

Promanex Limited

Report and Financial Statements

Year Ended

30 September 2003

Company Number : 3230494



PROMANEX LIMITED

Annual report and financial statements for the year ended 30 September 2003

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Directors

MR Dixon
FIF Ross
GS Cooper
RWW Richmond
J Funnell
RM Thompson
PA Morris

Secretary and registered office

FIF Ross, The Stables, Hurley Hall Barns, Hurley, Nr Atherstone, Warwickshire,
CV9 2HT

Company number

3230494

Accountants and Business Advisers

Tenon Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

Auditor

Blueprint Audit Limited, Charnwood House, Gregory Boulevard, Nottingham, NG7 6NX

Bankers

Bank of Scotland, 3rd floor, Oceana House, 39-49 Commercial Road, Southampton,
SO15 1GA

PROMANEX LIMITED

Report of the directors for the year ended 30 September 2003

The directors present their report together with the audited financial statements for the year ended 30 September 2003.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

The directors do not recommend the payment of a dividend.

Principal activity, trading review and future developments

The principal activity of the company is that of supplying industrial support services.

The company's strategy continues to concentrate on the objectives set out in the business plan. Our expansion will be sustained by investment in the regional development of new business, people and technology. We will continue to create and implement innovative outsourcing and supply chain management policies.

Current trading is in line with expectations and the directors are confident of future prospects.

Directors

The directors of the company during the year were:

MR Dixon
FIF Ross
GS Cooper
RWW Richmond
J Funnell
RM Thompson
PA Morris

No director had any interest in the ordinary or preference shares of the company.

MR Dixon and PA Morris are also directors of the ultimate parent company, Promanex Group Limited, and their interests in the share capital of that company are shown in its financial statements.

PROMANEX LIMITED

Report of the directors for the year ended 30 September 2003 (*Continued*)

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 year. In preparing those financial statements, the directors are required to:

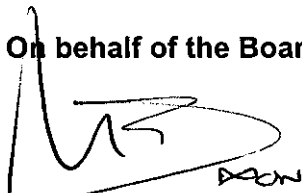
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

Auditor

Blueprint Audit Limited have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

On behalf of the Board

A handwritten signature in black ink, appearing to be 'MR Dixon', written over a horizontal line.

MR Dixon
Director

15 January 2004

Independent auditors report to the shareholders of Promanex Limited

We have audited the financial statements of Promanex Limited for the year ended 30 September 2003 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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 auditor's 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 auditor

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Report of Directors.

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 Report of the Directors 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Report of the Directors. 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 other information.

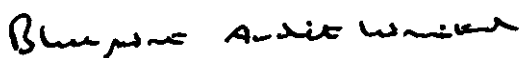
Basis of audit opinion

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 consider 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 affairs as at 30 September 2003 of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Blueprint Audit Limited
Chartered Accountants and Registered Auditor
Nottingham

4 March 2004

PROMANEX LIMITED**Profit and loss account for the year ended 30 September 2003**

	Note	2003 £	2002 £
Turnover	2	10,091,549	10,623,596
Cost of sales		(8,834,254)	(9,406,460)
		<hr/>	<hr/>
Gross profit		1,257,295	1,217,136
Other operating income		81,057	-
Administrative expenses		(1,077,638)	(1,692,470)
		<hr/>	<hr/>
Operating profit/(loss)	5	206,714	(475,334)
Interest payable	6	(29,516)	(38,338)
		<hr/>	<hr/>
Profit/(loss) on ordinary activities before taxation		231,198	(513,672)
Taxation on profit/(loss) on ordinary activities	7	-	-
		<hr/>	<hr/>
Profit/(loss) on ordinary activities after taxation and retained profit/(sustained deficit) for the year	14	231,198	(513,672)
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

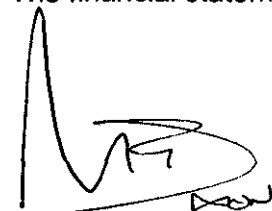
The notes on pages 6 to 13 form part of these financial statements.

