

COMPANY NO: 928643

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# PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED

ANNUAL REPORT

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◆ *Year ended 31 December 2001* ◆

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**COMPANY INFORMATION**

Directors	J Winterbottom T Morton M J Horlock J Roberts
Secretary	Mrs E Gosden
Registered office	Elizabeth House 56 – 60 London Road Staines Middlesex TW18 4BQ
Registered number	928643
Auditors	RSM Robson Rhodes Chartered Accountants 186 City Road London EC1V 2NU
Bankers	Royal Bank of Scotland PO Box 32846 Regents House London N1 8FT

## **REPORT OF THE DIRECTORS**

The directors present their report and the audited financial statements for the year ended 31 December 2001.

### **Principal activities**

The company's principal activity during the year was the installation and maintenance of lighting and electrical equipment.

### **Results and dividends**

The loss for the year after taxation amounted to £1,613,454 (2000: £69,319). This includes a reduction to the carrying value of certain contracts brought forward from previous periods.

### **Future Prospects**

The directors have implemented a number of actions to improve the operating performance of the company.

### **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.

### **Dividends**

No dividend is proposed by the directors for 2001 (2000: £nil).

### **Directors and their interests**

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

Messrs J Millar and J-P Riehl resigned as directors of the company on 13<sup>th</sup> and 28<sup>th</sup> August 2001 respectively. Mr J H Roberts was appointed as a director on 28<sup>th</sup> August 2001.

Miss T Morton is the director retiring by rotation under Article 89 and being eligible offers herself for re-election.

The directors had no interest in the share capital of the company or any other group undertakings as at 31 December 2001.

**REPORT OF THE DIRECTORS (continued)**

**Statement of directors' responsibilities for the Annual Report**

Company law in the United Kingdom 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 United Kingdom 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.

The directors are responsible for ensuring that the directors' report and other information included in the Annual Report is prepared in accordance with company law in the United Kingdom.

**Auditors**

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 *28 January* 2002 and signed on its behalf by:



Mrs E Gosden  
Secretary

**INDEPENDENT AUDITORS' REPORT  
TO THE SHAREHOLDERS OF PARKERSELL HIGHWAY LIGHTING SERVICES  
LIMITED**

We have audited the financial statements on pages 5 to 17.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom 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.

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 with the company is not disclosed.

We read the information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any information outside the Annual Report.

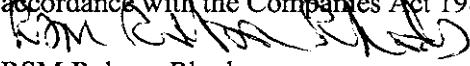
**Basis of audit opinion**

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 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.

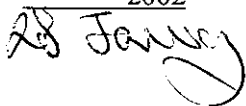
We planned and performed our audit so as to obtain all information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
RSM Robson Rhodes  
Chartered Accountants and Registered Auditors

London, England  
2002



**PROFIT AND LOSS ACCOUNT**  
**for the year ended 31 December 2001**

	Note	Continuing operations 2001 £	Continuing operations 2000 £
<b>Turnover</b>	2	5,231,842	4,899,171
Change in stocks and work in progress		88,358	307,510
		<u>5,320,200</u>	<u>5,206,681</u>
Raw materials and consumables		(3,949,860)	(2,620,561)
		<u>1,370,340</u>	<u>2,586,120</u>
Staff costs	5	(1,722,463)	(1,568,606)
Depreciation		(89,413)	(102,922)
Other operating charges		(1,144,692)	(1,011,103)
		<u>(2,956,568)</u>	<u>(2,682,631)</u>
<b>Operating loss</b>	3	(1,586,228)	(96,511)
Interest payable and similar charges	6	(11,787)	(5,194)
<b>Loss on ordinary activities before taxation</b>		<u>(1,598,015)</u>	<u>(101,705)</u>
Tax on loss on ordinary activities	7	(15,439)	32,386
<b>Retained loss for the financial year</b>		<u>(1,613,454)</u>	<u>(69,319)</u>

**PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED**

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**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**For the year ended 31 December 2001**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Loss for the financial year as previously stated	(1,613,454)	(69,319)
Prior year adjustment	0	89,320
	<hr/>	<hr/>
<b>Total recognised gains and losses for the year since the last annual report</b>	<b>(1,613,454)</b>	<b>20,001</b>
	<hr/>	<hr/>



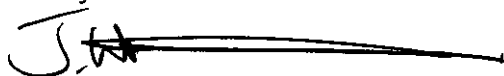
**PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED**

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**BALANCE SHEET**  
**at 31 December 2001**

	<b>Note</b>	<b>2001</b> <b>£</b>	<b>2000</b> <b>£</b>
<b>Fixed assets</b>			
Tangible assets	8	261,843	260,328
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks and work in progress	9	1,171,916	1,083,558
Debtors	10	1,780,449	2,568,045
Cash at bank and in hand		4,200	4,350
		<hr/>	<hr/>
		2,956,565	3,655,953
		<hr/>	<hr/>
<b>Creditors: Amounts falling due within one year</b>	11	(4,640,245)	(3,692,623)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(1,683,680)	(36,670)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		(1,421,837)	223,658
		<hr/>	<hr/>
<b>Creditors: Amounts falling due after more than one year</b>	12	(55,141)	(87,182)
		<hr/>	<hr/>
<b>Total net assets</b>		(1,476,978)	136,476
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	15	500	500
Profit and loss account	16	(1,477,478)	135,976
		<hr/>	<hr/>
<b>Total equity shareholders' funds</b>	17	(1,476,978)	136,476
		<hr/>	<hr/>

The financial statements were approved by the Board on *28 January* 2002 and signed on its behalf by:



J Winterbottom  
Director

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ending 31 December 2001**

**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.

**Related Party Transactions**

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

**Tangible fixed assets**

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. Where there is evidence of impairment, fixed assets are written down to recoverable amount. The rates of depreciation are as follows:

Leasehold improvements	10% per annum
Plant and equipment	20% per annum
Computer and office equipment	10% to 33 1/3% per annum
Private vehicles	33 1/3% per annum
Commercial vehicles	20% 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.

**Deferred taxation**

Provision is made for deferred taxation using the liability method, without discounting, on timing differences calculated at rates at which it is estimated that tax will be payable.

Previous provision was only made to the extent that it was probable that the tax would become payable in the foreseeable future.

The company adopted FRS 19 Deferred Taxation ahead of the mandatory deadline. This resulted in a prior year adjustment arising in 2000. The effect of this standard is explained within note 7.

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ending 31 December 2001**

**1. ACCOUNTING POLICIES (Continued)**

**Leases**

Assets held under finance leases 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 group in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

**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 losses are attributable to one activity, the installation and maintenance of lighting and electrical equipment, and are derived entirely within the United Kingdom.

**3. OPERATING LOSS**

This is stated after charging/(crediting):

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Auditors' remuneration		
Audit fees	4,000	4,000
Other services	-	-
Depreciation of owned assets	61,148	93,310
Depreciation of assets held under finance leases	28,265	9,612
Operating leases rentals - land and buildings	109,980	97,767
- other	122,600	108,427
Profit on sale of fixed assets	(1,815)	(3,702)
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ending 31 December 2001****4. DIRECTORS' REMUNERATION**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Emoluments (excluding pension contributions)	49,565	47,250
	<hr/>	<hr/>
	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Highest paid director's remuneration:		
Emoluments (excluding pension contributions)	49,565	47,250
	<hr/>	<hr/>

**5. STAFF COSTS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Wages and salaries	1,569,443	1,427,206
Social security costs	140,699	132,559
Other pension costs	12,321	8,841
	<hr/>	<hr/>
	1,722,463	1,568,606
	<hr/>	<hr/>

The average number of employees during the year, including directors, was as follows

