

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

REPORT AND ACCOUNTS

30TH SEPTEMBER 1998



John W Hinks & Co
Chartered Accountants
Church House
5-14 South Road
Smethwick
West Midlands
B67 7BH

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

NOTES TO TRADING AND PROFIT AND LOSS ACCOUNT

30TH SEPTEMBER 1998

Directors

H C Everett
A J Pensom

Secretary

G K Miller

Registered office

Springvale Business and Industrial Park
Bilston
West Midlands
WV14 OQL

Auditors

John W Hinks & Co
Chartered Accountants
Church House
5-14 South Road
Smethwick
West Midlands
B67 7BH

Bankers

Midland Bank PLC
Market Place
P O Box No 6
Willenhall
West Midlands
WV13 2AF

Company number: 00492133

BAINBRIDGE ENGINEERING LIMITED
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REPORT AND ACCOUNTS

30TH SEPTEMBER 1998

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BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30th September 1998.

Principal activity

The principal activity of the company continues to be the manufacture and distribution of products for the building industry.

Business review and future developments

Both the level of business and the year end financial position were satisfactory. At the close of business on 30th September 1998 the company's assets and trade were transferred to Birtley Building Products Limited, a fellow subsidiary of Hill & Smith Holdings PLC.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts
- prepare the accounts 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 accounts 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.

Dividends

The directors do not recommend payment of a final dividend making a total dividend for the year ended 30th September 1998 of **£40,000** (1997 £57,000).

Political contributions and charitable donations

The company made no charitable donations or political contributions during the year.

Creditor payment terms

It is the company's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms, it is the company's policy that payment is made accordingly. Creditor days - 60 days (1997 66 days).

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DIRECTORS' REPORT

Tax status

As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988, do not apply to the company. There has been no change in this respect since the end of the financial year.

Directors and their interests

The following persons were directors of the company during the year:-

M E Sara (resigned 10th June 1998)
H C Everett
A J Pensom
A C Villaweaver (resigned 30th September 1998)

The interests of the directors of the company at 30th September in the shares of the parent company, Hill & Smith Holdings PLC, according to the Register required to be kept by the Companies Act 1985, were as follows:

	30th September 1998	30th September 1997
H C Everett	55,775	55,095
A J Pensom	58,203	58,203
A C Villaweaver (resigned 30th September 1998)	3,511	3,511

Auditors

A resolution to appoint KPMG as auditors will be put to the members at the Annual General Meeting.

By order of the board


G K Miller
Secretary

6th January 1999

BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 1998

	Notes	1998 £	1997 £
Turnover	1	2,301,556	2,386,694
Cost of sales		<u>(1,319,518)</u>	<u>(1,693,019)</u>
Gross profit		<u>982,038</u>	<u>693,675</u>
Distribution costs		<u>(138,509)</u>	<u>(137,072)</u>
Administrative expenses		<u>(792,844)</u>	<u>(407,848)</u>
Operating profit	2	50,685	148,755
Interest	5	<u>(27,011)</u>	<u>(18,384)</u>
Profit on ordinary activities before taxation		23,674	130,371
Tax on profit on ordinary activities	6	<u>(23,137)</u>	<u>(45,332)</u>
Profit for the financial year		537	85,039
Dividends	7	<u>(40,000)</u>	<u>(57,000)</u>
Retained (loss)/profit for the year	14	<u>(39,463)</u>	<u>28,039</u>

Discontinuing operations

All of the company's activities are discontinued.

The notes on pages 8 to 15 form part of these accounts.

BAINBRIDGE ENGINEERING LIMITED
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YEAR ENDED 30TH SEPTEMBER 1998

Statement of total recognised gains and losses

	1998 £	1997 £
Profit for the financial year	537	85,039
Unrealised deficit on revaluation of property	<u>-</u>	<u>(27,092)</u>
Total gains and losses recognised since last accounts	<u><u>537</u></u>	<u><u>57,947</u></u>

Note of historical cost profits and losses

There were no material differences between reported profits and losses and historical cost profits and losses on ordinary activities before tax.

