

**John McGeady Limited**  
Company No. SC 80553

**Accounts**

**For the year ended 31 March 1997**



**Hardie Caldwell**  
(INCORPORATING PEACOCK & HENRY)

CHARTERED ACCOUNTANTS

Glasgow

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**Directors**

John McGeady M.Mgt. (Chairman)  
Martin Boyle C.P.F.A.

**Secretary**

Martin Boyle I.P.F.A.

**Auditors**

Messrs Hardie Caldwell  
Chartered Accountants  
Savoy Tower  
77 Renfrew Street  
Glasgow  
G2 3BY

**Bankers**

Bank of Scotland  
19 Roman Road  
Bearsden  
Glasgow  
G61 2SP

**Solicitors**

Paterson Holmes & Co  
112 Drymen Road  
Bearsden  
Glasgow  
G61 3RA

**Registered Office**

Savoy Tower  
77 Renfrew Street  
Glasgow  
G2 3BY

## DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 March 1997.

### Review of the business

The principal activity of the company during the fourteenth year of trading has been that of civil engineering contracting.

The accounts reflect a large increase in profits which considerably strengthens the balance sheet.

The trading opportunities have been restricted in what was the first year of the local government re-organisation. However we have tendered for and been successful in contracts of much higher values. The improved balance sheet and cash flow position ensures that we will continue to be in a position to tender for these contracts.

### Charitable contributions

During the year donations totalling £225 were made to charitable organisations.

### Directors and their interests

The directors and their interests in the share capital of the company were as follows:

|              | Ordinary shares of £1 each |               |
|--------------|----------------------------|---------------|
|              | At<br>31/3/97              | At<br>31/3/96 |
| John McGeady | 2,500                      | 2,500         |
| Martin Boyle | 2,500                      | 2,500         |

### Auditors

Hardie Caldwell, Chartered Accountants, have expressed their willingness to continue in office. A resolution proposing their re-appointment will be put to the Annual General Meeting.

The directors report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

*Approved by the Board on 24/4/97 and signed on its behalf*

  
Martin Boyle

*Secretary*

Registered Office  
Savoy Tower  
77 Renfrew Street  
Glasgow  
G2 3BY

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its results 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume 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. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

**REPORT OF THE AUDITORS  
TO THE SHAREHOLDERS OF JOHN MCGEADY LIMITED**

We have audited the accounts on pages 6 to 11 which have been prepared under the accounting policies set out on page 8.

**Respective responsibilities of directors and auditors**

As described on page 4 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 the information in the accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

*Hardie Caldwell*

**Hardie Caldwell**  
*Chartered Accountants  
and Registered Auditor*

28 APRIL 1997

Savoy Tower  
77 Renfrew Street  
Glasgow  
G2 3BY

# John McGeady Limited

## PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

|                                               | Note | £                     | 1996<br>£             |
|-----------------------------------------------|------|-----------------------|-----------------------|
| Turnover                                      | 2    | 1,943,189             | 2,336,088             |
| Cost of sales                                 |      | <u>1,653,829</u>      | <u>2,128,192</u>      |
| Gross profit                                  |      | 289,360               | 207,896               |
| Administration expenses                       |      | <u>171,035</u>        | <u>156,784</u>        |
|                                               |      | 118,325               | 51,112                |
| Other operating income                        |      | <u>4,700</u>          | <u>9,720</u>          |
| Operating profit                              | 3    | 123,025               | 60,832                |
| Interest received                             |      | 5,160                 | -                     |
| Interest payable                              |      | (7,564)               | (19,361)              |
| Loss on sale of investment properties         |      | -                     | (24,423)              |
| Loss on revaluation of investment properties  |      | -                     | (3,230)               |
| Profit on ordinary activities before taxation |      | <u>120,621</u>        | <u>13,818</u>         |
| Tax on profit on ordinary activities          |      | <u>27,579</u>         | <u>12,220</u>         |
| Profit for the year                           |      | <u>93,042</u>         | <u>1,598</u>          |
| Dividend                                      |      | <u>20,000</u>         | <u>-</u>              |
| Retained profit for year                      |      | 73,042                | 1,598                 |
| Reserves brought forward                      |      | <u>102,603</u>        | <u>101,005</u>        |
| Reserves carried forward                      |      | <u><u>175,645</u></u> | <u><u>102,603</u></u> |

## STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31 MARCH 1997

|                                                        | £                    | £                   |
|--------------------------------------------------------|----------------------|---------------------|
| Profit for the financial year                          | 93,042               | 1,598               |
| Unrealised deficit on revaluation of properties        | -                    | (270)               |
| Total recognised gains and losses relating to the year | <u><u>93,042</u></u> | <u><u>1,328</u></u> |

There is no material difference between historical cost profit and the profits reported above.

