



**HOW FIRE MAINTENANCE LIMITED**

**Report and Financial Statements**

**31 December 1995**

**Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN**



**REPORT AND FINANCIAL STATEMENTS 1995**

<b>CONTENTS</b>	<b>Page</b>
<b>Officers and professional advisers</b>	<b>1</b>
<b>Directors' report</b>	<b>2</b>
<b>Statement of directors' responsibilities</b>	<b>4</b>
<b>Auditors' report</b>	<b>5</b>
<b>Profit and loss account</b>	<b>6</b>
<b>Balance sheet</b>	<b>7</b>
<b>Notes to the accounts</b>	<b>8</b>
<b>Additional information</b>	<b>13</b>



**REPORT AND FINANCIAL STATEMENTS 1995**

**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

J S Williams (Chairman)  
D Lant  
D Summerfield  
K J Walters

**SECRETARY**

C S Dixon

**REGISTERED OFFICE**

Intersection House  
110 Birmingham Road  
West Bromwich  
West Midlands  
B70 6RX

**BANKERS**

Midland Bank PLC  
130 New Street  
Birmingham  
B2 4JU

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1995.

### **PRINCIPAL ACTIVITIES**

The principal activity of the company continues to be the maintenance of fire protection and detection systems in buildings.

### **REVIEW OF DEVELOPMENTS**

The company's performance exceeded expectations despite difficulties in the commercial and sprinkler markets. Significant contracts have been negotiated in total power station maintenance, together with several small turbine system contracts in the UK and Europe.

### **DIVIDENDS AND TRANSFERS TO RESERVES**

Details of the profit for the year are set out in the profit and loss account on page 6.

The Company has paid an interim dividend of £90,000 to its parent company in respect of the year. No final dividend is proposed.

### **FIXED ASSETS**

Movements in tangible fixed assets during the year are detailed in Note 5 to the financial statements.

### **DIRECTORS AND THEIR INTERESTS**

The directors who served during the year were:

J S Williams (Chairman)  
D Lant  
D Summerfield  
K J Walters

In accordance with the Articles of Association directors are not required to retire by rotation.

The directors hold no shares of the Company.

The directors who are not directors of the ultimate parent undertaking, How Group plc, held the following interests in the 10p ordinary shares of that company:

	At 31 December 1995		At 31 December 1994	
	Fully paid	Share options	Fully paid	Share options
D Lant	54,239	20,000	33,239	41,000
K J Walters	-	45,000	-	45,000

The interests of other directors in the shares of the Group plc are disclosed in that company's financial statements.

**DIRECTORS' REPORT****AUDITORS**

On 1 February 1996 our auditors changed the name under which they practise to Deloitte & Touche and, accordingly, have signed their report in their new name. A resolution for the reappointment of Deloitte & Touche as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

C S Dixon  
Secretary

**STATEMENT OF 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 as at the end of the financial year 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 judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed
- 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. 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.



## Chartered Accountants

Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham B3 2BN

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## AUDITORS' REPORT TO THE MEMBERS OF

### HOW FIRE MAINTENANCE LIMITED

We have audited the financial statements on pages 6 to 12 which have been prepared under the accounting policies set out on page 8.

#### 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 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 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 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 at 31 December 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*David H. Pearce*

Chartered Accountants and Registered Auditors

*27 June 1996*




**PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1995**

	Note	1995 £	1994 £
<b>TURNOVER</b>		3,032,782	2,712,826
Cost of sales		(1,798,164)	(1,467,204)
Gross profit		1,234,618	1,245,622
Administrative expenses		(825,665)	(700,792)
<b>OPERATING PROFIT</b>	3	408,953	544,830
Interest payable		(103)	(127)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		408,850	544,703
Tax on profit on ordinary activities	4	(135,958)	(181,651)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		272,892	363,052
Interim dividend payable		(90,000)	(120,000)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>	10	182,892	243,052

All activities derive from continuing operations.

There are no recognised gains or losses for the current and prior years other than as stated above in the profit and loss account.



**BALANCE SHEET**  
**31 December 1995**

	Note	£	1995 £	£	1994 £
<b>TANGIBLE FIXED ASSETS</b>	5		60,355		36,279
<b>CURRENT ASSETS</b>					
Stocks	6	145,918		141,878	
Debtors	7	805,401		600,933	
Cash at bank		1,160,340		1,121,153	
		<u>2,111,659</u>		<u>1,863,964</u>	
<b>CREDITORS: amounts falling due within one year</b>	8	<u>(1,349,777)</u>		<u>(1,260,898)</u>	
<b>NET CURRENT ASSETS</b>			<u>761,882</u>		<u>603,066</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>822,237</u>		<u>639,345</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	9		100		100
Profit and loss account	10		<u>822,137</u>		<u>639,245</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	11		<u>822,237</u>		<u>639,345</u>

These financial statements were approved by the Board of Directors on 22 March 1996.

