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SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED

ACCOUNTS
for the year ended
31 August 1984



**Coopers
& Lybrand**

SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 1984

1. The directors present herewith the audited accounts for the year ended 31 August 1984.

Review of activities

2. The main activity of the company is that of a holding and management company. The principal activities of the group are that of ceiling and acoustic engineers and the distribution of ceiling materials.

The company was incorporated on 17 February 1983 with an authorised share capital of £100,000,000. On 30 August 1984 the company issued 300,000 shares of £1 each fully paid in consideration for 200,000 shares in Special Acoustic Services Limited and 100,000 shares in Commercial Ceilings Factors Limited being the whole of the issued share capital of those companies, in order to re-organise the companies into a single group. This re-organisation has been accounted for as a merger (see note 1(a)).

The group has had a satisfactory year and at the year end the financial position was adequate. The directors expect that the present level of activity will be sustained for the foreseeable future. Subsequent to the year end the company has entered into a commitment to invest in an associate company to the extent of approximately £500,000.

A summary of the results of the year's trading is given on page 4 of the accounts.

Dividend

3. The directors do not recommend the payment of a dividend for the year.

Fixed Assets

4. Movements of fixed assets are shown in note 10 to the accounts.

Directors

5. The directors of the company at 31 August 1984 both of whom were appointed on 1 August 1984 were as follows:-

E A McElhinney (Chairman and Managing Director)
Mrs E Matthews

S H Higgins and Mrs S Kayes who were directors on incorporation retired on 1 August 1984.

2

SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 AUGUST 1984 - continued

Directors interest in the shares of the company

6. The interests of the directors of the company at 31 August 1984 in the shares of the company according to the register required to be kept by section 29 of the Companies Act 1967 were as follows:-

Ordinary Shares of £1 each
At 31 August 1984 and date
of appointment

H A McElhinney

300,000

Close company provisions

7. The company is a close company within the meaning of section 282 of the Income & Corporation Taxes Act 1970. In the opinion of the directors no liability will accrue to the company under schedule 16 to the Finance Act 1982.

Auditors

8. A resolution to re-appoint Coopers & Lybrand as sole auditors, will be proposed at the annual general meeting.

By order of the Board

Mrs B Matthews
Secretary

31 January 1985

**REPORT OF THE AUDITORS TO THE MEMBERS OF
SPECIAL ACQUSTIC SERVICES GROUP HOLDINGS LIMITED**

We have audited the accounts on pages 4 to 15 in accordance with approved Auditing Standards. The accounts have been prepared under the historical cost convention.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31 August 1984 and of the profit and source and application of funds of the group for the year then ended and comply with the Companies Acts 1948 to 1981.

SILVERTHORNE & PARTNERS
Chartered Accountants

COOPERS & LYBRAND
Chartered Accountants.

..... 31 January 1985

SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 AUGUST 1984

	<u>Notes</u>	<u>1984</u> <u>£</u>	<u>1983</u> <u>£</u>
TURNOVER	2	17,589,466	11,689,841
Cost of sales		<u>14,137,276</u>	<u>9,155,697</u>
GROSS PROFIT		3,452,190	2,534,144
Net operating expenses	3	<u>2,675,921</u>	<u>1,999,475</u>
Operating profit	4	776,269	534,669
Interest payable and similar charges		<u>46,565</u>	<u>21,421</u>
PROFIT BEFORE TAXATION		729,704	513,248
TAXATION ON PROFIT ON ORDINARY ACTIVITIES	8	272,840	80,699
PROFIT AFTER TAX AND BEFORE EXTRAORDINARY ITEMS		-	620
Extraordinary item		<u>£456,864</u>	<u>£431,929</u>
PROFIT FOR THE YEAR			

