

Syncro Limited
(Formerly CWS Engineering Services Limited)

**Directors' report and financial
statements**

Registered Number 3096287

12 January 2002



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Directors' report

The directors present their report and financial statements for the year ended 12 January 2002.

Principal activity

The principal activity of the company is that of a mechanical and electrical engineering contractor.

On 12 January 2001 the company changed its name from CWS Engineering Services Limited to Syncro Limited.

Business review

The results for the year are set out on page 5 of the financial statements. During the year, the company made a profit before taxation of £ 1,029,000 (2000: £689,000). The company is expected to continue trading in the manner in which it does at present.

Dividend

The directors do not recommend the payment of a dividend (2000: £Nil).

Directors

The directors of the company during the year were:

RN Hedley	
DH Wellens	resigned 10 January 2002
TT Webb	
M Gilman	
J Beardwood	resigned 24 January 2002
J Rose	appointed 22 March 2001
YR Rankin	appointed 24 January 2002

None of the directors who held office at the end of the financial year had any disclosable interest in the shares of the company.

According to the register of directors' interests, no rights to subscribe for shares in or debentures of the company were granted to any of the directors or their immediate families, or exercised by them, during the financial year.

Subsequent events

No significant events have occurred since the conclusion of the financial period.

Directors' report *(continued)*

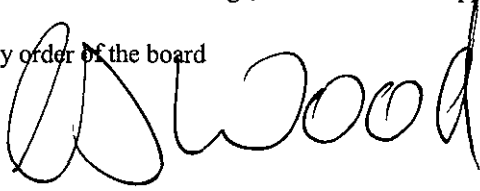
Creditor payment terms

The Co-operative Group Code of Business Conduct sets out the Society's and its subsidiaries' relationship with its suppliers and its undertaking to pay its suppliers on time and according to agreed terms of trade.

Elective regime

The company has passed Elective Resolutions in accordance with the Companies Act 1985 (as amended by the Companies Act 1989). These have the effect of dispensing with the holding of Annual General Meetings; the laying of accounts at such meetings; and the annual reappointment of auditors.

By order of the board

A handwritten signature in black ink that reads "CJ Wood". The signature is written in a cursive, flowing style.

CJ Wood
Secretary

Registered office:
New Century House
Corporation Street
Manchester
M60 4ES

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;
- 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 a 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 any other irregularities.



KPMG Audit Plc

St James' Square
Manchester M2 6DS
United Kingdom

Independent auditors report to the members of Syncro Limited

We have audited the financial statements on pages 5 to 13.

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. 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 12 January 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


KPMG Audit Plc 10/10/02
Chartered Accountants
Registered Auditor

Profit and loss account

for the year ended 12 January 2002

	<i>Note</i>	2001 £000	2000 £000
Turnover	<i>1</i>	40,462	41,634
Cost of sales		(35,065)	(35,931)
Gross profit		<u>5,397</u>	<u>5,703</u>
Administrative expenses		(4,368)	(5,014)
Profit on ordinary activities before taxation	<i>3-5</i>	<u>1,029</u>	<u>689</u>
Tax on profit on ordinary activities	<i>6</i>	-	-
Profit on ordinary activities after taxation		<u>1,029</u>	<u>689</u>

All the turnover and profit is derived from continuing operations.

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

Statement of total recognised gains and losses

for the year ended 12 January 2002

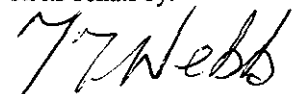
The company has no recognised gains or losses other than the profit for the year.

Balance sheet

at 12 January 2002

		2001		2000	
		£000	£000	£000	£000
Fixed assets					
Tangible assets	7		40		221
Current assets					
Stocks	9	83		119	
Debtors	10	14,525		10,721	
Cash at bank and in hand		-		565	
		<u>14,608</u>		<u>11,405</u>	
Creditors: amounts falling due within one year	11	<u>(7,989)</u>		<u>(5,996)</u>	
Net current assets			<u>6,619</u>		5,409
Net assets			<u>6,659</u>		<u>5,630</u>
Capital and reserves					
Called up share capital	12		8,500		8,500
Profit and loss account	13		(1,841)		(2,870)
Equity shareholders' funds	14		<u>6,659</u>		<u>5,630</u>

These financial statements were approved by the board of directors on 8 October 2002 and were signed on its behalf by:



TT Webb
 Director

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 accounting rules.

Cash flow statement

The company is exempt from the requirement of Financial Reporting Standard No 1 to prepare a cash flow statement as it is a wholly owned subsidiary undertaking of the Co-operative Group (CWS) Limited.

Related party transactions

The company has taken advantage of the exemption not to disclose details regarding transactions with other group undertakings as permitted by Financial Reporting Standard No 8, as the company is a wholly owned subsidiary. The results of the company have been consolidated in the group financial statements which are publicly available.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Freehold buildings	-	2.5% per annum
Plant and machinery	-	10-33% per annum

No depreciation is provided on freehold land.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions and other post-retirement benefits

The company contributes to the Co-operative Group pension scheme which provides benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company and its parent in an independently administered fund. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees working lives with the company. The company also contributes to two industry schemes.

Stocks

Stocks and work in progress are stated at the lower of cost, including attributable overheads, and net realisable value.

Notes *(continued)*

Long term contracts

The amount of profit attributable to the stage of completion of a long term contract is recognised when the outcome of the contract can be foreseen with reasonable certainty. Turnover for such contracts is stated at cost appropriate to their stage of completion plus attributable profits, less amounts recognised in previous years. Provision is made for any losses which are foreseen.

Contract work in progress is stated at costs incurred, less those transferred to the profit and loss account, after deducting foreseeable losses and payments on account not matched with turnover.

