

Contractors 600 Limited

Directors' report and financial statements

For the year ended 31 March 1995

Registered number 488802



Contractors 600 Limited

Directors' report and financial statements

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Contractors 600 Limited

Directors' report

The directors present their annual report to the members together with the audited financial statements for the year ended 31 March 1995.

Business review

The principal activity of the company is the supply of engineering machinery.

Results and dividend

The results for the year, including transfers to reserves, are shown in the profit and loss account on page 5. The directors do not recommend the payment of a dividend (1994: £Nil).

Fixed assets

Movements in fixed assets are shown in note 9.

Directors

The following directors served during the year:

GP Shrimpton
AR Sweeten
AC Wiseman

No director had a beneficial interest in the share capital of the company during the year.

Options to subscribe for ordinary shares of The 600 Group PLC at the option price of 29.6p per share in accordance with the provisions of The 600 Group PLC Savings Related Share Option Scheme are held as follows:

	31 March 1995	1 April 1994
	Number	Number
GP Shrimpton	4,054	4,054
AR Sweeten	4,054	4,054
AC Wiseman	4,054	4,054

Mr AR Sweeten has also been granted options to subscribe for 190,000 ordinary shares of The 600 Group PLC (1994:165,000) at prices ranging between 37p and 102p per share under the terms of the Executive Share Option Scheme of The 600 Group PLC.

There were no other arrangements to enable directors to benefit from acquisition of securities in the company or any other relevant body corporate during the year.

The company maintains insurance for directors and officers against liabilities in relation to the company.

Contractors 600 Limited

Directors' report *(continued)*

Employees

It is the company's policy to employ and train disabled persons whenever their aptitudes and abilities allow and suitable vacancies are available. All employees are given equal opportunities to develop their experience and knowledge and to qualify for promotion in furtherance of their careers.

The company is committed to keeping employees as fully informed as possible with regard to the company's performance and prospects and seeking their view, whenever practicable, on matters which particularly affect them as employees.

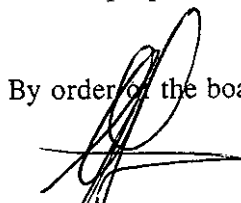
Post balance sheet events

On the 1 April 1995 the company's business, goodwill, assets and substantially all its liabilities were transferred to a fellow group undertaking. There was neither a profit or a loss on the transfer.

Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their reports in their new name. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



GP Shrimpton
Secretary

Witan Court
284 Witan Gate
Milton Keynes
MK9 1EJ

Contractors 600 Limited

Statement of 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 and of the profit or loss 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



6 Lower Brook Street
Ipswich
Suffolk
IP4 1AP

Auditors' report to the members of Contractors 600 Limited

We have audited the financial statements on pages 5 to 14.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 the company's affairs as at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

Chartered Accountants
Registered Auditors

27 July 1995

Contractors 600 Limited

Profit and loss account for the year ended 31 March 1995

	<i>Note</i>	1995 £	1994 £
Turnover	2	2,738,160	1,369,797
Cost of sales		(2,383,254)	(1,175,040)
Gross profit		354,906	194,757
Administrative expenses		(241,164)	(166,543)
Operating profit		113,742	28,214
Other operating income		827	2,070
Profit on termination of operation			
write back of opening provision	6	-	1,567,749
Interest payable and similar charges	7	-	(17,823)
Profit on ordinary activities before and after taxation	3-5	114,569	1,580,210
Profit for the financial year		114,569	1,580,210
Accumulated losses brought forward		(6,131,818)	(7,712,028)
Accumulated losses carried forward		(6,017,249)	(6,131,818)

As explained in the directors' report, on 1 April 1995 the company's business, goodwill, assets and substantially all its liabilities were transferred to a fellow group undertaking. Due to this transfer all activities are discontinuing.

Statement of total recognised gains and losses

The company had no recognised gains or losses during the year or preceding financial year other than those passing through the profit and loss account.

