

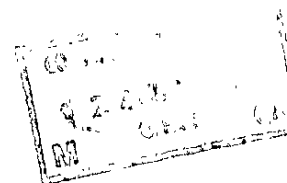
MOORE STEPHENS

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KIRBY MACLEAN LIMITED

3rd JANUARY 1988



Kirby MacLean Limited**Directors**

B.J. Adams, FCIOB., MBIM., F.Inst.D.	(Chairman and Joint Managing Director)
R.B. Pillings	(Joint Managing Director)
G. Liddiard, FCA	
D.J. O'Grady	
E.D. Lott, FCIOB, F.Inst.D.	

Secretary and Registered Office

P.W. Young, FCA., FCCA
Pembroke House, 159 Ravenscroft Road, Beckenham, Kent, BR3 4TN

Auditors

Moore Stephens
Chartered Accountants
St. Paul's House, Warwick Lane, London, EC4P 4BN

Report of the Directors

The directors submit their report and the audited financial statements for the year ended 3rd January 1988.

Review of Activities

The company has continued its painting, contracting and decorating business. Whilst the level of turnover has been maintained the value of work in progress at the end of the trading period was unusually high and as profit is only taken on completed contracts this has had a severe effect on the profits for 1987. However the 1988 trading year will reap a corresponding benefit.

Profit and Loss Account

The profit for the year after taxation amounted to £3,734 which is to be added to profits retained in the business.

The directors do not recommend the payment of a dividend for the year.

Share Capital

On 14th April 1987 the sum of £30,270 being part of the amount standing to the credit of profit and loss account was appropriated to the shareholders and applied in paying up in full 30,270 unissued shares of £1 each and those shares were allotted and distributed by way of capitalisation of profits to and amongst the members of the company at the rate of three new shares for every four shares held.

Kirby MacLean Limited

Report of the Directors (Continued)

Directors

Interests in the Group

Mr. B.J. Adams and Mr. E.D. Lott are directors of the parent company, R. Mansell Limited, and their interests in the group, as defined by the Companies Act 1985, are set out in the directors' report attached to the financial statements of that company for the year ended 3rd January 1988.

The interests of the remaining directors in the share capital of R. Mansell Limited at the beginning and end of the year were as follows:-

	<u>3.1.88</u>		<u>4.1.87</u>	
	<u>Shares of 25p. each</u>		<u>Shares of 25p. each</u>	
	<u>Ordinary</u>	<u>Pref. Ord.</u>	<u>Ordinary</u>	<u>Pref. Ord.</u>
R.B. Pillings	10,000	-	-	-
G. Liddiard	14,400	-	9,000	-
D.J. O'Grady	10,000	-	-	-

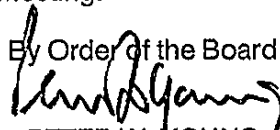
Retirement of Directors

In accordance with the Articles of Association, Mr. E.D. Lott will retire at the Annual General Meeting and, being eligible, will offer himself for re-election.

Auditors

The Auditors, Messrs. Moore Stephens, are willing to continue in office. A resolution for their reappointment and authorising the directors to fix their remuneration will be submitted to the Annual General Meeting.

By Order of the Board



PETER W. YOUNG

Secretary

Kirby MacLean Limited
Profit and Loss Account
For the year ended 3rd January 1988

	<u>Note</u>	<u>1987</u>	<u>1986</u>
Turnover	1(c)	1,266,920	1,236,407
Cost of sales		1,031,880	968,068
		<hr/>	<hr/>
Gross Profit		235,040	268,339
Net operating expenses	2	220,147	208,575
		<hr/>	<hr/>
Operating Profit	3	14,893	59,764
Interest payable and similar charges	5	6,448	9,500
		<hr/>	<hr/>
Profit on ordinary activities before taxation		8,445	50,264
Taxation on profit on ordinary activities	6	4,711	18,604
		<hr/>	<hr/>
Retained Profit for the Financial Year	13	£ <u>3,734</u>	£ <u>31,660</u>

