

Company No: 338492

**KIRBY MACLEAN LIMITED**

**REPORT AND FINANCIAL STATEMENTS**

**31 DECEMBER 2001**



**Kirby MacLean Limited**

**Directors**

Sir John Wickerson LLB (Chairman)  
P A Cleaver BSc CEng MICE  
P J Scannell BSc FCA  
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 2001.

**Review of activities**

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

**Results and dividends**

The profit for the year after taxation was £97,298 (2000: £84,761). The surplus of £43,628 (2000: £36,761) remaining after deduction of the dividend for the year of £53,670 (2000: £48,000) is taken to reserves.

**Directors**

The directors holding office at the date of this report are shown above. Mr P H Coats resigned as a director of the company on 6 September 2001. Mr P J Scannell was appointed as a director on 6 September 2001. Sir John Wickerson is to retire as a director on 4 April 2002.

**Directors' interests in the group**

Sir John Wickerson, Mr P A Cleaver and Mr P J Scannell were directors of the parent company, MANSELL plc, at 31 December 2001 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 2001.

**Kirby MacLean Limited**  
**Report of the directors (continued)**

**Directors' interests in the group (continued)**

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>1 January 2001</u>	<u>31 December 2001</u>
D J O'Grady	18,550	18,550

In addition, Mr D J O'Grady has been granted options over ordinary shares of 25p each in accordance with and subject to the rules of the MANSELL Company Share Option Scheme as follows:

	<u>Number of Options</u>				
	<u>At 1.01.01</u>	<u>Exercised during the year</u>	<u>At 31.12.01</u>	<u>Exercise price</u>	<u>Dates normally exerciseable</u>
MANSELL Company Share Option Scheme:	25,000	-	25,000	32p	28.06.99 to 28.06.06

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

**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.

**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 Cordeschi  
Company Secretary

4 April 2002

## Kirby MacLean Limited

### Independent Auditors' Report to the Shareholders of Kirby MacLean Limited

We have audited the financial statements of Kirby MacLean Limited for the year ended 31 December 2001 set out on pages 5 to 15. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

*Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.*

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of 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 the company's affairs as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Moore Stephens**

Chartered Accountants and Registered Auditors

4 April 2002

**Kirby MacLean Limited**  
**Profit and loss account**  
**for the year ended 31 December 2001**

	<u>Note</u>	<u>2001</u>	<u>2000</u>
Turnover	1(b)	1,878,668	1,783,643
Cost of sales		(1,463,930)	(1,404,231)
Gross profit		414,738	379,412
Administrative expenses		(283,929)	(260,880)
Operating profit	2	130,809	118,532
Net interest	4	3,365	2,292
Profit on ordinary activities before taxation		134,174	120,824
Taxation	5	(36,876)	(36,063)
Profit on ordinary activities after taxation		97,298	84,761
Dividends	6	(53,670)	(48,000)
Retained profit	14	£ 43,628	£ 36,761

During 2000 and 2001 the results were derived wholly from continuing operations.

The company has no recognised gains or losses other than the retained profit for the year shown above and therefore no separate statement of total recognised gains and losses has been presented.

**Kirby MacLean Limited**  
**Balance sheet at 31 December 2001**

<b>Fixed assets</b>	<b><u>Note</u></b>	<b><u>2001</u></b>	<b><u>2000</u></b>
Tangible fixed assets	7	49,387	25,208
<hr/>			
<b>Current assets</b>			
Stocks	8	24,665	26,051
Debtors due within one year	9	465,107	526,570
Debtors due after more than one year	9	1,231	-
Cash at bank and in hand	10	141,515	125,665
<hr/>			
		632,518	678,286
<b>Creditors: amounts falling due within one year</b>	11	(386,298)	(451,515)
<hr/>			
<b>Net current assets</b>		246,220	226,771
<hr/>			
<b>Total assets less current liabilities</b>		£ 295,607	£ 251,979
<hr/>			
<b>Capital and reserves</b>			
Called up share capital	12	70,630	70,630
Profit and loss account	13	224,977	181,349
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<b>Equity shareholders' funds</b>	14	£ 295,607	£ 251,979
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The financial statements on pages 5 to 15 were approved by the board of directors on 4 April 2002



P J Scannell  
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 all 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) 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

##### (d) 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.

##### (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

Timing differences are provided in full to comply with Financial Reporting Standard 19.

##### (g) Pensions

Pension costs are charged to the profit and loss account on a systematic basis over the periods benefiting from the employees' services.

##### (g) Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the term of the lease. Assets held under finance leases are included in the fixed assets and the capital element of the commitment is shown under creditors.

##### (i) Cash flow statement

The company is a wholly owned subsidiary of MANSELL plc and is included in the consolidated financial statements of MANSELL plc, which are publicly available. The company has taken advantage of the exemption from preparing a cash flow statement under the terms of Financial Reporting Standard 1 (Revised).



