

Abbreviated Financial Statements for the Year Ended 31 August 2002

for

GHI CONTRACTS LIMITED



GHI CONTRACTS LIMITED

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for the Year Ended 31 August 2002

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GHI CONTRACTS LIMITED

Company Information
for the Year Ended 31 August 2002

DIRECTOR:

G Holmes

SECRETARY:

P Holmes

REGISTERED OFFICE:

48 Wren Court
Strathclyde Business Park
Bellshill
ML4 5NQ

REGISTERED NUMBER:

152713 (Scotland)

AUDITORS:

McArthur & Co
Chartered Accountants and
Registered Auditor
Suite 1/19
Dalziel Workspace
Mason Street
Motherwell
ML1 1YE

GHI CONTRACTS LIMITED

Report of the Director **for the Year Ended 31 August 2002**

The director presents his report with the financial statements of the company for the year ended 31 August 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of interior design and construction.

REVIEW OF BUSINESS

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

The year to August 2002 was undoubtedly a difficult year for all involved in the property business, due mainly to the downturn in the global economy. We have however managed to maintain sales and gross profit at much the same levels as the previous year, something we consider to be a major achievement in the current economic climate.

38% of turnover in the year came from new sources. This was achieved in the face of very stiff competition and is a testament to the effectiveness of the new systems and strategies that were put in place during the year.

We consider the profit achieved on ordinary activities before taxation to be particularly satisfactory given the difficult trading conditions, and look forward to capitalising on the results in the next financial year.

DIVIDENDS

Interim dividends per share were paid as follows:

£3,475	- 15 April 2002
£2,500	- 29 April 2002
£5,000	- 31 May 2002
£7,500	- 25 June 2002
£7,500	- 5 August 2002
£25,975	

The director recommends that no final dividend be paid.

The total distribution of dividends for the year ended 31 August 2002 will be £51,950.

FUTURE DEVELOPMENTS

The company will continue to seek business outside its current client base, whilst continuing to maintain the high standards that our existing clients have come to expect.

DIRECTOR

G Holmes was the sole director during the year under review.

His beneficial interest in the issued share capital of the company was as follows:

	31.8.02	1.9.01
Ordinary £1 shares	2	2

CHARITABLE DONATIONS

During the year the company made charitable donations amounting to £314.

STATEMENT OF DIRECTOR'S RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

GHI CONTRACTS LIMITED

Report of the Director
for the Year Ended 31 August 2002

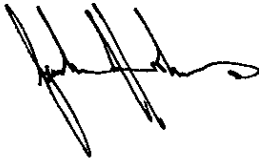
STATEMENT OF DIRECTOR'S RESPONSIBILITIES - continued

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

AUDITORS

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

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'G Holmes', written over a horizontal line.

G Holmes - DIRECTOR

Dated: 29 December 2002

GHI CONTRACTS LIMITED

Report of the Independent Auditors to
GHI Contracts Limited
Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages five to sixteen, together with the full financial statements of the company for the year ended 31 August 2002 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of director and auditors

The director is responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages five to sixteen are properly prepared in accordance with that provision.



McArthur & Co
Chartered Accountants and
Registered Auditor
Suite 1/19
Dalziel Workspace
Mason Street
Motherwell
ML1 1YE

Dated: 29 December 2002

GHI CONTRACTS LIMITED

Abbreviated Profit and Loss Account
for the Year Ended 31 August 2002

		31.8.02	31.8.01
	Notes	£	£
GROSS PROFIT		1,108,032	1,237,405
Administrative expenses		1,011,687	976,335
OPERATING PROFIT	3	96,345	261,070
Interest receivable and similar income		18,255	25,622
		114,600	286,692
Interest payable and similar charges	4	37,806	40,673
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		76,794	246,019
Tax on profit on ordinary activities	5	17,976	51,972
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		58,818	194,047
Dividends	6	51,950	141,000
		6,868	53,047
Retained profit brought forward		550,072	497,025
RETAINED PROFIT CARRIED FORWARD		<u>£556,940</u>	<u>£550,072</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

