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Report of the Directors and
Financial Statements
for the Year Ended 31 March 1997
for
Dodd Group Holdings Limited



Dodd Group Holdings Limited

Index to the Financial Statements
for the Year Ended 31 March 1997

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	4
Group Profit & Loss Account	5
Company Profit & Loss Account	6
Group Balance Sheet	7
Company Balance Sheet	8
Cash Flow Statement	9
Notes to the Cash Flow Statement	10
Notes to the Financial Statements	11
Group Trading & Profit & Loss Account	18
Company Trading & Profit & Loss Account	19

Dodd Group Holdings Limited
Company Information
for the Year Ended 31 March 1997

DIRECTORS: T.R. Dodd Esq.
E.W. Bailey Esq.
Mrs. S.M. Dodd

SECRETARY: Mrs. S.M. Dodd

REGISTERED OFFICE: Stafford Park 13
Telford
Shropshire
TF3 3AZ

REGISTERED NUMBER: 02586022 (England & Wales)

AUDITORS: Turner Peachey
Chartered Accountants
Registered Auditors
9-10 St. Mary's Place
Shrewsbury
Shropshire
SY1 1DZ

Dodd Group Holdings Limited

Report of the Directors for the Year Ended 31 March 1997

The directors present their report with the financial statements of the Group for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES

The Group's principal activities during the year under review were those of electrical, heating and ventilation engineers and contractors. The principal activity of the company was that of a holding company.

REVIEW OF BUSINESS

The company has not traded at any time during the year.

The results for the year and financial position of the Group are as shown in the annexed financial statements.

DIVIDENDS AND TRANSFERS TO RESERVES

During the year interim dividends were paid totalling £8 per share. The directors recommend that no final dividend be paid.

The total distribution of dividends for the year ended 31 March 1997 will be £140,000.

The retained profit transferred to reserves will be £449211.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors of the company in office during the year and their beneficial interests in the issued share capital were as follows:

<u>Name</u>	<u>Class of Capital</u>	<u>31.03.97</u>	<u>31.03.96</u>
T.R. Dodd Esq.	Ordinary	8207	8207
E.W. Bailey	Ordinary	1750	1750
Mrs. S.M. Dodd	Ordinary	-	-

EMPLOYMENT OF DISABLED PERSONS AND EMPLOYEE INVOLVEMENT

The company is committed to a policy of recruitment and promotion on the basis of aptitude and ability without discrimination of any kind. Management actively pursues both the employment of disabled persons whenever a suitable vacancy arises and the continued employment and retraining of employees who become disabled whilst employed by the company. Particular attention is given to the training, career development and promotion of disabled employees with a view to encouraging them to play an active role in the development of the company.

Members of the management team regularly visit branches and discuss with members of staff matters of current interest and concern to the business.

Dodd Group Holdings Limited

Report of the Directors
for the Year Ended 31 March 1997

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 judgments 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.

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

The auditors, Turner Peachey, will be proposed for re-appointment in accordance with Section 385A of the Companies Act 1985.

ON BEHALF OF THE BOARD:

.....
T.R. Dodd Esq. - Director

Dated: 28/1/98

Dodd Group Holdings Limited

Report of the Auditors to the Shareholders of
Dodd Group Holdings 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 11.

Respective Responsibilities of Directors and Auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements 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 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 of the state of the company's and the Group's affairs as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Turner Peachey
Chartered Accountants
Registered Auditors
9-10 St. Mary's Place
Shrewsbury
Shropshire
SY1 1DZ