**Kirby MacLean Limited**  
**Notes to the financial statements**

<b>2. Operating profit</b>	<u>2001</u> <u>£'000</u>	<u>2000</u> <u>£'000</u>
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Operating profit is stated after charging/(crediting):

Depreciation of tangible fixed assets	11,752	11,873
Profit on disposal of tangible assets	(1,000)	-
Charges under operating leases - property	9,000	15,911
- plant and machinery	6,804	5,510
Auditors' remuneration - audit	6,000	6,000
	<hr/>	<hr/>

<b>3. Directors and employees</b>	<u>2001</u>	<u>2000</u>
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Staff costs	485,349	470,750
Social Security costs	38,250	47,036
Other pension costs	19,369	19,163
	<hr/>	<hr/>
	£ 542,968	£ 536,949
	<hr/>	<hr/>

The average number of staff employed by the company during the year was:

	<u>2001</u>	<u>2000</u>
Operational	20	20
Administrative	7	7
	<hr/>	<hr/>
	27	27
	<hr/>	<hr/>

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

	<u>2001</u>	<u>2000</u>
For management services	£ 66,219	£ 62,557
	<hr/>	<hr/>

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

<b>4. Net interest</b>	<u>2001</u>	<u>2000</u>
Interest receivable on bank balances	£ 3,365	£ 2,292
	<hr/>	<hr/>

**Kirby MacLean Limited**  
**Notes to the financial statements**

5.	<b>Taxation</b>	<u>2001</u>	<u>2000</u>		
	United Kingdom Corporation tax based on the profits for the year as adjusted for taxation purposes at a rate of 30.0% (2000: 30.0%)	39,887	37,200		
	Deferred taxation	(1,231)	-		
	Over provision in prior year	(1,780)	(1,137)		
		<hr/>	<hr/>		
		£ 36,876	£ 36,063		
		<hr/>	<hr/>		
	Tax reconciliation				
	Average United Kingdom Corporation tax rate	30%	30%		
	Expenses not deductible for tax purposes	(1%)	1%		
	Adjustment in respect of prior years	(1%)	(1%)		
		<hr/>	<hr/>		
	Effective current tax rate on profit on ordinary activities before tax	28%	30%		
		<hr/>	<hr/>		
6.	<b>Dividends</b>	<u>2001</u>	<u>2000</u>		
		Pence per share	Total	Pence per share	Total
	Final dividend, proposed	76.00	£ 53,670	68.00	£ 48,000
		<hr/>	<hr/>	<hr/>	<hr/>

**Kirby MacLean Limited**  
**Notes to the financial statements**

<b>7. Tangible fixed assets</b>		<b>Total</b>
<b>Cost</b>		<b>£</b>
At 1 January 2001		94,407
Additions		50,015
Transferred to fellow subsidiaries		(20,611)
Disposals		(5,836)
		<hr/>
At 31 December 2001		117,975
		<hr/>
<b>Depreciation</b>		
At 1 January 2001		69,199
Charge for the year		11,752
Transferred to fellow subsidiaries		(6,527)
On disposals		(5,836)
		<hr/>
At 31 December 2001		68,588
		<hr/>
<b>Net book value</b>		
At 31 December 2001		£ 49,387
		<hr/>
At 31 December 2000		£ 25,208
		<hr/>
All fixed assets relate to plant, equipment and vehicles.		
<b>8. Stocks</b>	<u>2001</u>	<u>2000</u>
Raw materials and consumables	£ 24,665	£ 26,051
	<hr/>	<hr/>
<b>9. Debtors</b>	<u>2001</u>	<u>2000</u>
<b>Due within one year:</b>		
Trade debtors	264,459	174,361
Amounts recoverable on contracts	185,347	343,054
Other debtors	9,524	4,475
Prepayments and accrued income	5,777	4,680
	<hr/>	<hr/>
	£ 465,107	£ 526,570
	<hr/>	<hr/>
<b>Due after more than one year:</b>		
Deferred taxation	1,231	-
	<hr/>	<hr/>
	£ 466,338	£ 526,570
	<hr/>	<hr/>

