

COMPANY NO: 928643

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# PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

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◆ *Year ended 31 December 1999* ◆

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# PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED

## COMPANY INFORMATION

Directors                    J Winterbottom  
                                 J Millar  
                                 T Morton  
                                 J-P Riehl

Secretary                   J-P Riehl

Registered office           Buchanan House  
                                 24 - 30 Holborn  
                                 London  
                                 EC1N 2LX

Registered number           928643

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

**Results and dividends**

The profit for the year after taxation amounted to £90,438 (1998: £556,337).

The directors do not propose a final dividend (1998 - interim paid of £3,600 per share).

**Future Prospects**

The directors expect the company to continue trading profitability in the future.

**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.

**The Year 2000**

A review was undertaken in 1997 to identify areas of potential non compliance. Our policy to upgrade our non complaint hardware and software was completed by December 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.

**Dividends**

No dividend is proposed by the directors for 1999 (1998: £3,600 per share).

**REPORT OF THE DIRECTORS (continued)**

**Directors and their interests**

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

Mr D W Guthrie was appointed on 4 February 1999 and resigned on 30 June 2000. Messrs J Winterbotton, J Millar, J-P Riehl and Miss T Morton were appointed on 29 March 2000. Mr E Naour resigned on 7 February 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:

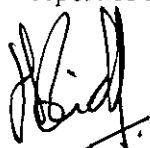
- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

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.

**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 23.10.2000 and signed on its behalf by:



J-P Riehl  
Secretary

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

We have audited the financial statements on pages 5 to 14 which have been prepared on the basis of the accounting policies set out on pages 7 and 8.

**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  
25<sup>th</sup> Feb 2000

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**PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED**

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

	Note	Continuing operations 1999 £	Continuing operations 1998 £
<b>Turnover</b>	2	4,573,269	6,042,860
Change in stocks and work in progress		(169,416)	(395,246)
		<u>4,403,853</u>	<u>5,647,614</u>
Raw materials and consumables (1998 including exceptional credit of £50,000 - see note 4)		(2,287,777)	(3,230,426)
		<u>2,116,076</u>	<u>2,417,188</u>
Staff costs	6	(1,362,416)	(1,668,428)
Depreciation (1998 including exceptional credit of £138,000 - see note 4)		(120,063)	(112,197)
Other operating charges (1998 including exceptional credit of £273,000 - see note 4)		(533,219)	(47,607)
		<u>(2,015,698)</u>	<u>(1,828,232)</u>
<b>Profit on ordinary activities before taxation</b>	3	100,378	588,956
Tax on profit on ordinary activities	7	(9,940)	(32,619)
		<u>90,438</u>	<u>556,337</u>
<b>Profit on ordinary activities after taxation</b>		90,438	556,337
Dividends	8	-	1,800,000
		<u>-</u>	<u>1,800,000</u>
<b>Retained profit/(loss) for the financial year</b>		<u>90,438</u>	<u>(1,243,663)</u>

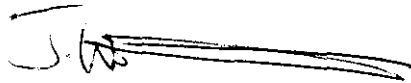
There are no recognised gains or losses for the current financial year and the preceding financial period other than as stated in the profit and loss account. Accordingly a statement of total recognised gains and losses is not presented..

# **PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED**

## **BALANCE SHEET** at 31 December 1999

	Note	1999 £	1998 £
<b>Fixed assets</b>			
Tangible assets	9	181,418	241,653
		<u>          </u>	<u>          </u>
<b>Current assets</b>			
Stocks and work in progress	10	776,048	945,464
Debtors	11	1,547,688	2,028,211
Cash at bank and in hand		4,709	1,907
		<u>2,328,445</u>	<u>2,975,582</u>
<b>Creditors: Amounts falling due within one year</b>	12	(2,393,388)	(3,191,198)
		<u>          </u>	<u>          </u>
<b>Net current (liabilities)</b>		(64,943)	(215,616)
		<u>          </u>	<u>          </u>
<b>Total assets less current liabilities</b>		116,475	26,037
		<u>          </u>	<u>          </u>
<b>Total net assets</b>		116,475	26,037
		<u>          </u>	<u>          </u>
<b>Capital and reserves</b>			
Called up share capital	13	500	500
Profit and loss account	14	115,975	25,537
		<u>          </u>	<u>          </u>
<b>Total equity shareholders' funds</b>	15	116,475	26,037
		<u>          </u>	<u>          </u>

The financial statements were approved by the Board on 23/10/2000 and signed on its behalf by:

  
J Winterbottom  
Director



**NOTES TO THE FINANCIAL STATEMENTS**

Year ending 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.

**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. 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**

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.

**Leases**

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

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

**Year ending 31 December 1999**

**1. ACCOUNTING POLICIES (Contd.)**

**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.

**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. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

This is stated after charging/(crediting):

	1999	1998
	£	£
Auditors' remuneration		
Audit fees	4,000	4,000
Other services	-	-
Depreciation of owned assets	120,063	275,852
Exceptional items (note 4)	-	(461,000)
Operating leases rentals - land and buildings	84,735	144,785
- other	74,280	72,568
Loss/(profit) on sale of fixed assets	9,638	(25,655)
	<u>          </u>	<u>          </u>

**4. EXCEPTIONAL ITEMS**

During 1997 the company gave notice on two of its main contracts and made provisions against the value of related assets. Certain of these provisions were released in 1998, as follows:

	1999	1998
	£	£
Stocks and work in progress	-	(50,000)
Fixed assets	-	(138,000)
Trade debtors	-	(273,000)
	<u>          </u>	<u>          </u>
	-	(461,000)
	<u>          </u>	<u>          </u>

NOTES TO THE FINANCIAL STATEMENTS (continued)

Year ending 31 December 1999

5. DIRECTORS REMUNERATION

Directors' remuneration in 1999 and 1998 was borne by the parent company.

