

To House

**MEARS BUILDING SERVICES  
LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 2000



Company no 3698325

# MEARS BUILDING SERVICES LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 December 2000

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Company registration number: 3698325

Registered office: The Leaze  
Salter Street  
BERKELEY  
Gloucestershire  
GL13 9DB

Directors: D J Robertson  
R Holt  
J A Barrett  
A C M Smith

Secretary: A C M Smith

Bankers: Barclays Bank Plc  
18 Southgate Street  
GLOUCESTER  
Gloucestershire  
GL1 2DJ

Solicitors: Bretherton Price Elgoods  
St James's House  
St James' Square  
Cheltenham  
GL50 3PR

Auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants  
The Quadrangle  
Imperial Square  
CHELTENHAM  
Gloucestershire  
GL50 1PZ

# **MEARS BUILDING SERVICES LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 December 2000

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# MEARS BUILDING SERVICES LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 31 December 2000.

### Principal activities

The company is principally engaged in the provision of maintenance services.

### Business review

There was a profit for the year after taxation amounting to £328,911 (1999: £496,055). The directors do not recommend payment of a dividend (1999: £nil).

### Directors

The present membership of the Board is set out below, and all directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 2000.

	Ordinary shares	
	31 December 2000	1 January 2000
D J Robertson	-	-
R Holt	-	-
J A Barrett	3	3
A C M Smith	-	-

Mr R Holt and Mr D J Robertson are the only directors who are directors of the parent undertaking and their interests in the parent undertaking are disclosed in that company's financial statements.

### Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them as employees and the financial and economic factors affecting the performance of the company.

This is achieved through consultations with employee representatives and a company newsletter.

### Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities.

In the event of employees becoming disabled, every effort is given to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

# MEARS BUILDING SERVICES LIMITED

## REPORT OF THE DIRECTORS

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### 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:

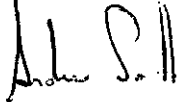
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the 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 maintaining 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.

### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



A C M Smith  
Secretary  
3 April 2001

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
MEARS BUILDING SERVICES LIMITED**

We have audited the financial statements on pages 4 to 7 which have been prepared under the accounting policies set out on page 4.

**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.

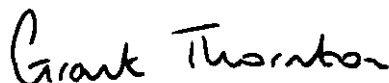
**Basis of opinion**

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 as 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**

CHELTENHAM  
3 April 2001

# **MEARS BUILDING SERVICES LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

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

The principle accounting policies of the company have remained unchanged from the previous year and are set out below.

Under the provisions of Financial Reporting Standard 1 (revised 1996: Cash Flow Statements), the company is exempt from the requirement to prepare a cash flow statement.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts. Turnover also includes work in respect of response contracts which have been completed but not invoiced at the year end.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Plant and machinery	25% per annum, reducing balance
Fixtures and fittings	25% per annum, reducing balance

### **INTANGIBLE FIXED ASSETS**

Purchased goodwill is amortised on a straight-line basis over its estimated useful economic life of 20 years as shown in note 5.

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

### **CONTRIBUTIONS TO PENSION FUNDS**

#### **Defined contribution scheme**

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

### **LEASED ASSETS**

Leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

# MEARS BUILDING SERVICES LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2000

	Note	12 months ended 31 December 2000 £	11 months ended 31 December 1999 £
Turnover	1	12,444,624	7,235,191
Cost of sales		(8,574,609)	(4,843,562)
Gross profit		3,870,015	2,391,629
Administrative expenses		(3,402,461)	(1,752,552)
Operating profit		467,554	639,077
Net interest	2	(38,500)	(25,146)
Profit on ordinary activities before taxation	1	429,054	613,931
Tax on profit on ordinary activities	4	(100,143)	(117,876)
Profit transferred to reserves	11	328,911	496,055

There were no recognised gains or losses other than the profit for the financial year.

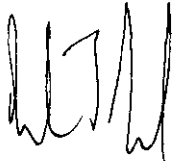
All results arose from the continuing operations of the company.

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

**MEARS BUILDING SERVICES LIMITED****BALANCE SHEET AT 31 DECEMBER 2000**

	<b>Note</b>	<b>2000</b> £	<b>1999</b> £
<b>Fixed assets</b>			
Intangible assets	5	253,167	267,167
Tangible assets	6	42,681	37,800
		<b>295,848</b>	<b>304,967</b>
<b>Current assets</b>			
Stocks	7	630,531	468,064
Debtors	8	2,048,992	1,649,167
Cash at bank and in hand		5,314	3,857
		<b>2,684,837</b>	<b>2,121,088</b>
<b>Creditors: amounts falling due within one year</b>	9	<b>(2,154,719)</b>	<b>(1,929,000)</b>
<b>Net current assets</b>		<b>530,118</b>	<b>192,088</b>
<b>Total assets less current liabilities</b>		<b>825,966</b>	<b>497,055</b>
<b>Capital and reserves</b>			
Called up share capital	10	1,000	1,000
Profit and loss account	11	824,966	496,055
<b>Equity shareholders' funds</b>	12	<b>825,966</b>	<b>497,055</b>

The financial statements were approved by the Board of Directors on 3 April 2001.



**D J Robertson**  
Director

# MEARS BUILDING SERVICES 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 before taxation are attributable to the provision of maintenance services.

