

Utilitec Services Limited

(Registered Number: 3411545)

Annual Report

For the year ended 30 April 2002



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The Directors present their report and the financial statements for the year ended 30 April 2002.

Principal activities

The principal activity of the Company during the year was the installation and maintenance of electronic equipment and the provision of leakage management and other technical services to the water utilities.

Review of business

The Directors are pleased with the trading performance of the Company.

Utilitec Services continues to deliver a high quality service to water utilities, to broaden its customer base and win new work in data-collection, pressure control and leakage reduction. During the year the company has extended its base of work in the south of England as well as maintaining work in Wales and the north of England. Management focus is upon delivering high quality specialist consultancy and outsourcing services, working in partnership with its customers, rather than competing to achieve rapid volume growth. The Board is optimistic about the prospects for Utilitec Services.

The profit and loss account is set out on page 5.

Dividends

An interim dividend of £237,000 (2001: £118,000) was paid in the year. The Directors recommend the payment of a final dividend of £55,000 (2001: £Nil).

Directors and their interests

The Directors of the Company during the year were:

C Yonnet
S Drury
D Buckland

C Yonnet and S Drury are directors of Technolog Holdings Limited, Utilitec Services Limited's ultimate holding Company, and therefore their interests in shares are shown in the financial statements of Technolog Holdings Limited.

D Buckland had no interests in the share capital of the Company at any time during the year.

Directors' responsibilities statement

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

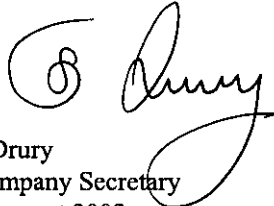
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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 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

A resolution to reappoint the auditors, PricewaterhouseCoopers will be proposed at the Annual General Meeting.

By Order of the Board



S Drury
Company Secretary
5 August 2002

PricewaterhouseCoopers
Victoria House
76 Milton Street
Nottingham NG1 3QY
Telephone +44 (0) 115 947 3000
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Independent Auditors' Report to the members of Utilitec Services Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet and the related notes which have been prepared under the historical cost convention and the accounting policies set out in the notes to the financial statements.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards 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 United Kingdom Auditing Standards issued by the Auditing Practices Board.

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 United Kingdom Companies Act. 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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

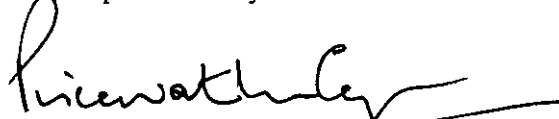
Basis of audit opinion

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 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the Company's affairs at 30 April 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Nottingham
5 August 2002

**Profit and Loss Account
for the year ended 30 April 2002**

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| | <i>Year ended 30 April 2002 £'000</i> | <i>Year ended 30 April 2001 £'000</i> |
|---|---|---|
| Turnover (note 2) | 1,940 | 1,712 |
| Cost of sales | (1,166) | (1,126) |
| Gross profit | 774 | 586 |
| Distribution and selling costs | (73) | (49) |
| Administrative expenses | (221) | (153) |
| Operating profit | 480 | 384 |
| Interest | 20 | 19 |
| Profit on ordinary activities before taxation (note 5) | 500 | 403 |
| Taxation (note 6) | (153) | (135) |
| Profit after taxation | 347 | 268 |
| Dividends (note 7) | (292) | (118) |
| Retained profit | 55 | 150 |
| Retained profit brought forward | 180 | 30 |
| Retained profit carried forward (note 13) | 235 | 180 |

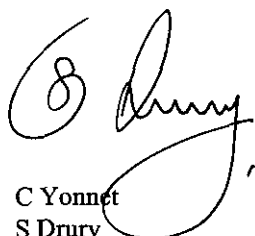
The results are derived from continuing activities.

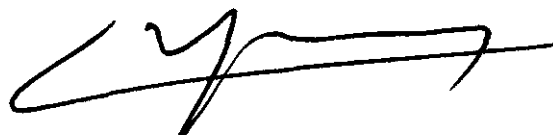
There is no difference between the profit on ordinary activities before taxation and retained profit for the period stated above, and their historical cost equivalents.

There are no other gains and losses other than those included above.

| | 30 April 2002 £'000 | 30 April 2001 £'000 |
|--|------------------------|------------------------|
| Fixed assets | | |
| Tangible assets (note 8) | 372 | 393 |
| Current assets | | |
| Debtors (note 9) | 941 | 681 |
| Cash at bank and in hand | 127 | 165 |
| | 1,068 | 846 |
| Creditors - Amounts falling due within one year (note 10) | (1,055) | (909) |
| Net current assets/(liabilities) | 13 | (63) |
| Net assets | 385 | 330 |
| Capital and reserves | | |
| Called up share capital (note 12) | 150 | 150 |
| Profit and loss account (note 13) | 235 | 180 |
| Equity shareholders' funds (note 14) | 385 | 330 |

Approved by the Board on 5 August 2002.


