

PRIDDY ELECTRICAL (BRISTOL) LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31st March 1987. On 7th May 1987 the company changed its name to Priddy Engineering Services (Bristol) Limited.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company continued to be the installation of electrical services in commercial and industrial premises. In line with the very competitive market the results are considered to be reasonable and well within those predicted. The future policy of the company will be to strengthen the scope of services offered to clients. In particular the establishment of a mechanical services division which will enable the company to offer a fully integrated engineering services package.

PROFITS AND DIVIDENDS

The profit for the year after tax amounted to £26,598. The directors recommend that a final dividend of £20,000 is paid and that the balance of £6,598 be transferred to reserves.

POST BALANCE SHEET EVENT

At 1st May 1987 Mitie Engineering Services Limited acquired all the share capital of Priddy Group Limited (the holding company at the balance sheet date).

DIRECTORS

The following directors served during the year:

J. Priddy (resigned 1st May 1987)  
C. Brent (resigned 1st May 1987)  
W. E. Harding  
C. S. Townsend  
D.M. Telling (appointed 1st May 1987)  
T.G. Lewis (appointed 1st May 1987)

DIRECTORS' INTERESTS IN SHARES

The directors had the following interests in the shares of the company:

|                | Ordinary shares of £1 each |                 |
|----------------|----------------------------|-----------------|
|                | 31st March 1987            | 31st March 1986 |
| J. Priddy      | 1                          | 1               |
| C. Brent       | 1                          | 1               |
| W. E. Harding  | 1                          | 1               |
| C. S. Townsend | -                          | -               |
| D.M. Telling   | -                          | -               |
| T.G. Lewis     | -                          | -               |

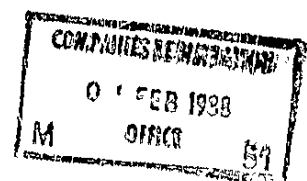
These directors are also directors of the holding company, Priddy Group Limited, and their interests in that company are disclosed in that company's report and financial statements.

AUDITORS

In accordance with Section 384 of the Companies Act 1985, a resolution proposing the reappointment of Deloitte Haskins & Sells will be put to the annual general meeting.

BY ORDER OF THE BOARD

  
Secretary



AUDITORS' REPORT TO THE MEMBERS OF  
PRIDDY ELECTRICAL (BRISTOL) LIMITED

We have audited the financial statements of Priddy Electrical (Bristol) Limited as set out on pages 3 to 10 in accordance with approved Auditing Standards.

In our opinion the financial statements give a true and fair view of the state of the company's affairs at 31st March 1987 and of its profit and source and application of funds for the year ended on that date and comply with the Companies Act 1985.

*W. J. H. H. H. H. H.*  
Chartered Accountants

Bristol

*21 December 1987*

# FRIDDY ELECTRICAL (BRISTOL) LIMITED

## ACCOUNTING POLICIES

### TURNOVER

Turnover represents the sales value of electrical contracting work done, excluding value added tax.

### FIXED ASSETS

Fixed assets are stated at cost less accumulated depreciation to date.

### DEPRECIATION

Depreciation is provided under the reducing balance method at rates calculated to write off the cost of the assets over their expected useful lives. The following rates are employed:

|                  |     |
|------------------|-----|
| Motor vehicles   | 25% |
| Plant            | 25% |
| Office equipment | 10% |
| Computers        | 25% |

### LEASED ASSETS

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the fair value of the asset and the corresponding leasing commitments are shown as a liability.

Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the Sum of the Digits method.

### STOCKS

Stocks are stated at the lower of cost and net realisable value.

### WORK IN PROGRESS

Work in progress is valued at the cost of direct materials and labour plus a percentage of the attributable profit. Full provision is made for foreseeable losses.

### DEFERRED TAXATION

Deferred taxation is provided on the liability method at the rate of corporation tax ruling at the period end on timing differences only to the extent that they are likely to result in an actual tax liability in the foreseeable future.

