

CONCORD PLC
ANNUAL REPORT
FOR THE YEAR ENDED 31 AUGUST 1998
COMPANY NO. 775443



CONCORD PLC

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CONCORD PLC

COMPANY INFORMATION

Directors	P. H. Brindley
	B. E. Kerrison
	B. J. de Margary
	J. B. S. Swallow
Secretary	P. H. Brindley
Registered Office	6 Broad Street Place London EC2M 7JH
Auditors	PricewaterhouseCoopers 1 Embankment Place London WC2N 6NN

CONCORD PLC

REPORT OF THE DIRECTORS

The directors present their report and the audited accounts of the company for the year ended 31st August 1998.

ACTIVITIES

The company is the parent company of a group whose activities include the design, manufacture, installation, repair and service of industrial doors, the manufacture of ferrous, non-ferrous and investment castings, the manufacture of domestic garage doors, and the design and sale of power transmission and electronic control equipment. The company also acquired from its parent interests in Circlequest Limited, the holding company for its refrigeration division, and Veritas Holdings Limited, the holding company for the motor division.

REVIEW OF THE BUSINESS

The company operates as a holding company co-ordinating a number of central administrative activities on behalf of its subsidiaries.

RESULTS AND DIVIDENDS

The results for the period are set out in the profit and loss account on page 6. The company made a profit on ordinary activities before interest of £1,661,529. After interest the company made a profit for the period before tax of £1,289,527. The directors are recommending the payment of a dividend of £1,685,000 for the year (1997: Nil). The retained loss for the year has been transferred to reserves.

DIRECTORS

The directors of the company during the period were:

P. H. Brindley (appointed 27th August 1998)
B. E. Kerrison
B. J. de Margary
J. B. S. Swallow

The directors in office at 31st August 1998 had no interests in the shares of the company at any time during the period.

The interests of Mr B. E. Kerrison, Mrs B. J. de Margary and Mr J. B. S. Swallow in shares of group undertakings are disclosed in the accounts of the ultimate parent undertaking, Stratagem Group PLC.

YEAR 2000

We commenced a review of the year 2000 issue during 1997 under which we are checking systems and equipment across the Group to ensure that they are Millennium compliant and we have now begun to extend these enquiries to our customers and suppliers. The review and corrective actions are running to plan. When the review was started many of the Group systems were in any case due for replacement prior to the Millennium so that where appropriate the issue has been resolved by the replacement of these systems. As a consequence, no significant additional cost has been incurred to date in respect of Year 2000.

POLICY ON PAYMENT OF CREDITORS

The company's current policy concerning payment of trade creditors is to endeavour to:

- (a) settle the terms of payment with each supplier when agreeing the terms of trade with that supplier,
- (b) ensure that the suppliers are aware, as appropriate, of the company's standard terms of payment or any individual terms as agreed above,
- (c) pay in accordance with its contractual and other legal obligations.

CONCORD PLC

REPORT OF THE DIRECTORS
(Continued)

AUDITORS

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1st July 1998, following which Coopers & Lybrand resigned and the directors appointed the new firm, PricewaterhouseCoopers, as auditors. A resolution to reappoint PricewaterhouseCoopers as auditors of the company will be proposed at the annual general meeting.

By order of the Board



P. H. BRINDLEY
Secretary

6 Broad Street Place
London
EC2M 7JH

October 28th 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by UK company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the financial period and of the profit or loss of the company for that period.

The directors consider that suitable accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the period ended 31st August 1998. The directors also confirm that all accounting standards which they consider to be applicable have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

By order of the Board



P. H. BRINDLEY
Secretary

6 Broad Street Place
London
EC2M 7JH

October 28th 1998

CONCORD PLC

REPORT OF THE AUDITORS TO THE MEMBERS OF CONCORD PLC

We have audited the financial statements on pages 6 to 16, which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based upon our audit, on those statements 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 financial statements. It also includes an assessment of the significant estimates and judgements 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 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st August 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers

