

**Kenton Utilities & Developments Limited**

**Directors' report and financial  
statements**

**Registered number 1062438**

**30 April 2000**



## Contents

|  |   |
|--|---|
| Company information  | 1 |
| Directors' report  | 2 |
| Statement of directors' responsibilities   | 4 |
| Report of the auditors to the members of Kenton Utilities & Developments Limited | 5 |
| Profit and loss account  | 6 |
| Balance sheet  | 7 |
| Cash flow statement  | 8 |
| Notes  | 9 |

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 April 2000.

### Principal activities

The principal activity of the company is that of utility works contracting.

### Business Review

The company reported a profit before tax of £2,764,750 (1999: £2,329,315). The directors are pleased with the result for the year.

On 10 March 2000 the company became a wholly-owned subsidiary of Kenton Utility Service Management Limited.

### Proposed Dividend

The directors have paid an interim dividend amounting to £816,000 (1999: £514,000) and do not recommend payment of a final dividend (1999: £1,045,679).

### Policy on payment of creditors

The company makes payment to creditors in accordance with their normal terms of trade for the provision of goods and services unless otherwise agreed. No differentiation is applied to different suppliers.

At the year end there were 53 days (1999: 48 days) purchases in trade creditors.

### Directors and directors' interests

The directors who held office during the year were as follows:

D P Kelly  
J V McGowan  
J M Cull (appointed 31 March 2000)  
M J Durcan (appointed 1 April 2000)  
Dr C Yonnet (resigned 12 February 2000)

MJ Durcan had no interest in the sources of the company.

The interests of all the directors are disclosed in the directors' report of the parent company.

## **Company information**

|   |   |
|---|---|
| <b>Directors</b>                                  | DP Kelly<br>JV Mc Gowan<br>JM Cull<br>MJ Duncan   |
| <b>Secretary</b>                                  | T Moss  |
| <b>Registered Office<br/>and Business address</b> | Block A Enterprise Court<br>Platts Common Industrial Park<br>Hoyland<br>Barnsley<br>S74 9TG |
| <b>Auditors</b>                                   | KPMG<br>1 The Embankment<br>Neville Street<br>Leeds<br>LS1 4DW                              |
| <b>Principal bankers</b>                          | Bank of Scotland<br>Lisbon House<br>116 Wellington Street<br>Leeds<br>LS1 4LT               |

## **Directors' report** *(continued)*

### **Employees**

The company actively encourages employees to participate in the continued success of the business by suitable training.

It is company policy to recruit disabled persons for appropriate vacancies. Once employed, whatever assistance is necessary in terms of training and career advancement is given.

### **Political and charitable contributions**

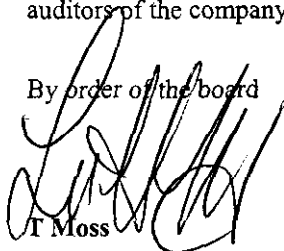
The company made no political contributions during the year. Donations to UK charities amounted to £6,464.

### **Auditors**

KPMG were appointed auditors during the year.

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company, is to be proposed at the forthcoming Annual General Meeting.

By order of the board



T Moss

Secretary

Block A Enterprise Court  
Platts Common Industrial Estate  
Hoyland  
Barnsley  
S74 9TG

2 August 2000

## Statement of 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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 The Embankment  
Neville Street  
LEEDS  
LS1 4DW

## **Report of the auditors to the members of Kenton Utilities & Developments Limited**

We have audited the financial statements on pages 6 to 20

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 4 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. 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.