The notes on pages 8 to 11 form part of these accounts.

# John McGeady Limited

## BALANCE SHEET AS AT 31 MARCH 1997

|                                                | Note | £              | £                     | 1996<br>£             |
|------------------------------------------------|------|----------------|-----------------------|-----------------------|
| <b>Fixed assets</b>                            |      |                |                       |                       |
| Tangible assets                                | 5    |                | 171,291               | <u>157,003</u>        |
| <b>Current assets</b>                          |      |                |                       |                       |
| Stock and work in progress                     | 6    | 36,265         |                       | 19,800                |
| Debtors                                        | 7    | 267,406        |                       | 240,624               |
| Cash in bank and on hand                       |      | <u>103,500</u> |                       | <u>3,500</u>          |
|                                                |      | 407,171        |                       | 263,924               |
| <b>Current liabilities</b>                     |      |                |                       |                       |
| Creditors: amounts falling due within one year | 8    | <u>397,817</u> |                       | <u>313,324</u>        |
| <b>Net current assets/(liabilities)</b>        |      |                | <u>9,354</u>          | <u>(49,400)</u>       |
| <b>Net assets</b>                              |      |                | <u><u>180,645</u></u> | <u><u>107,603</u></u> |
| <b>Represented by</b>                          |      |                |                       |                       |
| <b>Capital and reserves</b>                    |      |                |                       |                       |
| Called up share capital                        | 9    |                | 5,000                 | 5,000                 |
| Profit and loss account                        | 10   |                | <u>175,645</u>        | <u>102,603</u>        |
| <b>Shareholders' funds</b>                     | 11   |                | <u><u>180,645</u></u> | <u><u>107,603</u></u> |

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

Approved by the Board on 24/4/97 and signed on its behalf

*John McGeady*

John McGeady

Director

*Martin Boyle*

Martin Boyle

Director

The notes on pages 8 to 11 form part of these accounts.

## NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31 MARCH 1997

### 1) Accounting policies

#### Basis of accounting

The accounts are prepared under the historical cost convention (as modified by the revaluation of investment properties) and in accordance with applicable accounting standards. The directors have taken advantage of certain exemptions available to small companies under the Companies Act 1985 on the grounds that the company qualifies as a small company. All operations are continuing.

#### Tangible fixed assets and depreciation

Fixed assets are stated at cost and depreciation is provided at rates calculated to write them down to estimated residual value over their expected useful life to the company. The depreciation rates applied for each accounting period are as follows:-

|                     |                      |
|---------------------|----------------------|
| Plant and equipment | 15% reducing balance |
| Motor vehicles      | 25% reducing balance |

In accordance with SSAP 19 investment properties are revalued periodically and the aggregate surplus or deficit is transferred to the revaluation reserve and no depreciation is provided on freehold investment properties. The directors consider that this accounting policy results in the accounts giving a true and fair view.

#### Stock and work-in-progress

Stock is stated at the lower of cost or net realisable value as follows:

|                    |                                                                                                               |
|--------------------|---------------------------------------------------------------------------------------------------------------|
| Building materials | - Purchase cost on a first-in, first-out basis.                                                               |
| Work-in-progress   | - Cost of direct materials, labour and plant hire plus attributable overheads based on normal level activity. |

Net realisable value is based on estimated contract price less further costs expected to be incurred to completion.

#### Retentions

Retentions are credited to sales when they are receivable.

#### Leasing and hire purchase commitments

Assets obtained under hire purchase leases are capitalised as tangible fixed assets and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to further periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contract.

Rentals paid under operating leases are charged against income on a straight line basis over the lease term.

#### Pension costs

The company operates a defined contribution pension scheme. Payments to the scheme are charged to the profit and loss account as and when they are due.

