

GRANWOOD HOLDINGS LIMITED

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GROUP ACCOUNTS
FOR THE YEAR ENDED
31 DECEMBER, 1990

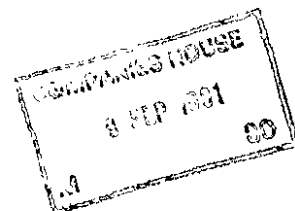


GORDON EMERY & CO.
Chartered Accountants
Derby

REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER, 1990

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REGISTERED OFFICE :

Stubben Edge Hall,
Ashover,
Derbyshire
S45 0EU.

GRAMMOC HOLDINGS LIMITED

DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER, 1990

The directors submit their annual report and audited accounts of the company for the year ended 31 December, 1990.

The directors at that date were :

Messrs. M.A. Pass (Chairman and Managing)
A. Pass (Deputy Chairman)
R. Brown
C.E. Edwards
E.R. Izod

ACTIVITIES

Principal activities of the group during the year have been property development and investment, building and the supply and distribution of building products.

BUSINESS REVIEW

Against the background of a poor economic climate the results for the year ended 31 December, 1990 are considered satisfactory. However, the deepening recession in 1991 further threatens trading levels and profits.

TANGIBLE FIXED ASSETS

Pages 13 and 14 detail the movements in tangible fixed assets.

DIRECTORS INTERESTS

The beneficial interests of each director and his family in the shares of the company at 31 December, 1990 and throughout the year were :

Ordinary Shares :

A. Pass	10,000
M.A. Pass	753,373
R. Brown	6,408
C.E. Edwards	18,483
E.R. Izod	-

Preference Shares :

M.A. Pass	7,500
R. Brown	5

DONATIONS

There were no political contributions. Charitable donations amounted to £970.

FINANCIAL RESULTS AND DIVIDENDS

The results for the year are set out in the Group Profit and Loss Account on Page 4.

The directors recommend the payment of a final dividend on the ordinary shares of 1.025% which, together with the interim dividend paid on such shares of 1%, makes a total of 2.025% for the year to 31 December, 1990 (1989 - 2.025%). These dividends, together with the preferential dividends, amount to £25,329 (1989 - £39,141) leaving £1,022,591 (1989 - £1,467,427) retained in the business.

AUDITORS

A resolution proposing the re-appointment of Gordon Emery & Co. as auditors to the company will be put to the annual general meeting.

BY ORDER OF THE BOARD



R. BROWN

COMPANY SECRETARY

13 June, 1991

REPORT OF THE AUDITORS TO THE MEMBERS OF
GRANWOOD HOLDINGS LIMITED

We have audited the accounts on Pages 3 to 15 in accordance with approved auditing standards. As stated in the accounting policies, no further revaluation of investment properties has been made as required by Statement of Standard Accounting Practice Number 19.

With this exception, in our opinion the accounts, which have been prepared on the basis of the accounting policies set out on Page 3, give a true and fair view of the state of affairs of the company and of the group at 31 December, 1990, and of the profit and source and application of funds of the group for the year ended on that date and comply with the Companies Act, 1985.



GORDON EMERY & CO.
Chartered Accountants

Market Place, Derby
13 June 1991

GRAMMOLD HOLDINGS LIMITED

ACCOUNTING POLICIES

The following are the main accounting policies of the group not covered in the notes on the accounts.

1. BASIS OF ACCOUNTING

The accounts have been prepared on the historical cost basis, modified to include the revaluation of land and buildings.

2. BASIS OF CONSOLIDATION

A separate profit and loss account for the company has not been presented as permitted by the Companies Act, 1985.

The group accounts include the accounts of the company and all of its subsidiary undertakings made up to 31 December.

3. TURNOVER

Turnover excludes value added tax and intra-group transactions with the exception of contracts of a capital nature undertaken by the building companies for other group companies.

