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Grant Thornton 

J & S SEDDON (PAINTING) LIMITED

31 DECEMBER 2000

No : 2403551



J & S SEDDON (PAINTING) LIMITED

FINANCIAL STATEMENTS

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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 of the company for the year ended 31 December 2000.

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 £504,186 (1999: £167,248). The directors do not recommend the payment of a dividend (1999 : £Nil) and the profit has been transferred to reserves.

Review of the business

Improved profit margins on a similar turnover to last year have resulted in a significant increase in profit for the year. This reflects the continuing hard work and effort of all concerned. The paint supplies division and the building supplies division continue to expand steadily. The company obtained "Investors in People" accreditation during the year.

Future review

Improving margins on a slightly reduced turnover should produce a good result for 2001.

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 Messrs J S Seddon and J 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 :

- 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 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.

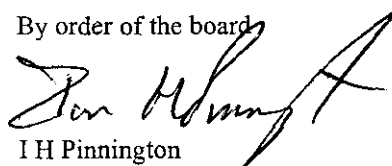
J & S SEDDON (PAINTING) LIMITED

REPORT OF THE DIRECTORS

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 and title.

I H Pinnington
Secretary

21 May 2001

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 the 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.

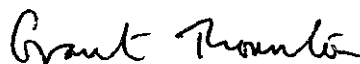
Basis of opinion

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 2000 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**

21 May 2001

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 tax

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 cost 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 2000**

	Note	2000 £	1999 £
Turnover	1	15,244,855	15,246,245
Cost of sales		<u>13,433,025</u>	<u>13,960,336</u>
Gross profit		1,811,830	1,285,909
Administrative expenses		1,067,488	1,059,523
Other income		<u>2,540</u>	<u>420</u>
Operating profit		746,882	226,806
Interest received		<u>56</u>	<u>-</u>
Profit on ordinary activities before taxation	1	746,938	226,806
Tax on profit on ordinary activities	3	242,752	59,558
Retained profit for the financial year	5	<u><u>504,186</u></u>	<u><u>167,248</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

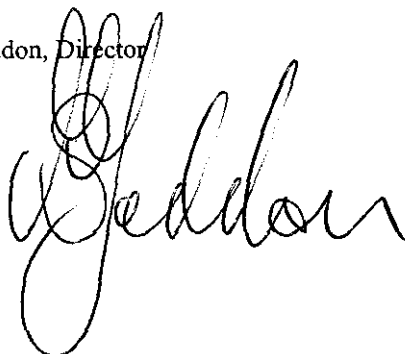
BALANCE SHEET AT 31 DECEMBER 2000

	Note	£	2000 £	1999 £
Current assets				
Stock of stores and consumables		211,189		191,943
Amounts recoverable on contracts		2,724,026		2,870,456
Trade debtors		51,908		39,312
Amounts owed by group companies		478,935		486,007
Prepayments		205,232		228,632
Cash at bank and in hand		626,836		633,035
			4,298,126	4,449,385
Creditors : amounts falling due within one year				
Amounts owed to group companies		447,017		936,816
Accruals		388,068		792,703
Corporation tax		241,989		3,000
			1,077,074	1,732,519
Net current assets			3,221,052	2,716,866
Creditors : amounts falling due after more than one year				
Amount owed to parent company			(2,000,000)	(2,000,000)
			1,221,052	716,866
Capital and reserves				
Called up share capital	4		1,000	1,000
Profit and loss account	5		1,220,052	715,866
Equity shareholders' funds	6		1,221,052	716,866

The financial statements were approved by the Board of Directors on 21 May 2001.

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 2000

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) :

	2000 £	1999 £
Hire of plant and machinery	179,013	224,000
Auditors' remuneration		
- audit services	3,800	3,700
- non-audit services	700	700
Rents received	(2,540)	(420)

2 INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The remuneration of the directors was as follows :

	2000 £	1999 £
Emoluments	52,443	47,428
Pension contributions to money purchase pension schemes	3,412	3,028
	55,855	50,456

During the year 1 director (1999 : 1 director) participated in the defined benefit scheme and 1 director (1999 : 1 director) participated in a money purchase scheme.

The average number of persons employed by the company was :

	2000 Number	1999 Number
Construction staff	207	183
Administration staff	56	61
	263	244

The costs incurred in respect of these employees were :

	2000 £	1999 £
Wages and salaries	3,643,379	3,105,496
Social security costs	317,561	267,742
Other pension costs	53,385	55,355
	4,014,325	3,428,593

J & S SEDDON (PAINTING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

3 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Taxation is based on the profit for the year and comprises :		
UK Corporation tax at a rate of 30% (1999 : 20.25%) of taxable profit	242,000	3,000
Group relief payable at 30% (1999 : 30.25%)	-	57,000
	<u>242,000</u>	<u>60,000</u>
Adjustments in respect of previous years		
UK Corporation tax	752	(442)
	<u>242,752</u>	<u>59,558</u>

4 SHARE CAPITAL

	2000 £	1999 £
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 2000	715,866
Retained profit for the financial year	<u>504,186</u>
At 31 December 2000	<u>1,220,052</u>

6 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2000 £	1999 £
Retained profit for the financial year	504,186	167,248
Opening shareholders' funds	<u>716,866</u>	<u>549,618</u>
Closing shareholders' funds	<u>1,221,052</u>	<u>716,866</u>

7 CONTINGENT LIABILITIES

A contingent liability exists at 31 December 2000 in respect of counter indemnities given in connection with performance bonds totalling £10,175 (1999: £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 £7,106,278 in hand at 31 December 2000 (1999: in hand £617,107).

J & S SEDDON (PAINTING) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 2000

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 1999. The valuation method used is the Projected Accrued Benefit 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 1999, the valuation showed that the discounted cashflow value of the Scheme's fund was £14,304,000 and represented a prospective funding level of 102%.

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.