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J. SMART & CO. (CONTRACTORS) PLC

ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

TO

31st JULY 1990

25/30

J. SMART & CO. (CONTRACTORS) PLC

ANNUAL REPORT

AND

STATEMENT OF ACCOUNTS

TO

31st JULY 1990

J. Smart & Co. (Contractors) PLC

DIRECTORS

J. M. Smart,
Chairman and Managing Director

W. L. Grant
T. R. Murray
D. J. Hollingdale
K. H. Hastings

A. D. McClure
Secretary

REGISTERED OFFICE

28 Cramond Road South, Edinburgh EH4 6AB.

SUBSIDIARY COMPANIES

McGowan & Co. (Contractors) Limited
King & Ritchie Limited
Cramond Real Estate Company Limited
D. & J. McDougall Limited
Thomas Menzies (Builders) Limited
Concrete Products (Kirkcaldy) Limited
C. & W. Assets Limited

REGISTRARS AND TRANSFER OFFICE

Bank of Scotland, 26A York Place,
Edinburgh EH1 3EY.

BANKERS

Bank of Scotland, 64 George Street,
Edinburgh EH2 2YS.

AUDITORS

William Duncan & Co.,
Chartered Accountants,
11 George Square,
Glasgow G2 1EA.

SOLICITORS

Marshall Henderson & Whyte, s.s.c.,
15 Stafford Street, Edinburgh EH3 7BU.

NOTICE IS HEREBY GIVEN that the ANNUAL GENERAL MEETING of the Company will be held at the Registered Office, 28 Cramond Road South, Edinburgh, on *13th December 1990 at 12 noon*, for the following purposes:

1. To receive and consider the Accounts and the Report of the Directors for the year ended 31st July 1990.
2. To declare a dividend.
3. To elect Directors.
4. To authorise fees payable to the Directors.
5. To re-elect the Auditors.
6. To authorise the Directors to determine the remuneration of the Auditors.
7. To transact any other business of an Annual General Meeting.

A member entitled to attend and vote at this Meeting is entitled to appoint one or more proxies to attend and vote on a poll instead of him. A proxy need not also be a member. Forms of proxy, if used, must be lodged at the Registered Office at least 48 hours before the time fixed for the Meeting.

There are no Directors' service contracts of more than one year's duration in existence.

BY ORDER OF THE BOARD
A. D. McCLURE, *Secretary*
28 CRAMOND ROAD SOUTH, EDINBURGH EH4 6AB.
20th November 1990.

Note: The dividend, if approved, will be paid on 17th December 1990 to shareholders on the Register at the close of business on 21st November 1990.

J. Smart & Co. (Contractors) PLC

CHAIRMAN'S REVIEW

ACCOUNTS

The Group profit for the year amounted to £3,760,846 compared with a profit last year of £2,716,857 before the Exceptional Item. This profit has been arrived at after a charge for depreciation amounting to £409,053 (£419,893).

The Board is recommending a Final Dividend of 5.25p nett, making a total for the year of 7.2p nett, as compared with 6.4p nett for the previous year. After waivers by myself and my family, the Dividends will cost the Company £364,486.

Unappropriated profits for the year amounted to £2,113,689 which, when added to the retained profits brought forward and the surplus on the revaluation reserve, brings the consolidated capital and reserves of the Group to £21,820,584.

TRADING ACTIVITIES

Group turnover during the year increased by approximately 27% and pre-tax profits increased by approximately 38% when compared with pre-tax profits for the previous year before the Exceptional Item.

Private house sales remained at a satisfactory level during the year under review and together with increases in rental and investment income accounted for the improvement in profit. Industrial and commercial development continued to make progress, and rental income increased from £1,310,936 to £1,724,985. Returns on contracting proved marginal.

FUTURE PROSPECTS

Industrial and commercial development will maintain steady progress this year, and a further increase in rental income is anticipated. However the volume of contract work in hand is lower than last year, and it seems clear that any future work will only be obtained at increasingly competitive prices. House sales have been sluggish in the current year, and while the recent reduction in interest rates appears to have rekindled customer interest there is as yet no sign of a return to the brisk demand of the past two years. Bearing in mind these uncertainties it is not possible at this stage to forecast whether or not the current year's profits will match those of last year.

