

COMPANY NO: 499423

PARKERSELL LIMITED

REPORT AND FINANCIAL STATEMENTS

◆ *Year ended 31 December 1999* ◆



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PARKERSELL LIMITED

COMPANY INFORMATION

Directors	L Bermejo J Winterbottom J-P Riehl J Roberts
Secretary	J-P Riehl
Registered office	Buchanan House 24 - 30 Holborn London EC1N 2LX
Registered number	499423
Auditors	RSM Robson Rhodes Chartered Accountants 186 City Road London EC1V 2NU
Bankers	National Westminster Bank Plc 1 Princes Street London EC2R 8PH

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 December 1999.

Principal activities

The group's principal activity during the year continued to be the installation and maintenance of lighting and electrical services.

Results and dividends

The group profit for the year after taxation amounted to £1,601,508 (1998: loss £295,428) and is dealt with as shown in the profit and loss account on page 6.

The directors do not propose a final dividend for the year (1998: £nil). An interim dividend of 436.7 pence per share was paid in December 1999 (1999: £nil).

Future Prospects

Following the restructuring of the group during 1999 the directors expect sustainable profit growth in the future.

Disposal of subsidiaries

The group's interests in Parkersell France, Parkersell Germany, Parkersell Forecourt Services Limited and Power & Data Installations Limited were disposed of during 1999. This was achieved following the decision by the directors to concentrate upon the core activity of lighting maintenance within the UK and Ireland.

Creditors

It is the company's normal practice to agree terms of transactions, including payment terms, with suppliers and provided suppliers perform in accordance with the agreed terms. It is the company's policy that payment is made accordingly. Creditor days at 31 December 1999 were 52 (1998: 26).

The Year 2000

A review was undertaken in 1997 to identify areas of potential non compliance. Our policy of upgrading our non compliant hardware and software was completed during 1999. Following the implementation of our Year 2000 programme, there was no material disruption to the business arising from the millennium date change.

With regard to supplied products with embedded micro processor technology our policy is to advise all clients of any installed non compliant equipment of which we are aware. As a customer service we are committed to an ongoing programme to identify supplied products which may not be Year 2000 compliant.

REPORT OF THE DIRECTORS (continued)

Employee Involvement

The company has for many years been fully committed to securing the full co-operation and involvement of its employees in the success of the business.

This is achieved by direct communication and consultation with all employees and with representatives, where appropriate, at the locations in which they work. Employees are regularly informed of the performance and progress of their company by briefing groups and are encouraged to maximise company performance by means of incentive schemes.

Disabled Employees

The company gives every consideration to applications for employment from disabled persons where the requirements of the job may be adequately fulfilled by a handicapped or disabled person.

Where existing employees become disabled, it is the company's policy wherever practicable to provide continuing employment under normal terms and conditions and to provide training and career development and promotion wherever appropriate.

Directors and their interests

The present membership of the Board is set out on page 1.

Messrs J Winterbottom and L Bermejo were appointed on 1 March 1999 and 6 May 1999 respectively; Messrs J-P Riehl and J Roberts were appointed on 29 March 2000. All other directors served throughout the year.

Mr E Naour resigned on 7 February 2000 and Mr D W Guthrie resigned on 30 June 2000. The directors had no interest in the share capital of the company or any other group undertakings as at 31 December 1999.

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 or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping proper accounting records which 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.

PARKERSELL LIMITED

REPORT OF THE DIRECTORS (continued)

Auditors

During the year, Deloitte and Touche resigned as auditors and Robson Rhodes were appointed in their place. The auditors, Robson Rhodes, changed their name to RSM Robson Rhodes on 18 October 1999 and accordingly sign the audit report using their new name. RSM Robson Rhodes are willing to continue in office, and a resolution to reappoint them will be proposed at the Annual General Meeting.

The report of the directors was approved by the Board on ~~13.10.00~~ 2000 and signed on its behalf by:



J-P Riehl
Secretary

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF PARKERSELL LIMITED**

We have audited the financial statements on pages 6 to 26 which have been prepared on the basis of the accounting policies set out on pages 10 to 11.

