

# Westcrowns Contracting Services Limited

## Report and Accounts

31 March 1999

*Company Registration Number SC 045884*



**ERNST & YOUNG**

# Westcrowns Contracting Services Limited

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## DIRECTORS AND ADVISERS

### DIRECTORS

J W Haran            Chairman  
H M Alston  
I K Finlayson  
J F Haran  
S Haran  
R McDonald  
W F Thomson

### SECRETARY

I K Finlayson

### AUDITORS

Ernst & Young  
George House  
50 George Square  
Glasgow  
G2 1RR

### BANKERS

Clydesdale Bank PLC  
30 St Vincent Place  
Glasgow  
G1 2HL

### SOLICITORS

MacRoberts  
152 Bath Street  
Glasgow

### REGISTERED OFFICE

Quay House  
Quay Road North  
Rutherglen  
Glasgow  
G73 1LD

### COMPANY REGISTRATION NUMBER

SC 045884

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 1999.

**RESULTS AND DIVIDENDS**

The loss for the year attributable to shareholders amounts to £147,556. The directors recommend that no dividend be paid and that the loss of £147,556 be added to accumulated losses.

**PRINCIPAL ACTIVITY**

The principal activity of the company is that of flooring contractors, the supply and fitting of proflit glass products and the supply and application of all forms of sealants and ceramic tiles in the building and construction industry.

**YEAR 2000 COMPLIANCE**

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A group wide programme designed to address the impact of the Year 2000 has been undertaken. A significant risk analysis was performed during 1998 and 1999 to determine the impact of the issue on all our activities. From this, prioritised action plans have been developed which are designed to address key risks in advance of critical dates without disruption to the underlying business activities. Priority has been given to those systems which could cause a significant financial or legal impact on the group's businesses if they were to fail. The plan also included a requirement for the testing of systems changes involving the participation of users.

The risk analysis also considered the impact on our business of Year 2000 related failures by our significant suppliers and customers.

Given the complexity of the problem, it is not possible to guarantee that no Year 2000 problems will remain as some level of failure may still occur. However the Board believes it has achieved an acceptable stage of readiness and has also provided resources to deal promptly with significant subsequent failures or issues that might arise.

DIRECTORS' REPORT

**DIRECTORS AND THEIR INTERESTS**

All the directors listed on page 1 have held office throughout the year under review. In accordance with the Articles of Association no director is required to retire by rotation.

The interests of the directors in the share capital of group companies are shown on page 4.

**AUDITORS**

At the Annual General Meeting of the company held on 21 October 1994, an elective resolution was passed pursuant to Section 386 of the Companies Act 1985 dispensing with the obligation to appoint auditors annually, accordingly Ernst & Young shall be deemed to be re-appointed as auditors.

On behalf of the board



I K Finlayson  
Director

24 August 1999

## Westcrowns Contracting Services Limited

### DIRECTORS' INTERESTS

According to the register, maintained as required under Section 325 of the Companies Act 1985, the interests of the directors in the share capital of the group companies, at 1 April 1998 and 31 March 1999 were as follows:

	<i>J W Haran</i>	<i>H M Alston</i>	<i>I K Finlayson</i>	<i>J F Haran</i>	<i>S Haran</i>	<i>R McDonald</i>	<i>W F Thomson</i>
Ordinary shares:							
Westcrowns Limited	*340,050	5,764	11,527	115,270	*248,054	-	5,764
J & W Haran Limited	10,234	-	-	-	10,783	-	-
Independent Glass Limited	15,360	-	-	-	7,680	-	-
Glass - Paisley Limited	11	-	-	-	5	-	-
Westcrowns Contracting Services Limited	211	111	-	-	105	-	222
Stevenson Thermal Insulation (Holdings) Limited	-	-	-	-	-	-	-

\* 225,000 of these ordinary shares are held in a trust in which J W Haran and S Haran are trustees.