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)**

**2) Turnover**

Turnover represents the invoiced value of goods sold and services provided stated net of value added tax.

Turnover for the year ended 31 March 1997 was £1,943,189 (1996 - £2,336,088).

**3) Operating profit**

This is stated after charging the following:

|                                                | £              | 1996<br>£      |
|------------------------------------------------|----------------|----------------|
| Directors' remuneration                        | 30,000         | 30,000         |
| Auditors' remuneration                         | 4,250          | 3,900          |
| Depreciation                                   | 26,340         | 22,332         |
| Loss on sale of assets                         | 2,089          | -              |
| Operating lease rentals of plant and machinery | 127,233        | 304,229        |
|                                                | <u>189,912</u> | <u>360,461</u> |

**4) Staff costs (including directors)**

|                       | £              | £              |
|-----------------------|----------------|----------------|
| Wages and salaries    | 117,289        | 98,440         |
| Social security costs | 12,657         | 9,871          |
| Other pension costs   | 4,972          | 5,220          |
|                       | <u>134,918</u> | <u>113,531</u> |

**5) Tangible fixed assets**

|                                | Investment<br>Properties<br>£ | Plant &<br>Machinery<br>etc<br>£ | Total<br>£     |
|--------------------------------|-------------------------------|----------------------------------|----------------|
| <b>Cost or valuation:</b>      |                               |                                  |                |
| Opening balance                | 82,000                        | 190,950                          | 272,950        |
| Additions                      | -                             | 87,667                           | 87,667         |
| Disposals                      | -                             | (97,033)                         | (97,033)       |
| At 31 March 1997               | <u>82,000</u>                 | <u>181,584</u>                   | <u>263,584</u> |
| <b>Aggregate depreciation:</b> |                               |                                  |                |
| Opening balance                | -                             | 115,947                          | 115,947        |
| Disposals                      | -                             | (49,994)                         | (49,994)       |
| Charge for year                | -                             | 26,340                           | 26,340         |
| At 31 March 1997               | <u>-</u>                      | <u>92,293</u>                    | <u>92,293</u>  |
| <b>Net book value</b>          |                               |                                  |                |
| At 31 March 1997               | <u>82,000</u>                 | <u>89,291</u>                    | <u>171,291</u> |
| At 31 March 1996               | <u>82,000</u>                 | <u>75,003</u>                    | <u>157,003</u> |

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)

### 5) Tangible fixed assets (continued)

#### Investment properties

Investment properties relate to freehold properties which are let out on a year to year tenancy.

Investment properties were revalued at their open market value by Mackie & Company, Chartered Building Surveyors on 5 May 1996.

The historical cost of investment properties was £85,785.

### 6) Stock and work-in-progress

|                                       | £      | £             | 1996<br>£     |
|---------------------------------------|--------|---------------|---------------|
| The main categories of stock are:-    |        |               |               |
| Stock - Building materials            |        | 9,765         | 9,800         |
| Work-in-progress - Building materials | 5,000  |               | -             |
| - Sub-contractors                     | 20,000 |               | 10,000        |
| - Plant hire                          | -      |               | -             |
| - Wages                               | 1,500  |               | -             |
|                                       |        | 26,500        | 10,000        |
|                                       |        | <u>36,265</u> | <u>19,800</u> |

### 7) Debtors

|               | £              | £              |
|---------------|----------------|----------------|
| Trade debtors | 258,882        | 221,744        |
| Other debtors | 8,524          | 18,880         |
|               | <u>267,406</u> | <u>240,624</u> |

### 8) Creditors: Amounts falling due within one year

|                          | £              | £              |
|--------------------------|----------------|----------------|
| Trade creditors          | 44,248         | 124,325        |
| Other creditors          | 122,421        | 99,737         |
| Bank overdraft           | 173,470        | 20,736         |
| Directors' loan accounts | 57,678         | 68,526         |
|                          | <u>397,817</u> | <u>313,324</u> |

The bank overdraft is with the Bank of Scotland PLC. The overdraft is secured by a Bond and Floating Charge over all the company assets together with a Standard Security over the investment property at 31 Rosslyn Road, Bearsden.