PROMANEX LIMITED

Balance sheet at 30 September 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Tangible assets	8		355,029		429,938
Current assets					
Stock	9	234,196		249,324	
Debtors	10	5,023,590		1,988,714	
Cash at bank and in hand		10,340		9,771	
		<u>5,268,126</u>		<u>2,247,809</u>	
Creditors: amounts falling due within one year	11	(5,982,826)		(3,236,767)	
Net current liabilities			(714,700)		(988,958)
Total assets less current liabilities			<u>(359,671)</u>		<u>(559,020)</u>
Creditors: amounts falling due after more than one year	12		26,347		58,196
Capital and reserves - equity					
Called up share capital	13	260,700		260,700	
Profit and loss account	14	(646,718)		(877,916)	
Shareholders' deficit	15		(386,018)		(617,216)
			<u>(359,671)</u>		<u>(559,020)</u>

The financial statements were approved by the Board on 15 January 2004.



MR Dixon
Director

The notes on pages 6 to 13 form part of these financial statements.

PROMANEX LIMITED

Notes forming part of the financial statements for the year ended 30 September 2003

1 Accounting policies

The financial statements have been prepared under the historical cost convention, and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Going concern

At 30 September 2003 the company had net liabilities of £386,018. In the absence of other funding the company is dependent upon the continued financial support of its bankers, creditors and its parent company, Promanex Group Limited. On the assumption that support will continue to be made available to the company the directors consider it appropriate that these financial statements have been prepared on a going concern basis.

Turnover

Turnover represents the cost of work done during the year on all contracts including any attributable profits, in accordance with SSAP 9 (revised).

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	-	2% per annum
Plant and equipment	-	25% per annum
Computer equipment	-	33⅓% per annum
Fixtures, fittings and office equipment-	-	20% per annum
Motor vehicles	-	25% per annum

Stocks and work in progress

Work done and related costs on each long term contract are recorded in the profit and loss account as contract activity progresses. When a profitable outcome to a contract can be assessed with reasonable certainty, attributable profit is applied. Attributable profit is calculated on a prudent basis for each contract by reference to the contracts cumulative turnover, total contract value and total profit estimated for the completed contract and after provision for any losses.

Amounts recoverable on long term contracts, included within debtors comprises any excess of cumulative work done for a contract over cumulative payments on account for that contract and after provision for any losses.

Where cumulative payments on account exceed work done for a contract, the excess is included within creditors as payments received in advance.

PROMANEX LIMITED

Notes forming part of the financial statements for the year ended 30 September 2003

1 Accounting policies (Continued)

Deferred taxation

The payment of taxation is deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes. Full provision for deferred taxation is made under the liability method, without discounting, on all timing differences that have arisen, but not reversed by the balance sheet date, unless such provision is not permitted by FRS 19.

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases' and 'hire purchase contracts'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover is wholly attributable to the principal activity of the company. Turnover as analysed by geographical market is as follows:-

	2003 £	2002 £
United Kingdom	10,028,956	10,396,366
Europe	62,593	227,230
	<hr/>	<hr/>
	10,091,549	10,623,596
	<hr/>	<hr/>

PROMANEX LIMITED**Notes forming part of the financial statements for the year ended 30 September 2003 (Continued)****3 Employees**

	2003 £	2002 £
Staff costs consist of:		
Wages and salaries	3,911,047	4,724,165
Social security costs	383,329	465,629
Other pension costs	32,884	44,963
Redundancy costs	7,912	70,552
	<u>4,335,172</u>	<u>5,305,309</u>

The average monthly number of employees, including directors, during the year was 244 (2002 : 266).

