

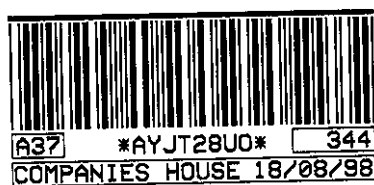
SHIPLEY PAINT LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED

30 NOVEMBER 1997

COMPANY NUMBER 335572



SHIPLEY PAINT LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

Company registration number:

335572

Registered office:

Otley Road
Charlestown
Baildon
SHIPLEY
West Yorkshire
BD17 7DP

Directors:

D Smith
M Smith
D B Cavill

Secretary:

D B Cavill

Solicitors:

Blacks
Eversheds

Auditors:

Grant Thornton
Registered auditors
Chartered accountants

SHIPLEY PAINT LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

INDEX	PAGE
Report of the directors	1 - 2
Report of the auditors	3
Principal accounting policies	4 - 5
Abbreviated profit and loss account	6
Abbreviated balance sheet	7
Cash flow statement	8
Notes to the abbreviated accounts	9 - 17

SHIPLEY PAINT LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 November 1997.

Principal activity

The company is principally engaged in the manufacture of paint and the supply of ancillary products.

Business review

There was a profit for the year after taxation amounting to £271,880 (1996: £197,383). A dividend of £2 per share was paid on 24 November 1997 absorbing £150,000.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

D Smith
M Smith
D B Cavill

Mr D B Cavill retires by rotation and being eligible offers himself for re-election.

The interests of the directors in the shares of the company as at 1 December 1996 and 30 November 1997, were as follows:

	1997 and 1996 Number of shares
D Smith	30,000
M Smith	30,000
D B Cavill	15,000

No director had, during or at the end of the year, a material interest in any contract which was significant in relation to the company's business.

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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

SHIPLEY PAINT LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements (continued)

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.

ON BEHALF OF THE BOARD


D B CAVILL

Director

**REPORT OF THE AUDITORS TO SHIPLEY PAINT LIMITED UNDER SECTION 247B OF
THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 4 to 17 together with the full financial statements of Shipley Paint Limited prepared under section 226 of the Companies Act 1985 for the year ended 30 November 1997.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with the provisions of section 246A to the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver to the registrar of companies abbreviated accounts prepared in accordance with section 246A(3) of the Act and whether the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts, and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with the events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 4 to 17 have been properly prepared in accordance with that provision.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BRADFORD**

12/1/98

SHIPLEY PAINT LIMITED

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

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

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Depreciation

Depreciation is calculated to write down the cost of all tangible fixed assets other than freehold land by equal annual instalments over their expected useful lives. The periods generally applicable are:

Freehold properties	50 years
Leasehold properties	10 years
Plant and machinery	7 and 10 years
Fixtures and fittings	4 and 7 years
Motor vehicles	4 years

Investments

Investments are included at cost less amounts written off.

Stocks

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

Deferred taxation

Deferred tax is provided for under the liability method 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.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

Contributions to pension funds

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

SHIPLEY PAINT LIMITED

PRINCIPAL ACCOUNTING POLICIES

Leased assets

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other 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.

SHIPLEY PAINT LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30 NOVEMBER 1997

	Note	£	1997 £	£	1996 £
Gross profit			4,027,310		3,834,295
Staff costs	3	2,148,267		2,265,205	
Depreciation	1	133,189		108,450	
Other operating charges		1,309,623		1,269,377	
Other operating income		-		(87,115)	
			3,591,079		3,555,917
Operating profit			436,231		278,378
Net interest	2		67,678		(5,527)
Profit on ordinary activities before taxation	1		368,553		283,905
Tax on profit on ordinary activities	4		96,673		86,522
Profit on ordinary activities after taxation			271,880		197,383
Dividends	5		150,000		150,000
Profit retained			121,880		47,383
Statement of retained profits					
At 1 December 1996			1,473,368		1,425,985
Profit for the financial year			121,880		47,383
At 30 November 1997			1,595,248		1,473,368