Movement in shareholders' funds

	1998 £	1997 £
Profit for the financial year	537	85,039
Dividends	<u>(40,000)</u>	<u>(57,000)</u>
	(39,463)	28,039
Other recognised gains and losses relating to the year (net)	<u>-</u>	<u>27,092</u>
Net (reduction)/addition to shareholders' funds	(39,463)	55,131
Opening shareholders' funds	<u>589,335</u>	<u>534,204</u>
Closing shareholders' funds	<u><u>549,872</u></u>	<u><u>589,335</u></u>

The total of shareholders' funds represents equity interests.

The notes on pages 8 to 15 form part of these accounts.


BAINBRIDGE ENGINEERING LIMITED
(A wholly owned subsidiary of Hill & Smith Holdings PLC)

BALANCE SHEET

30TH SEPTEMBER 1998

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	8	672,440	698,943
Current assets			
Stocks	9	350,428	339,364
Debtors	10	557,978	456,603
Cash at bank and in hand		157	427
		<u>908,563</u>	<u>796,394</u>
Creditors: amounts due within one year	11	<u>(964,148)</u>	<u>(864,746)</u>
Net current liabilities		<u>(55,585)</u>	<u>(68,352)</u>
Total assets less current liabilities		616,855	630,591
Creditors: amounts due after one year	11	(5,170)	(8,065)
Provisions for liabilities and charges	12	<u>(61,813)</u>	<u>(33,191)</u>
Net assets		<u>549,872</u>	<u>589,335</u>
Capital and reserves			
Called up share capital	13	152,115	152,115
Share premium account	14	19,385	19,385
Revaluation reserve	14	366,885	366,885
Profit and loss account	14	<u>11,487</u>	<u>50,950</u>
Equity Shareholders' funds		<u>549,872</u>	<u>589,335</u>

These financial statements were approved by the Board on 6th January 1999 and signed on its behalf by:



H C EVERETT - Director

The notes on pages 8 to 15 form part of these accounts.

The financial statements are prepared under the historical cost convention, as modified by the revaluation of land and buildings and in accordance with applicable accounting standards.

Fixed assets

Interests in land and buildings are stated at valuation or historical cost. The cost of other fixed assets is their purchase cost, together with any incidental expenses of acquisition.

Depreciation is calculated so as to write off the cost or valuation of fixed assets over the expected useful and economic lives of the assets concerned.

Leasehold property is depreciated over the term of the lease.

Plant, equipment and vehicles are depreciated in accordance with prudent commercial bases, at rates calculated on the assumed lives which vary between 4 and 20 years.

Stocks and work in progress

These are valued on a "first-in, first-out" basis at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes all production overheads and the attributable proportion of indirect overhead expenses.

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

No provision is made for any possible liabilities on the future sales of properties at their revalued book figures as it is intended that such properties will be retained for use in the business.

Turnover

Turnover, which excludes value added tax, and trade discount represents the invoiced value of goods and services supplied.

Leased assets

With respect to finance leases, the relevant assets are capitalised and the corresponding liability is included as an obligation. The depreciation policy shown above is adopted in respect of such assets and the interest content of the agreements is charged to the profit and loss account. Rental payments in respect of all other assets are charged to the profit and loss account.

Pension scheme arrangements

Contributions are charged to the profit and loss account so as to spread the cost of pension evenly over the members' working lives with the company.

Research and development

All expenditure on research and development is charged to the profit and loss account as incurred.

BAINBRIDGE ENGINEERING LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1998

1 Turnover and profit

The whole of the turnover and profit is derived from the principal activity of the business carried on in the United Kingdom.

2 Operating profit

	1998 £	1997 £
This is stated after charging:		
Depreciation of owned assets	75,038	63,363
Depreciation of assets held under finance leases and hire purchase contracts	1,452	1,203
Directors' remuneration	43,521	40,008
Auditors remuneration	4,300	4,720
Loss on disposal of tangible fixed assets	-	2,636
Redundancy payments	21,600	-
Operating leases - land and buildings	11,142	3,101
	<u>5,211</u>	<u>-</u>
and after crediting:		
Profit on disposal of tangible fixed assets	<u>5,211</u>	<u>-</u>

3 Directors emoluments

	1998 £	1997 £
Aggregate emoluments	<u>43,521</u>	<u>40,008</u>

Two directors have retirement benefits accruing under a defined benefit scheme.