FRIDDY ELECTRICAL (BRISTOL) LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 1987

|  | <u>Notes</u> | <u>1987</u><br>£ | <u>1986</u><br>£ |
|--|--------------|------------------|------------------|
| TURNOVER   |              | 2,740,476        | 2,734,868        |
| Cost of sales                                    |              | <u>2,375,240</u> | <u>2,368,270</u> |
| GROSS PROFIT                                     |              | 365,236          | 366,598          |
| Administrative costs                             |              | <u>333,587</u>   | <u>305,318</u>   |
|  |              | 31,649           | 61,280           |
| Other operating income                           | 1            | <u>16,438</u>    | <u>3,370</u>     |
| OPERATING PROFIT                                 |              | 48,087           | 64,650           |
| Interest payable                                 | 2            | <u>10,171</u>    | <u>9,317</u>     |
| PROFIT ON ORDINARY ACTIVITIES<br>BEFORE TAXATION | 3            | 37,916           | 55,333           |
| Taxation   | 4            | <u>11,318</u>    | <u>19,440</u>    |
| PROFIT ON ORDINARY ACTIVITIES<br>AFTER TAXATION  |              | 26,598           | 35,893           |
| EXTRAORDINARY ITEM                               | 5            | -                | (45,343)         |
| PROFIT/(LOSS) FOR THE FINANCIAL YEAR             |              | 26,598           | (9,450)          |
| Dividend paid                                    |              | (20,000)         | (33,000)         |
| SURPLUS/(DEFICIT) FOR THE YEAR                   |              | 6,598            | (42,450)         |
| Retained profits at 1st April 1986               |              | <u>178,776</u>   | <u>221,226</u>   |
| Retained profits at 31st March 1987              |              | <u>185,374</u>   | <u>178,776</u>   |

PRIDY ELECTRICAL (BRISTOL) LIMITED

BALANCE SHEET  
AT 31st MARCH 1987

|  | <u>Notes</u> | <u>1987</u><br>£ | <u>1986</u><br>£ |
|--|--------------|------------------|------------------|
| TANGIBLE FIXED ASSETS                              | 7            | <u>93,215</u>    | <u>91,819</u>    |
| CURRENT ASSETS                                     |              |                  |                  |
| Stock and work in progress                         | 8            | 399,730          | 507,258          |
| Debtors  | 9            | 243,060          | 199,444          |
| Bank deposit accounts                              |              | 226,135          | -                |
| Cash in hand                                       |              | <u>125</u>       | <u>14,120</u>    |
|  |              | <u>869,050</u>   | <u>720,822</u>   |
| CREDITORS: AMOUNTS DUE WITHIN<br>ONE YEAR          | 10           | <u>744,552</u>   | <u>598,185</u>   |
| NET CURRENT ASSETS                                 |              | <u>124,498</u>   | <u>122,637</u>   |
| TOTAL ASSETS LESS CURRENT<br>LIABILITIES           |              | 217,713          | 214,456          |
| CREDITORS: AMOUNTS DUE AFTER MORE<br>THAN ONE YEAR | 10           | 26,663           | 27,164           |
| PROVISIONS FOR LIABILITIES AND<br>CHARGES          |              |                  |                  |
| Deferred taxation                                  | 11           | <u>5,610</u>     | <u>6,450</u>     |
| NET ASSETS   |              | <u>185,440</u>   | <u>178,842</u>   |
| CAPITAL AND RESERVES                               |              |                  |                  |
| Called-up share capital                            | 12           | 66               | 66               |
| Profit and loss account                            |              | <u>185,374</u>   | <u>178,776</u>   |
|  |              | <u>185,440</u>   | <u>178,842</u>   |

Approved by the Board of Directors on 31st March 1987

*[Handwritten signature]*

)  
) Directors

PRIDDY ELECTRICAL (BRISTOL) LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS  
FOR THE YEAR ENDED 31st MARCH 1987

|  | <u>1987</u><br><u>£</u>  | <u>1986</u><br><u>£</u>  |
|--|--------------------------|--------------------------|
| <b>SOURCE OF FUNDS</b>   |                          |                          |
| Profit on ordinary activities before taxation  | 37,916                   | 55,333                   |
| Extraordinary item   | -                        | (45,343)                 |
| Items not involving the movement of funds:   |                          |                          |
| Depreciation of fixed assets   | 28,048                   | 26,391                   |
| (Profit)/Loss on disposal of fixed assets  | <u>3,414</u>             | <u>(80)</u>              |
| Total generated from operations  | 69,378                   | 36,301                   |
| <b>OTHER SOURCES</b>   |                          |                          |
| Proceeds from sale of fixed assets   | <u>3,115</u>             | <u>15,958</u>            |
|  | 72,493                   | 52,259                   |
| <b>APPLICATION OF FUNDS</b>  |                          |                          |
| Acquisition of net assets of fellow subsidiary   | -                        | * 12,094                 |
| Purchase of fixed assets   | 35,973                   | 72,468                   |
| Payment of corporation tax   | 13,345                   | 158                      |
| Payment of dividends   | <u>20,000</u>            | <u>33,000</u>            |
| Net source/(application) of funds  | 3,175                    | (65,461)                 |
|  | <u><u>          </u></u> | <u><u>          </u></u> |
| <b>NET SOURCE/(APPLICATION) OF FUNDS IS REPRESENTED BY THE FOLLOWING INCREASE/(DECREASE) IN WORKING CAPITAL:</b> |                          |                          |
| (Decrease)/Increase in stock and work in progress  | (107,528)                | 84,587                   |
| Increase/(Decrease) in debtors   | 53,616                   | (67,398)                 |
| (Increase) in creditors  | <u>(52,731)</u>          | <u>(203,227)</u>         |
|  | (116,643)                | (186,038)                |
| <b>MOVEMENT IN NET LIQUID FUNDS:</b>   |                          |                          |
| Increase in cash at bank and in hand   | 119,818                  | 120,577                  |
|  | <u>3,175</u>             | <u>(65,461)</u>          |
|  | <u><u>          </u></u> | <u><u>          </u></u> |