4 Directors

	2003 £	2002 £
Directors' emoluments consist of:		
Remuneration for management services	122,676	257,833
Pension contributions	12,769	27,877
	<u>135,445</u>	<u>285,710</u>

Contributions were made to deferred contribution schemes on behalf of two directors (2002: four).

5 Operating profit/(loss)

	2003 £	2002 £
This has been arrived at after charging/(crediting):		
Depreciation	111,525	104,782
Auditor's remuneration	3,885	4,305
Operating leases - land and buildings	49,290	50,500
- other	78,485	57,053
Profit on sale of fixed assets	(250)	-
	<u></u>	<u></u>

6 Interest payable

	2003 £	2002 £
Bank overdraft	21,620	30,686
Finance leases and hire purchase contracts	7,896	7,652
	<u>29,516</u>	<u>38,338</u>

PROMANEX LIMITED**Notes forming part of the financial statements for the year ended 30 September 2003 (Continued)****7 Taxation on profit/(loss) on ordinary activities**

	2003 £	2002 £
(a) Analysis of charge in year		
Current tax:		
Corporation tax	-	-
Adjustment in respect of prior period	-	-
	<hr/>	<hr/>
Total current tax (7b)	-	-
	<hr/>	<hr/>
(b) Factors affecting tax charge for the year		
	2003 £	2002 £
The tax assessed for the year is:		
Profit/(loss) on ordinary activities before taxation	231,198	(513,672)
	<hr/>	<hr/>
Profit/(loss) on ordinary activities multiplied by the expected rate of corporation tax of 30% (2002: 30%)	69,359	(154,102)
Effects of:-		
Expenses not deductible for tax purposes	7,849	12,336
Depreciation in excess of capital allowances	11,285	5,715
Trading losses surrendered to group companies	-	60,966
Short term timing differences	293	15,046
Trading losses carried forward/(brought forward)	(88,786)	60,039
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

(c) Factors that may affect future tax charges

At 30 September 2003 the company had corporation tax losses amounting to £201,028 (2002: £496,981). These losses can be carried forward and offset against future corporation tax liabilities.

PROMANEX LIMITED

Notes forming part of the financial statements for the year ended 30 September 2003 (*Continued*)

8 Tangible assets

	Freehold buildings £	Plant and equipment £	Computer equipment £	Fixtures, fittings and office equipment £	Motor vehicles £	Total £
<i>Cost</i>						
At 1 October 2002	170,228	117,706	111,120	91,380	206,309	696,743
Additions	-	4,543	14,697	6,011	11,365	36,616
Disposals	-	-	(985)	-	(8,967)	(9,952)
At 30 September 2003	<u>170,228</u>	<u>122,249</u>	<u>124,832</u>	<u>97,391</u>	<u>208,707</u>	<u>723,407</u>
<i>Depreciation</i>						
At 1 October 2002	9,155	33,457	81,227	47,021	95,945	266,805
Provided for the year	8,511	27,148	21,207	15,143	39,516	111,525
Removed on disposal	-	-	(985)	-	(8,967)	(9,952)
At 30 September 2003	<u>17,666</u>	<u>60,605</u>	<u>101,449</u>	<u>62,164</u>	<u>126,494</u>	<u>368,378</u>
<i>Net book value</i>						
At 30 September 2003	<u>152,562</u>	<u>61,644</u>	<u>23,383</u>	<u>35,227</u>	<u>82,213</u>	<u>355,029</u>
At 30 September 2002	<u>161,073</u>	<u>84,249</u>	<u>29,893</u>	<u>44,359</u>	<u>110,364</u>	<u>429,938</u>

The net book value of tangible fixed assets includes an amount of £62,837 (2002 : £120,777) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge for the year was £36,401 (2002 : £42,512).

9 Stock

	2003 £	2002 £
Materials	78,237	93,913
Work in progress	155,959	155,411
	<u>234,196</u>	<u>249,324</u>

10 Debtors

Trade debtors	1,671,431	1,791,242
Amounts due from parent company	388,828	-
Amounts due from fellow subsidiaries	2,808,912	-
Prepayments and accrued income	154,419	197,472
	<u>5,023,590</u>	<u>1,988,714</u>

All amounts shown under debtors fall due for payment within one year.