### **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 at 30 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

2 August 2000

*Chartered Accountants  
Registered Auditors*

## Profit and loss account

for the year ended 30 April 2000

|  | Note | 2000<br>£        | 1999<br>£        |
|--|------|------------------|------------------|
| Turnover   | 1    | 41,525,155       | 37,659,539       |
| Cost of sales  |      | (36,342,016)     | (32,396,301)     |
| <b>Gross profit</b>                                  |      | <b>5,183,139</b> | <b>5,263,238</b> |
| Administrative expenses                              |      | (2,441,880)      | (2,996,635)      |
| Other operating income                               |      | -                | 441              |
| <b>Operating profit</b>                              |      | <b>2,741,259</b> | <b>2,267,044</b> |
| Interest receivable and similar income               | 5    | 103,361          | 87,749           |
| Interest payable and similar charges                 | 6    | (79,870)         | (25,478)         |
| <b>Profit on ordinary activities before taxation</b> | 2-4  | <b>2,764,750</b> | <b>2,329,315</b> |
| Tax on profit on ordinary activities                 | 7    | (850,131)        | (763,658)        |
| <b>Profit for the financial year</b>                 |      | <b>1,914,619</b> | <b>1,565,657</b> |
| Dividends on equity shares                           | 8    | (816,000)        | (1,559,679)      |
| <b>Retained profit carried forward</b>               | 17   | <b>1,098,619</b> | <b>5,978</b>     |

None of the company's activities were acquired or discontinued during the above two financial periods.

The company has no recognised gains or losses other than those dealt with the profit and loss account.

The notes on pages 9 to 20 form part of these financial statements.

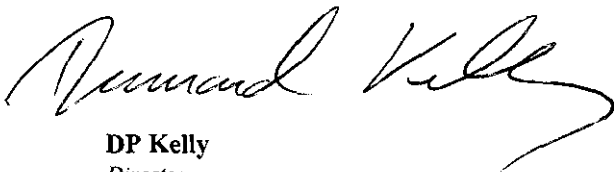


## Balance sheet

at 30 April 2000

|  | Note | 2000               |                  | 1999               |                  |
|--|------|--------------------|------------------|--------------------|------------------|
|  |      | £                  | £                | £                  | £                |
| <b>Fixed assets</b>  |      |                    |                  |                    |                  |
| Tangible fixed assets  | 9    |                    | 1,797,698        |                    | 1,786,369        |
| Investments  | 10   |                    | 612              |                    | 1,614            |
|  |      |                    | <u>1,798,310</u> |                    | <u>1,787,983</u> |
| <b>Current assets</b>  |      |                    |                  |                    |                  |
| Stocks   | 11   | 758,923            |                  | 1,044,418          |                  |
| Debtors  | 12   | 7,690,213          |                  | 9,179,037          |                  |
| Cash at bank and in hand                                       |      | 3,428,404          |                  | 1,159,881          |                  |
|  |      | <u>11,877,540</u>  |                  | <u>11,383,336</u>  |                  |
| <b>Creditors: amounts falling due within one year</b>          | 13   | <u>(8,865,523)</u> |                  | <u>(9,642,181)</u> |                  |
| <b>Net current assets</b>                                      |      |                    | <u>3,012,017</u> |                    | <u>1,741,155</u> |
| <b>Total assets less current liabilities</b>                   |      |                    | <u>4,810,327</u> |                    | <u>3,529,138</u> |
| <b>Creditors: amounts falling due after more than one year</b> | 14   |                    | <u>(575,757)</u> |                    | <u>(618,187)</u> |
| <b>Provisions for liabilities and charges</b>                  | 15   |                    | <u>(470,000)</u> |                    | <u>(245,000)</u> |
| <b>Net assets</b>  |      |                    | <u>3,764,570</u> |                    | <u>2,665,951</u> |
| <b>Capital and reserves</b>                                    |      |                    |                  |                    |                  |
| Called up share capital  | 16   |                    | 25,017           |                    | 25,017           |
| Profit and loss account  | 17   |                    | 3,739,553        |                    | 2,640,934        |
|  |      |                    | <u>3,764,570</u> |                    | <u>2,665,951</u> |
| <b>Shareholders' funds</b>                                     | 18   |                    | <u>3,764,570</u> |                    | <u>2,665,951</u> |

These financial statements were approved by the board of directors on 2 August 2000 and were signed on its behalf by:



**DP Kelly**  
 Director

**Cash flow statement**  
*for the year ended 30 April 2000*

|   | Note | 2000             | 1999               |
|---|------|------------------|--------------------|
|   |      | £                | £                  |
| Operating profit  |      | 2,741,259        | 2,267,044          |
| Depreciation  |      | 778,841          | 392,857            |
| (Profit)/loss on disposal of fixed assets                                 |      | 13,888           | (39,521)           |
| Decrease/(increase) in stocks   |      | 285,495          | (844,600)          |
| Decrease/(increase) in debtors  |      | 1,488,824        | (141,818)          |
| (Increase) / decrease in creditors  |      | 438,352          | 1,235,551          |
| <b>Net cash inflow from operating activities</b>                          |      | <b>5,746,659</b> | <b>2,869,513</b>   |
| <b>Cash flow from operating activities</b>                                |      | <b>5,746,659</b> | <b>2,869,513</b>   |
| Returns on investments and servicing of finance                           | 22   | 23,491           | 62,271             |
| Taxation  |      | (925,508)        | (959,599)          |
| Capital expenditure and financial investment                              | 22   | (803,056)        | (1,149,057)        |
| Equity dividends paid   |      | (1,861,679)      | (2,014,000)        |
| Cash inflow/(outflow) before management of liquid resources and financing |      | 2,179,907        | (1,190,872)        |
| <b>Financing</b>  | 22   | <b>88,616</b>    | <b>961,247</b>     |
| <b>Increase / (decrease) in cash in the period</b>                        |      | <b>2,268,523</b> | <b>(229,625)</b>   |
| <b>Reconciliation of net cash flows to movement in net debt</b>           |      |                  |                    |
| Increase / (decrease) in cash in the period                               |      | 2,268,523        | (229,625)          |
| New debt in year  |      | (638,908)        | (1,257,647)        |
| Cash outflow from increase in debt financing                              |      | 550,292          | 296,400            |
| <b>Movement in debt in the period</b>                                     | 23   | <b>2,179,907</b> | <b>(1,190,872)</b> |
| <b>Net debt at the start of the period</b>                                |      | <b>198,634</b>   | <b>1,389,506</b>   |
| <b>Net debt at the end of the period</b>                                  | 23   | <b>2,378,541</b> | <b>198,634</b>     |

The notes on pages 9 to 20 form part of these financial statements.

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company is exempt by virtue of section 228 / 248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

As the company is a wholly-owned subsidiary of Kenton Utility Service Management Limited, the company has taken advantage of the exemption contained in FRS 8 and has therefore not disclosed transactions or balances with entities which form part of the group (or investees of the group qualifying as related parties).

#### *Fixed assets and depreciation*

Depreciation is provided to write off the cost, less the estimated residual value of tangible assets by equal instalments over their estimated useful lives as follows:

|                       |   |                          |
|-----------------------|---|--------------------------|
| Plant and machinery   | - | 20% - 100% straight line |
| Fixtures and fittings | - | 10% straight line        |
| Motor vehicles        | - | 20% - 33% straight line  |
| Computers             | - | 33% straight line        |

During the year, the directors carried out a review of the useful lives of all types of plant and machinery. This resulted in the revision to their policy stated above.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight-line basis over the period of the lease.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Post-retirement benefits*

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company.

#### *Research and development*

Expenditure on research and development is written off as incurred.

#### *Stocks*

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, consumables and goods purchased for resale, the first in, first out basis is used.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Advance corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

#### *Turnover*

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

#### *Cash and liquid resources*

Cash, for the purpose of the cash flow statement, comprises cash in hand and deposits repayable on demand, less overdrafts payable on demand. Liquid resources are current asset investments which are disposable without curtailing or disrupting the business and are either readily convertible into known amounts of cash at or close to their carrying values or traded in an active market.

## Notes (continued)

### 2 Profit on ordinary activities before taxation

|  | 2000<br>£ | 1999<br>£ |
|--|-----------|-----------|
| <i>Profit on ordinary activities before taxation is stated</i>       |           |           |
| <i>after charging</i>  |           |           |
| Auditors' remuneration:  |           |           |
| Audit  | 20,000    | 25,000    |
| Other services   | 60,975    | 21,725    |
| Depreciation and other amounts written off tangible fixed assets:    |           |           |
| Owned  | 496,624   | 342,977   |
| Leased   | 282,217   | 49,880    |
| Loss / (profit) on disposal of fixed assets                          | 13,888    | (39,521)  |
| Exchange losses  | 14,398    | -         |
| Hire of plant and machinery - rentals payable under operating leases | 74,355    | 74,355    |
| Hire of other assets - operating leases                              | 134,800   | 240,795   |
| Research and development expenditure                                 | 7,116     | 14,923    |
|  | <hr/>     | <hr/>     |

