

**Sheffield Décor Services Limited**

Financial statements

For the period from 13 April 2003 to

31 December 2003

Grant Thornton 



**Company No. 04733018**

## Company information

Company registration number	04733018
Registered office	Moor View House Moor View Road Sheffield South Yorkshire S8 0HH
Directors	R Holt D J Robertson M S Turl
Secretary	A C M Smith
Bankers	Barclays Bank plc 18 Southgate Street Gloucester Gloucestershire GL1 2DJ
Solicitors	BPE St James's House St James' Square Cheltenham Gloucestershire GL50 3PR
Auditors	Grant Thornton Chartered Accountants Registered Auditors The Quadrangle Imperial Square Cheltenham Gloucestershire GL50 1PZ

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## Report of the directors

The directors present their report and the financial statements of the company for the period from 13 April 2003 to 31 December 2003.

### Principal activities and business review

The principal activity of the company during the period was to conduct painting and decorating services.

The company was incorporated on 13 April 2003 as BComp 200 Limited, changing its name to Sheffield Décor Services Limited on 2 October 2003.

### Results and dividends

The trading results for the period, and the company's financial position at the end of the period are shown in the attached financial statements.

The directors have not recommended a dividend.

### Directors

The directors who served the company during the period were as follows:

R Holt	(appointed 16 July 2003)
D J Robertson	(appointed 16 July 2003)
M S Turl	(appointed 16 July 2003)
M A Garnett	(appointed 13 April 2003 and retired 16 July 2003)

The company is a wholly owned subsidiary of its immediate parent undertaking Mears Decorating Services Limited.

The ultimate parent undertaking is Mears Group plc.

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

M Turl, R Holt and D J Robertson are directors of the immediate parent undertaking. M Turl's interests in the ultimate parent undertaking are disclosed in the immediate parent undertaking's financial statements.

No other director or their family had any interest in the shares of the company at 31 December 2003 or 13 April 2003.

#### Directors' responsibilities

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 at the end of the period and of the profit or loss for the period then ended. 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.

#### Auditors

A resolution to re-appoint Grant Thornton as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



A C M Smith  
Secretary  
29 March 2004

## Report of the independent auditors to the member of Sheffield Décor Services Limited

We have audited the financial statements of Sheffield Décor Services Limited for the period from 13 April 2003 to 31 December 2003 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's member, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's member those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's member as a body, for our audit work, for this report, or for the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read other information contained in the Directors' Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

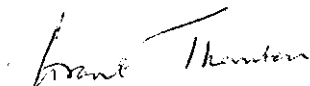
### Basis of opinion

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 affairs of the company as at 31 December 2003 and of its profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in cursive script, appearing to read "Grant Thornton", is written above the printed name.

GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

**Cheltenham**  
**29 March 2004**

## Principal accounting policies

### Basis of accounting

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

### Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### Turnover

The turnover shown in the profit and loss account represents the value of work done during the period, net of VAT and trade discounts.

### Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill	- 20 years
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### Fixed assets

All fixed assets are initially recorded at cost.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery	- 25% reducing balance
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### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.



#### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

## Profit and loss account

	Note	Period from 13 Apr 03 to 31 Dec 03 £
Turnover	1	167,356
Cost of sales		(118,703)
Gross profit		48,653
Other operating charges	2	(37,739)
<b>Profit on ordinary activities before taxation</b>		<b>10,914</b>
Tax on profit on ordinary activities	5	—
<b>Retained profit for the financial period</b>		<b>10,914</b>

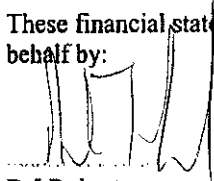
All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the period as set out above.

## Balance sheet

	Note	31 Dec 03 £
<b>Fixed assets</b>		
Intangible assets	6	223,228
Tangible assets	7	21,084
		<u>244,312</u>
<b>Current assets</b>		
Stocks	8	21,816
Debtors	9	149,778
		<u>171,594</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>229,892</u>
<b>Net current liabilities</b>		<u>(58,298)</u>
<b>Total assets less current liabilities</b>		<u>186,014</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>175,000</u>
		<u>11,014</u>
<b>Capital and reserves</b>		
Called-up equity share capital	16	100
Profit and loss account		<u>10,914</u>
<b>Shareholders' funds</b>	17	<u>11,014</u>

These financial statements were approved by the directors on 29 March 2004 and are signed on their behalf by:



D J Robertson

## Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company.  
An analysis of turnover is given below:

	Period from 13 Apr 03 to 31 Dec 03 £
United Kingdom	<u>167,356</u>

2 Other operating charges

	Period from 13 Apr 03 to 31 Dec 03 £
Administrative expenses	<u>37,739</u>

3 Operating profit

Operating profit is stated after charging:

	Period from 13 Apr 03 to 31 Dec 03 £
Amortisation	3,790
Depreciation of owned fixed assets	<u>1,916</u>

Auditors' remuneration for audit services of £1,500 and non-audit services of £1,000 which relate to this company have been charged to fellow subsidiary undertaking, Mears Limited (formerly Mears Building Contractors Limited).