\* Acquisition of net assets of  
Priddy Electrical (Cardiff) Ltd.

|                  | <u>1986</u><br><u>£</u>  |
|------------------|--------------------------|
| Fixed assets     | 261                      |
| Work in progress | 7,786                    |
| Debtors          | 4,926                    |
| Cash             | 64                       |
| Creditors        | (943)                    |
|                  | <u>12,094</u>            |
|                  | <u><u>          </u></u> |

PRIDDY ELECTRICAL (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1987

|    |  |                          |                          |
|----|--|--------------------------|--------------------------|
| 1. | OTHER OPERATING INCOME   | <u>1987</u>              | <u>1986</u>              |
|    |  | £                        | £                        |
|    | Other income   | 6,969                    | 3,370                    |
|    | Bank deposit account interest  | <u>9,469</u>             | <u>-</u>                 |
|    |  | 16,438                   | 3,370                    |
|    |  | <u><u>          </u></u> | <u><u>          </u></u> |
| 2. | INTEREST PAYABLE   | <u>1987</u>              | <u>1986</u>              |
|    | Bank loans and overdrafts repayable within 5 years   | 1,957                    | 5,069                    |
|    | Finance leases and hire purchase contracts   | <u>8,214</u>             | <u>4,248</u>             |
|    |  | 10,171                   | 9,317                    |
|    |  | <u><u>          </u></u> | <u><u>          </u></u> |
| 3. | PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION  | <u>1987</u>              | <u>1986</u>              |
|    |  | £                        | £                        |
|    | This is stated after charging:   |                          |                          |
|    | Auditors' remuneration   | 3,500                    | 3,500                    |
|    | Depreciation on owned assets   | 8,488                    | 6,916                    |
|    | Depreciation on assets held under finance leases and hire purchase contracts   | 19,561                   | 19,475                   |
|    | Loss/(Profit) on disposal of fixed assets  | 3,414                    | (80)                     |
|    |  | <u><u>          </u></u> | <u><u>          </u></u> |
| 4. | TAXATION   | <u>1987</u>              | <u>1986</u>              |
|    |  | £                        | £                        |
|    | U.K. Corporation tax at 29% (1986 - 30.8%)   |                          |                          |
|    | - Current year   | 14,213                   | 10,990                   |
|    | - Overprovision in previous year   | (55)                     | -                        |
|    | Deferred tax (credit)/charge   | <u>(2,240)</u>           | <u>8,450</u>             |
|    |  | 11,318                   | 19,440                   |
|    |  | <u><u>          </u></u> | <u><u>          </u></u> |
|    | The taxation charge for the year has been increased by £2,636 (1986 reduced by £922) in respect of the excess of depreciation over tax allowances. |                          |                          |
| 5. | EXTRAORDINARY ITEM   | <u>1987</u>              | <u>1986</u>              |
|    |  | £                        | £                        |
|    | Provision against amount due from fellow subsidiary, Priddy Electrical (Cardiff) Ltd., which ceased trading at 31st March 1986                     | -                        | 45,343                   |
|    |  | <u><u>          </u></u> | <u><u>          </u></u> |