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, 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 accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**REPORT OF THE AUDITORS**

*to the members of Westcrowns Contracting Services Limited*

We have audited the accounts on pages 7 to 16, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

**Basis of opinion**

We conducted our audit in accordance with 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young  
Registered Auditor  
Glasgow

24 August 1999

# Westcrowns Contracting Services Limited

## PROFIT AND LOSS ACCOUNT for the year ended 31 March 1999

	Note	1999 £	1998 £
<b>TURNOVER</b>	3	3,601,038	3,581,827
Cost of sales		(2,717,927)	(2,750,415)
<b>GROSS PROFIT</b>		883,111	831,412
Administrative expenses		(971,475)	(808,812)
<b>OPERATING (LOSS)/PROFIT</b>	4	(88,364)	22,600
Interest payable	7	(59,192)	(84,846)
<b>(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		(147,556)	(62,246)
Taxation	8	-	-
<b>(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	(147,556)	(62,246)

## RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £147,556 year ended 31 March 1999 and £62,246 in the year ended 31 March 1998.



# Westcrowns Contracting Services Limited

## BALANCE SHEET at 31 March 1999

	Note	1999 £	1998 £
<b>FIXED ASSETS</b>			
Tangible assets	9	68,168	85,381
<b>CURRENT ASSETS</b>			
Stocks	10	171,600	180,328
Debtors	11	964,249	1,000,375
Cash at bank and in hand		1,872	497
		<u>1,137,721</u>	<u>1,181,200</u>
<b>CREDITORS - amounts falling due within one year</b>	12	(1,520,478)	(1,419,747)
<b>NET CURRENT (LIABILITIES)</b>		<u>(382,757)</u>	<u>(238,547)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>(314,589)</u>	<u>(153,166)</u>
<b>CREDITORS - amounts falling due after more than one year</b>			
Obligations under finance leases and hire purchase contracts	13	(11,915)	(25,782)
<b>TOTAL ASSETS LESS TOTAL LIABILITIES</b>		<u>(326,504)</u>	<u>(178,948)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14/15	2,222	2,222
Profit and loss account	15	(328,726)	(181,170)
<b>EQUITY SHAREHOLDERS' FUNDS</b>		<u>(326,504)</u>	<u>(178,948)</u>



J W Haran  
Director

24 August 1999

NOTES TO THE ACCOUNTS

at 31 March 1999

**1 FUNDAMENTAL ACCOUNTING CONCEPT**

The accounts show an excess of liabilities over assets. However, they have been prepared under the going concern concept because the parent undertaking, Westcrowns Limited, has agreed to provide sufficient funds to enable the company to pay third party creditors as they fall due.

**2 ACCOUNTING POLICIES**

*Accounting convention*

The accounts are prepared under the historical cost convention.

*Depreciation*

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life by equal annual instalments, as follows:

Motor vehicles	- 4 years
Plant and machinery	- 5 years
Fixtures and fittings	- 5 years
Computer equipment	- 3 years

The carrying values of tangible fixed assets are reviewed for impairment in periods if events or changes in circumstances indicate the carrying value may not be recoverable.

*Stocks*

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition and net realisable value as follows:

Raw materials and goods for resale	- purchase cost on a first-in, first-out basis
Work in progress and finished goods	- cost of direct materials and labour plus attributable overheads based on a normal level of activity

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

*Leasing and hire purchase commitments*

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

*Deferred taxation*

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is estimated the timing differences will reverse.

NOTES TO THE ACCOUNTS

at 31 March 1999

2 ACCOUNTING POLICIES (continued)

*Pensions*

Employees are members of a defined benefit pension scheme operated by the Westcrowns Group. The scheme requires contributions to be made to an independently administered fund. Contributions to this fund are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives within the company. The regular cost is attributed to individual years using the projected unit credit method. Variations in pension cost, which are identified as a result of actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

*Cash flow statement*

In view of the exemptions allowed under FRS1 the directors have decided not to present a cash flow statement.