C Yonnet
S Drury
Directors



The notes on pages 7 to 13 form part of these accounts.

1 Principal Accounting Policies

The financial statements have been prepared in accordance with the Companies Act 1985 as amended by the Companies Act 1989 and with applicable accounting standards. The principal accounting policies adopted by the company are set out below:

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention. The directors have considered the implications of adopting FRS 18 – Accounting Policies – in these accounts. No changes to the policies or estimates employed have been necessary.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Tangible fixed assets

Depreciation is calculated so as to write off the cost or valuation of assets less their estimated residual value on a straight line basis over their estimated useful economic lives. The principal rates used for this purpose are:

| | |
|-----------------------|--------------|
| Plant and machinery | 4 – 5 years |
| Fixtures and fittings | 3 – 10 years |
| Motor vehicles | 3 – 4 years |
| Project stock | 3 – 5 years |

Interest is not capitalised.

Pension costs

The company makes contributions to a Group Personal Pension Plan which is a defined contribution scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The amount charged against profits represents the contributions payable to the scheme in respect of the financial period.

Foreign currencies

Transactions denominated in foreign currencies are translated at the rate of exchange on the date the transaction occurs. Monetary assets and liabilities denominated in foreign currencies are translated at the exchange rate ruling at the balance sheet date. Exchange differences are included in the profit and loss account.

Operating leases

Rentals payable under operating leases are charged to the profit and loss account in the period in which they are payable.

Taxation

Corporation tax payable is provided on taxable profits at the current rate.

FRS 19 – Deferred taxation has been adopted for the first time in these accounts. However, no adjustments to comparatives have been required.

Deferred taxation has been recognised as a liability or asset if transactions have occurred at the balance sheet date that give rise to an obligation to pay more taxation in future, or a right to pay less taxation in future. An asset is not recognised to the extent that the transfer of economic benefits in future is uncertain. Deferred tax assets and liabilities recognised have not been discounted.

2 Turnover

The Company's turnover is derived as follows:

| | <i>Year ended 30 April 2002</i> | <i>Year ended 30 April 2001</i> |
|-------------------------------------|-------------------------------------|-------------------------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Geographical segment by destination | | |
| UK | 1,935 | 1,696 |
| Europe | 5 | 8 |
| Other | - | 8 |
| | 1,940 | 1,712 |

The Directors do not consider the analysis of turnover by geographical destination to be materially different to the analysis by geographical origin.

All turnover is derived from one class of business.

3 Directors' Emoluments

| | <i>Year ended 30 April 2002</i> | <i>Year ended 30 April 2001</i> |
|--|-------------------------------------|-------------------------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Aggregate emoluments | 60 | 58 |
| Contributions to defined contribution pension scheme | 2 | 2 |
| | 62 | 60 |

At 30 April 2002, one Director is accruing benefits under a defined contribution pension scheme (2001: one).

4 Employee Information

The average weekly number of persons (including Directors) employed by the Company during the year was:

| | <i>Year ended 30 April 2002 Number</i> | <i>Year ended 30 April 2001 Number</i> |
|--------------------|--|--|
| By activity | | |
| Production | 20 | 16 |
| Selling | 1 | 1 |
| Administration | 4 | 4 |
| | 25 | 21 |

| | <i>Year ended 30 April 2002 £'000</i> | <i>Year ended 30 April 2001 £'000</i> |
|-----------------------|---|---|
| Staff costs | | |
| Wages and salaries | 473 | 387 |
| Social security costs | 45 | 37 |
| Other pension costs | 11 | 8 |
| | 529 | 432 |

5 Profit on Ordinary Activities Before Taxation

Profit on ordinary activities before taxation is stated after charging:

| | <i>Year ended 30 April 2002 £'000</i> | <i>Year ended 30 April 2001 £'000</i> |
|--|---|---|
| Auditors' remuneration: - audit services | 8 | 9 |
| - non-audit services | - | 2 |
| Depreciation of owned tangible fixed assets | 134 | 99 |
| Amounts payable on operating leases - property rentals | 9 | 9 |

6 Taxation

| | Year ended 30 April 2002 £'000 | Year ended 30 April 2001 £'000 |
|---|--------------------------------------|--------------------------------------|
| Current year UK corporation tax charge at 30% (2001: 30%) | 153 | 135 |

There are no significant differences between the actual tax charge, and the expected tax charge at 30%.

