

**ARM GROUP LIMITED**

**Report and Financial Statements**

**Year ended 31 December 2008**

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**REPORT AND FINANCIAL STATEMENTS 2008**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

N R E Kirkby  
O McLaughlin

**SECRETARY**

P Birch

**REGISTERED OFFICE**

Lancaster House  
Centurion Way  
Leyland  
Lancashire  
PR26 6TX

**AUDITORS**

Deloitte LLP  
Chartered Accountants and Registered Auditors  
Manchester  
United Kingdom

## **DIRECTORS' REPORT**

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

The directors' report has been prepared in accordance with the special provisions relating to small companies under section 246(4) of the Companies Act 1985.

## **ACTIVITIES**

The principal activity of the company is that of the holding company of Enterprise Managed Services Limited.

## **RESULTS, DIVIDENDS AND TRANSFER TO RESERVES**

During the current and prior years the company did not trade.

No dividend was paid in the year (2007 – £25 million).

## **DIRECTORS AND THEIR INTERESTS**

The names of the directors who served during the year are shown on page 1.

## **GOING CONCERN**

After making enquiries, and based on the assumptions outlined in the note 1 to the financial statements, the directors have concluded that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason, they continue to adopt the going concern basis in preparing the financial statements.

## **AUDITORS**

In the case of each of the persons who are directors of the company at the date when this report is approved:

- so far as each of the directors is aware, there is no relevant audit information (as defined in the Companies Act 1985) of which the company's auditors are unaware; and
- each of the directors has taken all the steps that they ought to have taken as a director to make themselves aware of any relevant audit information (as defined) and to establish that the company's auditors are aware of that information.

The confirmation is given and should be interpreted in accordance with the provisions of s234ZA of the Companies Act 1985.

On 1 December 2008 Deloitte & Touche LLP changed their name to Deloitte LLP. Deloitte LLP have expressed their willingness to continue as the company's auditors and a resolution to re-appoint them will be proposed at the forthcoming Annual General Meeting in accordance with section 384 of the Companies Act 1985.

Approved by the Board of Directors  
and signed by order of the Board



Secretary

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Annual Report and 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 affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK 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 company will continue in business.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and 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.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ARM GROUP LIMITED**

We have audited the financial statements of ARM Group Limited for the year ended 31 December 2008 which comprise the profit and loss account, the statement of total recognised gains and losses, the balance sheet and the related notes 1 to 12. These financial statements have been prepared under 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 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 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 Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

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 also report to you whether in our opinion the information given in the Directors' Report is consistent with the financial statements.

In addition we 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 other transactions is not disclosed.

We read the other information contained in the Annual Report as described on the contents page, and consider whether it is consistent with the audited financial statements. 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 further information outside the Annual Report.

### **Basis of audit opinion**

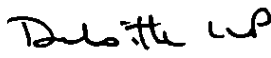
We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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.

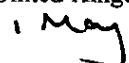
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2008 and of its result 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.

  
**Deloitte LLP**  
Chartered Accountants and Registered Auditors  
Manchester  
United Kingdom

 2009

# ARM GROUP LIMITED

## PROFIT AND LOSS ACCOUNT Year ended 31 December 2008

|  | Note | 2008<br>£'000 | 2007<br>£'000 |
|--|------|---------------|---------------|
| <b>OPERATING PROFIT</b>                                  | 3    | -             | -             |
| Income from shares in subsidiaries                       |      | -             | 25,000        |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES BEFORE TAXATION</b> |      | -             | 25,000        |
| Tax on profit on ordinary activities                     | 4    | -             | -             |
| <b>PROFIT ON ORDINARY<br/>ACTIVITIES AFTER TAXATION</b>  |      | -             | 25,000        |
| Dividends paid   | 12   | -             | (25,000)      |
| <b>RETAINED PROFIT FOR THE YEAR</b>                      |      | -             | -             |

The above results all relate to continuing activities.

The company has no recognised gains or losses other than the result for the current and prior year. Accordingly a separate statement of total recognised gains and losses has not been prepared. Other than the retained result for the both years, there no movements in shareholders' funds.

**BALANCE SHEET**  
**31 December 2008**

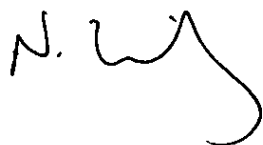
|   | Note | 2008<br>£'000   | 2007<br>£'000   |
|---|------|-----------------|-----------------|
| <b>FIXED ASSETS</b>                                   |      |                 |                 |
| Investments   | 5    | 2,609           | 2,609           |
| <b>CURRENT ASSETS</b>                                 |      |                 |                 |
| Debtors   | 6    | 48,485          | 48,485          |
| <b>CREDITORS: amounts falling due within one year</b> | 7    | <u>(47,001)</u> | <u>(47,001)</u> |
| <b>NET CURRENT ASSETS</b>                             |      | <u>1,484</u>    | <u>1,484</u>    |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>          |      | <u>4,093</u>    | <u>4,093</u>    |
| <b>CAPITAL AND RESERVES</b>                           |      |                 |                 |
| Called up share capital                               | 8    | 1,918           | 1,918           |
| Share premium account                                 |      | 42              | 42              |
| Other reserves  |      | 1,817           | 1,817           |
| Profit and loss account                               |      | <u>316</u>      | <u>316</u>      |
| <b>EQUITY SHAREHOLDERS' FUNDS</b>                     |      | <u>4,093</u>    | <u>4,093</u>    |

The accompanying notes form an integral part of the financial statements.