Kirby MacLean Limited
Balance Sheet at 3rd January 1988

	<u>Note</u>	<u>3.1.88</u>	<u>4.1.87</u>
Tangible Fixed Assets	7	42,433	33,163
Current Assets			
Stocks	8	83,724	33,472
Debtors	9	307,050	288,483
Cash at bank and in hand		<u>93</u>	<u>200</u>
		390,867	322,155
Creditors, amounts falling due within one year	10	<u>326,682</u>	<u>251,161</u>
Net Current Assets		<u>64,185</u>	<u>70,994</u>
Total Assets less Current Liabilities		106,618	104,157
Provisions for Liabilities and Charges	11	<u>966</u>	<u>2,239</u>
		£ <u>105,652</u>	£ <u>101,918</u>
Capital and Reserves			
Called up share capital	12	70,630	40,360
Profit and loss account	13	<u>35,022</u>	<u>61,558</u>
		£ <u>105,652</u>	£ <u>101,918</u>

These financial statements were approved by the Board on 14th April 1988

B.J. ADAMS

G. LIDDIARD

} Directors

G. Liddiard
Report of the Auditors to the Members of
Kirby MacLean Limited

We have audited the financial statements on pages 3 to 9 in accordance with approved auditing standards.

In our opinion the financial statements give a true and fair view of the state of affairs of the company at 3rd January 1988 and of the profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

St. Paul's House,
London, EC4P 4BN

14th April 1988

Moore Stephens
MOORE STEPHENS

Chartered Accountants

Kirby MacLean Limited

Statement of Source and Application of Funds
For the year ended 3rd January 1988

	<u>1987</u>	<u>1986</u>
Source of Funds		
From operations		
Profit on ordinary activities before taxation	8,445	50,264
Adjustments for items not involving the movement of funds		
Depreciation	16,438	15,766
Profit on disposal of tangible fixed assets	<u>(1,345)</u>	<u>(6,611)</u>
	<u>15,093</u>	<u>9,155</u>
	23,538	59,419
From other sources		
Disposal of tangible fixed assets	<u>3,750</u>	<u>8,128</u>
	27,288	67,547
Application of Funds		
Expenditure on tangible fixed assets	28,114	17,714
Corporation tax paid	<u>656</u>	<u>-</u>
(Decrease)/increase in Net Funds	£ <u>(1,482)</u>	£ <u>49,833</u>
Represented by Movements in:-		
Stocks	50,252	(7,108)
Debtors	18,567	105,900
Creditors	<u>(143,795)</u>	<u>54,762</u>
	(74,976)	153,554
Increase/(decrease) in net liquid funds:		
Bank balances and cash	(107)	(188)
Bank overdraft	<u>73,601</u>	<u>(103,533)</u>
	£ <u>(1,482)</u>	£ <u>49,833</u>

Kirby MacLean Limited

Notes to the Financial Statements - 3rd January 1988

1. Principal Accounting Policies

(a) Basis of Accounting

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

(b) Accounting Date

For management control purposes the year is divided into three four-month periods, which end on the Sunday before the first Wednesday in the following month, and the annual financial statements are drawn to coincide.

(c) Turnover

Turnover for the year is the total of invoices issued less credit notes.

(d) Fixed Assets and Depreciation

Fixed assets are stated at cost less accumulated depreciation calculated to write off the cost over the estimated useful life using the following rates.

Plant and equipment	-	20% on written down value
Motor vehicles	-	25% on cost
Office furniture and fixtures	-	25% on cost

(e) Stocks

Stocks and work in progress are stated at the lower of cost or net realisable value. In the case of contract work in progress cost includes attributable overheads less provision for foreseeable losses.

(f) Deferred Taxation

Provision for deferred taxation is made except where it can be shown that the taxation deferred will not be payable in the foreseeable future.

2. Net Operating Expenses

	<u>1987</u>	<u>1986</u>
Administrative expenses	225,053	218,530
<u>Less: Other operating income</u>	<u>4,906</u>	<u>9,955</u>
	£ <u>220,147</u>	£ <u>208,575</u>

3. Operating Profit

	<u>1987</u>	<u>1986</u>
Operating profit is stated after charging:-	£	£
Depreciation of tangible fixed assets	16,438	15,766
Directors' emoluments (note 4)	48,619	46,735
Auditors' remuneration	5,100	6,200
Hire of plant and machinery	<u>1,557</u>	<u>1,606</u>

Kirby MacLean Limited

Notes to the Financial Statements - 3rd January 1988 (Continued)

4. Directors and Employees

	<u>1987</u>	<u>1986</u>
Staff costs during the year were as follows:-		
Wages and salaries	353,507	367,271
Social security costs	31,347	33,957
Other pension costs	<u>8,112</u>	<u>7,768</u>
	£ <u>392,966</u>	£ <u>408,996</u>

The average weekly number of persons employed by the company during the year was 33. (1986 - 36)