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

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

SHIPLEY PAINT LIMITED

ABBREVIATED BALANCE SHEET AT 30 NOVEMBER 1997

	Note	1997 £	1996 £
Fixed assets			
Tangible assets	6	1,878,454	1,492,400
Investments	7	81,501	81,501
		<u>1,959,955</u>	<u>1,573,901</u>
Current assets			
Stocks	8	1,410,500	1,070,300
Debtors	9	1,666,329	1,595,617
Cash at bank and in hand		3,591	482,768
		<u>3,080,420</u>	<u>3,148,685</u>
Creditors: amounts falling due within one year	10	<u>2,686,908</u>	<u>2,602,377</u>
Net current assets		<u>393,512</u>	<u>546,308</u>
Total assets less current liabilities		<u>2,353,467</u>	<u>2,120,209</u>
Creditors: amounts falling due after more than one year	11	511,519	452,041
Provisions for liabilities and charges	13	<u>146,700</u>	<u>94,800</u>
		<u>1,695,248</u>	<u>1,573,368</u>
Capital and reserves - Equity			
Called up share capital	15	75,000	75,000
Capital redemption reserve	16	25,000	25,000
Profit and loss account	16	1,595,248	1,473,368
Shareholders' funds	17	<u>1,695,248</u>	<u>1,573,368</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The abbreviated accounts were approved by the Directors on 19.1.98

 D SMITH)

 D B CAVILL)

) DIRECTORS

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

SHIPLEY PAINT LIMITED**CASH FLOW STATEMENT**

FOR THE YEAR ENDED 30 NOVEMBER 1997

	Note	1997 £	1996 £
Net cash inflow from operating activities	18	<u>116,860</u>	<u>257,717</u>
Returns on investments and servicing of finance			
Interest received		12,887	36,247
Interest paid		(80,100)	(27,056)
Finance lease interest paid		<u>(3,679)</u>	<u>(964)</u>
Net cash outflow (1996: inflow) from returns on investments and servicing of finance		<u>(70,892)</u>	<u>8,227</u>
Taxation			
UK corporation tax paid		<u>(32,790)</u>	<u>(56,221)</u>
Capital expenditure			
Purchase of tangible fixed assets		(654,172)	(441,645)
Sale of tangible fixed assets		-	28,927
Net cash outflow from acquisition and disposals		<u>(654,172)</u>	<u>(412,718)</u>
Equity dividends paid		<u>(150,000)</u>	<u>(150,000)</u>
Management of liquid resources			
Sale (1996: purchase) of short term deposits		<u>727,189</u>	<u>(344,129)</u>
Net cash inflow (1996: outflow) from management of liquid resources		<u>727,189</u>	<u>(344,129)</u>
Financing			
Receipt from borrowing		161,501	566,244
Capital element of finance lease rentals		<u>(21,341)</u>	<u>(7,600)</u>
Net cash inflow from financing	20	<u>140,160</u>	<u>558,644</u>
Increase (1996: decrease) in cash	19	<u>76,355</u>	<u>(138,480)</u>

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

SHIPLEY PAINT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

1 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:

	1997 £	1996 £
Auditors' remuneration	7,750	7,467
Depreciation:		
Tangible fixed assets, owned	118,194	104,379
Tangible fixed assets, held under finance leases and hire purchase contracts	14,995	4,071
Hire of plant and machinery	<u>243,617</u>	<u>230,193</u>

2 NET INTEREST

	1997 £	1996 £
On bank loans	37,568	21,751
Finance charges in respect of finance leases	3,679	964
Other interest payable and similar charges	<u>39,318</u>	<u>8,005</u>
	80,565	30,720
Other interest receivable and similar income	<u>(12,887)</u>	<u>(36,247)</u>
	<u>67,678</u>	<u>(5,527)</u>

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	1997 £	1996 £
Wages and salaries	1,815,665	1,848,897
Social security costs	172,699	174,179
Other pension costs	<u>159,903</u>	<u>242,129</u>
	<u>2,148,267</u>	<u>2,265,205</u>

The average number of employees of the company during the year was 116 (1996: 117).

Remuneration in respect of directors was as follows:

	1997 £	1996 £
Emoluments	389,847	368,333
Pension contributions to money purchase pension schemes	<u>138,391</u>	<u>216,391</u>
	<u>528,238</u>	<u>584,724</u>

SHIPLEY PAINT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

3 DIRECTORS AND EMPLOYEES (CONTINUED)

During the year 3 directors (1996: 3) participated in money purchase pension schemes.

