

HARGREAVES CONSTRUCTION COMPANY LIMITED

REGISTERED NUMBER: 901310

DIRECTORS REPORT AND ACCOUNTS

24 DECEMBER 1995

- 1 Directors report
- 3 Auditors report
- 4 Profit and loss account
- 5 Balance sheet
- 6 Notes to the accounts



HARGREAVES CONSTRUCTION COMPANY LIMITED

DIRECTORS REPORT

The directors submit their report and the accounts for the period ended 24 December 1995.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period. In preparing those accounts, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- prepare accounts on the going concern basis unless it is inappropriate to presume 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 the accounts 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.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activities of the company during the period were construction and management of property developments.

House building activity improved considerably over the previous year, although commercial construction work reduced to a negligible level. The improved house building trend is likely to be maintained in 1996. In the circumstances, the directors are satisfied with the company's trading during the period.

DIVIDENDS AND APPROPRIATIONS

The directors are unable to recommend the payment of a dividend, leaving £104,766 to be added to reserves.

DIRECTORS

The directors of the company throughout the period were:

N.H. Andrew
Mrs R. Andrew
J. Hazelwood

No director had an interest in the shares of the company.

All the directors were also directors of the ultimate parent company, Hargreaves Property Holdings Limited, and their interests in the shares of that company are disclosed in its own annual accounts.

FIXED ASSETS

Movements in fixed assets are shown in the notes to the accounts.

HARGREAVES CONSTRUCTION COMPANY LIMITED

DIRECTORS REPORT

AUDITORS

A resolution will be proposed at the annual general meeting to re-appoint Moores Rowland as auditors.

On behalf of the board



N.H. Andrew
Director

28 October 1996

AUDITORS REPORT TO THE MEMBERS OF

HARGREAVES CONSTRUCTION COMPANY LIMITED

We have audited the accounts on pages 4 to 13.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs at 24 December 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

In our opinion the company is entitled for the year ended 31 December 1995 to the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.



MOORES ROWLAND
Chartered Accountants
Registered Auditors

BRIGHTON

28 October 1996

HARGREAVES CONSTRUCTION COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

Period ended 24 December 1995

	Note	1995 £	1994 £
TURNOVER	2	3,464,291	2,305,677
Change in stocks of finished goods and work in progress		(33,448)	1,090,871
		3,430,843	3,396,548
Other income		825,422	1,174,347
		4,256,265	4,570,895
Raw materials and consumables		(2,732,760)	(2,610,590)
		1,523,505	1,960,305
Staff costs	3	(569,283)	(592,965)
Depreciation		(102,010)	(118,781)
Other operating charges		(336,496)	(481,103)
OPERATING PROFIT		515,716	767,456
Interest receivable		13,639	1,328
Interest payable	4	(424,589)	(51,132)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		104,766	717,652
Tax on profit on ordinary activities	5	—	—
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		104,766	717,652
Deficit at 31 December 1994		(488,006)	(1,205,658)
DEFICIT AT 24 DECEMBER 1995		(383,240)	(488,006)

All disclosures relate only to continuing operations.

There are no recognised gains or losses other than the profit for the period.

HARGREAVES CONSTRUCTION COMPANY LIMITED

BALANCE SHEET 24 December 1995

	Note	£	1995 £	£	1994 £
FIXED ASSETS					
Tangible assets	6		1,089,822		1,096,315
Investments	7		2		—
			<u>1,089,824</u>		<u>1,096,315</u>
CURRENT ASSETS					
Stocks	8	2,698,503		2,731,951	
Debtors	9	5,916,093		838,897	
Cash at bank		<u>7,072,806</u>		<u>11,436,134</u>	
		15,687,402		15,006,982	
CREDITORS — amounts falling due within one year	10	<u>(13,065,725)</u>		<u>(11,889,991)</u>	
NET CURRENT ASSETS			<u>2,621,677</u>		<u>3,116,991</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,711,501		4,213,306
CREDITORS — amounts falling due after more than one year	11	(3,764,744)		(4,357,452)	
PROVISIONS FOR LIABILITIES AND CHARGES	14	<u>(327,797)</u>		<u>(341,660)</u>	
			<u>(4,092,541)</u>		<u>(4,699,112)</u>
			<u>(381,040)</u>		<u>(485,806)</u>
CAPITAL AND RESERVES					
Called up share capital	15		2,200		2,200
Profit and Loss account			<u>(383,240)</u>		<u>(488,006)</u>
Shareholders funds	16		<u>(381,040)</u>		<u>(485,806)</u>

Approved by the Board on 28 October 1996
and signed on its behalf by:


N.H. Andrew
Director

HARGREAVES CONSTRUCTION COMPANY LIMITED

NOTES TO THE ACCOUNTS

Period ended 24 December 1995

1 ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The annual accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

The annual accounts have been prepared on the basis of the company being a going concern as the holding company has agreed to provide sufficient support so as to meet the company's liabilities as they fall due.

TURNOVER

Turnover represents the amount receivable by the company exclusive of value added tax.

