

Company No: 338492

KIRBY MACLEAN LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 1999



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Kirby MacLean Limited

Directors

Sir John Wickerson, LLB (Chairman)
D.E. Beardsmore, CEng AMCST FICE FCIQB FRSA
P.A. Cleaver BSc CEng MICE
P.H. Coats CA, FCT
D.J. O'Grady

Secretary and Registered Office

R. Cordeschi ACIS
Roman 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 31 December 1999.

Review of activities

The company has continued its painting, contracting and decorating business.

Profit and loss account

The profit for the year after taxation was £78,820 (1998: £87,353). The surplus of £34,320 (1998: £36,953) remaining after deduction of the dividend for the year of £44,500 (1998: £50,400) is taken to reserves.

Directors

Interests in the group

Sir John Wickerson, Mr. D.E. Beardsmore, Mr P.A. Cleaver and Mr. P.H. Coats were directors of the parent company, MANSELL plc, at 31 December 1999 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 31 December 1999.

The interest of the remaining director in the share capital of MANSELL plc at the beginning and end of the year was as follows:-

	<u>Ordinary Shares of 25p each</u>	
	<u>31 December 1999</u>	<u>1 January 1999</u>
D.J. O'Grady	18,550	14,050

Kirby MacLean Limited

Report of the directors (continued)

Directors (continued)

Interest in the group (continued)

In addition, Mr D.J. O'Grady has been granted options over the ordinary 25p shares of MANSELL plc as follows:

	<u>Share options</u>			
	At 1 January 1999	Exercised during the year	At 31 December 1999	Exercise Price
MANSELL Company Share Option Scheme The options are normally exercisable between 28 June 1999 and 28 June 2006.	25,000	-	25,000	32p
MANSELL Savings Related Share Option Scheme The options are normally exercisable between 1 September 1999 and 28 February 2000.	4,500	4,500	-	26p

No director had any direct interest in the share capital of the company at any time during the year.

Directors

The directors holding office at the date of this report are shown on page 1. Mr G.D. Bell resigned as a director of the company on 3 February 1999. Mr P.A. Cleaver was appointed as a director on 1 February 1999.

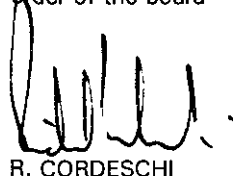
The "Elective Regime"

At the Annual General Meeting held on 24 November 1999, the company adopted a resolution under the terms of Section 379A, Companies Act 1985 (as amended), to take advantage of the full range of procedural relaxations permitted by that provision. Accordingly, no Annual General Meeting is to be held and the accounts will not be laid before the members.

Auditors

The auditors, Moore Stephens, are willing to continue in office.

By order of the board



R. CORDESCI

Company Secretary

Kirby MacLean Limited

Statement of directors' responsibilities

Company law requires the directors 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 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 financial statements; and
- prepare the financial statements 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 financial statements 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 and other irregularities.

Kirby MacLean Limited

Auditors' report

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and in accordance with the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 opinion

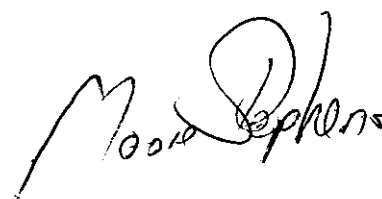
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements, and of whether the accounting policies are appropriate to the company's 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 financial statements 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 financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 1999 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

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



Moore Stephens
Registered Auditors
Chartered Accountants

6 April 2000

Kirby MacLean Limited
Profit and loss account
for the year ended 31 December 1999

