

DIRECTORS' REPORT

Directors:- D.M.Telling
K.G.Simon
G.Tvedt

Secretary:- C.D.Hunt M.A. F.C.A.

Registered Office:- Barley Wood, Wrington, Avon, BS18 7SA.

Accounts and Dividends

The directors submit their audited accounts for the year ended 28 February 1985. The results for the year are set out on page 4 and, subject to approval, will be dealt with as shown in the profit and loss account.

Principal Activity

The principal activity of the company continues to be plastering contracting

No important events have occurred since the end of the financial year.

Directors

The directors of the company are listed above.

The following changes have taken place since 1 March 1984:-

Mr. K.G.Simon is the director retiring by rotation and, being eligible, he offers himself for re-election.

DIRECTORS' REPORT (continued)

The interests of the directors and their families in the ordinary shares of HAT Group PLC, with the exception of those who are also directors of the holding company, are shown below:-

	28 February 1985	29 February 1984
K.G.Simon	2,500	2,500
G.Tvedt	-	-

The interests of Mr.D.M.Telling who is a director of HAT Group plc, are shown in the report and accounts of that company.

Auditors

Ernst & Whinney have expressed their willingness to continue as auditors and in accordance with Section 384 of the Companies Act 1985 a resolution proposing their re-election will be submitted at the annual general meeting.

By Order of the Board

C.D.Hunt M.A. F.C.A.

Secretary

12th July 1985

REPORT OF THE AUDITORS TO THE MEMBERS

We have examined the accounts of MATTHEW THOM & COMPANY LIMITED. set out on pages 4 to 11. These have been prepared under the historical cost convention. Our audit has been carried out in accordance with approved auditing standards.

In our opinion the accounts give a true and fair view of the state of the affairs of the company at 28 February 1985, and of the profit for the year then ended, and comply with the Companies Act 1985.

The accounts do not contain the statement of source and application of funds required by Statement of Standard Accounting Practice No.10.

Ernst & Whinney

ERNST & WHINNEY

Chartered Accountants

Bristol

6 December 1985

Profit and loss account for the year ended 28 February 1985

	Note	1985 £	1984 £
TURNOVER	2	2,523,171	2,379,624
Cost of Sales		(2,359,219)	(2,193,094)
NET OPERATING PROFIT	3	163,952	186,530
Other Income	6	17,071	15,499
Interest payable and similar charges	7	-	-
PROFIT BEFORE TAXATION		181,023	202,029
Tax on Profit - Current Year	8	(80,750)	(31,500)
- Prior Years		12	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAX		100,285	170,529
EXTRAORDINARY INCOME		-	-
Inter-company balance waived		-	-
PROFIT FOR THE FINANCIAL YEAR		100,285	170,529
Dividends payable		-	-
RETAINED PROFIT FOR THE YEAR		100,285	170,529
STATEMENT OF RETAINED PROFIT			
Balance at 29 February 1984		151,019	(19,510)
Retained profit for the year		100,285	170,529
Balance at 28 February 1985		251,304	151,019

Balance Sheet as at 28 February 1985

	Note		1985 <u>£</u>	1984 <u>£</u>
FIXED ASSETS				
Tangible assets	9	57,784		53,629
Investments	10	-		-
		-----	57,784	53,629
			-----	-----
CURRENT ASSETS				
Stocks	11	232,997		204,637
Debtors	12	305,774		190,722
Cash at bank and in hand		70,405		180,670
		-----		-----
		609,176		576,029
CREDITORS falling due within one year	13	(383,106)		(446,089)
		-----		-----
NET CURRENT ASSETS			226,070	129,940
			-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES			283,854	183,569
CREDITORS falling due after more than one year	14		-	-
			-----	-----
			£ 283,854	£ 183,569
			=====	=====
CAPITAL AND RESERVES				
Called up share capital	16		32,550	32,550
Other reserves			-	-
Profit and Loss Account			251,304	151,019
			-----	-----
			£ 283,854	£ 183,569
			=====	=====

.....)
.....) Directors

12th July 1985

NOTES ON THE ACCOUNTS - 28 February 1985

1. Accounting Policies

(a) Accounting convention

The accounts are prepared under the historical cost convention.

(b) Depreciation

The cost of tangible fixed assets is written off over their expected useful lives as follows:-

Short Leasehold Property:	by equal annual instalments over the unexpired period of the lease
Office Equipment:	20 % per annum, straight line basis
Plant and Machinery:	25 % per annum, straight line basis
Motor Vehicles:	25 % per annum, straight line basis

(c) Stocks and Work in Progress

Stocks are stated at the lower of cost and net realisable value after making due allowance for any obsolete or slow moving items.

Work in progress is stated at directly attributable cost plus a percentage to cover the appropriate part of overheads, or market value where lower.

In the trade within which the company operates, the directors do not feel that they can, with reasonable certainty, predict the final outcome of long term contracts and, accordingly, no profit is included in work in progress, although provision is made for estimated future losses.

(d) Deferred Taxation

Provision is made for deferred taxation, using the liability method, on short term timing differences and all other material timing differences which are not expected to continue in the future.

(e) Pension benefits

Pension benefits are funded over the employees' periods of service. The company's contributions are based on the most recent actuarial valuation of the HAT Group plc Pension Fund.

(f) Statement of source and application of funds

No statement of source and application of funds is included in these accounts since the funding arrangements within the group render such a statement meaningless.