PricewaterhouseCoopers
Chartered Accountants and
Registered Auditors
London

28 October 1998

CONCORD PLC

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1998

	Note	1998 £	1997 £
TURNOVER - continuing operations		1,089,324	1,207,582
Administrative expenses - continuing operations		(817,040)	(914,309)
Administrative expenses - exceptional item; release of provisions		-	1,075,922
Exceptional amounts written off current assets		(608,603)	(404,000)
Other operating income - continuing operations		205,000	218,000
Income from fixed asset investments	2	<u>1,285,000</u>	<u>3,071,121</u>
OPERATING PROFIT - continuing operations		1,153,681	4,254,316
Exceptional item: Profit on sale of fixed assets	3	179,812	-
Exceptional item: Profit/(loss) on sale of investments	4	<u>328,036</u>	<u>(4,011,487)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST		1,661,529	242,829
Interest receivable	5	393,945	390,300
Interest payable	6	<u>(765,947)</u>	<u>(770,822)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		1,289,527	(137,693)
Taxation	10	<u>(48,000)</u>	<u>(2,121)</u>
PROFIT/(LOSS) FOR THE PERIOD		1,241,527	(139,814)
Dividends payable		(1,685,000)	-
RETAINED LOSS FOR THE PERIOD		<u>(443,473)</u>	<u>(139,814)</u>

CONCORD PLC

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	1998 £	1997 £
Profit for the financial year	1,241,527	(139,814)
Unrealised surplus on sale of subsidiary undertakings	16,164,393	-
Total gains and losses recognised since last annual report	<u>17,405,920</u>	<u>(139,814)</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES


	1998 £	1997 £
Reported profit/(loss) on ordinary activities before taxation	1,289,527	(137,693)
Difference between historical cost depreciation charge and the actual depreciation charge for the period on the revalued amount	892	21,176
Historical cost profit/(loss) before taxation	<u>1,290,419</u>	<u>(116,517)</u>

CONCORD PLC

BALANCE SHEET at 31 AUGUST 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	11	9,498,810	9,274,824
Investments	12	<u>31,665,314</u>	<u>2,338,415</u>
		<u>41,164,124</u>	<u>11,613,239</u>
CURRENT ASSETS			
Debtors: due after more than one year	13	5,136,602	5,933,197
Debtors: due within one year	13	99,833	91,834
Cash at bank and in hand		<u>1,312,868</u>	<u>16,331</u>
		<u>6,549,303</u>	<u>6,041,362</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	14	<u>(6,029,427)</u>	<u>(7,289,208)</u>
NET CURRENT ASSETS/(LIABILITIES)		<u>519,876</u>	<u>(1,247,846)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		41,684,000	10,365,393
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	15	(6,506,660)	(4,421,484)
PROVISIONS FOR LIABILITIES AND CHARGES	17	-	-
NET ASSETS		<u>35,177,340</u>	<u>5,943,909</u>
CAPITAL & RESERVES			
CALLED UP SHARE CAPITAL	18	<u>1,969,055</u>	<u>1,219,055</u>
RESERVES			
Share premium account	19	14,611,201	1,848,690
Revaluation reserve		1,509,238	1,509,238
Merger reserve		878,666	878,666
Other undistributable reserve	20	16,164,393	-
Profit and loss account	21	44,787	488,260
EQUITY SHAREHOLDERS' FUNDS	22	<u>35,177,340</u>	<u>5,943,909</u>

The financial statements were approved by the Board and signed on its behalf by:


U.B. S. SWALLOW
Director

28 Oct 1998

CONCORD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998

1. ACCOUNTING POLICIES

a) Accounting convention

The accounts have been prepared in accordance with applicable accounting standards under the historical cost convention, except as modified by the revaluation of certain fixed assets.

b) Basis of accounting

These accounts present information about the company as an individual undertaking and not about the group of which it is an intermediate holding company. The information about the group is included in the consolidated accounts of Stratagem Group PLC.

c) Turnover

Turnover represents rents received of £1,038,170 and vehicle hire charges of £51,154 from subsidiary undertakings.

d) Depreciation

Depreciation is provided at the following rates per annum:

Freehold properties	1% straight line
Leasehold properties	period of lease
Plant machinery and equipment	15% straight line
Computers	25% straight line
Motor vehicles	25% straight line

e) Interest

Interest payable is written off to the profit and loss account as it is incurred.

