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COMPANY REGISTRATION NUMBER 01537538

**TRANSFORMER MANUFACTURING COMPANY
LIMITED**

FINANCIAL STATEMENTS

FOR

31ST MARCH 2005



ABRAHAM & DOBELL
Chartered Accountants & Registered Auditors
230 Shirley Road
Southampton
Hampshire
SO15 3HR

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TRANSFORMER MANUFACTURING COMPANY LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

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TRANSFORMER MANUFACTURING COMPANY LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31ST MARCH 2005

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31st March 2005.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was manufacturing electrical equipment.

THE DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 March 2005	At 1 April 2004
D Karl	—	—
C J Skoulding	13,235	5,883
R Hurrell	<u>13,235</u>	<u>2,941</u>

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, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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

A resolution to re-appoint Abraham & Dobell as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

TRANSFORMER MANUFACTURING COMPANY LIMITED

THE DIRECTORS' REPORT *(continued)*

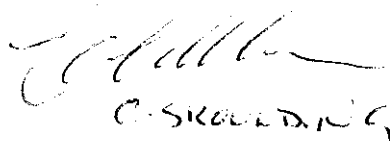
YEAR ENDED 31ST MARCH 2005

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

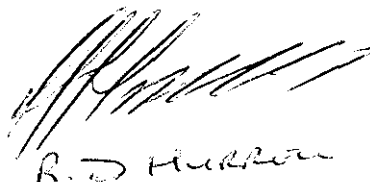
Registered office:
Riverside House
Unit 3 Riverside Industrial Estate
Mill Lane
Maldon
Essex
CM9 4LD

Signed on behalf of the directors



C. SKELTON

Director



R. D. HURREN

Approved by the directors on 27th January 2006

TRANSFORMER MANUFACTURING COMPANY LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TRANSFORMER MANUFACTURING COMPANY LIMITED

YEAR ENDED 31ST MARCH 2005

We have audited the financial statements of Transformer Manufacturing Company Limited for the year ended 31st March 2005 on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

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.

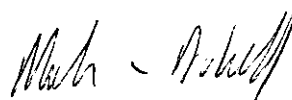
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

TRANSFORMER MANUFACTURING COMPANY LIMITED
INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
TRANSFORMER MANUFACTURING COMPANY LIMITED *(continued)*

YEAR ENDED 31ST MARCH 2005

OPINION

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



ABRAHAM & DOBELL
Chartered Accountants
& Registered Auditors

230 Shirley Road
Southampton
Hampshire
SO15 3HR

27th January 2006

TRANSFORMER MANUFACTURING COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST MARCH 2005

	Note	2005 £	2004 £
TURNOVER		2,074,911	1,740,917
Cost of sales		<u>1,532,314</u>	<u>1,274,915</u>
GROSS PROFIT		542,597	466,002
Administrative expenses		<u>470,681</u>	<u>429,085</u>
OPERATING PROFIT	2	71,916	36,917
Interest receivable		<u>1</u>	—
Interest payable and similar charges		<u>(7,916)</u>	(13,500)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		64,001	23,417
Tax on profit on ordinary activities	4	<u>12,021</u>	<u>(10,526)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		51,980	33,943
Balance brought forward		<u>237,860</u>	<u>203,917</u>
Balance carried forward		<u>289,840</u>	<u>237,860</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

TRANSFORMER MANUFACTURING COMPANY LIMITED

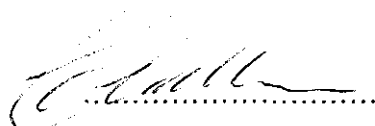
BALANCE SHEET

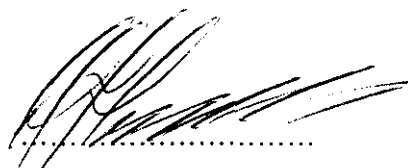
31ST MARCH 2005

	Note	2005 £	2004 £
FIXED ASSETS			
Tangible assets	5	103,840	133,648
CURRENT ASSETS			
Stocks		227,237	223,284
Debtors	6	557,201	501,014
Cash at bank and in hand		194	158
		<u>784,632</u>	<u>724,456</u>
CREDITORS: Amounts falling due within one year	7	<u>539,808</u>	<u>501,504</u>
NET CURRENT ASSETS		<u>244,824</u>	<u>222,952</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>348,664</u>	<u>356,600</u>
CREDITORS: Amounts falling due after more than one year	8	<u>—</u>	<u>59,916</u>
		<u>348,664</u>	<u>296,684</u>
CAPITAL AND RESERVES			
Called-up equity share capital	11	58,824	58,824
Profit and loss account		289,840	237,860
SHAREHOLDERS' FUNDS	12	<u>348,664</u>	<u>296,684</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These financial statements were approved by the directors on the 27th January 2006 and are signed on their behalf by:


C. SKOVING


R. D. MURRAY

TRANSFORMER MANUFACTURING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

1. ACCOUNTING POLICIES

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Leasehold Property	-	15% straight line
Plant & Machinery	-	15% straight line
Fixtures & Fittings	-	15% straight line
Motor Vehicles	-	25% straight line
Equipment	-	15% straight line

Stocks

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

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

TRANSFORMER MANUFACTURING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

2. OPERATING PROFIT

Operating profit is stated after charging:

	2005	2004
	£	£
Directors' emoluments	76,980	69,103
Depreciation of owned fixed assets	38,045	23,662
Loss on disposal of fixed assets	6,767	—
Auditors' fees	5,500	4,795
Operating lease costs:		
Land and buildings	<u>55,788</u>	<u>52,035</u>

3. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2005	2004
	No	No
Number of production staff	28	23
Number of administrative staff	<u>6</u>	<u>8</u>
	<u>34</u>	<u>31</u>