4 Particulars of employees

	1998	1997
The average number of persons employed by the company (including directors) all of whom were involved in the principal activity was:	<u>46</u>	<u>51</u>
	£	£
Their total remuneration was:		
Wages and salaries	597,509	622,532
Social security costs	49,472	49,801
Other pension costs	14,129	12,886
	<u>661,110</u>	<u>685,219</u>

BAINBRIDGE ENGINEERING LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1998

5 Interest

	1998 £	1997 £
Payable:		
On bank loans and overdrafts repayable with five years not by instalments	25,777	17,082
On finance leases and hire purchase contracts repayable within five years by instalments	1,234	1,302
	<u>27,011</u>	<u>18,384</u>

6 Tax on profit on ordinary activities

	1998 £	1997 £
Corporation tax	10,000	44,000
Deferred taxation	14,000	2,000
	<u>24,000</u>	<u>46,000</u>
Prior years:		
Corporation tax	(863)	(668)
	<u>23,137</u>	<u>45,332</u>

7 Dividends

	1998 £	1997 £
Interim dividend paid on ordinary shares	40,000	-
Final proposed dividends on ordinary shares	-	57,000
	<u>40,000</u>	<u>57,000</u>

BAINBRIDGE ENGINEERING LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1998

8 Tangible fixed assets

	Leasehold land and buildings £	Plant equipment and vehicles £	Total £
Cost :			
Beginning of year	400,000	450,812	850,812
Additions	-	53,716	53,716
Disposals	-	(52,145)	(52,145)
End of year	<u>400,000</u>	<u>452,383</u>	<u>852,383</u>
Depreciation:			
Beginning of year	-	151,869	151,869
Charge for the year	7,538	68,952	76,490
Disposals	-	(48,416)	(48,416)
End of year	<u>7,538</u>	<u>172,405</u>	<u>179,943</u>
Net book value:			
Beginning of year	<u>400,000</u>	<u>298,943</u>	<u>698,943</u>
End of year	<u>392,462</u>	<u>279,978</u>	<u>672,440</u>

The net book value of assets held under finance leases and hire purchase contracts amounted to **£11,728** (1997 : £13,180).

The leasehold property was valued in 1997 by Sellers, Chartered Surveyors, on an open market value for existing use basis.

a. The cost or valuation figures for property includes:

	1998 Leasehold £	1997 Leasehold £
Valuation made in 1997	<u>400,000</u>	<u>400,000</u>

b. The amount of revalued property as determined according to the historical cost accounting rule is:

BAINBRIDGE ENGINEERING LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1998

	1998 Leasehold £	1997 Leasehold £
Cost	123,116	123,116
Depreciation	<u>(21,546)</u>	<u>(19,494)</u>
Net book value	<u><u>101,570</u></u>	<u><u>103,622</u></u>

c. The net book value of the property comprises:

	1998 £	1997 £
Leasehold over 50 years	<u><u>392,462</u></u>	<u><u>400,000</u></u>

d. Capital commitments

	1998 £	1997 £
Authorised and contracted for	<u><u>-</u></u>	<u><u>81,294</u></u>

9 Stocks

	1998 £	1997 £
Raw materials and consumables	283,164	262,605
Work in progress	36,533	30,043
Finished goods and goods for resale	<u>30,731</u>	<u>46,716</u>
	<u><u>350,428</u></u>	<u><u>339,364</u></u>

10 Debtors

	1998 £	1997 £
	Amounts due within one year	
Trade debtors	468,574	442,157
Amounts owed by group undertakings	57,039	-
Other debtors	26,115	14,446
ACT recoverable	<u>6,250</u>	<u>-</u>
	<u><u>557,978</u></u>	<u><u>456,603</u></u>

BAINBRIDGE ENGINEERING LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1998

11 Creditors

	Amounts due within one year		Amounts due after one year	
	1998 £	1997 £	1998 £	1997 £
Bank overdraft	270,799	166,123	-	-
Finance leases and hire purchase contracts	2,894	2,894	5,170	8,065
Trade creditors	285,242	279,646	-	-
Amounts owed to group undertakings	264,609	218,612	-	-
Corporation tax	6,250	44,000	-	-
ACT payable	10,000	-	-	-
Other tax and social security	80,056	44,320	-	-
Other creditors	44,298	52,151	-	-
Proposed dividend	-	57,000	-	-
	<u>964,148</u>	<u>864,746</u>	<u>5,170</u>	<u>8,065</u>

