

Registered no: 906936

**Corrall-Montenay Limited and subsidiary
Report and Financial Statements
for the year ended 31 March 1996**



Corrall-Montenay Limited and subsidiary

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Corrall-Montenay Limited and subsidiary

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Directors

Directors

Mr S C Harris - appointed 30 November 1995
Chairman

Mr P J W Shuttleworth - resigned 30 November 1995
Chairman

Mr K Roberts
Managing Director

Mr J Burrell
Finance Director

Monsieur R F E Lageirse

Monsieur J-L Deligny - appointed 30 November 1995

Monsieur A Lebrun - resigned 30 November 1995

Monsieur A Y M A Lancereau - appointed 30 November 1995

Madame F A-M Latouille-LeCocq - resigned 14 June 1995

Monsieur M J J Gourvenec - appointed 15 June 1995, resigned 30 November 1995

Secretary and registered office

Mr J Burrell
33 Kingston Crescent
PORTSMOUTH
Hampshire
PO2 8AD

**Directors' Report
for the year ended 31 March 1996**

The directors present their report and the audited financial statements for the year ended 31 March 1996.

Principal activities and review of business

The principal activities of the group comprise the business of the long term operation, maintenance and management of heating and air conditioning systems, the total management of energy including electricity on a comprehensive basis where appropriate, and the servicing of electrical and fire protection systems.

The directors expect that the present level of activity will be sustained for the foreseeable future.

Results and dividends

The profit for the year after taxation amounted to £1,398,000. It is recommended that this should be dealt with as follows:

	£
Proposed ordinary dividend	1,000,000
Transfer to reserves	398,000
	<hr/>
	1,398,000
	<hr/>

Directors

The directors of the company at 31 March 1996, all of whom have been directors for the whole of the year ended on that date unless otherwise stated, are listed on page 1.

Directors' shareholdings

None of the directors had interests in shares or debentures required to be recorded in the register kept pursuant to Section 325 of the Companies Act 1985.

Environment

The group has an active commitment to manage the environmental aspects of its business in accordance with current best practice in the industry.

Health and safety

The group regards the promotion of health and safety to be of paramount importance. All relevant measures are taken to ensure as far as practicable the health, safety and welfare of all employees. These measures are also aimed at protecting others who may be affected by our work.

Disabled personnel

Full and fair consideration is given to the skills and aptitudes of disabled people in recruitment and career development. In pursuit of this policy all practicable measures are taken to place disabled people in jobs suited to their individual circumstances and to enable them to share equally with other employees in the opportunities available for training and promotion in the group.

Employee involvement and equal opportunities

Employee involvement and consultation is developed through regular formal meetings and informal channels. The group is an equal opportunity employer, and makes no discrimination on the grounds of race, sex or religion in recruitment or career development.

Changes in fixed assets

The movements in fixed assets during the year are set out in notes 9, 10 and 11 to the financial statements.

Charitable donations

Donations to charitable organisations amounted to £268 in the year.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand will be proposed at the annual general meeting.

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 March 1996. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the board



J Burrell
Secretary

Report of the auditors to the members of Corrall-Montenay Limited

We have audited the financial statements on pages 6 to 20.

Respective responsibilities of directors and auditors

As described on page 4 the 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 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 affairs of the company and the group at 31 March 1996 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Southampton

5 July 1996

**Consolidated profit and loss account
for the year ended 31 March 1996**

	Notes	1996 £'000	1995 £'000
Turnover	2	40,462	36,404
Cost of sales		31,785	28,138
Gross profit		8,677	8,266
Administrative expenses		6,842	6,706
Operating profit		1,835	1,560
Investment income and interest receivable	4	358	338
Profit on ordinary activities before taxation	5	2,193	1,898
Taxation	6	795	738
Profit for the financial year	7	1,398	1,160
Dividend	8	1,000	1,000
Retained profit for the year	21	398	160

The results for both years are derived from continuing operations.