	<b>2001</b>	<b>2000</b>
	<b>No.</b>	<b>No.</b>
Management	1	2
Administration	13	18
Sales	0	1
Operations	53	46
	<hr/>	<hr/>
	67	67
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ending 31 December 2001****6. INTEREST PAYABLE AND SIMILAR CHARGES**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Interest payable under finance leases	11,787	5,194

**7. TAX ON PROFIT ON ORDINARY ACTIVITIES**

The tax (credit)/charge is made up as follows:

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Group relief receivable at 30% (2000: 30%)	-	(38,000)
Adjustments relating to prior years	(4,406)	(3,691)
Total corporation tax	(4,406)	(41,691)
Deferred tax:		
Timing differences, origination and reversal	19,845	8,567
Effect of change in tax rate on opening liability	-	738
Total deferred tax	19,845	9,305
Tax charge for the year	15,439	(32,386)

As at 31 December 2001 deferred taxation has been fully provided in accordance with FRS19.

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Loss on ordinary activities before tax	(1,598,015)	(101,705)
Corporation tax at 30%	(479,404)	(30,512)
Factors affecting the Current Tax charge:		
Expenses not deductible for tax purposes	10,248	1,078
Capital allowances for the period in excess of depreciation	(10,691)	(11,411)
Group relief not payable	489,000	-
Other short term timing differences	(9,153)	2,845
Current tax charge for the period	-	(38,000)

**NOTES TO THE FINANCIAL STATEMENTS (continued)**

**Year ending 31 December 2001**

**8. TANGIBLE FIXED ASSETS**

	<b>Short leasehold improvements £</b>	<b>Plant and machinery £</b>	<b>Computer and office equipment £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>					
At 1 January 2001	29,356	150,717	257,119	1,207,156	1,644,348
Additions	10,541	17,708	5,161	65,653	99,063
Disposals	-	(40,450)	(6,870)	(295,549)	(342,869)
At 31 December 2001	39,897	127,975	255,410	977,260	1,400,542
<b>Depreciation</b>					
At 1 January 2001	18,205	127,447	192,450	1,045,918	1,384,020
Charge for the year	3,105	8,096	28,993	49,219	89,413
Disposals	-	(38,522)	(6,862)	(289,350)	(334,734)
At 31 December 2001	21,310	97,021	214,581	805,787	1,138,699
<b>Net book value</b>					
At 31 December 2001	18,587	30,954	40,829	171,473	261,843
At 1 January 2001	11,151	23,270	64,669	161,238	260,328

The net book value of vehicles above includes an amount of £90,447 (2000: £118,712) in respect of vehicles held under finance lease contracts

**9. STOCKS AND WORK IN PROGRESS**

	<b>2001 £</b>	<b>2000 £</b>
Raw materials	327,665	354,141
Work in progress	844,251	729,417
	1,171,916	1,083,558

**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ending 31 December 2001****10. DEBTORS**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Trade debtors	1,586,296	1,833,040
Amounts owed by parent company	-	499,877
Amounts owed by fellow subsidiary undertakings	48,537	15,357
Taxation - group relief	9,000	38,000
Other debtors	21,792	101,756
Prepayments	48,042	-
Deferred tax (note 14)	66,782	80,015
	<u>1,780,449</u>	<u>2,568,045</u>

**11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Bank overdraft	1,941,461	633,280
Obligations under finance lease contracts (note 13)	29,998	25,754
Trade creditors	855,458	866,398
Amounts owed to parent company	1,301,000	1,800,000
Tax and social security	118,186	76,327
Other creditors	180,486	124,666
Accruals and deferred income	213,656	166,198
	<u>4,640,245</u>	<u>3,692,623</u>

An intercompany loan of £1,800,000 was advanced to the company during 1998 by its parent company, Parkersell Limited, following payment of an interim dividend. The loan is interest free and repayable on demand. £499,000 was repaid during 2001 leaving an outstanding balance of £1,301,000.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ending 31 December 2001****12. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Obligations under finance leases expiring in two to five years (note 13)	55,141	87,182