The borrowings shown above are repayable as follows:

	Amounts due within one year		Amounts due after one year	
	1998 £	1997 £	1998 £	1997 £
Bank overdraft: Within one year	<u>270,799</u>	<u>166,123</u>	<u>-</u>	<u>-</u>
Finance leases and hire purchase contracts: Within one year	<u>2,894</u>	<u>2,894</u>	<u>-</u>	<u>-</u>
Between one and two years	<u>-</u>	<u>-</u>	<u>5,170</u>	<u>8,065</u>
	<u>2,894</u>	<u>2,894</u>	<u>5,170</u>	<u>8,065</u>

Interest on bank borrowing is payable at normal joint stock bank rates.

Bank borrowings are secured by cross guarantees by group companies.

12 Provision for liabilities and charges

	1998 £	1997 £
Pension provision	31,813	17,191
Deferred taxation	<u>30,000</u>	<u>16,000</u>
	<u>61,813</u>	<u>33,191</u>
Deferred taxation		

BAINBRIDGE ENGINEERING LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1998

i. Provided in financial statements:

	1998 £	1997 £
Accelerated capital allowances	30,000	22,000
Other timing differences	-	(6,000)
	<u>30,000</u>	<u>16,000</u>

ii. If provision had been made for all timing differences, further liability as follows would have appeared in the financial statements:

	1998 £	1997 £
Accelerated capital allowances	-	24,000

iii. Deferred taxation provided

	1998 £	1997 £
Beginning of year	16,000	14,000
Movement arising in year	14,000	2,000
End of year	<u>30,000</u>	<u>16,000</u>

13 Share Capital

	1998 £	1997 £
Authorised 2,000,000 ordinary shares of 10p each	<u>200,000</u>	<u>200,000</u>
Allotted called up and fully paid 1,521,154 ordinary shares of 10p each	<u>152,115</u>	<u>152,115</u>

14 Reserves

	Share premium account £	Revaluation reserves £	Profit & Loss account £
Beginning of year	19,385	366,885	50,950
Retained loss for the year	-	-	(39,463)
End of year	<u>19,385</u>	<u>366,885</u>	<u>11,487</u>

BAINBRIDGE ENGINEERING LIMITED
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NOTES TO THE ACCOUNTS

30TH SEPTEMBER 1998

15 Contingent liabilities

- i. The company is a party to guarantees given for bank loans and overdrafts of the parent company and certain fellow subsidiaries.
- ii. The company has given a guarantee to H M Customs & Excise dated 6th June 1997 for £25,000.

16 Pension scheme

The company operates a defined contribution scheme and the assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charged to the profit and loss account of **£6,520** (1997 £6,314) represents contributions payable by the company to the fund.

The company is a subsidiary of Hill & Smith Holdings PLC and several employees are members of the Hill & Smith Group Pension and Assurance Scheme. This is a defined benefit scheme, contributions being based on pension costs across the group as a whole.

The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit credit method. The most recent actuarial valuation was at 5th April 1994. Details of this actuarial valuation are disclosed in the financial statements of Hill & Smith Holdings PLC.

The company's pension cost charge for the year in respect of the Hill & Smith Group Pension and Assurance Scheme was **£7,609** (1997 - £6,572) and represents contributions paid by the company to the fund. Included in provisions is the sum of **£31,813** (1997 £17,191) being contributions due to the scheme.

17 Parent company

The company is a wholly owned subsidiary of Hill & Smith Holdings PLC, a company registered in England.

18 Post balance sheet events

At the close of business on 30th September 1998 the assets and trade of the company were transferred to Birtley Building Products Limited, a fellow subsidiary of Hill & Smith Holdings PLC. The consideration for the transfer was £549,872.

BAINBRIDGE ENGINEERING LIMITED
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**AUDITORS' REPORT TO THE MEMBERS OF
BAINBRIDGE ENGINEERING LIMITED**

We have audited the accounts on pages 3 to 14 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 6 to 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on these accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts are free from material mis-statement, 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 30th September 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Church House
5-14 South Road
Smethwick
West Midlands
B67 7BH

6th January 1999



JOHN W HINKS & CO
Chartered Accountants
and Registered Auditor