

Sign up

T. Clarke plc

A Public Limited Company and Member of the T. Clarke Group

Electrical Engineers & Contractors



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Annual Report 1999

REGISTRARS GpV

RegNo : 119351

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Registrar's Copy

Reg No: 119351

Officers and other information

Directors

Patrick E. Stanborough (Chairman and Managing)
Robin H. Wyborn
Leonard M. Fairman
Barry V. DeFalco

Russell J. Race
Leonard J.D. Arnold
John H. Nixon (Deputy Chairman)
Barry J. Buchanan

Secretary

Brian Moss

Registered office

Stanhope House 116-118 Walworth Road London SE17 1JY

Technical directors

Noel J. Anderson
John Davine
Mark Lawrence
Michael Enticott
Michael Hood

James J. Bryan
Barrie Nightingale
Thomas Blackett
Michael Crowder

Registrar and transfer office

IRG PLC Balfour House 390/398 High Road Ilford Essex IG1 1NQ.
Tel 020 8478 8241

Auditors

Moore Stephens Chartered Accountants St.Paul's House Warwick Lane London EC4P 4BN

Bankers

National Westminster Bank PLC P.O. Box 6037 186 Brompton Road London SW3 1XJ

Corporate broker

Albert E. Sharp Securities 80 Cheapside London EC2V 6NA
Tel 020 7489 4600

Biographies of directors

- | | | |
|-----------------|-----------|---|
| Pat Stanborough | (age: 55) | Accountant: Joined company 1964, appointed Finance Director 1973, Managing Director 1977, and Chairman 1992. |
| Robin Wyborn | (age: 52) | Electrical Engineer: Joined company 1970, appointed Director 1992. |
| Mike Fairman | (age: 39) | Electrical Engineer: Joined company 1977, appointed Director 1993. |
| Barry DeFalco | (age: 44) | Electrical Engineer: Joined company 1971, appointed Director 1998. |
| Barry Buchanan | (age: 50) | Electrical Engineer: Joined company 1965, appointed Managing Director T. Clarke (Midlands) Ltd., 1981, appointed Director 1990. |

Notice of annual general meeting

Notice is hereby given that the eighty eighth annual general meeting of T. Clarke plc will be held in the Bishops Room, Simpsons, The Strand, London, WC2 on Friday the 5th May 2000 at 12.00 noon to consider and if thought fit to pass the undermentioned resolutions.

Ordinary Resolutions

- 1 That the audited financial statements for the year ended 31st December 1999 be adopted together with the directors' and auditors' reports thereon.
- 2 That the payment of a final dividend in respect of the year ended 31st December 1999, as recommended by the directors, be approved (see directors report page 5).
- 3 That Mr. J. H. Nixon the director to retire by rotation in accordance with the company's articles of association, being eligible, be re-elected a director of the company.
- 4 That Moore Stephens, Chartered Accountants, be re-appointed auditors to the company.
- 5 That the directors be authorised to fix the auditors' remuneration.

Special Resolutions

1. That the Articles of Association of the Company be amended by inserting a new Article 36A between Article 36 and Article 37 with the following words:

"Nothing in these Articles shall prevent title to any securities of the Company from being evidenced or transferred without a written instrument in accordance with the Statutes and the regulations for the time being of the London Stock Exchange. The Directors shall have power to implement any arrangements and procedures as they may think fit for the evidencing, recording and/or transfer of title of uncertificated securities and for the regulation of those arrangements or procedures and the persons responsible for or involved in their operation, in each case in accordance with the Statutes and the regulations for the time being of the London Stock Exchange".

2. That the directors be and are hereby generally and unconditionally authorised, in place of any such authorities previously granted, all of which are hereby revoked and cancelled to the extent not previously utilised, in accordance with Section 80 of the Companies Act 1985 to exercise all powers of the company to allot relevant securities as defined in the said Section 80 up to an aggregate nominal amount of £271,500 provided that this authority shall expire five years from the date of the passing of this Resolution save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority conferred hereby had not expired, and

That the directors be and are hereby empowered pursuant to Section 95 of the Companies Act 1985 to allot equity securities (within the meaning of Section 94 (2) of the Companies Act 1985 as if sub-section (1) of Section 89 of the Companies Act 1985 did not apply to any such allotment) provided that this power shall be limited:

- i) to the allotment of equity securities in connection with a rights or capitalisation issue in favour of ordinary shareholders where the equity securities respectively attributable to the interests of all ordinary shareholders are proportionate (as nearly as may be) to the respective member numbers of ordinary shares held by them but subject to such exclusions as the directors may consider appropriate to deal with fractional entitlements of holders of the shares outside the United Kingdom; and
- ii) to the allotment (otherwise than pursuant to sub-paragraph (i) above) of equity securities up to an aggregate nominal value of £61,425 (being 5 per cent of the issued share capital of the company)

Notice of annual general meeting

Special Resolutions (continued)

and shall expire on the date of the next annual general meeting of the company save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted in pursuance of such offer or agreement as if the power conferred hereby had not expired and further provided that this power shall be in substitution for any previous power granted to the directors.

Stanhope House,
116-118 Walworth Road
London, SE17 1JY

24th March 2000

By order of the board

 B. MOSS

Secretary

Notes

- i) A member of the company who is entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and on a poll to vote on his/her behalf. The appointment of a proxy who need not be a member will not preclude the appointing member from attending and voting at the meeting. A form of proxy is enclosed.
- ii) To be valid the instrument appointing a proxy and the power of attorney or other authority under which it is signed or a notarially certified copy of such power or authority must be lodged at the company's registered office not less than forty-eight hours prior to the time of meeting.
- iii) The register of directors' interests, service agreements and company minute book are available for inspection at the company's registered office during normal business hours until the date of the meeting. They will then be available for inspection at the referred venue from 11.45 am.

