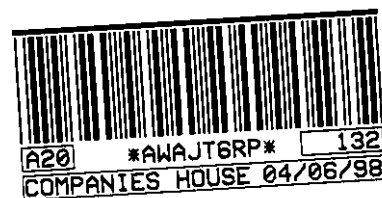


**System BouwMulder (UK) Limited**

**Directors' report and financial statements**

31 December 1997

Registered number 1985536



## **Directors' report and financial statements**

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## **Company information**

Directors	H Balfour J Webster K Potterton
Secretary	Havelock Europa PLC
Registered office	136 Church Street Eastwood Nottinghamshire NG16 3TH
Auditors	KPMG Audit Plc 24 Blythswood Square Glasgow G2 4QS
Bankers	National Westminster Bank Plc Smiths Bank Branch Nottingham

## Directors' report

The directors present their report and audited accounts of the company for the seventeen month period ended 31 December 1997.

### Principal activity

The principal activity of the company in the period under review was the provision of high quality shopfitting and shelving units.

### Review of the business

The results for the period are shown in the attached profit and loss account. During the period the entire share capital of the company was acquired by Havelock Europa PLC, who remain the ultimate parent undertaking at the year end.

### Results and dividends

The directors recommend the payment of a final dividend of £453,000 (1996: £Nil). The retained loss of £84,000 (1996: £328,000) has been applied to reserves.

### Directors and directors' interests

The directors throughout the period and their beneficial and family interests in the issued share capital throughout the period were:

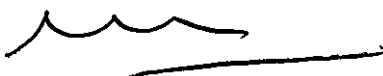
	Ordinary shares of £1 each	
	At 31 December 1997	At 31 July 1996
KR Potterton	-	5,200
HEO Balfour (appointed 15 May 1997)	-	-
JS Webster (appointed 15 May 1997)	-	-
P Mumford (appointed 7 October 1996, resigned 9 January 1998)	-	-

H Balfour and J Webster are directors of Havelock Europa PLC and their interests in the shares of that company are shown in its accounts. No other director had an interest in the share capital of Havelock Europa PLC.

### Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Audit Plc as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Havelock Europa PLC  
Secretary

## **Statement of directors' responsibilities**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss 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, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG Audit Plc  
24 Blythswood Square  
Glasgow  
G2 4QS  
United Kingdom

## **Report of the auditors to the members of System BouwMulder (UK) Limited**

We have audited the financial statements on pages 5 to 15.

### **Respective responsibilities of directors and auditors**

As described on page 3 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 affairs of the company as at 31 December 1997 and the profit of the company for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

26 May 1998

## **Profit and loss account**

*for the seventeen month period ended 31 December 1997*

	<i>Notes</i>	<b>17 month period ended 31 December 1997 £000</b>	<b>Year ended 31 July 1996 £000</b>
<b>Turnover</b>	<i>2</i>	<b>6,393</b>	<b>3,731</b>
Cost of sales		<b>(4,157)</b>	<b>(2,500)</b>
Exceptional item	<i>3</i>	<b>(91)</b>	<b>(517)</b>
		<hr/>	<hr/>
<b>Gross profit</b>		<b>2,145</b>	<b>714</b>
Administrative expenses		<b>(1,585)</b>	<b>(1,013)</b>
		<hr/>	<hr/>
<b>Operating profit</b>	<i>4</i>	<b>560</b>	<b>(299)</b>
Other operating income		<b>8</b>	<b>83</b>
Interest payable less receivable	<i>7</i>	<b>(15)</b>	<b>(15)</b>
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities before taxation</b>		<b>553</b>	<b>(231)</b>
Tax charge on ordinary activities	<i>8</i>	<b>(184)</b>	<b>(97)</b>
		<hr/>	<hr/>
<b>Profit/(loss) on ordinary activities after taxation and for the financial period</b>		<b>369</b>	<b>(328)</b>
Dividends	<i>9</i>	<b>(453)</b>	<b>-</b>
		<hr/>	<hr/>
<b>Retained loss</b>		<b>(84)</b>	<b>(328)</b>
		<hr/>	<hr/>

There were no recognised gains or losses other than those set out above.

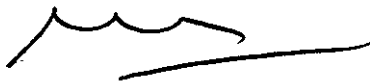
There were no acquisitions or discontinued operations in the period.