GHI CONTRACTS LIMITED**Abbreviated Balance Sheet****31 August 2002**

		31.8.02		31.8.01	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		216,209		148,517
CURRENT ASSETS:					
Stocks	8	139,910		53,855	
Debtors	9	1,217,079		673,526	
Cash at bank and in hand		543,253		698,750	
		1,900,242		1,426,131	
CREDITORS: Amounts falling due within one year	10	1,506,424		1,000,047	
NET CURRENT ASSETS:			393,818		426,084
TOTAL ASSETS LESS CURRENT LIABILITIES:			610,027		574,601
CREDITORS: Amounts falling due after more than one year	11		(50,390)		(24,527)
PROVISIONS FOR LIABILITIES AND CHARGES:	14		(2,695)		-
			<u>£556,942</u>		<u>£550,074</u>
CAPITAL AND RESERVES:					
Called up share capital	15		2		2
Profit and loss account			556,940		550,072
SHAREHOLDERS' FUNDS:	17		<u>£556,942</u>		<u>£550,074</u>

These abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

ON BEHALF OF THE BOARD:



G Holmes - DIRECTOR

Approved by the Board on 29 December 2002

The notes form part of these financial statements

GHI CONTRACTS LIMITED

Cash Flow Statement
for the Year Ended 31 August 2002

		31.8.02		31.8.01	
	Notes	£	£	£	£
Net cash (outflow)/inflow from operating activities	1		(103,083)		557,325
Returns on investments and servicing of finance	2		(10,951)		(15,051)
Taxation			(51,972)		(100,650)
Capital expenditure	2		(7,707)		14,220
Equity dividends paid			(51,950)		(141,000)
			<u>(225,663)</u>		<u>314,844</u>
Financing	2		(4,330)		(82,367)
(Decrease)/Increase in cash in the period			<u>£(229,993)</u>		<u>£232,477</u>
Reconciliation of net cash flow to movement in net funds	3				
(Decrease)/Increase in cash in the period		(229,993)		232,477	
Cash outflow from decrease in debt and lease financing		<u>104,330</u>		<u>82,372</u>	
Change in net funds resulting from cash flows			(125,663)		314,849
New finance leases			(147,846)		(52,583)
Movement in net funds in the period			<u>(273,509)</u>		<u>262,266</u>
Net funds at 1 September			<u>625,508</u>		<u>363,242</u>
Net funds at 31 August			<u>£351,999</u>		<u>£625,508</u>

The notes form part of these financial statements

GHI CONTRACTS LIMITED

Notes to the Cash Flow Statement
for the Year Ended 31 August 2002

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES

	31.8.02 £	31.8.01 £
Operating profit	96,345	261,070
Depreciation charges	63,061	49,503
Loss on sale of fixed assets	24,796	8,370
Government grants	(8,600)	-
Increase in stocks	(86,055)	(36,265)
Increase in debtors	(543,549)	(33,201)
Increase in creditors	350,919	307,848
Net cash (outflow)/inflow from operating activities	<u>(103,083)</u>	<u>557,325</u>

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

	31.8.02 £	31.8.01 £
Returns on investments and servicing of finance		
Interest received	18,255	25,622
Interest paid	(4,409)	(100)
Interest element of hire purchase or finance lease rentals payments	(33,397)	(40,573)
Government grants	8,600	-
Net cash outflow for returns on investments and servicing of finance	<u>(10,951)</u>	<u>(15,051)</u>
 Capital expenditure		
Purchase of tangible fixed assets	(49,725)	(21,030)
Sale of tangible fixed assets	42,018	35,250
Net cash (outflow)/inflow for capital expenditure	<u>(7,707)</u>	<u>14,220</u>
 Financing		
New loan taken out in year	100,000	-
Capital repayments to finance leases	(104,330)	(82,367)
Net cash outflow from financing	<u>(4,330)</u>	<u>(82,367)</u>

The notes form part of these financial statements

GHI CONTRACTS LIMITED

Notes to the Cash Flow Statement
for the Year Ended 31 August 2002

3. ANALYSIS OF CHANGES IN NET FUNDS

	At 1.9.01 £	Cash flow £	Other non-cash changes £	At 31.8.02 £
Net cash:				
Cash at bank and in hand	698,750	(155,497)		543,253
Bank overdraft	(18,068)	(74,496)		(92,564)
	<u>680,682</u>	<u>(229,993)</u>		<u>450,689</u>
Debt:				
Hire purchase or finance leases	(55,174)	104,330	(147,846)	(98,690)
	<u>(55,174)</u>	<u>104,330</u>	<u>(147,846)</u>	<u>(98,690)</u>
Total	<u>625,508</u>	<u>(125,663)</u>	<u>(147,846)</u>	<u>351,999</u>
Analysed in Balance Sheet				
Cash at bank and in hand	698,750			543,253
Bank overdraft	(18,068)			(92,564)
Hire purchase or finance leases				
within one year	(30,647)			(48,300)
after one year	(24,527)			(50,390)
	<u>625,508</u>			<u>351,999</u>

GHI CONTRACTS LIMITED

Notes to the Abbreviated Financial Statements **for the Year Ended 31 August 2002**

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention.