Chairman's Statement

Once again I am pleased to report a most satisfactory year with turnover up at £77.0 million (1998: £57.2 million) and pre-tax profit up at £4.4 million (1998: £3.8 million before exceptional costs of £0.4 million).

With tight fiscal controls in place the company has continued to be cash generative and after payment of a special dividend in the year and increased requirements in working capital, training and IT, cash balances at the year-end stood at £6.0 million. In view of this the Directors propose payment of a final dividend of £1,093,750 (8.9 pence per share), which together with the paid interim of 3.3 pence per share represents an increase of 50% over the payment of ordinary dividends for 1998.

Earnings per share were 24.24 pence (1998: 17.53 pence after exceptional costs).

The overall performance in our core business in London was very good and the results from Peterborough and Newcastle were excellent.

We are growing our business in Bristol and are confident that our investment in people will produce encouraging results this year.

We are still actively pursuing work opportunities in Birmingham and in the absence of any acquisition, which is still part of our strategy, work will be undertaken from our Peterborough office.

Meggitt Marsh (Bournemouth) had a disappointing year with another small loss, we are currently reviewing our strategy with regard to management and marketing but remain confident of their future potential.

I mentioned earlier increased funding of Training and IT, whilst the annual cost comes straight off bottom line, this is an investment in people and technology, and is key to our continuing success.

Among the many and varied projects completed during the year were: ABN Amro, Bishopsgate; Citibank, Canary Wharf; BT Workstyle 2000, Brentwood; ARM Building; Cambridge; Avery Dennison Plant, Northumberland; The Bond Street Shopping Centre, Weymouth; and The Tate Gallery of Modern Art, Bankside.

Millennium fever has now subdued and the industry is returning to something near normality. The British Airways, London Eye is opening to the Public during March and I am sure all associated with the construction consider it a spectacular achievement and an important London landmark.

Each and every installation completed during the year was carried out to our usual high standards, of which we are justly proud. The high esteem in which we are held by our many clients and partners, has resulted in significant increases in repeat work.

Ongoing work includes clients: LWT; Credit Suisse First Boston; Peter Jones; Deutsche Bank; National Gallery; British Museum; British Telecom; Ministry of Defence; Capital One Bank; Automobile Association; Procter and Gamble; Siemens; and Cambridge, Newcastle and Southampton Universities.

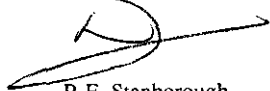
Current Work in Progress includes: Merrill Lynch, New European Headquarters, London; Robert Fleming, Gresham Street; Schroders, Christchurch Court, Paternoster Square; Wessex Water Headquarters, Bath; Chiroscience, Cambridge; The Bridges Shopping Centre, Sunderland; Electronic Arts, Chertsey and The School of Nursing, Southampton.

In both New Build and Refurbishment work, the market for electrical engineering and contracting continues to be very buoyant. While demand is particularly high in London and the South, we are also seeing growing levels of activity in our Regional operations. We are currently involved in discussions with regard to negotiation of some notable and important projects to be let during this year and have already secured our best forward order book with visibility through 2001.

New Orders Secured include: Goldman Sachs, Fleet Street; HSBC New Tower, Canary Wharf; Mobil Oil, St. Catherines House, Kingsway, WC2; Faculty of Education, University of West England; Nokia, Cambridge; Bannatyne Leisure Centre, Aberdeen; Seaham Hall Hotel, Durham; Liberty House, Southampton; and Waitrose, Cambridge and Staines.

Following the AGM I shall be standing down as Chairman. I have enjoyed the past 8 years, but now feel that shareholders interests are better served with a split in the roles of Chairman and Chief Executive. Russell Race has agreed to take up the position of Non-Executive Chairman. Russell, along with Len Arnold, has learned a lot about our business during the past two years and I am confident that he will look to the best interests of shareholders and also the well being of our loyal staff.

I close with my thanks to our Directors, Senior Management and Staff for their continued support. A lot of business was put through during the year, well done all. Going forward, the market opportunities for T. Clarke are excellent. With commitment and hard work, shareholders can look forward to the year ahead with confidence.


P. E. Stanborough
Chairman

2 March 2000

Report of the directors

The directors present their annual report and the audited financial statements of the group for the year ended 31st December 1999.

Activities and business review

The principal activities of the group during the year were the installation of electrical services and supply of associated equipment.

A review of the group's trading activities is included in the chairman's statement on page 4.

Results and dividends

The consolidated profit after taxation, for the year amounted to £2,977,838 (1998: £2,153,140). The group profit and loss account appears on page 11.

A second (special) interim dividend in respect of the year ended 31st December 1998 of 12.21001 pence per share was paid on the 10th May 1999.

An interim dividend in respect of the current year of 3.30687 pence per share was paid on the 13th September 1999.

Your directors recommend payment of a final dividend for the year ended 31st December 1999, of 8.90313 pence per share, payable, subject to members' approval, on the 8th May 2000. Shares will go ex-dividend on the 10th April 2000 and records will close on the 14th April 2000.

Movements on reserves are shown in note 16 to the financial statements.

Directors and their interests

The present membership of the board is set out on page 1

This year Mr. J. H. Nixon will retire, by rotation, in accordance with the company's articles of association and being eligible will offer himself for re-election. Mr. Nixon's service as managing director of Veale-Nixon Ltd., ceased on the 1st August 1999, he remains in part-time occupation with the company as a non-executive director and Chairman of the Board. Mr Nixon does not have a service agreement with T. Clarke plc.

