

Registered Number 778004

Ajax Electrical Limited  
Annual report  
for the year ended 31 December 2003



A21 \*ASPQDZXQ\* 0341  
COMPANIES HOUSE 04/11/04

# Ajax Electrical Limited

## Annual report for the year ended 31 December 2003

### Contents

Directors' report for the year ended 31 December 2003 .....	1
Independent auditors' report to the members of Ajax Electrical Limited.....	3
Profit and loss account for the year ended 31 December 2003 .....	4
Balance sheet as at 31 December 2003 .....	5
Cash flow statement for the year ended 31 December 2003 .....	6
Accounting policies .....	7
Notes to the financial statements for the year ended 31 December 2003 .....	8

# Ajax Electrical Limited

## Directors' report for the year ended 31 December 2003

The directors present their report and the financial statements of the company for the year ended 31 December 2003.

### Principal activities

Until April 2003 the company was engaged in the manufacture and sale of electrical devices. During April 2003 all trading ceased.

### Review of business

On 10 October 2002 the joint shareholders of the company, Schneider Electric Limited and Novar ED&S Limited, announced the closure of the manufacturing operations of Ajax Electrical Limited. The closure was finalised in April 2003.

### Results and dividends

The results for the year are set out in the profit and loss account on page 4. The directors do not recommend the payment of a final dividend. The retained profit for the year of £73,000 (2002 loss: £253,000) has been transferred to/(deducted from) reserves.

### Directors and their interests

The directors who served during the year were:

MA Southgate  
CJ White  
M Mollier-Generaz  
G Dutheil de la Rochere  
T Lambeth

The directors do not have any interest in the ordinary shares of Ajax Electrical Limited.

Since the company meets the definition in s736 (2)(3) of the Companies Act 1985 of a subsidiary of a body corporate incorporated outside Great Britain, the company has taken advantage of regulation 3(1)(a) of Statutory Instrument 1985/802 exempting the company from the requirement to disclose directors' share interests and options in group companies.

# Ajax Electrical Limited

## Directors' report for the year ended 31 December 2003 (continued)

### Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

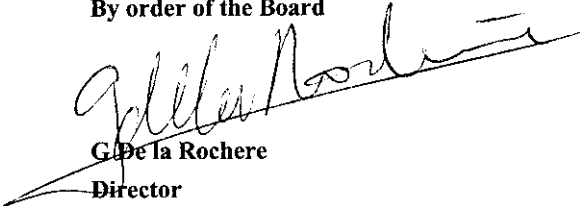
The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in preparing the financial statements for the year ended 31 December 2003, and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that 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.

### Auditors

In accordance with the group audit arrangements the board have decided to appoint Mazars as auditors. Consequently, PricewaterhouseCoopers LLP will tender their resignation.

### By order of the Board



G. De la Rochere  
Director

30 July 2004

Registered office:  
Stafford Park 5  
Telford  
Shropshire  
TF3 3BL

# Ajax Electrical Limited

## Independent auditors' report to the members of Ajax Electrical Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cash flow statement and the related notes and the accounting policies set out in the statement of accounting policies.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 is not disclosed.

### Basis of audit 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 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 at 31 December 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers LLP  
Chartered Accountants and Registered Auditors  
Leeds

30 July 2004

## Ajax Electrical Limited

### Profit and loss account for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
Turnover	1	1,812	5,957
Cost of sales		(1,168)	(3,862)
Gross profit		644	2,095
Administrative expenses		(751)	(1,208)
Operating (loss)/profit		(107)	887
Exceptional items	2	169	(1,107)
Profit/(loss) on ordinary activities before interest		62	(220)
Interest receivable	3	42	26
Profit/(loss) before taxation	4	104	(194)
Taxation	7	(31)	(59)
Retained profit/(loss) for the financial year	16	73	(253)

All of the above relate to discontinued operations.

There is no difference between profit on ordinary activities before taxation and the retained profit/(loss) for the year stated above and their historical cost equivalents.

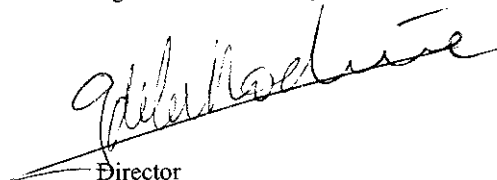
The company has no recognised gains and losses other than the result above and therefore no separate statement of total recognised gains and losses has been presented.