4 Directors and employees

The average number of staff employed by the company during the financial period amounted to:

	Period from 13 Apr 03 to 31 Dec 03
	No
Number of administrative staff	1
Number of operational staff	12
	<u>13</u>

The aggregate payroll costs of the above were:

	Period from 13 Apr 03 to 31 Dec 03
	£
Wages and salaries	109,227
Social security costs	8,111
	<u>117,338</u>

5 Taxation on ordinary activities

There was no tax charge for the current period.

Factors affecting current tax charge:

The tax assessed on the profit on ordinary activities for the period is lower than the standard rate of corporation tax in the UK of 30%.

	Period from 13 Apr 03 to 31 Dec 03
	£
Profit on ordinary activities before taxation	<u>10,914</u>
Profit on ordinary activities by rate of tax	3,274
Expenses not deductible for tax purposes	401
Capital allowances for period in excess of depreciation	(63)
Marginal relief	(53)
Utilisation of group tax losses	<u>(3,559)</u>
Total current tax	<u>—</u>

6 Intangible fixed assets

	<b>Goodwill</b>
	<b>£</b>
Cost	
Additions	227,018
At 31 December 2003	<u>227,018</u>
Amortisation	
Charge for the period	3,790
At 31 December 2003	<u>3,790</u>
Net book value	
At 31 December 2003	<u>223,228</u>

Purchased goodwill of £227,018 arose from the acquisition of the trade and assets of Sheffield Décor Services (Holdings) Limited as explained in note 12.

7 Tangible fixed assets

	<b>Plant &amp; Machinery</b>
	<b>£</b>
Cost	
Additions	23,000
At 31 December 2003	<u>23,000</u>
Depreciation	
Charge for the period	1,916
At 31 December 2003	<u>1,916</u>
Net book value	
At 31 December 2003	<u>21,084</u>

8 Stocks

	<b>31 Dec 03</b>
	<b>£</b>
Work in progress	<u>21,816</u>

9 Debtors

	<b>31 Dec 03</b>
	<b>£</b>
Trade debtors	<u>149,778</u>

10 Creditors: amounts falling due within one year

	31 Dec 03
	£
Bank overdraft	3,799
Trade creditors	10,661
Amounts owed to group undertakings	182,546
Other taxation and social security	27,890
Other creditors	4,996
	<u>229,892</u>

11 Creditors: amounts falling due after more than one year

	31 Dec 03
	£
Trade creditors	<u>175,000</u>

12 Acquisition

On 19 August 2003 the trade and assets of Sheffield Décor Services (Holdings) Limited were acquired by the company for a consideration of £268,048 which includes an estimated deferred amount of £175,000. The estimated deferred consideration would be payable in full if the company achieves an accumulated net profit of £95,000 by the end of the third year from the year of acquisition.

The assets acquired were as follows:

	£
Fixed assets:	
Tangible assets	23,000
Current assets:	
Stock	2,000
Work in progress	16,030
	<u>18,030</u>
Book and fair value of net assets	<u>41,030</u>
Purchased goodwill capitalised	227,018
	<u>268,048</u>
Satisfied by:	
Cash consideration	86,030
Deferred consideration	175,000
Legal costs	7,018
	<u>268,048</u>

13 **Contingent liabilities**

There were no contingent liabilities at 31 December 2003.

14 **Capital commitments**

There were no capital commitments at 31 December 2003.

15 **Related party transactions**

As a wholly owned subsidiary of Mears Group plc, the company is exempt from the requirement of Financial Reporting Standard 8: Related Party Disclosures, to disclose transactions with other members of the group headed by Mears Group plc on the grounds that group accounts are publicly available.

16 **Share capital**

Authorised share capital:

31 Dec 03

£

100 Ordinary shares of £1 each

100

Allotted, called up and fully paid:

No

£

Ordinary shares of £1 each

100

100

17 **Reconciliation of movements in shareholders' funds**

31 Dec 03

£

Profit for the financial period

10,914

New equity share capital subscribed

100

Net addition to funds

11,014

Closing shareholders' equity funds

11,014

18 **Ultimate parent company**

Mears Decorating Services Limited is the company's controlling related party by virtue of its 100% shareholding. The ultimate controlling related party is Mears Group plc as a result of its 100% shareholding in Mears Decorating Services Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by Mears Group plc and the smallest group of undertakings, including the company, is that headed by Mears Decorating Services Limited.