Directors' interests in the issued share capital of T. Clarke plc are shown below:-

Beneficial interests	T. Clarke plc ordinary shares		
	<u>1.1.99</u>	<u>31.12.99</u>	<u>2.3.2000</u>
Patrick E. Stanborough	143,218	143,218	143,218
John H. Nixon	118,125	118,125	118,125
Barry J. Buchanan	50,000	50,000	50,000
Robin H. Wyborn	37,000	37,000	37,000
Leonard M. Fairman	37,000	37,000	37,000
Barry V. DeFalco	27,000	27,000	27,000
Leonard J. Arnold	7,000	7,000	7,000
Russell J. Race	2,000	2,000	2,000

Save for an interest in service agreements, none of which extends beyond a one year term, the directors have no material interest in any contract of significance which would have required disclosure under the continuing obligations of the London Stock Exchange 'Listing Rules'. Neither have they any beneficial interest in the issued share capital of the subsidiary companies.

Substantial shareholdings

The company has been advised of the following substantial interests (3%+) in its issued ordinary share capital:-

	Number Ordinary Shares	% of issued Ordinary Share Capital
Framlington Investment Management Ltd	1,280,000	10.42 *
Cargill Financial Markets Plc	734,000	5.97
3i Smaller Quoted Companies Trust PLC	593,125	4.83
Edinburgh Small Companies Trust PLC	550,000	4.48
Mr. J. H. Gunn & Mrs. R. S. Gunn	405,058	3.30

(* of which 8.14% is held by Framlington 1,000 Smallest Companies Trust Plc)

Report of the directors

Tangible fixed assets

It is the board's opinion that the current open market value of the group's interest in freehold land and buildings is not less than the book value.

Company status

So far as the directors are aware T. Clarke plc is not a close company for taxation purposes.

Donations

The group's contribution to charities during the year amounted to £3,300 (1998: £3,980).

Stock exchange transactions

Members are advised that trading in the company's equity is conducted via the (London) Stock Exchange's Alternative Trading Service ('SEATS'). The company's shares are not traded on the Alternative Investment Market (AIM) as it is a fully listed company. For further information we would refer you to our corporate broker Albert E. Sharp Securities (020 7489 4600). The daily price of company shares continues to be listed in the Financial Times under the construction sector. It is not the company's intention to participate in the 'Crest' settlement system for the time being.

Capital gains tax reform

At 31st March 1982, (the rebasing date for capital gains tax purposes) the adjusted middle market price of T. Clarke plc 10 pence ordinary shares was 16.4 pence per share (adjusted by virtue of the 1990 capitalisation issue). Indexation allowance is available from the date of acquisition or 31st March 1982 (whichever is the later) until 6th April 1998 at which date indexation ceases. A form of taper relief then applies and shareholders are advised to seek professional advice in regard thereto.

Disabled employees

The group recognises its obligation towards employment of disabled persons and gives full and fair consideration to suitable applicants.

Opportunities exist within the group, for staff employees of the group companies who may become disabled, either to continue in their employment or to be retrained for other suitable positions.

It is group policy that training, career development and promotion, of disabled employees should as far as possible be identical to that of other employees.

Employee consultation

The group appreciates the mutual benefits of keeping employees informed and takes appropriate steps to ensure that *they are kept aware of matters which are of concern to them including an appreciation of the group's financial position.*

Payments to suppliers

The group agrees payment terms with its suppliers when it enters into binding purchase contracts and seeks to abide by the payment terms agreed with suppliers whenever it is satisfied that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The group does not follow any standard or code which deals specifically with the payment of suppliers. At 31 December 1999 the group's trade creditors represented 64 days of annual purchases.

Auditors

A resolution for the re-appointment of Moore Stephens, Chartered Accountants, as auditors will be proposed at the annual general meeting.

Year 2000

The costs incurred in ensuring that the company was not adversely affected by the Year 2000 problem were not material. No significant problems resulting from the Year 2000 have been experienced, and no future problems are envisaged.

Report of the directors

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 group as at the end of the financial year and of the profit or loss of the group 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;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and group 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 group and enable them to ensure that the financial statements comply with the Companies Act. They are also responsible for safeguarding the assets of the company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Stanhope House,
116-118 Walworth Road
London, SE17 1JY

2nd March 2000

By order of the board



B. MOSS

Secretary

Corporate Governance

Directors' Statements

(a) Application of principles

The directors continue to embrace the principles contained in the Combined Code ("the Code") applicable to listed companies, in formulating and applying the company's corporate governance policies. These policies are monitored to ensure that they are appropriate to the company's circumstances and comply as far as possible with the provisions of the Code.

The company is managed by a board of directors, both executive and non-executive, who have the necessary skills and experience to effectively operate and control the business conducted by the group. Of the eight company board members, four are non-executive of whom two (Messrs. Nixon and Buchanan) are subsidiary company directors and two are wholly independent. Management information systems are in place to enable the directors to make informed decisions to properly discharge their duties. As the business develops, the composition of the board is reviewed to ensure that it is appropriate to the managerial requirements of the group. Although the company has no nomination committee, each director is able to propose new directors to the board, for the board's decision. All directors retire at the first Annual General Meeting after appointment and save for the executive directors, annually thereafter in rotation in accordance with the company's articles of association, allowing the shareholders to decide on the election of their company's board.

As set out in the section below, the directors' level of remuneration is considered appropriate to ensure that the board are sufficiently motivated and rewarded for their services to the company. The executive directors' package includes an element of performance related annual bonus. Salary rates and bonus levels are reviewed by the remuneration committee, which is comprised of the two independent non-executive directors.

