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Grant Thornton 



**J & S SEDDON (PAINTING) LIMITED**

31 DECEMBER 1999

No 2403551

## **J & S SEDDON (PAINTING) LIMITED**

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# **J & S SEDDON (PAINTING) LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

### **Directors**

J Stuart Seddon (Chairman and Joint Managing Director)  
Clive L Russell (Joint Managing Director)  
Vaughan N Cartwright

### **Secretary**

Ian H Pinnington BA, FCA, FCIS

### ***Registered office***

55 Duke Street  
Fenton  
Stoke on Trent  
ST4 3NN

### **Bankers**

Barclays Bank plc  
51 Mosley Street  
Manchester  
M60 2AU

### **Auditors**

Grant Thornton  
Chartered Accountants  
Heron House  
Albert Square  
Manchester  
M60 8GT

# **J & S SEDDON (PAINTING) LIMITED**

## **REPORT OF THE DIRECTORS**

The directors submit their report and audited financial statements for the year ended 31 December 1999.

### **Principal activity**

The activity of the company during the year was that of painting, decorating and pre-paint repair contractors.

### **Results and dividends**

The profit for the year after taxation amounted to £167,248 (1998: £144,447). The directors do not recommend the payment of a dividend (1998 : £Nil) and the profit has been transferred to reserves.

### **Review of the business**

A substantially increased turnover at improved profit margins has produced a very good result for the year. This reflects the hard work and effort of all concerned. The supplies trading division continues to expand successfully and the new building supplies division has traded adequately in its first six months.

### **Future review**

Higher margins albeit on a reduced turnover should produce a similar result for 2000. The Company should obtain "Investors in People" accreditation in the current year.

### **Directors and their interests**

The directors who served during the year were:

J S Seddon  
C L Russell  
V N Cartwright

None of the directors had any interest in the share capital of the company. The interests of Mr J S Seddon, in the shares of the ultimate parent company, Seddon Group Limited, are shown in the financial statements of that company. Neither of the other directors had any interest in the share capital of Seddon Group Limited.

### **Directors' responsibilities for the financial statements**

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 :

- i adopt appropriate accounting policies and then apply them consistently ;
- ii make judgements and estimates that are reasonable and prudent;
- iii state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- iv 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **J & S SEDDON (PAINTING) LIMITED**

### **REPORT OF THE DIRECTORS (CONTINUED)**

#### **Year 2000**

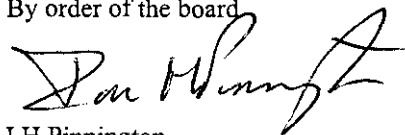
The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures. All systems have continued to operate properly over the year 2000 date change and through any roll-over procedures that occurred at a later date.

The issue is complex, and no business can guarantee that there will be no Year 2000 problems. As all businesses are dependent on the compliance of their major customers, suppliers and other trading partners, any impact that has occurred on their systems will affect the company's business to a greater or lesser extent.

#### **Auditors**

Grant Thornton have expressed their willingness to continue in office as auditors.

By order of the board

A handwritten signature in dark ink, appearing to read 'I H Pinnington', written over the printed name.

I H Pinnington  
Secretary

8 May 2000

## **REPORT OF THE AUDITORS**

### **TO THE MEMBERS OF J & S SEDDON (PAINTING) LIMITED**

We have audited the financial statements on pages 5 to 10 which have been prepared under the accounting policies set out on page 5.

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

As described on page 2 the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

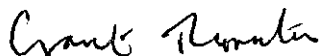
#### **Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
MANCHESTER**

**8 May 2000**

## **J & S SEDDON (PAINTING) LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards. The principal accounting policies have remained unchanged from the previous year and are described below.

#### **Turnover**

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers and the value of work done during the year.

#### **Stock**

Stocks of stores and consumables are stated at the lower of cost and net realisable value. Cost is calculated on the FIFO basis.

#### **Amounts recoverable on contracts**

Amounts recoverable on contracts are included in current assets and are stated at cost plus attributable profit, less any foreseeable losses, less payments received on account.

#### **Subcontractor costs**

Subcontractor costs in respect of work done on contracts are included in these financial statements on an accruals basis.

#### **Deferred taxation**

Deferred taxation is provided in respect of significant timing differences to the extent that it is probable that such tax will become payable in the foreseeable future.

#### **Pension costs**

The company participates in the Seddon Group Limited Retirement Benefits Scheme, a defined benefit scheme. Any pension costs incurred is based on the pension cost across the group as a whole so as to spread the cost of pensions over the employees service lives.

The company also participates in certain defined contribution schemes. The pension costs charged against profits represent the contributions payable to the schemes in respect of the accounting period.

**J & S SEDDON (PAINTING) LIMITED****PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31 DECEMBER 1999**

	Note	1999 £	1998 £
Turnover	1	15,246,245	11,745,631
Cost of sales		<u>13,960,336</u>	<u>10,718,009</u>
Gross profit		1,285,909	1,027,622
Administrative expenses		1,059,523	810,193
Other income		<u>420</u>	<u>-</u>
Profit on ordinary activities before taxation	1	226,806	217,429
Taxation	3	59,558	72,982
Retained profit for the financial year	5	<u><u>167,248</u></u>	<u><u>144,447</u></u>

There are no recognised gains or losses other than those included in the profit and loss account.

