

TAUNTON ELECTRICAL SERVICES LTD

COMPANY NUMBER 2849975

FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2004

Directors: C Winter (Chairman)
A Rainger
D Cardy
K Tomlinson
A F Hanson (Appointed 19 April 2004)

Secretary: A F Hanson

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 2004.

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:

C Winter
D J Cardy
A Rainger
K Tomlinson
A F Hanson (Appointed 19 April 2004)

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

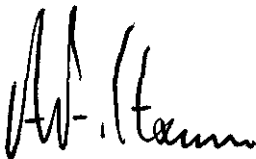
DIRECTORS' REPORT - Continued

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.

The directors' report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board

A handwritten signature in black ink, appearing to read 'A F Hanson', written in a cursive style.

A F Hanson
Secretary.

18 April 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF

TAUNTON ELECTRICAL SERVICES LIMITED

We have audited the financial statements of Taunton Electrical Services Limited for the year ended 31 December 2004 which comprise the Profit and Loss Account, the Balance Sheet and the related notes set out on pages 1 to 7. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

The Directors responsibilities for preparing the Financial Statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the statement of Directors' Responsibilities in the Directors' Report.

Our responsibility is to audit the Financial Statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. 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.

We read other information presented with the Financial Statements and consider whether it is consistent with the audited Financial Statements. The other information comprises only the Directors' Report. We consider the implications for our Report if we become aware of any apparent misstatements or material inconsistencies with the Financial Statements. Our responsibilities do not extend to any other information.

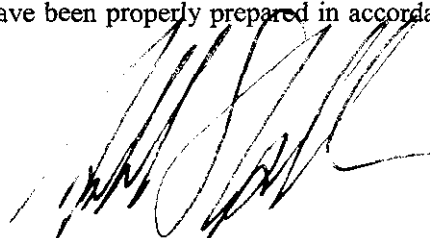
Basis of opinion

We conducted our audit in accordance with United Kingdom 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 the Company's affairs as at 31 December 2004 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

TAUNTON ELECTRICAL SERVICES LTD**PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2004**

	<u>Note</u>	<u>2004</u> £	<u>2003</u> £
TURNOVER	1	3124497	1771851
Cost of sales		2504386	1285984
GROSS PROFIT		620111	485867
Administrative expenses		467886	411483
OPERATING PROFIT	2	152225	74384
Interest payable	4	1225	1578
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		151000	72806
Taxation on Profit on ordinary activities	5	(78032)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		229032	72806
ORDINARY DIVIDEND		75500	36350
RETAINED PROFIT		153532	36456
RETAINED PROFIT BROUGHT FORWARD		261817	225361
RETAINED PROFIT CARRIED FORWARD		£415349	£261817

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

The notes on Pages 3 to 7 form part of these financial statements.

TAUNTON ELECTRICAL SERVICES LTD**BALANCE SHEET AS AT 31 DECEMBER 2004**

	<u>Notes</u>	£	<u>2004</u> £	£	<u>2003</u> £
FIXED ASSETS					
Tangible Assets					
Plant, Vehicles and Equipment	7		67762		61253
			-----		-----
TOTAL FIXED ASSETS			67762		61253
CURRENT ASSETS					
Stocks and Work in Progress	8	1992		1500	
Debtors	9	1190948		547437	
Cash at bank and in hand		263916		78853	
			-----	-----	
		1456856		627790	
CREDITORS - Amount falling due within one year	10	1093269		408441	
			-----	-----	
NET CURRENT ASSETS			363587		219349
			-----		-----
TOTAL ASSETS LESS CURRENT LIABILITIES			431349		280602
CREDITORS - Amounts falling due over one year	11		-		2785
			-----		-----
NET ASSETS			£431349		£277817
			=====		=====
CAPITAL AND RESERVES					
Called up share capital					
Equity share capital	12		16000		16000
Profit and loss account			415349		261817
			-----		-----
SHAREHOLDERS' FUNDS			£431349		£277817
			=====		=====

The financial statements have been prepared in accordance with (i) the special provisions of Part VII of the Companies Act 1985 relating to small companies and (ii) the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the Board of Directors on 18 April 2005.

C Winter

)

) Directors

D Cardy

)




The notes on Pages 3 to 7 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004**1. ACCOUNTING POLICIES****Basis of preparation**

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

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 at the following annual rates:

Motor vehicles	30% on reducing balance
Plant, machinery and office equipment	20% on reducing balance
Computers	30% on cost

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.

