

AccuRead Limited

Annual report

for the year ended 31 December 1999

Registered number: 3076187



AccuRead Limited

Annual report for the year ended 31 December 1999

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**Directors' report
for the year ended 31 December 1999**

The directors present their report and the audited financial statements of the company for the year ended 31 December 1999.

Principal activities

The principal activity of the company during the year was the provision of meter reading services.

Review of business and future developments

The directors will continue to seek opportunities to expand the customer base of the company and to generate additional income from new meter reading contracts and related activities.

Results and dividends

The results for the year are set out in the profit and loss account on page 5.

An interim dividend of £21m has been paid (1998 - £nil). No final dividend is proposed (1998 - £nil). The amount transferred to reserves is set out in the profit and loss account on page 5.

Directors and their interests

The directors of the company during the year ended 31 December 1999 were:

Sir Peter Parker	
S G Barney	
L G Ottery	
J A Harrower	
B P Murphy	
B A Wallin	
S R Brown	
R Foley	(Alternate director)
S Ross	(Alternate director)

The directors have no interests in the share capital of the company according to the register maintained by the company under Section 325 of the Companies Act 1985.

**Directors' report
for the year ended 31 December 1999 (continued)****Millennium and European Monetary Union**

The directors are aware of the implications of the Millennium issue and European Monetary Union and during the year systems have been upgraded with no significant costs incurred. No disruptions have arisen subsequent to the year end in relation to these issues.

Disabled persons

It is company policy to give full and fair consideration to applications for employment made by disabled persons, having regard to the particular abilities and aptitudes of each applicant and to the requirements of the vacancies available. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and the appropriate training is arranged. It is the policy of the company to ensure that the training, career development and promotion of a disabled person, should, as far as possible, be identical to that of a person who does not suffer from a disability.

Employee involvement

During the period the company has maintained its obligations to develop and improve arrangements aimed at involving employees in its affairs. Methods of communication used include an in-house newsletter, bulletins and management briefings.

Charitable and political donations

No donations were made for charitable or political purposes.

Auditors

PricewaterhouseCoopers have signified their willingness to continue in office as auditors and a resolution to reappoint them and to authorise the directors to agree their remuneration will be proposed at the Annual General Meeting.

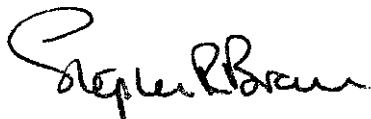
**Directors' report
for the year ended 31 December 1999 (continued)****Statement of directors' responsibilities**

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 for the foreseeable future.

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.

On behalf of the Board



S R Brown
Director
30th April 2000

Auditors' report to the members of Accuread Limited

We have audited the financial statements on pages 5 to 17 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom 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 and fair view and are properly prepared in accordance with the United Kingdom 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 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.

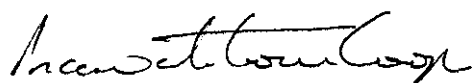
Basis of audit opinion

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 the company's affairs at 31 December 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
Birmingham
30th April 2000

Profit and loss account for the year ended 31 December 1999

	Note	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Turnover – continuing operations	2	63,178	66,495
Cost of sales		<u>(39,860)</u>	<u>(39,759)</u>
Gross profit		23,318	26,736
Administrative expenses		<u>(10,777)</u>	<u>(10,996)</u>
Operating profit – continuing operations	3	12,541	15,740
Interest receivable and similar income	6	<u>658</u>	<u>1,516</u>
Profit on ordinary activities before taxation		13,199	17,256
Tax on profit on ordinary activities	7	<u>(4,003)</u>	<u>(5,606)</u>
Profit for the financial period		9,196	11,650
Dividends	8	<u>(21,000)</u>	-
Amount transferred from reserves/retained profit for the financial period	14	<u>(11,804)</u>	<u>11,650</u>

The company has no recognised gains and losses other than the loss above and therefore no separate statement of total recognised gains and losses has been presented.

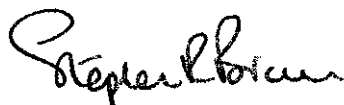
There is no difference between the profit on ordinary activities before taxation and the amount transferred from reserves for the year stated above and their historical cost equivalents.

