



Grant Thornton

COMPANIES HOUSE

# Financial statements Burgess Architectural Products Limited

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For the Year Ended 31 December 2009

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COMPANIES HOUSE

Company No. 1129056

## Company information

<b>Company registration number</b>	1129056
<b>Registered office</b>	Brookfield Road Hinckley Leicestershire LE10 2LL
<b>Directors</b>	R L Whitehouse R J Burke J M Higgins
<b>Secretary</b>	D J R Palmer
<b>Auditor</b>	Grant Thornton UK LLP Chartered Accountants Statutory Auditor Regent House 80 Regent Road Leicester LE1 7NH

## Index

<b>Report of the directors</b>	3 - 5
<b>Report of the independent auditor</b>	6 - 7
<b>Principal accounting policies</b>	8 - 9
<b>Profit and loss account</b>	10
<b>Balance sheet</b>	11
<b>Notes to the financial statements</b>	12 - 20

## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2009

### **Principal activities and business review**

The principal activity of the company is the manufacture of steel ceiling systems and small acoustic enclosures

The principal activity of the Company is the manufacture and supply of metal suspended ceiling systems, associated pressed metal components, small acoustic enclosures and raised access floor panels

Profit for the year before taxation amounted to £242,000 (2008 - £295,000), on reduced turnover of £7,569,000 (2008 - £8,445,000)

Given the effect of the economic climate on the Construction industry and associated building products over 2009, our spread across different sectors including Health, Retail, Education and higher specification Office development/refurbishment, together with our Export activity, has enabled the business to remain profitable throughout the period indeed cash resources show a modest improvement

Operating margins held better than we had actually forecast at this point last year through cost down and product development initiatives. Factory volumes dipped initially but recovered from quarter 3 and costs overall were some 10% reduced on last year, as a result the operating profit margin remained as constant and steady as last year

The Company has not allowed present market traditions to deter it from planning and investing in the future. 2009 saw the installation of a new Blanking Line, the largest single investment project for Burgess in recent years

2010 will see very significant Capital investment as we introduce the most technologically advanced and energy-efficient Pre Treatment, Powder Coating and Curing line supported by a redeveloped cellular manufacturing facility

When Construction and the Interiors trade emerges from the downturn, Burgess will be well placed to take advantage of the increase in demand and to further capitalise on the gains being made in Export markets whilst offering the latest generation of ceiling industry products from a 'state of the art' manufacturing base

### **Results and dividends**

The profit for the year, after taxation, amounted to £183,000. The directors have not recommended a dividend

### **Financial risk management objectives and policies**

The company uses financial instruments, other than derivatives, comprising borrowings, cash and other liquid resources and various other items such as trade debtors and creditors that arise directly from its operations. The main purpose of these financial instruments is to raise finance for the company's operations. The main risks arising from the company financial instruments are interest rate risk and liquidity risk. The directors review and agree policies for managing each of these risks and they are summarised below. The policies have remained unchanged from previous periods.

#### **Interest rate risk**

The company finances its operations through a mixture of retained profits and bank borrowings. The company's exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities.

#### **Liquidity risk**

The company seeks to manage financial risk by ensuring sufficient liquidity is available to meet foreseeable needs and to invest cash assets safely and profitably. Primarily this is achieved through bank overdraft and invoice discounting facilities.

#### **Directors**

The directors who served the company during the year were as follows:

R L Whitehouse  
R J Burke  
J M Higgins

#### **Directors' responsibilities**

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 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 adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

**Post balance sheet event**

On 8 February 2010 the company set up an employee benefit trust (EBT). Assets held by the EBT will be included in the company's balance sheet under the appropriate heading for the year ending 31 December 2010.

**Auditor**

Grant Thornton UK LLP, having expressed their willingness to continue in office, will be deemed reappointed for the next financial year in accordance with section 487(2) of the Companies Act 2006 unless the company receives notice under section 488(1) of the Companies Act 2006.

BY ORDER OF THE BOARD



D J R Palmer  
Secretary  
1 June 2010



## Report of the independent auditor to the members of Burgess Architectural Products Limited

We have audited the financial statements of Burgess Architectural Products Limited for the year ended 31 December 2009 which comprise the principal accounting policies, profit and loss account, balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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 auditor**

As explained more fully in the Directors' Responsibilities Statement set out on pages 4 to 5, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's (APB's) Ethical Standards for Auditors.