4. FIXED ASSETS

Investment and regional development grants received have been deducted from the cost of the relevant assets purchased and depreciation calculated on the net amount.

All fixed assets acquired on the acquisition of subsidiaries are brought into the group accounts at their original cost and depreciation thereon is included in the aggregate depreciation figure.

No depreciation is provided on investment properties.

Unused trading properties awaiting disposal are written down to estimated realisable values.

Amortisation of the cost of leaseholds having less than 50 years to run is provided in equal annual instalments over the lives of the leases.

Depreciation on other fixed assets is calculated to write off the cost by equal annual instalments over the expected useful lives at the following rates.

Freehold buildings	2½%
Plant etc.	10% - 33½%
Vehicles	20% - 25%

5. STOCKS AND WORK IN PROGRESS

Stocks of materials, stores and bought out components are valued at purchase cost. Finished goods, products in the course of manufacture and contracts in progress are valued at cost comprising direct materials and wages and relevant production overheads. Reductions to net realisable value have been made where appropriate.

6. DEFERRED TAXATION

Deferred taxation is provided on the liability method in respect of timing differences except where the liability is not expected to arise in the foreseeable future.

7. PENSIONS

The cost of providing pensions in respect of defined benefit pension schemes is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the schemes. Variations from regular cost are spread over the expected remaining service lives of current employees in the schemes.

GRAMWOOD HOLDINGS LIMITED

GROUP PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER, 1990

1989		Note	
<u>£9,915,467</u>	Turnover	1	<u>£16,219,165</u>
1,925,604	Profit on ordinary activities before taxation	2	2,117,842
<u>739,664</u>	Tax on profit on ordinary activities	6	<u>944,182</u>
1,185,940	Profit on ordinary activities after taxation		1,173,660
<u>320,628</u>	Extraordinary items	7	<u>(125,740)</u>
1,506,568			1,047,920
<u>39,141</u>	Dividends payable	8	<u>25,329</u>
<u>£1,467,427</u>	Retained profit	16	<u>£ 1,022,591</u>

GRANWOOD HOLDINGS LIMITED

GROUP BALANCE SHEET - 31 DECEMBER 1990

1989		Note	
	FIXED ASSETS		
11,332,698	Tangible assets	9	11,288,491
659,235	Investments	10	654,841
<u>11,991,933</u>			<u>11,943,332</u>
	CURRENT ASSETS		
1,945,068	Stocks	11	3,130,724
1,274,280	Debtors	12	1,105,293
2,718,755	Cash at bank and in hand		4,013,433
<u>5,938,103</u>			<u>8,249,450</u>
3,321,230	CREDITORS : Amounts falling due within one year	13	3,657,585
<u>2,616,873</u>	NET CURRENT ASSETS		<u>4,591,865</u>
14,608,806	Total assets less current liabilities		16,535,197
1,740,000	PROVISIONS for liabilities and charges	14	2,643,800
<u>£12,868,806</u>	NET ASSETS		<u>£13,891,397</u>
	CAPITAL AND RESERVES		
471,471	Called up share capital	15	471,471
928,179	Capital redemption reserve fund		928,179
350,036	Revaluation reserve		350,036
100,000	Capital reserves		100,000
11,019,120	Profit and loss account	16	12,041,711
<u>£12,868,806</u>	Shareholders funds		<u>£13,891,397</u>