### 3 Remuneration of directors

|   | 2000<br>£ | 1999<br>£ |
|---|-----------|-----------|
| Directors' emoluments                                   |           |           |
| Remuneration  | 117,508   | 595,618   |
| Company contributions to money purchase pension schemes | 15,899    | 19,566    |
|   | <hr/>     | <hr/>     |
|   | 133,407   | 615,184   |
|   | <hr/>     | <hr/>     |

The aggregate of emoluments of the highest paid director was £156,444 (1999: £429,636), and company pension contributions of £15,899 (1999: £15,330) were made to a money purchase scheme on his behalf.

## Notes (continued)

### 4 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

|                           | Number of employees |       |
|---------------------------|---------------------|-------|
|                           | 2000                | 1999  |
| Office and administration | 31                  | 32    |
| Construction              | 697                 | 667   |
|                           | <hr/>               | <hr/> |
|                           | 728                 | 699   |
|                           | <hr/>               | <hr/> |

The aggregate payroll costs of these persons were as follows:

|                                   | 2000       | 1999       |
|-----------------------------------|------------|------------|
|                                   | £          | £          |
| Wages, salaries and related costs | 15,040,017 | 14,505,227 |
| Social security costs             | 1,449,338  | 1,417,692  |
| Other pension costs               | 34,461     | 34,696     |
|                                   | <hr/>      | <hr/>      |
|                                   | 16,523,816 | 15,957,615 |
|                                   | <hr/>      | <hr/>      |

### 5 Interest receivable and similar income

|                                    | 2000    | 1999   |
|------------------------------------|---------|--------|
|                                    | £       | £      |
| Bank and other interest receivable | 103,361 | 87,749 |
|                                    | <hr/>   | <hr/>  |

**Notes** *(continued)*

**6 Interest payable and similar charges**

|  | 2000<br>£     | 1999<br>£     |
|--|---------------|---------------|
| On bank loans and overdrafts   | 2,988         | 13,073        |
| Finance charges payable in respect of finance leases and hire purchase contracts | 76,882        | 12,405        |
|  | <u>79,870</u> | <u>25,478</u> |

**7 Taxation**

|   | 2000<br>£      | 1999<br>£      |
|---|----------------|----------------|
| <i>UK corporation tax</i>               |                |                |
| Current tax on income for the period    | 869,666        | 804,379        |
| Adjustments in respect of prior periods | (19,535)       | (40,721)       |
|   | <u>850,131</u> | <u>763,658</u> |

**8 Dividends**

|                         | 2000<br>£      | 1999<br>£        |
|-------------------------|----------------|------------------|
| Equity shares:          |                |                  |
| Interim dividend paid   | 816,000        | 514,000          |
| Final dividend proposed | -              | 1,045,679        |
|                         | <u>816,000</u> | <u>1,559,679</u> |

**Notes (continued)**

**9 Tangible fixed assets**

|                        | Plant and<br>machinery | Fixtures<br>and<br>fittings | Motor<br>vehicles | Computers | Total     |
|------------------------|------------------------|-----------------------------|-------------------|-----------|-----------|
|                        | £                      | £                           | £                 | £         | £         |
| <i>Cost</i>            |                        |                             |                   |           |           |
| At beginning of year   | 1,147,446              | 127,141                     | 1,819,555         | 157,105   | 3,251,247 |
| Additions              | 561,252                | -                           | 230,963           | 25,758    | 817,973   |
| Disposals              | (140,713)              | -                           | (47,755)          | -         | (188,468) |
| At end of year         | 1,567,985              | 127,141                     | 2,002,763         | 182,863   | 3,880,752 |
| <i>Depreciation</i>    |                        |                             |                   |           |           |
| At beginning of year   | 425,416                | 125,984                     | 807,629           | 105,849   | 1,464,878 |
| Charge for year        | 423,024                | 631                         | 313,766           | 41,420    | 778,841   |
| On disposals           | (112,910)              | -                           | (47,755)          | -         | (160,665) |
| At end of year         | 735,530                | 126,615                     | 1,073,640         | 147,269   | 2,083,054 |
| <i>Net book amount</i> |                        |                             |                   |           |           |
| At 30 April 2000       | 832,455                | 526                         | 929,123           | 35,594    | 1,797,698 |
| At 30 April 1999       | 722,030                | 1,157                       | 1,011,926         | 51,256    | 1,786,369 |