STATEMENT OF CONSOLIDATED RETAINED PROFIT

		<u>1984</u> <u>£</u>	<u>1983</u> <u>£</u>
Retained profit at 1 September 1983		800,464	368,535
Retained profit capitalised for the issue of 279,000 shares	16	<u>279,000</u>	<u>-</u>
		521,464	368,535
Retained profit for the year		<u>456,864</u>	<u>431,929</u>
Retained profit at 31 August 1984		<u>£978,328</u>	<u>£800,464</u>

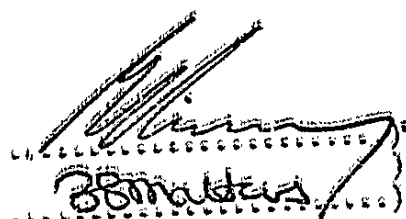
The notes on pages 8 to 15 form part of these accounts.

Auditors' report page 3.

SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED

CONSOLIDATED BALANCE SHEET - 31 AUGUST 1984

	Notes	1984		1983	
		£	£	£	£
FIXED ASSETS					
Intangible assets	9		19,054		58,109
Tangible assets	10		<u>728,966</u>		<u>527,718</u>
			748,020		585,827
CURRENT ASSETS					
Stocks	11	1,058,317		865,962	
Debtors	12	<u>4,588,204</u>		<u>2,965,425</u>	
		5,646,521		3,831,387	
CREDITORS: Amounts falling due within one year	13	<u>4,886,686</u>		<u>3,384,472</u>	
NET CURRENT ASSETS			<u>759,835</u>		<u>446,915</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			1,507,855		1,012,742
CREDITORS: amounts falling due after more than one year	14	109,449		41,126	
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	15	<u>120,078</u>		<u>150,152</u>	
			<u>229,527</u>		<u>191,278</u>
			<u>£1,278,328</u>		<u>£821,464</u>
CAPITAL AND RESERVES					
Called up share capital	16		300,000		21,000
Profit and loss account			<u>978,328</u>		<u>800,464</u>
			<u>£1,278,328</u>		<u>£821,464</u>

 Directors

The accounts were approved by the board on 31 January 1985

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

Auditors' report page 3.

SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED

BALANCE SHEET - 31 AUGUST 1984

	<u>Notes</u>	<u>1984</u> <u>£</u>
FIXED ASSET		
Investment in subsidiaries	17	300,000
		<u>300,000</u>
 CAPITAL AND RESERVES		
Called up share capital	16	300,000
Profit and loss account		<u>300,000</u>

E A McELHINNEY	} Directors
B MATTHEWS	

The accounts were approved by the board on 31. January, 1985

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

Auditors' report page 3.

7

SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED

CONSOLIDATED SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 AUGUST 1964

	<u>1964</u>	<u>1963</u>
SOURCE OF FUNDS		
Profit on ordinary activities before taxation	729,704	513,248
Adjustment for items not involving the movement of funds:		
Depreciation	234,457	161,179
(Profit) on disposal of fixed assets	<u>(7,821)</u>	<u>(3,668)</u>
Total from operations	226,636	157,511
Funds from other sources:		
Loan		24,418
Disposal of other tangible assets	28,790	29,334
Hire purchase - amount falling due after more than one year	<u>69,323</u>	<u>7,756</u>
	<u>97,113</u>	<u>121,508</u>
Total sources of funds	1,053,453	792,265
APPLICATION OF FUNDS		
Purchase of intangible fixed assets		38,109
Purchase of tangible fixed assets	437,619	229,935
Taxation	202,881	53,734
Extraordinary item		<u>620</u>
	<u>720,500</u>	<u>322,398</u>
	<u>£332,953</u>	<u>£469,867</u>
INCREASE IN WORKING CAPITAL		
Increase in stock	192,355	155,677
Increase in debtors	1,622,779	1,092,806
(Increase) in creditors	<u>(983,361)</u>	<u>(379,778)</u>
	831,773	868,705
Movement in net liquid funds:-		
Bank and cash balances	<u>(498,820)</u>	<u>(398,876)</u>
	<u>£332,953</u>	<u>£469,867</u>

**SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984

Principal accounting policies

1. A summary of the more important accounting policies of the company, which have been applied consistently, is set out below.