Accounts approved by the board on 13 June, 1991

M. A. PASS

Directors

A. PASS

R. BROWN

Secretary

GRANLUND HOLDINGS LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS
FOR THE YEAR ENDED 31 DECEMBER, 1990

1989

SOURCE OF FUNDS			
1,925,634		Profit on ordinary activities before taxation	2,117,842
428,650		Extraordinary items before taxation	(125,740)
2,354,254			1,992,102
254,793		Adjustment for items not involving the movement of funds :	
(61,421)		Depreciation of tangible assets	225,238
(460,372)		Provision for diminution in value of investments	40,100
2,087,254		Profit on sale of tangible assets	(31,463)
		Total generated from operations	2,225,977
		Funds from Other Sources :	
709,718	706,827	Sale of tangible assets	107,284
	2,891	Sale of investments	-
2,796,972			107,284
			2,333,261
APPLICATION OF FUNDS			
	1,082,785	Purchase of tangible assets	256,852
	35,706	Investments	35,706
	1,518,149	Taxation paid	893,619
	23,124	Dividends paid	33,196
	2,659,764		1,219,373
		Increase (decrease) in Working Capital :	
	(364,398)	Stocks	1,185,656
	184,563	Debtors	(168,987)
3,695,647	1,235,718	Creditors and provisions	(1,197,459) (180,790)
			1,038,583
(£ 898,675)		INCREASE (DECREASE) IN NET BANK BALANCES	£1,294,678

GRANWOOD HOLDINGS LIMITED

PARENT COMPANY BALANCE SHEET - 31 DECEMBER, 1990

1989		Note	
	FIXED ASSETS		
511,959	Tangible assets	9	537,914
3,947,038	Investments in subsidiary	17	3,947,038
446,325	undertakings	10	482,031
	Investments		
<u>4,905,322</u>			<u>4,966,983</u>
	CURRENT ASSETS		
1,466,923	Stocks	11	1,168,730
157,976	Debtors	12	210,050
1,236,827	Cash at bank and in hand		1,682,331
<u>2,861,726</u>			<u>3,061,111</u>
3,037,642	CREDITORS : Amounts falling	13	3,213,458
	due within one year		
(175,916)	NET CURRENT LIABILITIES		(152,347)
<u>£4,729,406</u>	NET ASSETS		<u>£4,814,636</u>
	CAPITAL AND RESERVES		
471,471	Called up share capital	15	471,471
928,179	Capital redemption reserve		928,179
2,587,766	fund		2,587,766
741,990	Capital reserves	16	827,220
<u>£4,729,406</u>	Profit and loss account		<u>£4,814,636</u>
	Shareholders funds		

Accounts approved by the board on 13 June, 1991

M. A. PASS

Directors

A. PASS



R. BROWN

Secretary

GRANWOOD HOLDINGS LIMITED

NOTES TO THE ACCOUNTS

1. TURNOVER

Turnover represents the amounts invoiced excluding value added tax to customers outside the group, plus capital contracts undertaken by the building companies for other group companies.

Analyses of turnover and profit before taxation by class of business and geographical markets have not been disclosed because the directors believe that to do so would seriously prejudice the interests of the company.

2. PROFIT ON ORDINARY ACTIVITIES

	1990	1989
Turnover	16,219,165	9,915,467
Change in stocks of finished goods and work in progress	(5,527,885)	848,199
Other operating income (Note 3c)	130,000	100,000
	<u>10,821,280</u>	<u>10,863,666</u>
Raw materials and consumables	7,039,144	7,606,326
Other external charges	751,223	859,201
Staff costs (Note 3)	2,132,576	2,150,848
Depreciation	225,238	254,793
Profit on tangible asset disposals	(31,463)	(55,267)
Other operating charges	961,250	200,148
Exceptional items (Note 4)	69,414	49,817
	<u>11,147,382</u>	<u>11,065,866</u>
	(326,102)	(202,200)
Rental income, less outgoings, from properties	1,934,298	1,671,305
Listed investment income	3,923	4,142
Interest receivable	547,416	394,064
Market value adjustment (Note 10)	(40,100)	61,421
	<u>2,119,435</u>	<u>1,928,732</u>
Interest payable (Note 5)	1,593	3,128
	<u>£ 2,117,842</u>	<u>£ 1,925,604</u>
Profit on ordinary activities before taxation		
Profit on ordinary activities is shown after charging :		
	£	£
Hire of plant and machinery	105,419	162,561
Auditors remuneration	20,735	22,259
Provision for contract liabilities	903,800	120,000