Respective responsibilities of directors and auditors

As described on page 3 company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 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 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 of the state of affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RSM Robson Rhodes
Chartered Accountants and Registered Auditor

London
20th 2000

PARKERSELL LIMITED

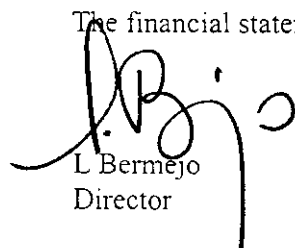
CONSOLIDATED PROFIT AND LOSS ACCOUNT for the year ended 31 December 1999

	Note	Continuing operations 1999 £	Discontinued operations 1999 £	Total 1999 £	Continuing Operations 1998 £
Turnover	2	30,137,384	5,612,712	35,750,096	50,762,635
Change in stocks and work in progress		(103,409)	(125,794)	(299,203)	(1,174,859)
		<hr/>	<hr/>	<hr/>	<hr/>
Raw materials and consumables		30,033,975	5,486,918	35,520,893	49,587,776
		(9,949,552)	(1,571,147)	(11,520,699)	(20,056,197)
		<hr/>	<hr/>	<hr/>	<hr/>
		20,084,423	3,915,771	24,000,194	29,531,579
		<hr/>	<hr/>	<hr/>	<hr/>
Staff costs	5	(10,805,706)	(2,650,043)	(13,455,749)	(17,978,088)
Depreciation and amortisation	3	(462,749)	(127,255)	(590,004)	(1,268,874)
Other operating charges		(6,011,528)	(1,297,836)	(7,309,364)	(10,390,068)
		<hr/>	<hr/>	<hr/>	<hr/>
		(17,279,983)	(4,075,134)	(21,355,117)	(29,637,030)
		<hr/>	<hr/>	<hr/>	<hr/>
Operating Profit	3	2,804,440	(159,363)	2,645,077	(105,451)
Loss on disposal of discontinued operations	13			(411,999)	-
Profit on sale of fixed assets				19,050	199,327
Interest receivable and similar income	6			221,987	7,319
Interest payable and similar charges	7			(5,139)	(33,453)
				<hr/>	<hr/>
Profit on ordinary activities before taxation	2			2,468,976	67,742
Tax on profit on ordinary activities	8			(867,468)	(363,170)
				<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation				1,601,508	(295,428)
Equity minority interests				(8,608)	(53,369)
				<hr/>	<hr/>
(Loss)/profit for the financial year	9			1,592,900	(348,797)
Dividends	10			(3,057,000)	-
				<hr/>	<hr/>
Retained (loss)/profit for the financial year	21			(1,464,100)	(348,797)
				<hr/>	<hr/>

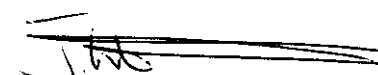
PARKERSELL LIMITED**CONSOLIDATED BALANCE SHEET**
at 31 December 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	11	2,092,684	2,018,451
		<u> </u>	<u> </u>
Current assets			
Stocks and work in progress	14	2,951,965	4,334,211
Debtors	15	5,052,230	12,942,251
Cash at bank and in hand		5,025,155	638,094
		<u>13,029,350</u>	<u>17,914,556</u>
Creditors: Amounts falling due within one year	16	(4,966,190)	(7,803,440)
		<u> </u>	<u> </u>
Net current assets		8,063,160	10,111,116
		<u> </u>	<u> </u>
Total assets less current liabilities		10,155,844	12,129,567
Creditors: amounts falling after more than one year		-	-
Provisions for liabilities and charges	18	(230,000)	(175,000)
Equity minority interests		-	(294,153)
		<u> </u>	<u> </u>
Total net assets		9,925,844	11,660,414
		<u> </u>	<u> </u>
Capital and reserves			
Called up share capital	19	700,000	700,000
Share premium account	20	238	238
Other reserves	20	26,791	26,791
Profit and loss account	20	9,918,815	10,933,385
		<u> </u>	<u> </u>
Total equity shareholders' funds	21	9,925,844	11,660,414
		<u> </u>	<u> </u>

