

REGISTRAR'S COPY

Westcrown Contracting Services Limited

Report and Accounts

31 March 1996

Company Registration Number SC 045884



Westcrown Contracting Services Limited

DIRECTORS

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

Chairman
Managing Director

SECRETARY

I K Finlayson

AUDITORS

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

BANKERS

Clydesdale Bank plc
30 St Vincent Street
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 1996.

RESULTS AND DIVIDENDS

The loss for the year attributable to shareholders amounts to £71,888. The directors recommend that no dividend be paid and that the loss of £71,888 be deducted from retained profits.

PRINCIPAL ACTIVITY

The principal activity of the company is that of flooring contractors.

On 1 April 1995 the company took over the trading activities and all of the assets and liabilities of another group company Westcrowns Building & Management Services Limited whose principal activities were 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.

FIXED ASSETS

The company acquired tangible fixed assets at a cost of £80,514. All movements in tangible fixed assets are shown in note 8.

DIRECTORS AND THEIR INTERESTS

All the other directors listed on page 1 have held office throughout the year under review. H M Alston and J F Haran were appointed on 1 April 1995. 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 3.

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.

By order of the board



I K Finlayson

Secretary

11 November 1996

Westcrown 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 were as follows:

31 MARCH 1996

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

Ordinary shares:

Westcrowns Limited	4,764	95,270	281,050	4,764	9,527	19,054	-
J & W Haran Limited	-	-	10,234	-	-	10,783	-
Independent Glass Limited	-	-	15,360	-	-	7,680	-
Glass - Paisley Limited	-	-	11	-	-	5	-
Westcrown Contracting Services Limited	-	-	211	222	-	105	-
Westcrowns Building and Management Services Limited	111	-	105	-	-	53	-
Stevenson Thermal Insulation (Holdings) Limited	-	-	-	-	-	-	-

Preference Shares:

Westcrowns Limited	-	-	-	-	-	-	-
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1 APRIL 1995 (OR DATE OF APPOINTMENT IF LATER)

Ordinary shares:

Westcrowns Limited	4,764	95,270	281,050	4,764	9,527	19,054	-
J & W Haran Limited	-	-	10,234	-	-	10,783	-
Independent Glass Limited	-	-	15,360	-	-	7,680	-
Glass - Paisley Limited	-	-	11	-	-	5	-
Westcrown Contracting Services Limited	-	-	211	222	-	105	-
Westcrowns Building and Management Services Limited	111	-	105	-	-	53	-
Stevenson Thermal Insulation (Holdings) Limited	-	-	-	-	-	-	-

Preference Shares:

Westcrowns Limited	14,000	-	16,000	14,000	14,000	-	-
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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 Westcrown Contracting Services Limited

We have audited the accounts on pages 6 to 16, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 4 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 the company's affairs as at 31 March 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young

Chartered Accountants
Registered Auditor
Glasgow

11 November 1996

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 1996

	<i>Note</i>	<i>1996</i> £	<i>1995</i> £
TURNOVER	2	2,880,158	1,412,735
Cost of sales		(2,265,307)	(1,139,237)
GROSS PROFIT		614,851	273,498
Administrative expenses		(632,234)	(278,324)
OPERATING (LOSS)	3	(17,383)	(4,826)
Interest payable	6	(54,505)	(14,214)
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		(71,888)	(19,040)
Taxation credit	7	-	2,145
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	16	(71,888)	(16,895)

RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss attributable to shareholders of the company of £71,888 in the year ended 31 March 1996 and £16,895 in the year ended 31 March 1995.

Westcrown Contracting Services Limited

BALANCE SHEET

at 31 March 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	8	100,419	34,961
CURRENT ASSETS			
Stocks	9	91,172	76,100
Debtors	10	858,843	408,687
Cash at bank and in hand	11	1,308	1,235
		951,323	486,022
CREDITORS - amounts falling due within one year	12	(898,573)	(381,995)
NET CURRENT ASSETS		52,750	104,027
TOTAL ASSETS LESS CURRENT LIABILITIES		153,169	138,988
CREDITORS - amounts falling due after more than one year		(102,546)	(16,477)
TOTAL ASSETS LESS TOTAL LIABILITIES		50,623	122,511
CAPITAL AND RESERVES			
Called up share capital	15/16	2,222	2,222
Profit and loss account	16	48,401	120,289
		50,623	122,511

J W Haran

Director



11 November 1996

NOTES TO THE ACCOUNTS

at 31 March 1996

1 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

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.

