

KIRBY MACLEAN LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY
K.M. ELECTRICAL ERECTION (LONDON) LIMITED
ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1975

MANN JUDD
Chartered Accountants



KIRBY MACLEAN LIMITED
AND ITS WHOLLY OWNED SUBSIDIARY
K.M. ELECTRICAL ERECTION (LONDON) LIMITED

REPORT OF THE DIRECTORS

Directors: W. J. Maclean (Chairman)
 F. I. Dalton (Managing Director)
 R. L. Smith (Secretary)
 A. D. Howie
 D. B. Maclean

The directors present their report and the audited accounts for the year ended 31st December 1975.

1. Principal activities

The principal business carried on continued to be that of painting, contracting and decorating by the parent company and the erection, dismantling, removal, service and maintenance of power transformers and heavy electrical switchgear by the subsidiary.

2. Trading results and turnover of the year for the two classes of business were as follows:-

	<u>Painting & Decorating</u> £	<u>Electrical Erection</u> £	<u>Total</u> £
Turnover	<u>469,187</u>	<u>38,361</u>	<u>507,548</u>
Profit for the year	<u>13,730</u>	Loss <u>(1,981)</u>	11,749
<u>Less:</u> Taxation			<u>7,274</u>
Profit after taxation			<u>4,475</u>
Reserves and unappropriated profits from previous year brought forward			<u>19,987</u>
			<u>24,462</u>
<u>Less:</u> Proposed dividend of 10% on ordinary shares (1974 5.2%)			101
Reserves and unappropriated profits to carry forward			<u>£24,361</u>

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REPORT OF THE DIRECTORS (CONTINUED)

3. Directors

During the year there were no changes in the board of directors, whose interests in the shares of the parent company as recorded in the register kept in accordance with Section 16 of the Companies Act 1967 were as follows, throughout the year:

W. K. Maclean	582 shares	(including shares held by associates)
F. T. Dalton	151 shares	
R. L. Smith	50 shares	
A. D. Howie	None	
D. B. Maclean	100 shares	

No contracts exist with the company or its subsidiary in which any director has an interest, and no arrangements subsist whereby any director is able to obtain benefits by acquisition of shares or debentures.

4. The parent company holds the whole of the issued share capital of its subsidiary, 1,000 shares of £1 each, which have been written down to £1, the parent company also making full provision for the subsidiary's losses.
5. The company and its subsidiary are close companies within the provisions of the Income and Corporation Taxes Act 1970.
6. The auditors, Messrs. Mann Judd, have expressed their willingness to continue in office in accordance with Section 159, Companies Act 1948.

BY ORDER OF THE BOARD

R. L. SMITH

Secretary

26th November 1976

REPORT OF THE AUDITORS TO THE MEMBERS OF

KIRBY MACLEAN LIMITED

We have examined the accounts and notes set out on pages 4 to 6 which have been prepared under the historical cost convention.



In our opinion the accounts and notes give, under the accounting convention stated above, a true and fair view of the state of affairs of the company and its subsidiary at 31st December 1975 and of the profit for the year ended on that date and comply with the Companies Acts 1948 and 1967.

4, Southampton Place,
London, WC1A 2DA
26th November 1976

MANN JUDD
CHARTERED ACCOUNTANTS

CONSOLIDATED PROFIT AND LOSS

	<u>1975</u> £	<u>1974</u> £
TURNOVER (Note 2)	507,548	404,200
TRADING PROFIT (1974 LOSS) for the year after all charges including:	11,186	(12,661)
Directors' emoluments, including pension contributions (Note 3)	33,747	32,514
Loss on sale and scrapping of fixed assets	616	(182)
Depreciation	3,246	4,315
Hire of plant	9,231	8,082
Auditors' remuneration (parent company £1,325 (1974 £1,100))	1,530	1,275
Bank and other short term interest	5,534	3,539
<u>Add (1974 Less):</u>		
Income from unquoted investment	563	1,288
PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION	11,749	(11,373)
TAXATION based on the profit for the year (Note 1)		
Corporation tax (Note 5) (1974 - tax recoverable)	6,400	2,230
Deferred taxation	875	-
Corporation tax overprovision for previous year	(1)	(10)
	7,274	(2,220)
PROFIT /(LOSS) FOR THE YEAR AFTER TAXATION	4,475	(9,153)
RESERVES AND UNAPPROPRIATED PROFITS brought forward	19,987	29,192
	24,462	20,039
APPROPRIATION		
Dividend of 10% (1974 - 5.2%) (Note 4)	101	52
RESERVES AND UNAPPROPRIATED PROFITS carried forward	£24,361	£19,987

NOTES:

1. Accounting policies

- (i) Stocks of materials are valued at the lower of cost and net realisable value, and stocks of tools are written off over a period of three years.
- (ii) Work in progress is valued at the cost of materials, subcontracting, labour and overheads, plus an appropriate portion of anticipated profit. Full provision is made for any losses expected on contracts in hand.
- (iii) Depreciation of fixed assets. No depreciation has been provided on freehold property, as, in the opinion of the directors, realisable value is not less than original cost. The remaining fixed assets are depreciated on the reducing instalment basis at rates appropriate to their estimated working life.
- (iv) Taxation. The charge for corporation tax is based on the profit for the year shown by the account after adjustment for expenditure not allowed for tax purposes. The deferred taxation provision computed on the liability method, represents the estimated future liability arising from the excess of capital allowances granted over the depreciation charged in the accounts, together with £900 in respect of stock increase relief.