NOTES ON THE ACCOUNTS - 28 February 1985 (continued)

2. Turnover

Turnover comprises the invoice value of goods and services supplied and contract work completed in the year, exclusive of VAT.

3. Net Operating Income

	1985 £	1984 £
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This is shown after charging:-		
Depreciation of tangible fixed assets (including profit/loss on disposals)	19,931	19,181
Auditors' remuneration	-	-

4. Staff costs

	1985 £	1984 £
	----	----
Wages and salaries	1,026,115	927,327
Social Security costs	86,346	80,474
Other pension costs	5,110	4,328
	-----	-----
	1,117,571	1,012,129
	-----	-----

This includes remuneration paid to directors of the company of ENil
(1984 ENil) - see note 5.

	Number	Number
The average number of employees throughout the year was:	108	109

5. Emoluments of Directors and Employees

The emoluments, excluding pension contributions, of directors of the company are detailed as follows:-

	1985 £	1984 £
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Chairman	Nil	Nil
Highest paid director	Nil	Nil
Other directors in scale:- ENil	One	One

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NOTES ON THE ACCOUNTS - 28 February 1985 (continued)

	1985 £	1984 £
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6. Other Income		

Income from shares in group companies	-	-
Interest receivable from group companies	17,071	15,499
Other interest receivable and similar income	-	-
	-----	-----
	17,071	15,499
	-----	-----
7. Interest Payable and Similar Charges		

Interest payable to group companies	-	-
Other interest payable	-	-
	-----	-----
	-	-
	-----	-----

8. Tax on profit

Corporation Tax has been provided at 45% (1984-50%) on the profit for the year after offsetting losses of fellow subsidiary companies. The charge for the year has been reduced by approximately £1,070 (1984 - £225) being the effect of accelerated capital allowances for which no provision for deferred taxation is considered necessary.

NOTES ON THE ACCOUNTS - 28 February 1985 (continued)

9. Tangible Fixed Assets

	Short Leasehold Property	Office Equipment	Plant and Machinery	Motor Vehicles	TOTAL
	£	£	£	£	£
COST					
Balance brought forward	-	11,630	14,062	91,380	117,072
Additions	-	-	2,818	38,183	41,001
Group transfers in	-	-	-	-	-
Disposals	-	-	-	(40,628)	(40,628)
Group transfers out	-	-	-	(4,639)	(4,639)
Balance carried forward	-	11,630	16,880	84,296	112,806
DEPRECIATION					
Balance brought forward	-	10,983	12,756	39,704	63,443
Charge for the year	-	210	1,002	20,880	22,092
Group transfers in	-	-	-	-	-
Disposals	-	-	-	(28,193)	(28,193)
Group transfers out	-	-	-	(2,320)	(2,320)
Balance carried forward	-	11,193	13,758	30,071	55,022
NET BOOK VALUES					
At 1 March 1984	-	647	1,306	51,676	53,629
NET BOOK VALUES					
At 28 February 1985	-	437	3,122	54,225	57,784

10. Fixed Assets Investments

	Subsidiary Company Shares	Subsidiary Companies Loan	TOTAL
	£	£	£
Cost at 1 March 1984	-	-	-
Additions	-	-	-
Disposals	-	-	-
Cost at 28 February 1985	-	-	-

NOTES ON THE ACCOUNTS - 28 February 1985 (continued)

	1985 £	1984 £
11. Stocks		
Raw materials held in store for use and resale	-	-
Finished Goods	-	-
Work in progress, including materials on site	1,095,321	1,286,998
Cash received on account	(862,324)	(1,082,361)
	232,997	204,637

The directors do not consider the replacement value of stocks to be materially different from the book value shown above.

12. Debtors

	1985 £	1984 £
Due within one year:-		
Trade debtors	97,239	28,171
Amounts owed by group companies	206,875	160,711
Other debtors	-	-
Prepayments and accrued income	1,660	1,840
	305,774	190,722
Due after more than one year:-		
Employees' mortgages and loan accounts	-	-
	305,774	190,722

13. Creditors - amounts falling due within one year

	1985 £	1984 £
Trade creditors	144,086	180,625
Payments received on account	42,018	81,881
Amounts due to group companies	21,362	23,285
Bank overdraft	-	-
Taxation	80,750	31,500
Social Security and PAYE	23,851	28,202
Other creditors	40,448	51,113
Accruals	30,591	49,483
Proposed dividends	-	-
	383,106	446,089

Amounts owing to HAT Group PLC totalling
are secured by a floating charge on the assets of the company.

14. Creditors - falling due after more than one year

	1985 £	1984 £
Taxation payable.....	-	-

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NOTES ON THE ACCOUNTS - 28 February 1985 (continued)

15. Deferred Taxation

Potential tax liabilities which are not expected to crystallize in the future, exist in respect of:-

	1985 £	1984 £
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Accelerated capital allowances	12,377)	12,487)
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16. Called Up Share Capital

	Authorised £	Issued and Fully paid 1985 £	1984 £
95,000 5% cum. pref. part redeemable shares of £1 each	95,000	27,300	27,300
5,000 ordinary shares of 5p each	250	250	250
5,000 non-cumulative 4% preference shares of £1 each	5,000	5,000	5,000
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	100,250	32,550	32,550
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The company is a 87.5% owned subsidiary of HAT Group PLC, a company incorporated in England.

17. Capital commitments

At the balance sheet date the following capital expenditure had been authorised:-

	1985 £	1984 £
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Contracted	NIL	NIL
Not contracted	NIL	NIL
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