J. M. SMART
Chairman

8. DIRECTORS AND THEIR INTERESTS

(i) The Directors at 31st July 1990 and their interests in the share capital of the Company were as follows:—

	1st August 1989 Ordinary shares of 10p each Beneficial holdings	*31st July 1990 Ordinary shares of 10p each Beneficial holdings*
J. M. Smart	4,669,154	4,844,154
W. L. Grant	100,000	110,000
T. R. Murray	25,800	35,800
D. J. Hollingdale	41,000	51,000
K. H. Hastings	33,000	43,000
A. D. McClure	20,000	30,000

(ii) Mr. W. L. Grant and Mr. T. R. Murray retire by rotation and, being eligible, offer themselves for re-election.

(iii) There are no Directors' service contracts of more than one year's duration in existence.

(iv) There have been no changes in the Directors' interests between 31st July 1990 and 23rd October 1990.

(v) Details of Directors' beneficial interests in any contracts to which the parent company or any subsidiary company was a party are shown in Note 28 attached to the accounts.

9. SUBSTANTIAL SHAREHOLDERS

As far as the Directors are aware, the only person, apart from the Directors, to hold an interest of 3% or more in the Share Capital of the Company at 23rd October 1990 was:

Norwich Union Life Insurance Society 499,000 ordinary shares – 4.95%.

10. CLOSE COMPANY STATUS

On the information available, the Directors are of the opinion that the Company is not a Close Company within the provisions of the Income and Corporation Taxes Act 1988, as amended.

11. AUDITORS

A resolution to reappoint as auditors William Duncan & Co., Chartered Accountants, Glasgow, will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD
A. D. McCLURE, A. D. McClure
Secretary.

20th November 1990.

J. Smart & Co. (Contractors) PLC and Subsidiary Companies

CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31st JULY 1990

	Notes	1990 £	1990 £	*1989 £*
TURNOVER	2	16,000,601		*13,718,447*
Change in stocks of finished goods and work in progress		479,388		*(766,111)*
			16,479,989	*12,952,336*
Own work capitalised			2,618,602	*1,663,199*
			19,098,591	*14,615,535*
Other operating income	3		1,724,985	*1,310,936*
			20,823,576	*15,926,471*
Raw materials and consumables		6,514,524		*5,558,563*
Other external charges		4,576,070		*2,359,984*
			11,090,594	*7,918,547*
			9,732,982	*8,007,924*
Staff costs	4	5,591,052		*4,856,615*
Depreciation		409,053		*419,893*
Other operating charges		435,810		*325,744*
			6,435,915	*5,602,252*
OPERATING PROFIT	5		3,297,067	*2,405,672*
Income from investments	6	80,543		*73,941*
Interest and other amounts receivable	7	374,309		*232,352*
Reduction in amount written off investments		8,927		*4,892*
			463,779	*311,185*
PROFIT BEFORE EXCEPTIONAL ITEM			3,760,846	*2,716,857*
EXCEPTIONAL ITEM	8		—	*424,537*
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			3,760,846	*3,141,394*
Tax on profit on ordinary activities	9		1,282,671	*1,050,247*
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	10		2,478,175	*2,091,147*
DIVIDENDS	11		364,486	*319,186*
RETAINED PROFIT FOR THE YEAR	24		2,113,689	*1,771,961*
EARNINGS PER SHARE	12		24.58p	*20.74p*

The notes on pages 12 to 19 form an integral part of these accounts.

J. Smart & Co. (Contractors) PLC and Subsidiary Companies

CONSOLIDATED BALANCE SHEET as at 31st JULY 1990

	Notes	1990		*1989*
FIXED ASSETS		£	£	£
Intangible assets	13		1,838	*2,013*
Tangible assets	14		21,638,514	*15,868,967*
			21,640,352	*15,870,980*
CURRENT ASSETS				
Stocks and work in progress	16	1,340,721		*865,612*
Debtors	17	1,675,779		*1,748,634*
Investments	18	1,369,786		*3,003,070*
Cash at bank and in hand	19	336,921		*304,699*
		4,723,207		*5,922,015*
CREDITORS: amounts falling due within one year	20	4,479,095		*3,953,623*
NET CURRENT ASSETS			244,112	*1,968,392*
TOTAL ASSETS LESS CURRENT LIABILITIES			21,884,464	[illegible]
CREDITORS: amounts falling due after more than one year	21	—		*24,300*
PROVISION FOR LIABILITIES AND CHARGES				
Deferred taxation	22	63,880		*88,997*
			63,880	*113,297*
			21,820,584	*17,726,075*
CAPITAL AND RESERVES				
Called up share capital	23		1,008,200	*1,008,200*
Revaluation reserve	24		5,644,478	*3,663,658*
Profit and loss account	24		15,167,906	*13,054,217*
			21,820,584	*17,726,075*

J. M. SMART, *Director*
W. L. GRANT, *Director*

20th November 1990.