As detailed in the report of the directors the company has several institutional shareholders and is, where practicable, willing to enter into a dialogue with them. The board has always invited communication from its private investors and encouraged participation by them at the Annual General Meeting. All board members present at the AGM are available to answer questions from shareholders. Notice of the AGM in excess of 20 working days is given and the business of the meeting conducted with separate resolutions, voted on by a show of hands with the result of the voting being indicated, including proxies.

The Chairman's statement included with these reports and accounts gives the board's current assessment of the company's and group's position and prospects. The directors are responsible for preparing the accounts as set out in the directors' report. The responsibilities of the auditors are set out in their report.

The directors acknowledge their responsibility for the group's system of internal financial control which has been in place for the whole of the year to 31st December 1999. Any such system can provide only a reasonable, and not absolute, assurance against material misstatement or loss, but the directors have reviewed the system's effectiveness and are not aware of any significant weakness or deficiency in the control system during the period covered by this statement.

The internal financial control procedures are delegated to executive directors, technical directors and senior management in the group, operating within a clearly defined departmental structure. Each department assesses the level of authorisation appropriate to its decision making process after evaluation of potential benefits and risks. Monthly progress on contracts is monitored formally by the board.

On a quarterly basis management accounts are reviewed by the board in order to provide effective monitoring of financial performance. At the same time the board considers other significant strategic, organisational and compliance issues to ensure that the group's assets are safeguarded and financial information and accounting records can be relied on.

During the year an audit committee was established comprising the two independent non-executive directors. The committee has reviewed the interim and annual accounts and has met twice, the external auditors being in attendance. The duties of the committee include ensuring that the auditors provide a cost effective service to the company and remain objective and independent and to consider from time to time the need for an internal audit function.

The board has established the procedures necessary to implement the Turnbull guidance obtained within the report "Internal Control Guidance for Directors on the Combined Code"

(b) Statement of compliance

The company has complied with those provisions of the Code applied, as explained in section (a) above, throughout the year to 31st December 1999.

The directors have adopted the Stock Exchange transitional procedures for the implementation of the Turnbull report and have reported above on their internal financial controls pursuant to the guidance issued by the Rutteman Working Group in December 1994.

Corporate Governance

The company has not complied with the following provisions of Section 1 of the Code:

- A.2.1 Currently, the board considers that the company is best served by having the role of chairman and chief executive combined. There is a significant non-executive element on the board and the role of deputy chairman is fulfilled by a non-executive director of the company. The directors are able to consult on any matters of concern and key decisions are taken by the board as a whole after proper consideration of the relevant issues. As stated in the chairman's statement on page 4 Mr. Stanborough will be standing down as chairman with Mr. Race being appointed non-executive chairman, following this year's Annual General Meeting.
- A.5.1 With a relatively small board, it is not deemed necessary to establish a nomination committee at this time. As explained in section (a) above, recommendations for any new directors' appointments can be made for consideration by the board as a whole.
- B.1.6/B.3.3 The remuneration committee, comprised of the independent non-executive directors, Messrs Race and Arnold, and the board as a whole, follow the provisions of Schedules A and B in designing Performance Related Remuneration and disclosing relevant information in the Remuneration Report. Executive directors' bonuses are pensionable, under the rules of the group pension scheme, which is considered appropriate in the circumstances as a substantial proportion of the remuneration package is related to performance.
- D.3.1 During the year the board established an audit committee comprising the two independent non-executive directors.

(c) Going Concern

After making enquiries the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

Directors' Remuneration Report

It is the company's policy to provide remuneration packages sufficient to attract, retain and motivate executive directors of the quality required. In framing this remuneration policy the board has given full consideration to Schedule B of the best practice provisions annexed to the Listing Rules.

The figures for the directors for 1999 were as follows:

	Service Contract Expiry date	Salary and fees £	Bonus £	Benefits in Kind £	Total £	1998 Total £
P. E. Stanborough	31.7.2000	84,250	47,000	11,563	142,813	132,445
R. H. Wyborn	31.7.2000	64,500	38,000	9,368	111,868	99,925
L. M. Fairman	31.7.2000	64,500	38,000	10,275	112,775	100,503
J. H. Nixon	-	49,583	27,000	10,250	86,833	105,750
B. J. Buchanan	31.7.2000	66,250	38,000	7,637	111,887	103,509
B. V. DeFalco	31.7.2000	64,500	38,000	9,631	112,131	92,989
R. J. Race	-	15,000	-	-	15,000	5,493
L. J. D. Arnold	-	15,000	-	-	15,000	5,493
R. Bachmann	-	-	-	-	-	2,500
L. Hug	-	-	-	-	-	2,500
		423,583	226,000	58,724	708,307	651,107

In accordance with the rules of the T. Clarke Group Retirement & Death Benefits Scheme, pensionable salaries of participating directors include basic salaries and averaged bonuses. Details of the accrued pension benefits that they would be entitled to on leaving service are as follows.

	Transfer value of increase in year of pension benefits at 31.12.99 £	Accumulated total accrued pension at 31.12.99 £	Increase in accrued pension during the year £
P. E. Stanborough	53,411	44,825	6,673
R. H. Wyborn	34,941	22,656	4,636
L. M. Fairman	13,349	12,805	2,976
J. H. Nixon	54,299	39,703	5,926
B. J. Buchanan	36,816	29,876	5,211
B. V. DeFalco	16,536	9,754	2,761

Report of the auditors

to the shareholders of T. Clarke plc

We have audited the financial statements on pages 11 to 23 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 14.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the annual report, including the financial statements as described on page 7. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board, the Listing Rules of the London Stock Exchange, 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 or the Listing Rules regarding directors' remuneration and transactions with the group is not disclosed.

