

**THE TELEGRAPH CONSTRUCTION AND  
MAINTENANCE COMPANY LIMITED**

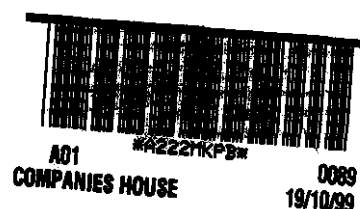
**ANNUAL REPORT**

**for the year ended**

**31 DECEMBER 1998**

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# **THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED**

## **DIRECTORS' REPORT**

**For the year ended 31 December 1998**

The directors submit their annual report and the audited accounts for the year ended 31 December 1998.

### **PRINCIPAL ACTIVITY**

The Company's principal activity is that of a finance company.

### **RESULTS AND DIVIDENDS**

The accounts of the Company appear on pages 5 to 10. An interim dividend of £4,200,000 was paid on 3<sup>rd</sup> December 1998 in respect of the year ended 31 December 1998. (1997: £Nil). A retained loss for the year of £1,991,000 (1997: £2,023,000 profit) will be transferred to reserves.

### **DIRECTORS**

The directors of the Company during the year were:

P A Bancroft (resigned 18 September 1998)  
S R Billingham  
C L M Howard  
S F Murray

### **DIRECTORS' INTERESTS**

The interests of directors in the share and loan capital of BICC plc, the ultimate parent company, were:

Director	As at 1 January 1998		As at 31 December 1998	
	Holdings	Options	Holdings	Options
S R Billingham	2,801	22,495	2,801	22,820
C L M Howard	-	-	-	10,000
S F Murray	4,111	70,256	12,663	69,420

All interests at the dates shown are beneficial and are in respect of numbers of ordinary shares of BICC plc.

During the year, there were the following movements in the directors' rights to subscribe for shares in BICC plc:

Director	Options Granted	Options Lapsed
S R Billingham	325	Nil
C L M Howard	10,000	Nil
S F Murray	2,242	3,078

All the options referred to above were granted under share option schemes of BICC plc at subscription prices ranging from 120p to 438.1p and are normally exercisable at varying times up to the year 2008.

Other than as stated above, no director had any interest in the share and loan capital of the Company or of any other subsidiary undertaking of BICC plc at the relevant dates.

### **DIRECTORS' RESPONSIBILITIES**

The following statement, which should be read in conjunction with the auditors' report which follows, is made with a view to distinguishing for shareholders the respective responsibilities of the directors and of the auditors in relation to the accounts.

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company 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 company and enable them to ensure that the accounts 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.

### **PAYMENT OF CREDITORS**

In the UK, the Company's policy is to settle the terms of payment with suppliers when agreeing the terms for each transaction or series of transactions; to seek to ensure that suppliers are aware of the terms of payment; and to abide by these terms of payment as and when satisfied that the supplier has provided the goods or services in accordance with the agreed terms.

## YEAR 2000

The Company is dependent on the use of computerised systems either in its own operations or in the services it buys in from suppliers, including BICC plc. Many computer and digital storage systems may require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resultant commercial disruption.

In 1997 the Company's ultimate parent undertaking, BICC plc, initiated a programme to identify and rectify year 2000 issues potentially arising in the BICC Group's operations (including the operations of the Company). Many of the BICC Group's business units are already compliant. On the outstanding projects, appropriate resources have been allocated to overcome the concerns and issues which were identified. It is not possible for any organisation to be absolutely confident of full compliance, but it is believed that an acceptable state of readiness will be achieved, with all material tasks completed in time. The cost of year 2000 is absorbed within normal operations of the BICC Group's businesses and cannot accurately be segregated from the ongoing costs of those businesses. The total estimated cost of compliance for the BICC Group is £7 million. No year 2000 costs will be borne by the Company.

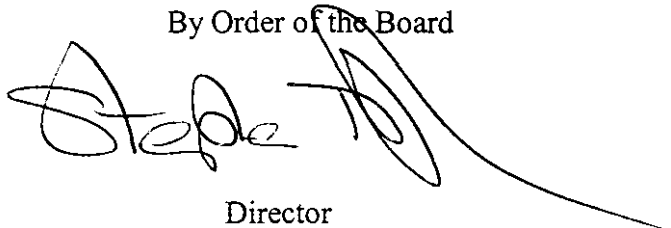
## AUDITORS

In accordance with section 386 of the Companies Act 1985, the Company has dispensed with the obligation to appoint auditors annually.

Registered Office:  
Third Floor  
Devonshire House  
Mayfair Place  
LONDON W1X 5FH

14 October 1999

By Order of the Board

A handwritten signature in black ink, appearing to be 'Stephen', written over a horizontal line. The signature is stylized with a large loop at the end.

Director

## **AUDITORS' REPORT**

**to the members of**

### **THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED**

We have audited the accounts on pages 5 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

#### **Respective responsibilities of directors and auditors**

As described on page 2 the Company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

#### **Opinion**

In our opinion the accounts give a true and fair view of the state of the Company's affairs 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.

*Arthur Andersen*

Arthur Andersen  
Chartered Accountants and Registered Auditors  
1 Surrey Street  
London WC2R 2PS

*14 October* 1999

# **THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

A summary of the principal accounting policies, all of which have been applied consistently throughout the year, and through the preceding year, is set out below.

### **1. Basis of accounting**

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

Under the provisions of FRS1 (revised) the Company has not prepared a cash flow statement because its ultimate parent undertaking, BICC plc, which is incorporated in England and Wales, has prepared consolidated accounts which include the accounts of the Company and which contain a cash flow statement.

