	2,001,760	1,464,730
Purchase of own "A" shares		
<b>Net addition to shareholders' funds</b>	<b>2,001,760</b>	<b>1,464,730</b>
Opening shareholders' funds	9,986,877	8,522,147
<b>Closing shareholders' funds</b>	<b>11,988,637</b>	<b>9,986,877</b>

**Company**

	2007 £	2006 £
Profit for the financial year	1,553,960	1,288,783
<b>Net addition to shareholders' funds</b>	<b>1,553,960</b>	<b>1,288,783</b>
Opening shareholders' funds	8,200,981	6,912,198
<b>Closing shareholders' funds</b>	<b>9,754,941</b>	<b>8,200,981</b>