6. STAFF COSTS

	1999 £	1998 £
Wages and salaries	1,246,292	1,513,119
Social security costs	110,843	145,555
Other pension costs	5,281	9,754
	<u>1,362,416</u>	<u>1,668,428</u>

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

	1999 No.	1998 No.
Management	2	2
Administration	18	26
Sales	1	-
Operations	43	54
	<u>64</u>	<u>82</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is made up as follows:

	1999 £	1998 £
Corporation tax payable at 30.25% (1998: 31%)	-	1,000
Group relief receivable at 30.25% (1998: 31%)	(35,000)	-
Adjustments in respect of prior years:		
Corporation tax	44,940	31,619
	<u>9,940</u>	<u>32,619</u>

# **PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED**

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

Year ending 31 December 1999

### **8. DIVIDENDS**

	1999 £	1998 £
Interim paid £nil (1998: £3,600 per ordinary share)	-	1,800,000

### **9. TANGIBLE FIXED ASSETS**

	Short leasehold improvements £	Plant and machinery £	Computer and office equipment £	Motor vehicles £	Total £
<b>Cost</b>					
At 1 January 1999	36,426	126,437	167,922	1,171,806	1,502,591
Additions	2,319	5,397	59,598	10,907	78,221
Disposals	(11,097)	-	-	(75,062)	(86,159)
At 31 December 1999	27,648	131,834	227,520	1,107,651	1,494,653
<b>Depreciation</b>					
At 1 January 1999	23,973	98,068	149,813	989,084	1,260,938
Charge for the year	2,324	19,586	11,369	86,784	120,063
Disposals	(11,006)	-	-	(56,760)	(67,766)
At 31 December 1999	15,291	117,654	161,182	1,019,108	1,313,235
<b>Net book value</b>					
At 31 December 1999	12,357	14,180	66,338	88,543	181,418
At 31 December 1998	12,453	28,369	18,109	182,722	241,653

### **10. STOCKS AND WORK IN PROGRESS**

	1999 £	1998 £
Raw materials	223,027	304,186
Work in progress	553,021	641,278
	776,048	945,464

**PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED**

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

Year ending 31 December 1999

**11. DEBTORS**

	1999 £	1998 £
Trade debtors	909,611	514,623
Amounts owed by parent company	529,242	1,438,723
Amounts owed by fellow subsidiary undertakings	-	36,263
Taxation - group relief	35,000	-
Other debtors	46,431	2,700
Prepayments	27,404	35,902
	<u>1,547,688</u>	<u>2,028,211</u>

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

	1999 £	1998 £
Bank overdraft	159,869	718,300
Trade creditors	249,213	301,220
Amounts owed to parent company	1,800,000	1,800,000
Corporation tax	-	1,000
Tax and social security	60,777	162,635
Other creditors	85,417	150,533
Accruals and deferred income	38,112	57,510
	<u>2,393,388</u>	<u>3,191,198</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.

**13. SHARE CAPITAL**

	1999 £	1998 £
<b>Authorised:</b>		
1,000 ordinary shares of £1 each	1,000	1,000
	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid:</b>		
500 ordinary shares of £1 each	500	500
	<u>          </u>	<u>          </u>

**PARKERSELL HIGHWAY LIGHTING SERVICES LIMITED**

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

Year ending 31 December 1999

**14. PROFIT AND LOSS ACCOUNT**

	1999 £ '000
Balance at 1 January 1999	25,537
Profit for the financial year	90,438
Balance at 31 December 1999	<u>115,975</u>

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

	1999 £	1998 £
Profit for the financial year	90,438	556,337
Dividends	-	(1,800,000)
Net increase/(reduction) in shareholders' funds	<u>90,438</u>	<u>(1,243,663)</u>
Opening shareholders' funds	26,037	1,269,700
Closing shareholders' funds	<u>116,475</u>	<u>26,037</u>

**16. CAPITAL COMMITMENTS**

The company had no capital commitments at 31 December 1999 or 31 December 1998.

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

Year ending 31 December 1999

**17. 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 £5,281 (1998: £9,754). 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 as at 1 April 1995 are included within the accounts of Dalkia plc.

**18. OTHER FINANCIAL COMMITMENTS**

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

	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Operating leases which expire:				
within one year	1,875	40,157	1,795	20,741
between two and five years	63,900	36,545	45,618	17,405
	<u>65,775</u>	<u>76,702</u>	<u>47,412</u>	<u>38,146</u>
	<u><u>65,775</u></u>	<u><u>76,702</u></u>	<u><u>47,412</u></u>	<u><u>38,146</u></u>

**19. 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.

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

Year ending 31 December 1999

**20. 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, 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  
Buchanan House  
24 - 30 Holborn  
London  
EC1N 2LX

Vivendi  
42 Avenue de Friedland  
75380 Paris  
France