

**Power Panels Electrical Systems Limited**  
**REPORT AND FINANCIAL STATEMENTS**  
**For the year ended 31 January 2005**

**Muras Baker Jones**  
**Chartered Accountants**  
**Wolverhampton**



## **Power Panels Electrical Systems Limited**

### **Company information**

Directors	D W Fox Mrs S A Fox A Hague I Watton
Secretary	Mrs S A Fox
Company number	01398551
Registered office	Landywood Green Cheslyn Hay Staffs WS6 7AL
Auditors	Muras Baker Jones Regent House Bath Avenue Wolverhampton WV1 4EG
Bankers	Lloyds TSB Bank plc Queen Square Wolverhampton WV1 1UE

## **Power Panels Electrical Systems Limited**

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## **Power Panels Electrical Systems Limited**

### **Directors' report for the year ended 31 January 2005**

The directors present their report and the financial statements for the year ended 31 January 2005.

#### **Principal activity and review of the business**

The principal activity of the company is the manufacture of electrical control panels and distribution switch boards.

The directors are pleased to report a 39% increase in turnover during the year ended 31 January 2005 (2004 40% increase) and an increase in the resulting profit. The directors are pleased with the level of business and year end financial position and believe that the level of turnover and profitability can be maintained during the current year.

#### **Results and dividends**

The results for the year are set out on page 5.

The directors have paid an interim dividend amounting to £157,332 and they do not recommend payment of a final dividend.

#### **Directors and their interests**

The directors who served during the year and their interests in the company are as stated below:

	<b>Ordinary shares</b>	
	<b>31/01/05</b>	<b>01/02/04</b>
D W Fox	5,000	5,000
Mrs S A Fox	5,000	5,000
A Hague	-	-
I Watton	-	-

In Accordance with the Articles of Association Mr A Hague retires by rotation and being eligible offers himself for re-election.

#### **Charitable and political contributions**

During the year the company contributed £1,192 to charities.

#### **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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

**Power Panels Electrical Systems Limited**

**Directors' report  
for the year ended 31 January 2005**

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.

**Auditors**

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Muras Baker Jones be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 22 August 2005 and signed on its behalf by



**Mrs S A Fox  
Secretary**

## **Independent auditors' report to the shareholders of Power Panels Electrical Systems Limited**

We have audited the financial statements of Power Panels Electrical Systems Limited for the year ended 31 January 2005 which comprise pages 5 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on page 8.

This report is made solely to the company's shareholders, 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 shareholders those matters we are required to state to them in an auditors' 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 shareholders as a body, for our audit work, for this report, or for the opinions we have formed.

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

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

### **Basis of audit 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.

**Independent auditors' report to the shareholders of Power Panels Electrical Systems Limited continued**

**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 January 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, reading "Muras Baker Jones". The signature is written in a cursive style with a large initial 'M'.

**Muras Baker Jones**

**Chartered Accountants and Registered Auditors**

**Regent House**

**Bath Avenue**

**Wolverhampton**

**WV1 4EG**

**22 August 2005**

**Power Panels Electrical Systems Limited**

**Profit and loss account  
for the year ended 31 January 2005**

		<b>Continuing operations</b>	
		<b>2005</b>	<b>2004</b>
	<b>Notes</b>	<b>£</b>	<b>£</b>
<b>Turnover</b>	<b>2</b>	12,147,272	8,749,859
Cost of sales		(8,827,181)	(6,610,906)
<b>Gross profit</b>		3,320,091	2,138,953
Distribution costs		(29,687)	(30,596)
Administrative expenses		(2,717,872)	(1,779,322)
<b>Operating profit</b>	<b>3</b>	572,532	329,035
Other interest receivable and similar income	<b>4</b>	19,720	1,699
Interest payable and similar charges	<b>5</b>	(8,596)	(17,251)
<b>Profit on ordinary activities before taxation</b>		583,656	313,483
Tax on profit on ordinary activities	<b>8</b>	(170,877)	(64,033)
<b>Profit on ordinary activities after taxation</b>		412,779	249,450
Dividends	<b>9</b>	(157,332)	(140,000)
<b>Retained profit for the year</b>		255,447	109,450
Retained profit brought forward		906,486	797,036
<b>Retained profit carried forward</b>		1,161,933	906,486

There are no recognised gains or losses other than the profit or loss for the above two financial years.

