Company Number 1718621

# QUALITY BUILDING SERVICES LIMITED

## REPORTS AND ACCOUNTS

## 31ST AUGUST 2001




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# QUALITY BUILDING SERVICES LIMITED
# REPORTS AND ACCOUNTS
# YEAR ENDED 31ST AUGUST 2001

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# QUALITY BUILDING SERVICES LIMITED
# THE DIRECTORS' REPORT
# YEAR ENDED 31ST AUGUST 2001

The directors present their report and the audited accounts of the company for the year ended 31st August 2001.

**Principal activities and business review**

The main activity of the company is unchanged and is principally that of specialist works, refurbishment and fit out contractors.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

**Results and dividends**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached accounts.

The directors have recommended the following dividends:

| | 2001<br>£ | 2000<br>£ |
|---|---|---|
| Proposed dividends on ordinary shares | 79,000 | 136,000 |

**The directors and their interests in shares of the company**

The directors who served the company during the year were as follows:

R M Kirkland
M S Sheldon
T Scott

T Scott resigned as a director on 28th January 2002.

None of the directors had an interest in the share capital of the company at the beginning or end of the year. R M Kirkland and M S Sheldon are directors of the parent company, Bowmer & Kirkland Limited, and their interests in shares are disclosed in the accounts of that company.

**Directors' responsibilities**

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those accounts, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the accounts 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 accounts comply with the Companies Act 1985. The directors 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.

# QUALITY BUILDING SERVICES LIMITED
## THE DIRECTORS' REPORT *(continued)*
## YEAR ENDED 31ST AUGUST 2001

**Auditors**

A resolution to re-appoint Lings as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Signed by order of the directors

M S Sheldon
Company Secretary

Approved by the directors on 4th March 2002

# QUALITY BUILDING SERVICES LIMITED
# AUDITORS' REPORT TO THE SHAREHOLDERS
# YEAR ENDED 31ST AUGUST 2001

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

**Respective responsibilities of the directors and the auditors**

As described on page 1, the company's directors are responsible for the preparation of the accounts. 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 audit 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 as at 31st August 2001 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

LINGS
Chartered Accountants
& Registered Auditors

Provident House
51 Wardwick
Derby

4th March 2002

# QUALITY BUILDING SERVICES LIMITED
## PROFIT AND LOSS ACCOUNT
## YEAR ENDED 31ST AUGUST 2001

| | Note | 2001 £ | 2000 £ |
|---|---|---|---|
| **Turnover** | 2 | 25,517,323 | 13,525,427 |
| Cost of sales | | (24,283,876) | (12,313,178) |
| **Gross profit** | | 1,233,447 | 1,212,249 |
| Administrative expenses | | (1,031,451) | (847,783) |
| **Operating profit** | 3 | 201,996 | 364,466 |
| Interest receivable and similar income | 6 | 43,462 | 42,244 |
| Interest payable | 7 | (4,534) | (1,338) |
| **Profit on ordinary activities before taxation** | | 240,924 | 405,372 |
| Tax on profit on ordinary activities | 8 | (80,266) | (127,212) |
| **Profit on ordinary activities after taxation** | | 160,658 | 278,160 |
| Dividends | 9 | (79,000) | (136,000) |
| **Retained profit for the financial year** | | 81,658 | 142,160 |
| Balance brought forward | | 430,584 | 288,424 |
| Balance carried forward | | 512,242 | 430,584 |

All of the activities of the company are classed as continuing.

### STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the results for the year as set out above.

# QUALITY BUILDING SERVICES LIMITED
## BALANCE SHEET
## 31ST AUGUST 2001

| | Note | 2001 £ | 2000 £ |
|---|---|---|---|
| **Fixed assets** | | | |
| Tangible assets | **10** | 101,314 | 69,022 |
| **Current assets** | | | |
| Debtors | **11** | 6,064,010 | 3,613,603 |
| Cash at bank and in hand | | 168 | 1,224,450 |
| | | 6,064,178 | 4,838,053 |
| **Creditors:** Amounts falling due within one year | **12** | (5,643,250) | (4,466,491) |
| **Net current assets** | | 420,928 | 371,562 |
| **Total assets less current liabilities** | | 522,242 | 440,584 |
| **Capital and reserves** | | | |
| Called-up equity share capital | **16** | 10,000 | 10,000 |
| Profit and loss account | | 512,242 | 430,584 |
| **Shareholders' funds (equity interests)** | **17** | 522,242 | 440,584 |

These accounts were approved by the directors on 4th March 2002 and are signed by them:

R M Kirkland

M S Sheldon

# QUALITY BUILDING SERVICES LIMITED
# NOTES TO THE ACCOUNTS
# YEAR ENDED 31ST AUGUST 2001

## 1. Accounting policies

### Basis of accounting

The accounts have been prepared under the historical cost convention.

