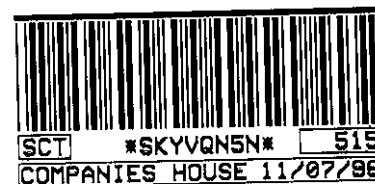


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# Stewart Plant Sales Limited

## Report and Accounts

31 January 1996



 **ERNST & YOUNG**

# STEWART PLANT SALES LIMITED

## DIRECTORS' REPORT

The directors submit their report and accounts for the year ended 31 January, 1996.

### Results and Dividend

The trading profit for the year before taxation amounted to £251,113 and since no liability to taxation will arise, the whole amount is available for appropriation.  
The directors have paid a dividend of £900,000.

### Review of the Business

The principal activity of the company during the year was the distribution of equipment to construction and industrial markets.  
A decline in the return from construction products was offset by an improvement in the return from industrial products and the maintenance of overheads at the level of the previous year provided a satisfactory advance in pre-tax profits.  
The construction sector remain fiercely competitive and a smaller market is anticipated in the current year. A pattern of trading similar to last year is therefore expected although profit levels will depend on the maintenance of industrial trading margins and on the size of the construction market.

### Fixed Assets

The changes in fixed assets during the year are summarised in the notes to the accounts.

### Directors

The directors of the company who served throughout the year were Mr T.F. Morrison, Mr S.C.J. Bryant and Mr E.G. Buchan. Mr Buchan resigned on 29 March 1996.

### Statement of Directors Responsibilities

Company Law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those accounts, 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 accounts.
- Prepare accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

(Continued)

# STEWART PLANT SALES LIMITED

## DIRECTORS' REPORT

(Continued)

The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

### Auditors

Ernst & Young have indicated that they do not seek reappointment as auditors. It is proposed to appoint KPMG Audit Plc as auditors of the company.

### ON BEHALF OF THE BOARD



T. F. Morrison  
Secretary

15th April, 1996

# REPORT OF THE AUDITORS TO THE MEMBERS OF STEWART PLANT SALES LTD

We have audited the accounts on pages 4 to 10 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 6.

## Respective responsibility of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

## Basis of Our 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts 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 accounts 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 accounts.

## Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at January 31, 1996 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Ernst & Young*

Ernst & Young  
Chartered Accountants  
Registered Auditor  
Glasgow

15th April, 1996

# STEWART PLANT SALES LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED JANUARY 31, 1996

	Notes	1996 £	1995 £
Turnover	2	10,517,993	11,948,197
Cost of Sales		<u>8,861,920</u>	<u>10,305,835</u>
Gross Profit		1,656,073	1,642,362
Administrative Expenses		<u>1,404,960</u>	<u>1,404,613</u>
Profit on ordinary activities before taxation	3	251,113	237,749
Tax on profit	7	-	-
Profit after taxation		<u>251,113</u>	<u>237,749</u>
Dividend		<u>900,000</u>	-
		(648,887)	237,749
Retained profit brought forward		<u>1,255,877</u>	<u>1,018,128</u>
Retained profit carried forward		<u>£606,990</u>	<u>£1,255,877</u>

### Recognised Gains and Losses

There are no recognised gains or losses other than the profit for the financial year ended January 31, 1996 of £251,113 and of £237,749 for the year ended January 31, 1995.

The notes on pages 6 to 10 form part of these accounts.