**The notes on pages 8 to 17 form an integral part of these financial statements.**



**Power Panels Electrical Systems Limited**

**Balance sheet  
as at 31 January 2005**

		<b>2005</b>		<b>2004</b>	
	<b>Notes</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>Fixed assets</b>					
Tangible assets	<b>10</b>		997,419		941,728
<b>Current assets</b>					
Stocks	<b>11</b>	1,000,645		718,880	
Debtors	<b>12</b>	1,183,791		1,310,885	
Cash at bank and in hand		816,965		223,639	
		<u>3,001,401</u>		<u>2,253,404</u>	
<b>Creditors: amounts falling due within one year</b>	<b>13</b>	<u>(2,730,267)</u>		<u>(2,146,956)</u>	
<b>Net current assets</b>			<u>271,134</u>		<u>106,448</u>
<b>Total assets less current liabilities</b>			1,268,553		1,048,176
<b>Creditors: amounts falling due after more than one year</b>	<b>14</b>		(16,620)		(80,190)
<b>Provisions for liabilities and charges</b>	<b>15</b>		<u>(80,000)</u>		<u>(51,500)</u>
<b>Net assets</b>			<u>1,171,933</u>		<u>916,486</u>
<b>Capital and reserves</b>					
Called up share capital	<b>17</b>		10,000		10,000
Profit and loss account			<u>1,161,933</u>		<u>906,486</u>
<b>Equity shareholders' funds</b>	<b>18</b>		<u>1,171,933</u>		<u>916,486</u>

The financial statements were approved by the Board on 22 August 2005 and signed on its behalf by



**D W Fox**  
**Director**

**The notes on pages 8 to 17 form an integral part of these financial statements.**

**Power Panels Electrical Systems Limited**

**Cash flow statement  
for the year ended 31 January 2005**

	Notes	2005 £	2004 £
<b>Reconciliation of operating profit to net cash inflow from operating activities</b>			
Operating profit		572,532	329,035
Depreciation		159,428	127,731
(Increase) in stocks		(281,765)	(45,413)
Decrease in debtors		127,094	(140,034)
Increase in creditors		525,647	857,342
<b>Net cash inflow from operating activities</b>		<u>1,102,936</u>	<u>1,128,661</u>
<b>Cash flow statement</b>			
Net cash inflow from operating activities		1,102,936	1,128,661
Returns on investments and servicing of finance	21	11,124	(15,552)
Taxation	21	(55,377)	(57,433)
Capital expenditure	21	(215,119)	(275,515)
		<u>843,564</u>	<u>780,161</u>
Equity dividends paid		(157,332)	(140,000)
		<u>686,232</u>	<u>640,161</u>
Financing	21	(60,150)	(60,443)
<b>Increase in cash in the year</b>		<u>626,082</u>	<u>579,718</u>
<b>Reconciliation of net cash flow to movement in net funds (Note 22)</b>			
<b>Increase in cash in the year</b>		626,082	579,718
Cash outflow from increase in debts and lease financing		60,150	60,443
		<u>686,232</u>	<u>640,161</u>
Change in net funds resulting from cash flows		686,232	640,161
<b>Net funds at 1 February 2004</b>		50,519	(589,642)
<b>Net funds at 31 January 2005</b>		<u>736,751</u>	<u>50,519</u>

## **Power Panels Electrical Systems Limited**

### **Notes to the financial statements for the year ended 31 January 2005**

#### **1. Accounting policies**

##### **1.1. Accounting convention**

*The financial statements are prepared under the historical cost convention .*

##### **1.2. Turnover**

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

##### **1.3. Tangible fixed assets and depreciation**

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Freehold property	-	2% on cost
Plant and machinery	-	25% on the original cost
Motor vehicles	-	25% on the reducing value

##### **1.4. Leasing**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

##### **1.5. Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value.

Cost is calculated using the first in first out method and consists of materials, direct labour costs and an appropriate proportion of production overheads.

##### **1.6. Pensions**

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

##### **1.7. Deferred taxation**

Deferred tax arises as a result of including items of income and expenditure in taxation computations in periods different from those in which they are included in the company's accounts. Deferred tax is provided in full on timing differences which result in an obligation to pay more ( or less ) tax at a future date, at the average tax rates that are expected to apply when the timing differences reverse, based on current tax rates and laws.

# Power Panels Electrical Systems Limited

## Notes to the financial statements for the year ended 31 January 2005

..... continued

### 1.8. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

### 2. Turnover

	2005	2004
<b>Geographical market</b>		
UK	12,144,572	8,689,059
Rest of the World	2,700	60,800
	<u>12,147,272</u>	<u>8,749,859</u>

### 3. Operating profit

	2005 £	2004 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	149,136	127,731
Loss on disposal of tangible fixed assets	10,292	-
Operating lease rentals		
- Plant, machinery and vehicles	28,713	21,787
Auditors' remuneration	5,000	4,600
	<u>193,141</u>	<u>154,118</u>

### 4. Interest receivable and similar income

	2005 £	2004 £
Bank interest	<u>19,720</u>	<u>1,699</u>

### 5. Interest payable and similar charges

	2005 £	2004 £
Interest payable on bank loans and overdrafts	582	6,177
On loans repayable between two and five years	8,014	10,903
Hire purchase interest	-	171
	<u>8,596</u>	<u>17,251</u>