The financial statements were approved by the Board on 13.10. 2000 and signed on its behalf by:



L. Berméjo
Director



J Winterbottom
Director

PARKERSELL LIMITED**COMPANY BALANCE SHEET**
at 31 December 1999

	Note	1999 £	1998 £
Fixed assets			
Tangible assets	11	323,058	360,852
Investments	12	701,081	1,339,103
		<u>1,024,139</u>	<u>1,699,955</u>
Current assets			
Debtors	15	1,853,340	3,677,636
Cash at bank and in hand		713,042	-
		<u>2,566,382</u>	<u>3,677,636</u>
Creditors: Amounts falling due within one year	16	(903,598)	(4,205,619)
Net current assets/(liabilities)		<u>1,662,784</u>	<u>(527,983)</u>
Total assets less current liabilities		2,686,923	1,171,972
Provisions for liabilities and charges	18	-	-
Total net assets		<u>2,686,923</u>	<u>1,171,972</u>
Capital and reserves			
Called up share capital	19	700,000	700,000
Share premium account	20	238	238
Other reserves	20	26,791	26,791
Profit and loss account	20	1,959,894	444,943
Total equity shareholders' funds	21	<u>2,686,923</u>	<u>1,171,972</u>

These financial statements were approved by the Board of Directors on
behalf of the Board of Directors:

2000 and signed on

L Bermejo
Director

J Winterbottom
Director

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Year ended 31 December 1999

	1999 £	1998 £
Loss for the financial year	(1,464,100)	(348,797)
Currency translation differences on foreign currency net investments	(270,470)	108,601
Total recognised gains and losses for the year	<u>(1,734,570)</u>	<u>(240,196)</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Basic of Consolidation

The group accounts consolidate the accounts of Parkersell Limited and all its subsidiary undertakings drawn up for the year ending 31 December. No profit and loss account is presented for Parkersell Limited as permitted by section 230 of the Companies Act 1985.

Related party transactions

The company has taken advantage of the exemption contained in FRS 8 not to present transactions with other group entities as it is a wholly owned subsidiary of Dalkia plc, and such transactions are eliminated on consolidation.

Goodwill

Purchased goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful life. Goodwill arising prior to the introduction of FRS 10 remains written off against reserves; on disposal or closure of a business, or if any impairment is identified, a charge is made to the profit and loss account.

Tangible fixed assets

Depreciation is provided on cost or valuation in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Freehold properties	2% per annum
Short leasehold improvements	10% per annum
Plant and machinery	20% per annum
Computer and office equipment	10% to 33 1/3% per annum
Private vehicles	25% to 33 1/3% per annum
Commercial vehicles	25% to 40% per annum

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Market research

Expenditure on market research is written off in the period in which it is incurred.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

1. ACCOUNTING POLICIES (continued)

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is expected that tax will arise.

Foreign currencies

Company

Transactions in foreign currencies are recorded at the rate ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Group

The balance sheets of overseas subsidiary undertakings are translated at the rate of exchange ruling at the balance sheet date. Trading results of these subsidiaries are translated at an average rate of exchange for the year. The exchange differences arising on the retranslation of the financial statements of overseas subsidiaries undertakings are taken directly to retained profits. All other translation differences are taken to the profit and loss account.

Leases

Assets held under hire purchase contracts are capitalised at their fair value on the inception of the leases and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital amount outstanding.

Rentals under operating leases are charged to profit and loss in equal annual amounts over the lease term.

Pensions

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries, is charged to the profit and loss account so as to spread the cost of the service lives of employees in the schemes operated by the company in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

2. TURNOVER

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax. The turnover and pre tax profit are attributable to one activity, the installation and maintenance of lighting and electrical equipment.