# STEWART PLANT SALES LIMITED

## BALANCE SHEET AT JANUARY 31, 1996.

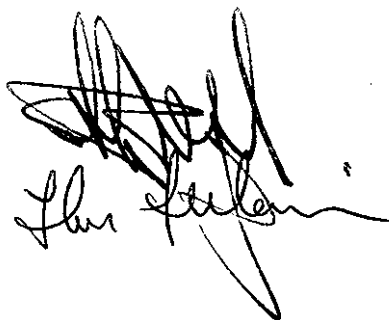
	Notes	1996 £	1995 £
Fixed Assets:			
Tangible Assets	8	227,336	266,581
Current Assets:			
Stock	9	750,237	716,848
Debtors	10	1,671,264	2,242,334
Cash at Bank and in Hand		2,021	2,080
		2,423,522	2,961,262
Creditors: amounts falling due within one year	11	2,000,622	1,928,720
Net Current Assets		422,900	1,032,542
Total Assets		<u>£650,236</u>	<u>£1,299,123</u>
Capital and Reserves:			
Called up Share Capital	13	20,000	20,000
Special Reserve		23,246	23,246
Profit and Loss Account		606,990	1,255,877
		<u>£650,236</u>	<u>£1,299,123</u>

### Reconciliation of Movements In Shareholders Funds

	1996 £	1995 £
Profit for the financial year	251,113	237,749
Dividend	900,000	-
Net Additions to Shareholders Funds	(648,887)	237,749
Opening Shareholders Funds	1,299,123	1,061,374
Closing Shareholders Funds	<u>£650,236</u>	<u>£1,299,123</u>

S.C.J. Bryant )  
 ) Directors  
 T.F. Morrison )

15th April, 1996



The notes on pages 6 to 10 form part of these accounts.

# STEWART PLANT SALES LIMITED

## NOTES TO THE ACCOUNTS AT JANUARY 31, 1996

### 1 Accounting policies

#### Basis of preparation

The accounts are prepared under the historical cost convention, and in accordance with applicable accounting standards.

#### Fixed assets

Fixed assets are stated at cost.

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:

Motor vehicles	-	reducing balance	-	over 6 to 8 years
Furniture, fittings and workshop machinery	-	straight line	-	over 3 to 7 years

#### Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Plant	-	actual purchase cost
Parts	-	purchase cost on a first-in, first out basis
Work-in progress	-	cost of direct materials and labour

Net realisable value based on estimated selling price less all further costs expected to be incurred to disposal.

#### Current and deferred taxation

No provision for current and deferred taxation is made in the accounts as all liabilities arising in the company will be extinguished by the surrender of group taxation losses for which no payment will be made. In the event that group taxation losses are not available remaining liabilities will be taken up by Hewden Stuart Plc.

# STEWART PLANT SALES LIMITED

## NOTES TO THE ACCOUNTS AT JANUARY 31, 1996 (CONTINUED)

### 2 Turnover

Turnover represents the invoiced amount of goods sold and services provided during the year, stated net of value added tax.

The turnover and pre-tax profit is all attributable to United Kingdom operations and is in respect of the distribution of equipment to construction and industrial markets. Turnover may be further attributed as follows:

	1996 £	1995 £
External	8,581,101	8,390,046
Group	1,936,892	3,558,151
	<u>£10,517,993</u>	<u>£11,948,197</u>

### 3 Profit on ordinary activities before taxation

This is stated after charging:

	1996 £	1995 £
Depreciation	83,039	97,775
Auditors' remuneration	12,250	12,250
Directors' remuneration (note 4)	<u>109,470</u>	<u>37,103</u>

### 4 Directors remuneration

Of the directors who served during the year, one (the chairman) was paid by another group company. No amount was directly recharged to the company and therefore no allocation has been made. The emoluments of the other director were:

	1996 £	1995 £
Fees	-	-
Other emoluments	109,470	37,103
	<u>£109,470</u>	<u>£37,103</u>

Excluding pension contributions the emoluments of the chairman were £ Nil (1995 - £ Nil) and the emoluments of the highest paid director were £74,916 (1995 - £37,103).

The emoluments of the other directors were as follows:

	1996	1995
£ 0 to £ 5,000	-	2
£ 30,001 to £ 35,000	1	-



# STEWART PLANT SALES LIMITED

## NOTES TO THE ACCOUNTS AT JANUARY 31, 1996 (CONTINUED)

### 5 Directors' Interests

No director has any interest in the share capital of the company.