**Kirby MacLean Limited**  
**Notes to the financial statements**

<b>10. Cash at bank and in hand</b>	<u>2001</u>	<u>2000</u>
	£ 141,515	£ 125,665
	<hr/>	<hr/>
<b>11. Creditors: amounts falling due within one year</b>	<u>2001</u>	<u>2000</u>
Trade creditors	206,457	304,538
Owed to group undertakings	57,101	31,861
Corporation tax	16,887	25,200
Other taxation and social security	73,741	54,214
Other creditors	85	136
Accruals and deferred income	32,027	35,566
	<hr/>	<hr/>
	£ 386,298	£ 451,515
	<hr/>	<hr/>
<b>12. Called up share capital</b>	<u>2001</u>	<u>2000</u>
Ordinary shares of £1 each		
Authorised	£ 100,000	£ 100,000
	<hr/>	<hr/>
Allotted and called up equity fully paid	£ 70,630	£ 70,630
	<hr/>	<hr/>
<b>13. Profit and loss account</b>	<u>2001</u>	<u>2000</u>
At 1 January	181,349	144,588
Retained profit for the financial year	43,628	36,761
	<hr/>	<hr/>
At 31 December	£ 224,977	£ 181,349
	<hr/>	<hr/>
<b>14. Equity shareholders' funds</b>	<u>2001</u>	<u>2000</u>
Profit on ordinary activities after taxation	97,298	84,761
Dividend	(53,670)	(48,000)
	<hr/>	<hr/>
Opening equity shareholders' funds	43,628	36,761
	251,979	215,218
	<hr/>	<hr/>
Closing equity shareholders' funds	£ 295,607	£251,979
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**Kirby MacLean Limited**  
**Notes to the financial statements**

**15. Commitments under operating leases**

At 31 December 2001, the company was committed to making the following payments during the next year in respect of operating leases:

	<u>2001</u>		<u>2000</u>	
	<u>Property</u>	<u>Plant and machinery</u>	<u>Property</u>	<u>Plant and Machinery</u>
Operating leases expiring:				
Within one year	-	-	-	2,560
Within two to five years	9,000	5,376	15,911	2,640
	<hr/>	<hr/>	<hr/>	<hr/>
	9,000	5,376	15,911	5,200
	<hr/>	<hr/>	<hr/>	<hr/>

**16. Contingent liabilities**

The company has a contingent liability in respect of guarantees given to support performance bonds and borrowings of its ultimate parent company, fellow subsidiaries and subsidiary undertakings amounting to £32.3 million (2000: £30.4 million).

**17. Related party transactions**

The company has taken advantage of the exemptions provided by Financial Reporting Standard 8 (Related Party Disclosures) in not disclosing transactions with other group companies where there is a common ownership interest in excess of 90%.

**18. Parent undertakings**

The immediate parent undertaking is MANSELL Maintenance Services Limited. The ultimate parent undertaking is MANSELL plc which is incorporated in Great Britain and registered in England and Wales. Copies of the financial statements of MANSELL plc may be obtained from the Company Secretary, MANSELL plc, Roman House, Grant Road, Croydon CR9 6BU.

**19. Pension arrangements**

Kirby MacLean is part of the MANSELL plc group pension schemes it is not possible to separate the pension schemes' assets and liabilities relating to this subsidiary, nor is it practical to separate the employees into each plan, the overall group note is therefore included in the accounts' notes to the accounts of each subsidiary.

The total number of employees included in the schemes of MANSELL plc is 1,094 and in respect of the subsidiary the number of employees is 7.

The group operates two funded defined benefit schemes in the UK, known as the MANSELL plc Pension Scheme and the Hall & Tawse Retirement Benefit Plan, and two money purchase schemes known as the MANSELL Maintenance Limited Group Personal Pension Plan and the Network Plant (Midlands) Executive Pension Plan. The assets of all the schemes are held separately from those of the group in independently administered funds.

In accordance with the Pensions Act 1995, full independent actuarial valuations of the group's defined benefit schemes are carried out every three years.

## Kirby MacLean Limited

### Notes to the financial statements

#### 19. Pension arrangements (continued)

The pension cost figures used in these accounts comply with the current pension cost accounting standard, Statement of Standard Accounting Practice 24 ("SSAP 24"). A new pension cost accounting standard, Financial Reporting Standard 17 ("FRS 17"), must be used for the figures that will be shown in the accounts at 31 December 2001 and subsequent years. Under transitional arrangements the company is required to disclose additional information about the schemes and the figures that would have been shown under FRS 17 in the current balance sheet. This additional information is given in a separate paragraph below.

The MANSELL plc scheme was closed to new members from 31 December 2001, the Hall and Tawse plan has been closed to new members since 1 July 1998.

Under the projected unit method the current service cost of the closed schemes will increase as the members approach retirement.

The company is carrying out a review of its pension arrangements in light of the schemes' funding positions on the Government statutory minimum funding requirements (MFR) and FRS 17 bases.

#### MANSELL plc Pension Scheme – SSAP 24 information

The most recent independent actuarial valuation of the scheme was carried out at 31 July 1999 and used the projected unit method. The key financial assumptions adopted were:

Investment returns before retirement	7.25% p.a.
Investment returns after retirement	5.75% p.a.
General pensionable earnings increases	4.5% p.a.
Pension increases	
Pension accrued after 5 April 1997	3.4% p.a.
Price inflation	3% p.a.