f) Deferred taxation

Deferred taxation is calculated using the liability method and provision is made for all material timing differences which are not expected to continue in the foreseeable future.

g) Pensions

This company is a member of group defined benefit pension schemes. The assets of the schemes are held in separate trustee administered funds. Pension costs are paid to the schemes, and are charged to the profit and loss account of subsidiary undertakings so as to spread the cost of providing pensions over the service lives of employees in accordance with the recommendation of an independent actuary. Effects of variations from regular cost are spread over the expected average remaining service lives of members of the schemes.

h) Leases

Rentals applicable to operating leases under which substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

i) Investments

Investments in subsidiary undertakings are stated at cost less any provision for permanent diminution in value.

CONCORD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998
(Continued)

1. ACCOUNTING POLICIES (continued)

j) Cash flow statement

The company is a wholly owned subsidiary of Stratagem Group PLC and the cash flows of the company are included in the consolidated group cash flow statement of Stratagem Group PLC. Consequently the company is exempt under the terms of Financial Reporting Standard no.1 from publishing a cash flow statement.

k) Related party transactions

The company has taken advantage of the exemption contained in Financial Reporting Standard no.8 paragraph 3 (c) not to disclose intra-group transactions.

l) Tangible assets

Interests in land and buildings are made at the lower of cost or valuation. These valuations are updated by the directors with the assistance of independent professional advice as required. The basis of valuation is explained in note 11.

2. INCOME FROM FIXED ASSET INVESTMENTS

	1998 £	1997 £
Dividends from shares in subsidiary undertakings	1,285,000	3,059,000
Dividends from other investments	-	12,121
	<u>1,285,000</u>	<u>3,071,121</u>

3. PROFIT ON SALE OF FIXED ASSETS

	£	£
Profit on sale of fixed assets	186,358	-
Loss on sale of fixed assets	(6,546)	-
	<u>179,812</u>	<u>-</u>

4. PROFIT/(LOSS) ON SALE OF INVESTMENTS

	£	£
Profit on sale of Annstar Group Limited	1	-
Profit on sale of Harper & Beardmore Limited	328,035	-
Loss on sale of Firstpoint Limited to parent undertaking	-	(3,214,119)
Provision re: loan due from Mastersoft Solutions Limited	-	(797,368)
Profit/(loss) on sale of investments	<u>328,036</u>	<u>(4,011,487)</u>

CONCORD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998
(Continued)

5. INTEREST RECEIVABLE	1998	1997
	£	£
Bank	-	27
Group undertakings	393,945	390,273
	<u>393,945</u>	<u>390,300</u>
6. INTEREST PAYABLE		
	£	£
On bank loans, overdrafts and other loans:		
Repayable within 5 years, not by instalments	634,767	662,588
Repayable within 5 years, by instalments	131,180	108,234
	<u>765,947</u>	<u>770,822</u>
7. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		
Profit/(loss) on ordinary activities before taxation is stated after charging/(crediting) the following:	£	£
Depreciation	145,490	194,614
Auditors' remuneration - audit fee	67,250	68,000
Release of amounts due in previous years to pension scheme	-	(1,685,922)
Provisions for legal costs	-	670,000
Release of general provision for administration costs	-	(60,000)
8. DIRECTORS' EMOLUMENTS		
None of the directors received any emoluments during the year (1997: £nil).		
9. EMPLOYEES		
Staff costs were:	£	£
Wages and salaries	189,605	210,467
Social security costs	18,961	24,130
Pension costs	7,483	7,414
	<u>216,049</u>	<u>242,011</u>

The average number of employees, including executive directors, during the period was 6 (1997: 8).

