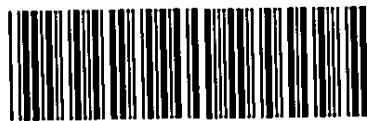


4M Flooring UK Limited
31 December 2009
No 4007476

THURSDAY



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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) Mark Brindley David Roache
Secretary :	Neil D Washington
Bankers :	Barclays Bank plc 3 Hardman Street Manchester M3 3HF
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 2009

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 £195,733 (2008 loss £1,688,157) and was transferred to reserves. The directors did not recommend the payment of a dividend (2008 £Nil) during the year

Review of the business

During 2009 the company's performance improved significantly, despite turnover decreasing. This was the result of management's strategy to downsize the business and focus on its core customer base and contract performance.

As noted under the principal accounting policies, these financial statements have been prepared on a going concern basis notwithstanding the deficiency of net assets. The company has reported net liabilities of £3,118,863 as at 31 December 2009. The parent company continues to provide sufficient funds to ensure financial support for the company on a day to day basis subject to a satisfactory outcome of the contractual issue referred to in note 9 regarding contingent liabilities.

Directors

The directors who served during the year were

J S Seddon	
M Brindley	
A James	(resigned 13 May 2009)
K Singleton	(resigned 13 May 2009)
D Roache	

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.

Report of the directors

Statement of directors' responsibilities

The directors are responsible for preparing the Report of the directors 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 to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). The financial statements are required by law to 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 are required to:

- select suitable accounting policies and then apply them consistently
- make judgments and estimates that are reasonable and prudent
- state whether applicable UK 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 adequate 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 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 each of the directors is aware:

- there is no relevant audit information of which the company's auditors are 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 auditors are aware of that information.

Auditors

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with Section 485(4) of the Companies Act 2006.

By order of the Board



N D Washington
Secretary

7 April 2010

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 2009 which comprise the principal accounting policies, the profit and loss account, the balance sheet and the related notes 1 to 12. 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 auditors

As explained more fully in the Report of the directors, 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.

Qualified opinion on financial statements arising from limitation in audit scope

The Directors of the company have prepared cash flow forecasts that are required for the assessment of the appropriateness of the going concern basis of preparation of the financial statements, the validity of which depend upon continued and additional financial support of the parent company, J&S Seddon Limited. The financial statements do not include any adjustments that would result from a failure to obtain the required level of financial support from the parent. We were unable to obtain sufficient appropriate audit evidence that J&S Seddon Limited will provide the continued and additional financial support required. Had that information been made available to us we might have formed a different opinion on the financial statements.

Except for the financial effects of any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning the appropriateness of the going concern basis of preparation of the 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.

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

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

In respect solely of the limitation on our work relating to the assessment of the appropriateness of the going concern basis of preparation of the financial statements we have not obtained all the information and explanations that we considered necessary for the purpose of our audit

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

Grant Thornton UK LLP

Joanne Kearns
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP
Statutory Auditor, Chartered Accountants
Manchester
3 June 2010

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 of net assets, the company has reported net liabilities of £3,118,863 as at 31 December 2009. The parent company continues to provide or procure sufficient funds to ensure financial support for the company on a day to day basis subject to a satisfactory outcome of the contractual issue referred to within the contingent liabilities disclosure (note 9)

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

Long-term contracts

Revenue is recognised in accordance with the stage of completion of contractual obligations to the customer. The stage of completion of the contract at the balance sheet date is assessed by reference to the value of work done.

When the outcome of a contract can be assessed reliably, contract revenue and associated costs are recognised as revenue and costs respectively by reference to the stage of completion of the contract activity at the balance sheet date. Full provision is made for losses on all contracts in the year in which the loss is first foreseen.

Where the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that it is probable will be recoverable, and contract costs are recognised in the period in which they are incurred.

Long term contract balances included in amounts recoverable on contracts are stated at cost plus attributable profit, after provision has been made for any foreseeable losses and the deduction of applicable payments on account.

Stocks

Stocks of raw materials and consumables are stated at the lower of cost and net realisable value. Cost is calculated on the FIFO basis.

