

ARTHUR  
ANDERSEN  
& CO.

HORSHAM NOMINEES LIMITED  
(formerly Trend Control Systems Limited)

ACCOUNTS -- 31 MARCH 1986

TOGETHER WITH DIRECTORS' AND AUDITORS' REPORTS

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HORSHAM NOMINEES LIMITED  
(formerly Trend Control Systems Limited)

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 1986

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report for the year ended 31 March 1986.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW:**

On 1 April 1985 the trade and trading assets of the company were transferred to its parent company. Subsequent to that date the company ceased trading and became dormant. On 22 July 1985 the company changed its name to Horsham Nominees Limited.

The directors do not recommend the payment of any dividend for the year.

**DIRECTORS AND THEIR INTERESTS:**

The directors who served during the year were as follows-

J. R. Prestwich (Chairman)  
P.K. Molony  
T. Casey  
M.C. De'Ath  
R.F.F. Rylatt  
N.C. Talbot-Rice

The directors do not have any interests required to be disclosed under Section 235 of the Companies Act 1985. The directors' interests in the parent company, Trend Control Systems Limited are disclosed in the accounts of that company.

**FIXED ASSETS:**

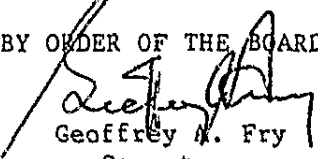
Information relating to changes in tangible fixed assets is given in Note 8 to the accounts.

**AUDITORS:**

In accordance with S.252 of the Companies Act 1985 the directors will place a resolution before the annual general meeting not to appoint auditors.

Foundry Lane  
Horsham  
West Sussex

14 April 1987

BY ORDER OF THE BOARD,  
  
Geoffrey A. Fry  
Secretary

ARTHUR ANDERSEN & Co.

1 SURREY STREET  
LONDON WC2R 2PS

To the Members of HORSHAM NOMINEES LIMITED (formerly Trend Control Systems Limited):

We have audited the accounts set out on pages 3 to 10 in accordance with approved Auditing Standards.

In our opinion, the accounts, which have been prepared under the historical cost convention, give a true and fair view of the state of affairs of the company at 31 March 1986 and of the profit and source and application of funds for the year then ended, and comply with the Companies Act 1985.

14 April 1987

*Arthur Andersen & Co.*

HORSHAM NOMINEES LIMITED  
(formerly Trend Control Systems Limited)

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
TURNOVER	2	£ -	£ 2,589,295
Cost of sales		-	(1,668,795)
		-----	-----
GROSS PROFIT		-	920,500
Other operating expenses	3	-	(529,130)
		-----	-----
		-	391,370
Research and development costs		-	(264,015)
Interest income		-	926
Interest payable and similar charges	4	-	(29,063)
		-----	-----
PROFIT FOR THE FINANCIAL YEAR	5	£ -	£ 99,218
		=====	=====

The accompanying notes are an integral part of this profit and loss account.


HORSHAM NOMINEES LIMITED  
(formerly Trend Control Systems Limited)

BALANCE SHEET -- 31 MARCH 1986

	<u>Notes</u>	<u>1986</u>	<u>1985</u>
FIXED ASSETS			
Tangible assets	8	£ -	£ 172,256
CURRENT ASSETS			
Stocks	9	-	489,932
Debtors	10	-	759,872
Cash at bank and in hand		-	290
		-	1,250,094
CREDITORS: Amounts falling due within one year	11	-	(1,163,619)
NET CURRENT ASSETS		-	86,475
TOTAL ASSETS LESS CURRENT LIABILITIES		-	258,731
CREDITORS: Amounts falling due after more than one year	12	(264,434)	(523,165)
NET LIABILITIES		£ (264,434)	£ (264,434)
CAPITAL AND RESERVES			
Called-up share capital	13	£ 501,000	£ 501,000
Profit and loss account		(765,434)	(765,434)
SHAREHOLDERS' FUNDS		£ (264,434)	£ (264,434)

SIGNED ON BEHALF OF THE BOARD

R.F.F. Rylatt  Directors

T. Casey 

14 April 1987

The accompanying notes are an integral part of this balance sheet.