3. DIRECTORS AND EMPLOYEES

(a) Staff costs during the year were :

	1990	1989
Wages and salaries	2,797,823	1,845,212
Social security costs	167,061	166,328
Other pension costs (Note 20)	167,692	139,593
	<u>£2,132,576</u>	<u>£2,150,848</u>

The average number of persons employed by the group during the year was :

	Number	Number
Production	49	66
Management and administration	48	57
Selling and distribution	35	45
	<u>132</u>	<u>168</u>

Staff costs include the following directors emoluments :

	1990	1989
Remuneration for management services	428,050	370,385
Fees	8,351	7,888
	<u>£ 436,401</u>	<u>£ 378,273</u>

(b) The emoluments of the directors, excluding pension contributions, were as follows :

Chairman and highest paid director	<u>£ 227,482</u>	<u>£ 193,572</u>
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Other directors :

	Number	Number
£0 - £5,000	1	2
£5,001 - £10,000	1	-
£15,001 - £40,000	1	1
£70,001 - £75,000	-	1
£85,001 - £90,000	1	-

(c) The company has recharged £130,000 (1989 - £100,000) to National Floorcoverings Limited in respect of management services provided by the chairman during the year.

4. EXCEPTIONAL ITEMS

	1990	1989
Refurbishment of investment property	<u>£69,414</u>	<u>£49,817</u>

5. INTEREST PAYABLE

	1990	1989
Bank loans, overdrafts and other loans repayable within 5 years	<u>£ 1,593</u>	<u>£ 3,128</u>

6. TAXATION

	1990	1989
Corporation tax at 34.25% (1989 - 35%) based on the profit for the year	1,035,536	735,494
Underprovision (overprovision) for prior years	(91,354)	4,170
	<u>£ 944,182</u>	<u>£739,664</u>

7. EXTRAORDINARY ITEMS

	1990	1989
Closure costs	125,740	(5,455)
Profit on disposal of former trading property	-	29,000
Profit on disposal of investment property	-	405,105
	<u>125,740</u>	<u>428,650</u>
Attributable taxation	-	(109,022)
	<u>£125,740</u>	<u>£320,628</u>

8. DIVIDENDS PAYABLE

	1990	1989
Preference	603	603
Preferred ordinary - fixed	4,989	4,988
- participating	18,115	25,982
Ordinary - interim of 1%	3,737	3,737
- proposed final of 1.025%	3,831	3,831
	<u>31,275</u>	<u>39,141</u>
Less : Overprovision for preferred ordinary in previous year	(5,946)	-
	<u>£25,329</u>	<u>£39,141</u>

9. TANGIBLE FIXED ASSETS

Details of the tangible assets are set out on Pages 13 and 14.

10. INVESTMENTS

	1990	1989
Parent Company :		
Endowment life assurance policies (with profits) on the life of Mr. M.A. Pass - premiums paid	482,031	446,325
Subsidiary Companies :		
Listed securities :		
Cost at 31 December, 1989	240,476	243,367
Disposals, at cost	-	(2,891)
	<u>240,476</u>	<u>240,476</u>
Cost at 31 December, 1990	240,476	240,476
Less : Provision for diminution in value	67,666	27,566
	<u>172,810</u>	<u>212,910</u>
Market value at 31 December, 1990	172,810	212,910
Group	<u>£654,841</u>	<u>£659,235</u>

11. STOCKS

	Group		Company	
	1990	1989	1990	1989
Work in progress	9,541,679	15,069,565	-	-
Cash received on account	(8,332,282)	(15,536,921)	-	-
	<u>1,209,397</u>	<u>(467,356)</u>	<u>-</u>	<u>-</u>
Land for development	1,457,652	1,757,685	1,168,730	1,466,923
Raw materials, bought out components and general stores	463,675	654,739	-	-
	<u>£3,130,724</u>	<u>£ 1,945,068</u>	<u>£1,168,730</u>	<u>£1,466,923</u>

The replacement costs of work in progress and land for development would differ considerably from the historical cost stated above. However, the cost of establishing replacement values would be prohibitive.