(a) Basic of consolidation

The combination of the business in the group is accounted for on a merger basis. The consolidated balance sheet includes the accounts of the holding company and its subsidiaries made up to the end of the financial period. The profit and loss account reflects the results of the subsidiaries for the year ended 31 August 1984. Intra group sales and profits are eliminated on consolidation and all sales and profit figures relate to external transactions only.

Comparative figures are shown as if the companies had been combined throughout the previous year and at 31 August 1983.

(b) Fixed assets

Land and buildings are stated at cost. Other tangible fixed assets are stated at their purchase price, together with any incidental expenses of acquisition.

Provision for depreciation is made so as to write off the cost or valuation of tangible fixed assets on a straight line basis over the expected useful economic life of the assets concerned. The principal annual rates used for this purpose are:-

	<u>On Cost</u>	<u>On reducing balance</u>
Leasehold property	4.75%	=
Plant and machinery	=	25%
Motor vehicles	33.33%	=
Fixtures, fittings and equipment	=	25%
Goodwill	50%	=

Leasehold land and buildings are amortised over 50 years or the period of the lease, whichever is the less. Freehold land is not depreciated.

**SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

9

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984 - continued

Principal accounting policies - continued

(c) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs; in the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stock.

Contracts in progress are invoiced monthly and profits taken at a time when the outcome on the contract can reasonably be foreseen. No profits are taken until materials are installed. Work in progress therefore comprises of work and materials not invoiced at the year end.

(d) Deferred tax

Provision is made for deferred tax at the rate of corporation tax ruling for the year in which the timing differences are expected to reverse (the liability method) except in respect of any timing differences which are unlikely to result in a tax liability in the foreseeable future.

(e) Foreign currencies

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling when the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. Exchange gains or losses are included in operating profit.

(f) Pension arrangements

The company funds pension liabilities, upon the advice of external actuaries, by payments to the company pension fund. Payments made to the fund and charged in the accounts comprise current and past service liabilities. The fund is actuarially valued every three years.

Turnover

2. The turnover which excludes value added tax and sales between group companies represents the invoiced value of goods and services supplied. All turnover is within the UK and may be analysed as follows:-

	1984		1983	
	Turnover	Profit before tax	Turnover	Profit before tax
	£	£	£	£
Roofing, ceiling and acoustic engineers	11,306,299	261,527	6,573,175	294,829
Wholesale lighting distributors	551,639	71,072	405,084	36,379
Ceiling tile manufacturers	559,712	38,443	361,364	14,786
Ceiling materials distribution	5,661,816	405,227	4,350,218	188,675
	<u>£17,589,466</u>	<u>£776,269</u>	<u>£11,689,841</u>	<u>£534,669</u>

**SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984 - continued

Net operating expenses

3. Net operating expenses are made up as follows:-

	<u>1984</u> £	<u>1983</u> £
Distribution costs	308,192	241,327
Administrative expenses	<u>2,452,290</u>	<u>1,769,808</u>
	2,760,482	2,011,135
Less:		
Other operating income	<u>84,561</u>	<u>11,660</u>
	<u><u>£2,675,921</u></u>	<u><u>£1,999,475</u></u>

Profit on ordinary activities before taxation

4. Profit on ordinary activities before taxation is stated after charging:-

	<u>1984</u> £	<u>1983</u> £
Auditor's remuneration (holding company - £1,000)	15,500	12,500
Depreciation of tangible assets	215,402	156,179
Hire of plant and machinery	52,117	4,417
Amortisation of intangible assets	19,055	5,000

Directors' emoluments

5. Emoluments of directors of Special Acoustic Services Group Holdings Limited (including pension contributions) are as follows:-

	<u>1984</u>	<u>1983</u>
For management services	<u>£119,715</u>	<u>£120,565</u>

Directors emoluments disclosed in accordance with section 6 of the Companies Act 1967, and excluding pension contributions, are as follows:-