Group turnover and profit before tax by geographical location were as follows:

	Turnover		Profit before tax	
	1999	1998	1999	1998
	£	£	£	£
United Kingdom	28,463,668	41,744,990	2,455,557*	(397,261)
Rest of Europe	7,286,428	9,017,645	(157,520)	465,003
	<u>35,750,096</u>	<u>50,762,635</u>	<u>2,468,976</u>	<u>67,742</u>

* Includes £411,999 exceptional loss on disposal of subsidiaries.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting)::

	1999	1998
	£	£
Depreciation and other amounts written off tangible and intangible fixed assets:		
Owned assets	590,004	1,131,364
Release of provision for impairment of tangible fixed assets made in prior year	-	(138,000)
Exceptional impairment of goodwill	-	275,510
Auditors' remuneration		
Audit fees	40,000	37,000
Other services	13,367	7,245
Operating lease rentals		
Land and buildings	668,833	956,864
Other	952,579	1,374,884
	<u> </u>	<u> </u>

The impairment of goodwill relates to a subsidiary of the company which was disposed of during 1999.

The reversal of the provision for impairment in 1998 was made based on the directors' current assessment of the realisability of the related assets.

Auditors' remuneration in respect of the company audit amounted to £13,000 (1998: £12,750).

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

4. DIRECTORS' REMUNERATION

	1999 £	1998 £
Emoluments (excluding pension contributions)	276,257	275,148
Compensation for loss of office	-	122,251
	<u> </u>	<u> </u>
Number of directors who:	No	No
Are members of a defined benefit scheme	5	3
	<u> </u>	<u> </u>
Highest paid directors' remuneration:		
Emoluments (excluding pension contributions)	128,931	95,508
	<u> </u>	<u> </u>

The amount of the accrued pension of the highest paid director at 31 December 1999 was £3,674 (1998: £2,141). The increase in the year (excluding any increase for inflation) was £1,469 (1998: £1,107).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

5. STAFF COSTS

	Continuing Operations 1999 £	Discontinued operations 1999 £	Total 1999 £	Continuing operations 1998 £	Discontinued operations 1998 £	Total 1998 £
Wages and salaries	9,767,959	2,038,959	11,806,918	9,582,394	6,249,294	15,831,688
Social security costs	781,437	611,084	1,392,521	811,153	1,045,504	1,856,657
Other pension costs	256,310	-	256,310	246,588	43,155	289,743
	<u>10,805,706</u>	<u>2,650,043</u>	<u>13,455,749</u>	<u>10,640,135</u>	<u>7,337,953</u>	<u>17,978,088</u>
Average staff numbers:	No	No	No	No	No	No
Management	28	-	28	30	14	44
Sales	44	-	44	47	24	71
Admin	110	-	110	152	42	194
Operations	409	-	409	416	266	682
	<u>591</u>	<u>-</u>	<u>591</u>	<u>645</u>	<u>346</u>	<u>991</u>

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

6. INTEREST RECEIVABLE

	Continuing Operations 1999 £	Discontinued operations 1999 £	Total 1999 £	Continuing operations 1998 £	Discontinued operations 1998 £	Total 1998 £
Bank interest	1,550	-	1,550	192	1,528	1,720
Intercompany	220,437	-	220,437	5,599	-	5,599
	<u>221,987</u>	<u>-</u>	<u>221,987</u>	<u>5,791</u>	<u>1,528</u>	<u>7,319</u>
	<u><u>221,987</u></u>	<u><u>-</u></u>	<u><u>221,987</u></u>	<u><u>5,791</u></u>	<u><u>1,528</u></u>	<u><u>7,319</u></u>

7. INTEREST PAYABLE

	Continuing Operations 1999 £	Discontinued operations 1999 £	Total 1999 £	Continuing operations 1998 £	Discontinued operations 1998 £	Total 1998 £
Bank loans and overdrafts	1,550	3,267	4,817	2,090	813	2,903
Intercompany	322	-	322	29,973	-	29,973
Other	-	-	-	577	-	577
	<u>1,872</u>	<u>3,267</u>	<u>5,139</u>	<u>32,640</u>	<u>813</u>	<u>33,453</u>
	<u><u>1,872</u></u>	<u><u>3,267</u></u>	<u><u>5,139</u></u>	<u><u>32,640</u></u>	<u><u>813</u></u>	<u><u>33,453</u></u>