7 Dividends

| | Year ended 30 April 2002 £'000 | Year ended 30 April 2001 £'000 |
|---|--------------------------------------|--------------------------------------|
| Interim 78.67p per share (2001: 78.67p per share) | 237 | 118 |
| Final Nil per share (2001: Nil per share) | 55 | - |
| | 292 | 118 |

8 Tangible Fixed Assets

| | Project Stock £'000 | Plant and machinery £'000 | Fixtures and fittings £'000 | Motor Vehicles £'000 | Total £'000 |
|-----------------------|---------------------------|---------------------------------|-----------------------------------|----------------------------|----------------|
| Cost | | | | | |
| At 1 May 2001 | 304 | 47 | 31 | 204 | 586 |
| Additions | 28 | 23 | 2 | 66 | 119 |
| Disposals | - | - | - | (7) | (7) |
| At 30 April 2002 | 332 | 70 | 33 | 263 | 698 |
| Depreciation | | | | | |
| At 1 May 2001 | 125 | 20 | 7 | 41 | 193 |
| Charge for period | 58 | 12 | 5 | 59 | 134 |
| Disposals | - | - | - | (1) | (1) |
| At 30 April 2002 | 183 | 32 | 12 | 99 | 326 |
| Net book value | | | | | |
| At 30 April 2002 | 149 | 38 | 21 | 164 | 372 |
| At 1 May 2001 | 179 | 27 | 24 | 163 | 393 |

9 Debtors

| | <i>30 April 2002</i> | <i>30 April 2001</i> |
|--|----------------------|----------------------|
| | <i>£'000</i> | <i>£'000</i> |
| <i>Amounts falling due within one year</i> | | |
| Trade debtors | 927 | 665 |
| Prepayments and accrued income | 14 | 16 |
| | 941 | 681 |

10 Creditors - Amounts falling due within one year

| | <i>30 April 2002</i> | <i>30 April 2001</i> |
|---|----------------------|----------------------|
| | <i>£'000</i> | <i>£'000</i> |
| Trade creditors | 39 | 70 |
| Corporation tax | 168 | 119 |
| Other taxation and social security | 179 | 79 |
| Amounts owed to fellow group undertakings | 279 | 171 |
| Dividends payable | 55 | - |
| Accruals and deferred income | 335 | 470 |
| | 1,055 | 909 |

11 Deferred Taxation

There is no liability to deferred taxation at 30 April 2002 (2001: nil).

12 Called Up Share Capital

| | <i>30 April 2002</i> | <i>30 April 2001</i> |
|---|----------------------|----------------------|
| | <i>£'000</i> | <i>£'000</i> |
| <i>Authorised</i> | | |
| 500,000 ordinary shares of £1 each | 500 | 500 |
| <i>Allotted, called up and fully paid</i> | | |
| 150,000 ordinary shares of £1 each | 150 | 150 |

13 Profit and Loss Account

| | £'000 |
|--------------------------------|--------------|
| At 1 May 2001 | 180 |
| Retained profit for the period | 55 |
| At 30 April 2002 | 235 |

14 Reconciliation of Movements in Shareholders' Funds

| | <i>Year ended 30 April 2002 £'000</i> | <i>Year ended 30 April 2001 £'000</i> |
|-------------------------------------|---|---|
| Profit for the financial period | 55 | 150 |
| Net addition to shareholders' funds | 55 | 150 |
| Opening shareholder's funds | 330 | 180 |
| Closing shareholders' funds | 385 | 330 |

15 Financial Commitments

The Company had annual commitments under operating leases on land and buildings as follows:

| | <i>30 April 2002 £'000</i> | <i>30 April 2001 £'000</i> |
|--------------------------|--------------------------------|--------------------------------|
| Expiring within one year | 8 | - |
| Between 1 and 2 years | - | 8 |
| | 8 | 8 |

16 Related Party Transactions

As the Company is a wholly owned subsidiary of Technolog Holdings Limited, it has taken advantage of the exemption provided by FRS 8 not to disclose any related party transactions with members of the group or associates and joint ventures.

There are no other Related Party Transactions.

17 Cash Flow Statement

The Company has taken advantage of the exemption provided by FRS 1 to dispense with presenting its own cash flow statement. Cash flows are included within Technolog Holdings Limited group accounts.

18 *Ultimate Parent Undertaking*

Technolog Holdings Limited is the Company's ultimate parent undertaking. The immediate parent undertaking is Utilitec Limited. Technolog Holdings Limited prepare consolidated financial statements. Copies of the group accounts may be obtained from the Company Secretary at the registered office of Technolog Holdings Limited:

Technolog Holdings Limited
Ravenstor Road
Wirksworth
Matlock
Derbyshire
DE4 4FY