

Power Panels Electrical Systems Limited
REPORT AND FINANCIAL STATEMENTS
For the year ended 31 January 2008

Muras Baker Jones
Chartered Accountants
Wolverhampton

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Power Panels Electrical Systems Limited

Company information

Directors	D W Fox Mrs S A Fox A Hague M Bates
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 The Bridge Walsall WS1 1PZ

Power Panels Electrical Systems Limited

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Power Panels Electrical Systems Limited

Directors' report for the year ended 31 January 2008

The directors present their report and the financial statements for the year ended 31 January 2008.

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 another successful year with turnover increasing by 15% and a resulting increase in profit before taxation. The company has invested in fixed assets during recent years to enable the company to meet growing demand and this has resulted in additional depreciation charges this year.

Financial risk management objectives and policies

The principal risks and uncertainties facing the company are closely monitored by the directors. Credit risks in relation to customers are minimised by close credit control. Price risk on purchases can be affected by currency fluctuations and the impact of copper price movements.

Future outlook

The directors are pleased with the performance of the company. The first half of 2008 has achieved very pleasing results in terms of turnover and profitability and the outlook for the business is positive.

Directors

The directors who served during the year are as stated below:

D W Fox

Mrs S A Fox

A Hague

I Watton (resigned 9 March 2007)

M Bates (appointed 1 January 2008)

Charitable and political contributions

During the year the company contributed £903 to charities.

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 financial statements the directors are required to:

- select suitable accounting policies and apply them consistently,
- make judgements and estimates that are reasonable and prudent,

Power Panels Electrical Systems Limited

Directors' report for the year ended 31 January 2008

.... continued

- prepare the financial statements 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 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

The directors of a company must, in determining how amounts are presented within items in the profit and loss account and balance sheet, have regard to the substance of the reported transaction or arrangement, in accordance with generally accepted accounting principles and practice

In so far as the directors are aware

- there is no relevant audit information (information needed by the company's auditors in connection with preparing their report) of which the company's auditors are unaware, and
- the directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information.

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 July 2008 and signed on its behalf by



D W Fox
Director

**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 2008 which comprise pages 5 to 17. 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 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 (United Kingdom Generally Accepted Accounting Practice).

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 report to you whether in our opinion the information given in the directors' report is consistent with the financial statements. We also report to you if, in our opinion, 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 January 2008 and of its profit for the year then ended,

the financial statements have been properly prepared in accordance with the Companies Act 1985 and

the information given in the Directors' Report is consistent with the financial statements for the year ended 31 January 2008.



Muras Baker Jones
Chartered Accountants and
Registered Auditors
22 July 2008

Regent House
Bath Avenue
Wolverhampton
WV1 4EG

Power Panels Electrical Systems Limited

**Profit and loss account
for the year ended 31 January 2008**

		Continuing operations	
		2008	2007
	Notes	£	£
Turnover	2	15,888,089	13,789,990
Cost of sales		(12,276,786)	(10,874,476)
Gross profit		3,611,303	2,915,514
Distribution costs		(37,084)	(35,620)
Administrative expenses		(3,260,271)	(2,612,307)
Operating profit	3	313,948	267,587
Other interest receivable and similar income	4	10,916	31,004
Interest payable and similar charges	5	(1,767)	(1,105)
Profit on ordinary activities before taxation		323,097	297,486
Tax on profit on ordinary activities	8	11,540	(66,539)
Profit for the year	16	334,637	230,947

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 2008**

		2008		2007	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	9		1,731,924		1,505,465
Current assets					
Stocks	10	899,635		763,305	
Debtors	11	2,514,234		1,707,213	
Cash at bank and in hand		525,156		79,776	
		<u>3,939,025</u>		<u>2,550,294</u>	
Creditors: amounts falling due within one year	12	<u>(3,542,179)</u>		<u>(2,178,826)</u>	
Net current assets			<u>396,846</u>		<u>371,468</u>
Total assets less current liabilities			2,128,770		1,876,933
Provisions for liabilities	13		<u>(6,200)</u>		<u>(89,000)</u>
Net assets			<u>2,122,570</u>		<u>1,787,933</u>
Capital and reserves					
Called up share capital	15		10,000		10,000
Profit and loss account	16		2,112,570		1,777,933
Shareholders' funds	17		<u>2,122,570</u>		<u>1,787,933</u>

The financial statements were approved by the Board on 22 July 2008 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 2008**