**13. OBLIGATIONS UNDER FINANCE LEASES**

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Instalments payable:		
Within one year	37,993	37,993
In more than one year but not more than two years	60,144	99,729
	98,137	137,722
Less: finance charges allocated to future periods	(12,998)	(24,786)
Capital Outstanding	85,139	112,936
Disclosed as:		
Due within one year (note 11)	29,998	25,754
Due after one year (note 12)	55,141	87,182
	85,139	112,936



**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ending 31 December 2001****14. DEFERRED TAXATION**

Deferred taxation provided in the accounts is as follows:

Amount provided/(asset)	2001 £	2000 £
Accelerated capital allowances	(51,936)	(56,015)
Other short term timing differences	(14,847)	(24,000)
Total (asset)	<u>(66,782)</u>	<u>(80,015)</u>

**15. SHARE CAPITAL**

	2001 £	2000 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
<b>Allotted, called up and fully paid:</b>		
500 ordinary shares of £1 each	<u>500</u>	<u>500</u>

**16. PROFIT AND LOSS ACCOUNT**

	2001 £
Balance at 1 January 2001	135,976
Retained loss for the financial year	(1,613,454)
Balance at 31 December 2001	<u>(1,477,478)</u>

**NOTES TO THE FINANCIAL STATEMENTS (continued)**  
**Year ending 31 December 2001**

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

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Loss for the financial year	(1,613,454)	(69,319)
Opening shareholders' funds	136,476	205,795
Closing shareholders' funds	<u>(1,476,978)</u>	<u>136,476</u>

**18. CAPITAL COMMITMENTS**

Authorised future capital expenditure amounted to:

	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>
Contracted for but not provided	-	9,085

**19. PENSION COMMITMENTS**

The company is a participating employer in the Dalkia Group Pension Scheme, a defined benefit scheme. The scheme is separately funded and provides defined benefits that are computed based on an employee's years of service and final pensionable salary. The total cost of retirement benefits for the company was £12,321 (2000: £8,841). 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 as they fall due, and are based on pension costs in respect of all members of the fund.

The most recent actuarial review of the defined benefit pension scheme was at 31 December 2001. The fair value of the scheme assets at that date was £75,988,000 and the present value of the scheme liabilities was £90,069,000. Particulars of the actuarial review are included within the annual report of Dalkia plc. The assets of the scheme are held separately from those of the group, and the company is unable to separately identify the share of the underlying assets and liabilities related to its employees.

The scheme has been closed to all employees joining the group after 1 January 2002.

**NOTES TO THE FINANCIAL STATEMENTS (continued)****Year ending 31 December 2001****20. OTHER FINANCIAL COMMITMENTS**

At the financial year end the company had annual commitments under non-cancellable operating leases as set out below:

	<b>Land and buildings</b>		<b>Other</b>	
	<b>2001</b>	<b>2000</b>	<b>2001</b>	<b>2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Operating leases which expire:				
within one year	19,898	1,875	22,266	4,185
between two and five years	60,900	25,000	58,828	51,834
After more than five years	-	38,900	-	-
	<u>80,798</u>	<u>65,775</u>	<u>81,094</u>	<u>56,019</u>

**21. CONTINGENT LIABILITIES**

On 10 January 1994 the company entered into an agreement with its ultimate UK 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. The Group has an unsecured overdraft facility of £5 million.

**22. ULTIMATE PARENT UNDERTAKING**

The parent undertaking is Parkersell Limited, a company incorporated in Great Britain and registered in England and Wales. The UK ultimate parent undertaking is Dalkia Plc and the ultimate parent undertaking is Vivendi Universal S.A., 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:

Parkersell Limited  
Elizabeth House  
56 – 60 London Road  
Staines  
Middlesex  
TW18 4BQ

Vivendi Universal S.A.  
42 Avenue de Friedland  
75380 Paris  
France