	<u>Note</u>	<u>1999</u>	<u>1998</u>
Turnover	1(b)	1,657,628	2,122,139
Cost of sales		1,278,324	1,734,603
		<hr/>	<hr/>
Gross profit		379,304	387,536
Net operating expenses	2	268,022	262,098
		<hr/>	<hr/>
Profit on ordinary activities before taxation	3	111,282	125,438
Tax on profit on ordinary activities	5	32,462	38,085
		<hr/>	<hr/>
Profit on ordinary activities after taxation		78,820	87,353
Dividends: 63.0p per share (1998: 71.4p per share)		44,500	50,400
		<hr/>	<hr/>
Retained profit for the financial year	12	£ 34,320	£ 36,953
		<hr/>	<hr/>

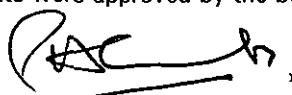
The company has no recognised gains or losses other than those included in the profit and loss account.

Kirby MacLean Limited

Balance sheet at 31 December 1999

	Note	1999	1998
Tangible fixed assets	6	34,886	24,586
Current assets			
Stocks	7	23,226	23,944
Debtors	8	493,312	681,937
Cash at bank and in hand		146,047	310
		662,585	706,191
Creditors: amounts falling due within one year	9	482,253	549,879
Net current assets		180,332	156,312
Total assets less current liabilities		£ 215,218	£ 180,898
Capital and reserves			
Called up equity share capital	10	70,630	70,630
Profit and loss account	11	144,588	110,268
Equity shareholders' funds		£ 215,218	£ 180,898

These financial statements were approved by the board on 6 April 2000


P. H. COATS
Director

Kirby MacLean Limited

Notes to the financial statements

1. Principal accounting policies

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

(b) Turnover

Turnover is the value of work executed during the year in respect of contracting together with the invoiced value of sales in respect of other activities excluding VAT.

(c) Recognition of contract profit

Profit on long term contracts is recognised over the life of each contract in proportion to the value of work carried out but only to the extent that the total eventual profit on the contract can be foreseen with reasonable certainty. Losses are provided for as soon as foreseen.

(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	-	25% on cost
Motor vehicles	-	20% on cost
Office furniture and fixtures	-	25% on cost

(e) Stocks and long term contracts

Stocks and work in progress are stated at the lower of net realisable value or cost including attributable overheads where appropriate. Long term contracts are stated at cost, net of amounts transferred to cost of sales, after deducting provision for foreseeable losses and payments on account. Where turnover differs from invoiced progress payments the balance is included in debtors or creditors as appropriate.

(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

Kirby MacLean Limited
Notes to the financial statements

	<u>1999</u>	<u>1998</u>
2. Net operating expenses		
Administrative expenses	275,778	271,815
Less: other operating income – interest receivable	(7,756)	(9,717)
	<hr/>	<hr/>
	£ 268,022	£ 262,098
	<hr/>	<hr/>
3. Profit on ordinary activities before taxation		
Profit on ordinary activities before taxation is stated after charging/(crediting):-		
Depreciation of tangible fixed assets	11,484	10,372
Directors' emoluments (note 4)	68,924	53,398
Auditors' remuneration	6,000	6,000
Profit on disposals of fixed assets	-	-
	<hr/>	<hr/>
4. Directors and employees		
Staff costs during the year were as follows:-		
Wages and salaries	487,574	514,445
Social Security costs	40,108	43,772
Other pension costs	14,452	9,119
	<hr/>	<hr/>
	£ 542,134	£ 567,336
	<hr/>	<hr/>

The weekly average number of persons employed by the company during the year was 28 (1998: 33).

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

For management services	£ 68,924	£ 53,398
	<hr/>	<hr/>

Retirement benefits are accruing to one director under a defined benefits scheme.