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

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

Balance sheets at 31 March 1996

	Notes	Group		Company	
		1996 £'000	1995 £'000	1996 £'000	1995 £'000
Fixed assets					
Intangible assets	9	1,648	1,781	-	-
Tangible assets	10	1,158	983	720	576
Investments	11	-	-	1,800	1,800
		<u>2,806</u>	<u>2,764</u>	<u>2,520</u>	<u>2,376</u>
Current assets					
Stocks and work in progress	13	439	295	428	281
Debtors: amounts falling due after one year	14	635	679	635	679
Debtors: amounts falling due within one year	14	8,678	7,897	2,405	1,878
Investments	15	722	967	722	967
Cash at bank and in hand	16	4,250	4,641	3,550	4,298
		<u>14,724</u>	<u>14,479</u>	<u>7,740</u>	<u>8,103</u>
Creditors: amounts falling due within one year	17	<u>11,068</u>	<u>10,801</u>	<u>4,612</u>	<u>4,711</u>
Net current assets		<u>3,656</u>	<u>3,678</u>	<u>3,128</u>	<u>3,392</u>
Total assets less current liabilities		<u>6,462</u>	<u>6,442</u>	<u>5,648</u>	<u>5,768</u>
Provisions for liabilities and charges					
Plant replacement fund	18	3,259	3,558	3,259	3,558
Deferred maintenance provision	19	102	181	-	-
		<u>3,361</u>	<u>3,739</u>	<u>3,259</u>	<u>3,558</u>
Net assets		<u>3,101</u>	<u>2,703</u>	<u>2,389</u>	<u>2,210</u>
Capital and reserves					
Called up share capital	20	500	500	500	500
Profit and loss account	21	2,601	2,203	1,889	1,710
Equity shareholders' funds	22	<u>3,101</u>	<u>2,703</u>	<u>2,389</u>	<u>2,210</u>

The financial statements on pages 6 to 20 were approved by the Board of Directors on 12 June 1996 and signed on its behalf by:

S C Harris

J-L Deligny

) Directors

Consolidated cash flow statement for the year ended 31 March 1996

	Notes	1996 £'000	1995 £'000
Net cash inflow from operating activities	23	<u>1,354</u>	<u>1,409</u>
Returns on investments and servicing of finance			
Interest received		246	204
Dividends received from other investments		82	82
Dividend paid		<u>(1,000)</u>	<u>(950)</u>
Net cash outflow from returns on investments and servicing of finance		<u>(672)</u>	<u>(664)</u>
Taxation			
UK Corporation tax paid		<u>(744)</u>	<u>(820)</u>
Investing activities			
Purchase of tangible fixed assets		(566)	(488)
Disposal of short term investments		<u>237</u>	<u>-</u>
Net cash outflow from investing activities		<u>(329)</u>	<u>(488)</u>
Decrease in cash and cash equivalents	24	<u><u>(391)</u></u>	<u><u>(563)</u></u>

**Notes to the financial statements
for the year ended 31 March 1996****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated financial statements include the company and its subsidiary undertaking. Intra-group sales and profits are eliminated fully on consolidation.

Turnover

Turnover is based on the delivered price of goods sold and amounts receivable for services, excluding value added tax.

Purchased goodwill

Goodwill arising on the acquisition of businesses is capitalised and amortised over the shorter of twenty years or the estimated useful life of the acquisition.

Tangible fixed assets

Tangible fixed assets are stated at cost of acquisition less accumulated depreciation. Depreciation is provided to write off the cost of fixed assets at the following annual rates:

Plant	10% - 33%
Office equipment, fixtures and fittings	15% - 33%
Motor vehicles	33%
Leasehold improvements	20%

The rates used are considered to be adequate in relation to the estimated operating lives of the assets concerned.

Plant hire and leasing

Where assets are hired or leased on terms that do not contemplate their eventual ownership, the rental and hire charges are written off against trading profits for the year in which they were incurred.

Deferred taxation

Provision is made for deferred taxation on all material timing differences to the extent that it is probable that a liability or asset is expected to crystallise.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost or net realisable value. Long term contracts are valued to include a prudent proportion of expected profits where this can be reasonably foreseen. Where any contracts are expected to be unprofitable full provision is made for anticipated losses.

Pension costs

Pension contributions are charged to profits when due (see note 27).

2 Turnover

All the turnover and profit on ordinary activities before taxation arose from the principal activities of the business carried on within the United Kingdom.

