

Sprague & Ouseley Limited

Directors' Report and Financial Statements
for the year ended
31st March 2002

Company number 699621
(England and Wales)



Sprague & Ouseley Limited

Directors' Report
for the year ended 31st March 2002

The directors present their report and the financial statements for the year ended 31st March 2002.

Principal activities

The company's principal activity continues to be that heating, electrical and domestic engineering. No significant changes were reported in the accounts for the year.

The company continues to recover from the problems it faced in 2000. The profit earned in the year of £23,113 is after costs relating to a claim against the company's previous auditors totalling £10,300. The claim is expected to be settled in 2003 and, if successful, will see the recovery of these costs together with substantial damages.

Directors

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	Ordinary shares of £1 each	
	31st March 2002	1st April 2001
M Ouseley	1,200	1,000
K W M Sprague	<u>2,000</u>	<u>2,000</u>

Charitable and political donations

The company made no charitable or political donations during the year.

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 and 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

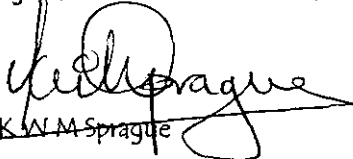
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

The company has, by elective resolution, dispensed with the obligation to appoint auditors annually in accordance with section 386(1) of the Companies House 1985.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and was approved by the board on 6th December 2002.

Signed on behalf of the board of directors


K W M Sprague

Sprague & Ouseley Limited
Independent Auditors' Report
to the shareholders of Sprague & Ouseley Limited

We have audited the financial statements of Sprague & Ouseley Limited for the year ended 31st March 2002 as set out on pages 3 to 10. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 Directors' Report is not consistent with the financial statements, if 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 transactions with the company 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 opinion

We conducted our audit in accordance with United Kingdom 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.

Going concern

In forming our opinion, we have considered the adequacy of the disclosures made in note 1 of the financial statements concerning the uncertainty as to the continuation of the company's bank overdraft facility. In view of the significance of this uncertainty we consider that this should be drawn to your attention but our opinion is not qualified in this respect.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



Paul Steele
Chartered Accountants
Registered auditors

18 Newport Street
Tiverton
Devon EX16 6NL

6th December 2002

Sprague & Ouseley Limited

Profit and Loss Account
for the year ended 31st March 2002

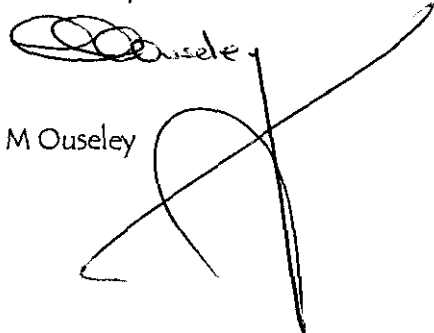
	Notes	2002 £	2001 £
Turnover	2	1,089,143	1,045,693
Cost of sales		768,136	703,954
Gross profit		<u>321,007</u>	<u>341,739</u>
Distribution costs		49,277	52,152
Administrative costs		<u>230,692</u>	<u>225,665</u>
		<u>279,969</u>	<u>277,817</u>
Operating profit	3	41,038	63,922
Interest payable	4	19,352	19,947
		21,686	43,975
Interest receivable		1,427	1,147
Profit on ordinary activities before taxation		<u>23,113</u>	<u>45,122</u>
Tax on profit on ordinary activities	5	143	115
Retained profit for the year		<u><u>22,970</u></u>	<u><u>45,007</u></u>