These financial statements were approved by the Board of Directors on

Signed on behalf of the Board of Directors

1 May 2009



- Director



**NOTES TO THE FINANCIAL STATEMENTS****Year ended 31 December 2008****1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable law and United Kingdom accounting standards. The particular accounting policies adopted are described below and have been applied consistently in both years.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Basis of preparation – going concern**

The company does not trade and is an intermediate holding company within the Enterprise Group Holdings Limited group. As a result the company has no anticipated cash requirement for the foreseeable future. In making their assessment the directors have considered the recoverability of the intercompany debtor balance. On the basis that the Enterprise Group Holdings Limited group is a going concern the directors have concluded that the intercompany debtor balance is recoverable. In making this assessment the directors of this company are cognisant of the following going concern disclosure which appears in the financial statements of Enterprise Group Holdings Limited for the year ended 31 December 2008:

*The group has considerable secured financial resources through to March 2015 together with contracts of a long term nature with a significant number of its customers who are principally blue chip utility companies or government authorities. The services which the group delivers are primarily essential maintenance in nature. As a consequence the Directors believe that the Group is well placed to manage its business risks successfully despite the current uncertain economic outlook and the potential impact on the Group's customers.*

*The Directors, in their consideration of going concern, have reviewed the Group's future cash forecasts, profit projections and covenant compliance and based on these forecasts and projections believe that it is appropriate to prepare the financial statements of the Group on the going concern basis.*

*Management is of the opinion that the Group's forecasts and projections show that the Group should be able to operate within its available facilities and comply with its banking covenants. The Group has committed facilities through to March 2015 and there is no repayment of debt until that time.*

**Fixed asset investments**

Investments in subsidiary undertakings are stated at cost less any provision for impairment.

**Cash flow statement**

The company has taken advantage of the exemption included in FRS 1 'Cash Flow Statements' in not providing a cash flow statement as its cash flows are included in the consolidated cash flow statement of the ultimate parent company.

**2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES**

Other than the directors, the company had no employees (2007 – nil). The directors did not receive any emoluments for their services to this company in either the current or prior year.

**3. OPERATING PROFIT**

Auditors' remuneration for the audit of the company's financial statements of £2,000 was borne by the parent company (2007 – same). There were no non audit services provided in either year.

**4. TAXATION**

There is no tax charge in either year. The income from shares in subsidiaries in the prior year was non taxable.

**NOTES TO THE FINANCIAL STATEMENTS**  
**Year ended 31 December 2008**

**5. INVESTMENTS HELD AS FIXED ASSETS**

|  | Shares in<br>subsidiaries<br>£'000 |
|--|------------------------------------|
| <b>Cost and net book value</b>         |                                    |
| At 1 January 2008 and 31 December 2008 | 2,609                              |

The company owns the entire issued ordinary share capital of Enterprise Managed Services Limited, a company incorporated in England and Wales, whose principal activity is the provision of management services for the maintenance of utility infrastructures within the telecommunication, water, electricity and gas sectors.

The company has taken advantage of section 228 of the Companies Act 1985 in not producing consolidated financial statements as it is a subsidiary of Enterprise Group Holdings Limited, which itself produces consolidated financial statements.

Accordingly these financial statements present information about the company and not the group.

**6. DEBTORS**

|                                    | 2008<br>£'000 | 2007<br>£'000 |
|------------------------------------|---------------|---------------|
| Amounts due within one year:       |               |               |
| Amounts owed by group undertakings | 48,485        | 48,485        |

**7. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|                                    | 2008<br>£'000 | 2007<br>£'000 |
|------------------------------------|---------------|---------------|
| Amounts owed to group undertakings | 47,001        | 47,001        |

**8. CALLED UP SHARE CAPITAL**

|   | 2008<br>£'000 | 2007<br>£'000 |
|---|---------------|---------------|
| <b>Authorised</b>                         |               |               |
| 1,919,000 ordinary shares of £1 each      | 1,919         | 1,919         |
| <b>Called up, allotted and fully paid</b> |               |               |
| 1,918,048 ordinary shares of £1 each      | 1,918         | 1,918         |

**9. ULTIMATE PARENT COMPANY**

The company's ultimate parent company is Enterprise Group Holdings Limited, a company registered in England and Wales. 3i plc, through various managed funds, is considered by the directors to be the ultimate controlling party.

The smallest group in which the results of the company were consolidated was that headed by Kirk Newco Plc. The largest group in which the results of the company were consolidated was that headed by Enterprise Group Holdings Limited. Copies of the Enterprise Group Holdings financial statements can be obtained from its registered office at Lancaster House, Centurion Way, Leyland, Lancashire, PR26 6TX.

**NOTES TO THE FINANCIAL STATEMENTS**

**Year ended 31 December 2008**

**10. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption in FRS 8 "Related Party Disclosures" and has not disclosed transactions with group undertakings.

**11. CONTINGENT LIABILITIES**

The company is party to a composite guarantee and mortgage debenture in favour of Lloyds TSB Bank plc to secure the borrowings of Kirk Newco plc. At 31 December 2008 the borrowings of Kirk Newco plc secured by this guarantee were £540 million (2007 - £540 million).

**12. DIVIDENDS**

The company did not pay a dividend during the year (2007: £25,000,000).