### Related party transactions with group undertakings

The company has taken advantage of the exemption afforded by Financial Reporting Standard 8 not to disclose details of transactions or balances with other group undertakings.

### Turnover

Turnover, which is net of value added tax, represents the value of work done in the year. Full provision is made for any losses which are foreseen.

### Tangible fixed assets

Tangible fixed assets are stated at original cost less accumulated depreciation.

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets by equal annual instalments over their expected useful lives.

The period generally applicable is:

| | | |
|---|---|---|
| Office equipment | 3-5 | years |

### Operating leases

Operating lease rentals are charged to the profit and loss account as incurred.

### Pensions

The company contributes to the group defined benefit scheme. The regular pension cost is charged in the profit and loss account and is based on the expected pension costs over the service lives of the employees. Contributions to the pension plan are paid according to the advice of the scheme actuary.

Contributions payable for the year to the group defined contribution scheme are charged in the profit and loss account.

### Contract work in progress

In accordance with the group accounting policy, amounts recoverable on contracts, which are included in debtors, are stated at cost less progress payments receivable plus an appropriate amount of profit in the case of long term contracts.

Provisions are made for contingencies and losses incurred or anticipated in bringing contracts to completion.

For contracts where progress payments exceed the book value of work done, the excess is included in creditors as payments on account.

## 2. Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.

Turnover is confined to the United Kingdom.

# QUALITY BUILDING SERVICES LIMITED
# NOTES TO THE ACCOUNTS
# YEAR ENDED 31ST AUGUST 2001

## 3. Operating profit

Operating profit is stated after charging:

| | 2001 £ | 2000 £ |
|---|---|---|
| Depreciation | 37,726 | 23,990 |
| Auditors' remuneration | 2,460 | 2,400 |
| Operating lease rentals: | | |
| Property | 56,640 | 56,640 |
| Plant | 568,527 | 244,184 |

## 4. Particulars of employees

The average number of employees of the company (including directors) during the financial year was 55 (2000 - 43).

The aggregate payroll costs of the above were:

| | 2001 £ | 2000 £ |
|---|---|---|
| Wages and salaries | 1,434,860 | 1,110,441 |
| Social security costs | 138,177 | 99,233 |
| Other pension costs | 54,779 | 46,408 |
| | 1,627,816 | 1,256,082 |

## 5. Directors' emoluments

The directors' aggregate emoluments in respect of qualifying services were:

| | 2001 £ | 2000 £ |
|---|---|---|
| Emoluments receivable | 104,923 | 115,702 |

The number of directors who were accruing pension benefits were as follows:

| | 2001 Number | 2000 Number |
|---|---|---|
| Group defined benefit scheme | 1 | 1 |

## 6. Interest receivable and similar income

| | 2001 £ | 2000 £ |
|---|---|---|
| Bank interest receivable | 36,462 | 39,027 |
| Other similar income receivable | 7,000 | 3,217 |
| | 43,462 | 42,244 |

# QUALITY BUILDING SERVICES LIMITED
## NOTES TO THE ACCOUNTS
## YEAR ENDED 31ST AUGUST 2001

### 7. Interest payable

| | 2001 £ | 2000 £ |
|---|---|---|
| Other similar charges payable | 4,534 | 1,338 |

### 8. Tax on profit on ordinary activities

| | 2001 £ | 2000 £ |
|---|---|---|
| UK Corporation tax based on the results for the year at 30% (2000 - 30%) | 80,266 | 127,212 |

### 9. Dividends

The following dividends have been proposed in respect of the year:

| | 2001 £ | 2000 £ |
|---|---|---|
| Proposed dividend on ordinary shares | 79,000 | 136,000 |