12. DEBTORS

	Group		Company	
	1990	1989	1990	1989
Due within one year :				
Trade debtors	651,539	830,604	-	-
Other debtors: prepayments and accrued income	444,864	431,264	202,735	148,039
	<u>1,096,403</u>	<u>1,261,868</u>	<u>202,735</u>	<u>148,039</u>
Due after more than one year :				
Advance corporation tax	7,315	9,937	7,315	9,937
Other debtors	1,575	2,475	-	-
	<u>£1,105,293</u>	<u>£1,274,280</u>	<u>£ 210,050</u>	<u>£ 157,976</u>

13. CREDITORS

	Group		Company	
	1990	1989	1990	1989
Due within one year :				
Trade creditors	1,521,922	1,482,331	-	-
Amount owed to group companies	-	-	2,983,406	2,826,238
Corporation tax	1,144,370	1,093,807	-	-
Social security and other taxes	316,838	187,421	72,667	52,310
Other creditors, accruals and deferred income	652,509	527,858	135,439	129,281
Proposed dividends	21,946	29,813	21,946	29,813
	<u>£3,657,585</u>	<u>£3,321,230</u>	<u>£3,213,458</u>	<u>£3,037,642</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	Group		Company	
	1990	1989	1990	1989
Contract liabilities	1,693,800	790,000	-	-
Rationalisation costs	750,000	750,000	-	-
Property dilapidations	200,000	200,000	-	-
	<u>£2,643,800</u>	<u>£1,740,000</u>	<u>£ -</u>	<u>£ -</u>

No liability for deferred tax has been provided in the accounts. The potential liability is as follows :

	Group		Company	
	1990	1989	1990	1989
Timing differences	191,227	514,407	-	-
Capital gains tax rollover relief	168,932	179,170	-	-
	<u>£ 360,159</u>	<u>£ 693,577</u>	<u>£ -</u>	<u>£ -</u>

15. SHARE CAPITAL

	1990	1989
Authorised :		
12½% cumulative preference shares of 50p each	933,100	933,100
Convertible preferred ordinary shares of 25p each	117,814	117,814
Ordinary shares of 25p each	507,186	507,186
	<u>£1,558,100</u>	<u>£1,558,100</u>
Issued and fully paid :		
12½% cumulative preference shares of 50p each	4,921	4,921
Convertible preferred ordinary shares of 25p each	92,814	92,814
Ordinary shares of 25p each	373,736	373,736
	<u>£ 471,471</u>	<u>£ 471,471</u>

16. PROFIT AND LOSS ACCOUNT

	Group	Company
At 31 December, 1989	11,019,120	741,990
Retained profit for the year	1,022,591	85,230
	<u>12,041,711</u>	<u>827,220</u>
At 31 December, 1990		

17. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1990	1989
Shares at or below cost	<u>£3,947,038</u>	<u>£3,947,038</u>

18. CAPITAL COMMITMENTS

The approximate amounts approved by the directors in respect of capital expenditure not provided for in these accounts are as follows :

	1990	1989
Contracted for	£ 7,000	£ 78,231
Approved but not contracted for	£2,553,000	£2,200,000

19. CONTINGENT LIABILITIES

There are contingent liabilities to the groups bankers arising from indemnities given by those banks in respect of performance bonds entered into in the normal course of business.

20. PENSION COSTS

The group operates defined benefit pension schemes for eligible employees. These schemes are administered by Trustees and are independent of the group's finances and are funded by contributions from group companies and employees. The contributions are assessed with the benefit of triennial actuarial valuations and reports.

