

245021

North Sea Cables Limited

Report and Financial Statements

31 March 2005

ERNST & YOUNG



North Sea Cables Limited

Registered No: 245021

Directors

J R MacLean
D R MacLean
R L MacLean
G W Carswell
M H Pitts

Secretary

G W Carswell

Auditors

Ernst & Young LLP
Barony House
Stoneyfield Business Park
Stoneyfield
Inverness
IV2 7PA

Bankers

Clydesdale Bank PLC
Festival Square
50 Lothian Road
Edinburgh
EH3 9AN

Solicitors

MacLeod & MacCallum
PO Box 4
28 Queensgate
Inverness
IV1 1YN

Registered office

Noskab House
Badentoy Crescent
Portlethen
Aberdeen
AB12 4NH

Directors' report

The directors present their report and financial statements for the year ended 31 March 2005.

Principal activities

The trade, assets and liabilities of the company were transferred to its parent undertaking, John Maclean & Sons Electrical (Dingwall) Limited on 1 April 2004. The principal activity of wholesaling of cable products is being carried on as a division of that company.

Directors

The directors who served the company during the year were as follows:

J R MacLean
D R MacLean
R L MacLean
G W Carswell
M H Pitts

There are no directors' interests requiring disclosure under the Companies Act 1985.

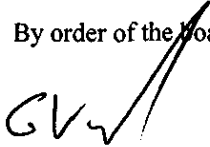
Auditors

A resolution to reappoint Ernst & Young LLP as auditors will be put to the members at the Annual General Meeting.

Small company provisions

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

By order of the Board



G W Carswell
Secretary

10 November 2005

Statement of directors' responsibilities in respect of the financial statements

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; and
- 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.

Independent auditors' report

to the members of North Sea Cables Limited

We have audited the company's financial statements for the year ended 31 March 2005 which comprise the Profit and Loss Account, Balance Sheet and the related notes 1 to 14. These financial statements have been prepared on the basis of the accounting policies set out therein and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985 applicable to small companies. 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 auditors' 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and 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 applicable to small companies. 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.

We read the Directors' Report 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.

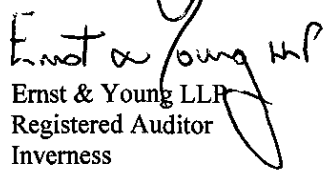
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Independent auditors' report

to the members of North Sea Cables Limited (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


Ernst & Young LLP
Registered Auditor
Inverness

14/11/2005

Profit and loss account

for the year ended 31 March 2005

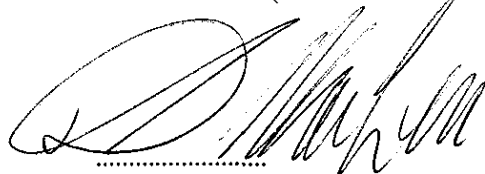
		Year to 31 Mar 05 £	Period from 4 Mar 03 to 31 Mar 04 £
	Notes		
Turnover	2	–	5,364,927
Cost of sales		–	4,319,779
Gross profit		–	1,045,148
Administrative expenses		–	1,024,130
Operating profit	3	–	21,018
Bank interest receivable	4	–	2,990
Interest payable and similar charges		–	(17,158)
		–	(14,168)
Profit on ordinary activities before taxation		–	6,850
Tax on profit on ordinary activities		–	3,698
Profit retained for the financial year		–	3,152

Balance sheet

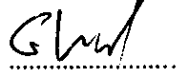
at 31 March 2005

	Notes	2005 £	2004 £
Fixed assets			
Intangible assets	5	—	—
Tangible assets	6	—	135,934
		<u>—</u>	<u>135,934</u>
Current assets			
Stocks		—	970,979
Debtors	7	3,153	643,723
Cash in hand		—	828
		<u>3,153</u>	<u>1,615,530</u>
Creditors: amounts falling due within one year	8	—	1,050,250
Net current assets		<u>3,153</u>	<u>565,280</u>
Total assets less current liabilities		<u>3,153</u>	<u>701,214</u>
Creditors: amounts falling due after more than one year	9	—	697,262
Provisions for liabilities and charges	10	—	799
		<u>3,153</u>	<u>3,153</u>
Capital and reserves			
Called up share capital	12	1	1
Profit and loss account	13	3,152	3,152
Equity shareholders' funds		<u>3,153</u>	<u>3,153</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).



D R MacLean
Director



G W Carswell
Director

10 November 2005

Notes to the financial statements

at 31 March 2005

1. Accounting policies

Basis of preparation

The financial statements are prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

Related parties transactions

The company is a wholly owned subsidiary of John MacLean & Sons Electrical (Dingwall) Ltd, the consolidated accounts of which are publicly available. Accordingly, the company has taken advantage of the exemption in FRS 8 from disclosing transactions with members or investees of the John MacLean & Sons Electrical (Dingwall) Ltd group.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value based on prices prevailing at the date of acquisition of each asset evenly over its expected useful life, as follows:

Leasehold Property	
Plant & Equipment	- 10-20% per annum
Fixtures & Fittings	- 20% per annum
Motor Vehicles	- 25% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

- provision is made for tax on gains arising from the revaluation (and similar fair assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold; and
- deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Notes to the financial statements

at 31 March 2005

1. Accounting policies (continued)

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.