Dated: 28/1/98

Dodd Group Holdings Limited

Consolidated Profit & Loss Account
Year Ended 31 March 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
TURNOVER	2	22848385	22529072
Cost of Sales		<u>18012341</u>	<u>18175673</u>
GROSS PROFIT		4836044	4353399
Net Operating Expenses		<u>4153209</u>	<u>3796737</u>
OPERATING PROFIT		682835	556662
Interest receivable and similar income		<u>88593</u>	<u>51156</u>
		771428	607818
Interest payable and similar charges	5	2333	(16060)
Rents receivable in respect of Operating Leases		<u>93557</u>	<u>106735</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		867318	698493
Tax on profit on ordinary activities	7	<u>278107</u>	<u>205340</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		589211	493153
Dividends	6	<u>140000</u>	<u>-</u>
		449211	493153
Retained Profit brought forward		<u>2461932</u>	<u>1968779</u>
RETAINED PROFIT CARRIED FORWARD		<u>2911143</u>	<u>2461932</u>
TOTAL RECOGNISED GAINS AND LOSSES			

The Group has no recognised gains or losses other than the profits for the current and previous years.

The notes form part of these financial statements

Dodd Group Holdings Limited

Profit & Loss Account
For the Year Ended 31 March 1997

THE COMPANY

	<u>Notes</u>	<u>1997</u> £	<u>1996</u> £
Income from interests in Group undertakings		1483695	139000
Other operating income		66691	-
Interest receivable		<u>4329</u>	<u>4944</u>
		1554715	143944
Net operating expenses		<u>87584</u>	<u>-</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1467131	143944
Tax on profit on ordinary activities	7	<u>29385</u>	<u>1236</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		1437746	142708
Dividends	6	<u>140000</u>	<u>-</u>
		1297746	142708
Retained profits brought forward		<u>172708</u>	<u>30000</u>
RETAINED PROFIT CARRIED FORWARD		<u>1470454</u>	<u>172708</u>

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profits for the current and previous years.

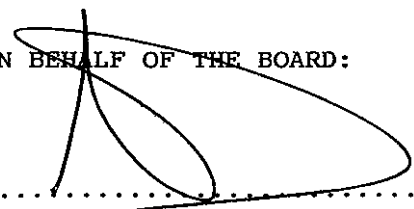
Dodd Group Holdings Limited

Balance Sheet
As at 31 March 1997

THE GROUP

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
		£	£
FIXED ASSETS			
Tangible fixed assets	12	1918261	1890445
CURRENT ASSETS			
Stocks	9	2987968	3861723
Debtors	10	3460261	2922417
Cash at bank and in hand		<u>935883</u>	<u>799351</u>
		7384112	7583491
CREDITORS - Amounts falling due within one year	11	<u>6373730</u>	<u>6994504</u>
NET CURRENT ASSETS		<u>1010382</u>	<u>588987</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2928643</u>	<u>2479432</u>
CAPITAL AND RESERVES			
Called up share capital	14	17500	17500
Group reserves		<u>2911143</u>	<u>2461932</u>
Shareholders funds	13	<u>2928643</u>	<u>2479432</u>

ON BEHALF OF THE BOARD:


.....
T.R. Dodd Esq. - DIRECTOR

Approved by the Board on 28/1/98

The notes form part of these financial statements

Dodd Group Holdings Limited

Balance Sheet
As at 31 March 1997

THE COMPANY

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible fixed assets	12		1364534		137941
Investments	8		<u>17798</u>		<u>17598</u>
			1382332		155539
CURRENT ASSETS					
Debtors	10	173859		29900	
Cash at bank and in hand		<u>109299</u>		<u>126005</u>	
		283158		155905	
CREDITORS - Amounts falling due within one year	11	<u>177536</u>		<u>121236</u>	
NET CURRENT ASSETS			<u>105622</u>		<u>34669</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1487954</u>		<u>190208</u>
CAPITAL AND RESERVES					
Called up share capital	14		17500		17500
Profit and loss account			<u>1470454</u>		<u>172708</u>
Shareholders funds			<u>1487954</u>		<u>190208</u>

ON BEHALF OF THE BOARD:

.....
T.R. Dodd Esq. - DIRECTOR

Approved by the Board on 28/1/98

Dodd Group Holdings Limited

Cash Flow Statement
For the Year Ended 31 March 1997

THE GROUP

	Notes	<u>1997</u> £	<u>1996</u> £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		682835	556662
Depreciation charges		245848	230592
(Profit) on sale of fixed assets		(20267)	(119111)
Decrease in stocks		873755	154990
(Increase) in debtors		(537844)	(291815)
(Decrease)/Increase in creditors		<u>(181496)</u>	<u>62807</u>
Net cash inflow from operating activities		<u>1062831</u>	<u>594125</u>
CASH FLOW STATEMENT			
Net cash inflow from operating activities		1062831	594125
Returns on investments and servicing of finance	1	184483	141831
Taxation		(200416)	(149006)
Capital expenditure	1	<u>(253397)</u>	<u>(102492)</u>
		793501	484458
Financing	1	<u>(75000)</u>	<u>(100000)</u>
Increase in cash		<u>718501</u>	<u>384458</u>
Reconciliation of net cash flow to movement in net debt	2		
Change in net funds		718501	384458
Net funds/(debt) at 1 April 1996		<u>96784</u>	<u>(287674)</u>
Net funds at 31 March 1997		<u>815285</u>	<u>96784</u>

Dodd Group Holdings Limited
Notes to the Cash Flow Statement

	<u>1997</u> £	<u>1996</u> £	
1. GROSS CASH FLOWS			
Returns on investments and servicing of finance			
Interest received	88593	51156	
Interest paid	2333	(16060)	
Rental income received	<u>93557</u>	<u>106735</u>	
	<u>184483</u>	<u>141831</u>	
Capital expenditure			
Payments to acquire tangible fixed assets	(296233)	(402101)	
Receipts from sale of tangible fixed assets	<u>42836</u>	<u>299609</u>	
	<u>(253397)</u>	<u>(102492)</u>	
Financing			
Repayment of loan to pension scheme	<u>(75000)</u>	<u>(100000)</u>	
2. ANALYSIS OF CHANGES IN NET DEBT			
	At <u>01.04.96</u> £	Cash Flows <u>£</u>	At <u>31.03.97</u> £
Cash in hand and at bank	799351	136532	935883
Overdrafts	<u>(702567)</u>	<u>581969</u>	<u>(120598)</u>
Total	96784	718501	815285

Dodd Group Holdings Limited

Notes to the Financial Statements
For the Year Ended 31 March 1997

1. ACCOUNTING POLICIES

Compliance with Accounting Standards

The accounts have been prepared in accordance with applicable accounting standards. There were no material departures from those standards.

Accounting Convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents net invoiced sales of goods and services, excluding value added tax.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Land and Buildings	2% on Cost
Plant and Machinery	20% on Written Down Value
Motor Vehicles	25% on Cost
Office Equipment	20% on Written Down Value
Computers	33% on Cost

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of material timing differences, except to the extent that, in the opinion of the directors, there is a reasonable probability that the liability will not arise in the foreseeable future.

Leasing Commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

Dodd Group Holdings Limited

Notes to the Financial Statements
For the Year Ended 31 March 1997

2. **TURNOVER**

The turnover and profit before taxation are attributable to the principal activities of the Group.

3. **STAFF COSTS**

	<u>1997</u> £	<u>1996</u> £
Wages and Salaries	5139192	4929267
Social Security Costs	466804	439868
Other Pension Costs	<u>207441</u>	<u>175947</u>
	<u>5813437</u>	<u>5545082</u>

The average number of employees during the year was as follows:

	<u>1997</u>	<u>1996</u>
Management and administration	74	66
Productive operatives	<u>220</u>	<u>236</u>
	<u>294</u>	<u>302</u>

4. **OPERATING PROFIT**

The operating profit is stated after charging/(crediting):

	<u>1997</u> £	<u>1996</u> £
Equipment Leasing	3975	3699
Depreciation - Owned Assets	245848	230592
(Profit) on Disposal of Fixed Assets	(20267)	(119111)
Auditors Remuneration	<u>56397</u>	<u>41235</u>