Signed on behalf of the Board of Directors

J S Williams  
 Director

**NOTES TO THE ACCOUNTS****Year ended 31 December 1995****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards.

**Tangible fixed assets**

Depreciation is provided on all tangible fixed assets and is calculated on cost on a straight line basis over the following years, so as to write down the value of the assets to estimated residual value over their anticipated useful lives:

Motor vehicles	4 years
Plant, fixtures and equipment	5 years

Site equipment and other items of comparatively low value are normally written off in the year of purchase as revenue expenditure on the grounds that the life expectancy of such assets cannot be predicted with reasonable certainty, although it is likely to be less than 3 years in most cases.

**Stocks**

Stocks are valued at the lower of cost (ascertained on first in, first out principles) and net realisable value.

**Contracts in progress**

Contracts in progress are valued individually at the lower of cost, including related overheads, and estimated net realisable value, provision being made for anticipated future losses where appropriate.

**Deferred taxation**

Provision is made for deferred taxation, where appropriate, using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes. However, no provision is made where the directors consider that a liability to taxation is unlikely to crystallise.

There is no liability, or potential liability, to deferred taxation for the years ended 31 December 1995 and 31 December 1994.

**Turnover**

Turnover represents the value of invoices rendered in respect of goods delivered and services provided as adjusted by the variation between opening and closing valuations of contracts in progress and after making full provision for possible claims and allowances.

**Operating leases**

Operating lease rentals are charged on a straight line basis over the lease terms.

**Pension costs**

The cost of the defined benefits pension arrangements are charged to the profit and loss account as the contributions become payable to the scheme's principal employer, How Group plc.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

	1995 No	1994 No
Average number of persons employed	<u>66</u>	<u>61</u>
	£	£
Staff costs during the year		
Wages and salaries	1,189,052	1,057,395
Social security costs	105,976	99,413
Pension costs	58,205	51,682
	<u>1,353,233</u>	<u>1,208,490</u>

**Pension costs**

The Company is a member of the How Group Staff Pension and Life Assurance Scheme. The Scheme is of the defined benefit type and is funded in advance by contributions at rates assessed by independent professionally qualified actuaries in valuation reports normally every three years. Particulars of the actuarial valuation are contained in the financial statements of the ultimate parent undertaking, How Group plc.

**3. OPERATING PROFIT**

	1995 £	1994 £
After charging:		
Depreciation (including adjustments on disposals)	17,794	2,189
Auditors' remuneration	4,000	4,000
Operating lease charges		
Land and buildings	9,450	31,340
Hire of plant, equipment and vehicles	<u>132,675</u>	<u>120,273</u>

**4. TAX ON PROFIT ON ORDINARY ACTIVITIES**

	1995 £	1994 £
United Kingdom corporation tax at 33% (1994 - 33%) based on the profit for the year	136,300	182,000
Adjustments relating to prior periods		
Corporation tax	<u>(342)</u>	<u>(349)</u>
	<u>135,958</u>	<u>181,651</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**5. TANGIBLE FIXED ASSETS**

	Motor vehicles £	Plant, fixtures and equipment £	Total £
<b>Cost</b>			
At 1 January 1995	38,484	24,999	63,483
Additions	15,635	29,735	45,370
Disposals	(19,735)	-	(19,735)
	<u>34,384</u>	<u>54,734</u>	<u>89,118</u>
At 31 December 1995			
<b>Depreciation</b>			
At 1 January 1995	15,627	11,577	27,204
Provided in year	8,624	6,891	15,515
Disposals	(13,956)	-	(13,956)
	<u>10,295</u>	<u>18,468</u>	<u>28,763</u>
At 31 December 1995			
<b>Net book value</b>			
At 31 December 1995	<u>24,089</u>	<u>36,266</u>	<u>60,355</u>
At 31 December 1994	<u>22,857</u>	<u>13,422</u>	<u>36,279</u>

**6. STOCKS**

	1995 £	1994 £
Stocks of spares and consumables	72,010	67,629
Work-in-progress	73,908	74,249
	<u>145,918</u>	<u>141,878</u>

**7. DEBTORS**

	1995 £	1994 £
Trade debtors	595,377	348,559
Amounts owed by Group undertakings	177,183	215,071
Other debtors	122	1,098
Prepayments and accrued income	32,719	36,205
	<u>805,401</u>	<u>600,933</u>


**NOTES TO THE ACCOUNTS**
**Year ended 31 December 1995**
**8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1995 £	1994 £
Trade creditors	361,231	207,229
Amounts owed to Group undertakings	105,028	38,271
Corporation tax payable	317,958	315,201
Other taxes and social security	167,928	175,856
Other creditors	20,488	18,100
Accruals and deferred income	287,144	386,241
Dividend payable	90,000	120,000
	<u>1,349,777</u>	<u>1,260,898</u>