Staff costs include the following emoluments in respect of directors of the company:-

Emoluments, including pension contributions and profit related bonuses	£ <u>48,619</u>	£ <u>46,735</u>
Directors' emoluments, excluding pension contributions, include the following:-		
The chairman	£ <u>Nil</u>	£ <u>Nil</u>
The highest paid director	£ <u>22,968</u>	£ <u>22,208</u>

The following table shows the number of directors whose emoluments were in the ranges:-

£0 - £ 5,000	3	3
£15,001 - £20,000	-	-
£20,001 - £25,000	2	2

5. Interest Payable

On bank overdrafts and other loans:-

Repayable within 5 years, not by instalments	£ <u>6,448</u>	£ <u>9,500</u>
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6. Taxation on Ordinary Activities

United Kingdom corporation tax based on the profits for the year as adjusted for taxation purposes at a rate of 35% (1986 - 36.25%)

Deferred taxation	5,800	19,050
Prior year adjustment	(1,273)	1,104
	<u>184</u>	<u>(1,550)</u>
	£ <u>4,711</u>	£ <u>18,604</u>

Kirby MacLean Limited

Notes to the Financial Statements - 3rd January 1988 (Continued)

7. Tangible Fixed Assets

	<u>Plant and equipment</u>	<u>Motor vehicles</u>	<u>Office furniture and fixtures</u>	<u>Total</u>
Cost				
At 5th January 1987	3,026	50,528	17,032	70,586
Additions	-	25,279	2,835	28,114
Disposals	-	(8,246)	-	(8,246)
At 3rd January 1988	£ <u>3,026</u>	£ <u>67,561</u>	£ <u>19,867</u>	£ <u>90,454</u>
Depreciation				
At 5th January 1987	3,026	23,606	10,792	37,424
Charge for the year	-	13,711	2,727	16,438
On disposals	-	(5,841)	-	(5,841)
At 3rd January 1988	£ <u>3,026</u>	£ <u>31,476</u>	£ <u>13,519</u>	£ <u>48,021</u>
Written down value				
At 3rd January 1988	£ <u>-</u>	£ <u>36,085</u>	£ <u>6,348</u>	£ <u>42,433</u>
At 4th January 1987	£ <u>-</u>	£ <u>26,922</u>	£ <u>6,240</u>	£ <u>33,162</u>

8. Stocks

Stocks comprise:-

	<u>1987</u>	<u>1986</u>
Work in progress	767,150	251,218
<u>Less: Payments on account</u>	<u>687,308</u>	<u>219,235</u>
	79,842	31,983
Loose tools and materials	<u>3,882</u>	<u>1,489</u>
	£ <u>83,724</u>	£ <u>33,472</u>

9. Debtors

All amounts falling due within one year

Trade debtors	191,656	212,549
Owed by group companies	110,920	68,268
Other debtors	4,214	4,960
<u>Prepayments and accrued income</u>	<u>260</u>	<u>2,706</u>
	£ <u>307,050</u>	£ <u>288,483</u>

Kirby MacLean Limited

Notes to the Financial Statements - 3rd January 1988 (Continued)

10. Creditors - Amounts falling due within one year

	<u>1987</u>	<u>1986</u>
Bank loans and overdrafts	45,357	118,958
Trade creditors	137,900	35,827
Corporation tax	24,827	19,500
Other taxation and social security payable	65,806	22,256
Other creditors	37,546	21,970
Accruals and deferred income	14,259	17,464
Owed to group companies	<u>987</u>	<u>15,186</u>
	£ <u>326,682</u>	£ <u>251,161</u>

11. Provisions for Liabilities and Charges

Deferred taxation		
Accelerated capital allowances		
Provision at 5th January 1987	2,239	1,135
Transfer (to)/from profit and loss account	<u>(1,273)</u>	<u>1,104</u>
Provision at 3rd January 1988	£ <u>966</u>	£ <u>2,239</u>

12. Called Up Share Capital

Ordinary shares of £1 each		
Authorised	£ <u>100,000</u>	£ <u>100,000</u>
Allotted, called up and fully paid	£ <u>70,630</u>	£ <u>40,360</u>

13. Reserves

	<u>Profit and loss account</u>
At 5th January 1987	61,558
Scrip Issue	(30,270)
Retained profit for the year	<u>3,734</u>
At 3rd January 1988	£ <u>35,022</u>

14. The company is a wholly-owned subsidiary of R. Mansell Limited, which is incorporated in Great Britain.