The valuation showed that the market value of the scheme's assets was £28.2 million and that the actuarial value of those assets represented 98% of the benefits that had accrued to members on an ongoing funding basis.

At 31 July 1999 under the MFR basis the scheme's assets represented 105% of the benefits that had accrued to members. At 31 December 2001 the scheme's assets were estimated to be 98% of the benefits that had accrued to members on the MFR basis.

In accordance with actuarial advice the company increased its contributions from 10% to 11% of pensionable pay on 1 August 2000 and to 13% of pensionable pay on 1 January 2002.

Employee contributions will increase by 1% with effect from 1 March 2002.

The pension charge for the year ended 31 December 2001 was £2,145,000 (2000: £1,051,000 this included a SSAP 24 credit of £690,000).

#### Hall & Tawse Retirement Benefit Plan – SSAP 24 information

The most recent independent actuarial valuation of the plan was carried out at 1 July 2000 and used the projected unit method. The key financial assumptions adopted were:

Investment returns	5.5% p.a.
Investment returns after retirement	5.75% p.a.
General pensionable earnings increases	4.5% p.a.
Pension increases	3% p.a.
Pension accrued after 5 April 1997	3.4% p.a.
Price inflation	3% p.a.

# Kirby MacLean Limited

## Notes to the financial statements

### 19. Pension arrangements (continued)

The valuation showed that the market value of the plan's assets was £98.7 million and that the actuarial value of those assets represented approximately 101% of the benefits that had accrued to members on an ongoing funding basis.

At 1 July 2000 under the MFR basis the plan's assets represented 108% of the benefits that had accrued to members. At 1 July 2001 the scheme's assets were estimated to be 101% of the benefits that had accrued to members on the MFR basis.

The company has increased its contribution to 15% of pensionable pay from 10.9% with effect from 1 February 2002 pending the results of the pension arrangement review and the results of a full actuarial valuation at 31 March 2002 which is being brought forward from July 2003.

Employee contribution will increase by 1% with effect from 1 March 2002.

The pension charge for the year ended 31 December 2001 was £1,022,000 (2000: £1,140,000).

### FRS 17 information - MANSELL plc Pension Scheme and Hall & Tawse Retirement Benefit Plan

Full actuarial valuations for the MANSELL plc Pension Scheme and the Hall & Tawse Retirement Benefit Plan were carried out at 31 July 1999 and 1 July 2000 respectively. These valuations have been updated to 31 December 2001 by qualified independent actuaries. The financial assumptions used by the actuaries to calculate the schemes' liabilities were:

#### At 31 December 2001

	<u>MANSELL plc</u> <u>Pension Scheme</u>	<u>Hall &amp; Tawse</u> <u>Retirement</u> <u>Benefit Plan</u>
Rate of increase in salaries	3.75%	3.75%
Rate of increase in deferred pensions during deferment	2.25%	2.25%
Rate of increase in pensions in payment	3.20%	2.25%
Discount rate	6.00%	6.00%
Inflation assumption	2.25%	2.25%

At 31 December 2001 the assets in the schemes and the expected rates of return were:

	<u>MANSELL plc</u> <u>Pension Scheme</u>		<u>Hall &amp; Tawse</u> <u>Retirement Benefit Plan</u>	
	Long term rate of return expected	Value £'000	Long term rate of return expected	Value £'000
Equities	7.0%	23,863	7.5%	51,400
Bonds	4.6%	5,760	5.1%	33,150
Other	3.5%	105	5.0%	1,550
Total market value of assets		29,728		86,100
Present value of scheme liabilities		(38,224)		(89,300)
Deficit in the scheme		(8,496)		(3,200)
Related deferred tax asset		2,549		960
Net pension liability		(5,947)		(2,240)

**Kirby MacLean Limited**  
**Notes to the financial statements**

**19. Pension arrangements (continued)**

If the above pension liabilities were recognised in the financial statements, the group's net assets and profit and loss reserve at 31 December 2001 would be as follows:

	£'000	£'000
<b>Net assets</b>		
Net assets excluding pension liability		18,843
Pension liabilities:		
Mansell plc Pension Scheme	(5,947)	
Hall & Tawse Retirement Benefit Plan	(2,240)	
		<u>(8,187)</u>
Net assets including pension liability		<u>10,656</u>
<b>Profit and loss reserve</b>		
Profit and loss reserve excluding pension liability		3,550
Pension liabilities:		
Mansell plc Pension Scheme	(5,947)	
Hall & Tawse Retirement Benefit Plan	(2,240)	
		<u>(8,187)</u>
Profit and loss reserve including pension liability (deficit)		<u>(4,637)</u>