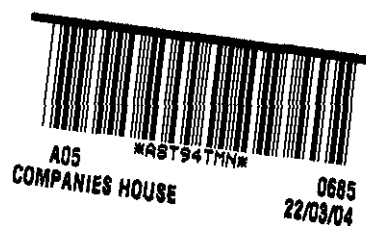


# **Millbrook Industrial Contracts Limited**

Financial statements

For the year ended 30 June 2003



**Company No. 3278062**

## Company information

<b>Company registration number</b>	3278062
<b>Registered office</b>	Calmore Industrial Park Totton Southampton Hampshire SO40 3RY
<b>Directors</b>	R Burke C Croll M E Croll S D Toft P A J Croll
<b>Secretary</b>	S D Toft
<b>Bankers</b>	Lloyds TSB Bank Plc
<b>Solicitors</b>	Paris Smith and Randall
<b>Auditors</b>	Grant Thornton Chartered Accountants Registered Auditors Barnes Wallis Road Segensworth Hampshire PO15 5GT

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## Report of the directors

The directors present their report and the financial statements of the company for the year ended 30 June 2003.

### Principal activities

The principal activity of the company during the year was industrial painting.

### The directors and their interests in shares of the parent company

The directors who served the company during the year together with their beneficial interests in the shares of the parent company were as follows:

	Class of share	At 30 June 2003	At 1 July 2002 or later date of appointment
R Burke	Ordinary shares	—	—
	'B' Ordinary shares	—	—
C Croll	Ordinary shares	4,981,704	4,981,704
	'B' Ordinary shares	—	—
M E Croll	Ordinary shares	311,711	311,711
	'B' Ordinary shares	—	—
S D Toft	Ordinary shares	—	764,640
	'B' Ordinary shares	764,640	—
P A J Croll (appointed 6 January 2003)	Ordinary shares	311,711	311,711
	'B' Ordinary shares	—	—

### 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 year and of the profit or loss for the year 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
- 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.

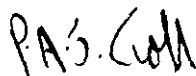
**Auditors**

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.

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD



P A J Croll

Director  
12 March 2004

## Report of the independent auditors to the members of Millbrook Industrial Contracts Limited

We have audited the financial statements of Millbrook Industrial Contracts Limited for the year ended 30 June 2003 on pages 7 to 12. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under the historical cost convention and the accounting policies set out on page 7.

This report is made solely to the company's members, 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 members 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 members 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 on page 3.

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.

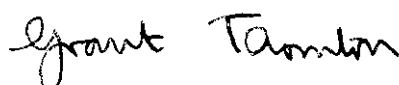
### **Basis of opinion**

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 30 June 2003 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read "Grant Thornton".

GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS  
SOUTHAMPTON

**12 March 2004**

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

### **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	- Over the length of the contract
Equipment	- 33%

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised only when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.



## Profit and loss account

	Note	2003 £000	2002 £000
Turnover		266	329
Cost of sales		(131)	(147)
Gross profit		135	182
Other operating charges	1	(211)	(84)
<b>Operating (loss)/profit</b>	2	<b>(76)</b>	<b>98</b>
Interest payable		(22)	(7)
<b>(Loss)/profit on ordinary activities before taxation</b>		<b>(98)</b>	<b>91</b>
Tax on (loss)/profit on ordinary activities	4	30	(11)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(68)</b>	<b>80</b>
Equity dividends paid		—	(45)
<b>(Loss)/retained profit for the financial year</b>		<b>(68)</b>	<b>35</b>
Balance brought forward		35	—
Balance carried forward		<u>(33)</u>	<u>35</u>

## Balance sheet

	Note	2003 £000	2002 £000
<b>Fixed assets</b>			
Tangible assets	5	<u>21</u>	<u>2</u>
<b>Current assets</b>			
Debtors	6	288	286
Cash at bank and in hand		<u>13</u>	<u>29</u>
		301	315
<b>Creditors: amounts falling due within one year</b>	8	<u>355</u>	<u>282</u>
<b>Net current (liabilities)/assets</b>		<u>(54)</u>	<u>33</u>
<b>Total assets less current liabilities</b>		<u>(33)</u>	<u>35</u>
<b>Capital and reserves</b>			
Share capital	10	—	—
Profit and loss account		<u>(33)</u>	<u>35</u>
<b>(Deficiency)/shareholders' funds</b>		<u>(33)</u>	<u>35</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on 12 March 2004 and are signed on their behalf by:

P A J Croll

*P.A.J. Croll*

## Notes to the financial statements

### 1 Other operating income and charges

	2003 £000	2002 £000
Administrative expenses	<u>211</u>	<u>84</u>

### 2 Operating (loss)/profit

Operating (loss)/profit is stated after charging:

	2003 £000	2002 £000
Depreciation of owned fixed assets	1	10
Auditors' fees	<u>3</u>	<u>3</u>

### 3 Directors

Remuneration in respect of directors was as follows:

	2003 £000	2002 £000
Emoluments	<u>—</u>	<u>35</u>

### 4 Taxation on ordinary activities

	2003 £000	2002 £000
UK Corporation tax based on the results for the year at 30% (2002 - 19.75%)	(37)	15
Increase/(Decrease) in deferred tax provision (note 7)	<u>7</u>	<u>(4)</u>
Tax on (loss)/profit on ordinary activities	<u>(30)</u>	<u>11</u>

**5 Tangible fixed assets**

	Plant & Machinery £000	Fixtures & Fittings £000	Motor Vehicles £000	Equipment £000	Total £000
Cost					
At 1 July 2002	332	22	21	8	383
Additions	20	—	—	—	20
At 30 June 2003	<u>352</u>	<u>22</u>	<u>21</u>	<u>8</u>	<u>403</u>
Depreciation					
At 1 July 2002	332	22	21	6	381
Charge for the year	—	—	—	1	1
At 30 June 2003	<u>332</u>	<u>22</u>	<u>21</u>	<u>7</u>	<u>382</u>
Net book value					
At 30 June 2003	<u>20</u>	<u>—</u>	<u>—</u>	<u>1</u>	<u>21</u>
At 30 June 2002	<u>—</u>	<u>—</u>	<u>—</u>	<u>2</u>	<u>2</u>

**6 Debtors**

	2003 £000	2002 £000
Trade debtors	46	—
Amounts owed by group undertakings	181	66
Corporation tax repayable	37	—
Other debtors	8	197
Deferred taxation (note 7)	16	23
	<u>288</u>	<u>286</u>

**7 Deferred taxation**

	2003 £000	2002 £000
The movement in the deferred taxation account during the year was:		
Balance brought forward	(23)	(19)
Profit and loss account movement arising during the year	7	(4)
Balance carried forward	<u>(16)</u>	<u>(23)</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2003 £000	2002 £000
Excess of taxation allowances over depreciation on fixed assets	<u>16</u>	<u>23</u>

**8 Creditors: amounts falling due within one year**

	2003 £000	2002 £000
Bank loans and overdrafts	36	185
Trade creditors	12	19
Amounts owed to group undertakings	285	26
Corporation tax	—	13
Other taxation	—	5
Other creditors	22	34
	<u>355</u>	<u>282</u>

The bank overdraft is secured.

**9 Contingent liabilities**

The company has provided an unlimited guarantee in respect of the bank borrowings of its parent and fellow subsidiary undertakings which at 30 June 2003 amounted to £8,859,000 (£2002: £7,550,000).

**10 Share capital**

Authorised share capital:

	2003 £000	2002 £000
1,000 Ordinary shares of £1 each	<u>1</u>	<u>1</u>

Allotted, called up and fully paid:

	2003		2002	
	No	£000	No	£000
Ordinary shares of £1 each	<u>2</u>	<u>—</u>	<u>2</u>	<u>—</u>

**11 Ultimate parent company**

The directors consider that the ultimate parent undertaking of this company is its parent company Millbrook Industries Limited.

The largest group of companies for which group accounts are drawn up is headed by Millbrook Industries Limited.

C Croll is this company's ultimate controlling related party by virtue of a majority shareholding.

As a wholly owned subsidiary of Millbrook Industries Limited, the company is exempt from the requirements of FRS 8 to disclose transactions with other members of the group headed by Millbrook Industries Limited.