	Notes	2008 £	2007 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		313,948	267,587
Depreciation		205,543	148,536
(Increase) in stocks		(136,330)	79,104
(Increase) in debtors		(807,021)	(75,901)
Increase in creditors		1,347,305	(716,600)
Net cash inflow from operating activities		<u>923,445</u>	<u>(297,274)</u>
Cash flow statement			
Net cash inflow from operating activities		923,445	(297,274)
Returns on investments and servicing of finance	20	9,149	29,899
Taxation	20	(55,260)	(154,539)
Capital expenditure	20	(432,002)	(687,562)
		<u>445,332</u>	<u>(1,109,476)</u>
Financing	20	-	(16,626)
Increase in cash in the year		<u>445,332</u>	<u>(1,126,102)</u>
Reconciliation of net cash flow to movement in net funds (Note 21)			
Increase in cash in the year		445,332	(1,126,102)
Cash outflow from decrease in debts and lease financing		-	16,626
Change in net funds resulting from cash flows		445,332	(1,109,476)
Net debt at 1 February 2007		<u>79,776</u>	<u>1,189,252</u>
Net funds at 31 January 2008		<u>525,108</u>	<u>79,776</u>

Power Panels Electrical Systems Limited

Notes to the financial statements for the year ended 31 January 2008

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and comply with financial reporting standards of the Accounting Standards Board.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year and derives from the provision of goods falling within the company's ordinary activities

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.

Land and buildings	-	2% on cost
Plant and machinery	-	25% on the original cost
Motor vehicles	-	25% on the reducing value

1.4. Leasing

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.

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.

Power Panels Electrical Systems Limited

**Notes to the financial statements
for the year ended 31 January 2008**

. continued

2. Turnover

	2008	2007
	£	£
Geographical market		
UK	15,656,179	13,677,393
Rest of the World	231,910	112,597
	<u>15,888,089</u>	<u>13,789,990</u>

3. Operating profit

	2008	2007
	£	£
Operating profit is stated after charging		
Depreciation and other amounts written off tangible assets	217,043	148,536
Operating lease rentals		
- Motor vehicles	51,341	44,808
Auditors' remuneration	7,268	5,656
	<u>275,652</u>	<u>200,000</u>
and after crediting:		
Profit on disposal of tangible fixed assets	11,500	-
	<u>287,152</u>	<u>200,000</u>

4. Interest receivable and similar income

	2008	2007
	£	£
Bank interest	10,908	30,985
Other interest	8	19
	<u>10,916</u>	<u>31,004</u>

5. Interest payable and similar charges

	2008	2007
	£	£
Interest payable on bank loans and overdrafts	1,767	1,008
On loans repayable between two and five years	-	97
	<u>1,767</u>	<u>1,105</u>

Power Panels Electrical Systems Limited

Notes to the financial statements for the year ended 31 January 2008

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6. Employees

Number of employees	2008	2007
The average monthly numbers of employees (including the directors) during the year were		
Management and administration	27	25
Production and selling	131	142
	<u>158</u>	<u>167</u>

Employment costs	2008	2007
	£	£
Wages and salaries	4,161,502	3,756,192
Social security costs	435,072	380,156
Pension costs-other operating charge	-	594
	<u>4,596,574</u>	<u>4,136,942</u>

6.1. Directors' emoluments

	2008	2007
	£	£
Remuneration and other emoluments	1,657,338	1,252,909
Pension contributions	-	594
	<u>1,657,338</u>	<u>1,253,503</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>1</u>	<u>1</u>

Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	<u>1,179,355</u>	<u>929,819</u>

7. Pension costs

The company operated a defined contribution pension scheme. Contributions paid by the company ceased in the year ended 31 January 2007. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £-(31 January 2007 - £594).

Power Panels Electrical Systems Limited

**Notes to the financial statements
for the year ended 31 January 2008**

... continued

8. Tax on profit on ordinary activities

Analysis of charge in period	2008 £	2007 £
Current tax		
UK corporation tax	72,000	56,000
Adjustments in respect of previous periods	(740)	(461)
	<u>71,260</u>	<u>55,539</u>
Total current tax charge	<u>71,260</u>	<u>55,539</u>
Deferred tax		
Timing differences, origination and reversal	(82,800)	11,000
Total deferred tax	<u>(82,800)</u>	<u>11,000</u>
Tax on profit on ordinary activities	<u>(11,540)</u>	<u>66,539</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the smaller companies rate of corporation tax in the UK (20 per cent) The differences are explained below

	2008 £	2007 £
Profit on ordinary activities before taxation	<u>323,097</u>	<u>297,486</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 20% (31 January 2007 19%)	64,619	56,522
Effects of:		
Expenses not deductible for tax purposes	11,408	5,159
Capital allowances for period in excess of depreciation	(8,388)	(6,421)
Adjustments to tax charge in respect of previous periods	(740)	(461)
Rounding provision	55	740
Marginal rates at 32.5% over £300,000	4,306	-
Current tax charge for period	<u>71,260</u>	<u>55,539</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 or the small company rate

