

STAR DUCTWORKS LIMITED

A Member of the Senior Engineering Group

DIRECTORS REPORT

AND ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER, 1977



STAR DUCTWORKS LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting their Report and Accounts for the year ended 31st December, 1977. The Notes annexed to the Accounts should be read in conjunction with this Report.

1. BUSINESS ACTIVITIES

The principal activities of the Company during the financial year, were Ventilation and Mechanical Engineering and there have been no significant changes during this time.

2. TRADING

The Company's profit and loss account (page 4) discloses a loss after taxation of £1,110 and accordingly the Directors do not recommend a dividend in respect of the year.

3. DIRECTORS

The following were Directors during the year.

Mr. J. Bleakley (Chairman)
Mr. G. A. Higginbotham
Mr. W. G. King
Mr. J. J. Woolley

Shares in the ultimate holding company Senior Engineering Group Limited held by Directors of this Company who were not Directors of the ultimate holding Company were as follows:

Mr. J. Bleakley	94,500	10p Ordinary Shares fully paid (1976 104,500)
Mr. G. A. Higginbotham	-	10p Ordinary Shares fully paid (1976 45,000)

4. FIXED ASSETS

Details of movements in Fixed Assets during the year, are given in Note 1 to these Accounts.

5. EXPORTS

No goods were exported by the Company during the year.

6. AUDITORS

The auditors, Farr, Rose & Gay and Tansley Witt & Co. are willing to be re-appointed in accordance with Section 14 of the Companies Act 1976.

BY ORDER OF THE BOARD

Secretary

Registered Office

5/11 Vale Royal,
York Way,
London, N7 9AR

STAR DUCTWORKS LIMITED

REPORT OF THE AUDITORS TO THE MEMBERS OF STAR DUCTWORKS LIMITED

We have examined the accounts and statement of source and application of funds set out on pages 3 to 9 which have been prepared under the historical cost convention, including the revaluation of certain assets. In our opinion the accounts together give a true and fair view of the state of the affairs at 31st December, 1977, and of the loss for the year ended on that date and comply with the requirements of the Companies Acts, 1948 and 1967 and the statement on page 9 gives a true and fair view of the source and application of the Company's funds for the year ended on the 31st December, 1977.

CHARTERED ACCOUNTANTS

Farr, Rose & Gay,
Africa House,
64/78 Kingsway,
London, WC2B 6DA

CHARTERED ACCOUNTANTS

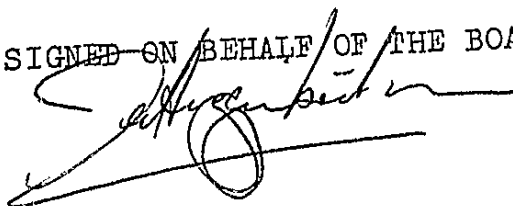
Tansley Witt & Company,
28 Ely Place,
London,
EC1P 1JE

STAR DUCTWORKS LIMITED

BALANCE SHEET AT 31ST DECEMBER, 1977

	<u>Notes</u>	<u>1977</u>	<u>1976</u>
		£	£
<u>NET ASSETS EMPLOYED:</u>			
<u>FIXED ASSETS</u>	1	81,262	78,494
<u>CURRENT ASSETS</u>			
Stock and work-in progress	2	41,961	15,803
Debtors	8	124,450	222,373
Amounts due from Group Companies		8,317	-
Bank balances and cash		27,447	11,444
		<u>202,175</u>	<u>249,620</u>
<u>LESS: CURRENT LIABILITIES</u>			
Creditors and provisions for uncompleted contracts		75,632	137,827
Amounts owing to Group Companies		14,867	-
Taxation	3	14,700	14,700
		<u>105,199</u>	<u>152,527</u>
<u>NET CURRENT ASSETS</u>		<u>96,976</u>	<u>97,093</u>
		<u>£178,238</u>	<u>£175,587</u>
<u>FINANCED AS FOLLOWS:</u>			
<u>SHARE CAPITAL</u>	4	4,400	4,400
<u>SHARE PREMIUM ACCOUNT</u>		45,875	45,875
<u>RESERVES</u>	4	77,202	78,312
<u>SHAREHOLDERS' FUNDS</u>		<u>127,477</u>	<u>128,587</u>
<u>AMOUNT DUE TO DIVISIONAL HOLDING COMPANY</u>			
On current and loan account		44,363	40,000
<u>DEFERRED TAXATION</u>	3	6,398	7,000
		<u>£178,238</u>	<u>£175,587</u>

SIGNED ON BEHALF OF THE BOARD



STAR DUCTWORKS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1977

	<u>Notes</u>	<u>1977</u> £	<u>1976</u> £
<u>TURNOVER</u>	5	<u>507,601</u>	<u>695,920</u>
Net Trading Loss for the year before Taxation after charging (crediting) (Profit 1976)		(1,712)	39,230
Depreciation	1,874	1,675	
Auditors Remuneration	2,500	1,985	
Directors Emoluments and Pension 9	12,084	12,015	
Interest on Loan (Gross)	-	282	
Bank Interest	-	5,800	
	<u>£ 16,458</u>	<u>£ 21,757</u>	
Interest Received	-	(118)	
<u>TAXATION</u>			
Corporation Tax at 52% on the profits for the year		(602)	14,700
Net Loss after taxation charge for the year (Profit 1976)		(1,110)	24,530
<u>Add:</u> Balance brought forward		32,037	14,507
		<u>30,927</u>	<u>39,037</u>
<u>Less:</u> Transferred to Deferred Taxation Reserve		-	7,000
Balance Carried forward		<u>£ 30,927</u>	<u>£ 32,037</u>

STAR DUCTWORKS LIMITED

ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the Company's Accounts are those of the Historic Cost Convention and are consistent with previous years.

a) Fixed Assets

Fixed Assets have been included in the Accounts at cost of valuation.