Included within creditors is £2,083 (1989 - £11,320), being the excess of the accumulated pension costs over the cumulative amounts paid.

There are a few members of a defined contribution pension scheme based on the National Insurance Contracted-out Rebate. The company is the Trustee of the funds which are independent of the company's finances.

GRANWOOD HOLDINGS LIMITED

TANGIBLE FIXED ASSETS - 31 DECEMBER, 1990

(a) GROUP

	Freehold Land and Buildings	Leaseholds (less than 50 years to run)	Plant, Machinery, Fixtures and Fittings	Motor Vehicles	Total
Gross value at 1 January, 1990	10,774,557	29,534	579,462	916,069	12,400,022
Additions, at cost	51,459	-	29,527	175,956	256,852
Disposals, at cost	-	-	(26,871)	(286,229)	(313,100)
Gross value at 31 December, 1990	10,826,026	29,534	582,118	805,656	12,343,724
Depreciation and amortisation at 1 January, 1990	85,466	5,753	543,334	432,771	1,067,324
Charge this year	11,277	1,426	43,955	168,580	225,238
Relating to disposals	-	-	(26,072)	(211,207)	(237,279)
Accumulated depreciation and amortisation at 31 December, 1990	95,743	7,179	561,217	390,144	1,055,283
Net book value at 31 December, 1990	£10,729,283	£22,755	£120,901	£415,552	£11,288,491
Net book value at 31 December, 1989	£10,689,091	£24,181	£136,128	£483,298	£11,332,698

1990

1989

Gross value of freehold land and buildings comprises :

Valuation in 1973	239,785	239,785
Valuation in 1985	3,117,500	3,117,500
Cost	7,468,741	7,417,272
	<u>£10,826,026</u>	<u>£10,774,557</u>

On an historical cost basis the net book value of freehold land and buildings would have been as follows :

Cost	10,475,990	10,424,521
Depreciation	63,315	52,038
Net book value	<u>£10,412,675</u>	<u>£10,372,483</u>

GRANJODD HOLDINGS LIMITED

TANGIBLE FIXED ASSETS - 31 DECEMBER, 1990

(b) COMPANY

Cost at 1 January, 1990
Additions, at cost
Disposals, at cost

Cost at 31 December, 1990

Depreciation and amortisation at 1 January, 1990
Charge this year
Relating to disposals

Accumulated depreciation and amortisation at 31 December, 1990

Net book value at 31 December, 1990

Net book value at 31 December, 1989

Freehold Land and Buildings	Leaseholds (less than 50 years to run)	Plant, Machinery, Fixtures and Fittings	Motor Vehicles	Total
400,072	4,934	75,493	253,323	743,822
-	-	631	110,514	111,145
-	-	-	(89,759)	(83,759)
400,072	4,934	76,124	284,078	765,208
26,365	4,563	55,168	145,767	231,863
10,402	235	5,155	49,293	65,085
-	-	-	(69,654)	(69,654)
36,767	4,798	60,323	125,406	227,294
£363,305	£ 136	£15,801	£158,672	£537,914
£373,707	£ 371	£20,325	£117,556	£511,959

GRANWOOD HOLDINGS LIMITED

GROUP COMPANIES

(Registered in England)

EXISTING GROUP

Parent Company :

Granwood Holdings Limited

Subsidiary Companies :

(Wholly owned unless otherwise stated)

Building and Contracting :

- * Sissons Contractors Limited
- Sisson Cox Homes Limited
- Dolgelley Developments Limited

Supply and Distribution :

- * Galaxy Tiles Limited

Property Development and Investment :

- * Derbyshire Estates Limited
- * M.A. Pass Property Investments Limited
- * Amber Centre Estates Limited
- Grangeheath Limited
- * Amber Corporation Limited
- * Amber Agriculture Limited

- * Direct subsidiaries of Granwood Holdings Limited

In addition to the above there are several dormant subsidiaries which are not listed on the grounds of immateriality.