Emoluments of the chairman who is also the highest paid director	<u>£40,000</u>	<u>£40,000</u>
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Number of other directors whose emoluments were within the ranges:-

	Number	Number
£ 0 - £ 5,000	2	2
£15,001 - £20,000	1	1

110

**SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984 - continued

Net operating expenses

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	Number	Number
£ 0 - £ 5,000	2	2
£15,001 - £20,000	1	1

31

**SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984 - cont.

Employee information

- 6.(a) The average number of persons employed by the group including executive directors during the year is analysed below:-

	<u>1984</u> Number	<u>1983</u> Number
Sales and production	88	58
Administration and management	<u>71</u>	<u>82</u>
	<u>159</u>	<u>140</u>

- (b) Group employment costs - all employees including executive directors:-

	£	£
Aggregate gross wages and salaries paid	1,481,897	736,657
Employers' national insurance contributions	165,740	90,749
Employers' pension contributions	<u>132,496</u>	<u>15,821</u>
	<u>£1,780,133</u>	<u>£843,227</u>

Profit of Special Acoustic Services Group Holdings Limited

7. The company has not traded during the year and made neither profit nor loss.

Tax on ordinary activities

8.	<u>1984</u> £	<u>1983</u> £
United Kingdom corporation tax at 47.5% (1983 = 52%) based on the profits for the year	308,060	247,313
Deferred taxation	(33,476)	26,395
Interest receivable	<u>-</u>	<u>104</u>
	274,584	273,812
Over charge for previous year	(1,744)	(8,762)
Deferred taxation released resulting from stock relief made permanent	<u>-</u>	<u>(184,351)</u>
	<u>£ 272,840</u>	<u>£ 80,699</u>

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984 - continued

Intangible asset

9. The intangible asset represents purchased goodwill in a subsidiary company as follows:-

	<u>1984</u> £
Net book value at 1 September 1983	38,109
Charge for year	<u>19,055</u>
Net book value at 31 August 1984	<u>£19,054</u>

Tangible assets

10. The group

	<u>Freehold land & buildings £</u>	<u>Leasehold land & buildings £</u>	<u>Plant & machinery £</u>	<u>Fixtures & fittings £</u>	<u>Motor vehicles £</u>	<u>Total £</u>
COST						
At 1 September 1983	38,000	102,018	285,038	174,616	228,341	828,013
Additions	-	52,752	116,621	33,489	234,757	437,619
Disposals	-	(7,503)	(3,782)	(3,868)	(46,425)	(61,578)
At 31 August 1984	<u>38,000</u>	<u>147,267</u>	<u>397,877</u>	<u>204,237</u>	<u>416,673</u>	<u>1,204,054</u>
DEPRECIATION						
At 1 September 1983	-	9,017	119,490	67,125	104,663	300,295
Charge for year	-	7,043	63,877	33,468	111,014	215,402
Disposals	-	(804)	(1,652)	(1,690)	(36,463)	(40,609)
At 31 August 1984	<u>-</u>	<u>15,256</u>	<u>181,715</u>	<u>98,903</u>	<u>179,214</u>	<u>475,088</u>
NET BOOK VALUE						
31 AUGUST 1984	<u>£38,000</u>	<u>£132,011</u>	<u>£216,162</u>	<u>£105,334</u>	<u>£237,458</u>	<u>£728,966</u>
NET BOOK VALUE						
31 AUGUST 1983	<u>£38,000</u>	<u>£93,001</u>	<u>£165,548</u>	<u>£107,491</u>	<u>£123,678</u>	<u>£527,718</u>

Stocks and work in progress

11. The amounts attributable to the different categories are as follows:-

	<u>1984</u> £	<u>1983</u> £
Raw materials and consumables	39,028	81,292
Work in progress	110,063	172,804
Finished goods	910,226	611,866
	<u>£1,058,317</u>	<u>£865,962</u>