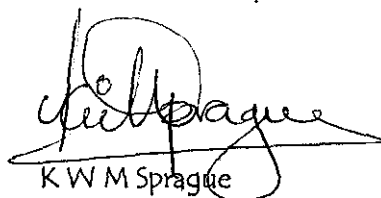
Sprague & Ouseley Limited

Balance Sheet
as at 31st March 2002

	Notes	2002		2001	
		£	£	£	£
Fixed assets					
Intangible assets	6		13,396		15,376
Tangible assets	7		<u>59,898</u>		<u>67,394</u>
			73,294		82,770
Current assets					
Stocks	8	107,551		96,073	
Debtors	9	228,741		226,473	
Cash at bank and in hand		<u>30,156</u>		<u>25,506</u>	
		366,448		348,052	
Creditors:					
amounts falling due within one year	10	<u>335,269</u>		<u>334,227</u>	
Net current liabilities			31,179		13,825
Total assets less current liabilities			<u>104,473</u>		<u>96,595</u>
Creditors:					
amounts falling due after more than one year	11		<u>112,867</u>		<u>127,959</u>
			<u>(8,394)</u>		<u>(31,364)</u>
Capital and reserves					
Called up share capital	13		4,000		4,000
Profit and loss account	14		<u>(12,394)</u>		<u>(35,364)</u>
Shareholders' funds			<u>(8,394)</u>		<u>(31,364)</u>

Approved by the board of directors on 6th December 2002 and signed on its behalf. The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.


M Ouseley


K W M Sprague

Sprague & Ouseley Limited

Notes to the financial statements
for the year ended 31st March 2002

1 Accounting policies

- Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and the Financial Reporting Standard for Smaller Entities (effective March 2000). They incorporate the results of the principal activity which is described in the director's report and which is continuing.

- Going concern

The company meets its day to day working capital requirements through an overdraft facility which is repayable on demand. The overdraft remains in place and is secured.

The balance sheet shows an insolvent position at 31st March 2002.

As can be seen from the profit earned in the year, and from the management accounts for the six months ended 30th September 2002, the company's strength continues to improve.

On this basis the directors consider it appropriate to prepare financial statements on the going concern basis. The financial statements do not include any adjustments that would result from a withdrawal of the overdraft facility by the company's bankers.

- Turnover

Profit is recognised on long term contracts, if the final outcome can be assessed with reasonable certainty, by including in the profit and loss account turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs to date bear to total expected costs for that contract.

- Goodwill

Acquired goodwill is written off in equal instalments over its estimated useful economic life, which is considered to be 18 years.

- Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant and machinery	10% straight line basis
Fixtures, fittings and equipment	20% straight line basis
Motor vehicles	25% straight line basis

- Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Sprague & Ouseley Limited

Notes to the financial statements cont.
for the year ended 31st March 2002

- Operating leases
rentals applicable to operating leases where substantially all the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.
- Stock and work in progress
Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.
- Deferred taxation
Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

2 Turnover

During the year the company earned its entire turnover in the United Kingdom. (2001 - 100%)

3 Operating profit

The operating profit is stated after charging:

	2002 £	2001 £
Depreciation of tangible fixed assets		
- owned by the company	3,141	8,684
- held under finance leases	12,117	5,201
Amortisation of intangible assets	1,980	1,980
Directors' remuneration	77,590	83,677
Auditors' remuneration	<u>3,200</u>	<u>3,200</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (2001 - 3)

4 Interest payable and similar charges

	£	£
Bank loans and overdrafts	14,563	17,750
Finance leases and hire purchase contracts	<u>4,789</u>	<u>2,197</u>
	<u>19,352</u>	<u>19,947</u>

5 Taxation

	£	£
UK current year taxation		
UK corporation tax	<u>143</u>	<u>115</u>

Sprague & Ouseley Limited
Notes to the financial statements cont.
for the year ended 31st March 2002

6 Intangible fixed assets

Goodwill

Cost

As at 1st April 2001 and 31st March 2002

35,639

Amortisation

As at 1st April 2001

20,263

Charge for the year

1,980

As at 31st March 2002

22,243

Net Book Value

As at 31st March 2002

13,396

As at 31st March 2001

15,376

7 Tangible fixed assets

Plant and
Machinery etc.

Total

£

£

Cost

As at 1st April 2001

135,414

135,414

Additions

8,100

8,100

Disposals

(850)

(850)

As at 31st March 2002

142,664

142,664

Depreciation

As at 1st April 2001

68,020

68,020

Charge for the year

15,258

15,258

Released on disposal

(512)

(512)

As at 31st March 2002

82,766

82,766

Net book value

As at 31st March 2002

59,898

59,898

As at 31st March 2001

67,394

67,394

Included in plant and machinery above are assets held under finance leases or hire purchase contracts amounting to £49,152.