CONCORD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998
(Continued)

10. TAXATION	1998 £	1997 £
The tax charge comprises:		
Corporation tax at 31% (1997: 33%)	48,000	-
Tax on franked investment income - ACT	-	2,121
	<u>48,000</u>	<u>2,121</u>

11. TANGIBLE ASSETS

	Land and buildings Freehold £	Leasehold £	Plant and equipment £	Motor vehicles £	Total £
Cost or valuation					
1st September 1997	8,993,517	620,753	94,543	358,908	10,067,721
Additions	720,529	-	6,296	177,491	904,316
Disposals	(325,487)	(180,000)	-	(151,708)	(657,195)
31st August 1998	<u>9,388,559</u>	<u>440,753</u>	<u>100,839</u>	<u>384,691</u>	<u>10,314,842</u>
Cost - 31st August 1998	720,529	13,637	100,839	384,691	1,219,696
Valuation - 31st August 1998	<u>8,668,030</u>	<u>427,116</u>	<u>-</u>	<u>-</u>	<u>9,095,146</u>
	<u>9,388,559</u>	<u>440,753</u>	<u>100,839</u>	<u>384,691</u>	<u>10,314,842</u>
Depreciation					
1st September 1997	422,429	53,105	90,019	227,344	792,897
Charge for the period	85,310	7,902	1,811	50,467	145,490
Disposals	(15,993)	(13,701)	-	(92,661)	(122,355)
31st August 1998	<u>491,746</u>	<u>47,306</u>	<u>91,830</u>	<u>185,150</u>	<u>816,032</u>
Net book value					
31st August 1998	<u>8,896,813</u>	<u>393,447</u>	<u>9,009</u>	<u>199,541</u>	<u>9,498,810</u>
31st August 1997	<u>8,571,088</u>	<u>567,648</u>	<u>4,524</u>	<u>131,564</u>	<u>9,274,824</u>

Freehold and leasehold properties were valued by Sweby Cowan, a firm of independent Chartered Surveyors at 31st March 1993. The directors have reviewed the appropriateness of the valuations for the purposes of the financial statements at 31st August 1998.

The historical cost of revalued properties at 31st August 1998 was £6,440,950 and the net book value on the historical cost basis was £5,736,011.

The cost of freehold land and buildings includes capitalised interest of £154,004 (1997: £154,004).

The net book value of leasehold properties relates to long leases except for £2,227 (1997: £3,677) in respect of short leases.

CONCORD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998 (Continued)

12. INVESTMENTS

Cost or valuation	Shares in subsidiaries £
At 1st September 1997	2,338,415
Acquisitions from ultimate parent	31,451,512
Disposals to group undertakings	(1,774,607)
Disposals	(350,006)
At 31st August 1998	<u>31,665,314</u>

(a) Subsidiary undertakings

The company's principal subsidiaries at 31st August 1998 are listed below. All are wholly owned ultimately by the company and are registered in England except for FP Castings Limited which is registered in Scotland. The subsidiaries operate mainly in their country of registration. The class of capital held in each case is ordinary share capital.

Company	Principal activities
BAS Castings Limited	Castings
Circlequest Ltd	Holding company
FP Castings Limited	Castings
Henderson-Bostwick Industrial Doors Limited	Industrial doors
HB Industrial Doors Limited	Industrial doors
HI Quality Steel Castings Limited	Castings
Hufcor (Partitions) Limited	Operable walls and partitions
Kingdoor Products Limited	Domestic garage doors
Stratagem Building Products Limited	Holding company
Stratagem Castings Limited	Holding company
Vega Limited	Applied systems and controls
Veritas Holdings Ltd	Holding company - Motor division

In the opinion of the directors the aggregate value of the investments in subsidiary undertakings is not less than the aggregate of the amounts at which the assets are stated in the balance sheet.

CONCORD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998
(Continued)