Details of movements in reserves are set out at note 15.

## Balance sheet

	Notes	31 December 1997		31 July 1996	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	10		223		170
<b>Current assets</b>					
Stock	11	329		296	
Debtors	12	566		1,166	
Cash at bank and in hand		966		1	
		<u>1,861</u>		<u>1,463</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(2,057)</u>		<u>(1,489)</u>	
<b>Net current assets</b>			<u>(196)</u>		<u>(26)</u>
<b>Total assets less current liabilities</b>			<u>27</u>		<u>144</u>
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(17)</u>		<u>(50)</u>
<b>Net assets</b>			<u>10</u>		<u>94</u>
<b>Capital and reserves</b>					
Called up share capital	14		10		10
Profit and loss account	15		-		84
<b>Equity shareholders' funds</b>			<u>10</u>		<u>94</u>

These financial statements were approved by the board of directors on 21 May 1998 and were signed on its behalf by:



JS Webster  
Director



**Reconciliation of movement in shareholders' funds**  
*for the seventeen month period ended 31 December 1997*

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
Profit/(loss) for the financial period	369	(328)
Dividends on equity shares	(453)	-
	<hr/>	<hr/>
(Decrease) in shareholders' funds	(84)	(328)
Opening equity shareholders' funds	94	422
	<hr/>	<hr/>
Closing equity shareholders' funds	10	94
	<hr/>	<hr/>

## Notes

(forming part of the financial statements)

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements of the company.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost accounting rules and comply with all applicable accounting standards.

The company is exempt from the requirement of Financial Reporting Standard 1 to prepare the cash flow statement as it is a wholly owned subsidiary undertaking of Havelock Europa PLC and its cash flows are included within the consolidated cash flow statement of that company.

#### *Depreciation*

Depreciation is provided to write off the cost of tangible fixed assets, other than land, to their estimated residual values, by equal instalments over their estimated useful economic lives at the following annual percentages:

Leasehold improvements	- 20% on cost
Fixtures and fittings	- 25% on written down value
Motor vehicles	- 25% on written down value
Computer equipment	- 33.33% on cost

#### *Stock and work in progress*

Stock is stated at the lower of cost and net realisable value.

#### *Hire purchase and leasing contracts*

Assets financed by hire purchase contracts and finance leases are capitalised. The obligation for future repayments and rentals is recognised and included in creditors net of finance charges allocated to future periods. Assets capitalised are depreciated in accordance with the policy explained above. The finance charges relating to such contracts are charged in the profit and loss account in the period to which they relate.

#### *Turnover*

Turnover represents the invoiced amount of goods and services provided stated net of value added tax.

#### *Foreign currency*

Stock and creditors in foreign currencies have been restated at the exchange rate at the date of the balance sheet and the unrealised profit or loss taken to the profit and loss account. Realised profit and losses on foreign currency exchange are also charged to the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Taxation*

The charge for tax is based on the result for the period and takes into account tax deferred because of timing differences between the treatment of items for tax and accounting purposes. Provision for deferred tax is made where there is reasonable evidence that such tax will become payable in the foreseeable future.

#### *Pension costs*

Contributions in respect of the company's defined contribution scheme are charged to the profit and loss account for the period in which they are payable to the scheme.

### 2 Analysis of turnover

An analysis of turnover by activity and market is given below:

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
Supply of shelving and fixtures	6,393	3,731
	<hr/>	<hr/>

An analysis of turnover by destination by geographical area is shown below:

	£000	£000
United Kingdom	5,987	3,594
Rest of Europe	406	137
	<hr/>	<hr/>
	6,393	3,731
	<hr/>	<hr/>

### 3 Exceptional item

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
Provision for diminution in value in investment in associated company	91	517
	<hr/>	<hr/>

## Notes (continued)

### 4 Supplementary information

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
Depreciation:		
Owned assets	21	27
Assets purchased under hire purchase contracts and finance leases	62	47
(Profit)/loss on disposal of fixed assets	(2)	13
Auditors' remuneration	12	7
Hire of motor vehicles	11	-
	<hr/>	<hr/>

### 5 Remuneration of directors

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
Directors' emoluments:		
Salaries and benefits in kind	172	97
Pension contributions	19	24
	<hr/>	<hr/>
	191	121
	<hr/>	<hr/>

Retirement benefits are accruing to two directors under a defined contribution scheme.

