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SHARROCKS (LONDON) LIMITED
(Company Number 2489316)

REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 30th APRIL 1998



SHARROCKS (LONDON) LIMITED

30th APRIL 1998

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SHARROCKS (LONDON) LIMITED

COMPANY INFORMATION

Directors

G. Greenhalgh

G.R. Greenhalgh

T.A. Jones

Secretary

G. Greenhalgh

Registered office

229 Spotland Road,
Rochdale,
Lancashire.
OL12 7AQ.

Auditors

A.R. Dobell & Co.,
Chartered Accountants,
13 Hyde Road,
Denton,
Manchester.
M34 3AF.

SHARROCKS (LONDON) LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements of the company for the year ended 30th April 1998.

ACTIVITIES

The company carries on the business of painting, decorating and building contractors. Business has now been under the same family ownership since 1905. The London office has traded continuously since its establishment in 1950.

REVIEW OF THE BUSINESS

As forecast the level of activity in the year showed a satisfactory increase although margins remain highly competitive.

RESULTS AND DIVIDENDS

The results for the year are set out in detail on page 6. The directors do not recommend payment of a dividend, leaving £3,800 to be added to reserves.

FIXED ASSETS

Tangible fixed asset movements are disclosed in note 4 to the financial statements.

DIRECTORS

The directors at the date of this report are shown on page 2.

Mr. G.R. Greenhalgh retires by rotation and, being eligible, offers himself for re-election.

The directors' interests in the £1 ordinary shares of the company were as follows:

Ordinary shares of £1 each	30 th April 1998	30 th April 1997
G. Greenhalgh	Nil	Nil
G.R. Greenhalgh - beneficial	20,000	20,000
- non beneficial	2,000	2,000
T.A. Jones	Nil	Nil

AUDITORS

A.R. Dobell & Co., Chartered Accountants, have expressed their willingness to continue in office. A resolution for their re-appointment will be proposed at the forthcoming annual general meeting.

SHARROCKS (LONDON) LIMITED

REPORT OF THE DIRECTORS
(Continued)

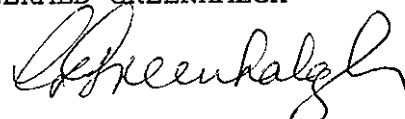
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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 1985. 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.

GERALD GREENHALGH



Secretary

229 Spotland Road,
Rochdale,
Lancashire.
OL12 7AQ.

12th November 1998

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
SHARROCKS (LONDON) LIMITED**

We have audited the financial statements on pages 6 to 11 which have been prepared on the basis of the accounting policies set out on page 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 4 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 financial 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 affairs of the company at 30th April 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



A.R. DOBELL & CO.

Chartered Accountants
and Registered Auditor

13 Hyde Road,
Denton,
Manchester.
M34 3AF.

12th November 1998

SHARROCKS (LONDON) LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30th APRIL 1998

	Note	1998 £	1997 £
INVOICED SALES	1 (b)	687,277	2,355,819
Increase/(decrease) in work in progress		813,360	(1,433,941)
WORK DONE		1,500,637	921,878
Cost of sales		(1,283,094)	(729,006)
GROSS PROFIT		217,543	192,872
Administrative expenses		(230,769)	(218,108)
Bank interest payable		(259)	(228)
Bank interest receivable		18,259	18,438
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	2	4,774	(7,026)
Tax on results of ordinary activities	3	(974)	2,495
PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION		3,800	(4,531)
Retained profit brought forward		317,583	322,114
RETAINED PROFIT CARRIED FORWARD		321,383	317,583

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the year ended 30th April 1998 and the loss for the year ended 30th April 1997.