13. DEBTORS	1998	1997
	£	£
Amounts falling due after more than one year:		
Other debtors	-	80,000
Amounts due from subsidiary undertakings	<u>5,136,602</u>	<u>5,853,197</u>
	<u>5,136,602</u>	<u>5,933,197</u>
Amounts falling due within one year:		
Trade debtors	16,753	5,834
Other debtors	82,281	85,201
Prepayments	<u>799</u>	<u>799</u>
	<u>99,833</u>	<u>91,834</u>
Total debtors	<u><u>5,236,435</u></u>	<u><u>6,025,031</u></u>
14. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	£	£
Bank loans and overdrafts	363,083	1,485,281
Amounts due to parent undertaking	2,945,811	4,267,670
Amounts due to subsidiary undertakings	166,201	166,205
Other taxes and social security	213,492	375,261
Other creditors	561,637	910,016
Amounts due to pension funds (note 24)	76,695	84,775
Corporation tax payable	17,508	-
Dividend payable	<u>1,685,000</u>	<u>-</u>
	<u><u>6,029,427</u></u>	<u><u>7,289,208</u></u>
15. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	£	£
Bank Loans	<u><u>6,506,660</u></u>	<u><u>4,421,484</u></u>
16. BORROWINGS		
Bank loans and overdrafts are repayable as follows:	£	£
Within one year	363,083	1,485,281
Between one and two years	5,726,166	3,990,444
Between two and five years	<u>780,494</u>	<u>431,040</u>
	<u><u>6,869,743</u></u>	<u><u>5,906,765</u></u>

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the group.
Interest is charged at variable rates linked to base rate.

CONCORD PLC

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1998
(Continued)

17. PROVISIONS FOR LIABILITIES AND CHARGES

	1998	1997
	£	£
(a) Deferred tax		
No provision has been made in the accounts for deferred tax.		
The potential liability unprovided is as follows:		
Accelerated capital allowances	<u>285,000</u>	<u>266,000</u>

18. CALLED UP SHARE CAPITAL

	1998	1997
	£	£
Authorised		
20,000,000 ordinary shares of 10p each	<u>2,000,000</u>	<u>1,500,000</u>
Allotted, called up and fully paid at 1 September 1997		
12,190,554 ordinary shares of 10p each	1,219,055	1,219,055
Issued during the year		
7,500,000 ordinary shares of 10p each	<u>750,000</u>	<u>-</u>
Allotted, called up and fully paid at 1 September 1997		
19,690,554 ordinary shares of 10p each	<u>1,969,055</u>	<u>1,219,055</u>

During the year the authorised share capital was increased from 15,000,000 to 20,000,000 and 7,500,000 shares were issued to Stratagem Group PLC.

19. SHARE PREMIUM ACCOUNT

	£
At 1st September 1997	1,848,690
Premium on shares issued during the year	<u>12,762,511</u>
At 31st August 1998	<u>14,611,201</u>

20. OTHER UNDISTRIBUTABLE RESERVE

	£
At 1st September 1997	-
Movement during the year	<u>16,164,393</u>
At 31st August 1998	<u>16,164,393</u>

Reserve arising on sale of investment in subsidiaries to Stratagem Building Products Ltd and Stratagem Castings Limited, wholly owned subsidiaries of the Company.

21. PROFIT AND LOSS ACCOUNT

	£
At 1st September 1997	488,260
Retained loss for the period	<u>(443,473)</u>
At 31st August 1998	<u>44,787</u>

CONCORD PLC

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 AUGUST 1998 (Continued)

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit/(loss) for the period	1,241,527	(139,814)
Dividends	(1,685,000)	-
Issue of share capital	750,000	-
Share premium account	12,762,511	-
Other undistributable reserve	16,164,393	-
Net addition to/(reduction in) shareholders' funds	29,233,431	(139,814)
Opening shareholders' funds	5,943,909	6,083,723
	<u>35,177,340</u>	<u>5,943,909</u>

23. CONTINGENT LIABILITIES

a) The company is included in a Value Added Tax group election under Sch.43 of the Value Added Tax Act 1994. It has therefore guaranteed to pay any tax due by other members of the group. At 31st August 1998 tax owing by the group was £620,776 (1997: £829,284).

24. PENSION COMMITMENTS

The company is a member of group defined benefit pension schemes. The assets of all schemes are held and managed separately from those of the group. Contributions to these schemes are based on pension costs advised by an independent actuary and are charged to the profit and loss accounts of companies within the group. Particulars of the most recent actuarial valuation of the group's schemes and the significant actuarial assumptions are contained in the accounts of Stratagem Group PLC.

25. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The company is controlled by Stratagem Group PLC, its ultimate parent undertaking, a company registered in England. Copies of the group accounts of Stratagem Group PLC can be obtained from the Company Secretary, Stratagem Group PLC, 6 Broad Street Place, London EC2M 7JH.