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STAR DUCTWORKS LIMITED

A member of the Senior Engineering Group

DIRECTORS' REPORT AND ACCOUNTS

31 DECEMBER 1978



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**Tansley Witt & Co**

Chartered Accountants

## STAR DUCTWORKS LIMITED

### REPORT OF THE DIRECTORS

The directors have pleasure in presenting their Report and Accounts for the year ended 31 December 1978. The notes to the Accounts should be read in conjunction with this report.

#### 1. BUSINESS ACTIVITIES

The Company manufactures and erects light fabrications in aluminium, galvanised mild and stainless steels for the air conditioning and related industries.

#### 2. TRADING

The company experienced unsatisfactory trading during 1978 and the directors are reviewing the continued operation of the company during 1979.

#### 3. RESULT

The loss of the company for the year, after taxation is £65,660 which has been dealt with as shown in the Profit and Loss Account.

The directors do not recommend the payment of a dividend.

#### 4. DIRECTORS

The following directors served for the whole of the year, except where indicated.

J. Bleakley  
G.A. Higginbotham  
W.G. King (resigned 21 August 1978)  
J.J. Woolley (resigned 24 August 1978)

The directors held the following number of 10p shares in the capital of Senior Engineering Group Limited, at 31 December 1978

<u>Name</u>	<u>1978</u> <u>Shares</u> <u>of 10p</u>	<u>1977</u> <u>Shares</u> <u>of 10p</u>
J. Bleakley	79,500	94,500
G.A. Higginbotham	-	-

#### 5. FIXED ASSETS

Information relating to changes in fixed assets is given in Note 4 to the accounts.

STAR DUCTWORKS LIMITED

REPORT OF THE DIRECTORS

(Continued)

6. EXPORTS

Value of goods exported from the United Kingdom during  
the year amounted to

1978

£ Nil  
— —

1977

£ Nil  
— —

7. AUDITORS

The auditors, Tansley Witt & Co. are willing to be reappointed in accordance  
with Section 14 of the Companies Act 1976.

BY ORDER OF THE BOARD

G.A. HIGGINBOTHAM

Secretary

Registered office:  
5/11 Yale Royal,  
York Way,  
London N7 9AR.

# Tansley Witt & Co

In Association with Bernard Phillips & Co

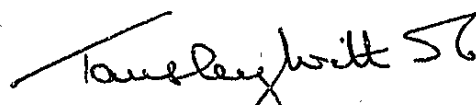
Chartered Accountants

28 Fly Place, London EC1N 6RE.

## REPORT OF THE AUDITORS

### TO THE MEMBERS OF STAR DUCTWORKS LIMITED

We have examined the account set out on pages 4 to 9. These have been prepared under the historical cost convention, including the revaluation of certain assets. In our opinion these accounts give, under the accounting convention stated above, a true and fair view of the state of the company's affairs at 31 December 1978 and of its loss and source and application of funds for the year ended on that date and comply with the Companies Acts 1948 and 1967.

  
TANSLEY WITT & CO

CHARTERED ACCOUNTANTS

STAR DUCTWORKS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1978

	<u>NOTES</u>	<u>1978</u> <u>£</u>	<u>1977</u> <u>£</u>
TURNOVER	1	<u>387,720</u>	<u>507,601</u>
LOSS BEFORE TAXATION	2	(135,281)	(1,712)
TAXATION	3	<u>(69,621)</u>	<u>(602)</u>
LOSS AFTER TAXATION		(65,660)	(1,110)
DIVIDENDS		-	-
RETAINED LOSS		<u>£(65,660)</u>	<u>£ (1,110)</u>
<u>STATEMENT OF RETAINED PROFITS AND RESERVES</u>			
AMOUNTS BROUGHT FORWARD		77,202	78,312
RETAINED LOSS FOR THE YEAR		<u>(65,660)</u>	<u>(1,110)</u>
TOTAL AT 31 DECEMBER 1978		<u>£ 11,542</u>	<u>£ 77,202</u>

The notes on pages 7 to 9 form part of these accounts.