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

	1997 £	1996 £
Emoluments	136,067	127,590
Pension contributions to money purchase pension schemes	52,786	82,948
	<u>188,853</u>	<u>210,538</u>

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge represents:

	1997 £	1996 £
Corporation tax @ 22% (1996: 24%)	45,006	40,735
Deferred tax (note 13)	51,900	47,300
	<u>96,906</u>	<u>88,035</u>
Adjustments in respect of prior year:		
Corporation tax	(233)	(13,013)
Deferred tax (note 13)	-	11,500
	<u>96,673</u>	<u>86,522</u>

5 DIVIDEND

	1997 £	1996 £
Equity dividends:		
Ordinary shares - dividend of £2 per share paid 24 November 1997 (1996: £2)	<u>150,000</u>	<u>150,000</u>

SHIPLEY PAINT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

6 TANGIBLE FIXED ASSETS

	Freehold land and buildings £	Short leasehold property £	Fixtures and fittings £	Plant and machinery £	Motor vehicles £	Total £
Cost						
At 1 December 1996	644,174	32,832	453,143	1,491,976	3,500	2,625,625
Additions	36,463	-	196,672	251,858	34,250	519,243
At 30 November 1997	<u>680,637</u>	<u>32,832</u>	<u>649,815</u>	<u>1,743,834</u>	<u>37,750</u>	<u>3,144,868</u>
Depreciation						
At 1 December 1996	76,641	22,983	313,759	719,769	73	1,133,225
Provided in the year	11,922	3,283	35,147	76,967	5,870	133,189
At 30 November 1997	<u>88,563</u>	<u>26,266</u>	<u>348,906</u>	<u>796,736</u>	<u>5,943</u>	<u>1,266,414</u>
Net book amount at 30 November 1997	<u>592,074</u>	<u>6,566</u>	<u>300,909</u>	<u>947,098</u>	<u>31,807</u>	<u>1,878,454</u>
Net book amount at 30 November 1996	<u>567,533</u>	<u>9,849</u>	<u>139,384</u>	<u>772,207</u>	<u>3,427</u>	<u>1,492,400</u>

The figures stated above include assets held under finance leases, as follows:

	Plant and machinery £
Net book amount at 30 November 1997	<u>119,255</u>
Net book amount at 30 November 1996	<u>16,287</u>

7 FIXED ASSET INVESTMENTS

	Shares in group undertakings £
Cost	
At 1 December 1996 and 30 November 1997	86,501
Amounts written off in previous years	<u>5,000</u>
Net book amount at 30 November 1997 and 30 November 1996	<u>81,501</u>

In the opinion of the directors the aggregate value of the shares in the subsidiary undertakings is not less than the aggregate amounts at which these assets are stated in the company's balance sheet.

SHIPLEY PAINT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

7 FIXED ASSET INVESTMENTS (CONTINUED)

At 30 November 1997 the company held 100% of the allotted share capital of the following undertakings:

	Country of registration and operation	Class of share capital held	Proportion held	Nature of business
John Hargreaves & Son (Bradford) Limited	England	Ordinary	100%	Dormant
Paintfire Limited	England	Ordinary	100%	Dormant

The subsidiary undertakings have not been consolidated because, in the opinion of the directors, they are not material to the financial statements even when taken together.

8 STOCKS

	1997 £	1996 £
Raw materials and consumable stores	559,600	483,500
Finished goods and goods for resale	850,900	586,800
	<u>1,410,500</u>	<u>1,070,300</u>

9 DEBTORS

	1997 £	1996 £
Trade debtors	1,576,165	1,530,865
Other debtors	7,139	7,307
Prepayments and accrued income	83,025	57,445
	<u>1,666,329</u>	<u>1,595,617</u>

SHIPLEY PAINT LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****FOR THE YEAR ENDED 30 NOVEMBER 1997****10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	1997 £	1996 £
Bank overdraft	171,657	-
Bank loans	80,952	80,952
Trade creditors	1,194,795	1,161,957
Amounts due to subsidiary undertakings	81,501	81,501
Corporation tax	49,706	42,337
Social security and other taxes	142,386	82,544
Other creditors	184,387	550,811
Directors' pension fund loan	52,000	-
Directors' loan accounts	317,625	190,875
Pension contributions	4,312	5,635
Accruals	369,505	403,865
Amounts due under finance leases	38,082	1,900
	<u>2,686,908</u>	<u>2,602,377</u>

The bank overdraft and loans are secured by a fixed and floating charge over all the assets of the company.