3 TURNOVER

Turnover represents the amounts derived from the provision of goods and services, stated net of value added tax. Turnover is attributable to the continuing activity of flooring contractors, the supply and fitting of proflit glass products and the supply and application of all forms of sealants and ceramic tiles in the building and construction industry.

Turnover is wholly generated within the UK.

4 OPERATING (LOSS)/PROFIT

This is stated after charging and (crediting):

	1999 £	1998 £
Depreciation of tangible owned assets	11,829	24,559
Depreciation of assets held under finance leases and hire purchase contracts	38,458	36,911
	<u>50,287</u>	<u>61,470</u>
(Gain)/loss on sale of tangible fixed assets	(1,675)	2,610
Auditors' remuneration		
- audit services	6,000	5,500
Operating lease rentals		
- plant, vehicles and other equipment	34,939	22,337
	<u>34,939</u>	<u>22,337</u>

5 DIRECTORS' REMUNERATION

	1999 £	1998 £
Emoluments	174,563	160,375
	<u>174,563</u>	<u>160,375</u>
	No.	No.
Members of defined benefit pension scheme	5	5
	<u>5</u>	<u>5</u>

# Westcrowns Contracting Services Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 6 STAFF COSTS AND NUMBERS

	1999 £	1998 £
Wages and salaries	1,051,747	979,345
Social security costs	104,641	98,913
Other pension costs	47,880	42,307
	<u>1,204,268</u>	<u>1,120,565</u>

The average number of persons employed by the company, including directors, during the year was as follows:

	1999 No.	1998 No.
Administration	16	15
Other	46	43
	<u>62</u>	<u>58</u>

### 7 INTEREST PAYABLE

	1999 £	1998 £
Bank overdraft interest	55,027	77,915
Finance charges payable under finance leases and hire purchase contracts	4,165	6,931
	<u>59,192</u>	<u>84,846</u>

### 8 TAXATION

No taxation charge or credit arises on the results of the year (1998 - £Nil).

# Westcrowns Contracting Services Limited

## NOTES TO THE ACCOUNTS at 31 March 1999

### 9 TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Computer equipment</i> £	<i>Total</i> £
Cost or valuation:					
At 1 April 1998	247,831	33,464	11,465	4,960	297,720
Additions	22,793	2,668	5,064	2,774	33,299
Disposals	(10,574)	-	-	-	(10,574)
At 31 March 1999	260,050	36,132	16,529	7,734	320,445
Depreciation:					
At 1 April 1998	172,411	28,467	9,088	2,373	212,339
Charge for year	43,260	2,521	1,989	2,517	50,287
Disposals	(10,349)	-	-	-	(10,349)
At 31 March 1999	205,322	30,988	11,077	4,890	252,277
Net book value:					
At 31 March 1999	54,728	5,144	5,452	2,844	68,168
At 1 April 1998	75,420	4,997	2,377	2,587	85,381

The net book value of motor vehicles includes an amount of £50,127 (1998 - £72,093) in respect of assets held under finance leases and hire purchase contracts.

### 10 STOCKS

	<i>1999</i> £	<i>1998</i> £
Raw materials and consumables	119,564	118,493
Work in progress	52,036	61,835
	171,600	180,328

In the opinion of the directors the replacement cost of stock is not materially different from that stated in the balance sheet.

# Westcrowns Contracting Services Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 11 DEBTORS

	1999 £	1998 £
Due within one year:		
Trade debtors	937,149	965,354
Amounts owed by group undertakings	4,600	18,250
Other debtors	20,227	11,049
Prepayments and accrued income	2,273	5,722
	<u>964,249</u>	<u>1,000,375</u>

### 12 CREDITORS - amounts falling due within one year

	Note	1999 £	1998 £
Bank overdraft		909,898	782,408
Obligations under finance leases and hire purchase contracts	13	29,848	31,319
Trade creditors		377,733	387,643
Amounts owed to group undertakings		39,321	56,546
Other taxes and social security costs		117,585	112,896
Accruals and deferred income		46,093	48,935
		<u>1,520,478</u>	<u>1,419,747</u>

The bank overdraft is secured by a floating charge over all the assets of the company and by cross guarantees between all group undertakings.