### 10. Tangible fixed assets

| | Office Equipment £ |
|---|---|
| **Cost** | |
| At 1st September 2000 | 125,589 |
| Additions | 70,018 |
| **At 31st August 2001** | 195,607 |
| **Depreciation** | |
| At 1st September 2000 | 56,567 |
| Charge for the year | 37,726 |
| **At 31st August 2001** | 94,293 |
| **Net book value** | |
| **At 31st August 2001** | 101,314 |
| At 31st August 2000 | 69,022 |

# QUALITY BUILDING SERVICES LIMITED
# NOTES TO THE ACCOUNTS
# YEAR ENDED 31ST AUGUST 2001

## 11. Debtors

| | 2001 £ | 2000 £ |
|---|---|---|
| Trade debtors | 3,426,250 | 2,775,801 |
| Amounts owed by group undertakings | 1,510,297 | 480,376 |
| Amounts recoverable on contracts | 1,106,202 | 335,764 |
| Other debtors | 2,452 | 2,351 |
| Prepayments and accrued income | 18,809 | 19,311 |
| | 6,064,010 | 3,613,603 |

## 12. Creditors: Amounts falling due within one year

| | 2001 £ | 2000 £ |
|---|---|---|
| Bank overdraft (secured) | 381,849 | - |
| Payments received on account | 629,430 | 1,994,082 |
| Trade creditors | 4,145,313 | 1,484,973 |
| Amounts owed to group undertakings | 120,354 | 439,832 |
| Dividends payable | 79,000 | 136,000 |
| Corporation tax | 80,266 | 127,212 |
| Other taxation and social security | 144,791 | 217,630 |
| Accruals and deferred income | 62,247 | 66,762 |
| | 5,643,250 | 4,466,491 |

## 13. Pensions

The company pays contributions to The Bowmer & Kirkland Group Pension and Life Assurance Scheme which is a funded defined benefit pension scheme. It is not possible to identify the company's share of the underlying assets and liabilities of the scheme and therefore disclosures required under Statement of Standard Accounting Practice 24 and Financial Reporting Standard 17 are given in the accounts of the parent company, Bowmer and Kirkland Limited.

The defined benefit scheme was closed to new employees whose appointments were made after 22nd November 2000. These employees will be invited to join a new group money purchase pension scheme.

## 14. Commitments under operating leases

At 31st August 2001 the company had annual commitments under non-cancellable operating leases as set out below.

| | Land and buildings 2001 £ | 2000 £ |
|---|---|---|
| **Operating leases which expire:** | | |
| After more than five years | 56,640 | 56,640 |

# QUALITY BUILDING SERVICES LIMITED
# NOTES TO THE ACCOUNTS
# YEAR ENDED 31ST AUGUST 2001

## 15. Contingencies

The group operates a pooled facility at its bank. Although overall there were no bank borrowings under the facility at 31st August 2001, certain subsidiaries had an overdraft.

Unlimited multilateral bank guarantees have been given by Bowmer & Kirkland Limited, the company and certain other subsidiary companies to secure these overdrafts.

At 31st August 2001 the company, together with its parent undertaking and other principal trading subsidiary undertakings, had given guarantees in respect of contract related performance bonds arising in the normal course of business of the company and the group.

## 16. Share capital

**Authorised share capital:**

| | 2001<br>£ | 2000<br>£ |
|---|---|---|
| 10,000 Ordinary shares of £1.00 each | 10,000 | 10,000 |

**Allotted, called up and fully paid:**

| | 2001<br>£ | 2000<br>£ |
|---|---|---|
| Ordinary share capital | 10,000 | 10,000 |

## 17. Reconciliation of movements in shareholders' funds

| | 2001<br>£ | 2000<br>£ |
|---|---|---|
| Profit for the financial year | 160,658 | 278,160 |
| Dividends | (79,000) | (136,000) |
| | 81,658 | 142,160 |
| Opening shareholders' equity funds | 440,584 | 298,424 |
| Closing shareholders' equity funds | 522,242 | 440,584 |

## 18. Ultimate parent company

The company is a wholly owned subsidiary of Bowmer & Kirkland Limited. The directors regard Bowmer & Kirkland Limited as the ultimate parent company.