In the opinion of the directors there is no material difference between the historical cost of stock as stated above and its current replacement cost

**SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

13

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984 - continued

Debtors - Amounts falling due within one year

12.	<u>1984</u> £	<u>1983</u> £
Trade debtors	4,114,717	2,569,984
Other debtors	429,055	343,196
Prepayments and accruals	44,432	53,245
	<u>£4,588,204</u>	<u>£2,965,425</u>

Creditors - Amounts falling due within one year

13.	<u>1984</u> £	<u>1983</u> £
Bank loans and overdraft (see (a) below)	1,083,891	585,071
Trade creditors	2,375,151	1,885,578
Other creditors including taxation and social security (see (b) below)	1,183,242	762,371
Hire purchase principal outstanding - one year	95,986	45,190
Accruals and deferred income	148,416	106,262
	<u>£4,886,686</u>	<u>£3,384,472</u>

(a) The bank loans and overdrafts are secured by floating charges over the assets of the companies concerned. Included in the bank overdraft is a net amount of £771,398 which relates to cheques paid or received by the group by 31 August 1984 which had not been presented or cleared through the bank at that date.

(b) Other creditors is made up as follows:-

United Kingdom corporation tax	325,095	305,062
Social security	62,426	183,972
Other creditors	795,721	273,337
	<u>£1,183,242</u>	<u>£762,371</u>

Creditors - Amounts falling due after more than one year

14. The creditors falling due after more than one year are represented by hire purchase principal outstanding of £109,449 (1983 - £41,126).

14

**SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984 - continued

Deferred taxation

15. Deferred taxation may be analysed as follows:-

	1984		1983	
	Amount provided £	Potential liability £	Amount provided £	Potential liability £
Accelerated capital allowances	120,078	120,078	150,152	150,152
Stock relief	-	-	-	211,729
	<u>£120,078</u>	<u>£120,078</u>	<u>£150,152</u>	<u>£361,881</u>

Called up share capital

16.

	1984 £
Authorised 100,000,000 ordinary shares of £1 each	<u>100,000,000</u>
Alotted, called up and fully paid 300,000 ordinary shares of £1 each	<u>300,000</u>

On 31 August 1984 the company issued 300,000 ordinary shares of £1 each in exchange for the shares in the two subsidiary companies Special Acoustic Services Limited and Commercial Ceiling Factors Limited.

Investment in subsidiaries

17. On 31 August 1984 Special Acoustic Services Group Holdings Limited purchased the entire share capital of Special Acoustic Services Limited and Commercial Ceiling Factors Limited in return for the issue of 300,000 ordinary shares of £1 each. In the opinion of the directors the subsidiaries are worth at least the amount shown.

Shares in group companies	<u>£300,000</u>
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15

**SPECIAL ACOUSTIC SERVICES GROUP HOLDINGS LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES TO THE CONSOLIDATED ACCOUNTS - 31 AUGUST 1984 - continued

Investment in subsidiaries - continued

17. Shares in group companies comprise the cost of investments in subsidiary companies details of which are as below. All shares held are ordinary shares and the investment represents 100% of the issued share capital. The country of incorporation in all cases is the United Kingdom.

<u>Name of subsidiary</u>	<u>Principal activities</u>
Special Acoustic Services Limited	Ceiling and acoustic engineers
Trueline Ceiling Products Limited	Manufacture of ceiling materials
Special Acoustic Services (Midland) Limited	Distributors of ceiling materials
Special Acoustic Services (Group Services) Limited	Management company
Manchester Slate Company (Contracts) Limited	Roofing, ceiling and acoustic engineers
Cullum Ceiling Limited	Ceiling and acoustic engineers
Program Lighting Limited	Lighting distributors
Commercial Ceiling Factors Limited	Distributors of ceiling materials
Commercial Ceiling Factors (Midland) Limited	Distributors of ceiling materials

Contingent liabilities and financial commitments

18. As at 31 August 1984 neither the company nor the group had any material contingent liabilities or capital commitments.