**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31 MARCH 1997 (CONTINUED)****9) Share capital**

|                              |              | 1996         |
|------------------------------|--------------|--------------|
|                              | £            | £            |
| <b>Authorised</b>            |              |              |
| 5,000 shares of £1 each      | <u>5,000</u> | <u>5,000</u> |
| <b>Issued and fully paid</b> |              |              |
| 5,000 shares of £1 each      | <u>5,000</u> | <u>5,000</u> |

**10) Reserves**

|                                | £              | £              |
|--------------------------------|----------------|----------------|
| <b>Revaluation reserve</b>     |                |                |
| Balance at 1 April 1996        | -              | 270            |
| Movement                       | -              | (270)          |
| Balance at 31 March 1997       | <u>-</u>       | <u>-</u>       |
| <b>Profit and loss account</b> |                |                |
| Balance at 1 April 1996        | 102,603        | 101,005        |
| Retained profit for year       | 73,042         | 1,598          |
| Balance at 31 March 1997       | <u>175,645</u> | <u>102,603</u> |

**11) Shareholders' funds**

|                                     | £              | £              |
|-------------------------------------|----------------|----------------|
| Profit for the year                 | 73,042         | 1,598          |
| Movement in revaluation reserve     | -              | (270)          |
| Net increase to shareholders' funds | 73,042         | 1,328          |
| Opening shareholders' funds         | 107,603        | 106,275        |
| Closing shareholders' funds         | <u>180,645</u> | <u>107,603</u> |

**12) Contingent liabilities**

There were no contingent liabilities at 31 March 1997 (1996 - Nil).

**13) Commitments**

There were no capital commitments at 31 March 1997 (1996 - Nil).

**14) Related party transactions**

John McGeady, a director of the company, has a brother Michael McGeady who is a director of Errigal Construction Limited. During the year Errigal Construction Limited provided materials and services to the value of £59,100 to John McGeady Limited. All sums were paid by the balance sheet date.

# John McGeady Limited

## TRADING ACCOUNT FOR THE YEAR ENDED 31 MARCH 1997

|                                                | £             | £                     | 1996<br>£            |
|------------------------------------------------|---------------|-----------------------|----------------------|
| Sales                                          |               | 1,943,189             | <u>2,336,088</u>     |
| Less: Cost of sales                            |               |                       |                      |
| Purchases of materials and services            | 1,066,267     |                       | 878,015              |
| Payments to sub-contractors                    | 375,983       |                       | 880,937              |
| Operating lease rentals of plant and machinery | 127,233       |                       | 304,229              |
| Wages and national insurance                   | <u>84,346</u> |                       | <u>65,011</u>        |
|                                                |               | <u>1,653,829</u>      | <u>2,128,192</u>     |
| Gross profit                                   |               | 289,360               | 207,896              |
| Add : Other income                             |               |                       |                      |
| Rental income                                  |               | <u>4,700</u>          | <u>9,720</u>         |
|                                                |               | <u>294,060</u>        | <u>217,616</u>       |
| Less: Overhead expenses                        |               |                       |                      |
| Office and secretarial salaries                | 15,600        |                       | 13,300               |
| Directors' remuneration                        | 30,000        |                       | 30,000               |
| Directors' pensions                            | 4,972         |                       | 5,220                |
| Insurance                                      | 35,276        |                       | 33,226               |
| Rent and rates                                 | 2,441         |                       | 1,779                |
| Heat and light                                 | 2,038         |                       | 1,391                |
| Repairs and renewals                           | -             |                       | 1,831                |
| Telephone                                      | 8,205         |                       | 10,642               |
| Travelling and motor expenses                  | 22,734        |                       | 17,136               |
| Postage, stationery and advertising            | 3,644         |                       | 2,171                |
| Audit fee                                      | 4,250         |                       | 3,900                |
| Legal fees                                     | 180           |                       | 483                  |
| Professional fees                              | 813           |                       | 1,140                |
| General expenses                               | 12,453        |                       | 12,233               |
| Depreciation                                   | 26,340        |                       | 22,332               |
| Loss on sale of fixed assets                   | <u>2,089</u>  |                       | <u>-</u>             |
|                                                |               | <u>171,035</u>        | <u>156,784</u>       |
| Operating profit                               |               | <u><u>123,025</u></u> | <u><u>60,832</u></u> |