3 Directors and employees

	1996 £'000	1995 £'000
Staff costs were:		
Wages and salaries	12,239	11,508
Social security costs	1,176	1,093
	<u>13,415</u>	<u>12,601</u>

The average weekly number of persons, including directors, employed by the group during the year was 641 (1995: 639). All employees were engaged in the principal activities of the business.

3 Directors and employees (continued)

Staff costs include the following remuneration in respect of directors:

	1996 £'000	1995 £'000
Management remuneration (including pension contributions and benefits in kind)	136	130
Chairman	Nil	Nil
Highest paid director	74	70

The number of directors (including the chairman and the highest paid director) who received emoluments (excluding pension contributions) in the following ranges were:

	1996 Number	1995 Number
£Nil to £5,000	8	4
£60,001 to £65,000	1	1
£65,001 to £70,000	-	1
£70,001 to £75,000	1	-

4 Investment income and interest receivable

	1996 £'000	1995 £'000
Income from listed investments	103	103
Other interest receivable	263	204
(Loss)/profit on disposal of investments	(8)	31
	358	338

5 Profit on ordinary activities before taxation

	1996 £'000	1995 £'000
Profit on ordinary activities before taxation is stated after charging:		
Depreciation on tangible fixed assets	370	344
Goodwill amortisation	133	134
Auditors' remuneration		
- Audit services [company £14,000; 1995:£14,000]	34	34
- Non-audit services	8	7
Hire of plant and machinery - operating leases	1,325	1,276
Hire of other assets - operating leases	325	270
	<u> </u>	<u> </u>

6 Taxation

	1996 £'000	1995 £'000
UK Corporation Tax at 33% (1995: 33%)		
- Current	721	719
- Deferred	50	(34)
Tax credits on franked investment income	21	21
Under provision in respect of prior years	3	32
	<u> </u>	<u> </u>
	795	738
	<u> </u>	<u> </u>

7 Profit for the financial year

As permitted by Section 230 of the Companies Act 1985, no profit and loss account of the parent company is presented.

Of the consolidated profit for the year, £943,331 (1995: £839,220) is dealt with in the accounts of the parent company.

8 Dividend

	1996 £'000	1995 £'000
Dividend proposed of £2.00 per share (1995: £2.00)	1,000	1,000
	<u> </u>	<u> </u>

9 Intangible fixed assets

Group	Purchased Goodwill £'000
Cost	
At 1 April 1995 and at 31 March 1996	2,589
Amortisation	
At 1 April 1995	808
Charge for the year	133
At 31 March 1996	941
Net book value	
At 31 March 1996	1,648
At 31 March 1995	1,781

10 Tangible fixed assets

Group	Plant £'000	Office Equipment Fixtures & Fittings £'000	Motor Vehicles £'000	Leasehold Improve- ments £'000	Total £'000
Cost					
At 1 April 1995	811	1,331	28	86	2,256
Additions	181	376	9	-	566
Disposals	(62)	(126)	(6)	-	(194)
At 31 March 1996	930	1,581	31	86	2,628
Depreciation					
At 1 April 1995	524	682	11	56	1,273
Charge for the year	130	219	11	10	370
Disposals	(56)	(112)	(5)	-	(173)
At 31 March 1996	598	789	17	66	1,470
Net book value					
At 31 March 1996	332	792	14	20	1,158
At 31 March 1995	287	649	17	30	983

10 Tangible fixed assets (continued)

Company	Plant £'000	Office Equipment £'000	Total £'000
Cost			
At 1 April 1995	728	539	1,267
Additions	167	201	368
Disposals	(52)	(100)	(152)
At 31 March 1996	843	640	1,483
Depreciation			
At 1 April 1995	475	216	691
Charge for the year	111	103	214
Disposals	(46)	(96)	(142)
At 31 March 1996	540	223	763
Net book value			
At 31 March 1996	303	417	720
At 31 March 1995	253	323	576

11 Fixed asset investments

Group

Ellis Tylin Limited owns 99% of the nominal value of the issued ordinary shares of £1 each of Benham Maintenance Limited, a non-trading agency company registered in England and Wales. The company has net assets of £100.