Operating lease agreements

Rentals payable under operating leases are charged in the profit and loss account on a straight line basis over the lease term.

Pension costs

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

2. Turnover

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, in respect of goods and services supplied by the company. Turnover is attributable to one continuing activity, the supply of wholesale cable products.

An analysis of turnover by geographical market is given below:

	<i>Year to</i> <i>31 Mar 05</i>	<i>Period from</i> <i>4 Mar 03 to</i> <i>31 Mar 04</i>
	£	£
United Kingdom	–	2,903,106
EEC	–	1,516,148
Other	–	945,673
	<u>–</u>	<u>5,364,927</u>

Notes to the financial statements

at 31 March 2005

3. Operating profit

This is stated after charging/(crediting):

	<i>Year to 31 Mar 05 £</i>	<i>Period from 4 Mar 03 to 31 Mar 04 £</i>
Auditors' remuneration- fees	—	3,000
Staff pension contributions	—	13,749
Depreciation of owned fixed assets	—	10,925
Depreciation of assets held under hire purchase contracts	—	19,193
	<u>—</u>	<u>43,867</u>
Amortisation	—	1
	<u>—</u>	<u>43,868</u>
Profit on disposal of fixed assets	—	(178)
Net loss on foreign currency translation	—	51,581

4. Interest receivable

	<i>Year to 31 Mar 05 £</i>	<i>Period from 4 Mar 03 to 31 Mar 04 £</i>
Bank interest receivable	—	2,990

5. Intangible fixed assets

	<i>Goodwill £</i>
Cost:	
At 1 April 2004	1
Disposals	(1)
At 31 March 2005	<u>—</u>
Amortisation:	
At 1 April 2004	1
Disposals	(1)
At 31 March 2005	<u>—</u>
Net book value:	
At 31 March 2005	<u>—</u>
At 1 April 2004	<u>—</u>

Notes to the financial statements

at 31 March 2005

6. Tangible fixed assets

	<i>Leasehold Property</i> £	<i>Plant & Equipment</i> £	<i>Fixtures & Fittings</i> £	<i>Motor Vehicles</i> £	<i>Total</i> £
Cost:					
At 1 April 2004	1	79,931	1,000	84,543	165,475
Transfers	(1)	(79,931)	(1,000)	(84,543)	(165,475)
At 31 March 2005	–	–	–	–	–
Depreciation:					
At 1 April 2004	1	12,443	200	16,897	29,541
Transfers	(1)	(12,443)	(200)	(16,897)	(29,541)
At 31 March 2005	–	–	–	–	–
Net book value:					
At 31 March 2005	–	–	–	–	–
At 1 April 2004	–	67,488	800	67,646	135,934

The net book value of assets above includes an amount of £nil (2004 - £86,996) in respect of assets held under hire purchase contracts.

7. Debtors

	2005 £	2004 £
Trade debtors	–	538,097
Amounts owed by group undertakings	3,153	84,155
Other debtors	–	21,471
	<u>3,153</u>	<u>643,723</u>

8. Creditors: amounts falling due within one year

	2005 £	2004 £
Bank overdraft	–	13,712
Obligations under hire purchase contracts	–	35,397
Trade creditors	–	871,600
Amounts owed to group undertakings	–	33,750
Taxation and social security	–	52,647
Accruals and deferred income	–	43,144
	<u>–</u>	<u>1,050,250</u>

Notes to the financial statements

at 31 March 2005

9. Creditors: amounts falling due after more than one year

	2005 £	2004 £
Obligations under hire purchase contracts	—	37,262
Amounts owed to group undertakings	—	660,000
	<u>—</u>	<u>697,262</u>

10. Provisions for liabilities and charges

	<i>Deferred taxation</i> £
At 1 April 2004	799
Profit and Loss Account movement arising during the year	(799)
At 31 March 2005	<u>—</u>

11. Commitments under operating leases

At 31 March 2005 the company had aggregate annual commitments under non-cancellable operating leases as set out below:

	2005 £	2004 £
Operating leases which expire: In two to five years	<u>—</u>	<u>131,000</u>

12. Share capital

	2005 £	<i>Authorised</i> 2004 £
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

	<i>Allotted, called up and fully paid</i>			
	<i>2005</i>		<i>2004</i>	
	No.	£	No.	£
Ordinary shares of £1 each	1	<u>1</u>	1	<u>1</u>

13. Reconciliation of shareholders' funds and movement on reserves

	<i>Share capital</i> £	<i>Profit and loss account</i> £	<i>Total share- holders' funds</i> £
At 1 April 2004	<u>1</u>	<u>3,152</u>	<u>3,153</u>
At 31 March 2005	<u>1</u>	<u>3,152</u>	<u>3,153</u>

Notes to the financial statements

at 31 March 2005

14. Ultimate parent company

The company's ultimate parent undertaking and controlling party is John MacLean (Electrical) Dingwall Limited, a company incorporated in Scotland. Copies of its group financial statements, which include the company, are available from 8 Fodderty Way, Dingwall Business Park, Strathpeffer Road, Dingwall, Ross-shire, Scotland.