Contractors 600 Limited

Balance sheet
at 31 March 1995

	Note	1995		1994	
		£	£	£	£
Fixed assets					
Tangible assets	9		6,616		14
Current assets					
Stocks	10	26,766		8,888	
Debtors	11	779,931		546,709	
Cash at bank and in hand		802		366	
		<u>807,499</u>		<u>555,963</u>	
Creditors: amounts falling due within one year	12	<u>(6,830,364)</u>		<u>(6,686,795)</u>	
Net current liabilities			<u>(6,022,865)</u>		<u>(6,130,832)</u>
Net liabilities			<u>(6,016,249)</u>		<u>(6,130,818)</u>
Capital and reserves					
Called up share capital	13		1,000		1,000
Profit and loss account			<u>(6,017,249)</u>		<u>(6,131,818)</u>
Shareholders' funds	14		<u>(6,016,249)</u>		<u>(6,130,818)</u>

These financial statements were approved by the board of directors on 20th July and were signed on its behalf by:

GP Shrimpton
Director

AC Wiseman
Director

Contractors 600 Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules and on a going concern basis which assumes that the ultimate holding company, The 600 Group PLC, will provide such funds as are necessary for the company to continue to trade for the foreseeable future. However, the ultimate holding company has not confirmed this support in writing. No material adjustment to the financial statements would be necessary if the going concern basis of preparation was not appropriate.

Cash flow statement

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Plant and machinery	-	20%
Furniture, fixtures and fittings	-	10%

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Pension costs

Pension costs in respect of the company's employees are generally charged against profits on a systematic basis, based where appropriate on actuarial calculations, over the service lives of the employees who are pension scheme members. Actuarial valuations are carried out periodically and surpluses and deficiencies are allocated over the expected remaining service lives of current employees in the pension scheme.

Taxation

Provision for corporation tax on the results of the company is made in the accounts of the ultimate holding company. The amount dealt with under this arrangement are noted on page 10.

The ultimate holding company also makes provision under the liability method for deferred taxation relating to the company arising from accelerated capital allowances on capital expenditure and other timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

Contractors 600 Limited

Notes (continued)

1 Accounting policies (continued)

Stocks

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

Turnover

Turnover represents the amounts derived from the provision of goods and services falling within the company's ordinary activities and is the amount invoiced to customers excluding VAT and after deducting discounts allowed and credit notes issued.

2 Segmental information

The analysis of turnover by geographical area is as follows:

	1995 £	1994 £
United Kingdom	412,492	-
Central and South America	-	74,833
Middle and Far East	2,325,668	1,294,964
	<u>2,738,160</u>	<u>1,369,797</u>

All turnover is in respect of the principal activity of the company as noted in the Directors report on page 1.

3 Profit on ordinary activities before taxation

	1995 £	1994 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	1,500	1,600
Other services	-	2,525
Depreciation	1,245	979
Exchange loss	308	60
	<u>3,053</u>	<u>5,164</u>
<i>and after crediting</i>		
Profit on sale of fixed assets	<u>828</u>	<u>2,070</u>

Contractors 600 Limited

Notes (continued)

4 Remuneration of directors

	1995	1994
	£	£
Directors' emoluments:		
Remuneration as executives	25,158	19,170
Benefits in kind	4,092	2,614
	<u>29,250</u>	<u>21,784</u>

The emoluments, excluding pension contributions of the chairman were £nil (1994: £nil) and those of the highest paid director were £29,250 (1994: £21,784).

5 Staff numbers and costs

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

	Number of employees	
	1995	1994
Management and administration	<u>7</u>	<u>7</u>
	<u>7</u>	<u>7</u>

The aggregate payroll costs of these persons were as follows:

	1995	1994
	£	£
Wages and salaries	79,673	77,457
Social security costs	7,343	4,325
Other pension costs (see note 17)	(3,960)	(20,403)
	<u>83,056</u>	<u>61,379</u>

6 Exceptional item

	1995	1994
	£	£
Middle East provision released	<u>-</u>	<u>(1,567,749)</u>

This provision was originally set up to provide for the cessation of the company's activities in the Middle East, and therefore on termination of the operation was no longer required.

