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TAUNTON ELECTRICAL SERVICES LTD

COMPANY NUMBER 2849975

FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 DECEMBER 1998

Directors: M J Foden (Chairman)  
A Rainger (Appointed – 6 May 1998)  
M Blackwell (Resigned – 15 April 1998)

Secretary: J H Waggott

Registered Office: Tauntfield  
South Road  
Taunton  
Somerset  
TA1 3ND



## TAUNTON ELECTRICAL SERVICES LTD

### DIRECTORS' REPORT

The Directors submit herewith their report and financial statements for the year ended 31 December 1998.

#### Principal Activity

The company's principal activity during the year was that of electrical contracting.

#### Directors and their Interests

The Directors who served during the year were:

M J Foden

A Rainger (Appointed – 6 May 1998)

M Blackwell (Resigned – 15 April 1998)

No director was beneficially interested in the shares of the company at any time during the year nor, with the exception of the company's holding company, in the shares of any other company in the group. Interests of directors in the holding company are disclosed in the financial statements of that company.

#### 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 group and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

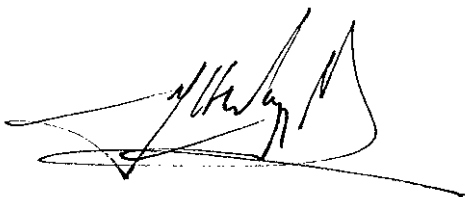
**TAUNTON ELECTRICAL SERVICES LTD**

**DIRECTORS' REPORT** - Continued

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Messrs Amherst & Shapland as Auditors will be put to the members at the Annual General Meeting.

By Order of the Board

A handwritten signature in black ink, appearing to read 'J H Waggott', is written over a horizontal line.

J H Waggott  
Secretary.

1 April 1999

**AUDITORS' REPORT TO THE MEMBERS OF**  
**TAUNTON ELECTRICAL SERVICES LTD**

We have audited the financial statements on pages 1 to 9 which have been prepared under the historical cost convention and the accounting policies set out on pages 3 and 4.

Respective responsibilities of directors and auditors

As described in their report the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all 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 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Amherst & Shapland  
Chartered Accountants  
Registered Auditors  
Castle Lodge  
Castle Green  
Taunton  
Somerset  
TA1 4AD

1 April 1999

**TAUNTON ELECTRICAL SERVICES LTD****PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998**

	Note	£	1998 £	£	1997 £
TURNOVER	1				
Continuing operations			1026975		762994
Discontinued operations			(741)		(895)
			-----		-----
			1026234		762099
Cost of sales			770137		535787
			-----		-----
GROSS PROFIT			256097		226312
Administrative expenses			217028		195994
			-----		-----
OPERATING PROFIT	2				
Continuing operations		38337		65361	
Discontinued operations		732		(35043)	
		-----		-----	
			39069		30318
Exceptional item					
Subvention payment to subsidiary			-		(64284)
			-----		-----
			39069		(33966)
Dividend received from subsidiary			-		185725
			-----		-----
			39069		151759
Interest Payable	4		13262		19155
			-----		-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			25807		132604
Taxation on Profit on ordinary activities	5		-		-
			-----		-----
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			25807		132604
RETAINED (LOSS) BROUGHT FORWARD			(7236)		(139840)
			-----		-----
RETAINED PROFIT/(LOSS) CARRIED FORWARD			£18571		£(7236)
			=====		=====

There are no recognised gains or losses other than the profit for the year.

The Notes on Pages 3 to 9 form part of these financial statements.

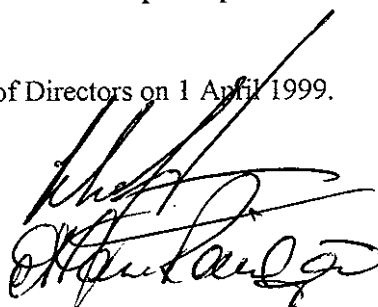
**TAUNTON ELECTRICAL SERVICES LTD****BALANCE SHEET AS AT 31 DECEMBER 1998**

	<u>Notes</u>	£	<u>1998</u> £	£	<u>1997</u> £
<b>FIXED ASSETS</b>					
Tangible Assets					
Plant, Vehicles and Equipment	6		33718		35524
Investments					
Shares in group undertakings	7		-		15000
<b>TOTAL FIXED ASSETS</b>			<u>33718</u>		<u>50524</u>
<b>CURRENT ASSETS</b>					
Stocks and Work in Progress	8	1765		857	
Debtors	9	288942		329948	
Cash at bank and in hand		34		129	
		<u>290741</u>		<u>330934</u>	
<b>CREDITORS - Amount falling due within one year</b>	10	<u>286355</u>		<u>371815</u>	
<b>NET CURRENT ASSETS/(LIABILITIES)</b>			<u>4386</u>		<u>(40881)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>38104</u>		<u>9643</u>
<b>CREDITORS - Amounts falling due after more than one year</b>	11		<u>3533</u>		<u>879</u>
<b>NET ASSETS</b>			<u><u>£34571</u></u>		<u><u>£8764</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital					
Equity share capital	14		16000		16000
Profit and loss account (deficit)			18571		(7236)
<b>SHAREHOLDERS' FUNDS</b>	12		<u><u>£34571</u></u>		<u><u>£8764</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

These financial statements were approved by the Board of Directors on 1 April 1999.

