

KENTON UTILITIES & DEVELOPMENTS LIMITED

Company No: 1062438

FINANCIAL STATEMENTS

- for the year ended -

30TH APRIL 1999



**KENTON UTILITIES & DEVELOPMENTS LIMITED**

**DIRECTORS**

D P Kelly  
J McGowan  
Dr C Yonnet

**SECRETARY**

S Drury

**BUSINESS ADDRESS**

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

**REGISTERED OFFICE**

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

**AUDITORS**

PricewaterhouseCoopers  
Chartered Accountants  
89 Sandyford Road  
Newcastle upon Tyne  
NE99 1PL

**PRINCIPAL BANKERS**

Bank of Scotland  
London Chief Office  
38 Threadneedle Street  
London  
EC2P 2EH

KENTON UTILITIES & DEVELOPMENTS LIMITED

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## KENTON UTILITIES & DEVELOPMENTS LIMITED

### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 30th April 1999.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The company reported a profit before tax for the year of £2,329,315 (1998 £3,209,646). The directors are pleased with the results for the year.

### DIVIDENDS

The directors have paid an interim dividend amounting to £514,000, and they recommend payment of a final dividend amounting to £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 or classes of suppliers. The average creditor payment days is 60 days.

### MARKET VALUE OF LAND AND BUILDINGS

In the opinion of the directors the market value of the land and buildings of the company significantly exceeds the book value.

### DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date, and directors who were appointed or removed during the year, are given below:-

	<u>Class of share</u>	<u>Number of shares</u>	
		<u>1999</u>	<u>1998</u>
D P Kelly	Ordinary shares of \$0.01	-	-
	Deferred ordinary shares of £1	-	-
J McGowan	Ordinary shares of \$0.01	-	-
	Deferred ordinary shares of £1	-	-
Dr C Yonnet	Ordinary shares of \$0.01	-	-
	Deferred ordinary shares of £1	-	-

D Cummins and C J M McKernan were removed as directors on 27 July 1998. Dr C Yonnet was appointed as a director on 27 July 1998. J McGowan was appointed as a director on 1 September 1998.

The directors' interests in the ultimate parent company, Utilitec PLC, are disclosed in that company's accounts.

## KENTON UTILITIES & DEVELOPMENTS LIMITED

### REPORT OF THE DIRECTORS (Continued)

#### **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 the 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the financial statements.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

#### **CHARITABLE CONTRIBUTIONS**

During the year the company made various charitable contributions totalling £2,679.

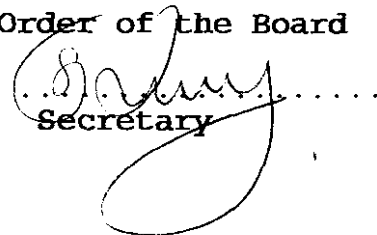
#### **EMPLOYEES**

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.

Date: 15 December 1999

By Order of the Board

  
Secretary

**KENTON UTILITIES & DEVELOPMENTS LIMITED**

**AUDITORS' REPORT TO THE SHAREHOLDERS OF KENTON UTILITIES & DEVELOPMENTS LIMITED**

We have audited the financial statements on pages 4 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

**Respective responsibilities of the directors and auditors**

The directors are responsible for preparing the Annual Report, including as described on page 2, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true a 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 the information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

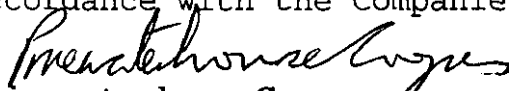
**Basis of opinion**

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 as at 30th April 1999 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
PricewaterhouseCoopers  
Chartered Accountants  
and Registered Auditors

