

1348516

Shutdown Maintenance Services Limited

Report and Financial Statements

Year Ended

31 March 1997



Shutdown Maintenance Services Limited

Annual report and financial statements for the year ended 31 March 1997

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Directors

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Directors

T W Godfray
P Lowe

Secretary and registered office

T W Godfray, 19-21 Denmark Street, Wokingham, Berks RG40 2QE

Registered number

1348516

Auditors

Lyon Pilcher, Park House, 102-108 Above Bar, Southampton, Hampshire SO14 7NH

Shutdown Maintenance Services Limited

Report of the directors for the year ended 31 March 1997

The directors present their report together with the audited financial statements for the year ended 31 March 1997.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors do not recommend the payment of a dividend and the retained profit of £32,728 is to be carried to reserves.

Principal activities, trading review and future developments

The principal activity of the company continued to be the application of anti-corrosion finishes to metal for industry.

Both the level of business and the year end financial position were satisfactory, and the directors expect that the present level of activity will be sustained for the foreseeable future.

Shares repurchased

In accordance with a share repurchase agreement on 29 August 1996, the company repurchased 22,500 ordinary shares of £1 each, amounting to 45% of issued share capital. The total consideration for the repurchase amounted to £225,000. The reason for the repurchase was to enable a retiring director to realise his investment, without dilution of control of the remaining shareholders. The repurchased shares have subsequently been cancelled.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company at the end of the year were:

	Ordinary shares	
	1997	1996
T W Godfray	25,000	25,000
P Lowe	2,500	-
G E Birchall (resigned 29.8.96)		

Shutdown Maintenance Services Limited

Report of the directors for the year ended 31 March 1997 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

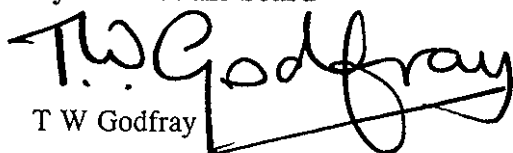
- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 financial statements 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.

Auditors

Lyon Pilcher have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board


T W Godfray

Secretary

12/6/97

Shutdown Maintenance Services Limited

Report of the auditors

To the shareholders of Shutdown Maintenance Services Limited

We have audited the financial statements on pages 4 to 13 which have been prepared under the accounting policies set out on page 6 to 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

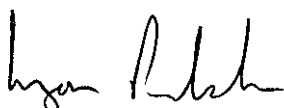
Basis of opinion

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 judgments 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 misstatement, 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 as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



LYON PILCHER
Registered Auditors
Southampton

16 June 1997

Shutdown Maintenance Services Limited**Profit and loss account for the year ended 31 March 1997**

	Note	1997 £	1996 £
Turnover	2	1,182,443	1,325,145
Cost of sales		869,971	919,642
Gross profit		312,472	405,503
Administrative expenses		269,873	298,711
Operating profit	5	42,599	106,792
Interest receivable	6	5,478	11,947
Interest payable and similar charges	7	(11)	(306)
Profit on ordinary activities before taxation		48,066	118,433
Taxation on profit on ordinary activities	8	15,338	29,358
Profit on ordinary activities after taxation retained for the year		32,728	89,075

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.

Shutdown Maintenance Services Limited

Balance sheet at 31 March 1997

	Note	1997	1996
		£	£
Fixed assets			
Tangible assets	9	144,778	150,044
Current assets			
Stocks	10	40,522	46,593
Debtors	11	189,362	144,365
Cash at bank and in hand		42,476	274,863
		<u>272,360</u>	<u>465,821</u>
Creditors: amounts falling due within one year	12	170,191	176,646
		<u></u>	<u></u>
Net current assets		102,169	289,175
		<u></u>	<u></u>
Net assets		246,947	439,219
		<u></u>	<u></u>
Capital and reserves			
Called up share capital	13	27,500	50,000
Revaluation reserve	14	27,500	27,500
Other reserves	14	22,500	-
Profit and loss account	14	169,447	361,719
		<u></u>	<u></u>
Shareholders' funds	15	246,947	439,219
		<u></u>	<u></u>

All amounts relate to equity interests.

The financial statements were approved by the Board on

12/6/97

P. Lowe

P Lowe

Director

T.W. Godfrey
DIRECTOR

The notes on pages 6 to 13 form part of these financial statements.

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 1997

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

Depreciation

Depreciation is calculated to write off the cost or revalued amount less estimated residual value of fixed assets on a straight line basis over their estimated useful lives. No depreciation is charged on freehold land.

Freehold buildings are depreciated to write down the cost less estimated residual value over the remaining useful life by equal annual instalments. Where buildings are maintained to such a standard that their estimated residual value is not less than their cost or valuation, no depreciation is charged.

Plant and Machinery	- 20%
Fixtures and Fittings	- 33.3%
Computer Equipment	- 20%

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out basis and consists of material and direct labour costs, together with an appropriate proportion of production overheads.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, except that no provision is made where it can reasonably be foreseen that such deferred taxation will not be payable in the future.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are split between capital and interest using the actuarial method. The interest is charged to the profit and loss account. The capital part reduces the amount payable to the lessor.

All other leases are treated as 'operating leases'. Their annual rentals are charged to the profit and loss account on a straight-line basis over the lease term.

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 1997 (*Continued*)

Accounting policies (*continued*)

Pension costs

Contributions payable to employees' pension schemes are charged to the profit and loss account in the period to which they relate.