### **Scope of the audit of the financial statements**

A description of the scope of an audit of financial statements is provided on the APB's website at [www.frc.org.uk/apb/scope/UKNP](http://www.frc.org.uk/apb/scope/UKNP).

### **Opinion on financial statements**

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 December 2009 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion the information given in the report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

## Report of the independent auditor to the members of Burgess Architectural Products Limited (continued)

### **Matters on which we are required to report by exception**

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

*Grant Thornton UK LLP*

PETER EDWARDS (Senior Statutory Auditor)

For and on behalf of

GRANT THORNTON UK LLP

STATUTORY AUDITOR

CHARTERED ACCOUNTANTS

1 June 2010



## Principal accounting policies

### **Accounting convention**

The financial statements have been prepared under the historical cost convention

The principal accounting policies of the company are set out below. The policies have remained unchanged from the previous year.

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

### **Turnover**

Turnover is the invoice value of goods and services supplied excluding VAT. Transactions are recorded as sales when the delivery of products or performance of services takes place in accordance with the contract terms of sale.

### **Fixed assets**

Tangible fixed assets are stated at cost, less a provision for depreciation.

### **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:

Freehold buildings	- 50 years
Plant, equipment and vehicles	- between 3 and 10 years on cost according to asset type

### **Stocks**

Stocks and work in progress are stated at the lower of cost (including related overheads) and net realisable value.

### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

### **Deferred taxation**

Deferred tax is recognised on all timing differences where the transactions or events that give the company 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 on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using the rates of tax that have been enacted or substantively enacted by the balance sheet date.

### **Foreign currencies**

Monetary assets and liabilities in foreign currencies are translated at rates ruling at the balance sheet date. Transactions during the year are translated at rates ruling at the time of the transactions. Exchange differences which arise from normal trading are dealt with through the profit and loss account.

### **Financial instruments**

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability. Dividends and distributions relating to equity instruments are debited direct to equity.

### **Pension costs**

#### **Defined Contribution Pension Scheme**

Pension costs represent the amount of contributions payable in respect of the accounting period.

### **Government grants**

Government grants relating to tangible fixed assets are treated as deferred income and credited to the profit and loss account by equal instalments over the expected useful lives of the assets to which the grants relate. Other grants are credited to the profit and loss account over the period of the project to which they relate.

## Profit and loss account

	Note	2009 £000	2008 £000
Turnover	1	7,569	8,445
Cost of sales		(5,845)	(6,517)
Gross profit		<u>1,724</u>	<u>1,928</u>
Other operating charges	2	(1,473)	(1,646)
<b>Operating profit</b>	3	<u>251</u>	<u>282</u>
Interest receivable	6	4	29
Interest payable and similar charges	7	(13)	(16)
<b>Profit on ordinary activities before taxation</b>		<u>242</u>	<u>295</u>
Tax on profit on ordinary activities	8	(59)	(59)
<b>Profit for the financial year</b>	20	<u><u>183</u></u>	<u><u>236</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

## Balance sheet

	Note	2009 £000	2008 £000
<b>Fixed assets</b>			
Tangible assets	10	<u>445</u>	<u>474</u>
<b>Current assets</b>			
Stocks	11	554	591
Debtors	12	2,604	2,223
Cash at bank		<u>524</u>	<u>507</u>
		3,682	3,321
<b>Creditors: amounts falling due within one year</b>	13	<u>2,316</u>	<u>2,199</u>
<b>Net current assets</b>		<u>1,366</u>	<u>1,122</u>
<b>Total assets less current liabilities</b>		<u>1,811</u>	<u>1,596</u>
<b>Creditors: amounts falling due after more than one year</b>	14	90	83
Government grants	16	<u>25</u>	<u>—</u>
		<u>1,696</u>	<u>1,513</u>
<b>Capital and reserves</b>			
Called-up equity share capital	19	850	850
Share premium account	20	362	362
Profit and loss account	20	<u>484</u>	<u>301</u>
<b>Shareholders' funds</b>	21	<u>1,696</u>	<u>1,513</u>

These financial statements were approved by the directors and authorised for issue on 1 June 2010, and are signed on their behalf by

R J Burke



Company Registration Number 1129056

## Notes to the financial statements

### **1 Turnover**

Turnover is derived from the manufacture of steel ceiling systems and small acoustic enclosures  
 An analysis of turnover is given below