The movements on reserves are shown in note 14 to the financial statements.

Balance sheet as at 31 December 1999

	Note	31 December 1999 £'000	31 December 1998 £'000
Fixed assets			
Tangible assets	9	880	1,125
Current assets			
Debtors	10	10,646	8,755
Cash at bank and in hand		6,805	24,496
		17,451	33,251
Creditors: Amounts falling due within one year	11	(11,755)	(15,996)
Net current assets		5,696	17,255
Total assets less current liabilities		6,576	18,380
Capital and reserves			
Called up share capital	13	100	100
Profit and loss account	14	6,476	18,280
Equity shareholders' funds		6,576	18,380

The financial statements on pages 5 to 17 were approved by the board of directors on 30th April 2000 and were signed on its behalf by:



S R Brown
Director

Reconciliation of movements in equity shareholders' funds for the year ended 31 December 1999

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Profit for the financial period	9,196	11,650
Dividends	(21,000)	-
Net (reduction)/addition to equity shareholders' funds	(11,804)	11,650
Equity shareholders' funds as at 1 January	18,380	6,730
Equity shareholders' funds at 31 December	6,576	18,380

Cash flow statement for the year ended 31 December 1999

	Note	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Net cash inflow/(outflow) from operating activities	15	10,096	(10,772)
Returns on investment and servicing of finance			
Interest received		694	1,652
Net cash inflow from returns on investments and servicing of finance		694	1,652
Taxation		(6,542)	(4,306)
Capital expenditure			
Purchase of tangible fixed assets		(939)	(1,201)
Net cash outflow for capital expenditure		(939)	(1,201)
Equity dividends paid to shareholders		(21,000)	(1,658)
Net cash (outflow) before use of liquid resources and financing		(17,691)	(16,285)
Management of liquid resources			
Reduction in money market deposits with banks		12,180	14,820
		12,180	14,820
(Decrease) in net cash	16	(5,511)	(1,465)
Reconciliation of net cash flow to movement in net funds			
(Decrease)/increase in cash in the period		(5,511)	(1,465)
Movements in deposits		(12,180)	(14,820)
Movements in net funds in the period		(17,691)	(16,285)
Net funds at 1 January 1999/ 1 January 1998		24,496	40,781
Net funds at 31 December 1999/ 31 December 1998		6,805	24,496

Notes to the financial statements for the year ended 31 December 1999

1 Accounting policies

Basis of accounting

The financial statements are prepared under the historical cost convention and in accordance with applicable UK accounting and financial reporting standards.

Turnover

Turnover represents the value of work done and services rendered, excluding sales related taxes.

Pensions

The cost of providing retirement pensions and related benefits is charged against profits over the periods which benefit from the employees' services.

Deferred taxation

Provision is made and assets recorded, under the liability method in respect of those timing differences which are expected to reverse in the foreseeable future.

Tangible fixed assets

Tangible fixed assets are included in the balance sheet at cost. Provision for depreciation is calculated so as to write off the cost of tangible fixed assets less estimated residual value on a straight line method over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Short leasehold property	Period of lease
Plant and equipment	10%-100%

Operating leases

Payments under operating leases are charged against profits in the period that the payments accrue.

2 Turnover

Turnover arose from a single class of business originating in the United Kingdom.

Notes to the financial statements for the year ended 31 December 1999 (continued)

3 Operating profit

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	1,184	1,305
Operating lease charges		
Land and buildings	95	104
Plant and machinery	4,258	4,669
Auditors remuneration:		
Audit services	22	18
Non-audit services	3	3
	<u> </u>	<u> </u>

The 1998 result for the year benefited from the release of a surplus restructuring provision of £1,521,000. The result for the period ended 31 December 1998 was adversely affected by exceptional staff costs of £4,090,000.

