

Wyndham Site Services Limited

**Directors' report and financial
statements**

Registered number 4018253

30 September 2002



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Officers and professional advisers

AB Morgan (chairman)
I Williams (managing director)
PF Horrocks

Secretary

Mrs CP Higginson

Registered office

3 Prospect Place
Maritime Quarter
Swansea
SA1 1QP

Bankers

Barclays Bank Plc
Corporate Banking Centre
1/6 Pockets Wharf
East Burrows Road
Maritime Quarter
Swansea
SA1 3YN

Auditors

KPMG LLP
Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
CF24 0TE

Directors' report

The directors present their annual report together with the audited financial statements for the year ended 30 September 2002.

Principal activities

The company specialises in the provision of on site mechanical engineering services.

Review of operations and developments

The directors are of the opinion that the company has had a satisfactory year of trading and remain optimistic about the future prospects.

The results of the company's operations during the year are set out in the profit and loss account on page 5 and its financial position at 30 September 2002 in the balance sheet on page 6.

The directors do not recommend the payment of a dividend (2001 £Nil).

Share capital

On 16 April 2002 authorised share capital was increased by £125,000 to £175,000 and 100,000 ordinary shares of £1 each were issued for cash at par.

On the same date Optim Support Group Limited disposed of its entire shareholding in the Company.

Directors and their interests

The members of the board of directors during the year were:

AB Morgan
 I Williams
 N Hall - resigned 2 May 2002
 PF Horrocks

The directors had the following beneficial interest in the share capital of the company:

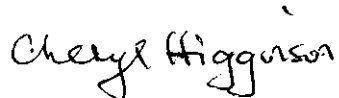
	2002 Ordinary shares of £1 each	2002 Deferred shares of £1 each	2001 Ordinary shares of £1 each
AB Morgan	10,750	50,000*	-
* held jointly			

Directors' report *(continued)*

Auditors

A resolution for the appointment of KPMG LLP as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Mrs CP Higginson
Secretary

3 Prospect Place
Maritime Quarter
Swansea
SA1 1QP

16 June 2003

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 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



KPMG LLP

Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff CF24 0TE
United Kingdom

Independent auditors' report to the members of Wyndham Site Services Limited

We have audited the financial statements on pages 6 to 16.

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 auditors

The directors are responsible for preparing the directors' report and, as described on page 3 the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

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 as at 30 September 2002 and of its profit for the year to 30 September 2002 and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

*Chartered Accountants
Registered Auditor*

17 June 2003

Profit and loss account
for the year ended 30 September 2002

	<i>Note</i>	Year to 30 September 2002 £	Year to 30 September 2001 £
Turnover	<i>1</i>	4,647,070	3,776,262
Cost of sales		(3,423,627)	(3,135,510)
Gross profit		1,223,443	640,752
Administrative expenses		(1,008,605)	(615,001)
Operating profit	<i>2</i>	214,838	25,751
Settlement under inter company guarantees		(150,000)	-
Net interest payable and similar charges	<i>5</i>	(30,348)	(36,623)
Profit/(loss) on ordinary activities before taxation	<i>2</i>	34,490	(10,872)
Taxation	<i>6</i>	(13,100)	-
Retained profit/(loss) for the year		21,390	(10,872)
Retained profit brought forward		60,610	71,482
Retained profit carried forward		82,000	60,610

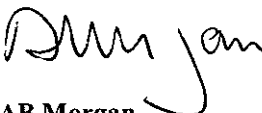
All transactions during the year were derived from continuing activities.

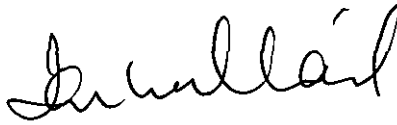
All recognised gains and losses are included in the profit and loss account.

Balance sheet
at 30 September 2002

	Note	2002	2001
		£	£
Fixed assets			
Tangible assets	7	88,892	94,016
Current assets			
Debtors	8	1,004,353	1,299,177
Cash in hand and at bank		108,273	173,630
		<u>1,112,626</u>	<u>1,472,807</u>
Creditors: amounts falling due within one year	9	<u>(969,518)</u>	<u>(1,436,372)</u>
Net current assets		<u>143,108</u>	<u>36,435</u>
Total assets less current liabilities		<u>232,000</u>	<u>130,451</u>
Creditors: amounts falling due after more than one year	10	-	(19,841)
		<u>232,000</u>	<u>110,610</u>
Capital and reserves			
Called up share capital	11	150,000	50,000
Profit and loss account		82,000	60,610
Equity shareholders' funds	12	<u>232,000</u>	<u>110,610</u>

These financial statements were approved by the board of directors on 16 June 2003 and were signed on its behalf by:


