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Grant Thornton 

4M Flooring UK Limited
31 December 2006
No 4007476

WEDNESDAY



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26/09/2007

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COMPANIES HOUSE

Company information

Company registration number	4007476
Registered office	55 Duke Street Fenton Stoke on Trent ST4 3NN
Directors	J Stuart Seddon (Chairman and Joint Managing Director) Mark S Holden James A M Blairs
Secretary	Alan R Teague
Bankers	Barclays Bank plc North West Large Corporate 6th Floor 1 Marsden Street Manchester M2 1HW
Auditors	Grant Thornton UK LLP Registered Auditors Chartered Accountants 4 Hardman Square Spinningfields Manchester M3 3EB

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Report of the directors

The directors submit their report and audited financial statements of the company for the year ended 31 December 2006

Principal activity

The activities of the company during the year were those of specialist flooring contractors

Results and dividends

The profit for the year after taxation amounted to £101,832 (2005 £76,306) and was transferred to reserves. The directors did not recommend the payment of a dividend (2005 £Nil) during the year

Review of the business

The company's performance has improved significantly during 2006. The amounts recoverable on contract were abnormally high at the year end due to the company enjoying a busy fourth quarter. Since the year end this balance has fallen back to its historic levels.

Directors

The directors who served during the year were

J S Seddon

M S Holden

J A M Blairs (appointed 3 January 2006)

Financial risk management objectives and policies

The entity is exempt from disclosing financial risk management objectives and policies on the basis it meets the size criteria for a small company

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice)

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 year. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments 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

Report of the directors

The directors are responsible for keeping proper accounting records that 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.

In so far as the directors are aware

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

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 385 of the Companies Act 1985.

By order of the Board


A R Teague
Secretary

15 May 2007

Report of the independent auditors to the members of 4M Flooring UK Limited

We have audited the financial statements of 4M Flooring UK Limited for the year ended 31 December 2006 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 11. These financial statements have been prepared in accordance with the accounting policies set out therein.

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 Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 information given in the Directors' Report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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.

Grant Thornton 

Report of the independent auditors to the members of 4M Flooring UK Limited

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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2006 and of its profit for the year then ended
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements for the year ended 31 December 2006

Grant Thornton UK LLP

GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
MANCHESTER

15 May 2007

Principal accounting policies

Basis of preparation

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards

The directors have reviewed the accounting policies in accordance with FRS 18 and consider them to be the most appropriate to the company's circumstances

Going concern basis

These financial statements have been prepared on a going concern basis notwithstanding the deficiency on net assets because of an undertaking from the parent company to provide or procure sufficient funds to ensure the company financial support for the foreseeable future

Turnover

Turnover represents the net amount receivable, excluding value added tax, for goods and services supplied to external customers and the value of work done during the year

Goodwill

Purchased goodwill is capitalised and is amortised on a straight line basis over its estimated useful economic life. Any impairment loss is charged to the profit and loss account as recognised

Amounts recoverable on contracts

Amounts recoverable on contracts are included in current assets and are stated at cost plus attributable profit, less any foreseeable losses, less payments received on account

Subcontractor costs

Subcontractor costs in respect of work done on contracts are included in these financial statements on an accruals basis

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 assets are recognised 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

Pension costs

The company participates in the Seddon Group Retirement Scheme, a hybrid pension scheme providing benefits on a defined benefit and money purchase basis. Any pension cost incurred in respect of the defined benefit element is based on the pension cost across the group as a whole so as to spread the cost of pensions over the employees service lives

The company also participates in certain defined contribution schemes. The pension costs charged against profits represent the contributions payable to the schemes in respect of the accounting year

Profit and loss account

	Note	2006 £	2005 £
Turnover – continuing operations	1	5,308,459	4,696,624
Cost of sales		<u>(5,123,172)</u>	<u>(4,530,022)</u>
Gross profit		185,287	166,602
Redundancy costs		(1,700)	(7,200)
Administrative expenses		<u>(38,000)</u>	<u>(51,000)</u>
Total administrative expenses		<u>(39,700)</u>	<u>(58,200)</u>
Profit on ordinary activities before taxation	1	145,587	108,402
Tax on profit on ordinary activities	3	(43,755)	(32,096)
Retained profit for the financial year	6	<u>101,832</u>	<u>76,306</u>

There are no recognised gains or losses other than those included in the profit and loss account

The accompanying notes form part of these financial statements

Balance sheet

	Note	£	2006 £	2005 £
Current assets				
Raw materials and consumables		36,852		33,528
Amounts recoverable on contracts		2,327,726		1,572,968
Amounts owed by group companies		14,511		—
Prepayments		24,458		15,168
Deferred taxation	4	1,000		7,000
Cash at bank and in hand		215,697		2,189
		<u>2,620,244</u>		<u>1,630,853</u>
Creditors : amounts due within one year				
Amounts owed to group companies		(2,807,271)		(1,921,432)
Corporation tax		(2,000)		(4,000)
Accruals and deferred income		(45,928)		(42,208)
		<u>(2,855,199)</u>		<u>(1,967,640)</u>
Net current liabilities			(234,955)	(336,787)
Creditors: amounts due after more than one year				
Amounts owed to group companies			(250,000)	(250,000)
Net liabilities			<u>(484,955)</u>	<u>(586,787)</u>
Capital and reserves				
Called up share capital	5		2	2
Profit and loss account	6		(484,957)	(586,789)
Shareholders' deficit	7		<u>(484,955)</u>	<u>(586,787)</u>

