

Report of the Directors and
Financial Statements
for the Year Ended 28 February 2001
for
D. E. S. Management Services Limited



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D. E. S. Management Services Limited

Contents of the Financial Statements
for the Year Ended 28 February 2001

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	4
Profit and Loss Account	5
Balance Sheet	6
Cash Flow Statement	7
Notes to the Cash Flow Statement	8
Notes to the Financial Statements	10
Profit and Loss Account	16

D. E. S. Management Services Limited

Company Information
for the Year Ended 28 February 2001

DIRECTORS:

R.W. Andrews
E. Cooper
B. Booth
N.B. Stone
P. Marian

SECRETARY:

R.W. Andrews

REGISTERED OFFICE:

9 Shield Drive
West Cross Centre
Great West Road
Brentford
Middlesex
TW8 9EX

REGISTERED NUMBER:

3091431

AUDITORS:

Neil Beaton & Co
Chartered Accountants
Registered Auditors
4A Albert Street
Windsor
Berkshire SL4 5BU

D. E. S. Management Services Limited

Report of the Directors
for the Year Ended 28 February 2001

The directors present their report with the financial statements of the company for the year ended 28 February 2001.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the provision of management services.

REVIEW OF BUSINESS

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

DIVIDENDS

No interim dividend was paid during the year. The directors recommend a final dividend of 25p per share.

The total distribution of dividends for the year ended 28 February 2001 will be £10,000.

DIRECTORS

The directors during the year under review were:

R.W. Andrews	
E. Cooper	
B. Booth	- appointed 21.9.00
N.B. Stone	- appointed 21.9.00
P. Marian	- appointed 21.9.00

The beneficial interests of the directors holding office on 28 February 2001 in the issued share capital of the company were as follows:

	28.2.01	1.3.00 or date of appointment if later
Ordinary £1 shares		
R.W. Andrews	20,000	20,000
E. Cooper	20,000	20,000
B. Booth	-	-
N.B. Stone	-	-
P. Marian	-	-

On the 31 July 2001 E.Cooper resigned as a director of the company.

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 judgements 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.

D. E. S. Management Services Limited

Report of the Directors
for the Year Ended 28 February 2001

AUDITORS

The auditors, Neil Beaton & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, consisting of a large loop at the top and a series of connected strokes below, ending in a horizontal line.

- DIRECTOR

Dated: 5.4.01

D. E. S. Management Services Limited

Report of the Independent Auditors to the Shareholders of
D. E. S. Management Services Limited

We have audited the financial statements of D. E. S. Management Services Limited for the year ended 28 February 2001 on pages five to fifteen. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described on page two the company's directors are responsible for the preparation of 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 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 the Report of the Directors 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.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Neil Beaton & Co
Chartered Accountants
Registered Auditors
4A Albert Street
Windsor
Berkshire SL4 5BU



Dated: 5 November 2001

D. E. S. Management Services Limited

Profit and Loss Account
for the Year Ended 28 February 2001

		<u>28.2.01</u>	<u>29.2.00</u>
	Notes	£	£
TURNOVER		509,800	492,900
Administrative expenses		<u>477,854</u>	<u>494,437</u>
OPERATING PROFIT/(LOSS)	3	31,946	(1,537)
Interest receivable and similar income		<u>445</u>	<u>2,610</u>
		32,391	1,073
Interest payable and similar charges	4	<u>8,967</u>	<u>4,991</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		23,424	(3,918)
Tax on profit/(loss) on ordinary activities	5	<u>6,873</u>	<u>74</u>
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		16,551	(3,992)
Dividends	6	<u>10,000</u>	<u>-</u>
		6,551	(3,992)
Retained profit brought forward		<u>226,277</u>	<u>230,269</u>
RETAINED PROFIT CARRIED FORWARD		<u>£232,828</u>	<u>£226,277</u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

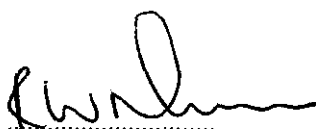
The company has no recognised gains or losses other than the profit for the current year and the loss for the previous year.