5. **INTEREST PAYABLE AND SIMILAR CHARGES**

	<u>1997</u> £	<u>1996</u> £
Bank Interest	(4761)	5759
Loan Interest	2428	9021
Finance Charges - Hire Purchase Contracts	<u>-</u>	<u>1280</u>
	<u>(2333)</u>	<u>16060</u>

6. **DIVIDENDS**

	<u>1997</u> £	<u>1996</u> £
Equity Shares:		
Ordinary - Paid	<u>140000</u>	<u>-</u>

Dodd Group Holdings Limited

Notes to the Financial Statements For the Year Ended 31 March 1997

7. TAXATION

The Group tax charge on the profit on ordinary activities for the year was as follows:

	<u>1997</u>		<u>1996</u>	
	<u>Company</u>	<u>Group</u>	<u>Company</u>	<u>Group</u>
	£	£	£	£
Corporation Tax based on the adjusted results for the year	<u>29385</u>	<u>278107</u>	<u>1236</u>	<u>205340</u>

8. FIXED ASSET INVESTMENTS

	<u>Company</u>
	£
COST:	
At 1 April 1996	17598
Additions	<u>200</u>
At 31 March 1997	17798
NET BOOK VALUE:	
	£
At 31 March 1997	<u>17798</u>
At 31 March 1996	<u>17598</u>
	<u>1997</u>
	£
Unlisted investments	<u>17798</u>
	<u>1996</u>
	£
	<u>17598</u>

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

<u>Company name, country of incorporation, nature of business</u>	<u>% Holding</u>	<u>Class of shares</u>
Dodd Group (Midlands) Limited England and Wales Electrical Contractors	100.00	Ordinary
Dodd Environmental Services Limited England and Wales Heating and Ventilating Contractors	100.00	Ordinary
Dodd Group (Eastern) Limited England and Wales Electrical Contractors	100.00	Ordinary
Dodd Group (South) Limited England and Wales Electrical Contractors	100.00	Ordinary
Norwich Electrical & Mechanical Contracting Limited England & Wales Electrical Contractors	100.00	Ordinary

All of the above subsidiaries are included in these consolidated statements.

Dodd Group Holdings Limited

Notes to the Financial Statements
For the Year Ended 31 March 1997

9. STOCKS

	<u>1997</u> <u>Group</u> £	<u>1996</u> <u>Group</u> £
Raw Materials	145546	199315
Work in Progress	<u>2842422</u>	<u>3662408</u>
	<u>2987968</u>	<u>3861723</u>

10. DEBTORS

	<u>1997</u> <u>Company</u> £	<u>Group</u> £	<u>1996</u> <u>Company</u> £	<u>Group</u>
Trade Debtors	47901	3321889		2808298
Other Debtors	5615	109909		61226
Prepayments	-	28463		52893
Amounts owed by Group Undertakings	<u>120343</u>		<u>29900</u>	
	<u>173859</u>	<u>3460261</u>	<u>29900</u>	<u>2922417</u>

11. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1997</u> <u>Company</u> £	<u>Group</u> £	<u>1996</u> <u>Company</u> £	<u>Group</u> £
Trade Creditors		4693994		4575362
Social Security & Other Taxes		690050		782671
Other Creditors		70174	120000	239524
Accruals		219416		186573
Taxation	35000	281196	1236	203505
Directors' Loan Accounts		158302		229302
Bank Overdraft	2536	120598		702567
Loan Dodd Group (Midlands) Limited				
Pension Scheme				75000
Due to Shareholders	<u>140000</u>	<u>140000</u>		
	<u>177536</u>	<u>6373730</u>	<u>121236</u>	<u>6994504</u>