The notes on pages 12 to 19 form an integral part of these accounts.

J. Smart & Co. (Contractors) PLC

BALANCE SHEET as at 31st JULY 1990

	Notes	1990		1989
FIXED ASSETS		£	£	£
Tangible assets	14		561,645	*548,531*
Investments:				
Investment in subsidiaries . . .	15		764,366	*764,366*
			1,326,011	*1,312,897*
CURRENT ASSETS				
Stocks and work in progress	16	1,115,993		*555,623*
Debtors	17	2,0[illegible]067		*1,345,670*
Cash at bank and in hand	19	5,286,005		*8,063,082*
		9,419,0[illegible]		*9,964,375*
PREPAYMENTS AND ACCRUED INCOME				
Deferred taxation asset	22	88,5[illegible]		*111,703*
		9,567,654		*10,076,078*
CREDITORS: amounts falling due within one year .	20	3,095,793		*4,189,527*
NET CURRENT ASSETS . . .			6,411,861	*5,886,551*
TOTAL ASSETS LESS CURRENT LIABILITIES.			7,737,872	*7,199,448*
CREDITORS: amounts falling due after more than one year . . .	21		—	—
			7,737,872	*7,199,448*
CAPITAL AND RESERVES				
Called up share capital	23		1,008,200	*1,008,200*
Profit and loss account	24		6,729,672	*6,191,248*
			7,737,872	*7,199,448*

20th November 1990.

J. M. SMART, *Director*
W. L. GRANT, *Director*

The notes on pages 12 to 19 form an integral part of these accounts.

J. Smart & Co. (Contractors) PLC and Subsidiary Companies

SOURCE AND APPLICATION OF FUNDS for the year ended 31st JULY 1990

	1990 £	1990 £	1989 £
SOURCE OF FUNDS			
Profit on ordinary activities before taxation		3,760,846	*3,141,394*
Adjustment for items not involving the movement of funds:			
Depreciation		409,053	*419,893*
Profit on disposal of fixed assets		(21,385)	*(86,420)*
Release from deferred government grants		—	*(4,481)*
Reduction in amounts written off investments		(8,927)	*(4,392)*
TOTAL GENERATED FROM OPERATIONS		4,139,587	*3,465,494*
FUNDS FROM OTHER SOURCES			
Proceeds of disposal of fixed assets		58,165	*125,591*
		4,197,752	*3,591,085*
APPLICATION OF FUNDS			
Dividends paid	330,624		*296,744*
Purchase of tangible fixed assets	4,234,386		*2,189,156*
Tax paid	1,652,262		*368,624*
		6,217,272	*2,854,524*
(DECREASE)/INCREASE IN WORKING CAPITAL		(2,019,520)	*736,561*
Represented by:—			
Increase/(decrease) in stocks and work in progress		475,109	*(1,571,988)*
(Decrease) in debtors		(72,855)	*(429,175)*
(Increase)/decrease in creditors		(811,785)	*37,682*
		(409,531)	*(1,963,481)*
(Decrease)/increase in net liquid funds:			
Investments	(1,642,211)		*2,155,183*
Cash at bank and in hand	32,222		*544,859*
		(1,609,989)	*2,700,042*
		(2,019,520)	*736,561*

The notes on pages 12 to 19 form an integral part of these accounts.

1. ACCOUNTING POLICIES

ACCOUNTING CONVENTION

The accounts are prepared under the historical cost convention, modified to include the revaluation of completed investment properties.

BASIS OF CONSOLIDATION

The Group accounts consolidate the accounts of J. Smart & Co. (Contractors) PLC and all its subsidiaries made up to 31st July each year. No profit and loss account is presented for the holding company as provided by Section 230 of the Companies Act 1985.

GOODWILL

Goodwill arising on consolidation is written off to reserves in the year of acquisition.