We review whether the corporate governance statement on page 8 reflects the company's compliance with the seven provisions of the Combined Code specified for our review by the Stock Exchange, and we report if it does not. We are not required to consider whether the board's statements on internal control cover all risks and controls, or form an opinion on the effectiveness of the group's corporate governance procedures or its risks and control procedures.

We read the other information contained in the annual report, including the corporate governance statement, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit opinion

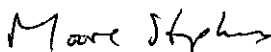
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 affairs of the company and the group at the 31st December 1999 and of the group's result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

St. Paul's House,
Warwick Lane,
London, EC4P 4BN.
2nd March 2000


MOORE STEPHENS

Chartered Accountants
Registered Auditor

Group profit and loss account

for the year ended 31st December 1999

	Notes	1999 £	1998 £
Turnover	2	77,029,078	57,158,053
Cost of sales		<u>68,012,467</u>	<u>49,586,768</u>
Gross profit		9,016,611	7,571,285
Administrative expenses		<u>4,967,658</u>	<u>4,240,572</u>
Operating profit before exceptional administrative expenses	4	4,048,953	3,330,713
Exceptional administrative expenses Goodwill arising on acquisition written off		-	<u>394,136</u>
Operating profit		4,048,953	2,936,577
Interest receivable (net)	3	<u>375,885</u>	<u>445,692</u>
Profit on ordinary activities before taxation		4,424,838	3,382,269
Taxation on profit on ordinary activities	6	<u>1,447,000</u>	<u>1,229,129</u>
Profit on ordinary activities after taxation		2,977,838	2,153,140
Dividends	7	<u>1,500,000</u>	<u>2,500,000</u>
Profit / (loss) for the financial year	16	<u>1,477,838</u>	<u>(346,860)</u>
Earnings per share	8	<u>24.24 pence</u>	<u>17.53 pence</u>



In 1998 and 1999 the group had no recognised gains or losses other than the result for the financial year.

Balance sheets

at 31st December 1999

	Notes	Group		Company	
		1999 £	1998 £	1999 £	1998 £
Fixed assets					
Tangible assets	9	2,473,229	2,583,631	168,242	190,542
Investments	10	-	-	66,697	66,697
		<u>2,473,229</u>	<u>2,583,631</u>	<u>234,939</u>	<u>257,239</u>
Deferred taxation	14	<u>35,000</u>	<u>10,650</u>	<u>43,000</u>	<u>43,000</u>
Current assets					
Work in progress	11	3,924,925	2,730,537	2,874,722	2,203,401
Debtors	12	12,069,042	8,327,850	12,485,181	8,492,096
Cash at bank and in hand		7,910,915	9,349,836	7,004,449	8,741,730
		<u>23,904,882</u>	<u>20,408,223</u>	<u>22,364,352</u>	<u>19,437,227</u>
Creditors, amounts falling due within one year	13	<u>(17,377,726)</u>	<u>(15,444,957)</u>	<u>(14,872,821)</u>	<u>(13,302,746)</u>
Net current assets		<u>6,527,156</u>	<u>4,963,266</u>	<u>7,491,531</u>	<u>6,134,481</u>
Total assets less current liabilities		<u>9,035,385</u>	<u>7,557,547</u>	<u>7,769,470</u>	<u>6,434,720</u>
Capital and reserves					
Called up equity share capital	15	1,228,500	1,228,500	1,228,500	1,228,500
Revaluation reserve	16	41,298	42,630	-	-
Profit and loss account	16	7,765,587	6,286,417	6,540,970	5,206,220
		<u>9,035,385</u>	<u>7,557,547</u>	<u>7,769,470</u>	<u>6,434,720</u>
Equity Shareholders' funds		<u>9,035,385</u>	<u>7,557,547</u>	<u>7,769,470</u>	<u>6,434,720</u>

These financial statements were approved by the board on 2nd March 2000


 P.E. STANBOROUGH)
) Directors

 J. H. NIXON)

Group cash flow statement

for the year ended 31st December 1999

	Notes	1999		1998	
		£	£	£	£
Net cash inflow from operating activities	17		544,739		5,398,608
Returns on investments and servicing of finance					
Interest received		374,640		470,021	
Interest paid		(6,755)		(12,261)	
Net cash inflow from returns on investments and servicing of finance			367,885		457,760
Taxation					
UK corporation tax paid			(1,241,934)		(978,960)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(269,414)		(268,180)	
Sale of tangible fixed assets		36,840		15,605	
Net cash outflow from capital expenditure and financial investment			(232,574)		(252,575)
Acquisitions and disposals					
Purchase of a subsidiary undertaking		-		(225,000)	
Net cash acquired with subsidiary		-		68,566	
					(156,434)
Equity dividends paid			(2,593,750)		(812,500)
Cash outflow before use of liquid resources			(3,155,634)		3,655,899
Management of liquid resources					
Cash placed on short term deposits		(7,000,000)		(9,000,000)	
Cash received from short term deposits		9,000,000		6,000,000	
Net cash inflow from management of liquid resources			2,000,000		(3,000,000)
Decrease in cash in the year	18		(1,155,634)		655,899

Notes to the financial statements

for the year ended 31st December 1999

Note 1 Accounting policies

(a) Basis of consolidation

These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and in accordance with applicable accounting standards. They comprise the accounts of T. Clarke plc and all its subsidiaries made up to 31st December 1999.

(b) Work in progress

Short term work in progress is valued at prime cost plus overheads. Full provision is made for losses to completion but no account is taken of claims receivable until agreed.