STAR DUCTWORKS LIMITED  
BALANCE SHEET AT 31 DECEMBER 1978

	NOTES	£	1978	£	1977	£
NET ASSETS EMPLOYED:						
FIXED ASSETS	4		72,567			81,262
CURRENT ASSETS						
Stock and work-in-progress	8	61,479			41,961	
Debtors	5	95,518			124,450	
Amount due from group companies		-			8,317	
Taxation recoverable		104,942			-	
Bank balances and cash		2,909			27,447	
		<u>264,848</u>			<u>202,175</u>	
LESS: CURRENT LIABILITIES						
Creditors and provisions for uncompleted contracts		81,954			75,632	
Amounts owing to group companies		18,104			14,867	
Taxation		-			14,700	
		<u>100,058</u>			<u>105,199</u>	
NET CURRENT ASSETS			<u>164,790</u>			<u>96,976</u>
			<u>£237,357</u>			<u>£178,238</u>
FINANCED AS FOLLOWS:						
SHARE CAPITAL	6		4,400			4,400
SHARE PREMIUM ACCOUNT			45,875			45,875
RESERVES			<u>11,542</u>			<u>77,202</u>
SHAREHOLDERS' FUNDS			61,817			127,477
AMOUNT DUE TO DIVISIONAL HOLDING COMPANY						
On current and loan account			133,740			44,363
DEFERRED TAXATION	3		<u>41,800</u>			<u>6,398</u>
			<u>£237,357</u>			<u>£178,238</u>

SIGNED ON BEHALF OF THE BOARD  
J. BLEAKLEY )  
G.A. HIGGINBOTHAM ) DIRECTORS

The notes on pages 7 to 9 form part of these accounts.

STAR DUCTWORKS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 DECEMBER 1978

	£	<u>1978</u>	£	£	<u>1977</u>	£
<b>ABSORPTION OF FUNDS:</b>						
Loss before taxation		(135,281)			(1,712)	
Depreciation		7,463			1,874	
(Profit)/loss on sale of fixed assets		(256)			417	
		<u>(128,074)</u>			<u>579</u>	
Total absorbed by operations		(128,074)			579	
Sale proceeds of fixed assets		6,981			-	
		<u>(121,093)</u>			<u>579</u>	
<b>APPLICATION:</b>						
Capital expenditure		5,493			5,059	
Taxation paid		14,619			-	
Working capital decrease:						
Stock increase	19,518			26,158		
Debtors decrease	(28,932)			(89,605)		
(Increase) in amounts owing to group companies	(100,931)			-		
(Increase)/decrease in other current liabilities	<u>(6,322)</u>			<u>42,965</u>		
		<u>(116,667)</u>			<u>(20,483)</u>	
		<u>(96,555)</u>			<u>(15,424)</u>	
(DECREASE)/INCREASE IN NET LIQUID FUNDS		<u>£(24,538)</u>			<u>£ 16,003</u>	
<b>Reflected in:-</b>						
Bank and cash balances - (decrease)/increase		<u>£(24,538)</u>			<u>£ 16,003</u>	

# STAR DUCTWORKS LIMITED

## NOTES ON ACCOUNTS

### 1. STATEMENT OF ACCOUNTING POLICIES

#### 1.1. Turnover

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

#### 1.2. Depreciation

Depreciation of fixed assets is provided at rates calculated to reduce their book value to estimated realisable value at the end of their anticipated useful lives. The rates used, applied to original cost, or valuation are as follows:-

Freehold Land	Nil
Freehold Buildings	2%
Plant and Machinery	10%
Motor Vehicles	25%
Furniture and Fittings	20%

#### 1.3. Stock and Work-in-progress

Raw materials and stores have been valued at the lower of cost and 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 and receivable.

#### 1.4. Deferred Taxation

Provision is made in the accounts for deferred taxation calculated on the liability method arising due to capital allowances exceeding the provision for depreciation. Deferred taxation also includes the benefit of tax relief on the increase in stock value, the period of deferral of which is uncertain.