# Ajax Electrical Limited

## Balance sheet as at 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Fixed assets</b>			
Intangible assets	8	-	14
Tangible assets	9	-	84
		-	98
<b>Current assets</b>			
Stock	10	-	272
Debtors	11	23	1,037
Cash at bank and in hand		1,350	1,783
		1,373	3,092
<b>Creditors - amounts falling due within one year</b>	12	(57)	(1,334)
<b>Net current assets</b>		1,316	1,758
<b>Total assets less current liabilities</b>		1,316	1,856
<b>Provisions for liabilities and charges</b>	13	-	(613)
		1,316	1,243
<b>Capital and reserves</b>			
Share capital	15	1,000	1,000
Profit and loss account	16	316	243
<b>Equity shareholders' funds</b>	17	1,316	1,243

The financial statements on pages 4 to 17 were approved by the board of directors on 30 July 2004 and were signed on its behalf by:



Director

# Ajax Electrical Limited

## Cash flow statement for the year ended 31 December 2003

	Note	2003 £'000	2002 £'000
<b>Net cash (outflow)/inflow from discontinued operating activities</b>	14(a)	<b>(144)</b>	1,564
<b>Cash outflow in respect of closure costs</b>			
Utilisation of provisions		(444)	-
<b>Returns on investments and servicing of finance</b>			
Interest received		42	26
<b>Taxation</b>		<b>(11)</b>	(159)
<b>Capital expenditure and financial investment</b>			
Proceeds from sale of tangible assets		124	-
Purchase of tangible assets		-	(20)
<b>(Decrease)/increase in cash</b>	14(b)	<b>(433)</b>	1,411



# Ajax Electrical Limited

## Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. The principal accounting policies which have been applied consistently are set out below.

### **Basis of accounting**

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

### **Turnover**

Turnover comprises the invoice value, after rebates, and excluding value added tax, of goods supplied to customers and revenue is recognised when goods are despatched to customers.

### **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost, which comprises prime costs of direct labour and materials together with related overheads, and net realisable value.

### **Intangible assets**

Intangible assets are amortised over 10 years from the time the company commenced manufacture of patented products.

### **Tangible assets**

Depreciation is provided on a straight line basis to write off the cost of fixed assets over their estimated useful lives which are considered to be:

Plant and machinery - 4 to 6 years from the date of acquisition

### **Deferred taxation**

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise, based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in tax computations in different periods from those in which they are included in the financial statements.

Deferred tax assets are recognised only to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

### **Pension costs**

The cost of providing pension benefits is charged to the profit and loss account as a consistent percentage of earnings over the period benefiting from the employees' services.

# Ajax Electrical Limited

## Notes to the financial statements for the year ended 31 December 2003

### 1 Turnover

	2003 £'000	2002 £'000
The turnover attributable to each of the company's geographical markets is:		
United Kingdom	1,463	4,398
Europe	349	1,559
	1,812	5,957

All turnover originates in the United Kingdom and relates to the sole activity of the business.

### 2 Exceptional Items

	2003 £'000	2002 £'000
The provision for loss on operations to be discontinued comprises:		
Provision for fixed asset impairment	-	494
Provision for closure costs (note 13)	(169)	613
	(169)	1,107

### 3 Interest receivable

	2003 £'000	2002 £'000
Bank interest receivable	42	26

# Ajax Electrical Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 4 Profit/(loss) before taxation

	2003 £'000	2002 £'000
Profit/(loss) before taxation is arrived at after charging/(crediting):		
Amortisation of intangible assets	14	54
Depreciation of tangible assets	40	126
Profit on disposal of tangible assets	(80)	-
Auditors' remuneration for audit services	3	5

### 5 Employees

	2003 Number	2002 Number
The average number of persons employed by the company, including executive directors, was	15	56

The costs incurred in respect of these employees were:

	2003 £'000	2002 £'000
Wages and salaries	280	924
Social security costs	20	61
Other pension costs	19	73
	319	1,058

### 6 Directors remuneration

None of the directors received any emoluments in respect of their services to the company during the year.