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1997 £	1996 £
Bank loans	382,792	452,041
Amounts due under finance leases	76,727	-
Directors' pension fund loan	52,000	-
	<u>511,519</u>	<u>452,041</u>

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

SHIPLEY PAINT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

12 BORROWINGS

Borrowings are repayable as follows:

	1997 £	1996 £
Within one year:		
Bank loans and overdraft	252,609	80,952
Finance leases	38,082	1,900
Directors' pension fund loan	52,000	-
Directors' loan accounts	317,625	190,875
After one and within two years:		
Bank loans	80,952	80,952
Finance leases	38,082	-
Directors' pension fund loan	52,000	-
After two and within five years:		
Bank loans	301,840	323,809
Finance leases	38,645	-
After five years:		
Bank loans	-	47,280
	<u>1,171,835</u>	<u>725,768</u>

13 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 December 1996	94,800
Provided during the year	51,900
At 30 November 1997	<u>146,700</u>

14 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below. The amount provided represents the total potential liability and is calculated using a tax rate of 31%.

	Amount provided	
	1997 £	1996 £
Accelerated capital allowances	<u>146,700</u>	<u>94,800</u>

SHIPLEY PAINT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

15 SHARE CAPITAL

	1997 £	1996 £
Authorised:		
100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
75,000 ordinary shares of £1 each	<u>75,000</u>	<u>75,000</u>

16 RESERVES

	Capital redemption reserve £	Profit and loss account £
At 1 December 1996	25,000	1,473,368
Profit for the financial year	-	121,880
At 30 November 1997	<u>25,000</u>	<u>1,595,248</u>

17 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997 £	1996 £
Profit for the financial year	271,880	197,383
Dividends	<u>150,000</u>	<u>150,000</u>
Net increase in shareholders' funds	121,880	47,383
Shareholders' funds at 30 November 1996	<u>1,573,368</u>	<u>1,525,985</u>
Shareholders' funds at 30 November 1997	<u>1,695,248</u>	<u>1,573,368</u>

18 NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit	436,231	278,378
Depreciation	133,189	108,450
Profit on sale of tangible fixed assets	-	(654)
Increase (1996: decrease) in stock	(340,200)	40,000
Increase (1996: decrease) in debtors	(70,712)	138,828
Decrease in creditors	<u>(41,648)</u>	<u>(307,285)</u>
Net cash inflow from operating activities	<u>116,860</u>	<u>257,717</u>

SHIPLEY PAINT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

19 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBTS

	1997 £	1996 £
Increase (1996: decrease) in cash in the year	(76,355)	138,480
Cash inflow from financing	161,501	566,244
Cash outflow from finance leases	(21,341)	(7,600)
Cash inflow from decrease in liquid funds	727,189	(344,129)
Change in net debt results from cash flows	790,994	352,995
Inception of finance leases	134,250	-
Movement in net debt in the year	925,244	352,995
Net debt at 1 December 1996	243,000	(109,995)
Net debt at 30 November 1997	1,168,244	243,000

20 ANALYSIS OF CHANGES IN NET DEBT

	At 1 December 1996 £	Cash flow £	Non cash flow £	At 30 November 1997 £
Cash at bank and in hand	-	3,591	-	3,591
Overdrafts	(244,421)	72,764	-	(171,657)
	(244,421)	76,355	-	(168,066)
Debt	(723,868)	(161,501)	-	(885,369)
Finance leases	(1,900)	21,341	(134,250)	(114,809)
Cash deposits	727,189	(727,189)	-	-
	(243,000)	(790,994)	(134,250)	(1,168,244)

21 CAPITAL COMMITMENTS

	1997 £	1996 £
Contracted for but not provided in these financial statements	-	112,945

22 CONTINGENT LIABILITIES

There were no contingent liabilities at 30 November 1997 or 30 November 1996.

SHIPLEY PAINT LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30 NOVEMBER 1997

23 PENSIONS

The company operates defined contribution pension schemes for the benefit of the employees. The assets of the schemes are administered by trustees in funds independent from those of the company.

24 LEASING COMMITMENTS

Operating lease payments amounting to £180,522 (1996: £165,474) are due within one year. The leases to which these amounts relate expire as follows:

	Plant and machinery	
	1997	1996
	£	£
In one year or less	12,090	48,055
Between one and five years	168,432	117,419
	<u>180,522</u>	<u>165,474</u>

25 TRANSACTIONS WITH RELATED PARTIES

The directors shown below had loans due from the company as follows:

Name of director	Amount of loan	
	1997	1996
	£	£
Mr D Smith	131,750	74,250
Mr M Smith	115,750	66,750
Mr D B Cavill	<u>70,125</u>	<u>49,875</u>

Interest is paid on the loan accounts at a commercial rate.

26 CONTROLLING RELATED PARTIES

Mr D Smith and Mr M Smith, who are brothers, are the company's controlling related parties by virtue of their shareholdings.