Kirby MacLean Limited

Notes to the financial statements

5. Tax on profit on ordinary activities	1999	1998
Corporation tax payable based on the profits for the year as adjusted for taxation purposes at a rate of 30.25% (1998 : 31.0%)	34,500	40,000
Over provision in prior year	(2,038)	(1,915)
	<hr/>	<hr/>
	£ 32,462	£ 38,085
	<hr/>	<hr/>

6. Tangible fixed assets	Plant and Equipment	Motor Vehicles	Office Furniture And Fixtures	Total
Cost				
At 1 January 1999	14,369	29,810	35,477	79,656
Additions	-	20,611	1,173	21,784
Disposals	(1,800)	-	-	(1,800)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	12,569	50,421	36,650	99,640
	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation				
At 1 January 1999	9,623	13,106	32,341	55,070
Charge for the year	1,489	8,011	1,984	11,484
On disposals	(1,800)	-	-	(1,800)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1999	9,312	21,117	34,325	64,754
	<hr/>	<hr/>	<hr/>	<hr/>
Net Book value				
At 31 December 1999	£ 3,257	£ 29,304	£ 2,325	£ 34,886
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1998	£ 4,746	£ 16,704	£ 3,136	£ 24,586
	<hr/>	<hr/>	<hr/>	<hr/>

Kirby MacLean Limited

Notes to the financial statements

7. Stocks	<u>1999</u>	<u>1998</u>
Loose tools and materials	£23,226	£ 23,944
	<hr/>	<hr/>
8. Debtors		
All amounts fall due within one year		
Trade debtors	250,204	179,806
Amounts recoverable on contracts	238,790	290,933
Owed by group companies	-	205,501
Other debtors	391	377
Prepayments and accrues income	3,927	5,320
	<hr/>	<hr/>
	£ 493,312	£ 681,937
	<hr/>	<hr/>
9. Creditors: amounts falling due with one year		
Owed to group companies	19,784	-
Bank loans and overdrafts	-	12,179
Trade creditors	331,461	383,785
Other taxation and social security	69,837	69,413
Other creditors	1,528	20,631
Accruals and deferred income	24,913	23,871
Corporation tax	34,730	40,000
	<hr/>	<hr/>
	£ 482,253	£ 549,879
	<hr/>	<hr/>
10. Called up equity share capital		
Ordinary equity shares of £1 each		
Authorised	£ 100,000	£ 100,000
	<hr/>	<hr/>
Allotted, called up and fully paid	£ 70,630	£70,630
	<hr/>	<hr/>

All shares rank equally in respect of all shareholder rights.

Kirby MacLean Limited

Notes to the financial statements

11. Reserves		<u>Profit and Loss account</u>
At 1 January 1999		110,268
Retained profit for the financial year		34,320
		<hr/> £ 144,588 <hr/>
12. Reconciliation of movements in equity shareholders funds	<u>1999</u>	<u>1998</u>
Profit on ordinary activities after taxation	78,820	87,353
Dividend	(44,500)	(50,400)
	<hr/>	<hr/>
Retained profit for the financial year	34,320	36,953
Opening shareholders' funds	180,898	143,945
	<hr/>	<hr/>
	£ 215,218	£ 180,898
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13. Pension arrangements

The company participates in a group scheme, which operates a funded pension scheme with defined benefits. In general all full time employees over the age of 21 can join the scheme. They have the option of either being non-contributory members or contributing 5% of pensionable earnings in return for enhanced benefits. The assets of the scheme are held separately from those of the group in independently administered funds.

The most recent independent actuarial review of the scheme was carried out as at 1 August 1998 and used the projected unit method. It was assumed that investment returns would be 2.5% per annum higher than general pensionable earnings increases and 4% per annum greater than increases to pensions in payment. The review showed that the market value of the scheme's assets was £23.8m and that the actuarial value of those assets represented 117% of the benefits that had accrued to members on an ongoing funding basis.

In accordance with actuarial advice, the company increased its contributions to this scheme from 5% to 10% with effect from 1 January 1999.

The pension charge for the year ending 31 December 1999 was £14,452 (1998: £9,119).

14. Ultimate parent undertaking

The company is a wholly owned subsidiary of MANSELL plc which is incorporated in Great Britain. Copies of the group accounts may be obtained from the Company Secretary, MANSELL plc, Roman House, Grant Road, Croydon CR9 6BU.