INVESTMENT PROPERTIES

Completed investment properties are included in the balance sheet at their open market value. Properties under development are stated at cost including attributable overheads.

DEPRECIATION

Depreciation is provided on all tangible fixed assets, other than investment properties and freehold land, at rates calculated to write off the cost of each asset over its expected useful life, as follows:—

Freehold buildings	— over 40 to 66 years
Plant and machinery	— 15% to 33⅓% reducing balance

GOVERNMENT GRANTS

Regional Development Grants on capital expenditure are credited to a deferral account and are released to the profit and loss account in four equal annual instalments.

STOCKS AND WORK IN PROGRESS

Stocks are valued at the lower of cost or net realisable value.

Land held for development is included at the lower of cost or net realisable value.

Work in progress other than long term contract work in progress is valued at the lower of cost or net realisable value. Cost comprises direct materials on a first-in first-out basis and direct labour plus attributable overheads where appropriate.

Net realisable value is based on estimated selling price less anticipated disposal costs.

LONG-TERM CONTRACTS

Amounts recoverable on contracts which are included in debtors, are stated at cost as defined above, plus attributable profit to the extent that this is reasonably certain after making provision for maintenance costs, less any losses incurred or foreseen in bringing contracts to completion, and less amounts received as progress payments.

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

DEFERRED TAXATION

Deferred taxation is provided on the liability method on all timing differences to the extent that they are expected to reverse in the future, calculated at the rate at which it is estimated that tax will be payable. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

2. TURNOVER AND PROFITS

Turnover, which is stated net of value added tax, represents the invoiced value of goods sold, except in the case of long-term contracts where turnover represents the sales value of work done in the year.

Profits on long-term contracts are calculated in accordance with standard accounting practice and do not relate directly to turnover. Profit on current contracts is only taken at a stage near enough to completion for that profit to be reasonably certain after making provision for contingencies, whilst provision is made for all losses incurred to the accounting date together with any further losses that are foreseen in bringing contracts to completion.

	1990	1989
3. OTHER OPERATING INCOME	£	£
Rental income	1,724,935	1,310,936

The prospective total annual income from investment properties now completed will amount, in a full year, to approximately £1,910,000 (1989, £1,590,000).

4. STAFF COSTS

Staff costs during the year amounted to:—

	1990	1989
Wages and salaries	4,951,038	4,313,262
Social security costs	441,381	384,896
Other pension costs	198,633	158,457
	5,591,052	4,856,615

The average weekly number of employees during the year was made up as follows:—	No.	No.
Construction and related services	382	359
Office and management	35	31
	417	390

5. OPERATING PROFIT	1990	1989
This is stated after charging/(crediting):—	£	£
Directors' remuneration	224,414	193,991
Hire of plant and machinery	259,410	150,806
Profit on disposal of fixed assets	(21,385)	(86,420)
Auditors' remuneration and expenses	30,700	32,000
Directors' remuneration:—		
Management remuneration	218,849	188,426
Pension to former Director	5,565	5,565
	224,414	193,991
Emoluments, excluding pension contributions, of the Chairman:—	31,042	25,417
Emoluments, excluding pension contributions, of the highest paid Director	37,500	32,417

The emoluments, excluding pension contributions, of the Directors fell within the following ranges:—	No.	No.
Nil — £ 5,000	—	1
£20,001 — £25,000	—	2
£25,001 — £30,000	2	2
£30,001 — £35,000	2	2
£35,001 — £40,000	2	—

6. INCOME FROM INVESTMENTS

	1990	*1989*
	£	*£*
Listed	80,143	*73,591*
Unlisted	400	*350*
	80,543	*73,941*

7. INTEREST AND OTHER AMOUNTS RECEIVABLE

	1990	*1989*
Interest on short term deposits	373,761	*232,015*
Profit on sale of investments	548	*337*
	374,309	*232,352*

8. EXCEPTIONAL ITEM

	1990	*1989*
Gain on disposal of land held for development	—	*424,537*

9. TAX ON PROFIT ON ORDINARY ACTIVITIES

The taxation charge is made up as follows:—

	1990	*1989*
Based on the profit for the year		
Corporation tax at 35% (1989, 35%)	1,280,200	*1,051,500*
Tax credits attributable to dividends received	20,136	*18,485*
Deferred taxation	(13,830)	*(17,400)*
	1,286,506	*1,052,585*
Corporation tax over provided in previous years	(3,835)	*(2,338)*
	1,282,671	*1,050,247*

If full provision had been made for deferred taxation, the tax charge for the year would have been increased by £21,600 (1989, £19,100).