2. Turnover is computed as the value of work done in the year less provision for estimated remedial claims.

3. Directors' emoluments (excluding pension contributions)

	<u>1975</u>	<u>1974</u>
The chairman received	£7,630	£7,585
The highest paid other director received	£10,517	£10,562
The other directors received emoluments in the scales:		
£ 0 - £2,500	1	1
£5,001 - £7,500	2	2

4. The dividend of 10% for the year, together with the imputed tax credit based on the current income tax rate of 35% is equivalent to a gross dividend of 15.38% (1974 - 8%).

5. Corporation tax is charged (1974 recovered) at 52% less small companies relief.

6. Profit attributable to the parent company. The net profit for the year after taxation dealt with in the accounts of Kirby Maclean Ltd. is £4,475 (1974 loss £6,083) after provision for the subsidiary's 1975 loss of £1,981.

Parent Company		Parent and Subsidiary	
1974	1975	1975	1974
£	£	£	£
		ASSETS EMPLOYED	
22,653	22,161	FIXED ASSETS (Note 7)	22,161
		INTEREST IN SUBSIDIARY	22,653
		Shares at valuation (1974 at cost)	
1,000	1	Amount receivable	
10,171	(3,560)		
11,171	(3,559)		
		CURRENT ASSETS	
10,501	24,177	Stock and work in progress (Note 8)	24,577
85,899	130,837	Debtors and prepayments	138,575
13,000	-	Local Authority Loan	-
188	1,148	Cash in hand	1,160
£111,588	£156,162		£164,312
		CURRENT LIABILITIES	
58,886	76,159	Creditors	77,434
45,776	65,151	Bank Overdraft (Note 9)	75,586
-	5,582	Taxation payable 1.1.77	5,582
52	101	Proposed dividend	101
£104,714	£146,993		£158,703
6,874	9,169	NET CURRENT ASSETS/ (LIABILITIES)	5,609
40,698	27,771		(132)
			27,770
1,525	2,400	Less: Deferred taxation (Note 1)	2,400
£ 39,173	£ 25,371		1,525
			£25,370
		FINANCE	
		SHARE CAPITAL	
£2,000	£2,000	Authorised:	£2,000
1,009	1,009	2,000 shares of £1 each	£2,000
		Issued and fully paid:	
		1,009 shares of £1 each	1,009
38,164	24,362	RESERVES AND APPROPRIATED PROFITS (Note 10)	24,361
£ 39,173	£ 25,371	SHAREHOLDERS' INTEREST	£25,370

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 } **DIRECTORS**

NOTES:

7. Fixed Assets

	<u>Plant, Equipment Vehicles and Furniture</u> £	<u>Freehold Property</u> £	<u>Total</u> £
Cost			
1st January 1975	23,469	11,941	35,410
Additions at cost	2,369	-	2,369
Disposals at cost	(2,674)	-	(2,674)
At 31st December 1975	23,164	11,941	35,105
Depreciation			
1st January 1975	10,788	-	10,788
Charge for the year	3,246	-	3,246
On disposals	(1,385)	-	(1,385)
At 31st December 1975	12,649	-	12,649
Net book value			
At 31st December 1975	10,515	11,941	22,456
<u>Less:</u> Hire purchase liability	295	-	295
	£10,220	£11,941	£22,161
Net book value			
At 31st December 1974	12,681	11,941	24,622
<u>Less:</u> Hire purchase liability	1,969	-	1,969
	£10,712	£11,941	£22,653

The directors are of the opinion that the market value of the freehold property is substantially in excess of the book value.

8. Stock and work in progress

<u>Parent Company</u>		<u>Parent and Subsidiary</u>	
<u>1974</u>	<u>1975</u>	<u>1975</u>	<u>1974</u>
£	£	£	£
97,088	81,265	84,524	102,568
88,692	60,543	63,402	92,534
8,396	20,722	21,122	10,024
2,105	3,455	3,455	2,105
£10,501	£24,177	£24,577	£12,129

9. Bank overdraft

The Midland Bank Ltd. has a floating charge on the freehold property and the undertaking of the parent company to secure advances made.

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NOTES (CONTINUED)

10. Reserves and unappropriated profits

<u>Parent company</u>			<u>Parent and subsidiary</u>	
<u>1974</u> £	<u>1975</u> £		<u>1975</u> £	<u>1974</u> £
44,299	38,164	Balance at 1st January 1975	19,987	29,192
		Retained profit/(loss) for the year less provision for subsidiary's loss for the year	4,374	(9,205)
<u>(6,135)</u>	<u>4,374</u>		<u>24,361</u>	<u>19,987</u>
38,164	42,538			
		<u>Less: Provision for</u> <u>prior years losses</u> <u>of subsidiary</u>	-	-
-	18,176			
<u>£38,164</u>	<u>£24,362</u>		<u>£24,361</u>	<u>£19,987</u>