D. E. S. Management Services Limited

Balance Sheet
28 February 2001

		<u>28.2.01</u>		<u>29.2.00</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	7		88,317		107,553
Investments	8		82,650		82,650
			<u>170,967</u>		<u>190,203</u>
CURRENT ASSETS:					
Debtors	9	83,881		208,942	
Cash at bank and in hand		<u>249,112</u>		<u>14,636</u>	
		332,993		223,578	
CREDITORS: Amounts falling due within one year	10	<u>226,660</u>		<u>123,028</u>	
NET CURRENT ASSETS:			<u>106,333</u>		<u>100,550</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			277,300		290,753
CREDITORS: Amounts falling due after more than one year	11		<u>4,472</u>		<u>24,476</u>
			<u>£272,828</u>		<u>£266,277</u>
CAPITAL AND RESERVES:					
Called up share capital	13		40,000		40,000
Profit and loss account			<u>232,828</u>		<u>226,277</u>
SHAREHOLDERS' FUNDS:	15		<u>£272,828</u>		<u>£266,277</u>

ON BEHALF OF THE BOARD:



- DIRECTOR

Approved by the Board on 6-11-01.

The notes form part of these financial statements

D. E. S. Management Services Limited

Cash Flow Statement
for the Year Ended 28 February 2001

		<u>28.2.01</u>		<u>29.2.00</u>	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		328,724		99,701
Returns on investments and servicing of finance	2		(8,522)		(2,381)
Taxation			(998)		(24,217)
Capital expenditure	2		(9,539)		(31,841)
Equity dividends paid			(10,000)		-
			<u>299,665</u>		<u>41,262</u>
Financing	2		(65,189)		(73,666)
Increase/(Decrease) in cash in the period			<u>£234,476</u>		<u>£(32,404)</u>
<hr/>					
Reconciliation of net cash flow to movement in net debt	3				
Increase/(Decrease) in cash in the period		234,476		(32,404)	
Cash outflow from decrease in debt and lease financing		<u>35,340</u>		<u>1,676</u>	
Change in net debt resulting from cash flows			<u>269,816</u>		<u>(30,728)</u>
Movement in net debt in the period			269,816		(30,728)
Net debt at 1 March			<u>(45,178)</u>		<u>(14,450)</u>
Net funds/(debt) at 28 February			<u>£224,638</u>		<u>£(45,178)</u>

The notes form part of these financial statements

D. E. S. Management Services Limited

Notes to the Cash Flow Statement
for the Year Ended 28 February 2001

1. **RECONCILIATION OF OPERATING PROFIT/(LOSS) TO NET CASH INFLOW FROM OPERATING ACTIVITIES**

	28.2.01	29.2.00
	£	£
Operating profit/(loss)	31,946	(1,537)
Depreciation charges	28,775	56,102
Profit on sale of fixed assets	-	(7,843)
Decrease in debtors	125,061	95,430
Increase/(Decrease) in creditors	142,942	(42,451)
	<u> </u>	<u> </u>
Net cash inflow from operating activities	<u>328,724</u>	<u>99,701</u>

2. **ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

	28.2.01	29.2.00
	£	£
Returns on investments and servicing of finance		
Interest received	445	2,610
Interest paid	(4,029)	-
Interest element of hire purchase payments	(4,938)	(4,991)
	<u> </u>	<u> </u>
Net cash outflow for returns on investments and servicing of finance	<u>(8,522)</u>	<u>(2,381)</u>
Capital expenditure		
Purchase of tangible fixed assets	(9,539)	(70,341)
Sale of tangible fixed assets	-	38,500
	<u> </u>	<u> </u>
Net cash outflow for capital expenditure	<u>(9,539)</u>	<u>(31,841)</u>
Financing		
Loan repayments in year	-	(1,677)
No description	(35,340)	-
Amount withdrawn by directors	(29,849)	(71,989)
	<u> </u>	<u> </u>
Net cash outflow from financing	<u>(65,189)</u>	<u>(73,666)</u>