	2009 £000	2008 £000
United Kingdom	7,116	8,193
Rest of Europe	284	250
Rest of the World	169	2
	<u>7,569</u>	<u>8,445</u>

### **2 Other operating charges**

	2009 £000	2008 £000
Distribution costs	922	977
Administrative expenses	551	669
	<u>1,473</u>	<u>1,646</u>

### **3 Operating profit**

Operating profit is stated after charging/(crediting)

	2009 £000	2008 £000
Amortisation of government grants	(2)	—
Depreciation of owned fixed assets	159	179
Depreciation of assets held under hire purchase agreements	12	—
Loss on disposal of fixed assets	1	15
Auditor's remuneration		
Audit fees	11	11
Operating lease costs		
- Other	81	85
	<u>81</u>	<u>85</u>

### **Limited liability agreement**

The company has entered into a liability limitation agreement with Grant Thornton UK LLP, the statutory auditor, in respect of the statutory audit for the year ended 31 December 2009. The proportionate liability agreement follows the standard terms in Appendix B to the Financial Reporting Council's June 2008 Guidance on Auditor Liability Agreements, and was approved by the shareholders on 6 April 2010.

**4 Directors and employees**

The average number of staff employed by the company during the financial year amounted to

	2009 No	2008 No
Production	36	42
Sales and distribution	15	15
Administration	5	5
	<u>56</u>	<u>62</u>

The aggregate payroll costs of the above were

	2009 £000	2008 £000
Wages and salaries	1,432	1,570
Social security costs	148	171
Other pension costs	87	86
	<u>1,667</u>	<u>1,827</u>

**5 Directors**

Remuneration in respect of directors was as follows

	2009 £000	2008 £000
Remuneration receivable	<u>251</u>	<u>331</u>

Remuneration of highest paid director

	2009 £000	2008 £000
Total remuneration (excluding pension contributions)	107	183
Value of company pension contributions to money purchase schemes	13	7
	<u>120</u>	<u>190</u>

The number of directors who accrued benefits under company pension schemes was as follows

	2009 No	2008 No
Money purchase schemes	<u>3</u>	<u>3</u>

**6 Interest receivable**

	2009 £000	2008 £000
Bank interest receivable	<u>4</u>	<u>29</u>

**7 Interest payable and similar charges**

	2009 £000	2008 £000
Interest payable on bank borrowing	9	16
Finance charges payable under hire purchase agreements	4	—
	<u>13</u>	<u>16</u>

**8 Taxation on ordinary activities**

(a) Analysis of charge in the year

	2009 £000	2008 £000
Current tax		
UK Corporation tax based on the results for the year at 28% (2008 - 28.50%)	59	67
Adjustment in respect of prior periods	-	(8)
Total current tax	<u>59</u>	<u>59</u>

**8 Taxation on ordinary activities (continued)**

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 28% (2008 - 28.50%)

	2009 £000	2008 £000
Profit on ordinary activities before taxation	<u>242</u>	<u>295</u>
Profit on ordinary activities by rate of tax	68	84
Expenses not deductible for tax purposes	7	9
Capital allowances in excess of depreciation	(3)	-
Adjustment in respect of prior periods	-	(8)
Other	-	(3)
Marginal relief	(9)	(23)
Group relief received	(4)	-
Total current tax (note 8(a))	<u>59</u>	<u>59</u>

**9 Dividends**

**Dividends on shares classed as equity**

	2009 £000	2008 £000
Paid during the year		
Equity dividends on ordinary shares	<u>-</u>	<u>140</u>



**10 Tangible fixed assets**

	Plant, Equipment and Vehicles £000
Cost	
At 1 January 2009	4,345
Additions	143
Disposals	(94)
At 31 December 2009	<u>4,394</u>
Depreciation	
At 1 January 2009	3,871
Charge for the year	171
On disposals	(93)
At 31 December 2009	<u>3,949</u>
Net book value	
At 31 December 2009	<u>445</u>
At 31 December 2008	<u>474</u>

Included within the net book value of £445,000 is £170,000 (2008 - £Nil) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £12,000 (2008 - £Nil).