# Power Panels Electrical Systems Limited

## Notes to the financial statements for the year ended 31 January 2005

..... continued

### 6. Employees

<b>Number of employees</b>	<b>2005</b>	<b>2004</b>
The average monthly numbers of employees (including the directors) during the year were:		
Management and administration	25	22
Production and selling	136	125
	<u>161</u>	<u>147</u>
<b>Employment costs</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Wages and salaries	3,660,001	2,712,528
Social security costs	381,240	265,340
Other pension costs	2,602	2,602
	<u>4,043,843</u>	<u>2,980,470</u>

### 6.1. Directors' emoluments

	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Remuneration and other emoluments	1,505,370	869,137
Pension contributions	2,602	2,602
	<u>1,507,972</u>	<u>871,739</u>
	<b>Number</b>	<b>Number</b>
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>
<b>Highest paid director</b>	<b>£</b>	<b>£</b>
Amounts included above:		
Emoluments and other benefits	<u>1,071,394</u>	<u>399,732</u>

### 7. Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £2,602 (2004 - £2,602).

# Power Panels Electrical Systems Limited

## Notes to the financial statements for the year ended 31 January 2005

..... continued

### 8. Tax on profit on ordinary activities

Analysis of charge in period	2005 £	2004 £
<b>Current tax</b>		
UK corporation tax	143,000	56,000
Adjustments in respect of previous periods	(623)	(67)
Total current tax charge	<u>142,377</u>	<u>55,933</u>
<b>Deferred tax</b>		
Timing differences, origination and reversal	(1,000)	8,100
Effect of changes in tax rates	29,500	-
Total deferred tax	<u>28,500</u>	<u>8,100</u>
Tax on profit on ordinary activities	<u><u>170,877</u></u>	<u><u>64,033</u></u>

### Factors affecting tax charge for period

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

	2005 £	2004 £
Profit on ordinary activities before taxation	<u>583,656</u>	<u>313,483</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (31 January 2004 : 19%)	175,097	59,562
<b>Effects of:</b>		
Expenses not deductible for tax purposes	2,642	2,985
Capital allowances for period in excess of depreciation	(9,023)	(7,170)
Adjustments to tax charge in respect of previous periods	(623)	(67)
Rounding provision	68	623
Marginal relief	<u>(25,784)</u>	<u>-</u>
Current tax charge for period	<u><u>142,377</u></u>	<u><u>55,933</u></u>

### Factors that may affect future tax charges

Future tax charges will be affected by the availability of capital allowances compared to depreciation and the availability of marginal rate tax relief.

**Power Panels Electrical Systems Limited**

**Notes to the financial statements  
for the year ended 31 January 2005**

..... continued

9.	Dividends			2005 £	2004 £
	Dividends on equity shares:				
	Ordinary shares - interim paid			157,332	140,000
10.	Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Motor vehicles £	Total £
	Cost				
	At 1 February 2004	696,004	658,600	152,744	1,507,348
	Additions	77,772	155,848	-	233,620
	Disposals	-	-	(79,694)	(79,694)
	At 31 January 2005	773,776	814,448	73,050	1,661,274
	Depreciation				
	At 1 February 2004	107,651	405,978	51,991	565,620
	On disposals	-	-	(50,901)	(50,901)
	Charge for the year	11,458	116,148	21,530	149,136
	At 31 January 2005	119,109	522,126	22,620	663,855
	Net book values				
	At 31 January 2005	654,667	292,322	50,430	997,419
	At 31 January 2004	588,353	252,622	100,753	941,728
11.	Stocks			2005 £	2004 £
	Raw materials and consumables			690,386	397,602
	Work in progress			310,259	321,278
				1,000,645	718,880

# Power Panels Electrical Systems Limited

## Notes to the financial statements for the year ended 31 January 2005

..... continued

<b>12. Debtors</b>	<b>2005 £</b>	<b>2004 £</b>
Trade debtors	1,158,304	1,294,590
Prepayments and accrued income	25,487	16,295
	<u>1,183,791</u>	<u>1,310,885</u>
<b>13. Creditors: amounts falling due within one year</b>	<b>2005 £</b>	<b>2004 £</b>
Bank overdraft	-	32,756
Bank loan	63,594	60,174
Trade creditors	1,190,380	1,244,521
Corporation tax	143,000	56,000
Other taxes and social security costs	392,658	363,759
Directors' accounts	23,747	52,439
Other creditors	894,495	326,505
Accruals and deferred income	22,393	10,802
	<u>2,730,267</u>	<u>2,146,956</u>

The directors loan accounts are interest free and repayable on demand.