PRIDDY ELECTRICAL (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1987 (continued)

| 6. DIRECTORS AND EMPLOYEES   | <u>1987</u>              | <u>1986</u>              |
|--|--------------------------|--------------------------|
|  | £                        | £                        |
| Staff costs:   |                          |                          |
| Wages and salaries   | 777,036                  | 694,132                  |
| Social security costs  | 84,784                   | 75,979                   |
| Other pension costs  | <u>10,517</u>            | <u>14,001</u>            |
|  | 872,337                  | 784,112                  |
|  | <u><u>          </u></u> | <u><u>          </u></u> |
| The average number of persons employed during the year:  | <u>Number</u>            | <u>Number</u>            |
| Administration and management  | 14                       | 16                       |
| Site labour  | <u>69</u>                | <u>66</u>                |
|  | 83                       | 82                       |
|  | <u>          </u>        | <u>          </u>        |
| The remuneration paid to directors was:  | £                        | £                        |
| Emoluments for services as directors   | 53,447                   | 46,441                   |
| Pension contributions  | <u>6,653</u>             | <u>5,653</u>             |
|  | 60,100                   | 52,094                   |
|  | <u><u>          </u></u> | <u><u>          </u></u> |
| The directors' remuneration disclosed above, excluding pension contributions, included amounts paid to:        |                          |                          |
| The highest paid director  | £27,311                  | £25,052                  |
|  | <u><u>          </u></u> | <u><u>          </u></u> |
| The number of other directors who received emoluments excluding pension contributions, fell within the ranges: | <u>Number</u>            | <u>Number</u>            |
| £       0   -   £ 5,000  | 2                        | 2                        |
| £20,001   -   £25,000  | -                        | 1                        |
| £25,001   -   £30,000  | 1                        | -                        |
|  | <u><u>          </u></u> | <u><u>          </u></u> |



PRIDDY ELECTRICAL (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1987 (continued)

7. TANGIBLE FIXED ASSETS

|                          | <u>Motor<br/>vehicles</u> | <u>Plant</u> | <u>Office<br/>equipment</u> | <u>Computers</u> | <u>Total</u> |
|--------------------------|---------------------------|--------------|-----------------------------|------------------|--------------|
|                          | £                         | £            | £                           | £                | £            |
| <b>COST</b>              |                           |              |                             |                  |              |
| At 1st April 1986        | 79,232                    | 31,173       | 22,411                      | 19,973           | 152,789      |
| Additions                | 31,955                    | 1,691        | 502                         | 1,825            | 35,973       |
| Disposals                | (15,950)                  | -            | (153)                       | (1,800)          | (17,903)     |
| At 31st March 1987       | 95,237                    | 32,864       | 22,760                      | 19,998           | 170,859      |
| <b>DEPRECIATION</b>      |                           |              |                             |                  |              |
| At 1st April 1986        | 22,667                    | 18,729       | 9,039                       | 10,535           | 60,970       |
| Charge for year          | 19,495                    | 3,506        | 1,372                       | 3,675            | 28,048       |
| Eliminated via disposals | (10,334)                  | -            | -                           | (1,040)          | (11,374)     |
| At 31st March 1987       | 31,828                    | 22,235       | 10,411                      | 13,170           | 77,644       |
| <b>NET BOOK VALUE</b>    |                           |              |                             |                  |              |
| At 31st March 1987       | 63,409                    | 10,629       | 12,349                      | 6,828            | 93,215       |
| At 1st April 1986        | 56,565                    | 12,444       | 13,372                      | 9,438            | 91,819       |

The net book value of tangible fixed assets includes an amount of £65,860 (1986 £66,620) in respect of assets held under finance leases and hire purchase contracts.

8. STOCK AND WORK IN PROGRESS

|                               | <u>1987</u> | <u>1986</u> |
|-------------------------------|-------------|-------------|
|                               | £           | £           |
| Raw materials and consumables | 38,656      | 43,931      |
| Work in progress              | 2,331,824   | 2,611,972   |
| Payments in advance           | (1,970,750) | (2,148,645) |
|                               | 399,730     | 507,258     |

9. DEBTORS

|                 | <u>1987</u> | <u>1986</u> |
|-----------------|-------------|-------------|
|                 | £           | £           |
| Trade debtors   | 227,718     | 176,240     |
| Other debtors   | 215         | 4,947       |
| Prepayments     | 11,626      | 9,548       |
| Value added tax | 3,501       | 8,709       |
|                 | 243,060     | 199,444     |