### **2. Taxation**

Corporation tax is provided on taxable profits at the current rate.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced.

**THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**

**for the year ended**

**31 DECEMBER**

	<u>Notes</u>	<u>1998</u> £'000	<u>1997</u> £'000
Interest receivable	1	3,171	2,952
Management fee		31	-
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,202	2,952
Taxation	2	(993)	(929)
		<hr/>	<hr/>
PROFIT FOR THE FINANCIAL YEAR		2,209	2,023
Dividends	3	(4,200)	-
		<hr/>	<hr/>
RETAINED (LOSS) / PROFIT FOR THE YEAR		<u>(1,991)</u>	<u>2,023</u>

The Company has no recognised gains or losses other than those included in the results above.

The accompanying notes are an integral part of these statements.

**THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED**

**BALANCE SHEET**

**AT 31 DECEMBER**

	<u>Notes</u>	<u>1998</u> £'000	<u>1997</u> £'000
CURRENT ASSETS			
Debtors	4	41,551	43,479
		<u>41,551</u>	<u>43,479</u>
CURRENT LIABILITIES			
Creditors : amounts falling due within one year	5	(915)	(852)
NET CURRENT ASSETS		<u>40,636</u>	<u>42,627</u>
NET ASSETS		<u>40,636</u>	<u>42,627</u>
CAPITAL AND RESERVES			
Called-up share capital	6	39,850	39,850
Share premium account	7	568	568
Other reserves	7	6	6
Profit and loss account	7	212	2,203
EQUITY SHAREHOLDERS' FUNDS	7	<u>40,636</u>	<u>42,627</u>

Signed on behalf of the Board:



Director

14 October 1999

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



# THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED

## NOTES TO THE ACCOUNTS

<b>1. <u>Net interest receivable</u></b>	<u>1998</u> £'000	<u>1997</u> £'000
Interest on short-term loan to BICC plc	3,141	2,952
Interest on loan to Power Asset Development Co Ltd	30	-
	<u>3,171</u>	<u>2,952</u>
<b>2. <u>Taxation</u></b>	<u>1998</u> £'000	<u>1997</u> £'000
The taxation charge for the year comprises:		
Current year:		
UK Corporation tax at 31% (1997: 31.5%)	993	930
Prior year:		
Corporation tax	-	85
Deferred taxation	-	(86)
	<u>993</u>	<u>929</u>
<b>3. <u>Dividends</u></b>	<u>1998</u> £'000	<u>1997</u> £'000
Dividends paid of 10.54p per Ordinary share	4,200	-
	<u>4,200</u>	<u>-</u>
<b>4. <u>Debtors</u></b>	<u>1998</u> £'000	<u>1997</u> £'000
Short term loan to BICC plc	40,735	43,188
Loan to Power Asset Development Co Ltd	755	-
Interest receivable from BICC plc	-	291
Interest receivable from Power Asset Development Co Ltd	30	-
Management fee receivable from Power Asset Development Co Ltd	31	-
	<u>41,551</u>	<u>43,479</u>

The loan to BICC plc is repayable upon 7 days' notice and became interest free from 20 June 1998.

The loan to Power Asset Development Co Ltd bears interest at fixed interest rates.

# **TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

5.	<b><u>Creditors: Amounts falling due within one year</u></b>	<u>1998</u> £'000	<u>1997</u> £'000
	Corporation tax	915	852
		<u>915</u>	<u>852</u>

6.	<b><u>Share capital</u></b>	<u>1998</u> No'000	<u>1997</u> No'000	<u>1998</u> £'000	<u>1997</u> £'000
	Authorised:				
	Ordinary shares of £1 each	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
		<u>70,000</u>	<u>70,000</u>	<u>70,000</u>	<u>70,000</u>
	Issued and fully paid:				
	Ordinary shares of £1 each	<u>39,850</u>	<u>39,850</u>	<u>39,850</u>	<u>39,850</u>
		<u>39,850</u>	<u>39,850</u>	<u>39,850</u>	<u>39,850</u>

7. **Reconciliation of movements in shareholders' funds**

	<u>Share capital</u> £'000	<u>Share premium account</u> £'000	<u>Other reserves</u> £'000	<u>Profit &amp; loss a/c</u> £'000	<u>Total</u> £'000
At 1 January 1998	39,850	568	6	2,203	42,627
Profit for the year	-	-	-	2,209	2,209
Dividends	-	-	-	(4,200)	(4,200)
At 31 December 1998	<u>39,850</u>	<u>568</u>	<u>6</u>	<u>212</u>	<u>40,636</u>

# **THE TELEGRAPH CONSTRUCTION AND MAINTENANCE COMPANY LIMITED**

## **NOTES TO THE ACCOUNTS (continued)**

### **8. Other matters**

During the year none of the directors received emoluments for their services to the Company.  
(1997: £nil)

The Company had no employees during the year.(1997:£nil)

The audit fee is borne by BICC plc, the ultimate parent company.

The financial statements of BICC plc, which indirectly owns at least 90 per cent of the voting share capital of the Company, are publicly available. Accordingly, as permitted by FRS 8, no disclosure of related party transactions between the Company and BICC plc, or any related parties of BICC plc, is made in this Annual Report and Accounts.

### **9. Ultimate parent company**

The Company is a wholly-owned subsidiary undertaking of Armpledge Limited, registered in England and Wales, which does not prepare consolidated accounts.

The Company's ultimate parent company is BICC plc which is registered in England and Wales. The only group in which the results of the Company are consolidated is that headed by BICC plc. The consolidated accounts of BICC Group are available to the public and may be obtained from Devonshire House, Mayfair Place, London W1X 5FH.