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.

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.

NOTES TO THE ACCOUNTS

at 31 March 1996

1 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.

2 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 and since 1 April 1995 to 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, these activities being previously conducted by a fellow subsidiary, Westcrown Building and Management Services Limited.

Turnover is wholly generated within the UK.

3 OPERATING (LOSS)

This is stated after charging and (crediting):

	1996 £	1995 £
Auditors' remuneration		
- audit services	5,000	4,700
Depreciation of tangible owned assets	14,818	3,863
Depreciation of assets held under finance leases		
and hire purchase contracts	32,335	10,419
(Gain) on sale of tangible fixed assets	(10,565)	(3,500)
Operating lease rentals		
- plant, vehicles and other equipment	25,394	8,989

NOTES TO THE ACCOUNTS

at 31 March 1996

4 DIRECTORS' REMUNERATION

	1996 £	1995 £
Fees	-	-
Other emoluments including pension contributions	160,888	71,202
	<u>160,888</u>	<u>71,202</u>

Directors' emoluments, excluding pension contributions, fell within the following ranges:

	1996 Number of directors	1995 Number of directors
Not more than £5,000	3	3
£25,001 to £30,000	-	1
£30,001 to £35,000	1	-
£35,001 to £40,000	2	1
£40,001 to £45,000	1	-

The emoluments, excluding pension contributions, of the chairman were £Nil (1995 - £Nil) and of the highest paid director were £41,519 (1995 - £37,497).

5. STAFF COSTS AND NUMBERS

	1996 £	1995 £
Wages and salaries	753,679	335,016
Social security costs	62,589	34,840
Other pension costs (see note 17)	41,009	22,591
	<u>857,277</u>	<u>392,447</u>

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

	1996 Number	1995 Number
Administration	13	6
Other	37	17
	<u>50</u>	<u>23</u>

NOTES TO THE ACCOUNTS

at 31 March 1996

6 INTEREST PAYABLE

	1996 £	1995 £
Bank loans and overdraft	37,527	9,142
Finance charges payable under finance leases and hire purchase contracts	5,078	1,672
Group interest payable	11,900	3,400
	<u>54,505</u>	<u>14,214</u>

7 TAXATION

	1996 £	1995 £
Overprovision in respect of prior years	-	2,145

8 TANGIBLE FIXED ASSETS

	<i>Motor vehicles</i> £	<i>Plant and machinery</i> £	<i>Fixtures and fittings</i> £	<i>Total</i> £
Cost or valuation:				
At 1 April 1995	85,887	4,908	2,659	93,454
Transferred from group companies	111,269	22,972	4,250	138,491
Additions	69,835	6,426	4,253	80,514
Disposals	(55,171)	(3,681)	-	(58,852)
	<u>211,820</u>	<u>30,625</u>	<u>11,162</u>	<u>253,607</u>
At 31 March 1996				
Depreciation:				
At 1 April 1995	52,880	3,233	2,380	58,493
Transferred from group companies	75,470	21,872	3,802	101,144
Charge for year	43,763	2,288	1,102	47,153
Disposals	(49,921)	(3,681)	-	(53,602)
	<u>122,192</u>	<u>23,712</u>	<u>7,284</u>	<u>153,188</u>
At 31 March 1996				
Net book value:				
At 31 March 1996	<u>89,628</u>	<u>6,913</u>	<u>3,878</u>	<u>100,419</u>
At 1 April 1995	<u>33,007</u>	<u>1,675</u>	<u>279</u>	<u>34,961</u>

The net book value of motor vehicles includes an amount of £81,904 (1995 - £24,544) in respect of assets held under finance leases and hire purchase contracts.