Company

Corrall-Montenay Limited holds 100% of the ordinary and cumulative preference shares of Ellis Tylin Limited, a company registered in England and Wales. The principal activities of this company are the operation, maintenance and servicing of air conditioning, heating, electrical and fire protection systems. The cost and net book value of the company's investment in its subsidiary is £1,800,000 (1995: £1,800,000).

Corrall-Montenay Limited and subsidiary

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12 Capital commitments

	1996 £'000	1995 £'000
Expenditure contracted for but not provided in the accounts	30	38
Expenditure authorised by the directors but not contracted for	600	768

13 Stocks and work in progress

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Raw materials and consumables	328	265	317	251
Work in progress	111	30	111	30
	<u>439</u>	<u>295</u>	<u>428</u>	<u>281</u>

14 Debtors

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Amounts falling due after more than one year				
Prepayment of pension contributions	103	97	103	97
Deferred taxation asset (see below)	532	582	532	582
	<u>635</u>	<u>679</u>	<u>635</u>	<u>679</u>
Amounts falling due within one year				
Trade debtors	6,327	6,042	1,842	1,347
Dividend receivable	-	-	75	75
Other debtors	22	12	22	12
Prepayments and accrued income	457	493	216	194
ACT recoverable on proposed dividend	250	250	250	250
Amounts recoverable on contracts	1,622	1,100	-	-
	<u>8,678</u>	<u>7,897</u>	<u>2,405</u>	<u>1,878</u>

14 Debtors (continued)

	1996 £'000	1995 £'000
Deferred taxation asset		
Group and Company		
Deferred tax at 33% (1995: 33%)		
Plant replacement fund	556	601
Provisions and interest receivable	(24)	(19)
	<u>532</u>	<u>582</u>
	£000	
At 1 April 1995	582	
Profit and loss account	(50)	
	<u>532</u>	
At 31 March 1996		

Deferred taxation represents a provision calculated on the liability method for corporation tax on timing differences arising from the treatment of items in the accounts in periods that differ from the treatment for taxation purposes where they are expected to crystallise in the foreseeable future.

The plant replacement fund deferred asset represents corporation tax paid on part of the net receipts and provisions held in the fund and recoverable against future expenditure.

15 Investments

	1996 £'000	1995 £'000
Group and Company		
Cost of investments listed on a recognised stock exchange	<u>722</u>	<u>967</u>
Market value of listed investments	<u>767</u>	<u>1,014</u>

16 Cash at bank and in hand

Cash at bank includes an amount of £530,903 (1995: £542,450) held in trust accounts.

17 Creditors

	Group		Company	
	1996	1995	1996	1995
	£'000	£'000	£'000	£'000
Amounts falling due within one year				
Payments received on account	1,126	997	-	-
Trade creditors	3,865	3,950	1,049	1,018
Corporation tax	502	531	183	257
Other taxation and social security	1,637	1,662	517	517
Other creditors	238	316	129	158
Accruals and deferred income	2,700	2,345	1,734	1,761
Proposed dividend	1,000	1,000	1,000	1,000
	<u>11,068</u>	<u>10,801</u>	<u>4,612</u>	<u>4,711</u>

There are no amounts falling due after more than one year.

18 Plant replacement fund

Group and Company	1996	1995
	£'000	£'000
At 1 April	3,558	3,257
Receipts from guarantee customers and provisions	1,586	1,528
Expenditure	(1,885)	(1,227)
At 31 March	<u>3,259</u>	<u>3,558</u>

Under the terms of certain contracts the company is responsible for the major maintenance, repair or replacement of specified plant. All receipts and expenditure relating to this element of the company's services are credited or charged to the plant replacement fund. Provision is made for all foreseeable liabilities under these contracts.

19 Deferred maintenance provision

	1996	1995
	£'000	£'000
Group		
At 1 April	181	178
Provision (utilised)/created	(79)	3
At 31 March	<u>102</u>	<u>181</u>

Provision is made for expected future liabilities in respect of plant maintenance for which the group may be liable under certain contracts.