SHARROCKS (LONDON) LIMITED
BALANCE SHEET - 30th APRIL 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	4	37,457	19,556
CURRENT ASSETS			
Stock and work in progress	5	268,469	100,620
Debtors	6	52,589	71,438
Cash at bank and in hand		152,542	308,279
		<u>473,600</u>	<u>480,337</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR			
Bank overdraft		5,321	18,053
Trade creditors		34,163	34,686
Excess cash received against work in progress		36,965	43,313
Other creditors	7	79,625	52,658
		<u>156,074</u>	<u>148,710</u>
NET CURRENT ASSETS		<u>317,526</u>	<u>331,627</u>
NET ASSETS		<u>354,983</u>	<u>351,183</u>
CAPITAL AND RESERVES			
CALLED UP SHARE CAPITAL	8	33,600	33,600
RESERVES			
Profit and loss account		321,383	317,583
		<u>354,983</u>	<u>351,183</u>

Approved by the board on 12th November 1998
and signed on its behalf by:

GERALD RODNEY GREENHALGH - Director



SHARROCKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30th APRIL 1998

1. ACCOUNTING POLICIES

a) Convention

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention. In view of its size the company is not required to publish a cash flow statement. The principal accounting policies which the directors have adopted within the convention are set out below.

b) Turnover

Turnover represents the invoiced value of goods sold to third parties, excluding valued added tax.

c) Depreciation

Motor vehicles are depreciated at 33 $\frac{1}{3}$ % per annum on a written down value basis.

d) Work in progress

Current work in progress is stated at the lower of cost and net realisable value.

Cost comprises raw materials, direct labour and attributable overheads.

Net realisable value comprises estimated selling price less further costs expected to be incurred on completion.

Completed work in progress is stated at the lower of cost and net realisable value except in cases where the final account is in negotiation. In these instances a proportion of the minimum recognisable profit is included in the valuation.

Current contracts containing more than 12 months actual work are treated as long term contracts and are valued as such in accordance with Statement of Standard Accounting Practice No.9. At 30th April 1998 there were two contracts valued on this basis.

e) Pension scheme

The company provides pension scheme facilities for certain employees. The costs thereof are written off to revenue as incurred.

SHARROCKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30th APRIL 1998
(Continued)

2. PROFIT/(LOSS) ON ORDINARY ACTIVITIES
BEFORE TAXATION

	1998 £	1997 £
is arrived at after charging:		
Auditors' remuneration	1,500	1,400
Depreciation	18,728	9,780
Directors' remuneration	39,980	39,163
and after crediting:		
Profit on sale of fixed assets	7,691	3,000

3. TAX ON RESULTS OF ORDINARY ACTIVITIES

	1998 £	1997 £
Corporation tax recoverable at 21% (1997 - 24%)	2,000	(1,000)
Overprovision in earlier years	(1,026)	(1,495)
	974	(2,495)

4. TANGIBLE FIXED ASSETS

	Motor Vehicles £
COST	
1 st May 1997	65,562
Additions	40,838
Disposals	(30,077)
30 th April 1998	76,323
DEPRECIATION	
1 st May 1997	46,006
Charged	18,728
Disposals	(25,868)
30 th April 1998	38,866
NET BOOK VALUE	
30 th April 1998	37,457
30 th April 1997	19,556

SHARROCKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30th APRIL 1998
(Continued)

4. TANGIBLE ASSETS (Continued)

CAPITAL COMMITMENTS	1998 £	1997 £
Contracted for but not provided in the financial statements	Nil	Nil

5. WORK IN PROGRESS

	1998 £	1997 £
Work in progress	1,849,098	1,035,738
Less: Payments on account	(1,580,629)	(935,118)
	<u>268,469</u>	<u>100,620</u>

6. DEBTORS

	1998 £	1997 £
Amounts due from connected companies	52,238	69,332
Other debtors	351	1,106
Corporation tax recoverable	-	1,000
	<u>52,589</u>	<u>71,438</u>

Included in amounts due from connected companies is an amount of £40,000 which will not be recovered for at least one year.

7. OTHER CREDITORS

	1998 £	1997 £
Corporation tax	2,000	-
Other taxes and social security	73,096	48,130
Accruals	4,529	4,528
	<u>79,625</u>	<u>52,658</u>

SHARROCKS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

30th APRIL 1998
(Continued)

8. SHARE CAPITAL	1998 £	1997 £
Authorised		
50,000 Ordinary shares of £1 each	50,000	50,000
Issued and fully paid	<hr/>	<hr/>
33,600 Ordinary shares of £1 each	33,600	33,600
	<hr/>	<hr/>

9. RELATED PARTIES

Management charges paid by the company to Arnold Sharrocks Limited amounted to £70,261 in the year (1997 - £52,931).