**9. CALLED UP SHARE CAPITAL**

	1995 £	1994 £
Authorised, allotted and fully paid 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>

**10. PROFIT AND LOSS ACCOUNT**

	£
At 1 January 1995	639,245
Profit for the year	<u>182,892</u>
At 31 December 1995	<u>822,137</u>

**11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1995 £	1994 £
Profit for the financial year	272,892	363,052
Dividends	<u>(90,000)</u>	<u>(120,000)</u>
Net increase in shareholders' funds	182,892	243,052
Opening shareholders' funds	<u>639,345</u>	<u>396,293</u>
Closing equity shareholders' funds	<u>822,237</u>	<u>639,345</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1995**

**12. FINANCIAL COMMITMENTS**

**Operating lease commitments**

At 31 December 1995, the Company was committed to making the following payments during the next year in respect of operating leases:

	Land and buildings £	Other £
Leases which expire:		
Within one year	-	17,303
Within 2 to 5 years	600	46,176
After 5 years	6,500	-
	<u>7,100</u>	<u>63,479</u>

**13. CONTINGENT LIABILITIES**

The Company has entered into an unlimited multilateral guarantee in respect of the bank borrowing of How Group plc and its subsidiary undertakings, under which the company had a contingent liability at 31 December 1995 of £16,369,737 (£1994 - 14,609,013) relating to the overdrafts of certain companies.

**14. ULTIMATE PARENT COMPANY**

The Company's ultimate parent undertaking is How Group plc, registered in England and Wales.

How Group plc is the parent undertaking of the largest group of which How Fire Maintenance Limited is a member and for which group accounts are drawn up.

How Fire Limited, registered in England and Wales, is the parent undertaking of the smallest group of which How Fire Maintenance Limited is a member and for which group accounts are drawn up.

Accounts for both parent undertakings have been delivered and are available from the Registrar of Companies, Crown Way, Maindy, Cardiff CF4 3UZ.

**ADDITIONAL INFORMATION**

The additional information on pages 14 to 15 has been prepared from the accounting records of the company. While it does not form part of the statutory financial statements, it should be read in conjunction with them and the auditors' report thereon.

**TRADING ACCOUNT**  
**Year ended 31 December 1995**

	1995	1994
	£	£
<b>TURNOVER</b>		
Sales	3,033,123	2,716,847
Add: Closing work in progress	73,908	74,249
	<u>3,107,031</u>	<u>2,791,096</u>
Less: Opening work in progress	74,249	78,270
	<u>3,032,782</u>	<u>2,712,826</u>
<b>COST OF SALES</b>		
Direct costs:		
Materials and other external charges	395,897	277,309
Plant hire	16,941	3,890
Direct labour	1,160,557	927,478
Operatives' expenses	37,050	91,233
	<u>1,610,445</u>	<u>1,299,910</u>
Indirect costs		
Operatives' National Insurance and pensions	75,097	67,648
Tool and equipment repairs	8,541	11,159
Depreciation of plant	2,514	2,287
Consumables	1,964	2,831
Commercial vehicle expenses	99,603	83,369
	<u>187,719</u>	<u>167,294</u>
	<u>1,798,164</u>	<u>1,467,204</u>
<b>GROSS PROFIT</b>	1,234,618	1,245,622
Less: Overhead expenses (per attached schedule)	825,665	700,792
	<u>408,953</u>	<u>544,830</u>
<b>OPERATING PROFIT FOR THE YEAR</b>		




**SCHEDULE OF OVERHEAD EXPENSES**
**Year ended 31 December 1995**

	1995	1994
£	£	£
Staff salaries and temporary staff	337,546	290,156
Staff NI	31,949	32,756
Group management and finance charges	46,443	13,894
Pension and welfare schemes	70,234	61,416
Publicity, printing, stationery, office materials and advertising	16,201	18,158
Rent, rates and insurance	65,041	57,348
Telephone	26,281	29,884
Travelling and entertaining expenses	10,018	12,891
Postage, cleaning and sundry trade expenses	24,703	23,874
Motor expenses	24,999	22,760
Contract hire costs	129,261	116,383
Subscriptions	1,612	1,869
Audit and accountancy charges	4,000	4,000
Bank charges	2,222	1,955
Light and heat	4,404	5,344
Repairs and renewals:		
Furniture and office equipment	6,900	3,443
Buildings	(1,197)	2,279
	5,703	5,722
Legal and professional charges	1,134	494
Computer costs	2,412	-
Employee training	6,445	2,068
Depreciation:		
Fixtures and equipment	4,377	829
Motor vehicles	8,624	9,362
	13,001	10,191
Loss on disposal of fixed assets	2,279	-
	825,888	711,163
Deduct: Miscellaneous income:		
Discounts received	223	82
Profit on disposal of fixed assets	-	10,289
	223	10,371
<b>NET OVERHEAD EXPENSES</b>	<b>825,665</b>	<b>700,792</b>