89 Sandyford Road  
Newcastle upon Tyne  
NE99 1PL

Date: 15 December 1999

**KENTON UTILITIES & DEVELOPMENTS LIMITED****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH APRIL 1999**

	Notes	1999 £	1998 £
<b>TURNOVER</b>	<b>1</b>	37,659,539	31,155,635
Cost of sales		(32,396,301)	(25,311,620)
<b>GROSS PROFIT</b>		<u>5,263,238</u>	<u>5,844,015</u>
Administrative expenses		(2,996,635)	(2,990,560)
		<u>2,266,603</u>	<u>2,853,455</u>
Other operating income		441	7,000
<b>OPERATING PROFIT</b>	<b>2</b>	<u>2,267,044</u>	<u>2,860,455</u>
Property disposals		-	245,259
Interest receivable	<b>3</b>	87,749	105,499
Interest payable	<b>4</b>	(25,478)	(1,567)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAX</b>		<u>2,329,315</u>	<u>3,209,646</u>
Tax on profit on ordinary activities	<b>7</b>	(763,658)	(1,015,130)
<b>PROFIT FOR THE FINANCIAL YEAR</b>		<u>1,565,657</u>	<u>2,194,516</u>
Dividends	<b>8</b>	(1,559,679)	(1,500,000)
<b>RETAINED PROFIT FOR THE YEAR</b>	<b>19</b>	<u>5,978</u>	<u>694,516</u>

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

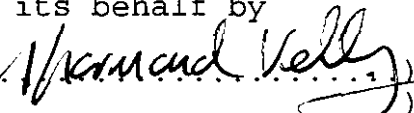
The company has no recognised gains or losses other than those dealt with in the profit and loss account.

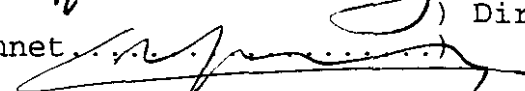
The notes on pages 7 to 18 form part of these financial statements.

**KENTON UTILITIES & DEVELOPMENTS LIMITED****BALANCE SHEET AT 30TH APRIL 1999**

	Notes	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	9		1,786,369		990,650
Investments:					
related undertakings	10		1,604		1,602
Investments: other	11		10		10
			<u>1,787,983</u>		<u>992,262</u>
<b>CURRENT ASSETS</b>					
Stocks	12	1,044,418		199,818	
Debtors	13	9,179,037		9,037,219	
Cash at bank and in hand		1,159,881		1,389,506	
		<u>11,383,336</u>		<u>10,626,543</u>	
<b>CREDITORS: Amounts falling due within one year</b>	14	(9,642,181)		(8,758,832)	
<b>NET CURRENT ASSETS</b>			<u>1,741,155</u>		<u>1,867,711</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			3,529,138		2,859,973
<b>CREDITORS: Amounts falling due after more than one year</b>	15		(618,187)		-
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	17		(245,000)		(200,000)
			<u>2,665,951</u>		<u>2,659,973</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	18		25,017		25,017
Profit and loss account	19		2,640,934		2,634,956
Equity and non-equity shareholders' funds	20		<u>2,665,951</u>		<u>2,659,973</u>

The financial statements were approved  
by the board on 15 December 1999 and  
signed on its behalf by

D P Kelly  Directors

Dr C Yonnet 

The notes on pages 7 to 18 form part of these financial statements.