Turnover

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

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.

Fixtures and fittings	- 25% on reducing balance
Motor vehicles	- 25% on reducing balance
Computer equipment	- 25% on reducing balance

Stocks

Work in progress is valued at the lower of cost and net realisable value.

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date.

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.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. Contributions payable for the year are charged in the profit and loss account.

Government Grants

Government grants received are offset against the cost of the asset where the grant is capital based, and included within other operating income where it is revenue based.

2. STAFF COSTS

	31.8.02	31.8.01
	£	£
Wages and salaries	1,105,400	902,207
Social security costs	111,811	88,371
Other pension costs	23,658	10,626
	<u>1,240,869</u>	<u>1,001,204</u>

GHI CONTRACTS LIMITED

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2002

2. STAFF COSTS - continued

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

	31.8.02	31.8.01
Administrative staff	15	13
Direct labour	27	25
	<u>—</u>	<u>—</u>
	42	38
	<u>==</u>	<u>==</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	31.8.02	31.8.01
	£	£
Depreciation - owned assets	18,805	17,099
Depreciation - assets on hire purchase contracts or finance leases	44,256	32,404
Loss on disposal of fixed assets	24,796	8,370
Auditors' remuneration	7,000	7,000
Hire of plant & machinery	21,853	33,525
Government grants received	(8,600)	-
	<u>==</u>	<u>==</u>
Director's emoluments	39,701	38,732
	<u>==</u>	<u>==</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	31.8.02	31.8.01
	£	£
Bank interest	4	100
EBT loan interest	4,405	-
Hire purchase	11,544	7,048
Leasing	21,853	33,525
	<u>==</u>	<u>==</u>
	37,806	40,673
	<u>==</u>	<u>==</u>

5. TAXATION

Analysis of the tax charge

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

	31.8.02	31.8.01
	£	£
Current tax:		
UK corporation tax	15,281	51,972
Deferred tax:		
Deferred taxation	2,695	-
	<u>==</u>	<u>==</u>
Tax on profit on ordinary activities	17,976	51,972
	<u>==</u>	<u>==</u>

UK corporation tax has been charged at 20% (2001 - 20%).

GHI CONTRACTS LIMITED

Notes to the Abbreviated Financial Statements for the Year Ended 31 August 2002

5. TAXATION - continued

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:

	31.8.02	31.8.01
	£	£
Profit on ordinary activities before tax	76,794	246,019
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 20% (2001 - 20%)	15,359	49,204
Effects of:		
Expenses not deductible for tax purposes	3,586	7,277
Capital allowances for period in excess of depreciation	(3,664)	(4,509)
Current tax charge	15,281	51,972

6. DIVIDENDS

	31.8.02	31.8.01
	£	£
Equity shares:		
Interim - ordinary	51,950	-
Final - ordinary	-	141,000
	51,950	141,000

7. TANGIBLE FIXED ASSETS

	Fixtures and fittings	Motor vehicles	Computer equipment	Totals
	£	£	£	£
COST:				
At 1 September 2001	43,596	177,957	91,156	312,709
Additions	5,933	180,529	11,109	197,571
Disposals	-	(108,146)	-	(108,146)
At 31 August 2002	49,529	250,340	102,265	402,134
DEPRECIATION:				
At 1 September 2001	27,466	80,315	56,415	164,196
Charge for year	5,908	46,044	11,109	63,061
Eliminated on disposals	-	(41,332)	-	(41,332)
At 31 August 2002	33,374	85,027	67,524	185,925
NET BOOK VALUE:				
At 31 August 2002	16,155	165,313	34,741	216,209
At 31 August 2001	16,130	97,646	34,741	148,517

