



Company Registration No. 609981

COMMUNICATIONS INSTALLATIONS  
TECHNOLOGY LIMITED

Report and Financial Statements

31 December 2000



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COMMUNICATIONS INSTALLATIONS TECHNOLOGY LIMITED

REPORT AND FINANCIAL STATEMENTS 2000

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**REPORT AND FINANCIAL STATEMENTS 2000**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

R Hammerton  
D A Foreman  
D Paterson  
G G R Ludlow  
P C Slabbert  
D J Lloyd

**SECRETARY**

D A Foreman

**REGISTERED OFFICE**

Intersection House  
Birmingham Road  
West Bromwich  
West Midlands  
B70 6RX

**BANKERS**

Midland Bank plc  
130 New Street  
Birmingham  
B2 4JU

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
63 High Street  
Crawley  
West Sussex  
RH10 1BQ

**DIRECTORS' REPORT**

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The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

**ACTIVITIES**

The principal activity of the Company continues to be the installation of data cable and telephony networks.

**REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The Company achieved a satisfactory result for the year.

Future prospects for the Company remain positive as it develops new business opportunities.

**RESULTS**

The results of the Company are as set out in the Profit and Loss Account on page 7, and on the Balance Sheet on page 8.

The Company has paid an interim dividend of £93,000 (1999 - £123,000). The Directors recommend the payment of a final dividend of £189,000 (1999 - £317,000).

**DIRECTORS AND THEIR INTERESTS**

The directors who served during the year and those appointed since the year end are set out below: -

D A Foreman	(appointed 31.1.00)
R Hammerton	
D J Lloyd	
D Paterson	(appointed 5.7.00)
C Cherry	(appointed 1.1.01)
C Lewis	(appointed 1.1.01)
G G R Ludlow	(resigned 17.2.00)
P C Slabbert	(resigned 12.5.00)

None of the directors has any beneficial interest in the shares of the Company.

In accordance with the Articles of Association directors are not required to retire by rotation.

The interests of the directors at 31 December 2000 in the capital of the ultimate parent undertaking of Interserve Plc (formerly Tilbury Douglas Plc), are as stated on Page 3. The directors have no other interest in any other group undertaking.

**DIRECTORS' REPORT** (continued)

	<u>Shares of 10p each</u>		<u>Options over Shares of 10p each</u>		<u>Exercise Price p</u>	<u>Period of Exercise</u>
	1.1.00	31.12.00	1.1.00	31.12.00		
R Hammerton	10,430	10,430	14,150	14,150	212.0	07.10.01-06.10.08
			10,850	10,850	212.0	07.10.01-6.10.05
			-	10,000	316.0	14.07.03-13.07.07
D Paterson			14,150	14,150	212.0	07.10.01-06.10.08
			10,850	10,850	212.0	07.10.01-6.10.05
			-	10,000	316.0	14.07.03-13.07.07
D J Lloyd			14,150	14,150	212.0	07.10.01-06.10.08
			10,850	10,850	212.0	07.10.01-6.10.05

The market price of Interserve Plc (formerly Tilbury Douglas Plc) shares at 31 December 2000 was 495p.  
The range of closing prices during the year was 252p to 510p.

**EMPLOYEES**

The Company has an established policy that disabled persons, especially should they become disabled in the course of their employment with the Company, are employed where circumstances permit. The Company endeavours to ensure that disabled employees benefit from training and career development programmes in common with other employees.

**POLICY ON PAYMENT CREDITORS**

It is the Company's normal practice to agree payment terms with its suppliers and abide by those terms. Payment becomes due when it can be confirmed that goods and/or services have been provided in accordance with the relevant contractual conditions. Trade creditors at 31<sup>st</sup> December 2000, calculated in accordance with the requirements of the Companies Act 1985, were 37 days (1999-47 days). This represents the ratio, expressed in days, between the amounts invoiced to the Company in the year by its supplier and the amounts due, at the year end, to trade creditors falling due for payment within one year.