# Ajax Electrical Limited

## Notes to the financial statements for the year ended 31 December 2003 (continued)

### 7 Taxation

(a) The tax charge for the year comprises:

	2003 £'000	2002 £'000
<b>Based on the profit for the year at 30% (2002: 30%)</b>		
UK corporation tax	31	59
Adjustments in respect of prior year – UK Corporation tax	-	-
	<b>31</b>	<b>59</b>

(b) Factors affecting the tax charge for the year:

The differences between total current tax assessed and the standard rate of corporation tax in the UK are explained below:

	2003 £'000	2002 £'000
<b>Profit/(loss) on ordinary activities before tax</b>	<b>104</b>	<b>(194)</b>
Profit/(loss) on ordinary activities multiplied by the standard rate of UK tax of 30% (2002:30%)	31	(58)
Effects of:		
Accelerated capital allowances and other timing differences	-	110
Permanent differences	-	7
<b>Total current tax</b>	<b>31</b>	<b>59</b>

(c) The unrecognised deferred tax asset is analysed below:

	2003 £'000	2002 £'000
Accelerated capital allowances	-	155
Short term timing differences	-	48
<b>Total current tax</b>	<b>-</b>	<b>203</b>

The deferred tax asset is not recognised

## Ajax Electrical Limited

### Notes to the financial statements for the year ended 31 December 2003 (continued)

#### 8 Intangible fixed assets

	Licence fee £'000
<b>Cost</b>	
At 1 January 2003	429
Disposals	(429)
At 31 December 2003	-
<b>Amortisation</b>	
At 1 January 2003	415
Charge for the year	14
Disposals	(429)
At 31 December 2003	-
<b>Net book amount</b>	
At 31 December 2003	-
At 31 December 2002	14

## Ajax Electrical Limited

### Notes to the financial statements for the year ended 31 December 2003 (continued)

#### 9 Tangible fixed assets

	Plant and machinery
	£'000
<b>Cost</b>	
At 1 January 2003	5,471
Disposals	(5,471)
<b>At 31 December 2003</b>	-
<b>Depreciation</b>	
At 1 January 2003	5,387
Charge for the year	40
Disposals	(5,427)
<b>At 31 December 2003</b>	-
<b>Net book amount</b>	
<b>At 31 December 2003</b>	-
At 31 December 2002	84

#### 10 Stock

	2003	2002
	£'000	£'000
Raw materials and consumables	-	190
Work in progress	-	82
	-	272

## Ajax Electrical Limited

### Notes to the financial statements for the year ended 31 December 2003 (continued)

#### 11 Debtors

	2003	2002
	£'000	£'000
Trade debtors	-	224
Amounts owed by group undertakings	7	776
Corporation tax	16	36
Other debtors and prepayments	-	1
	23	1,037

#### 12 Creditors – Amounts falling due within one year

	2003	2002
	£'000	£'000
Trade creditors	-	318
Amounts owed to group undertakings	3	900
Other taxation and social security	-	69
Other creditors and accruals	54	47
	57	1,334

## Ajax Electrical Limited

### Notes to the financial statements for the year ended 31 December 2003 (continued)

#### 13 Provisions for liabilities and charges

	<b>Closure Costs £'000</b>
Balance at 1 January 2003	613
Created	80
Utilised	(444)
Released	(249)
<b>Balance at 31 December 2003</b>	<b>-</b>

#### Closure Costs

The company ceased trading in April 2003. At 31 December 2002 expected redundancy costs of £483,000 were included in the closure costs provision the actual cost amounted to £434,000. The remaining expense of £10,000 related to other specific related closure costs.