Dodd Group Holdings Limited

Notes to the Financial Statements
For the Year Ended 31 March 1997

12. FIXED ASSETS

	<u>Total</u> £	<u>Land & Buildings</u> £	<u>Plant & Machinery</u> £	<u>Motor Vehicles</u> £	<u>Office Equipment</u> £
THE GROUP					
Cost - at 1 April 1996	3081084	1554473	370868	919714	236029
Additions	296233		33218	254320	8695
Disposals	(150584)	(1551)		(149033)	
As at 31 March 1997	3226733	1552922	404086	1025001	244724
Depreciation -					
As at 1 April 1996	1190639	184833	270904	554760	180142
Charge for the Year	245848	12721	27452	183094	22581
Eliminated on Disposals	(128015)			(128015)	
As at 31 March 1997	1308472	197554	298356	609839	202723
Net Book Value -					
31 March 1997	1918261	1355368	105730	415162	42001
Net Book Value -					
31 March 1996	1890445	1369640	99964	364954	55887

LAND & BUILDINGS

The net book value of land and buildings may be further analysed as:

Freehold	207547
Long Leasehold Investment	820534
Long Leasehold	<u>327287</u>
	£ 1355368

THE COMPANY

	<u>Total</u> £	<u>Land and Buildings</u> £	<u>Motor Vehicles</u> £
Cost - at 1 April 1996	137941	137941	-
Additions	1243407	1230907	12500
As at 31 March 1997	1381348	1368848	12500
Depreciation			
Charge for the Year and as at 31 March 1997	16814	13689	3125
Net Book Value -			
31 March 1997	1364534	1355159	9375
31 March 1996	137941	137941	-

On 22 June 1996 Dodd Group (Midlands) Limited transferred all its buildings to this company.

Dodd Group Holdings Limited
Notes to the Financial Statements
For the Year Ended 31 March 1997

13. RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS

	<u>1997</u> £	<u>1996</u> £
Profit for the financial year	589211	493153
Dividends	<u>(140000)</u>	<u>-</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	449211	493153
Opening shareholders' funds	<u>2479432</u>	<u>1986279</u>
 CLOSING SHAREHOLDERS' FUNDS	 <u>2928643</u>	 <u>2479432</u>
 Equity interests	 <u>2928643</u>	 <u>2479432</u>

14. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	1997	1996
			£	£
50,000	Ordinary	£1	<u>50000</u>	<u>50000</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	1997	1996
			£	£
17,500	Ordinary	£1	<u>17500</u>	<u>17500</u>

15. PENSIONS

The group operates a contributory pension scheme. It is a defined scheme and contributions are charged to the profit and loss account as they accrue. The charge for the year was £207441 (1996 £175947).

Dodd Group Holdings Limited

Notes to the Financial Statements
For the Year Ended 31 March 1997

16. PROVISIONS FOR LIABILITIES AND CHARGES

No provision is made in the financial statements for deferred taxation where the liability is not expected to arise for a considerable period.

The potential and actual liabilities were:

	<u>1997</u>		<u>1996</u>	
	<u>Amount</u> <u>Provided</u>	<u>Potential</u> <u>Liability</u>	<u>Amount</u> <u>Provided</u>	<u>Potential</u> <u>Liability</u>
Accelerated Capital Allowances	£ Nil	£ Nil	£ Nil	£ 413000

17. POST BALANCE SHEET EVENTS

On the 29 September 1997 the company purchased land and buildings from the Receiver in respect of R. Curry Limited of Stockton-on-Tees and Thornbury, Bristol for £150,000. A subsidiary company, Dodd Group (Midlands) Limited purchased the remaining assets for £30,000.

18. RELATED PARTY DISCLOSURES

The company is under the control of Mr. T.R. Dodd, the major shareholder and chairman of the company.

The company is exempt from disclosing inter group transactions due to the fact that consolidated financial statements are publicly available.

19. DIRECTORS EMOLUMENTS

	<u>1997</u> £	<u>1996</u> £
Directors' emoluments	441921	472840
Directors' pension contributions to money purchase schemes	<u>128078</u>	<u>103078</u>
	569999	575918

The remuneration of the highest paid director included above was:-

	<u>1997</u> £	<u>1996</u> £
Emoluments	171947	182249
Pension contributions to money purchase schemes	<u>7600</u>	<u>7600</u>
	179547	189849

During the year 3 directors (1996 - 3), were accruing benefits under money purchase schemes.