PRIDDY ELECTRICAL (BRISTOL) LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st MARCH 1987 (continued)

| 10. CREDITORS   | <u>1987</u>    | <u>1986</u>    |
|---|----------------|----------------|
|   | £              | £              |
| Amounts falling due within one year:  |                |                |
| Bank overdraft (secured)  | 92,322         | -              |
| Obligations under finance leases and hire purchase contracts                            | 25,979         | 25,310         |
| Trade creditors   | 413,425        | 432,543        |
| Amounts due to holding company  | 84,336         | 80,502         |
| Taxation and social security  | 5,235          | 65             |
| Corporation tax   | 6,003          | 10,990         |
| Other creditors   | 87,136         | 25,467         |
| Accruals  | <u>30,066</u>  | <u>23,308</u>  |
|   | <u>744,552</u> | <u>598,185</u> |
| Amounts falling due after more than one year:   |                |                |
| Obligations under finance leases and hire purchase contracts                            | 26,663         | 27,164         |
|   | <u>26,663</u>  | <u>27,164</u>  |
| Repayable 2 to 5 years inclusive  | <u>26,663</u>  | <u>27,164</u>  |
|   | <u>26,663</u>  | <u>27,164</u>  |
| 11. DEFERRED TAXATION   | <u>1987</u>    | <u>1986</u>    |
|   | £              | £              |
| Deferred taxation is fully provided in the financial statements as follows:             |                |                |
| Tax effect of timing differences because of excess of tax allowances over depreciation. | 5,610          | 8,450          |
|   | <u>5,610</u>   | <u>8,450</u>   |
| 12. CALLED-UP SHARE CAPITAL   | <u>1987</u>    | <u>1986</u>    |
| Authorised:   |                |                |
| 100 Ordinary shares of £1 each  | £100           | £100           |
|   | <u>£100</u>    | <u>£100</u>    |
| Allotted, issued and fully paid:  |                |                |
| 66 Ordinary shares of £1 each   | £ 66           | £ 66           |
|   | <u>£ 66</u>    | <u>£ 66</u>    |

63 of the issued ordinary shares of £1 each are held by Priddy Group Limited, a company incorporated in England which was the ultimate holding company at the balance sheet date.

THE FOLLOWING PAGE DOES  
NOT FORM PART OF THE  
STATUTORY FINANCIAL STATEMENTS

PRIDDY ELECTRICAL (BP1STOL) LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31st MARCH 1987

|   | <u>1987</u>        | <u>1986</u>        |
|---|--------------------|--------------------|
|   | £                  | £                  |
| Sales invoiced in year  | <u>3,020,628</u>   | <u>2,242,722</u>   |
| Opening stock and work in progress  | 2,433,590          | 1,942,693          |
| Transfer of work in progress from<br>Priddy Electrical (Cardiff) Ltd at<br>1st April 1986 | 222,317            | -                  |
| Purchases and specialist subcontracts   | 1,548,263          | 1,590,703          |
| Labour  | 821,703            | 776,318            |
| Closing stock and work in progress  | <u>(2,370,481)</u> | <u>(2,433,590)</u> |
|   | <u>2,655,392</u>   | <u>1,876,124</u>   |
| GROSS PROFIT  | 365,236            | 366,598            |
| Bank deposit interest receivable  | 9,469              | -                  |
| Sundry income   | <u>6,969</u>       | <u>3,370</u>       |
|   | <u>381,674</u>     | <u>369,968</u>     |
| EXPENSES  |                    |                    |
| Administration salaries<br>(including directors salaries)                                 | 177,856            | 154,634            |
| Redundancy  | 1,240              | 868                |
| Rent and rates  | 6,901              | 6,146              |
| Light and heat  | 2,481              | 1,812              |
| Insurance   | 9,451              | 9,835              |
| Telephone   | 6,316              | 5,686              |
| Postage   | 2,401              | 2,554              |
| Printing, stationery and advertising  | 5,317              | 4,125              |
| Repairs and renewals  | 647                | 2,544              |
| Motor expenses  | 19,120             | 18,863             |
| Finance charges and interest  | 11,171             | 9,497              |
| Audit and accountancy   | 7,025              | 6,325              |
| Trade subscriptions   | (858)              | 2,934              |
| Computer services   | 2,173              | 1,028              |
| Training fees and training board levy   | 6,229              | 5,059              |
| Sundries  | 12,701             | 12,016             |
| Legal fees  | 205                | 397                |
| Depreciation  | 28,049             | 26,391             |
| (Profit)/Loss on disposal of fixed assets   | 3,414              | (80)               |
| Bad debts   | <u>1,402</u>       | <u>-</u>           |
|   | <u>303,241</u>     | <u>270,634</u>     |
| NET TRADING PROFIT  | <u>78,433</u>      | <u>99,334</u>      |
| Management charge   | 30,000             | 30,000             |
| Pension contributions   | <u>10,517</u>      | <u>14,001</u>      |
|   | <u>40,517</u>      | <u>44,001</u>      |
| NET PROFIT BEFORE TAXATION  | <u>37,916</u>      | <u>55,333</u>      |