4 Employee information

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Staff costs:		
Wages and salaries	19,969	19,306
Social security costs	1,810	1,799
Other pension costs	1,584	1,794
	<u>23,363</u>	<u>22,899</u>

The average monthly number of persons (including executive directors) employed by the company during the year was:

	Number	Number
Direct	1,032	1,090
Indirect and administration	128	126
	<u>1,160</u>	<u>1,216</u>

Notes to the financial statements for the year ended 31 December 1999 (continued)

5 Directors' emoluments

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Aggregate emoluments	201	194
Aggregate amounts receivable under long term incentive schemes	<u>45</u>	<u>37</u>

Emoluments payable to the highest paid director are as follows:

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Aggregate emoluments	163	158
Aggregate amounts receivable under long term incentive schemes	<u>42</u>	<u>40</u>

Three of the directors of the company are accruing pension benefits as members of the group defined benefit pension scheme (1998: two). No contributions were paid to defined contribution pension schemes for the directors of the company in respect of qualifying services in the period.

6 Interest receivable and similar income

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Interest receivable: Third parties	<u>658</u>	<u>1,516</u>

7 Taxation on profit on ordinary activities

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Taxation on the profit for the year		
UK Corporation tax at 30.25% (1998: 31%)	4,003	5,681
Deferred tax (note 12)	-	(75)
	<u>4,003</u>	<u>5,606</u>

Notes to the financial statements for the year ended 31 December 1999 (continued)

8 Dividends

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Equity – Ordinary		
Interim dividend £210 per share (final £Nil)	<u>21,000</u>	<u>-</u>

9 Tangible fixed assets

	Short Leasehold Property £'000	Plant And Equipment £'000	Total £'000
Cost			
At 1 January 1998	114	3,077	3,191
Additions	-	939	939
Disposals	-	-	-
At 31 December 1999	<u>114</u>	<u>4,016</u>	<u>4,130</u>
Depreciation			
At 1 January 1998	41	2,025	2,066
Charge for the year	27	1,157	1,184
Disposals	-	-	-
At 31 December 1999	<u>68</u>	<u>3,182</u>	<u>3,250</u>
Net book value			
At 31 December 1999	<u>46</u>	<u>834</u>	<u>880</u>
At 31 December 1998	<u>73</u>	<u>1,052</u>	<u>1,125</u>

10 Debtors

	31 December 1999 £'000	31 December 1998 £'000
Amounts owed by group undertakings	1,607	-
Trade debtors	7,814	8,343
Other debtors	5	41
Prepayments and accrued income	1,220	371
	<u>10,646</u>	<u>8,755</u>

Notes to the financial statements for the year ended 31 December 1999 (continued)

11 Creditors: Amounts falling due within one year

	31 December 1999 £'000	31 December 1998 £'000
Trade creditors	1,351	1,116
Amount owed to group undertakings	335	456
Corporation tax	3,304	5,843
Other taxation and social security	522	846
Other creditors	3,377	3,054
Accruals and deferred income	2,866	4,681
	<u>11,755</u>	<u>15,996</u>

All of the amounts above are unsecured. None of the company's assets bear charges or have been used as security for the liabilities of the company or any other party.

12 Deferred taxation

	£'000
As at 1 January 1999	(75)
Transferred to corporation tax	-
Credited to profit and loss account	-
As at 31 December 1999	<u>(75)</u>

The asset recorded in the accounts and full potential deferred taxation asset calculated at 30% (1998 : 30%) are as follows:

	Assets Recorded 1999 £'000	Full Potential 1999 £'000	Assets Recorded 1998 £'000	Full Potential 1998 £'000
Accelerated capital allowances	-	(342)	-	(185)
Other timing differences	(75)	(90)	(75)	(255)
	<u>(75)</u>	<u>(432)</u>	<u>(75)</u>	<u>(440)</u>

**Notes to the financial statements
for the year ended 31 December 1999 (continued)**

13 Share capital

	31 December 1999 £'000	31 December 1998 £'000
Authorised, allotted, issued and fully paid: 100,000 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

The authorised and issued share capital consists of 49,000 'A' ordinary shares held by GB Gas Holdings Limited, a wholly owned subsidiary of Centrica plc, and 51,000 'B' ordinary shares held by Group 4 Utility Services Limited. 'A' and 'B' ordinary shares rank equally with regard to voting and dividend rights and entitlement in the event that the company is wound up.