PARKERSELL LIMITED

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	Continuing Operations 1999 £	Discontinued operations 1999 £	Total 1999 £	Continuing operations 1998 £	Discontinued operations 1998 £	Total 1998 £
UK Corporation tax at 30.25% (1998: 31%)	700,000	-	700,000	366,000	(225,650)	140,350
Under/(over) provision in prior years	(21,114)	-	(21,114)	19,366	1,053	20,419
Overscas	45,871	142,711	188,582	59,979	142,422	202,401
	<u>742,757</u>	<u>142,711</u>	<u>867,468</u>	<u>445,345</u>	<u>(82,175)</u>	<u>363,170</u>

The 1998 tax charge was high owing to expenses not deductible for tax purposes, in particular the exceptional goodwill impairment. No provision for deferred tax has been made as it would result in the creation of a deferred tax asset, the crystallisation of which is not reasonably certain.

9. PROFIT OF PARENT COMPANY

The profit, before dividends paid, dealt with in the accounts of the parent company was £371,951 (1998: £253,084).

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

10. DIVIDENDS

	1999 £	1998 £
	pence per share	
Interim paid 436.7 pence per ordinary share (1998: nil pence)	436.7	-

11. TANGIBLE FIXED ASSETS

Group	Freehold properties £	Short leasehold improvements £	Plant and equipment £	Computer and office equipment £	Motor vehicles £	Total £
Cost						
At 1 January 1999	590,272	429,281	1,187,779	1,613,230	2,149,196	5,969,758
Exchange adjustments	(19,571)	(2,116)	(20,399)	(18,307)	(76,553)	(137,126)
Additions	5,496	113,171	123,866	927,636	217,583	1,387,752
Disposals	-	(33,301)	(42,066)	(88,379)	(31,444)	(475,190)
Disposal of subsidiaries	-	(234,675)	(494,324)	(548,332)	(558,315)	(1,835,646)
At 31 December 1999	576,017	272,360	754,856	1,885,848	1,420,467	4,909,548
Depreciation						
At 1 January 1999	113,439	262,985	833,622	1,119,277	1,621,984	3,951,307
Exchange adjustments	(2,573)	(2,103)	(16,078)	(14,270)	(51,283)	(86,307)
Charge for the year	10,842	22,797	108,677	192,682	225,006	590,004
Disposals	-	(26,494)	(40,384)	(76,469)	(245,922)	(389,269)
Disposal of subsidiaries	-	(144,291)	(326,777)	(374,468)	(403,335)	(1,248,871)
At 31 December 1999	121,708	112,894	559,060	846,752	1,176,450	2,816,864
Net book value						
At 31 December 1999	454,309	159,466	195,796	1,039,096	244,017	2,092,684
At 31 December 1998	476,833	166,296	354,157	493,953	527,212	2,018,451

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

11. TANGIBLE FIXED ASSETS (continued)

Company	Freehold properties £	Computer and office equipment £	Motor vehicles £	Total £
Cost or valuation				
At 1 January 1999	424,082	63,810	54,209	542,101
Disposals	-	(63,810)	(54,209)	(118,019)
At 31 December 1999	424,082	-	-	424,082
Depreciation				
At 1 January 1999	93,392	60,163	27,694	181,249
Charge for the year	7,632	3,647	2,753	14,012
Disposals	-	(63,810)	(30,427)	(94,237)
At 31 December 1999	101,024	-	-	101,024
Net book value				
At 31 December 1999	323,058	-	-	323,058
At 31 December 1998	330,690	3,647	26,515	360,852

The cost or valuation of freehold property at the end of the financial period comprises:

	Group £	Company £
At cost	522,267 53,750	370,332 53,750
At valuation	576,017	424,082

Freehold property was revalued in 1973 on an open market value basis. Depreciation provided has been based on the revalued amount and additions at costs. In the opinion of the directors the difference between book value at cost and the revalued amount is not material.