### 13 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1999 £	1998 £
Amounts payable:		
Within one year	33,037	35,068
In two to five years	13,363	28,702
	<u>46,400</u>	<u>63,770</u>
Less: finance charges allocated to future periods	(4,637)	(6,669)
	<u>41,763</u>	<u>57,101</u>

Finance leases and hire purchase contracts are analysed as follows:

	1999 £	1998 £
Current obligations	29,848	31,319
Non-current obligations	11,915	25,782
	<u>41,763</u>	<u>57,101</u>

# Westcrowns Contracting Services Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 13 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS (continued)

Analysis of changes in finance leases and hire purchase contracts during current and previous years:

	1999 £	1998 £
At 1 April	57,101	66,196
Inception of finance leases and hire purchase contracts	21,893	55,442
Capital element of finance leases and hire purchase payments	(37,231)	(64,537)
At 31 March	41,763	57,101

### 14 SHARE CAPITAL

	1999 No.	1998 No.
Authorised: Ordinary shares of £1 each	250,000	250,000
	£	£
Allotted, called up and fully paid: 2,222 ordinary shares of £1 each	2,222	2,222

### 15 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 April 1997	2,222	(118,924)	(116,702)
(Loss) for the year	-	(62,246)	(62,246)
At 1 April 1998	2,222	(181,170)	(178,948)
(Loss) for the year	-	(147,556)	(147,556)
At 31 March 1999	2,222	(328,726)	(326,504)

### 16 CAPITAL COMMITMENTS

No future capital expenditure has been contracted at 31 March 1999 (1998 - Nil).

# Westcrowns Contracting Services Limited

## NOTES TO THE ACCOUNTS

at 31 March 1999

### 17 PENSION COMMITMENTS

The pension scheme for the company's employees is of the defined benefit final pensionable earnings type, operated as a group scheme as part of the Westcrowns Group. The scheme is trustee-administered and funded to cover future pension liabilities in respect of service up to the balance sheet date. It is subject to independent valuations at least every three years on the basis of which the qualified actuary certifies the rates of the employer's contributions which together with the specified contributions payable by the employees and proceeds from the scheme's assets are sufficient to fund the benefits payable under the scheme.

Full details of the scheme are disclosed in the accounts of Westcrowns Limited.

### 18 OTHER FINANCIAL COMMITMENTS

At 31 March 1999 the company had annual commitments under non-cancellable operating leases as follows:

	<i>Plant, vehicles and other equipment</i>	
	<i>1999</i>	<i>1998</i>
	£	£
Operating leases which expire:		
Within one year	-	-
Within two to five years	29,817	10,665
	<u>29,817</u>	<u>10,665</u>

### 19 CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group's bankers. At 31 March 1999 the combined group bank borrowings amounted to £1,093,060 (net of credit balances of £985,627).

Other contingent liabilities are those arising in the ordinary course of business in connection with the completion of contracts in accordance with specifications.

### 20 POST BALANCE SHEET EVENTS

There have been no significant post balance sheet events.

### 21 RELATED PARTIES

Included in the profit and loss account are the following amounts relating to transactions with group companies:

	<i>1998</i>	<i>1997</i>
	£	£
Turnover	6,015	18,728
Cost of sales	32,212	113,037
Administrative expenses	84,600	67,100

There are no other related party transactions which require to be notified under the provisions of Financial Reporting Standard No 8.



NOTES TO THE ACCOUNTS  
at 31 March 1999

**22 ULTIMATE PARENT COMPANY**

The directors regard Westcrowns Limited, a company registered in Scotland, as the ultimate parent company. Copies of the Westcrowns Limited's group accounts may be obtained from Westcrowns Limited, Quay House, Quay Road North, Rutherglen, Glasgow, G73 1LD.