### 6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period was 19 (1996: 19).

The aggregate payroll costs of these persons were as follows:

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
Wages and salaries	687	471
Social security costs	50	50
Other pension costs	27	31
	<hr/>	<hr/>
	764	552
	<hr/>	<hr/>

## Notes (continued)

### 7 Interest

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
On bank loans and overdrafts	(5)	(1)
On hire purchase contracts and finance lease	(10)	(14)
	<hr/>	<hr/>
	(15)	(15)
	<hr/>	<hr/>

### 8 Tax on ordinary activities

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
UK corporation tax at 31.9% (1996: 33%)	184	97
	<hr/>	<hr/>

### 9 Dividends

	17 month period ended 31 December 1997 £000	Year ended 31 July 1996 £000
Dividends proposed on equity shares of £45.30 per share (1996: £Nil)	453	-
	<hr/>	<hr/>

## Notes (continued)

### 10 Tangible fixed assets

	Leasehold improvements £000	Motor vehicles £000	Furniture and computer £000	Total £000
<i>Cost or valuation</i>				
At beginning of period	113	165	216	494
Additions	26	23	181	230
Disposals	-	(159)	(47)	(206)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	139	29	350	518
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At beginning of period	113	48	163	324
Charge for the period	-	34	49	83
Disposal	-	(72)	(40)	(112)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of period	113	10	172	295
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 31 December 1997	26	19	178	223
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1996	-	117	53	170
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of assets held under finance lease included above is £61,000 (1996: £132,000). Depreciation in the period on these assets was £62,000 (1996: £47,000).

### 11 Stocks

	1997 £000	1996 £000
Raw materials	329	208
Work in progress	-	88
	<hr/>	<hr/>
	329	296
	<hr/>	<hr/>

## Notes (continued)

### 12 Debtors

	1997 £000	1996 £000
Trade debtors	545	1,133
Prepayments and accrued income	21	33
	<hr/> 566	<hr/> 1,166

### 13 Creditors

#### *Amounts falling due within one year*

	1997 £000	1996 £000
Bank loan and overdrafts	-	75
Payments on account	-	393
Trade creditors	712	603
Amounts due to parent company	441	-
Corporation tax	134	97
Taxation and social security costs	88	17
Accruals	101	141
Obligations under hire purchase contracts	28	63
Provision for guarantee	100	100
Proposed dividend	453	-
	<hr/> 2,057	<hr/> 1,489

#### *Amounts falling due outwith one year*

Obligations under hire purchase contracts	<hr/> 17	<hr/> 50
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Creditors due outwith one year are all due within one to two years.

## Notes (continued)

### 14 Called up share capital

	1997 £000	1996 £000
<i>Authorised</i>		
100,000 ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, issued and fully paid</i>		
10,000 ordinary shares of £1 each	10	10
	<hr/>	<hr/>

### 15 Profit and loss account

	1997 £000	1996 £000
At 1 August 1996	84	412
Retained loss for the period	(84)	(328)
	<hr/>	<hr/>
At 31 December 1997	-	84
	<hr/>	<hr/>

### 16 Commitments

The payments under operating leases which are due to be made in the next year, analysed over the periods when the lease expire are:

	<b>Vehicles</b> 1997 £000	1996 £000
Within one year	1	-
Between two and five years	39	-
	<hr/>	<hr/>
	40	-
	<hr/>	<hr/>

### 17 Related party disclosures

Under Financial Reporting Standard 8 the company is exempt from the requirement to disclose related party transactions with other group undertakings as it is a wholly owned subsidiary of a parent undertaking which prepares and publishes consolidated financial statements.



**Notes** *(continued)*

**18 Parent undertaking**

The company's ultimate parent undertaking is Havelock Europa PLC, which is incorporated in Great Britain. The financial statements of Havelock Europa PLC are available from their registered office at 136 Church Street, Eastwood, Nottinghamshire, NG16 3TH.

**19 Post balance sheet event**

On 1 January 1998 the company transferred its trade, assets and liabilities to Havelock Europa PLC and now trades as a division of that company.