HORSHAM NOMINEES LIMITED  
(formerly Trend Control Systems Limited)

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

FOR THE YEAR ENDED 31 MARCH 1986

SOURCE OF FUNDS	<u>1986</u>	<u>1985</u>
Profit on ordinary activities after taxation	£ -	£ 99,218
Add (deduct) items not involving cash flow during the year		
- depreciation	-	49,504
- gain on sale of fixed assets	-	(32,104)
- transfer of assets from fixed assets to stock (net)	-	1,051
	-----	-----
	-	117,669
Proceeds from disposal of tangible fixed assets	172,256	1,626
Increase in creditors falling due after more than one year	-	77,739
Decrease in net current assets, as shown below	86,475	-
	-----	-----
	£ 258,731	£ 197,034
	=====	=====
 APPLICATION OF FUNDS		
Purchase of tangible fixed assets at cost	£ -	£ 67,122
Decrease in creditors falling due after more than one year	258,731	-
Increase in net current assets, as shown below	-	129,912
	-----	-----
	£ 258,731	£ 197,034
	=====	=====
 INCREASE (DECREASE) IN NET CURRENT ASSETS		
Stocks	£ (489,932)	£ 179,733
Debtors	(759,872)	287,516
Creditors falling due within one year	915,975	(251,718)
	-----	-----
	(333,829)	215,531
 Movement in net liquid funds		
- cash at bank and in hand	(290)	197
- bank loans and overdrafts	247,644	(85,816)
	-----	-----
	£ (86,475)	£ 129,912
	=====	=====

HORSHAM NOMINEES LIMITED  
(formerly Trend Control Systems Limited)

NOTES TO ACCOUNTS -- 31 MARCH 1986

1. ACCOUNTING POLICIES:

The principal accounting policies are-

a) Basis of accounting

The accounts are prepared under the historical cost convention.

b) Intangible fixed assets- research and development

Research and development expenditure is written off in the year of expenditure.

c) Tangible fixed assets

All fixed assets are shown at original historical cost.

Depreciation is provided at rates calculated to write off the cost less estimated residual value of fixed assets on a straight line basis over their estimated useful lives as follows-

Development equipment	(33 1/3% per annum)
Motor vehicles	(33 1/3% per annum)
Fixtures and fittings	(20% per annum)

d) Stocks

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

Cost incurred in bringing each product to its present location and condition is based on-

Raw materials	-	purchase cost on a first-in, first-out basis, including transport
Work-in-progress and finished goods	-	cost of direct materials and labour plus a reasonable proportion of manufacturing overheads based on normal levels of activity.

Net realisable value is based on estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.



# NOTES TO ACCOUNTS (Continued)

## 1. ACCOUNTING POLICIES (Continued):

### e) Turnover

Turnover comprises the value of sales (excluding VAT and trade discounts) of goods and services in the normal course of business.

### f) Revenue recognition

In cases where sales are earned from the design, manufacture, installation and commissioning of energy management systems for a specific customer, no revenue is recognised until equipment delivery has been effected and the contract is substantially complete. All estimated costs to complete, together with related revenue, are accrued and released to profit and loss on completion.

## 2. SEGMENT INFORMATION:

All of the turnover was derived from the design, manufacture, supply and installation of energy management systems in the United Kingdom, with the exception of exports to the USA (1985 - £273,000).

## 3. OTHER OPERATING EXPENSES:

	<u>1986</u>	<u>1985</u>
Selling and marketing costs	£ -	£244,205
Administrative expenses	-	284,925
	-----	-----
	£ -	£529,130
	=====	=====

## 4. INTEREST PAYABLE AND SIMILAR CHARGES:

	<u>1986</u>	<u>1985</u>
On bank loans, overdrafts and other loans repayable within five years, not by instalments	£ -	£ 29,063
	=====	=====

## 5. PROFIT FOR THE FINANCIAL YEAR:

Profit for the financial year is stated after crediting-

	<u>1986</u>	<u>1985</u>
Gain on disposal of tangible fixed assets	£ -	£ 32,104
	=====	=====
and after charging-		
Depreciation	£ -	£ 49,504
Hire of plant and machinery	-	76,077
Auditors' remuneration	-	12,000
Staff costs (see Note 6)	-	868,867
	=====	=====

NOTES TO ACCOUNTS (Continued)

6. STAFF COSTS:

Particulars of employee costs including executive directors are as shown below-

	<u>1986</u>	<u>1985</u>
Employee costs during the year amounted to-		
Wages and salaries	£ -	£768,339
Social security costs	-	74,358
Other pension costs	-	26,170
	-----	-----
	£ -	£868,867
	=====	=====