10. PROFIT FOR THE FINANCIAL YEAR

	1990	*1989*
Dealt with in the accounts of the holding company	902,911	*893,403*
Retained by subsidiary companies	1,575,264	*1,197,744*
	2,478,175	*2,091,147*

11. DIVIDENDS

	1990	*1989*
Interim paid of 1.95p per share (1989, 1.75p)	98,715	*87,277*
Final proposed of 5.25p per share (1989, 4.65p)	265,771	*231,909*
	364,486	*319,186*

The principal shareholders have waived dividends as follows:—

	1990	*1989*
Interim	97,884	*89,157*
Final	263,534	*236,904*
	361,418	*326,061*

12. EARNINGS PER SHARE

The calculation of earnings per share is based on net profit after taxation for the year of £2,478,175 (1989, £2,091,147) and on 10,082,000 shares in issue at 31st July 1989 and 31st July 1990.

13. INTANGIBLE FIXED ASSETS

	Feu duties created
	£
Cost at 31st July 1989	2,013
Disposals	175
Cost at 31st July 1990	1,838

14. TANGIBLE FIXED ASSETS

(a) GROUP

	Land and buildings Freehold	Plant, equipment and vehicles	Land and buildings Investment properties Freehold	Land and buildings Investment properties Long leasehold	Total
	£	£	£	£	£
Cost or valuation:					
At 31st July 1989	663,805	4,229,509	12,729,468	1,441,350	19,064,132
Additions	74,625	316,812	3,397,658	445,291	4,234,386
Transfers	—	—	974,930	(974,930)	—
Net surplus on revaluation	—	—	1,771,837	208,983	1,980,820
Disposals	—	(487,554)	—	—	(487,554)
At 31st July 1990	738,430	4,058,767	18,873,893	1,120,694	24,791,784
At valuation	—	—	16,465,000	1,095,000	17,560,000
At cost	738,430	4,058,767	2,408,893	25,694	7,231,784
Depreciation:					
At 31st July 1989	111,195	3,083,970	—	—	3,195,165
Provided during year	15,691	393,362	—	—	409,053
Disposals	—	(450,948)	—	—	(450,948)
At 31st July 1990	126,886	3,026,384	—	—	3,153,270
Net book value:					
At 31st July 1990	611,544	1,032,383	18,873,893	1,120,694	21,638,514
At 31st July 1989	552,610	1,145,539	12,729,468	1,441,350	15,868,967

On the historical cost basis, the revalued investment properties at 31st July 1990 would have been included at a cost of £11,955,065 less accumulated depreciation of £40,144 (1989, cost £10,513,486 less accumulated depreciation of £40,144).

During the year the Group acquired the freehold title to one of its leasehold properties in Edinburgh, which is shown above under transfers.

14. TANGIBLE FIXED ASSETS (contd.)

(b) COMPANY

	Land and buildings Freehold	Plant, equipment and vehicles	Total
	£	£	£
Cost or valuation:			
At 31st July 1989	178,583	1,860,111	2,038,694
Additions	—	210,725	210,725
Transfers within Group	—	(2,596)	(2,596)
Disposals	—	(245,669)	(245,669)
Cost at 31st July 1990	178,583	1,822,571	2,001,154
Depreciation:			
At 31st July 1989	29,537	1,460,626	1,490,163
Provided during year	2,706	182,076	184,782
Transfers within Group	—	(4,159)	(4,159)
Disposals	—	(231,277)	(231,277)
At 31st July 1990	32,243	1,407,266	1,439,509
Net book value:			
At 31st July 1990	146,340	415,305	561,645
At 31st July 1989	149,046	399,485	548,531

(c) INVESTMENT PROPERTIES

The Group's completed investment properties were internally valued on an open market value basis on 31st July 1990 by Mr. J. M. Smart, A.R.I.C.S., and Mr. K. H. Hastings, F.R.I.C.S., both of whom are Directors of the holding Company.