The interests of directors, including family interests, in the share capital of other group companies at January 31, 1996 and January 31, 1995 and options held were as follows:

	Shares in Hewden Stuart Plc			
	At January 31, 1996		At January 31, 1995	
	Owned	Option	Owned	Option
Mr T. F. Morrison	66,600	54,000	72,080	45,000
Mr. S.C.J. Bryant	62,920	50,400	56,600	42,000
Mr E.G. Buchan	14,600	12,000	6,600	22,000

### 6 Staff Costs

	1996 £	1995 £
Wages and salaries	1,166,342	1,106,563
Social security costs	107,457	102,064
	<u>£1,273,799</u>	<u>£1,208,627</u>

The average weekly number of employees during the year was made up as follows:

	1996 No.	1995 No.
Office and Management	22	23
Sales and Technical	64	66
	<u>86</u>	<u>89</u>

### 7 Tax on profit on ordinary activities

No provision for taxation is required in these accounts as all liabilities arising in the company will be extinguished by the surrender of group taxation losses, or taken up by Hewden Stuart Plc. (1995 - Nil.)

# STEWART PLANT SALES LIMITED

## NOTES TO THE ACCOUNTS AT JANUARY 31, 1995 (CONTINUED)

### 8 Tangible Fixed Assets

	Motor	Furniture, fittings and workshop machinery	Total
	£	£	£
Cost			
At January 31, 1995	508,110	111,769	619,879
Additions	84,386	1,387	85,773
Transfer from Group	25,407	-	25,407
Disposals	(94,375)	-	(94,375)
Transfer to Group	(60,667)	-	(60,667)
At January 31, 1996	<u>462,861</u>	<u>113,156</u>	<u>576,017</u>
Depreciation:			
At January 31, 1995	246,926	106,372	353,298
Provided during the year	78,035	5,004	83,039
Transfer from Group	8,419	-	8,419
Disposals	(71,597)	-	(71,597)
Transfer to Group	(24,478)	-	(24,478)
At January 31, 1996	<u>237,305</u>	<u>111,376</u>	<u>348,681</u>
Net book value:			
At January 31, 1996	<u>£225,556</u>	<u>£1,780</u>	<u>£227,336</u>
At January 31, 1995	<u>£261,184</u>	<u>£5,397</u>	<u>£266,581</u>

### 9 Stocks

	1996 £	1995 £
The main categories of stock comprise:		
Plant and Parts	720,944	681,875
Work-In-Progress	29,293	34,973
	<u>£750,237</u>	<u>£716,848</u>

### 10 Debtors

	1996 £	1995 £
Trade Debtors	1,383,341	1,269,487
Amounts due by group companies	281,467	964,628
Prepayments and accrued income	6,456	8,219
	<u>£1,671,264</u>	<u>£2,242,334</u>

# STEWART PLANT SALES LIMITED

## NOTES TO THE ACCOUNTS AT JANUARY 31, 1996 (CONTINUED)

### 11 Creditors: Amounts Falling Due Within One Year

	1996 £	1995 £
Trade Creditors	1,211,931	1,358,177
Amounts due to group companies	132,617	141,113
Other taxes and social security costs	166,207	127,439
Accruals	18,062	12,506
Bank Overdraft	471,805	289,485
	<u>£2,000,622</u>	<u>£1,928,720</u>

### 12 Deferred taxation

The potential liability to deferred taxation at 33% (1995 - 33%) is as follows:

	1995	1995
Capital allowances in advance of depreciation	<u>£ Nil</u>	<u>£ Nil</u>

### 13 Share capital

	Authorised		Allocated, issued and fully paid	
	1996	1995	1996	1995
	No.	No.		
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>	<u>£20,000</u>	<u>£20,000</u>

### 14 Pension Scheme

Eligible employees are entitled to join the group pension scheme which is funded by the parent company, Hewden Stuart Plc.  
Details of this pension scheme are available in the group financial statements.

### 15 Ultimate holding company

The company is a subsidiary of Hewden Stuart Plc. which is incorporated in Great Britain. The results of the company are consolidated within the group accounts of Hewden Stuart Plc. Copies of these accounts are available from the group registered office at 135 Buchanan Street, Glasgow.