Contractors 600 Limited

Notes (continued)

7 Interest payable and similar charges

	1995 £	1994 £
Group interest payable	-	17,823

8 Taxation

Under the terms of an agreement dated 31 March 1993 all current and deferred tax assets and liabilities will be borne by the ultimate holding company. The amounts dealt with under this arrangement are as follows:

	1995 £	1994 £
Corporation tax (credit)/charge for the year at 33% (1994: 33%)		
Current year	39,000	262,000
Prior years	1,000	-
	<u>40,000</u>	<u>262,000</u>

Contractors 600 Limited

Notes (continued)

9 Tangible fixed assets

	Plant and machinery	Fixtures fittings tools and equipment	Total
	£	£	£
<i>Cost</i>			
At beginning of year	9,806	12,788	22,594
Additions	7,849	-	7,849
Disposals	-	(3,382)	(3,382)
	<hr/>	<hr/>	<hr/>
At end of year	17,655	9,406	27,061
	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>			
At beginning of year	9,802	12,778	22,580
Charge for year	1,245	-	1,245
On disposals	-	(3,380)	(3,380)
	<hr/>	<hr/>	<hr/>
At end of year	11,047	9,398	20,445
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 31 March 1995	6,608	8	6,616
	<hr/>	<hr/>	<hr/>
At 31 March 1994	4	10	14
	<hr/>	<hr/>	<hr/>

10 Stocks

	1995	1994
	£	£
Finished goods and goods for resale	26,766	8,888
	<hr/>	<hr/>

Contractors 600 Limited

Notes (continued)

11 Debtors

	1995		1994	
	Due within one year £	Due after one year £	Due within one year £	Due after one year £
Trade debtors	719,291	-	498,531	-
Amounts owed by parent and fellow subsidiary undertakings	12,324	-	4,137	-
Other debtors	13,486	-	13,581	-
Prepayments and accrued income	1,830	33,000	1,460	29,000
	<u>746,931</u>	<u>33,000</u>	<u>517,709</u>	<u>29,000</u>

12 Creditors: amounts falling due within one year

	1995 £	1994 £
Bank loans and overdrafts	121,391	132,183
Payments received on account	69,000	69,000
Trade creditors	81,251	121,332
Amounts owed to parent and fellow undertakings	6,278,313	6,205,317
Taxation and social security	68,691	-
Accruals and deferred income	211,718	158,963
	<u>6,830,364</u>	<u>6,686,795</u>

Contractors 600 Limited

Notes (continued)

13 Called up share capital

	1995	1994
	£	£
<i>Authorised, allotted, called up and fully paid:</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

14 Reconciliation of movements in shareholders' funds

	1995	1994
	£	£
Profit for the financial year	<u>114,569</u>	<u>1,580,210</u>
Net increase in shareholders' funds	114,569	1,580,210
Opening shareholders' funds	<u>(6,130,818)</u>	<u>(7,711,028)</u>
Closing shareholders' funds	<u>(6,016,249)</u>	<u>(6,130,818)</u>

15 Contingent liabilities

	1995	1994
	£	£
Joint and several liability under:		
group registration for value added tax	-	108,789
performance guarantees and indemnities	3,569,511	3,875,285
group bank overdraft cross guarantee	<u>12,161,547</u>	<u>9,132,975</u>
	<u>15,731,058</u>	<u>13,117,049</u>

During the year, under a collective group banking facility, the company gave an unlimited cross guarantee in respect of bank overdrafts of other UK group undertakings.

No valuable security has been provided by the company in respect of these contingent liabilities.

Contractors 600 Limited

Notes (continued)

16 Post balance sheet events

On the 1 April 1995 the company's business, goodwill, assets and substantially all its liabilities were transferred to a fellow group undertaking. There was neither a profit nor a loss on the transfer.

17 Pension scheme

The 600 Group PLC operates pension schemes in the United Kingdom generally providing benefits based on an employee's years of service and his final pensionable salary. The assets of these schemes are held in separate trustee administered funds.

£4,000 has been credited to the profit and loss account this year in respect of schemes (1994: a credit of £20,000), and is assessed in accordance with the advice of a professionally qualified actuary using the attained age method.

Details of the date and the particulars of the valuations are contained in the financial statements of The 600 Group PLC.

18 Ultimate holding company

The company is a subsidiary undertaking of The 600 Group PLC incorporated in Great Britain and registered in England and Wales. This is also the smallest and largest group in which the accounts of Contractors 600 Limited have been consolidated.

The consolidated accounts of the group can be obtained from:

The 600 Group PLC
Witan Court
284 Witan Gate
Milton Keynes
MK9 1EJ