NOTES TO THE FINANCIAL STATEMENTS
Year ended 31 December 1999

12. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
Cost	
At 1 January 1999	5,940,958
Disposal of subsidiaries	(738,877)
At 31 December 1999	5,202,081
Provision for impairment	
At 1 January 1999	4,601,855
Disposal of subsidiaries	(100,855)
At 31 December 1999	4,501,000
Net book value	
At 31 December 1999	701,081
At 31 December 1998	1,339,103
The principal subsidiary undertakings at 31 December 1999 were:	

Company	Country of incorporation or registration	Proportion of ordinary shares held
Parkersell (Lighting & Electrical) Services Ltd	England	100%
Parkersell Lighting Services (Ireland) Ltd	Ireland	100%
Parkersell Highway Lighting Services Ltd	England	100%

All subsidiary undertakings install and maintain lighting and electrical equipment or associated services.

13. DISPOSAL OF SUBSIDIARY UNDERTAKINGS

	Total £
Fixed Assets	586,731
Stock	1,153,042
Debtors	5,845,778
Cash	195,925
	<u>7,781,476</u>
Creditors	(6,235,167)
Taxation	(121,243)
	<u>1,425,066</u>
Net assets at disposal	1,425,066
Profit/(loss) on disposal	(411,999)
	<u>1,013,067</u>
Cash consideration received	<u>1,013,067</u>

14. STOCKS AND WORK IN PROGRESS

	1999 £	1998 £
Raw materials and finished goods for resale	1,303,532	2,590,406
Work in progress	1,648,433	1,743,805
	<u>2,951,965</u>	<u>4,334,211</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

15. DEBTORS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Trade debtors	4,681,638	12,075,820	-	-
Amounts due from subsidiary undertakings	-	-	1,800,000	3,336,508
Amounts due from fellow subsidiary undertakings	101,293	1,042	-	-
Group relief receivable	-	-	-	275,000
Other debtors	166,187	477,146	53,340	66,128
Prepayments and accrued income	103,112	388,243	-	-
	<u>5,052,230</u>	<u>12,942,251</u>	<u>1,853,340</u>	<u>3,677,636</u>

All debtors are due within one year.

16. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1999	1998	1999	1998
	£	£ '000	£ '000	£ '000
Bank loans and overdrafts	283	310,245	-	2,002,371
Obligations under hire purchase contracts (note 16)	-	9,912	-	-
Trade creditors	1,355,036	2,129,753	-	-
Amounts due to group undertakings	-	-	536,004	1,468,405
Current corporation tax	725,000	215,350	35,000	-
Overseas taxation	43,147	159,835	-	-
Other taxes and social security costs	659,098	1,781,065	-	2,400
Other creditors	1,931,633	2,192,522	332,594	649,940
Accruals and deferred income	251,993	1,004,758	-	82,503
	<u>4,966,190</u>	<u>7,803,440</u>	<u>903,598</u>	<u>4,205,619</u>

The bank loans and overdrafts are secured by a cross guarantee with the parent Dalkia plc and fellow subsidiary undertakings.

Obligations under hire purchase contracts are secured on the related assets.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

17. CREDITORS: FINANCE LEASE OBLIGATIONS

	1999 £	1998 £
Group		
Obligations under hire purchase contracts expiring in two to five years	-	-
	<u> </u>	<u> </u>
Instalments payable:		
within one year	-	10,255
in more than one year but not more than two years	-	-
	<u> </u>	<u> </u>
	-	10,255
Future interest	-	(343)
	<u> </u>	<u> </u>
Capital outstanding	-	9,912
	<u> </u>	<u> </u>
Capital disclosed as:		
due within one year	-	9,912
due after one year	-	-
	<u> </u>	<u> </u>
	-	9,912
	<u> </u>	<u> </u>

18. PROVISIONS FOR LIABILITIES AND CHARGES

	Other provisions Group £
At 1 January 1999	175,000
Charged in the year	55,000
Released in the year	-
	<u> </u>
At 31 December 1999	230,000
	<u> </u>

The provision represents the group's committed obligations in respect of certain operating leases and has been reclassified from other creditors in accordance with FRS 12.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

19. SHARE CAPITAL

	1999 £	1998 £
Authorised:		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
700,000 ordinary shares of £1 each	700,000	700,000
	<u> </u>	<u> </u>