Long term work in progress is valued at prime cost with an addition for overheads and a prudent proportion of the estimated profit attributable to work carried out to date. The earliest point at which profit has been taken is that at which the outcome of the contract, based on an assessment by the officials of the company, can be reliably foreseen taking into account the circumstances of each contract. Full provision is made for losses to completion but no account is taken of claims receivable until agreed. In accordance with SSAP 9 (revised) long term work in progress is included in debtors as amounts recoverable on contracts.

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

(c) Depreciation

Depreciation is calculated on a straight line basis using the following rates:-

Freehold buildings 2% Plant and machinery 10%-20% Motor vehicles 25%

(d) Deferred taxation

Provision is made at current rates for taxation deferred by reason of accelerated tax allowances granted on fixed assets in excess of the corresponding depreciation charged in the financial statements and other material short term timing differences which are expected to reverse in the foreseeable future.

(e) Turnover

Turnover which represents the value of work done and goods invoiced during the year, is entirely generated in the UK from the group's ordinary activities and is stated net of value added tax.

(f) Acquisitions

Positive purchased goodwill is capitalised and classified as an asset on the balance sheet. Amortisation is calculated to write off the capitalised goodwill in equal instalments over a period no greater than 20 years. Goodwill is reviewed for impairment following the first full year following the acquisition and in other periods if events or changes in circumstances indicate that the carrying values may not be recoverable. Where the directors consider the initial value of the acquisition to be negligible, the goodwill arising is written off to profit and loss account immediately. Trading results of acquired subsidiary undertakings are included from the date of acquisition.

Note 2 Segmental analysis

All turnover, profit and net assets relate to continuing activities, being electrical contracting.

Note 3 Interest

	1999	1998
	£	£
Bank interest receivable	382,640	457,953
Less: bank overdraft interest payable	6,755	12,261
	<u>375,885</u>	<u>445,692</u>

Notes continued

for the year ended 31st December 1999

Note 4 Operating profit

Operating profit is stated after charging / (crediting):-	1999	1998
	£	£
Depreciation of tangible fixed assets	348,419	325,789
Auditors' remuneration -Moore Stephens audit fee	38,000	38,000
-other group company auditors	4,200	4,100
-non-audit fees	30,000	22,000
Provision for bad debts	(7,297)	87,473
Operating lease charges -motor vehicles	127,074	106,519
-land and buildings	19,500	9,750
Profit on disposal of fixed assets	(5,443)	(15,605)
Rent receivable	(57,132)	(44,142)
	<u> </u>	<u> </u>

Note 5 Directors and employees

Directors' emoluments

Staff costs include the following emoluments in respect of the qualifying service of directors of the company:-

	1999	1998
	£	£
Fees	30,000	15,986
Basic emoluments	619,583	594,500
	<u> </u>	<u> </u>
	<u>649,583</u>	<u>610,486</u>

Included above:-	1999	1998
	£	£
The highest paid director	<u>131,250</u>	<u>121,000</u>

In addition to the above emoluments the directors (other than the independent non-executive directors) all receive company cars and medical insurance, the taxable benefits of which amount to £58,724 (1998 £40,621), including £11,563 (1998 £11,445) in respect of the highest paid director.

The number of directors to whom retirement benefits are accruing under a defined benefit scheme is six. The accrued pension benefits in respect of the highest paid director at 31st December 1999 were £44,825 per annum. There are no accrued lump sum benefits.

The disclosures in the remuneration report on page 9 form part of these financial statements.

Notes continued

for the year ended 31st December 1999

Note 5 Directors and employees (continued)

Staff costs	1999 £	1998 £
Staff costs during the year were as follows:-		
Wages and salaries	19,649,911	13,450,095
Social security costs	1,837,664	1,166,610
Other pension costs (note 21)	32,428	18,002
	<u>21,520,003</u>	<u>14,634,707</u>
Average number of employees	<u>683</u>	<u>511</u>

Note 6 Taxation on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax based on the profit for the year as adjusted for taxation purposes	1,470,637	1,249,973
Deferred taxation	(19,500)	(19,900)
	<u>1,451,137</u>	<u>1,230,073</u>
Prior year adjustments of which £(4,850) (1998 £(611)) relates to deferred taxation	(4,137)	(944)
	<u>1,447,000</u>	<u>1,229,129</u>

Note 7 Dividends

On the ordinary shares:	1999 £	1998 £
Paid-interim dividend of 3.307p (1998 2.543p) per share	406,250	312,500
Special interim dividend of nil (1998 12.21p) per share	-	1,500,000
Final dividend of 8.903p (1998 5.596p) per share	1,093,750	687,500
	<u>1,500,000</u>	<u>2,500,000</u>

Note 8 Earnings per share

The earnings per share represents the profit for the year on ordinary activities after taxation divided by the number of ordinary shares in issue. The number of ordinary shares for the purpose of this calculation are 12,285,000 (1998-12,285,000).