The notes form part of these financial statements

D. E. S. Management Services Limited

Notes to the Cash Flow Statement
for the Year Ended 28 February 2001

3. **ANALYSIS OF CHANGES IN NET DEBT**

	At 1.3.00 £	Cash flow £	At 28.2.01 £
Net cash:			
Cash at bank and in hand	14,636	234,476	249,112
	<u>14,636</u>	<u>234,476</u>	<u>249,112</u>
Debt:			
Hire purchase	(59,814)	35,340	(24,474)
	<u>(59,814)</u>	<u>35,340</u>	<u>(24,474)</u>
Total	<u>(45,178)</u>	<u>269,816</u>	<u>224,638</u>
Analysed in Balance Sheet			
Cash at bank and in hand	14,636		249,112
Hire purchase			
within one year	(35,338)		(20,002)
after one year	(24,476)		(4,472)
	<u>(45,178)</u>		<u>224,638</u>

The notes form part of these financial statements

D. E. S. Management Services Limited

Notes to the Financial Statements
for the Year Ended 28 February 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of 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 or, if held under a finance lease, over the lease term, whichever is the shorter.

Plant and machinery	- 25% on cost
Motor vehicles	- 25% on reducing balance

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Pensions

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

2. STAFF COSTS

	28.2.01	29.2.00
	£	£
Wages and salaries	253,334	259,683
Social security costs	28,546	27,472
Other pension costs	13,610	13,780
	295,490	300,935

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

	28.2.01	29.2.00
Directors	2	2
Administration	8	8
	10	10

D. E. S. Management Services Limited

Notes to the Financial Statements
for the Year Ended 28 February 2001

3. OPERATING PROFIT/(LOSS)

The operating profit (2000 - operating loss) is stated after charging/(crediting):

	28.2.01	29.2.00
	£	£
Depreciation - owned assets	13,292	25,577
Depreciation - assets on hire purchase contracts	15,483	30,525
Profit on disposal of fixed assets	-	(7,843)
Auditors' remuneration	1,900	1,750
	<u>107,800</u>	<u>111,600</u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	28.2.01	29.2.00
	£	£
Bank interest	4,029	-
Hire purchase	4,938	4,991
	<u>8,967</u>	<u>4,991</u>

5. TAXATION

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

	28.2.01	29.2.00
	£	£
UK corporation tax	6,873	74
	<u>6,873</u>	<u>74</u>

6. DIVIDENDS

	28.2.01	29.2.00
	£	£
Equity shares:		
Final dividend	10,000	-
	<u>10,000</u>	<u>-</u>

D. E. S. Management Services Limited

Notes to the Financial Statements
for the Year Ended 28 February 2001

7. TANGIBLE FIXED ASSETS

	Plant and machinery	Furniture & fittings	Motor vehicles	Totals
	£	£	£	£
COST:				
At 1 March 2000	16,085	78,710	121,950	216,745
Additions	2,609	6,930	-	9,539
At 28 February 2001	18,694	85,640	121,950	226,284
DEPRECIATION:				
At 1 March 2000	10,666	54,833	43,693	109,192
Charge for year	2,008	7,202	19,565	28,775
At 28 February 2001	12,674	62,035	63,258	137,967
NET BOOK VALUE:				
At 28 February 2001	6,020	23,605	58,692	88,317
At 29 February 2000	5,419	23,877	78,257	107,553

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	Motor vehicles
	£
COST:	
At 1 March 2000	121,950
Transferred to ownership	(41,950)
At 28 February 2001	80,000
DEPRECIATION:	
At 1 March 2000	43,693
Charge for year	15,483
Transferred to ownership	(25,623)
At 28 February 2001	33,553
NET BOOK VALUE:	
At 28 February 2001	46,447
At 29 February 2000	78,257