Included in the above are assets held under finance leases as follows:

|   | 2000<br>£ | 1999<br>£ |
|---|-----------|-----------|
| <i>Net book values</i>                  |           |           |
| Plant and machinery                     | 546,514   | 313,595   |
| Motor vehicles                          | 598,611   | 615,336   |
|   | 1,145,125 | 928,931   |
|   |           |           |
|   | 2000<br>£ | 1999<br>£ |
| <i>Depreciation charge for the year</i> |           |           |
| Plant and machinery                     | 138,791   | 32,555    |
| Motor vehicles                          | 143,426   | 17,325    |
|   | 282,217   | 49,880    |



## Notes (continued)

### 10 Fixed asset investments

|                       | Shares in group<br>undertakings<br>£ | Investments other<br>than loans<br>£ | Total<br>£ |
|-----------------------|--------------------------------------|--------------------------------------|------------|
| <i>Shares</i>         |                                      |                                      |            |
| <i>Cost</i>           |                                      |                                      |            |
| At beginning of year  | 1,604                                | 10                                   | 1,614      |
| Disposals             | (1,002)                              | -                                    | (1,002)    |
|                       | <hr/>                                | <hr/>                                | <hr/>      |
| At end of year        | 602                                  | 10                                   | 612        |
|                       | <hr/>                                | <hr/>                                | <hr/>      |
| <i>Net book value</i> |                                      |                                      |            |
| At 30 April 2000      | 602                                  | 10                                   | 612        |
|                       | <hr/>                                | <hr/>                                | <hr/>      |
| At 30 April 1999      | 1,604                                | 10                                   | 1,614      |
|                       | <hr/>                                | <hr/>                                | <hr/>      |

The principal companies in which the company's interest at the year end is more than 20% are as follows:

|   | Country of<br>incorporation | Principal activity | Class and percentage<br>of shares held |
|---|-----------------------------|--------------------|--|
| <i>Subsidiary undertakings</i>                      |                             |                    |  |
| Kentons Plant Limited                               | England                     | Plant Hire         | Ordinary 100%                          |
| Kenton Utilities and Developments (Ireland) Limited | Ireland                     | Utilities          | Ordinary 100%                          |
| Kenton Pipeline Testing Limited                     | England                     | Utilities          | Ordinary 100%                          |

The company has a 50% investment in an associated undertaking, Consplit Limited, a company incorporated in England, which has been written down to zero. The company's share of the accumulated losses of the associated undertaking of £88,508 is included as a liability.

Consplit Limited prepares accounts to 30 September each year. The net liabilities at 30 September 1999 and 30 September 1998 are £101,865 and £101,638 respectively.

### 11 Stocks

|                             | 2000<br>£ | 1999<br>£ |
|-----------------------------|-----------|-----------|
| Raw materials               | 758,923   | 944,418   |
| Loose tools and consumables | -         | 100,000   |
|                             | <hr/>     | <hr/>     |
|                             | 758,923   | 1,044,418 |
|                             | <hr/>     | <hr/>     |

## Notes (continued)

### 12 Debtors

|                                    | 2000<br>£        | 1999<br>£        |
|------------------------------------|------------------|------------------|
| Trade debtors                      | 6,366,015        | 8,492,844        |
| Amounts owed by group undertakings | 1,019,253        | 374,622          |
| Other debtors                      | 88,364           | 147,680          |
| Prepayments and accrued income     | 216,581          | 163,891          |
|                                    | <u>7,690,213</u> | <u>9,179,037</u> |