20. RESERVES

	Share premium £	Other reserves £	Profit and loss account £
Group			
Balance at 1 January 1999	238	26,791	10,933,385
Retained loss for the financial period	-	-	(1,464,100)
Goodwill written back	-	-	-
Exchange differences on retranslation	-	-	(270,470)
Balance at 31 December 1999	<u>238</u>	<u>26,791</u>	<u>9,198,815</u>
	<u> </u>	<u> </u>	<u> </u>
	Share premium £	Other reserves £	Profit and loss account £
Company			
Balance at 1 January 1999	238	26,791	444,943
Profit for the financial period	-	-	1,514,951
Balance at 31 December 1999	<u>238</u>	<u>26,791</u>	<u>1,959,894</u>
	<u> </u>	<u> </u>	<u> </u>

The cumulative amount of positive goodwill written off against reserves at 31 December 1999 was £1,000 (1998: £6,366); cumulative negative goodwill of £4 (1998: £2,883) has been added to reserves.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

21. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Profit/(loss) for the financial year	1,592,900	(348,797)	371,951	253,084
Dividends	(3,057,000)	-	1,143,000	-
	<u>(1,464,100)</u>	<u>(348,797)</u>	<u>1,514,951</u>	<u>253,084</u>
Goodwill written back	-	275,510	-	-
Other recognised gains and losses relating to the period	(270,470)	108,601	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net movement in shareholders' funds	(1,734,570)	35,314	1,514,951	253,084
Opening shareholders' funds	11,660,414	11,625,100	1,171,972	918,888
Closing shareholders' funds	<u>9,925,844</u>	<u>11,660,414</u>	<u>2,686,923</u>	<u>1,171,972</u>

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

22. FINANCIAL COMMITMENTS

Authorised future capital expenditure amounted to:

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Contracted for but not provided	-	13,214	-	-

Commitments under non-cancellable operating leases are as follows:

	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Group				
Operating leases which expire:				
within one year	31,329	91,843	254,786	142,227
between two and five years	223,840	368,771	841,166	1,037,445
over five years	240,198	267,376	-	-
	<u>495,367</u>	<u>727,990</u>	<u>1,095,952</u>	<u>1,179,672</u>

	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Company				
Operating leases which expire:				
between two and five years	-	-	-	-

23. PENSION COMMITMENTS

The company is a participating employer in the Dalkia Group Pension Scheme; the assets of the scheme are held separately from that of the company. The total cost of retirement benefits for the company was £256,310 (1998: £289,743). The scheme is separately funded and provides defined benefits that are computed based on an employee's years of service and final pensionable salary. Contributions are made to the scheme on the basis of advice from independent actuaries, using actuarial methods, the objective of which is to provide adequate funds to meet pension obligations at they fall due, and are based on pension costs in respect of all members of the fund. Particulars of the most recent actuarial valuation of the scheme are included within the accounts of Dalkia plc.

NOTES TO THE FINANCIAL STATEMENTS

Year ended 31 December 1999

24. CONTINGENT LIABILITIES

Company

On 10 January 1994 the company entered into an agreement with its parent company Dalkia Plc and fellow subsidiary undertakings. A cross guarantee exists between all parties to the agreement whereby each company has guaranteed the bank current accounts of the others. Dalkia plc has an unsecured overdraft facility of £5 million.

The company is registered with HM Customs & Excise as a member of a group for VAT purposes, and as a result, jointly and severally liable on a continuing basis for amounts owing by other members of that group in respect of unpaid VAT.

The company has issued a guarantee in favour of HM Customs and Excise in the sum of £10,000.

At the year end the company had issued general performance bonds to customers amounting to £10,686 (1998: £92,686).

The group had issued general performance bands to various customers amounting to £111,116 (1998: £133,307).

25. ULTIMATE PARENT UNDERTAKING

The parent undertaking is Dalkia Plc, a company incorporated in Great Britain and registered in England and Wales. The ultimate parent undertaking is Vivendi (formerly Compagnie Generale des Eaux), a company incorporated in France. These are the smallest and largest undertakings for which group accounts are drawn up. Copies of the group accounts are available from:

Dalkia Plc
Buchanan House
24-30 Holborn
London SW1H 9JA

Vivendi
42 Avenue de Friedland
75380 Paris
France