2 Turnover and profit

The turnover and net assets are attributable to the company's principal activity. The company operates in the United Kingdom and the whole of the turnover is to that market.

3 Employees

Staff costs (including directors) consist of:

	1997 £	1996 £
Wages and salaries	211,685	229,018
Social security costs	19,941	22,783
Other pension costs	(2,483)	5,453
	<hr/>	<hr/>
	229,143	257,254
	<hr/>	<hr/>

The average number of employees (including directors) during the year was as follows:

	1997 Number	1996 Number
Management	7	8
Production	4	5
	<hr/>	<hr/>
	11	13
	<hr/>	<hr/>

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 1997 (Continued)

4 Directors' emoluments

	1997 £	1996 £
Directors' emoluments consist of:		
Emoluments for services as directors	44,750	61,455
Pension contributions	(749)	1,646
	<u>44,001</u>	<u>63,101</u>
Emoluments (excluding pension contributions) of:		
Chairman (to resignation on 29 August 1996)	4,333	24,600
Highest paid director	40,417	36,855
	<u>44,750</u>	<u>61,455</u>

The other director received emoluments during the year in the range £0-£5,000 (1996 £0-£5,000)

During the year, the company also paid £3,993 (1996 - nil) to Mandate Services Limited, a company controlled by Mr T W Godfray, in respect of accountancy services provided by that company. This amount is not included in the table above.

5 Operating profit

This is arrived at after charging/(crediting):

	1997 £	1996 £
Depreciation of tangible fixed assets	18,929	18,497
Auditors' remuneration	4,400	4,200
Hire of plant and machinery	100,265	115,599
Operating lease rentals		
- land and buildings	3,000	3,000
Profit on sale of fixed assets	(1,656)	(563)
	<u>124,938</u>	<u>141,845</u>

6 Interest receivable

	1997 £	1996 £
Bank interest receivable	5,478	11,947
	<u>5,478</u>	<u>11,947</u>

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 1997 (*Continued*)

7 Interest payable and similar charges

	1997 £	1996 £
On bank loans and overdrafts	11	306
	<u> </u>	<u> </u>

8 Taxation

	1997 £	1996 £
<i>Current Year</i>		
UK Corporation Tax	14,359	29,358
	<u> </u>	<u> </u>
	14,359	29,358
<i>Prior years</i>		
UK corporation tax	979	-
	<u> </u>	<u> </u>
	15,338	29,358
	<u> </u>	<u> </u>

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 1997 (*Continued*)

9 Tangible assets

	Freehold Property £	Plant and Machinery £	Fixtures and Fittings £	Computer Equipment £	Total £
<i>Cost or valuation</i>					
At 1 April 1996	105,000	293,612	11,147	2,948	412,707
Additions	-	15,692	-	-	15,692
Disposals	-	(15,095)	-	-	(15,095)
At 31 March 1997	105,000	294,209	11,147	2,948	413,304
<i>Depreciation</i>					
At 1 April 1996	-	249,500	10,215	2,948	262,663
Provided for the year	-	18,464	465	-	18,929
Disposals	-	(13,066)	-	-	(13,066)
At 31 March 1997	-	254,898	10,680	2,948	268,526
<i>Net Book Value</i>					
At 31 March 1997	105,000	39,311	467	-	144,778
At 31 March 1996	105,000	44,112	932	-	150,044

The freehold property was revalued by the directors in the year ended 31 March 1990. The original cost of the property was £77,500.

10 Stocks

	1997 £	1996 £
Raw materials	5,237	5,339
Work in progress	35,285	41,254
	40,522	46,593

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 1997 (Continued)

11 Debtors

	1997 £	1996 £
Trade debtors	180,623	132,321
Other debtors	-	2,015
Prepayments and accrued income	8,739	10,029
	<u>189,362</u>	<u>144,365</u>

All amounts shown under debtors fall due for payment within one year.

12 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	30,950	-
Trade creditors	46,701	30,708
Payments on account	4,750	6,000
Corporation tax	14,359	29,358
Taxation and social security	33,776	35,348
Other creditors	9,371	18,095
Accruals and deferred income	30,284	57,137
	<u>170,191</u>	<u>176,646</u>

13 Called up share capital

	Authorised		Allotted, called up and fully paid	
	1997 £	1996 £	1997 £	1996 £
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>27,500</u>	<u>50,000</u>

In accordance with a share repurchase agreement on 29 August 1996, the company repurchased 22,500 ordinary shares at £10 per share. The total cost of the repurchase of £225,000 has been charged against profit and loss reserves.

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 1997 (*Continued*)

14 Reserves

<i>Profit and Loss Account</i>	£
At 1 April 1996	361,719
Profit for the year	32,728
Repurchase of own shares	(225,000)
	<hr/>
	169,447
	<hr/>
<i>Revaluation Reserve</i>	£
At 1 April 1996 and 31 March 1997	27,500
	<hr/>
	27,500
	<hr/>
<i>Other reserves</i>	£
Capital redemption reserve	22,500
	<hr/>
	22,500
	<hr/>

15 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the year	32,728	89,075
Shares repurchased during year	(225,000)	-
	<hr/>	<hr/>
	(192,272)	89,075
Opening shareholders' funds	439,219	350,144
	<hr/>	<hr/>
Closing shareholders' funds	246,947	439,219
	<hr/>	<hr/>

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 1997 *(Continued)*

16 Related parties

T W Godfray, a director of the company, is considered to be the ultimate controlling party of the reporting entity.