**KENTON UTILITIES & DEVELOPMENTS LIMITED****CASH FLOW STATEMENT FOR THE YEAR ENDED 30TH APRIL 1999**

	Notes	1999 £	1998 £
<b>NET CASH INFLOW FROM OPERATING ACTIVITIES</b>	<b>21</b>	<b>2,869,513</b>	<b>3,079,550</b>
<b>Return on investments and servicing of finance:</b>			
Interest received	87,749	105,499	
Interest paid	(13,073)	(1,567)	
Interest element on hire purchase contracts	(12,405)	-	
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		<b>62,271</b>	<b>103,932</b>
<b>Taxation:</b>			
Corporation tax paid	(959,599)	(296,016)	
Corporation tax received	-	9,096	
<b>TAX PAID</b>		<b>(959,599)</b>	<b>(286,920)</b>
<b>Capital expenditure:</b>			
Purchase of tangible fixed assets including net assets transferred	(1,231,698)	(933,408)	
Purchase of investments in subsidiary undertakings	(2)	-	
Receipts from sale of tangible assets	82,643	423,715	
<b>NET CASHFLOW FROM CAPITAL EXPENDITURE</b>		<b>(1,149,057)</b>	<b>(509,693)</b>
<b>Equity dividends paid</b>		<b>(2,014,000)</b>	<b>-</b>
<b>CASH FLOW BEFORE USE OF LIQUID RESOURCES AND FINANCING</b>		<b>(1,190,872)</b>	<b>2,386,869</b>
<b>Financing:</b>			
Receipts of capital on hire purchase contracts and finance leases rentals	1,257,647	-	
Repayment of capital on hire purchase contracts and finance leases rentals	(296,400)	(55,641)	
		<b>961,247</b>	<b>(55,641)</b>
<b>(DECREASE) / INCREASE IN CASH</b>	<b>22</b>	<b>(229,625)</b>	<b>2,331,228</b>

The notes on pages 7 to 18 form part of these financial statements.

## KENTON UTILITIES & DEVELOPMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999

#### 1. ACCOUNTING POLICIES

##### 1.1 BASIS OF ACCOUNTING

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

##### 1.2 TURNOVER

Turnover represents the value of work invoiced to customers and work done but not invoiced but which may be assessed with reasonable certainty, net of Value Added Tax.

##### 1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Freehold buildings	Straight line over fifty years
Plant and machinery	20% Straight line
Fixtures and fittings	10% Straight line
Motor vehicles	20% - 25% Straight line
Computers	20% - 33% Straight line

##### 1.4 STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials	- cost of purchase on first in, first out basis
Loose tools and consumables	- cost of purchase on first in, first out basis

Net realisable value is based on estimated selling price less further costs to completion and disposal.

##### 1.5 RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off as incurred.

##### 1.6 DEFERRED TAXATION

Provision is made on a liability basis for tax deferred by timing differences to the extent that there is reasonable probability that the tax deferral will crystallise in the foreseeable future.

## KENTON UTILITIES & DEVELOPMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999

#### 1.7 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

#### 1.8 PENSIONS

Company pension contributions are charged to the profit and loss account so as to spread the cost of the pensions over the employees' working lives with the company. The contributions are invested separately from the company's assets.

#### 1.9 PROVISIONS

Provision is made against future remedial costs relating to existing work to the extent that there is a reasonable probability such costs will be incurred.

#### 2. OPERATING PROFIT AND EXCEPTIONAL ITEMS

	1999 £	1998 £
The operating profit is stated after charging/(crediting):		
Depreciation	392,857	321,790
Auditors' remuneration:		
Audit services	25,000	25,000
Non-audit services	21,725	4,250
Loss on foreign currency translation	-	6,923
Operating lease rentals:		
Plant and machinery	74,355	74,355
Other	240,795	509,779
(Profit)/loss on disposal of fixed assets	(39,521)	29,060

Exceptional items incurred in the year are set out below:

Provision against subsidiary debtor balance	£280,000	-
Relocation costs	£158,640	£65,861

The provision against an intercompany debtor has been included in administrative expenses.

The relocation costs represent various costs associated with the relocation to new premises and are included in administrative expenses.

**KENTON UTILITIES & DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999**

3.	INTEREST RECEIVABLE	1999 £	1998 £
	Bank and other interest receivable	87,749	105,499
		<u>87,749</u>	<u>105,499</u>
4.	INTEREST PAYABLE	1999 £	1998 £
	On bank loans and overdrafts	13,073	1,567
	Hire purchase interest	12,405	-
		<u>25,478</u>	<u>1,567</u>

**KENTON UTILITIES & DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999**

5. DIRECTORS AND EMPLOYEES	1999 £	1998 £
Staff costs:		
Wages and salaries	14,505,227	12,801,747
Social security costs	1,417,692	1,184,814
Other pension costs	34,696	64,317
	<u>15,957,615</u>	<u>14,050,878</u>

The average weekly number of employees during the year was made up as follows:

	Number	Number
Administration	32	31
Construction	667	553
	<u>699</u>	<u>584</u>

Directors' emoluments:

	£	£
Remuneration for management services	595,618	963,186
Pension contributions	19,566	37,885
	<u>615,184</u>	<u>1,001,071</u>

Pension contributions of £19,566 were paid to defined contribution schemes on behalf of three directors.