20 Called up share capital

	1996 £'000	1995 £'000
Authorised		
500,000 'A' ordinary shares at £1 each	500	500
500,000 'B' ordinary shares at £1 each	500	500
	<u>1,000</u>	<u>1,000</u>
Allotted called up and fully paid		
250,000 'A' ordinary shares at £1 each	250	250
250,000 'B' ordinary shares at £1 each	250	250
	<u>500</u>	<u>500</u>

There is no difference in the rights of the 'A' and 'B' ordinary shares.

21 Profit and loss account

	Group £'000	Company £'000
At 1 April 1995	2,203	1,710
Retained profit for the year	398	179
	<u>2,601</u>	<u>1,889</u>
At 31 March 1996		

22 Reconciliation of movements in shareholders' funds

	1996 £'000	1995 £'000
Profit for the financial year	1,398	1,160
Dividends	(1,000)	(1,000)
	<u>398</u>	<u>160</u>
Opening shareholders' funds	2,703	2,543
	<u>3,101</u>	<u>2,703</u>
Closing shareholders' funds		

23 Reconciliation of operating profit to net cash inflow from operating activities

	1996 £'000	1995 £'000
Operating profit	1,835	1,560
Amortisation of intangible fixed assets	133	134
Depreciation of tangible fixed assets	370	344
Loss on disposal of tangible fixed assets	20	11
(Loss)/profit on sale of short-term investments	(8)	31
Increase in stocks	(144)	(7)
Increase in debtors (excluding corporation tax)	(770)	(2,001)
Increase in creditors (excluding corporation tax)	296	1,033
(Decrease)/increase in plant replacement fund	(299)	301
(Decrease)/increase in deferred maintenance provision	(79)	3
Net cash inflow from operating activities	<u>1,354</u>	<u>1,409</u>

24 Cash and cash equivalents

	1996 £'000	1995 £'000
Changes during the year		
Cash at bank and in hand		
At 1 April	4,641	5,204
Net cash outflow	(391)	(563)
At 31 March	<u>4,250</u>	<u>4,641</u>

25 Financial commitments

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
Land and buildings				
Expiring within one year	10	-	-	-
Expiring between two and five years inclusive	177	163	68	23
Expiring after more than five years	188	238	173	222
	<u>375</u>	<u>401</u>	<u>241</u>	<u>245</u>
Other				
Expiring within one year	143	339	45	210
Expiring between two and five years inclusive	927	786	340	260
	<u>1,445</u>	<u>1,526</u>	<u>626</u>	<u>715</u>

The majority of the group's leases of land and buildings are subject to rent review periods ranging between three and five years.

26 Deferred taxation

	Group		Company	
	1996 £'000	1995 £'000	1996 £'000	1995 £'000
The amount of potential unprovided deferred tax calculated on the liability method is as follows:				
Timing differences arising in respect of the deferred maintenance provision	(64)	(71)	-	-
Timing differences arising from the excess of tax allowances on fixed assets eligible for such allowances over the depreciation provided in the accounts	-	4	3	(10)
Deferred tax (asset)/liability	<u>(64)</u>	<u>(67)</u>	<u>3</u>	<u>(10)</u>

For deferred taxation provided see note 14.

27 Pension costs

The company and subsidiary are participants in the Powell Duffryn Pension Plan, which is a funded defined benefit scheme of the Powell Duffryn plc group. Contributions to the scheme are based on pension costs across the group as a whole. There is a surplus in the group scheme which has resulted in advice from the consulting actuaries that no company contributions should be paid until at least April 1997.

In these accounts, the company and subsidiary's cost of participation in the scheme is recognised on the basis of contributions payable, and the net cost for the year ended 31 March 1996 is therefore £Nil (1995 £Nil). This policy is consistent with UK Statement of Standard Accounting Practice No. 24.

Prepaid pension contributions totalling £102,906 (1995: £96,692) are included in the balance sheet in debtors.

Full particulars of the actuarial valuation of the Powell Duffryn Pension Plan are contained in the accounts of Powell Duffryn plc. The latest actuarial valuation was at 31 March 1995.

28 Share ownership

The company's shares are owned 50% by Powell Duffryn plc (registered in England and Wales) and 50% by Compagnie Générale des Eaux (incorporated in France).