8 Stock and work in progress

2002

2001

£

£

Raw materials and consumables

34,468

29,437

Long term contract balances

37,261

28,178

Work in progress

35,822

38,458

107,551

96,073

Sprague & Ouseley Limited
Notes to the financial statements cont.
for the year ended 31st March 2002

9 Debtors

	2002	2001
	£	£
Trade debtors	193,214	189,618
Other debtors	11,449	9,930
Prepayments and accrued income	24,078	26,925
	<u>228,741</u>	<u>226,473</u>

Included in debtors are interest free loans of £9,730 (2001 - £7,980) to M Ouseley and £nil (2001 - £1,750) to J R Ouseley, directors. The maximum amounts outstanding during the year were £9,730 and £1,750 respectively.

10 Creditors: amounts falling due within one year

	£	£
Bank loans and overdrafts (secured)	119,951	118,205
Net obligations under finance leases and hire purchase contracts (secured)	14,538	13,124
Trade creditors	125,286	131,750
Corporation tax	143	115
Other taxation and social security costs	47,952	42,956
Other creditors accruals and deferred income	27,399	28,077
	<u>335,269</u>	<u>334,227</u>

11 Creditors: amounts falling due after more than one year

	£	£
Bank loans (secured)	57,091	61,458
Net obligations under finance leases and hire purchase contracts (secured)	17,898	28,623
Other creditors	37,878	37,878
	<u>112,867</u>	<u>127,959</u>

The bank overdraft and loan are secured by a debenture on banks form, dated 3rd February 1992, and a first legal charge over the freehold deeds of land at Tudor Street, Exeter.

The Finance leases and hire purchase contracts are secured against the assets to which they relate.

Analysis of loans

	£	£
Amounts wholly repayable after five years not by instalments	-	-
	£	£
Amounts repayable by instalments: After five years	<u>60,543</u>	<u>63,350</u>

Sprague & Ouseley Limited
Notes to the financial statements cont.
for the year ended 31st March 2002

12 Deferred taxation

	Provided for		Unprovided	
	2002	2001	2002	2001
	£	£	£	£
Accelerated capital allowances	-	-	1,940	1,987
Tax losses available	-	-	(5,305)	(8,626)
	<u>-</u>	<u>-</u>	<u>(3,365)</u>	<u>(6,639)</u>

13 Share capital

	2002	2001
	£	£
Ordinary shares of £1 each		
Authorised	<u>5,000</u>	<u>5,000</u>
Allotted called up and fully paid	<u>4,000</u>	<u>4,000</u>

The company is controlled by K W M Sprague, the majority shareholder.

14 Profit and loss account

	£	£
Balance at 1st April 2001	(35,364)	(80,371)
Profit for the year	<u>22,970</u>	<u>45,007</u>
Balance at 31st March 2002	<u>(12,394)</u>	<u>(35,364)</u>

16 Capital commitments

At the year end the company had capital commitments as follows.

	£	£
Contracted for but not provided in these accounts	<u>-</u>	<u>-</u>
Authorised by the directors but not contracted for	<u>-</u>	<u>-</u>

Sprague & Ouseley Limited

Notes to the financial statements cont.
for the year ended 31st March 2002

17 Other commitments

a) Operating leases

At 31st March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	2002 £	2001 £
Expiry date:		
Within one year	<u>6,000</u>	<u>6,000</u>
Between two and five years	<u>-</u>	<u>-</u>
In more than five years	<u>-</u>	<u>-</u>

b) Pension commitments

The company has a defined contribution pension scheme. The pension cost charge represents contributions payable to the scheme an amounted to £15,786. There were no outstanding contributions payable to the scheme at the year end.

18 Transactions with directors

Certain life assurance policies of the directors have been offered as security for the bank loan and overdraft.

The company rents its property from the the directors at £6,000 per annum. The directors believe this rate to be commercial.

During the year the company purchase two vehicles from K W M Sprague and L J Ouseley for £1,700 and £1,800 respectively. The purchase price was considered to be the open market value of the vehicles concerned.