The accompanying accounting policies and notes form an integral part of these financial statements.



# J & S SEDDON (PAINTING) LIMITED

## BALANCE SHEET AT 31 DECEMBER 1999

	Note	1999 £	1998 £
<b>Current assets</b>			
Stock of stores and consumables		191,943	175,970
Amounts recoverable on contracts		2,870,456	2,026,038
Trade debtors		39,312	-
Amounts owed by group companies		486,007	732,226
Prepayments		228,632	241,977
Cash at bank and in hand		633,035	901,966
		<u>4,449,385</u>	<u>4,078,177</u>
<b>Creditors : amounts falling due within one year</b>			
Amounts owed to group companies		936,816	1,003,141
Accruals		792,703	522,418
Corporation tax		3,000	3,000
		<u>1,732,519</u>	<u>1,528,559</u>
<b>Net current assets</b>		<b>2,716,866</b>	<b>2,549,618</b>
<b>Creditors : amounts falling due after more than one year</b>			
Amount owed to parent company		(2,000,000)	(2,000,000)
		<u>716,866</u>	<u>549,618</u>
<b>Capital and reserves</b>			
Called up share capital	4	1,000	1,000
Profit and loss account	5	715,866	548,618
<b>Equity shareholders' funds</b>	6	<u>716,866</u>	<u>549,618</u>

The financial statements were approved by the board of directors on 8 May 2000.

Signed on behalf of the board of directors

J Stuart Seddon, Director

The accompanying accounting policies and notes form an integral part of these financial statements.

# J & S SEDDON (PAINTING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

### 1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and profit on ordinary activities before taxation of the company are attributable to the principal activities of painting and maintenance contractors, all carried out within the United Kingdom.

The profit on ordinary activities before taxation is arrived at after charging/(crediting):	1999 £	1998 £
Hire of plant and machinery	224,000	125,226
Auditors' remuneration		
- audit services	3,700	3,500
- non-audit services	700	700
Rents received	(420)	-

### 2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The remuneration of the directors was as follows:

	1999 £	1998 £
Emoluments	47,428	43,349
Contributions to money purchase schemes	3,028	2,705
	<u>50,456</u>	<u>46,054</u>

During the year 1 director (1998: 1 director) participated in the defined benefit scheme and 1 director (1998: 1 director) in a defined contribution scheme.

The average number of persons employed by the company was:

	1999 Number	1998 Number
Construction staff	183	179
Administration staff	61	53
	<u>244</u>	<u>232</u>

The costs incurred in respect of these employees were:

	1999 £	1998 £
Wages and salaries	3,105,496	2,815,203
Social security costs	267,742	248,180
Other pension costs	55,355	50,322
	<u>3,428,593</u>	<u>3,113,705</u>

# J & S SEDDON (PAINTING) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1999

### 3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
Taxation is based on the profit for the year and comprises:		
UK corporation tax at a rate of 20.25% of taxable profit (1998 : 21%)	3,000	3,000
Group relief payable at 30.25% (1998 : 31%)	57,000	87,000
	<u>60,000</u>	<u>90,000</u>
Adjustments in respect of previous years		
UK Corporation tax	(442)	(17,018)
	<u>59,558</u>	<u>72,982</u>

### 4 CALLED UP SHARE CAPITAL

	1999	1998
	£	£
Authorised, allotted, and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

### 5 PROFIT AND LOSS ACCOUNT

	£
At 1 January 1999	548,618
Retained profit for the financial year	167,248
At 31 December 1999	<u>715,866</u>

### 6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Retained profit for the financial year	167,248	144,447
Opening shareholders' funds	549,618	405,171
Closing shareholders' funds	<u>716,866</u>	<u>549,618</u>

### 7 CONTINGENT LIABILITIES

A contingent liability exists at 31 December 1999 in respect of counter indemnities given in connection with performance bonds totalling £10,175 (1998: £10,175).

There is a bank cross guarantee and set-off arrangement between the company, Seddon Group Limited, and certain other fellow subsidiary companies. This facility was £617,107 in hand at 31 December 1999 (1998: in hand £4,911,517).

# **J & S SEDDON (PAINTING) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 DECEMBER 1999**

### **8 PENSION ARRANGEMENTS**

The group operates a defined benefit pension scheme whose assets are held in independently administered funds separate from those of the group. Annual contributions are paid on the recommendation of independent qualified actuaries following triennial actuarial valuations, the latest of which was as at 1 November 1996. The valuation method used is the Projected Accrued Valuation Method and the most significant assumption of the valuation was that the investment return would exceed salary growth rate by 2% compound. At 1 November 1996, the valuation showed that the discounted cashflow value of the Fund was £11,996,000 and represented a prospective funding level of 103%.

The group also operates three defined contribution pension schemes, the assets of which are held in independently administered funds.

### **9 RELATED PARTY TRANSACTIONS**

As a wholly owned subsidiary of Seddon Group Limited, the company is exempt from the requirements of FRS 8 to disclose details of transactions with other members of the group.

### **10 ULTIMATE PARENT COMPANY**

The ultimate parent company is Seddon Group Limited and the immediate holding company is Seddon (Stoke) Limited, which are both registered in England and Wales.

Both the ultimate and immediate parent and holding companies prepare consolidated financial statements, copies of which are available from Companies House.