Notes continued

for the year ended 31st December 1999

Note 9 Tangible fixed assets

Group	Freehold properties £	Plant, machinery and vehicles £	Total £
Cost or valuation			
At 1st January 1999	2,492,484	2,015,931	4,508,415
Additions	-	269,414	269,414
Disposals and items scrapped	-	(117,981)	(117,981)
At 31st December 1999	2,492,484	2,167,364	4,659,848
Depreciation			
At 1st January 1999	460,255	1,464,529	1,924,784
Charge for the year	48,530	299,889	348,419
Disposals and items scrapped	-	(86,584)	(86,584)
At 31st December 1999	508,785	1,677,834	2,186,619
Net book value			
At 31st December 1999	1,983,699	489,530	2,473,229
Net book value			
At 31st December 1998	2,032,229	551,402	2,583,631
Cost or valuation at 31st December 1999 is represented by:-			
At cost	2,392,484	2,167,364	4,559,848
At valuation 1981	100,000	-	100,000
	2,492,484	2,167,364	4,659,848
Company			
Cost			
At 1st January 1999	-	609,373	609,373
Additions	-	94,762	94,762
Disposals and items scrapped	-	(32,067)	(32,067)
At 31st December 1999	-	672,068	672,068
Depreciation			
At 1st January 1999	-	418,831	418,831
Charge for the year	-	101,028	101,028
Disposals and items scrapped	-	(16,033)	(16,033)
At 31st December 1999	-	503,826	503,826
Net book value			
At 31st December 1999	-	168,242	168,242
Net book value			
At 31st December 1998	-	190,542	190,542

Notes continued

for the year ended 31st December 1999

Note 9 Tangible fixed assets (continued)

If freehold properties had not been revalued they would have been included at the following amounts:-	Group	
	1999 £	1998 £
Cost	2,426,478	2,426,478
Accumulated depreciation	484,077	436,879
	<u>1,942,401</u>	<u>1,989,599</u>

Note 10 Fixed asset investments

Investments in subsidiaries comprise:-	Company	
	1999 £	1998 £
Cost		
At 1st January 1999	638,560	413,560
Additions:	-	225,000
	<u>638,560</u>	<u>638,560</u>
At 31st December 1999	638,560	638,560
Amounts written off		
At 1st January 1999	571,863	346,863
Written off in year	-	225,000
	<u>571,863</u>	<u>571,863</u>
At 31st December 1999	571,863	571,863
Net book value		
At 31st December 1999	<u>66,697</u>	<u>66,697</u>

Note 11 Work in progress

	Group		Company	
	1999 £	1998 £	1999 £	1998 £
Contract work in progress comprises:-				
Cost plus attributable overheads less provision for losses	15,740,165	7,122,661	12,533,848	4,232,898
Less: payments on account	11,815,240	4,392,124	9,659,126	2,029,497
	<u>3,924,925</u>	<u>2,730,537</u>	<u>2,874,722</u>	<u>2,203,401</u>

Notes continued

for the year ended 31st December 1999

Note 12 Debtors

Group	Amounts falling due within one year		Amounts falling due after more than one year	
	1999 £	1998 £	1999 £	1998 £
Amounts recoverable on contracts	6,093,969	5,076,590	-	-
Corporation tax recoverable	14,273	15,121	-	-
Trade debtors	5,784,194	3,064,220	-	-
Other debtors	10,000	10,000	-	-
Prepayments and accrued income	166,606	161,919	-	-
	<u>12,069,042</u>	<u>8,327,850</u>	<u>-</u>	<u>-</u>
Company				
Amounts recoverable on contracts	5,666,638	4,042,423	-	-
Trade debtors	4,481,258	2,103,689	-	-
Owed by group companies	165,674	200,000	2,000,000	1,988,053
Other debtors	10,000	10,000	-	-
Prepayments and accrued income	161,611	147,931	-	-
	<u>10,485,181</u>	<u>6,504,043</u>	<u>2,000,000</u>	<u>1,988,053</u>

Included above are retentions on contracts in the normal course of business as follows; group £3,600,471 (1998 £2,919,971); company £3,157,323, (1998 £2,540,965).

Note 13 Creditors

Group	Amounts falling due within one year	
	1999 £	1998 £
Bank overdraft	1,927,442	210,729
Payments received on account	-	590,158
Trade creditors	10,633,741	9,184,840
Dividends payable	1,093,750	2,187,500
Corporation tax	1,128,732	885,043
Other taxation and social security payable	1,759,619	871,859
Accruals and deferred income	834,442	1,514,828
	<u>17,377,726</u>	<u>15,444,957</u>

Notes continued

for the year ended 31st December 1999

Note 13 Creditors (continued)

Company	Amounts falling due within one year	
	1999	1998
	£	£
Bank overdraft	1,890,113	-
Payments received on account	-	590,158
Trade creditors	8,246,054	7,255,711
Owed to group companies	911,805	807,721
Dividends payable	1,093,750	2,187,500
Corporation tax	658,477	516,520
Other taxation and social security payable	1,531,975	640,811
Accruals and deferred income	540,647	1,304,325
	<u>14,872,821</u>	<u>13,302,746</u>

Note 14 Deferred taxation

	Group		Company	
	1999	1998	1999	1998
	£	£	£	£
Balance at 1st January 1999	10,650	(9,250)	43,000	40,000
Transfers to/(from) profit and loss account	24,350	19,900	-	3,000
Balance at 31st December 1999	<u>35,000</u>	<u>10,650</u>	<u>43,000</u>	<u>43,000</u>
Being:				
Excess of depreciation over capital allowances	<u>35,000</u>	<u>10,650</u>	<u>43,000</u>	<u>43,000</u>

The above represents the total potential asset to the group and the total potential asset to the company.

Note 15 Called up equity share capital

	1999	1998
	£	£
Authorised: 15,000,000 ordinary shares of 10 pence each	<u>1,500,000</u>	<u>1,500,000</u>
Allotted called up and fully paid: 12,285,000 ordinary shares of 10 pence each	<u>1,228,500</u>	<u>1,228,500</u>

All shares rank equally in respect of all shareholder rights.