Highest paid director:

Emoluments	429,636	288,390
Pension contributions	15,330	16,442
	<u>444,966</u>	<u>304,832</u>

Dr C Yonnet is remunerated by the parent company, Utilitec PLC, and received no emoluments from Kenton Utilities & Developments Limited.

## KENTON UTILITIES & DEVELOPMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999

#### 6. PENSION COSTS

The company operates a final pensionable pay pension scheme. The assets of the scheme are held separately from those of the company, being invested with an insurance company. Contributions payable by the company amounted to £11,297 (1998: £17,616). All contributions were paid in the year.

The scheme commenced on 17 August 1995 and an actuarial valuation was carried out in May 1996. This valuation showed the scheme to be fully funded.

Contributions to the scheme are based on investment returns of 9% per annum, salary increases 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.

Pension contributions paid during the year to non company pension schemes were £23,399 (1998 £46,701).

#### 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge comprises:		
U.K. corporation tax at 31% (1998 - 33%)	804,379	1,007,655
Adjustment in respect of prior years	(40,721)	36,009
	<hr/> 763,658	<hr/> 1,043,664
Transfer from deferred taxation	-	(28,534)
	<hr/> <hr/> 763,658	<hr/> <hr/> 1,015,130

#### 8. DIVIDENDS

	1999 £	1998 £
Equity interests		
Ordinary:-		
Interim dividend	514,000	-
Final dividend proposed	1,045,679	1,500,000
	<hr/> 1,559,679	<hr/> 1,500,000

# KENTON UTILITIES & DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999

### 9. TANGIBLE ASSETS

<u>Cost</u>	Beginning of year £	Additions £	Transfers £	Disposals £	End of year £
Properties:					
Freehold	35,273	-	-	(35,273)	-
Plant and machinery	558,142	559,150	60,670	(30,516)	1,147,446
Fixtures and fittings	127,141	-	-	-	127,141
Motor vehicles	1,157,822	632,661	73,141	(44,069)	1,819,555
Computers	142,705	14,400	-	-	157,105
	<u>2,021,083</u>	<u>1,206,211</u>	<u>133,811</u>	<u>(109,858)</u>	<u>3,251,247</u>
<u>Depreciation</u>	Beginning of year £	Charge for year £	Transfers £	On disposals £	End of year £
Properties:					
Freehold	2,691	175	-	(2,866)	-
Plant and machinery	244,325	149,126	55,033	(23,068)	425,416
Fixtures and fittings	122,091	3,893	-	-	125,984
Motor vehicles	584,995	210,145	53,291	(40,802)	807,629
Computers	76,331	29,518	-	-	105,849
	<u>1,030,433</u>	<u>392,857</u>	<u>108,324</u>	<u>(66,736)</u>	<u>1,464,878</u>
	Beginning of year £				End of year £
<u>Net book value</u>	<u>990,650</u>				<u>1,786,369</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	1999 £	1998 £
Net book values:		
Plant and machinery	313,595	-
Motor vehicles	615,336	-
	<u>928,931</u>	<u>-</u>
Depreciation charge for the year:		
Plant and machinery	32,555	-
Motor vehicles	17,325	-
	<u>49,880</u>	<u>-</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