**DIRECTORS' REPORT** (continued)

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**AUDITORS**

Resolutions will be proposed at the annual general meeting to re-appoint Deloitte & Touche as auditors to the company and to authorise the directors to fix their remuneration.

Intersection House ]  
110 Birmingham Road ]  
West Bromwich ]  
West Midlands ]  
B70 6RX ]

Approved by the Board of Directors and  
signed on behalf of the Board by



D Foreman

Secretary

17<sup>th</sup> April 2001

**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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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 as at the end of the financial year and of the profit or loss for that period. In preparing those 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 accounting standards have been followed;
- Prepare the financial statements on the ongoing 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' REPORT TO THE MEMBERS OF  
COMMUNICATIONS INSTALLATIONS TECHNOLOGY LIMITED**

We have audited the financial statements on pages 7 to 14 which have been prepared under the accounting policies set out on pages 9 and 10.

**Respective responsibilities of directors and auditors**

As described on page 5 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

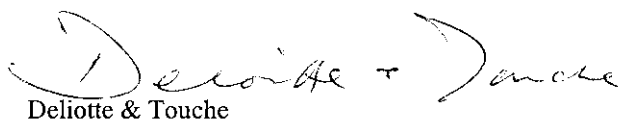
**Basis of opinion**

We conducted our audit in accordance with 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 judgments 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.

**Opinion**

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
Deloitte & Touche

Chartered Accountants and Registered Auditors

23 April 2001

63 High Street  
Crawley  
West Sussex  
RH10 1BQ



**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2000**

	NOTE	2000 £'000	1999 £'000
<b>TURNOVER</b>		9,521	10,327
Cost of Sales		<u>(7,236)</u>	<u>( 7,851)</u>
<b>GROSS PROFIT</b>		2,285	2,476
Administration Expenses		<u>(1,530)</u>	<u>(1,303)</u>
<b>OPERATING PROFIT</b>	2	755	1,173
Interest receivable	6	<u>34</u>	<u>33</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		789	1,206
Tax on profit on ordinary activities	7	<u>(153)</u>	<u>(372)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		636	834
Equity dividends paid/proposed	14	<u>(282)</u>	<u>(440)</u>
<b>RETAINED PROFIT FOR THE YEAR TRANSFERRED TO RESERVES</b>	12	<u>354</u>	<u>394</u>

All activities derive from continuing operations

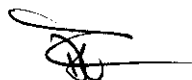
A Statement of Total Recognised Gains and Losses is not presented as there have been no recognised gains or losses other than the profit for the year and the preceding year set out above.

**BALANCE SHEET AT 31 DECEMBER 2000**

	NOTE	2000 £'000	1999 £'000
<b>FIXED ASSETS</b>			
Tangible assets	8	174	199
<b>CURRENT ASSETS</b>			
Debtors	9	2,995	2,411
Cash at bank and in hand		<u>373</u>	<u>1,261</u>
		3,368	3,672
<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
Trade creditors		(933)	(874)
Sundry creditors	10	<u>(840)</u>	<u>(1,582)</u>
		<u>(1,773)</u>	<u>(2,456)</u>
<b>NET CURRENT ASSETS</b>		<u>1,595</u>	<u>1,216</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>1,769</u>	<u>1,415</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	50	50
Profit and loss account	12	<u>1,719</u>	<u>1,365</u>
<b>EQUITY SHAREHOLDERS' FUNDS</b>	13	<u>1,769</u>	<u>1,415</u>

These financial statements were approved by the Board of Directors on 17<sup>th</sup> April 2001.

Signed on behalf of the Board of Directors.



D Foreman  
**DIRECTOR**

17<sup>th</sup> April 2001

**NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000**

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**ACCOUNTING CONVENTION**

These financial statements have been prepared in accordance with the historical cost convention.

**TURNOVER**

Turnover represents the invoiced value of goods supplied and services rendered as adjusted by the variation between opening and closing valuations of contracts in progress and after making full provision for potential claims and allowances.

**TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is provided on a straight-line basis calculated to write down their cost over their estimated useful economic lives at the following annual rates:

Plant, equipment and fixtures	-	20% - 25%
Motor Vehicles	-	25%

**OPERATING LEASES**

Operating lease rentals are charged on a straight line basis over the lease terms.

**STOCKS AND WORK IN PROGRESS**

Stocks are valued at the lower of cost and at realisable value.

Contract work in progress is valued at cost plus attributable profit less foreseeable losses. Attributable profit is included when the outcome of a contract can be assessed with reasonable certainty. The value of contract work in progress is accounted for within turnover and in accordance with Statement of Standard Accounting Practice 9 (Revised) – Stocks and Long-term Contracts. The excess of the book value over payments receivable is included in debtors as "Amounts recoverable on contracts". Payments receivable in excess of book value on an individual contract basis are included in creditors.

Contracts in progress are valued individually at the lower of cost, including related overheads, and estimated net realisable value, provision being made for anticipated future losses where appropriate.

**DEFERRED TAXATION**

Provision is made and relief is taken at projected rates of taxation for timing differences between the treatment of certain items for taxation and for accounting purposes to the extent that liabilities or assets are likely to crystallise in the foreseeable future.

## NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

**1. ACCOUNTING POLICIES (continued)****PENSIONS**

The Company participates in the Tilbury Douglas Pension Scheme, which is of the defined benefit type and covers all employees who are permanent members of staff who have elected to join. Actuarial valuations are carried out every three years by independent qualified actuaries. The surplus in the Tilbury Douglas Pension Scheme, after off-setting regular pension costs and allowing for accruing interest, will, in accordance with SSAP 24 – Accounting for Pension Costs, be released to the profit and loss account of Interserve Plc over the average remaining life of employees. No charge will be made to the profit and loss account of the Company until the surplus has been extinguished.

**2. OPERATING PROFIT**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Operating profit is arrived at after charging:		
Depreciation		
On owned assets	80	96
Rentals under operating leases		
Hire of plant, machinery and vehicles	56	65
Land and buildings	50	52
Remuneration payable to auditors		
Audit fees	10	8
	<hr/>	<hr/>

**3. EMPLOYEES**

	<b>Number</b>	<b>Number</b>
The average number employed by the company (including directors) within each category of persons was:		
Production	48	43
Sales	6	2
Administration	14	6
	<hr/>	<hr/>
	68	51
	<hr/>	<hr/>
The costs incurred in respect of these employees (including directors) were:	<b>£'000</b>	<b>£'000</b>
Wages and salaries	1,583	1,130
Social Security costs	158	108
Other pension costs	-	-
	<hr/>	<hr/>
	1,741	1,238
	<hr/>	<hr/>

## NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

## 4. PENSION COSTS

The Tilbury Douglas Pension Scheme is a defined benefit funded scheme. The last valuation of the Scheme was carried out as at 31 March 2000. The results of this valuation and details of the main actuarial assumptions adopted for this purpose are disclosed in the accounts of Interserve Plc, the ultimate parent undertaking. As stated in note 1 above, there is no pension credit or cost for the year.

## 5. DIRECTORS

	2000 £'000	1999 £'000
Remuneration	65	77
	<u>65</u>	<u>77</u>
Number of directors with share options in ultimate holding company.	Number 3	Number 3
Number of directors to whom retirement benefits are accruing under defined benefit schemes.	3	4

## 6. INTEREST RECEIVABLE

	2000 £'000	1999 £'000
Group interest	<u>34</u>	<u>33</u>

## 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
UK Corporation tax at 30% (1999 – 31%)	242	372
Adjustments relating to prior years		
Corporation tax	(89)	-
	<u>153</u>	<u>372</u>

The company has an unprovided deferred tax asset of £25k (1999 - £42k).

## NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

## 8. TANGIBLE FIXED ASSETS

	Motor Vehicles £'000	Plant Equip. and Fixtures £'000	Total £'000
<b>COST</b>			
1 January 2000	196	753	949
Additions at cost	-	66	66
Disposals	<u>(37)</u>	=	<u>(37)</u>
31 December 2000	<u>159</u>	<u>810</u>	<u>978</u>
<b>DEPRECIATION</b>			
1 January 2000	173	577	750
Provided in year	-	80	80
Disposals	<u>(26)</u>	=	<u>(26)</u>
31 December 2000	<u>147</u>	<u>657</u>	<u>804</u>
<b>NET BOOK VALUE</b>			
31 December 2000	<u>12</u>	<u>162</u>	<u>174</u>
<b>NET BOOK VALUE</b>			
31 December 1999	<u>23</u>	<u>176</u>	<u>199</u>

At 31 December 2000 the Company had annual commitments under non-cancellable operating leases as follows:

	<u>Land and Buildings</u>		<u>Other</u>	
	2000 £'000	1999 £'000	2000 £'000	1999 £'000
Commitments expiring:				
Within one year			15	12
In two to five years	50	50	39	39
After five years	-	-	-	-
	<u>50</u>	<u>50</u>	<u>54</u>	<u>51</u>

## NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

**9. DEBTORS**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Amounts recoverable on contracts	504	1,118
Trade debtors	2,475	1,241
Amounts owed by group undertakings	3	40
Other debtors	13	2
Prepayments and accrued income	<u>-</u>	<u>10</u>
	<b>2,995</b>	<b>2,411</b>

**10. SUNDRY CREDITORS**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Proposed dividend	189	317
Amounts owed to group undertakings	61	145
Other creditors	243	225
Corporation tax	134	278
Other taxation and social security	113	434
Accruals and deferred income	<u>100</u>	<u>183</u>
	<b>840</b>	<b>1,582</b>

**11. CALLED UP SHARE CAPITAL**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
Authorised		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>
Allotted and fully paid		
50,000 ordinary shares of £1 each	<u>50</u>	<u>50</u>

**12. PROFIT AND LOSS ACCOUNT**

	<b>2000</b>	<b>1999</b>
	<b>£'000</b>	<b>£'000</b>
1 January 2000	1,365	971
Retained profit for the year	<u>354</u>	<u>394</u>
31 December 2000	<b>1,719</b>	<b>1,365</b>

## NOTES ON THE ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2000

**13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	2000	1999
	£'000	£'000
Profit attributable to shareholders	636	834
Equity dividends paid/proposed	<u>(282)</u>	<u>(440)</u>
Movement in year	354	394
Opening shareholders' funds	<u>1,415</u>	<u>1,021</u>
Closing shareholders' funds	<u>1,769</u>	<u>1,415</u>

**14. EQUITY DIVIDENDS PAID AND PROPOSED**

	2000	1999
	£'000	£'000
First interim paid		
On ordinary shares at 186p (1999 – 246p)	93	123
Proposed final		
On ordinary shares at 378p (1999 – 634p)	<u>189</u>	<u>317</u>
	<u>282</u>	<u>440</u>

**15. CASH FLOW STATEMENT**

The Company is not presenting a cash flow statement. It has taken advantage of the exemption contained in Financial Reporting Standard 1 (Revised) – Cash Flow Statements, as the ultimate parent undertaking, Tilbury Douglas Plc, has included a consolidated cash flow statement in the group accounts.

**16. ULTIMATE PARENT UNDERTAKING AND RELATED PARTY TRANSACTIONS**

The Company's immediate and ultimate parent undertaking and ultimate controlling party is Interserve Plc (formerly Tilbury Douglas Plc) which is incorporated in Great Britain. The Group accounts of Interserve Plc (formerly Tilbury Douglas Plc) are available from Companies House, Crown Way, Maindy, Cardiff, CF4 3UZ.

The Company has taken advantage of the exemption contained in Financial Reporting Standard 8 – Related Party Transactions not to report transactions with Tilbury Douglas Group related parties which are disclosed in the consolidated financial statements of Interserve Plc (formerly Tilbury Douglas Plc).