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J & S SEDDON (PAINTING) LIMITED

Reports and Financial Statements

31 December 1992

Grant Thornton
Chartered Accountants
Heron House
Albert Square
Manchester
M2 5HD

GRANT THORNTON
11th Floor
11th Floor

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

Peter Michael Harry Mottram, FRICS (Chairman)
John Stuart Seddon (Deputy Chairman)
Clive Lees Russell

SECRETARY

Brian J. Mellor

REGISTERED OFFICE

55 Duke Street
Fenton
Stoke on Trent

BANKERS

Barclays Bank plc
St Ann's Square
Manchester

AUDITORS

Grant Thornton
Chartered Accountants
Heron House
Albert Square
Manchester
M2 5HD

DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 31 December 1992.

1. PRINCIPAL ACTIVITY

The activity of the company during the year was that of painting and decorating contractors.

2. RESULTS AND DIVIDENDS

The profit for the year after taxation amounted to £78,133 (1991: £73,722). The directors do not recommend the payment of a dividend.

3. REVIEW OF THE BUSINESS

The increase in turnover and small improvement in profit has been achieved through very intense marketing in a very competitive industry and reflects the hard work put in by all concerned.

4. FUTURE REVIEW

There are signs of an upturn in the economy but it is not expected to feed through into the painting business during 1993 and the company will do well to maintain its activity and profit at 1992 levels.

5. DIRECTORS AND THEIR INTERESTS

The directors who served during the year were:

P.M.H. Mottram
J.S. Seddon
C.L. Russell

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

6. DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

During the year Seddon Group Limited purchased and maintained insurance for Directors and Officers against liability which would otherwise attach to them in relation to Group companies as is permitted by Section 310 (3) (a) of the Companies Act 1985.

7. TAXATION STATUS

In the opinion of the directors, the company is a close company for taxation purposes.

8. AUDITORS

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

By order of the board

B. J. MELLOR
Secretary
5 May 1993

REPORT OF THE AUDITORS

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

We have audited the financial statements on pages 4 to 9 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of affairs of the company at 31 December 1992 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Grant Thornton

GRANT THORNTON

REGISTERED AUDITORS

CHARTERED ACCOUNTANTS

MANCHESTER

5 May 1993

PROFIT AND LOSS ACCOUNT - YEAR ENDED 31 DECEMBER 1992

	Note	1992 £	1991 £
Turnover	2	5,932,702	5,510,192
Cost of sales		<u>5,309,055</u>	<u>4,968,645</u>
Gross profit		623,647	541,547
Administrative expenses		<u>499,762</u>	<u>443,539</u>
Profit on ordinary activities before taxation	3	123,885	98,008
Tax on profit on ordinary activities	5	<u>45,752</u>	<u>24,286</u>
Profit for the financial year	9	<u>78,133</u>	<u>73,722</u>

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

BALANCE SHEET - 31 DECEMBER 1992

	Note	1992 £	1991 £
CURRENT ASSETS			
Stock of stores and consumables		51,416	55,882
Amounts recoverable on contracts		1,732,541	1,153,769
Other debtors	6	22,085	12,729
Cash at bank and in hand		217,981	6,413
		<u>2,024,023</u>	<u>1,228,793</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Other creditors	7	1,787,511	1,110,071
Corporation tax		43,149	3,492
		<u>1,830,660</u>	<u>1,113,563</u>
NET CURRENT ASSETS		<u>193,363</u>	<u>115,230</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,000	1,000
Profit and loss account	9	192,363	114,230
		<u>193,363</u>	<u>115,230</u>

The financial statements were approved by the board of directors on 5 May 1993.