## KENTON UTILITIES & DEVELOPMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999

#### 10. INVESTMENTS - RELATED UNDERTAKINGS

<u>Cost</u>	<u>Beginning of year £</u>	<u>Additions £</u>	<u>End of year £</u>
Shares:			
Group undertaking	1,602	2	1,604
	<u>1,602</u>	<u>2</u>	<u>1,604</u>
<u>Net book value</u>	<u>1,602</u>		<u>1,604</u>

The following were the operating subsidiaries at the balance sheet date:

Subsidiary undertakings	Description and proportion of share capital owned	Country of operation & incorporation	Nature of business
Kentons Plant Limited	Ordinary 100%	England	Plant hire
Kenton Utilities & Developments (Ireland) Limited	Ordinary 100%	Ireland	Utility works contracting

The company is exempt from the obligations to prepare group financial statements as it is itself a subsidiary undertaking and its immediate parent undertaking is Utilitec PLC, a company which prepares group accounts and which is incorporated in England.

The directors consider the value of the company's investment in its subsidiary undertakings is not less than the amounts at which they are stated in the company's balance sheet.

The company has a 50% investment in an associated undertaking, Consplit Limited, a company incorporated in England, which 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 1998 and 30 September 1997 are £101,638 and £100,822 respectively. The losses for the years ended 30 September 1998 and 30 September 1997 are £816 and £11,068 respectively.

The company acquired, on 22 January 1999, 100% of the ordinary share capital of Kentons Pipeline Testing Services Limited, a dormant company, for £2000.



# KENTON UTILITIES & DEVELOPMENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999

### 11. INVESTMENTS - OTHER

<u>Cost</u>	<u>Beginning of year £</u>	<u>Additions £</u>	<u>End of year £</u>
Other investments other than loans	10	-	10
	10	-	10
<u>Net book value</u>	<u>10</u>		<u>10</u>
<u>Other investments other than loans</u>	<u>1999</u>		<u>1998</u>
	<u>Cost £</u>		<u>Cost £</u>
Unlisted	10		10

### 12. STOCKS

	<u>1999 £</u>	<u>1998 £</u>
Raw materials	944,418	99,818
Loose tools and consumables	100,000	100,000
	<u>1,044,418</u>	<u>199,818</u>

### 13. DEBTORS

	<u>1999 £</u>	<u>1998 £</u>
Trade debtors	8,492,844	7,566,770
Amounts owed by group undertakings	374,622	1,229,281
Other debtors	147,680	64,865
Prepayments and accrued income	163,891	176,303
	<u>9,179,037</u>	<u>9,037,219</u>

**KENTON UTILITIES & DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999**

14.	<b>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	<b>1999 £</b>	<b>1998 £</b>
	Trade creditors	1,472,543	2,081,758
	Proposed dividend	1,045,679	1,500,000
	Amounts owed to group undertakings	749,404	637,218
	Corporation tax	701,043	896,984
	Other taxes and social security costs	1,342,574	1,245,358
	Net obligations under finance lease and hire purchase contracts	343,060	-
	Other creditors	901,445	686,386
	Accruals and deferred income	3,086,433	1,711,128
		<u>9,642,181</u>	<u>8,758,832</u>

The bank overdraft is secured by a composite guarantee and debenture over the assets of the company.

15.	<b>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	<b>1999 £</b>	<b>1998 £</b>
	Net obligations under finance leases and hire purchase contracts	618,187	-
		<u>618,187</u>	<u>-</u>

16.	<b>NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS</b>	<b>1999 £</b>	<b>1998 £</b>
	<u>The company's net obligations under finance leases and hire purchase contracts are repayable as follows:</u>		
	In one year, or less or on demand	343,060	-
	Between two and five years	618,187	-
		<u>961,247</u>	<u>-</u>

**KENTON UTILITIES & DEVELOPMENTS LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999**

**17. PROVISIONS FOR LIABILITIES AND CHARGES**

**Damages provision**

At 1st May 1998	200,000
Movement during the year	45,000
	<hr/>
At 30th April 1999	245,000
	<hr/>

The damages provision relates to costs associated with remedial works and maintenance obligations arising under term contracts. The provision is expected to be settled within one year of the balance sheet date.