Power Panels Electrical Systems Limited

Notes to the financial statements for the year ended 31 January 2008

. continued

9. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Motor vehicles £	Total £
Cost				
At 1 February 2007	1,340,409	1,049,745	73,050	2,463,204
Additions	3,570	499,932	-	503,502
Disposals	-	(97,737)	-	(97,737)
At 31 January 2008	<u>1,343,979</u>	<u>1,451,940</u>	<u>73,050</u>	<u>2,868,969</u>
Depreciation				
At 1 February 2007	152,512	760,540	44,687	957,739
On disposals	-	(37,737)	-	(37,737)
Charge for the year	28,751	181,198	7,094	217,043
At 31 January 2008	<u>181,263</u>	<u>904,001</u>	<u>51,781</u>	<u>1,137,045</u>
Net book values				
At 31 January 2008	<u>1,162,716</u>	<u>547,939</u>	<u>21,269</u>	<u>1,731,924</u>
At 31 January 2007	<u>1,187,897</u>	<u>289,205</u>	<u>28,363</u>	<u>1,505,465</u>

10. Stocks	2008 £	2007 £
Raw materials and consumables	635,836	555,650
Work in progress	263,799	207,655
	<u>899,635</u>	<u>763,305</u>

11. Debtors	2008 £	2007 £
Trade debtors	2,468,379	1,623,040
Prepayments and accrued income	45,855	84,173
	<u>2,514,234</u>	<u>1,707,213</u>

Power Panels Electrical Systems Limited

**Notes to the financial statements
for the year ended 31 January 2008**

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12. Creditors: amounts falling due within one year	2008 £	2007 £
Bank overdraft	48	-
Trade creditors	2,168,290	1,590,553
Corporation tax	72,000	56,000
Other taxes and social security costs	398,869	274,697
Directors' accounts	7,601	117,601
Other creditors	864,301	98,155
Accruals and deferred income	31,070	41,820
	<u>3,542,179</u>	<u>2,178,826</u>

The directors loan accounts are interest free and repayable on demand

13. Provisions for liabilities

	Deferred taxation (Note 14) £	Total £
At 1 February 2007	89,000	89,000
Movements in the year	82,800	82,800
At 31 January 2008	<u>6,200</u>	<u>6,200</u>

Power Panels Electrical Systems Limited

**Notes to the financial statements
for the year ended 31 January 2008**

... continued

14. Provision for deferred taxation	2008 £	2007 £
Accelerated capital allowances	6,200	89,000
Provision for deferred tax	<u>6,200</u>	<u>89,000</u>
 Provision at 1 February 2007	 89,000	
Deferred tax credit in profit and loss account	<u>(82,800)</u>	
Provision at 31 January 2008	<u>6,200</u>	

Balancing allowances or charges were withdrawn on industrial buildings from 21 March 2007. The deferred tax provision is therefore no longer required in respect of the buildings and has been released to profit & loss account.

15. Share capital	2008 £	2007 £
Authorised equity		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, called up and fully paid equity		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
 Equity Shares		
10,000 Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

16. Equity Reserves	Profit and loss account £	Total £
At 1 February 2007	1,777,933	1,777,933
Profit for the year	<u>334,637</u>	<u>334,637</u>
At 31 January 2008	<u>2,112,570</u>	<u>2,112,570</u>

Power Panels Electrical Systems Limited

**Notes to the financial statements
for the year ended 31 January 2008**

. continued

17. Reconciliation of movements in shareholders' funds	2008	2007
	£	£
Profit for the year	334,637	230,947
Opening shareholders' funds	1,787,933	1,556,986
Closing shareholders' funds	<u>2,122,570</u>	<u>1,787,933</u>

18. Capital commitments	2008	2007
	£	£
Details of capital commitments at the accounting date are as follows		
Contracted for but not provided in the financial statements	<u>-</u>	<u>174,182</u>

19. Ultimate control

The company is under the ultimate control of D W Fox and Mrs S A Fox (Directors)

Power Panels Electrical Systems Limited

**Notes to the financial statements
for the year ended 31 January 2008**

... .. continued

20. Gross cash flows

	2008	2007
	£	£
Returns on investments and servicing of finance		
Interest received	10,916	31,004
Interest paid	(1,767)	(1,105)
	<u>9,149</u>	<u>29,899</u>
Taxation		
Corporation tax paid	<u>(55,260)</u>	<u>(154,539)</u>
Capital expenditure		
Payments to acquire tangible assets	(503,502)	(687,562)
Receipts from sales of tangible assets	71,500	-
	<u>(432,002)</u>	<u>(687,562)</u>
Financing		
Repayment of long term bank loan	<u>-</u>	<u>(16,626)</u>

21. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	79,776	445,380	525,156
Overdrafts	-	(48)	(48)
Net funds	<u>79,776</u>	<u>445,332</u>	<u>525,108</u>

Power Panels Electrical Systems Limited

**Notes to the financial statements
for the year ended 31 January 2008**

..... .. continued

22. Financial commitments

At 31 January 2008 the company had annual commitments under non-cancellable operating leases as follows:

	Other	
	2008	2007
	£	£
Expiry date:		
Within one year	1,024	2,464
Between one and five years	14,333	16,547
	<u>15,357</u>	<u>19,011</u>