M J Foden )  
 ) Directors  
 A Rainger )



The Notes on Pages 3 to 9 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998**

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided on all tangible fixed assets to write off the cost less estimated residual value of each asset over its expected useful economic life, and is calculated on the reducing balance basis at the following annual rates:

Motor vehicles	30%
Plant, machinery and office equipment	20%

Stocks and work in progress

*Stocks and short-term contract work in progress:*

Stocks and short-term contract work in progress are stated at the lower of cost and net realisable value. Cost comprises direct materials, labour, stores, sub-contract work, transport and machinery.

*Long-term contract work in progress:*

Long-term contract work in progress is stated at valuation, comprising total costs incurred, net of amounts transferred to the profit and loss account in respect of work carried out to date, less foreseeable losses and applicable payments on account. Cost comprises direct materials, labour, stores, sub-contract work, transport and machinery.

Profit on long-term contracts is accounted for once the outcome of a contract can be assessed with reasonable certainty and is based on the appropriate stage of completion of the contract.

Provision is made for foreseeable losses on all contracts based on the loss which is currently estimated to arise over the duration of any contract, irrespective of the amount of work carried out at the balance sheet date.

Contract valuations include the value of approved variations. Where the amount to be received in respect of these variations has not been settled, valuation is based on an estimate of the most likely settlement outcome in the light of current negotiations.

**TAUNTON ELECTRICAL SERVICES LTD****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998**  
**(Continued)**

Contract valuations also include claims to the extent that negotiations have reached an advanced stage and there is sufficient evidence of the acceptability of the claim in principle to the client with an indication of the amount involved also being available. Valuation is based on an estimate of the most likely settlement outcome in the light of current negotiations.

Amounts receivable on long-term contracts are included in trade debtors. The excess of the value of work done over amounts receivable is shown as amounts recoverable on contracts under the heading of debtors, and the excess of amounts receivable over the value of work done is shown as payments on account under the heading of creditors.

**Turnover**

Turnover represents the amounts invoiced, excluding valued added tax, for work completed during the period, adjusted for opening and closing work in progress.



**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998**

**(Continued)**

**2. OPERATING PROFIT**

	<u>1998</u>	<u>1997</u>
	£	£
This is arrived at after charging/(crediting):		
Depreciation	8636	5976
Depreciation of assets held under finance leases	3847	4540
(Profit)/Loss on disposal of fixed assets	(314)	102
Auditors' remuneration	1700	300
	<u>=====</u>	<u>=====</u>

**3. DIRECTORS EMOLUMENTS**

	£	£
The emoluments paid to the directors comprise:		
Emoluments for directors' services	20777	-
Money purchase pension scheme contributions	867	-
	<u>-----</u>	<u>-----</u>
	£21644	£ -
	<u>=====</u>	<u>=====</u>

Money purchase pension scheme contributions were paid during the year in respect of one director (1997 : none)

**4. INTEREST PAYABLE**

	<u>1998</u>	<u>1997</u>
	£	£
On bank overdraft repayable within five years	11760	17660
On hire purchase obligations repayable within five years	1375	1495
Other	127	-
	<u>-----</u>	<u>-----</u>
	£13262	£19155
	<u>=====</u>	<u>=====</u>

**5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

No material United Kingdom Corporation Tax charge is expected to arise because of the availability of group relief and tax losses brought forward (1997 : Nil).

**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 1998 (Continued)**

**6. PLANT, VEHICLES AND EQUIPMENT**

	<u>Motor vehicles</u> £	<u>Plant and Machinery</u> £	<u>Total</u> £
<u>COST</u>			
At 1 January 1998	71872	60664	132536
Other additions	9850	1363	11213
Disposals	(13400)	-	(13400)
	-----	-----	-----
At 31 December 1998	68322	62027	130349
	=====	=====	=====
<u>DEPRECIATION</u>			
At 1 January 1998	50415	46597	97012
Charge for the year	9397	3086	12483
Disposals	(12864)	-	(12864)
	-----	-----	-----
At 31 December 1998	46948	49683	96631
	=====	=====	=====
<u>NET BOOK VALUE</u>			
At 31 December 1998	21374	12344	33718
	=====	=====	=====
At 31 December 1997	£21457	£14067	£35524
	=====	=====	=====

Included in the above are assets held under finance lease and hire purchase contracts with cost amounting to £15990 (1997: £21890), accumulated depreciation of £7368 (1997: £7548) and net book value £8622 (1997: £14342). The depreciation charge for the year in respect of these assets was £3696 (1997: £4540).