Amounts recoverable on contracts are included in debtors and represent turnover recognised in excess of payments on account.

Taxation

Provision for deferred taxation is not made because the parent undertaking has indicated that it will meet any liability.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services including construction contracts to customers during the period.

All turnover is derived from mechanical and electrical engineering contracting in the United Kingdom.

2 Accounting Date

The financial statements of the company are made up for the 52 weeks to 12 January 2002. Since the financial year is virtually co-terminous with the calendar year 2001, this financial year's figures are headed 2001 and the corresponding figures for the previous year (which covered 53 weeks) are headed 2000.

3 Profit on ordinary activities before taxation

	2001	2000
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration	2	2
Depreciation	38	89
Hire of plant and machinery - rentals payable under operating leases	99	30
Hire of other assets - operating leases	637	671
	637	671

Notes *(continued)*

4 Remuneration of directors

	2001 £000	2000 £000
Directors' emoluments:	<u>63</u>	<u>55</u>
	Number of directors	
	2001	2000
Retirement benefits are accruing to the following number of directors under defined benefit schemes:	<u>1</u>	<u>1</u>

5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the period, analysed by category, was as follows:

	Number of employees 2001	Number of employees 2000
Full-time	465	494
Part-time	4	4
	<u>469</u>	<u>498</u>

The aggregate payroll costs of these persons were as follows:

	2001 £000	2000 £000
Wages and salaries	9,734	10,542
Social security costs	809	809
Pension costs (see note 16)	538	537
	<u>11,081</u>	<u>11,888</u>

Notes (continued)

6 Taxation

The current year taxation charge of £304,000 (2000: £207,000) has been offset by group relief for which no payment will be made.

7 Tangible fixed assets

	Freehold Land and Buildings £000	Plant and Machinery £000	Total £000
<i>Cost</i>			
At start of year	181	699	880
Additions	-	5	5
Disposals	-	-	-
Transfer to group undertakings	(106)	(63)	(169)
At end of year	75	641	716
<i>Depreciation</i>			
At start of year	75	584	659
Charge for year	-	38	38
Disposals	-	-	-
Transfer to group undertakings	-	(21)	(21)
At end of year	75	601	676
<i>Net book value</i>			
At 12 January 2002	-	40	40
At 13 January 2001	106	115	221

8 Investment

The company holds an investment of £2 representing 100% of the ordinary share capital of WM Allan Limited (2000: £2), a dormant company registered in England and Wales.

Notes (continued)

9 Stocks

	2001 £000	2000 £000
Raw materials and consumables	83	119
	<u>83</u>	<u>119</u>

10 Debtors

	2001 £000	2000 £000
<i>Due within one year</i>		
Trade debtors	7,721	7,470
Amounts owed by group undertakings	4,044	2,854
Amounts recoverable on contracts	2,010	-
Prepayments and accrued income	750	397
	<u>14,525</u>	<u>10,721</u>

11 Creditors: amounts falling due within one year

	2001 £000	2000 £000
Bank Loans and overdrafts	2,832	-
Payments on account in respect of work in progress	588	1,731
Trade creditors	2,293	2,959
Amounts owed to group undertakings	362	362
Other Creditors including taxation and social security	749	276
Accruals and deferred income	1,165	668
	<u>7,989</u>	<u>5,996</u>

12 Called up share capital

	2001 £000	2000 £000
<i>Authorised</i>		
8,500,000 Ordinary shares of £1 each	8,500	8,500
	<u>8,500</u>	<u>8,500</u>
<i>Allotted, called up and fully paid</i>		
8,500,000 Ordinary shares of £1 each	8,500	8,500
	<u>8,500</u>	<u>8,500</u>

Notes (continued)

13 Reserves

	Profit and loss account £000
At beginning of year	(2,870)
Profit for the year	1,029
At end of year	(1,841)

14 Reconciliation of movements in shareholders' funds

	2001 £000	2000 £000
Profit for the year	1,029	689
Opening shareholders' funds	5,630	4,941
Closing shareholders' funds	6,659	5,630

15 Commitments

- (i) There are no capital commitments at the end of the current and preceding financial year.
- (ii) Annual commitments under non-cancellable operating leases are as follows:

	2001		2000	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	170	-	207
In the second to fifth years				
Inclusive	58	445	20	464
Over five years	78	22	97	-
	136	637	117	671

Notes *(continued)*

16 Pension scheme

The company is a wholly owned subsidiary of Co-operative Group (CWS) Ltd which operates a number of defined benefit pension schemes, the assets of which are held in separate trustee administered funds. In the principal scheme to which the company contributes the pension costs are assessed in accordance with actuarial advice using the attained age method.

The most recent valuation of the principal scheme was carried out as at April 2001 by a qualified actuary employed by the Co-operative Insurance Society Limited, a wholly owned subsidiary of the Co-operative Group (CWS) Limited. For the purposes of the valuation the following assumptions were made :

- average investment return	6.5% per annum
- average wage increase	4.5% per annum
- average present and future pension increase	2.5% per annum
- average equity dividend increase	3.25% per annum
- market value of assets	£2,088.5m
- percentage of funding	122%

For FRS17 transitional disclosures in relation to the CWS Pension Scheme see the Co-operative Group (CWS) Ltd financial statements.

During the year, the company made contributions to the Fund totalling £538,000 (2000:£537,000).

17 Ultimate parent undertaking

The company is a wholly owned subsidiary undertaking of Co-operative Group (CWS) Limited, an Industrial and Provident Society registered in England and Wales. A copy of the Group accounts can be obtained from Co-operative Group (CWS) Limited, PO Box 53, New Century House, Manchester, M60 4ES.