Signed on behalf of the directors

J. Stuart Seddon, Director

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

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1992

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards. The principal accounting policies have remained unchanged from the previous year and are described below.

a) Accounting convention

These financial statements have been prepared in accordance with the historical cost convention.

b) 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.

c) 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.

d) Stock

Developments and stocks and work in progress are stated at the lower of cost and net realisable value. For raw materials, bought out parts and consumable stores cost is calculated on the FIFO basis.

e) 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.

f) Subcontractor costs

Subcontractor costs in respect of work done on contracts are included in these financial statements to the extent that claims have been settled up to 31st December 1992.

g) Associated companies

An associated company is an incorporated undertaking in which the Seddon Group Limited has a substantial interest held for the long term and upon whose commercial and financial policy decisions the group exercises a significant influence.

h) Pensions costs

The company participates in the Seddon Group Retirement Benefit Scheme, a defined benefit scheme, and also the Seddon Group Pension Plan, a defined contribution scheme. The pension cost for the year is based on the pension cost across the group as a whole. The most recent actuarial valuation of the defined benefit scheme by independent qualified actuaries was on 1 November 1991, when the valuation showed that the discounted cashflow value of the Scheme's assets was £3,032,200 and represented a prospective funding level of 104%.

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1992

2. TURNOVER

The turnover and profit before taxation of the company is all attributable to the principal activity of painting and decorating and was all carried out within the United Kingdom.

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	1992 £	1991 £
Profit on ordinary activities before taxation is arrived at after charging:		
Hire of plant and machinery	115,394	112,739
Auditors' remuneration	3,100	3,000
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4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES	1992 £	1991 £
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Directors' emoluments	52,344	66,949
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The emoluments, excluding pension contributions of directors were as follows:

Chairman	-	-
Highest paid director	47,759	45,587
	<hr/>	<hr/>

Other directors:	1992 Number	1991 Number
£0 - £5,000	1	1
£15,001 - £20,000	-	1
	<hr/>	<hr/>

The average number of persons employed by the company:

	1992 Number	1991 Number
Construction staff	226	220
Administration staff	32	30
	<hr/>	<hr/>
	258	250
	<hr/>	<hr/>

The costs incurred in respect of these employees were:	1992 £	1991 £
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Wages and salaries	2,215,596	2,067,660
Social security costs	184,117	172,115
Other pension costs	53,279	33,171
	<hr/>	<hr/>
	2,452,992	2,272,946
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1992

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1992	1991
	£	£

Taxation is based on the profit for the year and comprises:

U.K. Corporation tax at a rate of 33% of the taxable profit (1991 : 25%)
 Group relief payable at the rate of 33%
 Under/(over) provision for earlier years

43,149	3,492
-	30,406
2,603	(9,612)
<u>45,752</u>	<u>24,286</u>

6. OTHER DEBTORS

	1992	1991
	£	£

Amounts owed by group companies
 Prepayments and accrued income

897	1,025
21,188	11,704
<u>22,085</u>	<u>12,729</u>

7. OTHER CREDITORS

	1992	1991
	£	£

Amounts owed to group companies
 Accruals and deferred income

1,681,267	1,006,123
125,244	103,948
<u>1,787,511</u>	<u>1,110,071</u>

8. CALLED UP SHARE CAPITAL

	1992	1991
	£	£

Authorised, allotted and fully paid:
 1,000 ordinary shares of £1 each

1,000	1,000
<u>1,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS - YEAR ENDED 31 DECEMBER 1992

9. STATEMENT OF RESERVES

Profit and loss account	£
As at 1 January 1992	114,230
Retained profit for the year	78,133
As at 31 December 1992	<u>192,363</u>

10. CONTINGENT LIABILITIES

A contingent liability exists at 31 December 1992 in respect of counter indemnities given in connection with performance bonds totalling £11,125 (1991: £9,033).

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 £980,597 in hand at 31 December 1992 (1991: overdrawn £1,090,866).

11. CAPITAL COMMITMENTS

There were no capital commitments at 31 December 1992 (1991 : Nil).

12. ULTIMATE PARENT COMPANY

The ultimate parent company is Seddon Group Limited which is registered in England and Wales.