No Depreciation has been provided on the Freehold Property.

Other Fixed Assets have been depreciated on a reducing balance basis at the following rates:

Plant and Machinery	10%
Motor Vehicles	25%
Furniture and Fixtures	5%

The rates of depreciation are deemed to be adequate.

b) Repairs and Renewals

All Repairs and Renewals are written off as incurred.

c) Extension of Contract Claims

The Company's policy is to bring into credit amounts received or agreed in respect of Extension of Contract Claims. Any amounts that cannot be ascertained with substantial accuracy have not been taken into account.

STAR DUCTWORKS LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER, 1977

1. FIXED ASSETS

	<u>P L A N T & E Q U I P M E N T</u>				
	<u>P R O P E R T I E S</u>				
	<u>FREEHOLD</u>		<u>Machinery Plant & Patterns</u>	<u>Motor Vehicles</u>	<u>Fixtures & Fittings</u>
	<u>Land</u>	<u>Buildings</u>	<u>Total</u>		<u>Total</u>
<u>COST OR VALUATION</u>					
Cost as at 1st January, 1977			18,746	5,427	3,587
Valuation as at 1st January, 1977	15,000	50,000	65,000		27,760
Additions during 1977			700	4,045	314
Disposals				(1,608)	(1,608)
Amounts written out				(200)	(200)
COST AS AT 31ST DECEMBER, 1977			19,446	7,864	3,701
VALUATION AS AT 31ST DECEMBER, 1977	15,000	50,000	65,000		31,011

DEPRECIATION

As at 1st January, 1977

For the year

Disposals

DEPRECIATION AS AT 31ST DECEMBER 1977

NET BOOK VALUE 31st December 1977

8,657	4,418	1,191	14,266
1,050	701	123	1,874
	(1,391)		(1,391)
9,707	3,728	1,314	14,749
£15,000	£50,000	£65,000	£16,262
£9,739	£4,136	£2,387	

The property owned by the Company was valued at 31st December, 1976 by Messrs. Edwards, Bigwood & Bewlay on an existing use bases. The valuation was dated 31st December, 1976 and was adopted on 22nd February, 1977. There was no surplus on revaluation.

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER, 1977

2. STOCKS AND WORK IN PROGRESS Raw Materials and Stores have been valued at the lower of cost or net realisable value on bases and methods consistently applied. Work in progress has been valued on the basis of total cost, including overheads and an element of profit where appropriate; less progress payments received or receivable.

3. TAXATION

Because of the loss incurred in the year no provision for Corporation Tax is necessary.

Taxation liabilities are payable as follows:

Corporation Tax payable 1st January, 1978 £14,700

Deferred taxation comprises:

Arising by reason of accelerated capital allowances	7,000
Relief attributable to increase in stock and work in progress	5,272
	<u>12,272</u>
Less: Group Relief available	5,874
	<u>£ 6,398</u>

4. SHARE CAPITAL AND RESERVES

	<u>1977</u>	<u>1976</u>
<u>Share Capital</u>		
<u>Authorised</u>	£5,000	£5,000
<u>Issued and Fully Paid</u>		
4,000 £1 Deferred Shares	4,000	4,000
400 £1 Ordinary Shares	400	400
	<u>£4,400</u>	<u>£4,400</u>

Reserves

Revenue Reserve brought forward 1st January, 1977	32,037
Loss incurred during the year	1,110
	<u>30,927</u>
General Reserve brought forward 1st January, 1977	46,275
	<u>£77,202</u>
<u>Balance carried forward 31st December, 1977</u>	<u>£77,202</u>

5. TURNOVER

Comprises the total value of sales invoices rendered during the year inclusive of inter-group sales at arms length but exclusive of Value Added Tax.

6. HOLDING COMPANY

The Company is a wholly owned subsidiary of Senior Engineering (Group) Limited, whose ultimate holding company is Senior

NETWORKS LIMITED

NOTES TO THE ACCOUNTS (Continued)

FOR THE YEAR ENDED 31ST DECEMBER, 1977

7. COMMITMENTS AND CONTINGENT LIABILITIES

	<u>1977</u>	<u>1976</u>
Future Capital Expenditure		
Contracted for but not provided for in the accounts	Nil	Nil
Authorised by the Directors but not contracted for	£8,000	Nil

No provision has been made for the liability to Corporation Tax that might arise on the disposal of the properties owned by the Company.

The Company is a guarantor for the overdraft facility which Senior Engineering Group Limited has with the Midland Bank as at 31st December, 1977

8. DEBTORS

Approximately £30,271 (1976 £33,605) is represented by retentions on long term contracts, a material proportion of which will not be received within twelve months.

9. DIRECTORS REMUNERATION

	<u>1977</u>	<u>1976</u>
Chairman	Nil	Nil
Other Directors		
£0 - £2,500	1	1
£5,001 - £7,500	2	2

STAR DUCTWORKS LIMITED
SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31ST DECEMBER, 1977

	£
<u>Source of Funds</u>	
Net Loss before taxation	(1,712)
Adjustment for items not involving movement of funds:	
Depreciation	1,874
	<u>162</u>
<u>Total generated from operations</u>	
Funds from other sources:	
Disposal of fixed assets	417
	<u>579</u>
<u>Deduct:</u>	
Application of Funds	
Purchase of Fixed Assets	5,059
Increase in Stock	26,158
Decrease in Debtors	(89,606)
Decrease in Creditors	42,965
	<u>(15,424)</u>
<u>Movement in Net Liquid Funds</u>	
Increase in Cash Balances	<u><u>£16,003</u></u>