### 13 Creditors: amounts falling due within one year

|  | 2000<br>£        | 1999<br>£        |
|--|------------------|------------------|
| Obligations under finance leases and hire purchase contracts | 474,106          | 343,060          |
| Trade creditors  | 1,409,225        | 1,472,543        |
| Amounts owed to group undertakings                           | 621,737          | 749,404          |
| Corporation tax  | 625,666          | 701,043          |
| Taxation and social security                                 | 1,839,299        | 1,342,574        |
| Other creditors  | 520,081          | 901,445          |
| Proposed dividend  | -                | 1,045,679        |
| Accruals and deferred income                                 | 3,375,409        | 3,086,433        |
|  | <u>8,865,523</u> | <u>9,642,181</u> |

### 14 Creditors: amounts falling due after more than one year

|  | 2000<br>£      | 1999<br>£      |
|--|----------------|----------------|
| Obligations under finance lease and hire purchase contract | <u>575,757</u> | <u>618,187</u> |

The maturity of obligations under finance leases and hire purchase contracts is as follows:

|                              | 2000<br>£        | 1999<br>£      |
|------------------------------|------------------|----------------|
| Within one year              | 474,106          | 343,060        |
| In the second to fifth years | 575,757          | 618,187        |
|                              | <u>1,049,863</u> | <u>961,247</u> |
| Less future finance charges  | (73,318)         | (93,421)       |
|                              | <u>976,545</u>   | <u>867,826</u> |

## Notes (continued)

### 15 Provisions for liabilities and charges

|                      | 2000<br>£ |
|----------------------|-----------|
| At beginning of year | 245,000   |
| Charge for the year  | 225,000   |
|                      | <hr/>     |
| At end of year       | 470,000   |

The provisions relate to the cost of remedial works and maintenance obligations arising under term contracts and obligations arising as a result of the working time directive.

### Deferred taxation

The amount provided, which represents the full potential liability, is analysed as follows:

|   | 2000<br>£ | 1999<br>£ |
|---|-----------|-----------|
| Capital allowances in advance of depreciation | -         | 5,173     |
| Other short term timing differences           | -         | (5,173)   |
|   | <hr/>     | <hr/>     |
|   | -         | -         |

### 16 Share capital

|  | 2000<br>£ | 1999<br>£ |
|--|-----------|-----------|
| <i>Authorised</i>                          |           |           |
| <b>Equity and non-equity interests:</b>    |           |           |
| 25,000 deferred ordinary shares of £1 each | 25,000    | 25,000    |
| 2,500 ordinary shares of \$0.01 each       | 17        | 17        |
|  | <hr/>     | <hr/>     |
|  | 25,017    | 25,017    |
| <i>Allotted, called up and fully paid</i>  |           |           |
| <b>Equity and non-equity interests:</b>    |           |           |
| 25,000 deferred ordinary shares of £1 each | 25,000    | 25,000    |
| 2,500 ordinary shares of \$0.01 each       | 17        | 17        |
|  | <hr/>     | <hr/>     |
|  | 25,017    | 25,017    |

The \$0.01 ordinary shares carry full voting rights, full rights to dividends and preferential rights in the event of a winding up. The deferred ordinary shares carry no voting rights, no rights to dividends and limited rights in the event of a winding up.

## Notes (continued)

### 17 Reserves

|                              | Profit and loss account<br>£ |
|------------------------------|------------------------------|
| At beginning of year         | 2,640,934                    |
| Retained profit for the year | 1,098,619                    |
|                              | <hr/>                        |
| At end of year               | 3,739,553                    |
|                              | <hr/>                        |

### 18 Reconciliation of movements in shareholders' fund

|                               | 2000<br>£ | 1999<br>£   |
|-------------------------------|-----------|-------------|
| Profit for the financial year | 1,914,619 | 1,565,657   |
| Dividends                     | (816,000) | (1,559,679) |
|                               | <hr/>     | <hr/>       |
| Opening shareholders' funds   | 1,098,619 | 5,978       |
|                               | 2,665,951 | 2,659,973   |
|                               | <hr/>     | <hr/>       |
| Closing shareholders' funds   | 3,764,570 | 2,665,951   |
|                               | <hr/>     | <hr/>       |
| Represented by:               |           |             |
| Equity interests              | 3,649,570 | 2,640,951   |
| Non-equity interests          | 25,000    | 25,000      |
|                               | <hr/>     | <hr/>       |
|                               | 3,764,570 | 2,665,951   |
|                               | <hr/>     | <hr/>       |

### 19 Contingent liabilities

The company has guaranteed the losses of a related undertaking, Consplit Limited. As at 30 April 2000 a provision of £88,508 exists, which reflects the existing exposure on this guarantee.