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 20041. ACCOUNTING POLICIES (cont'd)Deferred Tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

2. <u>OPERATING PROFIT</u>	<u>2004</u>	<u>2003</u>
	£	£

This is arrived at after charging:

Depreciation	30230	22960
Loss on disposal of fixed assets	346	125
Auditors' remuneration	2200	2200
	<u>=====</u>	<u>=====</u>

3. DIRECTORS EMOLUMENTS

£	£
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The emoluments paid to the directors comprise:

Emoluments for directors' services	181814	96493
Money purchase pension scheme contributions	5261	3553
	<u>-----</u>	<u>-----</u>
	£187075	£100046
	<u>=====</u>	<u>=====</u>

The number of directors for whom money purchase pension scheme contributions were paid during the year was

3	3
<u>==</u>	<u>==</u>

4. INTEREST PAYABLE

<u>2004</u>	<u>2003</u>
£	£

On bank overdraft	661	425
On hire purchase obligations repayable within five years	564	1153
	<u>-----</u>	<u>-----</u>
	1225	1578
	<u>=====</u>	<u>=====</u>

5. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

<u>2004</u>	<u>2003</u>
£	£

(a) Analysis of charge in periodCurrent tax:

UK corporation tax on profits of the period	-	-
	<u>-----</u>	<u>-----</u>
<i>Total current tax (note 5b)</i>	£ -	£ -

Deferred Tax:

Excess of depreciation over taxation allowances	(32802)	
Losses carried forward	(45230)	(78032)
	<u>-----</u>	<u>-----</u>
	£(78032)	£ -
	<u>=====</u>	<u>=====</u>

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

5. **TAXATION ON PROFIT ON ORDINARY ACTIVITIES** (Cont'd)

(b) Factors affecting the taxation charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	£151000	£72806
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2003 : 30%)	45300	21842
<i>Effects of:</i>		
Expenses not deductible for tax purposes	759	254
Depreciation for period in excess of capital allowances	9173	6926
Utilisation of tax losses	(55232)	(29022)
<i>Current tax charge for period (note 5a)</i>	£ -	£ -

6. **DEFERRED TAXATION**

The deferred tax consists of the tax effect of timing differences now expected to be reversed as follows:

	2004 £	2003 £
Excess of depreciation over taxation allowances	32802	-
Losses carried forward	45230	-
	£78032	£-

7. **PLANT, VEHICLES AND EQUIPMENT**

	<u>Motor vehicles</u> £	<u>Plant and Machinery</u> £	<u>Total</u> £
<u>COST</u>			
At 1 January 2004	95414	88661	184075
Additions	28387	9507	37894
Disposals	(8100)	-	(8100)
At 31 December 2004	115701	98168	213869
<u>DEPRECIATION</u>			
At 1 January 2004	55802	67020	122822
Charge for the year	20053	10177	30230
Disposals	(6945)	-	(6945)
At 31 December 2004	68910	77197	146107
<u>NET BOOK VALUE</u>			
At 31 December 2004	£46791	£20971	£67762
At 31 December 2003	£39612	£21641	£61253

Included within the above are assets held under hire purchase costs amounting to £20542 (2003: £20542) accumulated depreciation of £13496 (2003: £10476) and net book value £7046 (2003: £10066). The depreciation charge for the year in respect of these assets was £3020 (2003: £4313).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004

8. STOCKS AND WORK IN PROGRESS

	<u>2004</u>	<u>2003</u>
	£	£
Stocks : raw materials and consumables	1992	1500
	-----	-----
	£1992	£1500
	=====	=====

9. DEBTORS

	<u>2004</u>	<u>2003</u>
	£	£
Trade debtors	746666	304832
Amounts recoverable on contracts	237835	93282
Prepayments	27805	21302
Owed by group undertakings	79232	114076
Owed by associated undertakings	21181	13748
Corporation tax recoverable	197	197
Provision for deferred tax asset	78032	-
	-----	-----
	£1190948	£547437
	=====	=====

Included in the above are amounts that are due to be recovered outside one year £78032 (2003 : £Nil)

10. CREDITORS: Amounts falling due within one year

	<u>2004</u>	<u>2003</u>
	£	£
Trade creditors	683258	207104
Payments on account of contracts	165573	63267
Social security and other taxes	24187	52664
Other creditors	13839	6099
Accruals	128399	42943
Owed to group undertakings	63116	22645
Owed to associated undertakings	12113	7213
Hire purchase obligations	2784	6506
	-----	-----
	£1093269	£408441
	=====	=====

11. CREDITORS – Amounts falling due over one year

Hire purchase obligations	£ -	£2785
	=====	=====

TAUNTON ELECTRICAL SERVICES LTD**NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2004****12. SHARE CAPITAL**

	<u>Authorised</u> <u>2004 & 2003</u>	<u>Allotted, called up,</u> <u>Issued and fully paid</u> <u>2004 & 2003</u>
Ordinary shares of £1 each	£16000 =====	£16000 =====

13. 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 £9787 (2003: £10046).

14. ULTIMATE PARENT UNDERTAKING

Tauntfield Limited is the ultimate parent undertaking.

