

**Syncro Limited**  
**(Formerly CWS Engineering Services Limited)**

Directors' report and financial  
statements

Registered Number 3096287

13 January 2001



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## Directors' report

The directors present their report and financial statements for the year ended 13 January 2001.

### 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 £689,000 (1999 loss: £415,000). 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 (1999: £Nil).

### Directors

The directors of the company during the year were:

RN Hedley	
DH Howard	resigned 19 December 2000
WA Prescott	resigned 31 January 2000
DH Wellens	
TT Webb	
M Gilman	
J Beardwood	appointed 31 January 2000
J Rose	appointed 22 March 2001

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)*

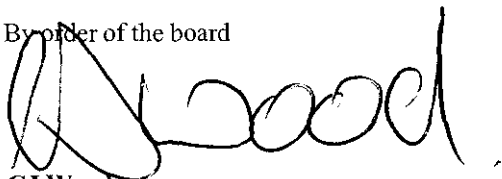
### Creditor payment terms

The Co-operative Group Code on 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



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

## Report of the auditor 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 13 January 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*W.M.G. Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor

6/7/01

**Profit and loss account**

*for the year ended 13 January 2001*

	<i>Note</i>	<b>2000</b> <b>£000</b>	1999 £000
<b>Turnover</b>	<i>1</i>	<b>41,634</b>	39,476
Cost of sales		<b>(35,931)</b>	(33,880)
<b>Gross profit</b>		<b>5,703</b>	5,596
Administrative expenses		<b>(5,014)</b>	(6,011)
<b>Profit/(loss) on ordinary activities before taxation</b>	<i>3-5</i>	<b>689</b>	(415)
Tax on profit/(loss) on ordinary activities	<i>6</i>	-	220
<b>Profit/(loss) on ordinary activities after taxation</b>		<b>689</b>	(195)

All the turnover and profit/(loss) is derived from continuing operations.

**Statement of total recognised gains and losses**

*for the year ended 13 January 2001*

The company has no recognised gains or losses other than the profit/(loss) for the year.

**Balance sheet**  
*at 13 January 2001*

		2000		1999	
		£000	£000	£000	£000
<b>Fixed assets</b>					
Tangible assets	7		221		807
<b>Current assets</b>					
Stocks	9	119		81	
Debtors	10	10,721		11,132	
Cash at bank and in hand		565		227	
		<u>11,405</u>		<u>11,440</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(5,996)</u>		<u>(7,306)</u>	
<b>Net current assets</b>			<u>5,409</u>		4,134
<b>Net assets</b>			<u>5,630</u>		<u>4,941</u>
<b>Capital and reserves</b>					
Called up share capital	12		8,500		8,500
Profit and loss account	13		<u>(2,870)</u>		<u>(3,559)</u>
<b>Equity shareholders' funds</b>	14		<u>5,630</u>		<u>4,941</u>

These financial statements were approved by the board of directors on 7.6.2001 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.

#### *Pensions and other post-retirement benefits*

The company contributes to the CWS 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 53 weeks to 13 January 2001. Since the financial year is virtually co-terminous with the calendar year 2000, this financial year's figures are headed 2000 and the corresponding figures for the previous year (which covered 52 weeks) are headed 1999.

**3 Profit on ordinary activities before taxation**

	2000	1999
	£000	£000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Auditor's remuneration	2	2
Depreciation	89	178
Hire of plant and machinery - rentals payable under operating leases	30	25
Hire of other assets - operating leases	671	684
	671	684

**Notes** (continued)

**4 Remuneration of directors**

	2000 £000	1999 £000
Directors' emoluments:	55	144

	Number of directors	
	2000	1999
Retirement benefits are accruing to the following number of directors under defined benefit schemes:	1	2

**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 2000	Number of employees 1999
Full-time	494	559
Part-time	4	2
	498	561

The aggregate payroll costs of these persons were as follows:

	2000 £000	1999 £000
Wages and salaries	10,542	9,881
Social security costs	809	899
Other pension costs (see note 16)	537	491
	11,888	11,271

**Notes** (continued)

**6 Taxation**

	2000 £000	1999 £000
Adjustments in respect of prior periods	-	(220)

The current year taxation charge of £207,000 (1999: £Nil) 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	590	1,489	2,079
Disposals	-	(78)	(78)
Transfer to group undertakings	(409)	(712)	(1,121)
At end of year	181	699	880
<i>Depreciation</i>			
At start of year	192	1,080	1,272
Charge for year	13	76	89
Disposals	-	(11)	(11)
Transfer to group undertakings	(130)	(561)	(691)
At end of year	75	584	659
<i>Net book value</i>			
<b>At 13 January 2001</b>	<b>106</b>	<b>115</b>	<b>221</b>
At 8 January 2000	398	409	807

**8 Investment**

The company holds an investment of £2 representing 100% of the ordinary share capital of WM Allan Limited (1999: £2), a dormant company registered in England and Wales.

**Notes** (continued)

**9 Stocks**

	2000 £000	1999 £000
Raw materials and consumables	119	81

**10 Debtors**

	2000 £000	1999 £000
<i>Due within one year</i>		
Trade debtors	7,470	7,183
Amounts owed by group undertakings	2,854	3,598
Prepayments and accrued income	397	351
	10,721	11,132

**11 Creditors: amounts falling due within one year**

	2000 £000	1999 £000
Trade creditors	2,959	3,626
Amounts owed to group undertakings	362	362
Payments on account in respect of work in progress	1,731	2,046
Taxation and social security:		
Other taxes and social security	276	514
Accruals and deferred income	668	758
	5,996	7,306

**12 Called up share capital**

	2000 £000	1999 £000
<i>Authorised</i>		
Ordinary shares of £1 each	8,500	8,500
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	8,500	8,500

**Notes** (continued)

**13 Reserves**

	<b>Profit and loss account £000</b>
At beginning of year	(3,559)
Profit for the year	689
At end of year	(2,870)

**14 Reconciliation of movements in shareholders' funds**

	<b>2000 £000</b>	1999 £000
<b>Profit/(loss) for the year</b>	<b>689</b>	(195)
Opening shareholders' funds	4,941	5,136
<b>Closing shareholders' funds</b>	<b>5,630</b>	4,941

**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:

	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Operating leases which expire:				
Within one year	-	207	-	177
In the second to fifth years inclusive	20	464	40	469
Over five years	97	-	-	-
	<b>117</b>	<b>671</b>	40	646

**Notes** *(continued)*

**16 Pension scheme**

The company is a wholly owned subsidiary of Co-operative Group (CWS) Limited 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 1998 and updated as at April 1999 by a qualified actuary employed by the Co-operative Insurance Society Limited a wholly owned subsidiary of Co-operative Group (CWS) Limited. For the purposes of the valuation at April 1999, the following assumptions were made:

- average investment return	8.5% per annum
- average wage increase	6.5% per annum
- average present and future pension increase	4.5% per annum
- average equity dividend increase	5.0% per annum
- market value of assets	£1,674.6m
- percentage of funding	124%

The surplus has been taken into account in determining the Society's future contributions in respect of current employees.

The contributions made by the company to the scheme during the year totalled £537,000 (1999: £491,000).

At 13 January 2001, there were no accrued pension contributions payable to the scheme.

**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 the Corporate Affairs Department, Co-operative Group (CWS) Limited, PO Box 53, New Century House, Manchester, M60 4ES.