14 Reserves

	Profit and loss account £'000
As at 1 January 1999	18,280
Amount transferred from reserves for the year	(11,804)
As at 31 December 1999	<u>6,476</u>

**15 Reconciliation of operating profit to net cash inflow/(outflow)
from operating activities**

	Year ended 31 December 1999 £'000	Year ended 31 December 1998 £'000
Operating profit	12,541	15,740
Depreciation charge	1,184	1,305
(Increase) in debtors	(1,927)	(6,479)
(Decrease) in creditors	(1,702)	(21,338)
Net cash inflow/(outflow) from operating activities	<u>10,096</u>	<u>(10,772)</u>

Notes to the financial statements for the year ended 31 December 1999 (continued)

16 Analysis of changes in net funds

	As at 1 January 1999 £'000	Cash Flows £'000	As at 31 December 1999 £'000
Cash at bank and in hand	24,496	(17,691)	6,805
Less: deposits treated as liquid resources	(18,180)	12,180	(6,000)
	<u>6,316</u>	<u>(5,511)</u>	<u>805</u>

17 Pension arrangements

The company participates in a group funded defined benefit scheme operated by Group 4 in the United Kingdom. The assets of the scheme are held separately from the assets of the company or group.

The latest actuarial valuation of the scheme was carried out as at 31 March 1999. Details of the latest actuarial valuation of this pension scheme are contained in the financial statements of Group 4 Securitas Holdings Limited. The next actuarial valuation is due as at 31 March 2002.

The total pension costs charged in the profit and loss account for the year ended 31 December 1999 were £1,584,000 (1998: £1,794,000).

18 Capital commitments

	1999 £'000	1998 £'000
Contracted but not provided for in the accounts	<u>509</u>	<u>528</u>

Notes to the financial statements for the year ended 31 December 1999 (continued)

19 Financial commitments

At 31 December 1999, the company had annual commitments under non-cancellable operating leases expiring as follows:

	1999		1998	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
Within one year	-	2,224	-	680
Between two and five years	-	151	-	2,494
More than five years	91	-	91	-
	<u>91</u>	<u>2,375</u>	<u>91</u>	<u>3,174</u>

The comparatives above have been restated to reflect the expiry of the non-cancellable operating leases as at 31 December 1998.

20 Related party transactions

During the year to 31 December 1999 the company entered into the following transactions and recorded the following balances with related parties:

Related party	Description of transaction	Income/ (expenditure) £'000	1999 Balance receivable/ (payable) £'000	Income/ (expenditure) £'000	1998 Balance receivable/ (payable) £'000
Centrica plc (and subsidiaries thereof)	Meter reading services	50,485	5,575	55,516	4,815
Group 4 Securitas (Int'l) BV	Business support services	(1,263)	(323)	(1,330)	(312)
Group 4 Securitas NV (and subsidiaries thereof)	Management and Administrative services	(507)	(42)	(604)	(57)

**Notes to the financial statements
for the year ended 31 December 1999 (continued)****21 Ultimate parent undertaking**

The company is a joint venture between GB Gas Holdings Limited, a subsidiary of Centrica plc, and Group 4 Utility Services Limited, a member of the Group 4 Securitas NV group. The company is a subsidiary of Group 4 Utility Services, which holds 51% of the issued ordinary share capital. Group 4 Utility Services Limited is incorporated in England and Wales.

The accounts of the company are consolidated by Group 4 Securitas (International) BV, a company which is registered in the Netherlands. The largest group of undertakings for which published consolidated financial statements are available is Group 4 Securitas NV, which is registered in the Netherland Antilles.

The ultimate parent company of Group 4 Securitas NV is Secom Investments II NV which is incorporated in the Netherlands Antilles. Voting rights in Secom Investments II NV are controlled by Skagen Stichting Administratiekantoor, a foundation established under Curacao law which is administered by a management board. This management board comprises NJ Philip-Sorensen, JA Harrower, I Bogaert and JP van Hilten, who are also officers of Group 4 Securitas Group, as well as Skagen Trustee Company Limited.