DEPRECIATION OF TANGIBLE FIXED ASSETS

(a) Motor vehicles, plant and furniture and equipment

Depreciation is provided on a basis calculated to write off the cost of each asset over its estimated useful life.

(b) Freehold premises

The directors consider that the lives of these premises are so long and residual values so high as to make depreciation unnecessary.

WORK IN PROGRESS

Work in progress is stated at direct cost plus attributable overheads, or net realisable value if lower. Net realisable value is determined by the directors.

STOCKS

Land held for resale at the end of the year has been carried forward as stock and valued at the lower of cost and net realisable value. Net realisable value is determined by the directors.

LONG TERM CONTRACTS

Long term contract work in progress is classified in the balance sheet as stocks stated at total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to the balance sheet date. Full provision is made for any foreseeable losses.

Revenue which relates to work carried out to the balance sheet date including an appropriate proportion of foreseeable profit, is included in turnover. The amount by which turnover exceeds payments on account is classified within debtors and disclosed as "amounts recoverable on contracts".

DEFERRED TAXATION

Deferred taxation is calculated by the liability method and provision is made to the extent that it is probable a liability will crystallise.

HARGREAVES CONSTRUCTION COMPANY LIMITED

NOTES TO THE ACCOUNTS

Period ended 24 December 1995

ASSETS HELD UNDER FINANCE LEASES

Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets. The interest element of the lease payments is allocated so as to give a constant rate of charge.

PENSION COSTS

The company operates defined contribution pension schemes whereby the assets of the schemes are held separately from those of the company in independently administered funds. Contributions are charged to the profit and loss account as they are incurred.

GROUP ACCOUNTS

The company is exempt from the obligation to prepare and deliver group accounts under S.228(1)(a) Companies Act 1985. Accordingly these accounts present information about the company as an individual undertaking and not about its group.

2 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and profit on ordinary activities are attributable to the principal activity of the company.

Profit on ordinary activities is stated after charging:

	1995	1994
	£	£
Depreciation of owned fixed assets	82,102	107,173
Depreciation of fixed assets held under finance leases and hire purchase contracts	19,297	12,612
Loss on disposal of fixed assets	611	—
Directors emoluments	143,774	178,504
Auditors remuneration	19,200	17,400
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of fixed assets	—	1,004
	<u> </u>	<u> </u>

HARGREAVES CONSTRUCTION COMPANY LIMITED

NOTES TO THE ACCOUNTS

Period ended 24 December 1995

3 DIRECTORS AND EMPLOYEES

The average number of persons employed by the company during the period was:

	1995 No.	1994 No.
Administration	<u>23</u>	<u>23</u>

Staff costs include:

	£	£
Wages and salaries	485,075	507,069
Social security costs	48,338	46,798
Pension costs	35,870	39,098
	<u>569,283</u>	<u>592,965</u>

The emoluments of the directors were:

	£	£
For services as executives	<u>143,774</u>	<u>178,504</u>

The individual directors' emoluments, excluding pension contributions, were:

	£	£
The chairman	<u>51,125</u>	<u>81,465</u>
The highest paid director	<u>58,566</u>	<u>81,465</u>

Other directors in the ranges:

	No.	No.
£10,001 to £15,000	1	-
£25,001 to £30,000	-	1
£45,001 to £50,000	-	1

4 INTEREST PAYABLE

On borrowings wholly repayable within 5 years:

	1995 £	1994 £
Bank loans, overdrafts and other loans by instalments	421,381	49,309
Finance leases and hire purchase contracts	3,208	1,823
	<u>424,589</u>	<u>51,132</u>

HARGREAVES CONSTRUCTION COMPANY LIMITED

NOTES TO THE ACCOUNTS

Period ended 24 December 1995

5 TAX ON PROFIT ON ORDINARY ACTIVITIES

No corporation tax charge arises on the results for the period.

6 TANGIBLE FIXED ASSETS

	Freehold premises £	Furniture and equipment £	Motor vehicles £	Plant £	Total £
Cost					
At 1 January 1995	693,476	420,340	491,335	458,244	2,063,395
Additions	447	44,775	68,760	2,279	116,261
Disposals	—	(17,048)	(71,819)	(661)	(89,528)
At 24 December 1995	<u>693,923</u>	<u>448,067</u>	<u>488,276</u>	<u>459,862</u>	<u>2,090,128</u>
Depreciation					
At 1 January 1995	—	297,832	291,580	377,668	967,080
Charge for the period	—	28,046	58,921	14,432	101,399
Eliminated on disposals	—	(14,118)	(53,513)	(542)	(68,173)
At 24 December 1995	<u>—</u>	<u>311,760</u>	<u>296,988</u>	<u>391,558</u>	<u>1,000,306</u>
Net book value					
At 24 December 1995	<u>693,923</u>	<u>136,307</u>	<u>191,288</u>	<u>68,304</u>	<u>1,089,822</u>
At 31 December 1994	<u>693,476</u>	<u>122,508</u>	<u>199,755</u>	<u>80,576</u>	<u>1,096,315</u>

The net book value of plant, equipment and vehicles includes £57,894 (1994 - £37,851) in respect of assets held under hire purchase contracts and finance leases.