In the normal course of business, the company has guarantees and performance bonds relating to contracts.

### 20 Revenue commitments

|  | Land and buildings |         | Other   |         |
|--|--------------------|---------|---------|---------|
|  | 2000               | 1999    | 2000    | 1999    |
| Expiry date:                           |                    |         |         |         |
| Within on year                         | 47,600             | 1,172   | 64,718  | 112,665 |
| In the second to fifth years inclusive | 110,500            | 132,600 | 69,183  | 151,900 |
|  | <hr/>              | <hr/>   | <hr/>   | <hr/>   |
|  | 158,100            | 133,772 | 133,901 | 264,565 |
|  | <hr/>              | <hr/>   | <hr/>   | <hr/>   |

## Notes (continued)

### 21 Pension scheme

The company operates a pension scheme providing benefits based on final pensionable pay, contributions being charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary. The most recent valuation was in May 1996. The assumptions which have the most significant effect on the results of the valuation are those based on investment return of 9% per annum, salary increase of 7% per annum and that present and future pensions would increase at 4% per annum. Employee contributions are 6% of earnings with the company contributing the balance to fully fund the scheme.

The pension charge for the year was £14,798 (1999: £11,297). All contributions were paid in the year.

Pension contributions paid during the year to non-company pension schemes were £19,633 (1999: £23,399).

### 22 Analysis of cash flows

|  | 2000              |                   | 1999              |                   |
|--|-------------------|-------------------|-------------------|-------------------|
|  | £                 | £                 | £                 | £                 |
| <b>Returns on investment and servicing of finance</b>                    |                   |                   |                   |                   |
| Interest received  | 103,361           |                   | 87,749            |                   |
| Interest paid  | (79,870)          |                   | (25,478)          |                   |
|  | <u>          </u> |                   | <u>          </u> |                   |
|  |                   | 23,491            |                   | 62,271            |
|  |                   | <u>          </u> |                   | <u>          </u> |
| <b>Capital expenditure and financial investment</b>                      |                   |                   |                   |                   |
| Purchase of tangible fixed assets  | 817,973           |                   | 1,231,698         |                   |
| Sale of plant and machinery  | (13,915)          |                   | (82,643)          |                   |
| Purchase of investment in subsidiary undertakings                        | -                 |                   | 2                 |                   |
| Disposal of investment in subsidiary undertakings                        | (1,002)           |                   |                   |                   |
|  | <u>          </u> |                   | <u>          </u> |                   |
|  |                   | (803,056)         |                   | (1,149,057)       |
|  |                   | <u>          </u> |                   | <u>          </u> |
| <b>Financing</b>   |                   |                   |                   |                   |
| Receipts of capital on hire purchase contracts and finance lease rentals | 499,685           |                   | 1,257,647         |                   |
| Repayment of capital on hire purchase contracts and finance lease rental | (388,624)         |                   | (296,400)         |                   |
|  | <u>          </u> |                   | <u>          </u> |                   |
|  |                   | 111,061           |                   | 961,247           |
|  |                   | <u>          </u> |                   | <u>          </u> |

## Notes (continued)

### 23 Analysis of net debt

|                          | At start<br>of year<br>£ | Cash flow<br>£   | At end<br>of year<br>£ |
|--------------------------|--------------------------|------------------|------------------------|
| Cash at bank and in hand | 1,159,881                | 2,268,523        | 3,428,404              |
| Debt due after one year  | (618,187)                | 42,430           | (575,757)              |
| Debt due within one year | (343,060)                | (131,046)        | (474,106)              |
| <b>Total</b>             | <b>198,634</b>           | <b>2,179,907</b> | <b>2,378,541</b>       |

### 24 Ultimate parent company and parent undertaking of larger group of which the company is a member

The company is a subsidiary undertaking of Kenton Utility Service Management Limited, incorporated in England.

The largest group in which the results of the company are consolidated is that headed by Kenton Utility Service Management Limited, incorporated in England. The consolidated accounts of these groups are available to the public from the registered office.