The aggregate payroll costs of the above were:

	2005	2004
	£	£
Wages and salaries	451,805	412,096
Social security costs	<u>32,087</u>	<u>30,977</u>
	<u>483,892</u>	<u>443,073</u>

4. TAXATION ON ORDINARY ACTIVITIES

	2005	2004
	£	£
Current tax:		
UK Corporation tax based on the results for the year at 19% (2004 - 19%)	12,021	—
Over/under provision in prior year	<u>—</u>	<u>(10,526)</u>
Total current tax	<u>12,021</u>	<u>(10,526)</u>

TRANSFORMER MANUFACTURING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

5. TANGIBLE FIXED ASSETS

	Leasehold Property £	Plant & Machinery £	Fixtures & Fittings £	Motor Vehicles £	Equipment £	Total £
COST						
At 1 Apr 2004	12,464	239,547	9,622	4,960	21,620	288,213
Additions	—	8,078	—	3,600	4,175	15,853
Disposals	—	(20,463)	—	(4,960)	(5,741)	(31,164)
At 31 Mar 2005	<u>12,464</u>	<u>227,162</u>	<u>9,622</u>	<u>3,600</u>	<u>20,054</u>	<u>272,902</u>
DEPRECIATION						
At 1 Apr 2004	4,407	136,846	4,124	2,868	6,320	154,565
Charge for the year	1,869	30,827	1,442	900	3,007	38,045
On disposals	—	(18,508)	—	(2,868)	(2,172)	(23,548)
At 31 Mar 2005	<u>6,276</u>	<u>149,165</u>	<u>5,566</u>	<u>900</u>	<u>7,155</u>	<u>169,062</u>
NET BOOK VALUE						
At 31 Mar 2005	<u>6,188</u>	<u>77,997</u>	<u>4,056</u>	<u>2,700</u>	<u>12,899</u>	<u>103,840</u>
At 31 Mar 2004	<u>8,057</u>	<u>102,701</u>	<u>5,498</u>	<u>2,092</u>	<u>15,300</u>	<u>133,648</u>

6. DEBTORS

	2005 £	2004 £
Trade debtors	481,341	360,245
Amounts owed by group undertakings	—	130,458
Amounts owed by undertakings in which the company has a participating interest	67,759	—
Other debtors	125	—
Prepayments and accrued income	7,976	10,311
	<u>557,201</u>	<u>501,014</u>

TRANSFORMER MANUFACTURING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

7. CREDITORS: Amounts falling due within one year

	2005		2004
	£	£	£
Bank loans and overdrafts	72,538		94,847
Trade creditors	359,519		274,708
Amounts owed to group undertakings and undertakings in which the company has a participating interest	30,000		75,659
Other creditors including taxation and social security:			
Corporation tax	12,021		—
PAYE and social security	11,268		9,252
VAT	11,596		16,755
Directors current accounts	5,000		5,448
Other creditors	189		9,899
Accruals and deferred income	37,677		14,936
	<u>77,751</u>		<u>56,290</u>
	<u>539,808</u>		<u>501,504</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2005	2004
	£	£
Bank loans and overdrafts	<u>72,538</u>	<u>94,847</u>

8. CREDITORS: Amounts falling due after more than one year

	2005	2004
	£	£
Bank loans and overdrafts	<u>—</u>	<u>59,916</u>

The outstanding bank loan was repaid in full by the company in the year to 31 March 2006.

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	2005	2004
	£	£
Bank loans and overdrafts	<u>—</u>	<u>59,916</u>

TRANSFORMER MANUFACTURING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

9. COMMITMENTS UNDER OPERATING LEASES

At 31st March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	Land & Buildings	
	2005	2004
	£	£
Operating leases which expire:		
Within 1 year	<u>30,000</u>	<u>30,000</u>

10. RELATED PARTY TRANSACTIONS

On 31 March 2005 Mr R Hurrell and Mr C J Skoulding purchased 45% of the share capital of Transformer Manufacturing Company Limited from K.E.S.(UK) Limited. On the same day D.K.Management Limited purchased 10% of the share capital from K.E.S.(UK) Limited. These transactions resulted in K.E.S.(UK) Limited no longer being the parent company of Transformer Manufacturing Company Limited.

D Karl is a director of K.E.S.(UK) Limited, Transformer Manufacturing Company Limited and D.K.Management Limited.

K.E.S.(UK) Limited is the parent company of K.E.S. Power and Light Limited.

During the year the following transactions took place, in the ordinary course of the business, between the related parties

	2005	2004
	£	£
D.K Management Limited		
Rent paid	30,000	30,000
Management charges paid	10,000	-
Balance at 31st March	(30,000)	(40,000)
K.E.S.(UK) Limited		
Purchases	13,422	130,059
Sales	24,954	208,720
Management charges paid	9,000	24,000
Balance at 31st March	29,076	72,350
K.E.S. Power and Light Limited		
Purchases	76,553	33,573
Sales	206,709	114,825
Balance at 31st March	38,683	22,449

TRANSFORMER MANUFACTURING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST MARCH 2005

11. SHARE CAPITAL

Authorised share capital:

	2005	2004
	£	£
60,000 Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
Ordinary shares of £1 each	<u>58,824</u>	<u>58,824</u>	<u>58,824</u>	<u>58,824</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005	2004
	£	£
Profit for the financial year	<u>51,980</u>	33,943
Opening shareholders' equity funds	<u>296,684</u>	<u>262,741</u>
Closing shareholders' equity funds	<u>348,664</u>	<u>296,684</u>

13. PENSIONS

The company has not operated, or contributed to any pension scheme on behalf of its employees.

14. CONTINGENCIES

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31st March 2005.

15. CAPITAL COMMITMENTS

The directors have confirmed that there were no capital commitments at 31st March 2005.