**11 Stocks**

	2009 £000	2008 £000
Raw materials	201	113
Work in progress	23	45
Finished goods	330	433
	<u>554</u>	<u>591</u>

**12 Debtors**

	2009 £000	2008 £000
Trade debtors	1,082	1,058
Amounts owed by group undertakings	1,117	1,117
Amounts owed by related parties	319	—
Other debtors	3	5
Prepayments and accrued income	83	43
	<u>2,604</u>	<u>2,223</u>

**12 Debtors (continued)**

The debtors above include the following amounts falling due after more than one year

	2009	2008
	£000	£000
Amounts owed by group undertakings	1,117	1,117
Amounts owed by related parties	319	–
	<u>1,436</u>	<u>1,117</u>

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

	2009	2008
	£000	£000
Bank loans	74	99
Trade creditors	1,263	1,042
Corporation tax	59	67
Other taxation and social security	115	105
Amounts due under hire purchase agreements	42	–
Accruals and deferred income	763	886
	<u>2,316</u>	<u>2,199</u>

The bank loan is repayable in 36 equal instalments of £8,250 commencing on 1 November 2007, and carries a rate of interest of 1.88% above the bank's base rate. The loan is secured on the plant and machinery of the company.

**14 Creditors: amounts falling due after more than one year**

	2009	2008
	£000	£000
Bank loans	–	83
Amounts due under hire purchase agreements	90	–
	<u>90</u>	<u>83</u>

**15 Commitments under hire purchase agreements**

Future commitments under hire purchase agreements net of future finance lease charges are as follows

	2009	2008
	£000	£000
Amounts payable within 1 year	42	-
Amounts payable between 1 and 2 years	42	-
Amounts payable between 3 and 5 years	49	-
	<u>133</u>	<u>-</u>

**16 Government grants**

	2009	2008
	£000	£000
Received and receivable		
Receivable during year	27	-
At 31 December 2009	<u>27</u>	<u>-</u>
Amortisation		
Credit to profit and loss account	2	-
At 31 December 2009	<u>2</u>	<u>-</u>
Net balance at 31 December 2009	<u>25</u>	<u>-</u>

**17 Leasing commitments**

At 31 December 2009 the company had annual commitments under non-cancellable operating leases as set out below

	Land and buildings	
	2009	2008
	£000	£000
Operating leases which expire		
Within 2 to 5 years	<u>125</u>	<u>85</u>

**18 Related party transactions**

The group has taken advantage of the exemption in Financial Reporting Standard No 8 "Related party disclosures" and has not disclosed transactions with group undertakings

At the year end, debtors include a loan of £319,366 to BAP Property Limited, a company solely owned by R J Burke. Interest is payable at 2.7%. No interest has been charged on the loan during the year. The company paid rent to BAP Property Limited during the year of £38,188 and insurance of £2,375.

**19 Share capital**

Authorised share capital

	2009	2008
	£000	£000
850,000 Ordinary shares of £- each	<u>850</u>	<u>850</u>

Allotted, called up and fully paid

	2009		2008	
	No	£000	No	£000
850,000 Ordinary shares of £- each	<u>850,000</u>	<u>850</u>	<u>850,000</u>	<u>850</u>

**20 Reserves**

	Share premium account £000	Profit and loss account £000
At 1 January 2009	362	301
Profit for the year	-	183
At 31 December 2009	<u>362</u>	<u>484</u>

**21 Reconciliation of movements in shareholders' funds**

	2009	2008
	£000	£000
Profit for the financial year	183	236
Equity dividends	-	(140)
Net addition to shareholders' funds	<u>183</u>	<u>96</u>
Opening shareholders' funds	<u>1,513</u>	<u>1,417</u>
Closing shareholders' funds	<u>1,696</u>	<u>1,513</u>

**22 Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £nil (2008 - £108,000)

**23 Post balance sheet event**

On 8 February 2010 the company set up an employee benefit trust (EBT). Assets held by the EBT will be included in the company's balance sheet under the appropriate heading for the year ending 31 December 2010.

**24 Pension commitments**

**Defined Contribution Pension Scheme**

The company operates a defined contribution pension scheme for the benefit of directors and employees. The scheme is set up under trust and its assets are therefore independent from those of the company.

The total contributions charged by the company in respect of the year ended 31 December 2009 were £87,000 (2008 - £86,000). The difference between the accumulated charge and the payments made to the scheme is dealt with in debtors and creditors as appropriate.

**25 Ultimate parent company**

BAP Holdings Limited is the company's controlling related party by virtue of its 100 per cent interest in the company. The ultimate controlling party is R J Burke by virtue of his majority shareholding in BAP Holdings Limited.