The profit on ordinary activities is stated after:

	12 months ended 31 December 2000 £	11 months ended 31 December 1999 £
Auditors' remuneration	8,000	7,500
Depreciation and amortisation:		
Goodwill	14,000	12,833
Tangible fixed assets, owned	12,293	5,411
Hire of plant and machinery	86,472	133,983
Other operating lease rentals	584,003	558,998

### 2 NET INTEREST

	12 months ended 31 December 2000 £	11 months ended 31 December 1999 £
Other interest payable and similar charges	38,500	25,146

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	12 months ended 31 December 2000 £	11 months ended 31 December 1999 £
Wages and salaries	5,003,499	3,267,078
Social security costs	454,382	277,613
Other pension costs	11,334	-
	5,469,215	3,544,691

# MEARS BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

The average number of employees of the company during the year were as follows:

	<b>12 months ended 31 December 2000 Number</b>	<b>11 months ended 31 December 1999 Number</b>
Production	210	166
Administration	52	33
	<b>262</b>	<b>199</b>

Remuneration in respect of directors was as follows:

	<b>12 months ended 31 December 2000 £</b>	<b>11 months ended 31 December 1999 £</b>
Emoluments	<b>222,425</b>	<b>110,284</b>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	<b>2000 £</b>	<b>1999 £</b>
Emoluments and long-term incentive schemes	<b>222,425</b>	<b>110,284</b>
Pension contributions to money purchase pension schemes	<b>4,800</b>	<b>-</b>

### 4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	<b>12 months ended 31 December 2000 £</b>	<b>11 months ended 31 December 1999 £</b>
UK Corporation tax at 30% (1999: 30%)	<b>100,143</b>	<b>117,876</b>

# MEARS BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 5 INTANGIBLE FIXED ASSETS

	Purchased goodwill £
Cost	
At 1 January 2000 and 31 December 2000	280,000
Amortisation	
At 1 January 2000	12,833
Charge for the year	14,000
At 31 December 2000	26,833
Net book amount at 31 December 2000	253,167
Net book amount at 31 December 1999	267,167

### 6 TANGIBLE FIXED ASSETS

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 1 January 2000	3,839	39,372	43,211
Additions	-	17,174	17,174
At 31 December 2000	3,839	56,546	60,385
Depreciation			
At 1 January 2000	470	4,941	5,411
Provided in the year	841	11,452	12,293
At 31 December 2000	1,311	16,393	17,704
Net book amount at 31 December 2000	2,528	40,153	42,681
Net book amount at 31 December 1999	3,369	34,431	37,800

**MEARS BUILDING SERVICES LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2000

**7 STOCKS**

	2000 £	1999 £
Raw materials	248,956	240,856
Short-term work in progress	381,575	227,208
	<u>630,531</u>	<u>468,064</u>

**8 DEBTORS**

	2000 £	1999 £
Trade debtors	1,990,651	1,570,865
Other debtors	3,282	58,135
Prepayments and accrued income	55,059	20,167
	<u>2,048,992</u>	<u>1,649,167</u>

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	2000 £	1999 £
Bank loans and overdrafts	74,731	334,049
Trade creditors	1,107,612	1,001,414
Amounts owed to group undertakings	320,000	-
Corporation tax	16,925	-
Social security and other taxes	462,704	391,166
Other creditors	7,337	-
Accruals and deferred income	165,410	202,371
	<u>2,154,719</u>	<u>1,929,000</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

**10 SHARE CAPITAL**

	2000 £	1999 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

# MEARS BUILDING SERVICES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2000

### 11 RESERVES

	Profit and loss account £
At 1 January 2000	496,055
Profit for the year	328,911
At 31 December 2000	<u>824,966</u>

### 12 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	2000 £	1999 £
Profit for the financial year	328,911	496,055
Issue of shares	-	1,000
Net increase in equity shareholders' funds	<u>328,911</u>	<u>497,055</u>
Shareholders' funds at 1 January 2000	497,055	-
Shareholders' funds at 31 December 2000	<u>825,966</u>	<u>497,055</u>

### 13 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2000 or at 31 December 1999.

### 14 CONTINGENT LIABILITIES

The company has issued performance guarantees to customers amounting to £525,000 (1999: £525,000)

### 15 LEASING COMMITMENTS

Operating lease payments amounting to £176,731 (1999: £297,275) are due within one year. The leases to which these amounts relate expire as follows:

	2000		1999	
	Land and buildings £	Other £	Land and buildings £	Other £
In one year or less	12,500	42,829	6,728	7,272
Between one and five years	36,083	65,444	12,500	220,684
In five years or more	19,875	-	50,091	-
	<u>68,458</u>	<u>108,273</u>	<u>69,319</u>	<u>227,956</u>

# **MEARS BUILDING SERVICES LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 31 December 2000

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### **16 TRANSACTIONS WITH RELATED PARTIES**

As a 99.4% owned subsidiary of Mears Group plc, the company is exempt from the requirements of Financial Reporting Standard 8 (Related Party Disclosures) to disclose transactions with other members of the group headed by Mears Group plc.

### **17 ULTIMATE PARENT UNDERTAKING AND CONTROLLING RELATED PARTY**

The directors consider that the ultimate parent undertaking and controlling related party of this company is its parent company Mears Group plc by virtue of its 99.4% shareholding.

The largest and smallest group of undertakings for which group accounts have been drawn up is that headed by Mears Group plc. The accounts are available at the registered office of this company.