PROMANEX LIMITED

Notes forming part of the financial statements for the year ended 30 September 2003 (Continued)

11 Creditors: amounts falling due within one year	2003 £	2002 £
Bank overdraft	3,440,512	678,310
Obligations under finance leases and hire purchase contracts	31,894	44,915
Trade creditors	1,149,630	1,170,365
Amounts due to holding company	-	412,285
Amounts due to fellow subsidiary	-	66,252
Taxation and social security	1,255,856	715,259
Other creditors and accruals	104,934	149,381
	<u>5,982,826</u>	<u>3,236,767</u>

Included within bank overdraft is an amount of £429,142 which is secured by charges over the trade debtors of the company.

12 Creditors: amounts falling due after more than one year	2003 £	2002 £
Obligations under finance leases and hire purchase contracts	<u>26,347</u>	<u>58,196</u>
Obligations under finance leases and hire purchase contracts are due as follows:		
Within one year	31,894	44,915
Within one to two years	22,208	35,909
Within two to five years	4,139	22,287
	<u>58,241</u>	<u>103,111</u>

The finance lease and hire purchase obligations are secured on the related assets and bear finance charges at variable rates of interest.

13 Share capital

	Authorised		Allotted, called up and fully paid	
	2003 £	2002 £	2003 £	2002 £
Preference shares of £1 each	500,000	500,000	260,000	260,000
Ordinary shares of £1 each	100,000	100,000	700	700
	<u>600,000</u>	<u>600,000</u>	<u>260,700</u>	<u>260,700</u>

PROMANEX LIMITED

Notes forming part of the financial statements for the year ended 30 September 2003 (Continued)

14 Reserves

	Profit and loss account £
At 1 October 2002	(877,916)
Profit for the year	231,198
At 30 September 2003	<u>(646,718)</u>

15 Reconciliation of movements in shareholders' deficit

	2003 £	2002 £
Opening shareholders' deficit	(617,216)	(103,544)
Profit/(loss) for the year	231,198	(513,672)
Closing shareholders' deficit	<u>(386,018)</u>	<u>(617,216)</u>

16 Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the Company in an independently administered fund. The pension cost charge represents contributions payable by the Company to the fund and amounted to £32,884 for the year ended 30 September 2003 (2002 : £44,963).

17 Commitments under operating leases

As at 30 September 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings		Other	
	2003 £	2002 £	2003 £	2002 £
Operating leases which expire:				
Within one year	3,000	-	13,802	32,641
In two to five years	52,542	50,500	55,306	71,337
	<u>55,542</u>	<u>50,500</u>	<u>69,108</u>	<u>103,978</u>

PROMANEX LIMITED

Notes forming part of the financial statements for the year ended 30 September 2003 (*Continued*)

18 Related party transactions

The company has taken advantage of the exemption under FRS8 not to disclose transactions with other group companies as 90% or more of its voting rights are controlled within the group.

At 30 September the company had the following balances outstanding with group companies:

	2003 Debtor £	2002 Debtor/ (Creditor) £
Promanex Group Limited	388,828	(412,285)
Thermal Energy Construction Limited	1,070,805	(707,399)
Jefco Services Limited	1,738,107	641,147
	<u> </u>	<u> </u>

19 Contingent liabilities

The company participates in the group's composite banking arrangements and consequently has provided guarantees in respect of other companies borrowings. At 30 September 2003 other group companies had net borrowings amounting to £4,738,084 (2002: £1,586,392) covered by these guarantees.

20 Ultimate parent company

At 30 September 2003 the company's ultimate parent company was Promanex Group Limited.

Copies of the consolidated financial statements of Promanex Group Limited are available from the company's registered office.