15. 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.

16. FINANCIAL COMMITMENTS

At 31 December 2004 and 2003 there were no capital commitments contracted for.

17. RELATED PARTY TRANSACTIONS

The company is controlled by Tauntfield Limited, 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 2004

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

<u>TURNOVER</u>	<u>2004</u>	<u>2003</u>
	£	£
Invoiced sales	3127240	1810398
Work in progress at end of year after adjusting payments on account and amounts recoverable on contracts	(17227)	(14484)
	3110013	1795914
Work in progress at beginning of year after adjusting payments on account and amounts recoverable on contracts	(14484)	24063
	<u>£3124497</u>	<u>£1771851</u>
COST OF SALES		
Purchases	1488435	688565
Add raw materials stocks at beginning of year	1500	2232
	1489935	690797
Less raw materials stocks at end of year	1992	1500
	1487943	689297
Wages	638935	421125
Sub-contractor charges	338647	151760
Transport	48668	34365
Other direct charges	7194	261
	2521387	1296808
Surplus on re-charging plant, etc.	17001	10824
	2504386	1285984
GROSS PROFIT	620111	485867
% Gross profit to turnover	<u>19.8%</u>	<u>27.4%</u>
ADMINISTRATION AND OTHER OPERATING EXPENSES (Page 9)	467886	411483
OPERATING PROFIT	152225	74384
INTEREST RECEIVABLE	-	-
INTEREST PAYABLE (Page 9)	(1225)	(1578)
	151000	72806
TAXATION ON THE PROFIT FOR THE YEAR	(78032)	-
PROFIT AFTER TAXATION	229032	72806
ORDINARY DIVIDEND	75500	36350
RETAINED PROFIT	153532	36456
RETAINED PROFIT BROUGHT FORWARD	261817	225361
RETAINED PROFIT CARRIED FORWARD	<u>£415349</u>	<u>£261817</u>

TAUNTON ELECTRICAL SERVICES LTD**ADMINISTRATION AND OTHER OPERATING EXPENSES****FOR THE YEAR ENDED 31 DECEMBER 2004**

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

	<u>2004</u>	<u>2003</u>
	£	£
Sick pay	(105)	2623
Holiday pay	6020	30212
Salaries	298983	241675
Pension, life assurance, etc	14782	12115
Insurance	35127	25512
Telephone and postage	9706	7992
Printing and stationery	6297	6589
Advertising and publications	5166	1376
Subscriptions	4278	3618
Motor car expenses	13650	6581
Travelling and entertainment expenses	5114	848
Audit	2200	2200
Other professional fees	378	2266
Management charge	25465	23812
Sundry expenses	891	1179
Bad debts	-	2275
Depreciation	30230	22960
(Profit)/Loss on sale of assets	346	125
Discounts allowed, less received	(28163)	(10974)
Bank charges	1792	2216
Rent and rates	16500	15522
Office equipment maintenance, hiring etc.	1270	1977
Training	4994	1659
Health and safety etc.	5081	3943
Property repairs & maintenance	1897	-
Redundancy	-	1065
Loose Tools	5987	2117
	-----	-----
	£467886	£411483
	=====	=====

INTEREST PAYABLE

Bank overdraft	661	426
Hire purchase	564	1152
	-----	-----
	£1225	£1578
	=====	=====

CASHFLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2004

	2004	2003
	£	£
Net cash inflow from operating activities	229880	139726
Returns on investment and servicing of finance		
Interest paid	1225	1578
Interest received	-	-
	(1225)	(1578)
Net cash (outflow) from returns on investments and servicing of finance	228655	138148
Hire purchase loans received	-	-
Hire purchase repayments	(6506)	(5918)
	(6506)	(5918)
Taxation		
Corporation tax paid (including advance corporation tax)		
Dividend	-	(36350)
Investing activities		
Payments to acquire tangible fixed assets	37894	37374
Receipts from sales of tangible fixed assets	(808)	(3338)
Net cash inflow/(outflow) from investing activities	(37086)	(34036)
Increase/(decrease) in cash and cash equivalents	185063	61844

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

	£	£
Operating profit	152225	74384
Depreciation charges	30230	22960
(Profit) on sale of tangible fixed assets	346	125
(Increase)/Decrease in stocks and work in progress	(492)	732
Decrease/(Increase) in debtors	(588129)	(92692)
(Decrease)/increase in creditors	635700	134217
Net cash inflow from operating activities	£229880	£139726

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

	£	£
Balance at beginning of year	78853	17009
Net cash inflow/(outflow)	185064	61844
Balance at end of year	263917	78853

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

	2004	Change in	2003	Change in	2002
	£	Period £	£	Period £	£
Cash at bank and in hand	263916	185063	78853	61844	17009
	£263916	£185063	£78853	£61844	£17009