AB Morgan
Director


I Williams
Director

Cash flow statement
for the year ended 30 September 2002

	<i>Note</i>	2002 £	2001 £
Cash flow from operating activities		636,201	(143,545)
Returns on investments and servicing of finance	<i>15</i>	(30,348)	(36,623)
Capital expenditure and financial investment	<i>15</i>	(32,961)	(28,983)
		<hr/>	<hr/>
Cash (outflow)/inflow before financing		572,892	(209,151)
Financing	<i>15</i>	(638,249)	436,304
		<hr/>	<hr/>
(Decrease)/increase in cash in the period		(65,537)	227,153
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net debt	<i>16</i>		
(Decrease)/increase in cash in the period		(65,357)	227,153
Invoice discounting advance		708,495	(463,194)
Finance lease and hire purchase repayments		29,754	26,890
		<hr/>	<hr/>
Change in net debt resulting from cash flows being movement in net debt in the period		672,892	(209,151)
Net debt at the start of the period		(729,314)	(520,163)
		<hr/>	<hr/>
Net debt at the end of the period		(56,422)	(729,314)
		<hr/>	<hr/>
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		214,838	25,751
Depreciation charges		38,085	35,669
Settlement under inter company guarantees		(150,000)	-
(Increase)/decrease in stocks		-	13,640
(Increase)/decrease in debtors		294,824	(277,551)
Increase in creditors		238,454	58,946
		<hr/>	<hr/>
Net cash inflow from operating activities		636,201	(143,545)
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost basis.

As the company was a wholly owned subsidiary of Optim Support Group Limited until 16 April 2002, it has taken advantage of the exemption contained in Financial Reporting Standard 8 and therefore has not disclosed transactions or balances with entities which form part of the group.

Tangible fixed assets

Depreciation is provided on all tangible fixed assets to write off the cost of each asset over the expected useful lives by equal annual instalments at the following rates:

Plant and equipment	20%
Motor vehicles	33% - 50%

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

Leases and hire purchase contracts

Leases which entail obtaining all or substantially all of the risks and rewards of ownership are classified as finance leases. Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. Lease payments in excess of the recorded asset value are treated as finance charges which, together with the interest element of the rental obligation, are charged to the profit and loss account to give a constant rate of charge.

All other leases are classified as operating leases and rentals payable are charged to the profit and loss account on a straight line basis in the year in which they are incurred.

Pension costs

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Deferred taxation

Deferred taxation is provided in full and without discounting in respect of timing differences.

Notes (continued)

1 Accounting policies (continued)

Turnover

Turnover represents the amounts invoiced for goods and services supplied and is stated net of value added tax.

2 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated

	Year to 30 September 2002 £	Year to 30 September 2001 £
<i>after charging</i>		
Depreciation:		
Tangible owned assets	21,359	11,402
Tangible assets held under finance leases and hire purchase agreements	16,726	24,267
Auditors' remuneration	3,000	3,000
	<u> </u>	<u> </u>

3 Employees

The aggregate payroll costs including directors and average number of persons employed by the company during the period were as follows:

	Year to 31 September 2002 £	Year to 30 September 2001 £
Wages and salaries	2,809,402	2,386,787
Social security costs	253,795	226,184
Pension costs	7,402	9,094
	<u> </u>	<u> </u>
	3,070,599	2,622,065
	<u> </u>	<u> </u>
	Number of employees 2002 £	Number of employees 2001 £
Engineering	119	110
Administration	4	4
	<u> </u>	<u> </u>
	123	114
	<u> </u>	<u> </u>

Notes (continued)

4 Directors' emoluments

	Year to 30 September 2002 £	Year to 30 September 2001 £
Directors' emoluments, including estimated benefits in kind		
Aggregate emoluments	151,403	183,435
Company pension contributions to money purchase schemes	6,387	6,741
	<u>157,790</u>	<u>190,176</u>

Retirement benefits are accruing to four directors under a money purchase scheme.

The services of AB Morgan are supplied by Hafren Investments, a partnership controlled by him. Management fees paid during the period to Hafren Investments were £ .

5 Net interest payable and similar charges

	Year to 30 September 2002 £	Year to 30 September 2001 £
Overdraft interest	(2,636)	(4,200)
Invoice discounting interest	29,821	34,587
Hire purchase contracts interest	3,163	6,236
	<u>30,348</u>	<u>36,623</u>

6 Taxation

	2002 £	2001 £
Based on profit for the period:		
UK corporation tax	8,100	-
Group relief payable	5,000	-
	<u>13,100</u>	<u>-</u>

Notes (continued)

6 Taxation (continued)

Factors affecting the tax charge for the year:

	2002 £	2001 £
Profit/(loss) on ordinary activities before tax	34,490	(10,872)
Profit/(loss) on ordinary activities multiplied by effective rate of corporation tax in the UK of 19.5% (2001: 30%)	6,725	(3,262)
Expenses not allowed for tax purposes	31,438	3,920
Excess of depreciation over capital allowances/(capital allowances over depreciation)	(4,131)	10,701
Other timing differences	(15,606)	32,973
Loss surrendered by fellow subsidiaries without charge	(5,326)	(44,332)
Current tax for the year	13,100	-

No liability arises for deferred tax. At 30 September 2002 there is a deferred tax asset of £9,200 (2001: £44,900).