NOTES TO THE ACCOUNTS

at 31 March 1996

9 STOCKS

	1996 £	1995 £
Raw materials and consumables	91,172	68,500
Work in progress	-	7,600
	<u>91,172</u>	<u>76,100</u>

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

10 DEBTORS

	1996 £	1995 £
Due within one year:		
Trade debtors	740,221	372,012
Amounts owed by group undertakings	112,158	26,625
Other debtors	3,341	1,113
Prepaid charges	3,123	187
	<u>858,843</u>	<u>399,937</u>
Due after more than one year:		
Amounts owed by group undertakings	-	8,750
	<u>858,843</u>	<u>408,687</u>

11 CASH AND CASH EQUIVALENTS

Analysis of balances as shown in the balance sheet and changes during the current and previous year:

	1996 £	1995 £	Change in year £
Cash on hand	1,308	1,235	73
Bank overdraft	(497,661)	(143,395)	(354,266)
	<u>(496,353)</u>	<u>(142,160)</u>	<u>(354,193)</u>

NOTES TO THE ACCOUNTS

at 31 March 1996

11 CASH AND CASH EQUIVALENTS (continued)

	1995 £	1994 £	Change in year £
Cash on hand	1,235	2,046	(811)
Bank overdraft	(143,395)	(106,318)	(37,077)
	<u>(142,160)</u>	<u>(104,272)</u>	<u>(37,888)</u>

12 CREDITORS - amounts falling due within one year

	Note	1996 £	1995 £
Bank overdraft	11	497,661	143,395
Obligations under finance leases and hire purchase contracts	14	37,408	12,451
Trade creditors		217,230	149,044
Amounts owed to group undertakings		27,127	6,120
Other taxes and social security costs		93,879	58,215
Accruals and deferred income		25,268	12,770
		<u>898,573</u>	<u>381,995</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 CREDITORS - amounts falling due after more than one year

	Note	1996 £	1995 £
Obligations under finance lease and hire purchase contracts	14	27,543	16,477
Amounts owed to group undertakings		75,003	-
		<u>102,546</u>	<u>16,477</u>

NOTES TO THE ACCOUNTS

at 31 March 1996

14 OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

	1996 £	1995 £
Amounts payable:		
Within one year	42,511	14,184
Within two to five years	31,393	18,748
	<hr/>	<hr/>
	73,904	32,932
Less: finance charges allocated to future periods	(8,953)	(4,004)
	<hr/>	<hr/>
	64,951	28,928
	<hr/>	<hr/>

Finance leases and hire purchase contracts are analysed as follows:

	1996 £	1995 £
Current obligations	37,408	12,451
Non-current obligations	27,543	16,477
	<hr/>	<hr/>
	64,951	28,928
	<hr/>	<hr/>

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

	1996 £	1995 £
At 1 April	28,928	5,151
Transferred from group company	26,589	-
Inception of finance leases and hire purchase contracts	73,435	35,147
Capital element of finance leases and hire purchase payments	(64,001)	(11,370)
	<hr/>	<hr/>
At 31 March	64,951	28,928
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

at 31 March 1996

15 SHARE CAPITAL

	1996 £	1995 £
Authorised: 250,000 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

16 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	Profit and loss account £	Total £
At 1 April 1994	2,222	137,184	139,406
Loss for the year	-	(16,895)	(16,895)
At 1 April 1995	2,222	120,289	122,511
Loss for the year	-	(71,888)	(71,888)
At 31 March 1996	2,222	48,401	50,623

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.

NOTES TO THE ACCOUNTS

at 31 March 1996

18 OTHER FINANCIAL COMMITMENTS

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

	<i>Plant, vehicles and other equipment</i>	
	<i>1996</i>	<i>1995</i>
	£	£
Operating leases which expire:		
Within one year	-	-
Within two to five years	7,200	7,200
	<hr/>	<hr/>
	7,200	7,200
	<hr/>	<hr/>

19 CAPITAL COMMITMENTS

No future capital expenditure has been authorised by the directors at 31 March 1996 (1995 - Nil).

20 CONTINGENT LIABILITIES

Cross guarantees exist between all group companies in favour of the group's bankers. At 31 March 1996 the combined group bank borrowings amounted to £1,942,428.

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

21 TRANSACTIONS WITH DIRECTORS

As fully disclosed in the directors' interests schedule on page 3, all of the directors, except R MacDonald, are shareholders in other companies in the Westcrowns Group. They are also directors of the companies in which they hold shares. The company trades with other members of the group, however all transactions in the normal course of trade are on an arms length basis.

22 ULTIMATE PARENT COMPANY

The directors regard Westcrowns Limited, a company registered in Scotland, as the ultimate parent company.