Principal accounting policies

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions

- provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold,
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at 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. Contributions to the scheme are charged to the profit and loss account as though the scheme was a defined contribution scheme. This is in accordance with the accounting for multi-employer pension schemes whereby the assets and liabilities cannot be readily split between participating members.

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 period.

Profit and loss account

	Note	2009 £	2008 £
Turnover – continuing operations	1	1,342,194	2,540,757
Cost of sales		<u>(1,060,446)</u>	<u>(4,138,793)</u>
Gross profit/(loss)		281,748	(1,598,036)
Administrative expenses		<u>(10,015)</u>	<u>(93,167)</u>
Operating profit/(loss) - continuing operations		271,733	(1,691,203)
Interest receivable		–	33
Profit/(loss) on ordinary activities before taxation	1	<u>271,733</u>	<u>(1,691,170)</u>
Tax on profit/(loss) on ordinary activities	3	(76,000)	3,013
Retained profit/(loss) for the financial year	7	<u><u>195,733</u></u>	<u><u>(1,688,157)</u></u>

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

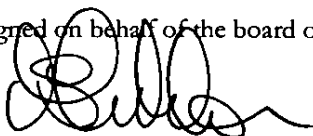
The accompanying accounting policies and notes form part of these financial statements.

Balance sheet

	Note	2009 £	2008 £
Current assets			
Raw materials and consumables		4,168	18,485
Amounts recoverable on contracts		64,080	198,189
Prepayments		13,578	19,835
Deferred taxation	4	1,000	1,000
Cash at bank and in hand		652,265	34,382
		<u>735,091</u>	<u>271,891</u>
Creditors : amounts due within one year			
Trade creditors		(86,498)	(335,369)
Amounts owed to group companies		(2,485,651)	(2,426,730)
Corporation tax		(76,000)	—
Accruals and deferred income		(955,805)	(574,388)
		<u>(3,603,954)</u>	<u>(3,336,487)</u>
Net current liabilities		(2,868,863)	(3,064,596)
Creditors: amounts due after more than one year			
Amounts owed to group companies	5	(250,000)	(250,000)
Net liabilities		<u>(3,118,863)</u>	<u>(3,314,596)</u>
Capital and reserves			
Called up share capital	6	2	2
Profit and loss account	7	(3,118,865)	(3,314,598)
Shareholders' deficit	8	<u>(3,118,863)</u>	<u>(3,314,596)</u>

The financial statements were approved by the Board of Directors on 7 April 2010

Signed on behalf of the board of directors



J Stuart Seddon, Director

4M Flooring UK Limited
Company no: 4007476

The accompanying accounting policies and notes form part of these financial statements.

Notes to the financial statements

1 Turnover and profit/(loss) on ordinary activities before taxation

The turnover and profit/(loss) on ordinary activities before taxation of the company are attributable to the principal activities of specialist flooring contractors

An analysis of turnover by geographical market is given below

	2009	2008
	£	£
United Kingdom	1,342,194	2,540,757
Europe	—	—
	<u>1,342,194</u>	<u>2,540,757</u>

The profit/(loss) on ordinary activities before taxation is arrived at after charging

	2009	2008
	£	£
Auditors' remuneration	2,025	1,750
Hire of plant and machinery	<u>51,243</u>	<u>234,371</u>

Fees paid to the company's auditors for services other than the statutory audit of the company are not disclosed since the consolidated accounts of the company's ultimate parent, Seddon Group Limited, are required to disclose non-audit fees on a consolidated basis

2 Information regarding directors and employees

Two of the directors (2008 two directors) received remuneration from the company during the year. The remaining directors are paid by J&S Seddon Limited and a charge is made by that company in respect of their services.