The average weekly number of persons employed by the company during the year was as follows-

	<u>Number</u>	<u>Number</u>
Production	-	37
Development	-	16
Sales	-	11
Administration	-	8
	===	===

Directors' remuneration-

The employee costs shown above include the following remuneration in respect of directors of the company-

	<u>1986</u>	<u>1985</u>
Fees as directors	£ -	£ 8,000
Other emoluments (including pension contributions)	-	141,700
Compensation for loss of office	-	19,210
	-----	-----
	£ -	£168,910
	=====	=====

The directors' remuneration shown above (excluding pension contributions) included-

	<u>1986</u>	<u>1985</u>
Chairman	£ -	£ 4,000
Highest paid director	-	33,245
	=====	=====

Other directors received emoluments (excluding pensions and pension contributions) in the following ranges-

	<u>Number</u>	<u>Number</u>
Up to £ 5,000	-	1
£10,001 - £15,000	-	1
£15,001 - £20,000	-	1
£30,001 - £35,000	-	2
	===	===

NOTES TO ACCOUNTS (Continued)

7. TAXATION:

The company has no current or deferred tax liabilities as a result of tax losses brought forward.

8. TANGIBLE FIXED ASSETS:

The following are included in the net book value of tangible fixed assets-

	<u>1986</u>	<u>1985</u>
Development equipment	£ -	£ 93,102
Fixtures and fittings	-	71,772
Motor vehicles	-	7,382
	-----	-----
Net tangible fixed assets	£ -	£172,256
	=====	=====

The movement in the year was as follows-

	<u>Development equipment</u>	<u>Fixtures and fittings</u>	<u>Motor vehicles</u>	<u>Total</u>
COST-				
Beginning of year	£ 184,123	£ 111,426	£ 13,072	£ 308,621
Transfers to parent company	(184,123)	(111,426)	(13,072)	(308,621)
	-----	-----	-----	-----
End of year	-	-	-	-
	-----	-----	-----	-----
DEPRECIATION-				
Beginning of year	91,021	39,654	5,690	136,365
Transfers to parent company	(91,021)	(39,654)	(5,690)	(136,365)
	-----	-----	-----	-----
End of year	-	-	-	-
	-----	-----	-----	-----
NET BOOK VALUE				
beginning of year	£ 93,102	£ 71,772	£ 7,382	£ 172,256
	=====	=====	=====	=====
NET BOOK VALUE				
end of year	£ -	£ -	£ -	£ -
	=====	=====	=====	=====

9. STOCKS:

The following are included in the net book value of stocks-

	<u>1986</u>	<u>1985</u>
Raw materials and consumables	£ -	£319,960
Work-in-progress	-	169,972
	-----	-----
	£ -	£489,932
	=====	=====

NOTES TO ACCOUNTS (Continued)

10. DEBTORS:

The following are included in debtors-

	<u>1986</u>	<u>1985</u>
Amounts falling due within one year-		
Trade debtors	£ -	£540,616
VAT	-	-
Other debtors	-	50,364
Prepayments and accrued income	-	168,892
	-----	-----
	£ -	£759,872
	=====	=====

11. CREDITORS- AMOUNTS FALLING DUE WITHIN ONE YEAR:

	<u>1986</u>	<u>1985</u>
Bank loans and overdrafts (secured)	£ -	£ 247,544
Payments received on account	-	369,044
Trade creditors	-	340,691
Other creditors		
- hire purchase creditors	-	4,569
- social security and PAYE	-	61,030
- VAT	-	35,235
Accruals	-	105,406
	-----	-----
	£ -	£1,163,619
	=====	=====

12. CREDITORS- AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

The following amounts are included in creditors falling due after more than one year-

	<u>1986</u>	<u>1985</u>
Amounts owed to holding company (Note 14)	£264,434	£519,738
Other creditors		
- HP creditors	-	3,427
	-----	-----
	£264,434	£523,165
	=====	=====

13. CALLED-UP SHARE CAPITAL:

	<u>1986</u>	<u>1985</u>
Authorised, allotted, called-up and full/-paid-		
500,000 deferred shares of £1 each	£500,000	£500,000
1,000 ordinary shares of £1 each	1,000	1,000
	-----	-----
	£501,000	£501,000
	=====	=====

14. ULTIMATE HOLDING COMPANY:

The company is a wholly-owned subsidiary of Trend Control Systems Limited (formerly Swaypress Limited), incorporated in the United Kingdom.