D. E. S. Management Services Limited

Notes to the Financial Statements
for the Year Ended 28 February 2001

8. FIXED ASSET INVESTMENTS

		£
COST:		
At 1 March 2000		
and 28 February 2001		<u>82,650</u>
NET BOOK VALUE:		
At 28 February 2001		<u>82,650</u>
At 29 February 2000		<u>82,650</u>
	28.2.01	29.2.00
	£	£
Unlisted investments	<u>82,650</u>	<u>82,650</u>

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

Design & Engineering Services Ltd
Nature of business: mechanical engineers

	%		
Class of shares:	holding		
Ordinary	75.00		
		28.2.01	29.2.00
		£	£
Aggregate capital and reserves		333,380	322,271
Profit/(Loss) for the year		<u>11,109</u>	<u>(78,591)</u>

Design & Engineering Services (Construction) Limited
Nature of business: building contractors

	%		
Class of shares:	holding		
Ordinary	51.00		
		28.2.01	29.2.00
		£	£
Aggregate capital and reserves		2,636	30,428
Loss for the year		<u>(27,792)</u>	<u>(51,398)</u>

**9. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	28.2.01	29.2.00
	£	£
Prepayments & accrued income	7,018	6,273
Due by connected companies	-	59,610
Due from subsidiaries	<u>76,863</u>	<u>143,059</u>
	<u>83,881</u>	<u>208,942</u>

D. E. S. Management Services Limited

Notes to the Financial Statements
for the Year Ended 28 February 2001

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

	28.2.01	29.2.00
	£	£
Hire purchase contracts (see note 12)	20,002	35,338
Trade creditors	20,943	11,851
Directors current accounts	760	30,609
Other creditors	15,250	-
Due to connected companies	112,854	-
V.A.T.	21,243	14,568
Social security & other taxes	26,745	27,924
Taxation	6,863	988
Accrued expenses	2,000	1,750
	<u>226,660</u>	<u>123,028</u>

**11. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	28.2.01	29.2.00
	£	£
Hire purchase contracts (see note 12)	<u>4,472</u>	<u>24,476</u>

12. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	28.2.01	29.2.00
	£	£
Gross obligations repayable:		
Within one year	22,668	40,277
Between one and five years	5,081	27,749
	<u>27,749</u>	<u>68,026</u>
Finance charges repayable:		
Within one year	2,666	4,939
Between one and five years	609	3,273
	<u>3,275</u>	<u>8,212</u>
Net obligations repayable:		
Within one year	20,002	35,338
Between one and five years	4,472	24,476
	<u>24,474</u>	<u>59,814</u>

13. CALLED UP SHARE CAPITAL

Authorised, allotted, issued and fully paid:			28.2.01	29.2.00
Number:	Class:	Nominal value:	£	£
40,000	Ordinary	£1	<u>40,000</u>	<u>40,000</u>

D. E. S. Management Services Limited

Notes to the Financial Statements
for the Year Ended 28 February 2001

14. RELATED PARTY DISCLOSURES

The company was under the control of Messrs R.W. Andrews and E. Cooper, the directors, who each owned 50% of the company's issued share capital. There were no transactions during the year between the company and the directors other than those disclosed in note 3 of the financial statements. During the year the company sold services to a number of connected companies. These activities included the following material transactions: Design & Engineering Services Limited £504,684 (2000 £ 397,526); Design & Engineering Services (Construction) Limited £22,338 (2000 £21,654) ; Design & Engineering Services (Electrical) Limited £73,682 (2000 £71,603); Design & Engineering Services (Fabrication) Limited £25,593 (2000 £22,574); Design & Engineering Services (Technology) Limited £1,858 (2000 £41,852); Euro Stainless Steel Limited £13,770 (2000 £20,858) The balances between the company and subsidiary and connected companies are shown in notes 8 & 9 above.

The company provides security in respect of the bank facilities of subsidiary and connected companies.

15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	28.2.01	29.2.00
	£	£
Profit/(Loss) for the financial year	16,551	(3,992)
Dividends	(10,000)	-
Net addition/(reduction) to shareholders' funds	6,551	(3,992)
Opening shareholders' funds	266,277	270,269
Closing shareholders' funds	272,828	266,277
 Equity interests	 272,828	 266,277