The remuneration of these directors was as follows

	2009	2008
	£	£
Emoluments	35,362	57,653
Pension contributions to money purchase pension schemes	873	744
	<u>36,235</u>	<u>58,397</u>

The average number of persons employed by the company was

	2009	2008
	Number	Number
Construction staff	16	35
Administration staff	7	9
	<u>23</u>	<u>44</u>

Information regarding directors and employees (continued)

The costs incurred in respect of these employees were

	2009 £	2008 £
Wages and salaries	589,729	1,134,852
Social security costs	54,537	105,090
Other pension costs	8,371	13,269
	<u>652,637</u>	<u>1,253,211</u>

3 Tax on profit/(loss) on ordinary activities

	2009 £	2008 £
Taxation is based on the profit/(loss) for the year and comprises		
UK Corporation tax at a rate of 28% (2008 28.5%) of taxable loss		
– Current year	76,000	(483,637)
– Group relief	–	483,637
– Adjustments in respect of prior periods	–	(8,013)
	<u>76,000</u>	<u>(8,013)</u>
Deferred taxation		
– current year	–	2,000
– prior year	–	3,000
	<u>–</u>	<u>5,000</u>
	<u>76,000</u>	<u>(3,013)</u>

Factors affecting the tax charge/(credit) for the year

The tax assessed for the year differs from the standard rate of corporation tax in the United Kingdom of 28% (2008 28.5%). The differences are explained as follows

	2009 £	2008 £
Profit/(loss) on ordinary activities before taxation	<u>271,733</u>	<u>(1,691,170)</u>
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of corporation tax in the United Kingdom of 28% (2008 28.5%)	76,085	(481,983)
Effect of		
Difference between capital allowances and depreciation	–	(154)
Other short term timing differences	(85)	(1,500)
Surrendered to group	–	483,637
Adjustments in respect of prior periods	–	(8,013)
	<u>76,000</u>	<u>(8,013)</u>

4 Deferred taxation

	Deferred taxation £
At 1 January 2009	1,000
Charged to the profit and loss account in the year	—
At 31 December 2009	<u>1,000</u>

	Asset recognised	
	2009	2008
	£	£
Accelerated capital allowances	<u>1,000</u>	<u>1,000</u>

5 Creditors: amounts due in more than one year

The amount owed to group companies amounting to £250,000 (2008 £250,000) represents a loan from the parent company, J&S Seddon Limited. No interest is charged on this loan.

This loan, together with the £2,485,651 due in less than one year, is secured by a fixed and floating charge over all assets of the company.

6 Share capital

	2009	2008
	£	£
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>

7 Profit and loss account

	£
At 1 January 2009	(3,314,598)
Profit for the financial year	195,733
At 31 December 2009	<u>(3,118,865)</u>

8 Reconciliation of movements in shareholders' deficit

	2009 £	2008 £
Retained profit/(loss) for the financial year	195,733	(1,688,157)
Opening shareholders' deficit	<u>(3,314,596)</u>	<u>(1,626,439)</u>
Closing shareholders' deficit	<u><u>(3,118,863)</u></u>	<u><u>(3,314,596)</u></u>

9 Contingent liabilities

A contingent liability exists at 31 December 2009 in respect of counter indemnity given in connection with performance bonds totalling £40,661 (2008 £40,661)

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 2009, the maximum potential liability guaranteed amounted to £Nil (2008 £Nil)

The company is involved in the installation of a terrazzo floor which has subsequently discoloured and is now the subject of a potential contractual dispute. The detailed specification for the floor is unique and is previously untried. 4M is working in conjunction with all parties involved with the floor, including the insurers behind the whole-project insurance policy taken out by the ultimate client, in order to reach a satisfactory commercial solution.

10 Pension arrangements

Seddon Group Limited (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 2007. The valuation method used is the Defined Accrued Benefits method and the principal assumptions made by the actuary were:

Investment rate of return - Pre-retirement	7.3% per annum
- Post-retirement	5.8% per annum
Salary growth	In line with price inflation
Price inflation	3.3% per annum
Pension increases	As guaranteed

Pension arrangements (continued)

At 1 November 2007, the market value of the scheme's assets was £21,241,000 which was sufficient to cover 107% 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 2009 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.

11 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 that group.

12 Ultimate and immediate parent companies

The company's immediate parent undertaking is J & S Seddon Limited which is incorporated in England and Wales. The company's ultimate parent undertaking is Seddon Group Limited which is also incorporated in England and Wales.

The largest and smallest group in which the results of the company are consolidated is that headed by Seddon Group Limited.

Copies of the ultimate parent undertaking's consolidated financial statements are available from Companies House.