The financial statements were approved by the Board of Directors on 15 May 2007

Signed on behalf of the board of directors

J Stuart Seddon, Director



Notes to the financial statements

1 Turnover and profit on ordinary activities before taxation

The turnover and profit on ordinary activities before taxation of the company are attributable to the principal activities of specialist flooring contractors, all carried out within the United Kingdom

An analysis of turnover by geographical market is given below

	2006 £	2005 £
United Kingdom	5,194,439	4,696,624
Europe	114,020	—
	<u>5,308,459</u>	<u>4,696,624</u>

The profit on ordinary activities before taxation is arrived at after charging

	2006 £	2005 £
Auditors' remuneration	1,500	1,000
Hire of plant and machinery	<u>111,633</u>	<u>87,290</u>

2 Information regarding directors and employees

None of the directors received any remuneration during the year from the company (2005 £Nil). The directors are employed by Seddon (Stoke) Limited and a charge is made by that company in respect of their services.

The average number of persons employed by the company was

	2006 Number	2005 Number
Construction staff	40	44
Administration staff	11	10
	<u>51</u>	<u>54</u>

The costs incurred in respect of these employees were

	2006 £	2005 £
Wages and salaries	1,337,437	1,280,345
Social security costs	133,285	124,111
Other pension costs	3,712	14,226
	<u>1,474,434</u>	<u>1,418,682</u>

3 Tax on profit on ordinary activities

	2006 £	2005 £
Taxation is based on the profit for the year and comprises		
UK Corporation tax at a rate of 30% (2005 30 %) of taxable profit		
– Current year	2,000	4,000
– Group relief	40,000	35,000
– Adjustments in respect of prior periods	(4,245)	(904)
	<u>37,755</u>	<u>38,096</u>
Deferred taxation		
– current year	3,000	–
– prior year	3,000	(6,000)
	<u>43,755</u>	<u>32,096</u>

Factors affecting the tax charge for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 30% (2005 30%) The differences are explained as follows

	2006 £	2005 £
Profit on ordinary activities before taxation	<u>145,587</u>	<u>108,402</u>
Profit on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 30% (2005 30%)	43,676	32,521
Effect of		
Expenses not deductible for tax purposes	956	1,014
Difference between capital allowances and depreciation	(175)	(85)
Other short term timing differences	(2,457)	5,550
Adjustments in respect of prior periods	(4,245)	(904)
	<u>37,755</u>	<u>38,096</u>

4 Deferred taxation

	Deferred taxation £
At 31 December 2005	7,000
Charged in the year	(6,000)
At 31 December 2006	<u>1,000</u>

Deferred taxation (continued)

	Asset recognised 2006 £	2005 £
Accelerated capital allowances	1,000	1,000
Other timing differences	—	6,000
	<u>1,000</u>	<u>7,000</u>

The recoverability of the deferred tax asset is dependent on future taxable profits in excess of those arising from the reversal of deferred tax liabilities. The asset is anticipated to be recoverable in more than one year.

5 Share capital

	2006 £	2005 £
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

6 Profit and loss account

	£
At 1 January 2006	(586,789)
Profit for the financial year	<u>101,832</u>
At 31 December 2006	<u>(484,957)</u>

7 Reconciliation of movements in shareholders' deficit

	2006 £	2005 £
Retained profit for the financial year	101,832	76,306
Opening shareholders' deficit	<u>(586,787)</u>	<u>(663,093)</u>
Closing shareholders' deficit	<u>(484,955)</u>	<u>(586,787)</u>

8 Contingent liabilities

A contingent liability exists at 31 December 2006 in respect of counter indemnity given in connection with performance bonds totalling £22,990 (2005 £22,990)

There is a bank cross guarantee and set-off arrangement between the company, Seddon Group Limited, and certain other fellow subsidiary companies. At 31 December 2006 the maximum potential liability guaranteed amounted to £36,722 (2005 £281,575)

9 Pension arrangements

The group operates a hybrid scheme whose assets are held in independently managed funds separate from those of the group. Within the final salary section of the scheme, annual contributions are paid on the recommendation of independent qualified actuaries following triennial actuarial valuations, the latest of which was at 1 November 2005. The valuation method used is the Projected Accrued Benefit valuation method and the principal assumptions made by the actuary were

Investment rate of return	7.1% per annum
Salary growth for 2005/06	3.8% per annum
Salary growth thereafter	In line with price inflation
Retail price inflation	2.25% per annum
Pension increases	As guaranteed

At 1 November 2005, the market value of the scheme's assets was £17,606,441 which was sufficient to cover 105% of the benefits that had accrued to members

This company is unable to identify its own share of the underlying assets and liabilities of the defined benefit scheme. The pension costs charged against operating profit are the contributions payable to the scheme in respect of the accounting period. At 31 December 2006 the scheme showed a deficit under the revised method (required under FRS 17 Retirement Benefits), which must be used to discount the scheme liabilities which fall due after the valuation date. Full disclosures required under the provisions of FRS 17 Retirement Benefits are disclosed in the financial statements of Seddon Group Limited.

Defined contribution schemes

During the year the group also operated a number of defined contribution pension schemes, the assets of which are held in independently administered funds.

10 Related party transactions

As a wholly owned subsidiary of Seddon Group Limited, the company is exempt from the requirements of FRS 8 to disclose details of transactions with other members of the group.

11 Ultimate parent company

The ultimate parent company is Seddon Group Limited and the immediate holding company is Seddon (Stoke) Limited, which are both registered in England and Wales.

Both the ultimate and immediate parent and holding companies prepare consolidated financial statements, copies of which are available from Companies House.