**Power Panels Electrical Systems Limited**

**Notes to the financial statements  
for the year ended 31 January 2005**

..... continued

<b>14. Creditors: amounts falling due after more than one year</b>	<b>2005 £</b>	<b>2004 £</b>
Bank loan	<u>16,620</u>	<u>80,190</u>

**Bank loans and overdrafts**

The bank borrowings are secured by a debenture over all the assets of the company including a specific legal charge over the freehold property.

The bank overdraft (repayable on demand) amounted to £nil at 31 January 2005 (2004 - £32,756)

	<b>2005 £</b>	<b>2004 £</b>
<i>Analysis of bank loan maturity</i>		
Falling due within one year.	<u>63,594</u>	<u>60,174</u>
Falling due after more than one year		
Repayable between one and two years	16,620	64,004
Repayable between two and five years	<u>-</u>	<u>16,186</u>
	<u>16,620</u>	<u>80,190</u>

The bank loan is repayable by monthly instalments over the period ending May 2006.

Interest on the bank loan was charged at 2.75% above base rate. At the year end the rate was 7.5%.

**15. Provisions for liabilities and charges**

	<b>Deferred taxation (Note 16) £</b>	<b>Total £</b>
At 1 February 2004	51,500	51,500
Movements in the year	<u>28,500</u>	<u>28,500</u>
At 31 January 2005	<u>80,000</u>	<u>80,000</u>

**Power Panels Electrical Systems Limited**

**Notes to the financial statements  
for the year ended 31 January 2005**

..... continued

<b>16. Provision for deferred taxation</b>	<b>2005</b>	<b>2004</b>
	<b>£</b>	<b>£</b>
Accelerated capital allowances	<u>80,000</u>	<u>51,500</u>
Provision at 1 February 2004	51,500	
Deferred tax charge in profit and loss account	<u>28,500</u>	
Provision at 31 January 2005	<u>80,000</u>	
 <b>17. Share capital</b>	 <b>2005</b>	 <b>2004</b>
	<b>£</b>	<b>£</b>
<b>Authorised</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
 <b>Allotted, called up and fully paid</b>		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
 <b>18. Reconciliation of movements in shareholders' funds</b>	 <b>2005</b>	 <b>2004</b>
	<b>£</b>	<b>£</b>
Profit for the year	412,779	249,450
Dividends	<u>(157,332)</u>	<u>(140,000)</u>
Increase in shareholders' funds	255,447	109,450
Opening shareholders' funds	<u>916,486</u>	<u>807,036</u>
Closing shareholders' funds	<u>1,171,933</u>	<u>916,486</u>

# Power Panels Electrical Systems Limited

## Notes to the financial statements for the year ended 31 January 2005

..... continued

### 19. Financial commitments

At 31 January 2005 the company had annual commitments under non-cancellable operating leases as follows:

	Other	
	2005	2004
	£	£
<b>Expiry date:</b>		
Between one and five years	<u>8,450</u>	<u>5,987</u>

### 20. Ultimate control

The ultimate control of the company is detailed in the Directors' Report on page 1.

### 21. Gross cash flows

	2005	2004
	£	£
<b>Returns on investments and servicing of finance</b>		
Interest received	19,720	1,699
Interest paid	<u>(8,596)</u>	<u>(17,251)</u>
	<u>11,124</u>	<u>(15,552)</u>
<b>Taxation</b>		
Corporation tax paid	<u>(55,377)</u>	<u>(57,433)</u>
<b>Capital expenditure</b>		
Payments to acquire tangible assets	(233,620)	(275,515)
Receipts from sales of tangible assets	<u>18,501</u>	<u>-</u>
	<u>(215,119)</u>	<u>(275,515)</u>
<b>Financing</b>		
Repayment of long term bank loan	(60,150)	(56,124)
Capital element of finance leases and hire purchase contracts	<u>-</u>	<u>(4,319)</u>
	<u>(60,150)</u>	<u>(60,443)</u>

**Power Panels Electrical Systems Limited**

**Notes to the financial statements  
for the year ended 31 January 2005**

..... continued

**22. Analysis of changes in net funds**

	<b>Opening balance</b>	<b>Cash flows</b>	<b>Other changes</b>	<b>Closing balance</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash at bank and in hand	223,639	593,326		816,965
Overdrafts	(32,756)	32,756		-
	<u>190,883</u>	<u>626,082</u>		<u>816,965</u>
Debt due within one year	(60,174)	60,150	(63,570)	(63,594)
Debt due after one year	(80,190)	-	63,570	(16,620)
	<u>(140,364)</u>	<u>60,150</u>	<u>-</u>	<u>(80,214)</u>
<b>Net funds</b>	<u><u>50,519</u></u>	<u><u>686,232</u></u>	<u><u>-</u></u>	<u><u>736,751</u></u>