7 INVESTMENTS

Investment in group undertakings	£
At 1 January 1995	—
Additions	<u>2</u>
At 24 December 1995	<u>2</u>

HARGREAVES CONSTRUCTION COMPANY LIMITED

NOTES TO THE ACCOUNTS

Period ended 24 December 1995

Details of group undertakings at the balance sheet date are as follows:

Name of undertaking and business	Class of Shares	Holding %	Year end
Tamburello Limited			
Equipment and vehicle leasing	Ordinary	100.00	24 December

The subsidiary undertaking is registered in England and Wales.

8 STOCKS	1995	1994
	£	£
Freehold land for resale	119,349	75,000
Long leasehold land for resale	350,000	350,000
Work in progress	2,229,154	2,306,951
	<u>2,698,503</u>	<u>2,731,951</u>

9 DEBTORS	1995	1994
	£	£
Trade debtors	157,408	124,642
Corporation tax	2,500	112,000
Amounts recoverable on contracts	257,139	219,466
Amounts owed by group undertakings	5,400,433	326,185
Other debtors	63,722	33,881
Prepayments and accrued income	34,891	22,723
	<u>5,916,093</u>	<u>838,897</u>

10 CREDITORS - amounts falling due within one year	1995	1994
	£	£
Bank loans and overdrafts	7,917,837	7,684,081
Other loans	100,296	103,052
Trade creditors	241,224	286,529
Amounts owed to group undertakings	3,452,783	2,452,850
Obligations under finance leases and hire purchase contracts	4,580	12,306
Other taxes and social security	232,370	221,361
Directors' current accounts	19,144	34,083
Other creditors	638,178	653,378
Accruals and deferred income	459,313	442,351
	<u>13,065,725</u>	<u>11,889,991</u>

The bank loans and overdrafts are secured by fixed charges over assets of this and other group companies and by a floating charge over the assets of this company.

HARGREAVES CONSTRUCTION COMPANY LIMITED

NOTES TO THE ACCOUNTS

Period ended 24 December 1995

11 CREDITORS - amounts falling due after more than one year

	1995	1994
	£	£
Bank loans	3,750,000	4,340,000
Finance leases and hire purchase contracts	14,744	17,452
	<u>3,764,744</u>	<u>4,357,452</u>

The bank loans carry variable interest rates and are repayable as follows:

Between 1-2 years - by instalments	500,000	590,000
Between 2-5 years - by instalments	1,500,000	1,500,000
	<u>2,000,000</u>	<u>2,090,000</u>
After 5 years - by instalments	1,750,000	2,250,000
	<u>3,750,000</u>	<u>4,340,000</u>

12 LEASE COMMITMENTS

Net obligations under finance leases and hire purchase contracts

	1995	1994
	£	£
Minimum payments due:		
Within one year	6,392	14,840
2-5 years	15,801	20,321
	<u>22,193</u>	<u>35,161</u>
Gross obligations	22,193	35,161
Less: charges allocated to future periods	(2,869)	(5,403)
	<u>19,324</u>	<u>29,758</u>

13 OTHER FINANCIAL COMMITMENTS

The company has entered into a guarantee in respect of any borrowings with Barclays Bank PLC, of ten fellow group companies. The total of these borrowings with the bank of these ten fellow companies amounted to £6,814,588 at the balance sheet date.

Property costing £693,923, and a floating charge over the company's assets has been used as security for borrowings from Barclays Bank PLC and others, of this company and its fellow group undertakings.

HARGREAVES CONSTRUCTION COMPANY LIMITED

NOTES TO THE ACCOUNTS

Period ended 24 December 1995

14 PROVISIONS FOR LIABILITIES AND CHARGES

	1995 £	1994 £
Provisions for remedial works on contracts		
At 1 January 1995	238,014	233,826
Provided	(14,852)	4,188
	<u>223,162</u>	<u>238,014</u>
Provision for foreseeable losses on long-term contracts	104,635	103,646
At 24 December 1995	<u>327,797</u>	<u>341,660</u>

15 SHARE CAPITAL

	1995 £	1994 £
Authorised, allotted and fully paid: 2,200 Ordinary shares of £1 each	<u>2,200</u>	<u>2,200</u>

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1995 £	1994 £
Profit on ordinary activities after taxation	104,766	717,652
Opening shareholders funds	<u>(485,806)</u>	<u>(1,203,458)</u>
Closing shareholders funds	<u>(381,040)</u>	<u>(485,806)</u>

17 FUTURE CAPITAL EXPENDITURE

	1995 £	1994 £
Capital expenditure on fixed assets authorised by the directors at the year end but not provided for in the accounts was as follows:		
Contracts placed	389,922	—
Contracts not placed	<u>—</u>	<u>—</u>

18 ULTIMATE PARENT COMPANY

The directors consider that the ultimate parent company is Hargreaves Property Holdings Limited which is registered in England and Wales.

HARGREAVES CONSTRUCTION COMPANY LIMITED

NOTES TO THE ACCOUNTS

Period ended 24 December 1995

19 COMPARATIVE FIGURES

The comparative figures in the profit and loss account are in respect of the year from 1 January 1994 to 31 December 1994.