In accordance with Statement of Standard Accounting Practice No. 19, completed investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and no depreciation is provided in respect of these properties. The Directors consider that this accounting policy results in the accounts giving a true and fair view.

If the completed investment properties were sold at their valuation a tax liability of £876,000 (1989, £635,000) would arise.

15. INVESTMENT IN SUBSIDIARIES

	1990	*1989*
	£	*£*
Shares at cost	764,366	*764,366*

At 31st July 1990 the Company held the entire share capital of the following companies all of whom are registered in Scotland:—

	Nature of business
McGowan & Co. (Contractors) Limited	Plumbing contractors
King & Ritchie Limited	Property company
Cramond Real Estate Company Limited	Investment dealing
D. & J. McDougall Limited	Building contractors
Thomas Menzies (Builders) Limited	Civil Engineering contractors
Concrete Products (Kirkcaldy) Limited	Manufacture of concrete building products
C. & W. Assets Limited	Property company

J. Smart & Co. (Contractors) PLC

REPORT OF THE DIRECTORS

The Directors submit their Annual Report and Accounts for the year ended 31st July 1990.

1. RESULTS AND DIVIDENDS

The profits of the Group for the year after charging taxation amount to		£2,478,175
From which the Directors have made the following appropriations:—		
Paying an interim dividend of 1.95p per share (1989, 1.75p)	£98,715	
Proposing a final dividend of 5.25p per share (1989, 4.65p)	265,771	
		364,486
Profits retained for the year		£2,113,689

Certain shareholders have waived the interim and final dividend aggregating £361,418.

The dividend, if approved, will be paid to all Members on the Share register of the Company at the close of business on 21st November 1990. Dividend warrants will be posted on 14th December 1990.

2. REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITIES

The principal activities of the Company and its subsidiaries are building and public works contracting of all types, building for sale of private houses, carrying out of industrial and commercial developments and re-developments for sale or lease, and the manufacture for sale of concrete building products.

Turnover during the year increased by £3,527,653 and rental income from investment properties increased from £1,310,936 to £1,724,985, resulting in an Operating Profit of £3,297,067. The Group's investment income increased from £311,185 to £463,779, and the Profit amounted to £3,760,846 as compared with £2,716,857 before the Exceptional Item in the previous year.

3. FIXED ASSETS

Full details of the movements in fixed assets during the year are given in notes 13 and 14 attached to the accounts.

4. FUTURE DEVELOPMENTS

It is not anticipated that the activities of the Company, as described in 2 above, will substantially change in the immediate future.

5. EMPLOYEE INVOLVEMENT

It is Company policy that there should be effective communication with employees at all levels, on matters which affect their current jobs or future prospects. In achieving this policy, the Directors are aware of the need to take account of the practical and commercial considerations of the Company, and of the needs of employees.

6. DISABLED EMPLOYEES

The policy of the Company with regard to disabled persons is to give full and fair consideration to all applicants for employment and to all employees in relation to promotion.

7. POLITICAL AND CHARITABLE CONTRIBUTIONS

Charitable contributions made by the Group amounted to £38,413.

No political contributions were made by the Group during the year.

16. STOCKS AND WORK IN PROGRESS

	Group		*Company*	
	1990	*1989*	1990	*1989*
	£	*£*	£	*£*
Long-term contract balances	591,993	*73,574*	579,682	*17,389*
Land held for development	555,518	*563,734*	499,976	*508,192*
Raw materials and consumables	94,778	*90,841*	36,334	*30,042*
Finished goods	98,432	*137,463*	—	—
	1,340,721	*865,612*	1,115,992	*555,623*

In order to comply with Statement of Standard Accounting Practice No. 9, amounts recoverable on contracts are included within debtors.

17. DEBTORS

Trade debtors	786,142	*693,699*	294,008	*255,536*
Amount owed by subsidiaries	—	—	1,022,370	*431,248*
Other debtors	181,706	*71,423*	181,592	*69,047*
Prepayments and accrued income	161,768	*222,747*	65,143	*58,938*
Amounts recoverable on contracts	546,163	*760,765*	453,954	*530,901*
	1,675,779	*1,748,634*	2,017,067	*1,345,670*

18. INVESTMENTS

	Group	
	1990	*1989*
	£	*£*
Listed	934,686	*817,970*
Unlisted	15,100	*15,100*
	949,786	*833,070*
Short term deposits	420,000	*2,170,000*
	1,369,786	*3,003,070*
Market value of listed investments	1,878,504	*1,818,431*
Taxation on potential gain if sold at valuation	316,800	*333,500*

The listed investments are dealt on a recognised stock exchange.