#### 14 Notes to cash flow statement

##### (a) Reconciliation of operating profit to net cash inflow from operating activities

	<b>2003 £'000</b>	<b>2002 £'000</b>
Operating (loss)/profit from discontinued activities	<b>(107)</b>	887
Profit on disposal of tangible assets	<b>(80)</b>	-
Depreciation and amortisation	<b>54</b>	180
Decrease in stock	<b>272</b>	125
Decrease in debtors	<b>994</b>	567
Decrease in creditors	<b>(1,277)</b>	(195)
	<b>(144)</b>	1,564



## Ajax Electrical Limited

### Notes to the financial statements for the year ended 31 December 2003 (continued)

#### 14 Notes to cash flow statement (continued)

##### (b) Analysis of changes in net debt

	At 1 January 2003 £'000	Cash flows £'000	At 31 December 2003 £'000
Cash at bank and in hand	1,783	(433)	1,350

#### 15 Called up share capital

	2003 £'000	2002 £'000
Ordinary share of £1 each:		
Authorised	5,000	5,000
Called-up, allotted and fully paid	1,000	1,000

#### 16 Reserves

	Profit and loss account £'000
Balance at 1 January 2003	243
Retained profit for the financial year	73
Balance at 31 December 2003	316

#### 17 Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit/(loss) for the financial year	73	(253)
Opening shareholders' funds	1,243	1,496
Closing shareholders' funds	1,316	1,243

## **Ajax Electrical Limited**

### **Notes to the financial statements for the year ended 31 December 2003 (continued)**

#### **18 Pension commitments**

The company is a participating member of Schneider Pension Plan. This scheme is of the defined benefit, final salary type and is open to the majority of the company's employees.

The scheme is funded to cover future pension liabilities (including expected future earnings and pension increases) in respect of service up to the balance sheet date. The assets of the scheme are held under trust and are managed by outside investment managers. It is subject to independent valuations at least every three years, on the basis of which the qualified actuary certifies the rates of the employer's contributions. These contributions, together with proceeds for the scheme's assets are sufficient to fund the benefits payable under the scheme.

The pension cost in respect of this scheme was £19,000 (2002: £73,000).

There is no material difference between the pension expenses incurred by the company over the year and the contributions actually paid.

In accordance with the transitional disclosures of FRS 17 'Retirement Benefits' as the company is unable to identify its share of the underlying assets and liabilities of the Schneider Pension Plan the company has accounted for its contributions to the scheme as if they were a defined contribution scheme. Further information in relation to the pension scheme is given in the accounts of Schneider Electric (UK) Limited.

#### **19 Contingent liabilities**

The directors are currently in negotiations to finalise a settlement with the Schneider Electric Pension Scheme to settle the deficit on the scheme in relation to former Ajax Electrical Limited employees. Negotiations are currently at an early stage and the amount of the deficit to be settled is cannot be estimated with any certainty.

## **Ajax Electrical Limited**

### **Notes to the financial statements for the year ended 31 December 2003 (continued)**

#### **20 Ultimate parent undertaking**

The largest group in which the financial statements of the company are consolidated is that headed by the ultimate parent undertaking and ultimate controlling party, Schneider Electric SA, a company incorporated in France. Copies of the group financial statements of Schneider Electric SA can be obtained from:

Schneider Electric SA  
43/45 Boulevard Franklin Roosevelt  
F – 92500 RUEIL MALMAISON  
France

The smallest group in which the financial statements of the company are consolidated is headed by Schneider Electric (UK) Limited, a company registered in England and Wales. Copies of the group financial statements of Schneider Electric (UK) Limited can be obtained from:

Schneider Electric (UK) Limited  
1 Park Row  
Leeds  
LS1 5AB

#### **21 Related party transactions**

During the year the company was involved in the following related party transactions:

- Sales of £987,000 (2002: £4,072,000), recharges of £449,000 (2002: £110,000) and purchases of £580,000 (2002: £2,310,000) were made with parties that are part of the Schneider Electric SA group of companies, which owns 51% of the share capital of Ajax Electrical Limited. At the balance sheet date the amount due from these group undertakings is £7,000 (2002: £769,000) and amount owed is £3,000 (2002: £578,000).
- Sales of £609,000 (2002: £1,597,000) were made to Novar ED&S Limited, which owns 49% of the share capital of Ajax Electrical Limited. At the balance sheet date the amount due from Novar ED&S Limited is £Nil (2002: £224,000).
- Tangible fixed assets with a net book value of £34,200 were sold to MG Zala (Hungary), £5,300 to Schneider Italy, £8,300 to Schneider Selvt (China) and £26,000 to MG Ales. No profit or loss was made on these sales.