7 Tangible fixed assets

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1 October 2001	70,949	64,989	135,938
Additions	44,361	-	44,361
Disposals	-	(29,087)	(29,087)
At 30 September 2002	115,310	35,902	151,212
Depreciation			
At 1 October 2001	13,853	28,069	41,922
Charge for the year	21,359	16,726	38,085
Disposals	-	(17,687)	(17,687)
At 30 September 2002	35,212	27,108	62,320
Net book value			
At 30 September 2002	80,098	8,794	88,892
At 30 September 2001	57,096	36,920	94,016

Assets held under finance leases and hire purchase agreements had a net book value of £9,133 (2001: £36,920).

Notes (continued)

8 Debtors

	2002 £	2001 £
Trade debtors	976,323	1,241,384
Amount due from group companies	-	50,000
Other debtors	28,030	7,793
	<u>1,004,353</u>	<u>1,299,177</u>

9 Creditors: amounts falling due within one year

	2002 £	2001 £
Invoice discounting advance	156,322	864,817
Trade creditors	141,899	119,123
Amounts due to group companies	-	12,039
Obligations under finance lease and hire purchase agreements	8,373	18,286
Other creditors	362,446	88,661
Corporation tax	8,100	-
Other taxes and social security	292,378	333,446
	<u>969,518</u>	<u>1,436,372</u>

The invoice discounting advance is secured by a fixed and floating charge over the company including fixed assets and debtors. Finance lease and hire purchase obligations are secured on the specific assets to which they relate.

10 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Obligations under finance lease and hire purchase agreements	-	19,841
	<u>-</u>	<u>19,841</u>

The hire purchase and finance lease obligations are payable as follows:

	2002 £	2001 £
Within one year	8,373	18,286
From one to two years	-	19,841
Two to five years	-	-
	<u>8,373</u>	<u>38,127</u>

Notes (continued)

11 Called up share capital

	2002 £	2001 £
<i>Authorised, issued and called up</i>		
Ordinary shares of £1 each	125,000	50,000
Deferred shares of £1 each	50,000	-
	<hr/>	<hr/>
	175,000	50,000
	<hr/>	<hr/>
<i>Authorised, issued and called up</i>		
Ordinary shares of £1 each	100,000	50,000
Deferred shares of £1 each	50,000	-
	<hr/>	<hr/>
	150,000	50,000
	<hr/>	<hr/>

On 16 April 2002 the authorised share capital was increased to £175,000 represented by 50,000 deferred shares of £1 each and 125,000 ordinary shares of £1 each and 100,000 ordinary shares of £1 each were issued at par for a total subscription of £100,000.

12 Reconciliation of movements in shareholders' funds

	2002 £	2001 £
Opening shareholders' funds	110,610	121,482
Profit/(loss) for the financial period	21,390	(10,872)
Issue of shares	100,000	-
	<hr/>	<hr/>
Closing shareholders' funds	232,000	110,610
	<hr/>	<hr/>

13 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in independently administered funds. The pension contribution payable by the company to the funds amounted to £7,402 (2001: £9,094).

Notes (continued)

14 Related party disclosure

The company trades on an arms length basis with Phoenix-Saxton Limited, a company which, since 16 April 2002, has shareholders in common with the company and of which AB Morgan is a director. AB Morgan is a partner in Hafren Ventures which provides management services to the company.

Details of the transactions are as follows:

Phoenix-Saxton Limited

Purchases by Wyndham Site Services Limited of materials and services £136,852 .

Balances outstanding at 30 September 2002 are:

Creditor	£17,825
Debtor	£11,612

Hafren Ventures

Management services provided £52,300.

Balance outstanding at 30 September 2002 £Nil.

15 Analysis of cash flows

	2002 £	2001 £
Returns on investment and servicing of finance		
Interest received	(2,636)	(4,200)
Interest paid	32,984	40,823
	<hr/> 30,348	<hr/> 36,623
Capital expenditure and financial investment		
Purchase of tangible fixed assets	44,361	31,483
Sale of plant and machinery	(11,400)	(2,500)
	<hr/> 32,961	<hr/> 28,983
Financing		
Issue of ordinary share capital	100,000	-
Invoice discounting advance	(708,495)	463,194
Finance lease and hire purchase payments	(29,754)	(26,890)
	<hr/> (638,249)	<hr/> 436,304

Notes *(continued)*

16 Analysis of net debt

	At beginning of year £	Cash flow £	At end of year £
Cash in hand, at bank	173,630	(65,357)	108,273
Debt due after one year	(19,841)	19,841	-
Debt due within one year	(883,103)	718,408	(164,695)
		738,249	
	(729,314)	672,892	(56,422)