### 2. LOSS BEFORE TAXATION

	£	1978	£	1977	£
The loss for the year before taxation is stated after charging:					
Directors' emoluments					
Management remuneration and pension contributions		10,740		12,084	
Compensation for loss of office		11,086		-	
Auditors' fee and expenses		4,046		2,500	
Depreciation					
Buildings	2,000		-		
Plant Machinery	1,574		1,050		
Motor Vehicle	1,769		730		
Fixtures & Fittings	<u>2,120</u>		<u>127</u>		
		7,463		1,907	
and after crediting:					
Profit on disposal of fixed assets		256		562	
Division of Directors fees and management remuneration:		£		£	
Chairman		Nil		Nil	
Highest paid director		4,136		4,250	
Other Directors		Number		Number	
£Nil - £2,500		1		1	
£2,501 - £5,000		1		1	



STAR DUCTWORKS LIMITED  
NOTES ON ACCOUNTS (Continued)

3. TAXATION	<u>1978</u> £	<u>1977</u> £
The taxation credit based on the loss before taxation comprises:		
Corporation Tax at 52% (1977 52%)	-	(602)
Transfer from deferred taxation	(69,293)	-
	<u>(69,293)</u>	<u>-</u>
Adjustments relating to prior years	(328)	-
	<u>£(69,621)</u>	<u>£ (602)</u>
Deferred taxation comprises:		
Arising by reason of accelerated capital allowances	4,100	7,000
Relief attributable to increase in stock and work in progress	37,700	(602)
	<u>£41,800</u>	<u>£ 6,398</u>

4. FIXED ASSETS	<u>Freehold</u> <u>Land and Buildings</u> £	<u>Machinery</u> <u>&amp; Plant</u> £	<u>Motor</u> <u>Vehicles</u> £	<u>Furniture</u> <u>&amp; Fittings</u> £	<u>Total</u> £
<u>COST OR VALUATION</u>					
At 1 January 1978					
Cost	-	19,446	7,864	3,701	31,011
Valuation	65,000	-	-	-	65,000
Additions	-	-	3,203	-	3,203
Disposals	-	-	(8,991)	-	(8,991)
Group transfers	-	(5,040)	3,053	-	(1,987)
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
At 31 December 1978					
Cost	-	14,406	5,129	3,701	23,236
Valuation	65,000	-	-	-	65,000
ACCUMULATED DEPRECIATION	2,000	7,509	2,726	3,434	15,669
	<u>2,000</u>	<u>7,509</u>	<u>2,726</u>	<u>3,434</u>	<u>15,669</u>
NET BOOK VALUE 31 DECEMBER 1978	£63,000	£6,897	£2,403	£ 267	£72,567
NET BOOK VALUE 31 DECEMBER 1977	£65,000	£9,739	£4,136	£2,387	£81,262
	<u>£65,000</u>	<u>£9,739</u>	<u>£4,136</u>	<u>£2,387</u>	<u>£81,262</u>

The freehold land and buildings owned by the company were revalued at 31 December 1976 by Messrs. Edwards, Bigwood and Bewlay on an existing use basis. The depreciable amount of freehold land and buildings amounted to £50,000.

# STAR DUCTWORKS LIMITED

## NOTES ON ACCOUNTS (Continued)

### 5. DEBTORS-RETENTIONS

Approximately £31,874 (1977 £30,271) is represented by retentions on long term contracts, a material proportion of which will not be received within twelve months.

### 6. SHARE CAPITAL

<u>Authorised</u>	<u>1978</u>	<u>1977</u>
Shares of £1 each	£5,000	£5,000
<u>Issued and Fully Paid</u>		
Ordinary Shares of £1 each	400	400
Deferred Shares of £1 each	4,000	4,000
	<u>£ 4,400</u>	<u>£4,400</u>

### 7. COMMITMENTS AND CONTINGENT LIABILITIES

Future capital expenditure

Contracted for but not provided  
for in the accounts

Authorised by the Directors but  
not contracted for

<u>1978</u>	<u>1977</u>
£	£
-	-
-	-
<u>-</u>	<u>-</u>

There are contingent liabilities as follows:

If the revalued property owned by the Company is realised at the revaluation figure there will be a liability to Corporation Tax amounting to approximately £10,000.

### 8. STOCK AND WORK IN PROGRESS

	<u>1978</u>	<u>1977</u>
£	£	£
Raw Materials and Stores	14,436	27,495
Work in progress	250,703	156,902
<u>Less: Cash received and</u>		
<u>receivable</u>	<u>203,660</u>	<u>142,436</u>
	47,043	14,466
	<u>£61,479</u>	<u>£41,961</u>

The above amounts are stated on bases set out in note 1.

### 9. HOLDING COMPANY

The company is a wholly owned subsidiary of Senior Engineering (Air-O-Plas) Limited whose ultimate holding company is Senior Engineering Group Limited, incorporated in Great Britain.