Notes continued

for the year ended 31st December 1999

Note 16 Reserves

	Group £	Company £
Profit and loss account		
At 1st January 1999	6,286,417	5,206,220
Transfer from revaluation reserve	1,332	-
Profit for the financial year	1,477,838	1,334,750
At 31st December 1999	<u>7,765,587</u>	<u>6,540,970</u>
Revaluation reserve		
At 1st January 1999	42,630	-
Transfer to profit and loss account	(1,332)	-
At 31st December 1999	<u>41,298</u>	<u>-</u>
Total reserves	<u>7,806,885</u>	<u>6,540,970</u>

The movement on shareholders' funds for 1998 and 1999 comprises the result after taxation and dividends for the respective years.

The company has taken advantage of the exemption conferred by section 230 of the Companies Act 1985 from presenting its own profit and loss account. Profit after taxation amounting to £2,834,750 (1998 - profit £2,085,375) has been included in the financial statements of the holding company.

Note 17 Reconciliation of operating profit to Net Cash Inflow from operating activities

	1999 £	1998 £
Operating profit	4,048,953	2,936,577
Goodwill arising on acquisition written off	-	394,136
Depreciation charges	348,419	325,789
Profit on sale of fixed assets	(5,443)	(15,605)
Increase in work in progress	(1,194,388)	471,387
Increase in debtors	(3,718,919)	(1,326,921)
Increase in creditors	1,066,117	2,613,245
Net cash inflow from operating activities	<u>544,739</u>	<u>5,398,608</u>

Note 18 Reconciliation of net cash flow to movement in net funds

	£
Decrease in cash in the year	(1,155,634)
Decrease in short term deposits in the year	(2,000,000)
Net funds at 1st January 1999	9,139,107
Net funds at 31st December 1999 (note 19)	<u>5,983,473</u>

Notes continued

for the year ended 31st December 1999

Note 19 Analysis of net funds

	Net funds 1.1.99	Net cash flow	Net funds 31.12.99
	£	£	£
Cash deposits	9,000,000	(2,000,000)	7,000,000
Cash at bank and in hand	349,836	561,079	910,915
Bank overdraft	(210,729)	(1,716,713)	(1,927,442)
	<u>9,139,107</u>	<u>(3,155,634)</u>	<u>5,983,473</u>

The group manages its funds by maintaining a portfolio of cash investments with major financial institutions. The terms of money market deposits range from overnight to six months so as to achieve appropriate liquidity whilst maximising low risk returns.

Net funds available to the group are classified as cash at bank where funds are available the next working day. At 31 December 1999 the group held deposits on terms up to thirty days, at interest rates between 2.75% and 5.75% per annum.

Of the overdraft balance of £1,927,442, £37,329 related to an overdrawn bank account and £1,890,113 to a balance overdrawn on a cash-book basis only.

Note 20 Capital commitments

At 31st December 1999 there were no capital commitments (1998 £Nil).

Note 21 Pension commitments

The company operates a funded group pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the participating companies, being mainly invested in an insurance contract. 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 contributions are determined by an actuary on the basis of triennial valuations using the projected unit method with a 15 year control period. The most recent valuation was at 1st January 1998. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the rate of investment return would exceed the rate of salary increases by 1.5% and present and future pensions would increase at statutory rates.

The most recent actuarial valuation showed that the market value of the scheme's assets was £7,492,000 and that the actuarial value of these assets represented 132% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The actuary recommended pension contributions from 1st January 1999 for the employer and employees of 0.8% and 5% of pensionable salaries respectively. These rates were calculated, by the actuary, to eliminate the actuarial surplus over a period of 15 years. The charge for the year was £12,000 (1998 £nil). The participating companies are required to pay all premiums in respect of the insured death in service benefits (see note 5).

Subsequent to the year end the group has decided, on the advice of the actuary, to increase the employer contribution rate to 10% of pensionable salary with effect from 1st July 2000. At 31 December 1999 creditors included £14,768 (1998 £10,799) in respect of unpaid pension contributions, relating to December 1999 and paid in January 2000.

Notes continued

for the year ended 31st December 1999

Note 22 Lease obligations and other financial commitments

The group has annual commitments under non cancellable operating leases which expire:

	1999		1998	
	Land and buildings	Other operating leases	Land and buildings	Other operating leases
	£	£	£	£
Within 1 year	-	1,349	-	8,960
Within 2-5 years	19,500	167,801	19,500	142,520
	<u>19,500</u>	<u>169,150</u>	<u>19,500</u>	<u>151,480</u>

Note 23 Contingent liabilities

The company is guarantor in respect of banking facilities granted to certain of its subsidiary companies. The extent to which these facilities were utilised at the balance sheet date amounted to £37,329 (1998 £Nil). The company and group have contingent liabilities in respect of guarantees given for commitments in the normal course of trade.

The company has given a commitment to provide continuing financial support to a subsidiary company.

Note 24 Derivatives and other Financial instruments

The group financial instruments comprise overdraft facilities and various items such as trade debtors and creditors that arise directly from its operations. The group does not enter into any derivative transactions and has minimal exposure to exchange rate movement as its trade takes place entirely within the United Kingdom.

At 31st December 1999 the group had an overdraft facility of £1,000,000 at 1.5% above base rate, renewable on 11th October 2000. Details of the group's financial assets are given in note 19.

The fair value of the group's financial assets and liabilities at 31st December 1999 is as stated in the balance sheet at that date.

Note 25 Subsidiary companies

The wholly owned subsidiaries, which are all registered in England, are directly held by T. Clarke plc. The trading subsidiaries all operate within the United Kingdom.

	Type of shares
Electrical contractors	
T. Clarke (Midlands) Limited	Ordinary
Veale-Nixon Limited	Ordinary
Meggitt Marsh and Co. Limited	Ordinary
T. Clarke Electrical Contractors Limited (non trading)	Ordinary
Property holding company	
Weylex Properties Limited	Ordinary