GHI CONTRACTS LIMITED

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2002

7. TANGIBLE FIXED ASSETS - continued

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

	<u>Motor vehicles</u>	<u>Computer equipment</u>	<u>Totals</u>
	£	£	£
COST:			
At 1 September 2001	176,957	-	176,957
Additions	139,098	8,748	147,846
Disposals	(40,316)	-	(40,316)
Transferred to ownership	(94,462)	-	(94,462)
	<u>181,277</u>	<u>8,748</u>	<u>190,025</u>
At 31 August 2002	181,277	8,748	190,025
DEPRECIATION:			
At 1 September 2001	79,732	-	79,732
Charge for year	42,069	2,187	44,256
Eliminated on disposals	(3,335)	-	(3,335)
Transferred to ownership	(53,390)	-	(53,390)
	<u>65,076</u>	<u>2,187</u>	<u>67,263</u>
At 31 August 2002	65,076	2,187	67,263
NET BOOK VALUE:			
At 31 August 2002	<u>116,201</u>	<u>6,561</u>	<u>122,762</u>
At 31 August 2001	<u>97,225</u>	<u>-</u>	<u>97,225</u>
8. STOCKS			
		31.8.02	31.8.01
		£	£
Work in progress		<u>139,910</u>	<u>53,855</u>
9. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
		31.8.02	31.8.01
		£	£
Trade debtors		1,002,496	539,622
Other debtors		200,774	128,392
Prepayments & accrued income		13,809	5,512
		<u>1,217,079</u>	<u>673,526</u>

GHI CONTRACTS LIMITED

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2002

**10. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.8.02	31.8.01
	£	£
Bank loans and overdrafts (see note 12)	92,564	18,068
Employee benefit trust loan (see note 12)	100,000	-
Trade creditors	467,379	424,261
Hire purchase	48,300	30,647
Other creditors	125,183	97,513
V.A.T.	108,489	43,204
Social security & other taxes	39,377	29,036
Taxation	15,281	51,972
Accrued expenses	509,851	305,346
	<u>1,506,424</u>	<u>1,000,047</u>

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	31.8.02	31.8.01
	£	£
Hire purchase	<u>50,390</u>	<u>24,527</u>

12. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	31.8.02	31.8.01
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	92,564	18,068
Employee benefit trust loan	100,000	-
	<u>192,564</u>	<u>18,068</u>

13. SECURED DEBTS

The following secured debts are included within creditors:

	31.8.02	31.8.01
	£	£
Hire purchase	98,690	55,174
Employee benefit trust loan	100,000	-
	<u>198,690</u>	<u>55,174</u>

Hire purchase creditors hold security over the respective assets financed.

The bank hold a floating charge over the assets and undertakings of the company.

The Employee benefit trust loan is secured over the trade debts of the company. Arrangements are now being made to repay the loan in full.

GHI CONTRACTS LIMITED

Notes to the Abbreviated Financial Statements **for the Year Ended 31 August 2002**

14. PROVISIONS FOR LIABILITIES AND CHARGES

	31.8.02	31.8.01
	£	£
Deferred tax	2,695	-
	<u>2,695</u>	<u>-</u>
	Deferred tax	
	£	
Charge for the year	2,695	
	<u>2,695</u>	
Balance at 31 August 2002	2,695	
	<u>2,695</u>	
Deferred tax provision	31.8.02	31.8.01
	£	£
Deferred tax	2,695	-
	<u>2,695</u>	<u>-</u>

The provision for deferred taxation is made up of accelerated capital allowances.

The company has applied FRS19, "Deferred Taxation" for the first time in these financial statements. As a result, the accounting policy for deferred taxation has been changed and full provision has been made for timing differences arising from accelerated capital allowances, as opposed to the partial provision basis previously used. The application of the new policy has not resulted in any material change to figures reported in previous financial statements and therefore no prior year adjustment has been made. The effect of the change in policy on the current year's profit is not material.

15. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	31.8.02	31.8.01
		£1	£	£
1,000	Ordinary		1,000	1,000
			<u>1,000</u>	<u>1,000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	31.8.02	31.8.01
		£1	£	£
2	Ordinary		2	2
			<u>2</u>	<u>2</u>

16. OTHER FINANCIAL COMMITMENTS

The company is committed to pay £8,316 during the next year under an operating lease agreement expiring between two and five years, and £5,412 for an agreement expiring within one to two years.

GHI CONTRACTS LIMITED

Notes to the Abbreviated Financial Statements
for the Year Ended 31 August 2002

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31.8.02	31.8.01
	£	£
Profit for the financial year	58,818	194,047
Dividends	(51,950)	(141,000)
Net addition to shareholders' funds	6,868	53,047
Opening shareholders' funds	550,074	497,027
Closing shareholders' funds	556,942	550,074
Equity interests	556,942	550,074