19. CASH AT BANK

The bank have a right to set off the bank balance against the overdraft of other Group companies.

20. CREDITORS: Amounts falling due within one year

	Group		Company	
	1990	*1989*	1990	*1989*
	£	£	£	£
Payments received on account	179,619	*62,863*	179,619	*1,622,675*
Trade creditors	1,073,483	*803,358*	847,775	*546,770*
Amount owed to subsidiaries	—	—	146,928	*114,936*
Current corporation tax	1,331,621	*1,651,796*	459,617	*818,950*
Other taxes and social security costs	234,094	*185,372*	93,068	*81,832*
Other creditors and accruals	1,394,507	*1,018,325*	1,103,015	*772,455*
Proposed dividend	265,771	*231,909*	265,771	*231,909*
	4,479,095	*3,953,623*	3,095,793	*4,189,527*

21. CREDITORS: Amounts falling due after more than one year

Corporation tax	—	*24,300*	—	—

22. DEFERRED TAXATION

At 31st July 1989	88,997	*113,878*	(111,703)	*(93,822)*
Released during year	(13,830)	*(17,400)*	34,400	*(10,400)*
Advance corporation tax	(11,287)	*(7,481)*	(11,287)	*(7,481)*
At 31st July 1990	63,880	*88,997*	(88,590)	*(111,703)*

Deferred taxation provided in the accounts is due to timing differences arising on:—

Capital allowances in advance of depreciation	140,500	*175,400*	—	*600*
Other timing differences	11,970	*(9,100)*	—	*(35,000)*
Advance corporation tax	(88,590)	*(77,303)*	(88,590)	*(77,303)*
	63,880	*88,997*	(88,590)	*(111,703)*

Deferred taxation not provided is due to differences arising on:—

Capital allowances in advance of depreciation	365,400	*343,900*	14,300	*14,000*
Chargeable gain on disposal of properties offset against new properties by rollover relief	12,700	*12,700*	—	—
	378,100	*356,600*	14,300	*14,000*

In addition to the sums noted above, there is a potential capital gains tax liability of £876,000 (1989, £635,000) if the completed investment properties were sold at valuation.

23. SHARE CAPITAL

	1990		1989	
	Authorised	Allotted and fully paid	*Authorised*	*Allotted and fully paid*
	£	£	*£*	*£*
Ordinary shares of 10p each	1,200,000	1,008,200	*1,200,000*	*1,008,200*

24. RESERVES

	Group	Company
	£	£
Revaluation reserve:		
At 31st July 1989	3,663,658	—
Arising on revaluation during the year (note 14)	1,980,820	—
At 31st July 1990	5,644,478	—
Profit and loss account:		
At 31st July 1989	13,054,217	6,191,248
Retained profit for the year	2,113,689	538,424
At 31st July 1990	15,167,906	6,729,672

25. CAPITAL COMMITMENTS

The estimated amount of Capital Expenditure at 31st July authorised by the Board for which no provision has been made is:—

	Group		Company	
	1990	*1989*	1990	*1989*
	£	*£*	£	*£*
(i) Contracted for	nil	*nil*	nil	*nil*
(ii) For which no contract has been entered into	nil	*nil*	nil	*nil*

26. PENSION COMMITMENTS

The Group has a Pension Scheme designed to provide retirement benefits based upon final Scheme salaries for staff employees. The costs of these benefits arising from current service, which is determined by actuarial valuation using a projected benefit method, is charged against profit as the service arises.

27. CONTINGENT LIABILITIES

The Company and certain of its subsidiaries have in the normal course of business entered into counter-indemnities in respect of performance bonds relating to their contracts.

28. DIRECTORS' INTEREST IN CONTRACTS

Mr. J. M. Smart and Mr. D. J. Holingdale had interests throughout the year, through their material beneficial interests in several companies, in continuing contracts for the purchase of materials and for the sale of materials and supply of services, all of which transactions were at normal commercial rates. During the year ended 31st July 1990 materials purchased amounted to £885,000 (1989, £675,000) and materials and services supplied amounted to £137,000 (1989, £123,000).