**18. SHARE CAPITAL**

1999	1998
£	£

**Authorised**

**Equity and non-equity interests:**

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
	<hr/>	<hr/>

**Allotted, called up and fully paid**

**Equity and non-equity interests:**

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
	<hr/>	<hr/>

**Class rights of shares**

The \$0.01 ordinary shares carry full voting rights, full rights to dividends and preferential rights in the event of a winding up. The £1 deferred ordinary shares carry no voting rights, no rights to dividends and limited rights in the event of a winding up.

**19. PROFIT AND LOSS ACCOUNT**

1999	1998
£	£

Retained profits at 1st May 1998	2,634,956	1,940,440
Retained profit for the year	5,978	694,516
	<hr/>	<hr/>
Retained profits at 30th April 1999	2,640,934	2,634,956
	<hr/>	<hr/>

**KENTON UTILITIES & DEVELOPMENTS LIMITED****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999****20. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1999 £	1998 £
Profit for the financial year	1,565,657	2,194,516
Dividends	(1,559,679)	(1,500,000)
	<hr/>	<hr/>
	5,978	694,516
Shareholders' funds at start of year	2,659,973	1,965,457
	<hr/>	<hr/>
Shareholders' funds at end of year	2,665,951	2,659,973
	<hr/>	<hr/>
Represented by:-		
Equity and non-equity interests	2,640,951	2,634,973
Non-equity interests	25,000	25,000
	<hr/>	<hr/>
	2,665,951	2,659,973
	<hr/>	<hr/>

**21. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	1999 £	1998 £
Operating profit	2,267,044	2,860,455
Depreciation	392,857	321,790
(Profit)/Loss on disposal of fixed assets	(39,521)	29,060
(Increase)/decrease in stocks	(844,600)	(79,577)
Increase in debtors	(141,818)	(1,433,813)
Increase in creditors	1,235,551	1,381,785
Adjustment regarding shares	-	(150)
	<hr/>	<hr/>
	2,869,513	3,079,550
	<hr/>	<hr/>

**22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS**

	1999 £	1998 £
(Decrease)/Increase in cash	(229,625)	2,331,228
New debt in the year	(1,257,647)	-
Cash outflow from decrease in debt financing	296,400	55,641
Net funds/(debt) at start of year	1,389,506	(997,363)
	<hr/>	<hr/>
Net funds at end of year	198,634	1,389,506
	<hr/>	<hr/>

## KENTON UTILITIES & DEVELOPMENTS LIMITED

### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH APRIL 1999

#### 23. ANALYSIS OF NET FUNDS

	At start of year	New debt in year	Cash flow	At end of year
Cash at bank and in hand	1,389,506	-	(229,625)	1,159,881
Hire purchase and finance leases	-	(1,257,647)	296,400	(961,247)
	<u>1,389,506</u>	<u>(1,257,647)</u>	<u>66,775</u>	<u>198,634</u>

#### 24. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
Expiry date:				
Within one year	1,172	-	112,665	25,071
Between one and five years	132,600	47,905	151,900	369,038
	<u>133,772</u>	<u>47,905</u>	<u>264,565</u>	<u>394,109</u>

#### 25. CONTINGENT LIABILITIES

The company has guaranteed the losses of a related undertaking, Consplit Limited. As at 30th April 1999 a provision of £88,508 exists which reflects the existing exposure on this guarantee.

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

#### 26. ULTIMATE PARENT COMPANY

The ultimate parent company is Utilitec PLC a company incorporated in Great Britain. Utilitec PLC is the parent company of the only group for which financial statements are drawn up and of which the company is a member. Copies of the accounts of the parent company may be obtained from Technolog House, Ravenstor Road, Wirksworth, Matlock. Derbyshire. DE4 4FY.

The consolidated accounts of Utilitec PLC are publically available. Consequently, the company has availed itself of the exemption under FRS8, from disclosing transactions with other companies in the group.