**7. SHARES IN GROUP UNDERTAKINGS**

	<u>% of nominal value and voting rights</u> <u>1998    1997</u>		<u>1998</u> £	<u>1997</u> £
C W Lawrence (Taunton) Ltd Ordinary shares of £1 each	-	100	-	5000
Taunton (ES) Ltd Ordinary shares of £1 each	-	100	-	10000
			-----	-----
			£ -	£15000
			=====	=====

Both C W Lawrence (Taunton) Ltd and Taunton (ES) Ltd have been dormant since 1 April 1994.

During the current financial year applications were submitted for striking these companies off and on 12 January 1999 they were dissolved pursuant to Section 652a of the Companies Act 1985. The investments were therefore written off in the year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 1998(Continued)8. STOCKS AND WORK IN PROGRESS

	<u>1998</u>	<u>1997</u>
	£	£
Work in progress:		
Long-term contract balances	-	-
Short-term contracts	-	-
Stocks : raw materials and consumables	1765	857
	-----	-----
	<u>£1765</u>	<u>£857</u>
	=====	=====

9. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Trade debtors	131248	148435
Amounts recoverable on contracts	66950	88301
Prepayments	1094	880
Owed by group undertakings	84395	88143
Owed by associated undertakings	1898	832
Corporation tax recoverable	3357	3357
	-----	-----
	<u>£288942</u>	<u>£329948</u>
	=====	=====

10. CREDITORS: Amounts falling due within one year

	<u>1998</u>	<u>1997</u>
	£	£
Bank overdraft	39496	176508
Trade creditors	124424	103967
Payments on account of contracts	24137	15955
Social security and other taxes	43477	22950
Hire purchase obligations	4829	12611
Other creditors	4572	4891
Accruals	14950	6035
Owed to group undertakings	4783	15197
Owed to associated undertakings	25687	13701
	-----	-----
	<u>£286355</u>	<u>£371815</u>
	=====	=====

TAUNTON ELECTRICAL SERVICES LTDNOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 1998 (Continued)11. CREDITORS: Amounts falling due after more than one year

	<u>1998</u> £	<u>1997</u> £
Hire purchase obligations	<u>£3533</u>	<u>£879</u>
All amounts are due within five years		

12. SHAREHOLDERS' FUNDS

## Reconciliation of movements:

	<u>1998</u> £	<u>1997</u> £
Profit for the financial year	25807	132604
Opening Shareholders' funds (deficit)	8764	(123840)
Closing Shareholders' funds	<u>£34571</u>	<u>£8764</u>

The surplus on shareholders' funds relates to equity interests.

13. SHARE CAPITAL

	<u>Authorised</u> <u>1998 &amp; 1997</u>	<u>Allotted, called up,</u> <u>issued and fully paid</u> <u>1998 &amp; 1997</u>
Ordinary shares of £1 each	<u>£100000</u>	<u>£16000</u>

**TAUNTON ELECTRICAL SERVICES LTD****NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED  
31 DECEMBER 1998 (Continued)****14. PENSION SCHEME**

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents the contribution payable by the company to the fund and amounted to £5851 (1997: £2581).

**15. ULTIMATE PARENT UNDERTAKING**

Tauntfield Ltd is the ultimate parent undertaking.

**16. SECURITIES**

The bank borrowings are secured by a fixed charge on book debts and by a floating charge on other assets of the Company.

Hire purchase and leasing obligations are secured by a fixed charge on the relevant assets.

**17. FINANCIAL COMMITMENTS**

At 31 December 1998 and 1997, no capital commitments were contracted for.

**18. RELATED PARTY TRANSACTIONS**

The company is controlled by Tauntfield Ltd, its parent company.

The company is taking advantage of the disclosure exemption conferred by Financial Reporting Standard 8, "Related Party Transactions", on the grounds that its voting shares are more than 90% controlled within the Tauntfield Group.

During the year, no contracts or transactions were entered into by the company in which the directors had a material interest.

**DETAILED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1998**

• This schedule does not form part of the statutory financial statements: . .

<u>TURNOVER</u>	<u>1998</u>	<u>1997</u>
	£	£
Invoiced sales	1035078	597641
Work in progress at end of year after adjusting payments on account and amounts recoverable on contracts	6585	15429
	-----	-----
	1041663	613070
Work in progress at beginning of year after adjusting payments on account and amounts recoverable on contracts	(15429)	149029
	-----	-----
	<u>£1026234</u>	<u>£762099</u>
 <b>COST OF SALES</b>		
Purchases	460316	267610
Add raw materials stocks at beginning of year	857	576
Materials issued	-	250
	-----	-----
	461173	268436
Less raw materials stocks at end of year	1765	856
	-----	-----
	459408	267580
Wages	244257	192632
Sub-contractor charges	51528	62072
Transport	21211	21833
Other direct charges	979	907
	-----	-----
	777383	545024
Surplus on re-charging plant, etc.	7246	9237
	-----	-----
	770137	535787
 <b>GROSS PROFIT</b>	256097	226312
% Gross profit to turnover	<u>25%</u>	<u>29.7%</u>
 <b>ADMINISTRATION AND OTHER OPERATING EXPENSES (Page 11)</b>	217028	195994
	-----	-----
<b>OPERATING PROFIT</b>	39069	30318
Exceptional item	-	(64284)
Subvention payment to subsidiary	-	(64284)
	-----	-----
	39069	(33966)
Dividend received from subsidiary	-	185725
	-----	-----
	39069	151759
 <b>INTEREST PAYABLE (Page 11)</b>	13262	19155
	-----	-----
	25807	132604
 <b>TAXATION ON THE PROFIT FOR THE YEAR</b>	-	-
	-----	-----
<b>RETAINED PROFIT</b>	25807	132604
<b>RETAINED (LOSS) BROUGHT FORWARD</b>	(7236)	(139840)
	-----	-----
<b>RETAINED PROFIT/(LOSS) CARRIED FORWARD</b>	<u>£18571</u>	<u>£(7236)</u>

**TAUNTON ELECTRICAL SERVICES LTD****ADMINISTRATION AND OTHER OPERATING EXPENSES****FOR THE YEAR ENDED 31 DECEMBER 1998**

This schedule does not form part of the statutory financial statements:

	<u>1998</u>	<u>1997</u>
	£	£
Sick pay	868	360
Holiday pay	8385	7126
Indirect labour	-	230
Salaries	127840	119318
Pension, life assurance, etc	6902	3931
Insurance	9728	12508
Light and heat	-	(469)
Telephone and postage	4964	4893
Printing and stationery	2517	2952
Advertising and publications	780	525
Subscriptions	2246	3090
Motor car expenses	10696	10263
Travelling and entertainment expenses	176	542
Audit	1700	300
Other professional fees	140	1130
Management charge	9824	3904
Sundry expenses	592	1378
Provision for bad debts	-	-
Depreciation	12483	10516
(Profit) loss on sale of assets	(314)	102
Discounts allowed, less received	1458	(249)
Bank charges	2395	2662
Rent and rates	10572	9308
Office equipment maintenance, hiring etc.	690	1537
Training	1124	(156)
Health and safety etc.	512	39
Property repairs & maintenance	750	254
	-----	-----
	<u>£217028</u>	<u>£195994</u>

**INTEREST PAYABLE**

Bank overdraft	11760	17660
Other interest	127	-
Hire purchase	1375	1495
	-----	-----
	<u>£13262</u>	<u>£19155</u>

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 1998

	1998	1997
£	£	£
Net cash inflow from operating activities	145542	89001
Returns on investment and servicing of finance		
Interest paid	13262	19155
Interest received	-	-
Net cash (outflow) from returns on investments and servicing of finance	(13262)	(19155)
Taxation		
Corporation tax paid (including advance corporation tax)		
Investing activities		
Payments to acquire tangible fixed assets	11213	20587
Receipts from sales of tangible fixed assets	(850)	(41209)
Receipt from disposal of shares in group undertaking	(15000)	-
Net cash inflow/(outflow) from investing activities	4637	20622
Increase/(decrease) in cash and cash equivalents	136917	90468

NOTES TO THE CASH FLOW STATEMENT1. RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	£	£
Operating (loss)	39069	30318
Depreciation charges	12483	10516
(Profit) on sale of tangible fixed assets	(314)	102
(Increase)/Decrease in stocks and work in progress	(908)	(281)
Decrease/(Increase) in debtors	41006	(572918)
(Decrease)/increase in creditors	54206	621264
Net cash inflow from operating activities	145542	89001

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS DURING THE PERIOD

	£	£
Balance at beginning of year	(176379)	(266847)
Net cash inflow/(outflow)	136917	90468
Balance at end of year	(39462)	(176379)

3. ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS AS SHOWN ON THE BALANCE SHEET

	1998	Change in	1997	Change in	1996
	£	Period £	£	Period £	£
Cash at bank and in hand	34	(95)	129	(34)	163
Bank overdrafts	(39496)	137012	(176508)	90502	(267010)
	(39462)	136917	(176379)	90468	£(266847)