

ELECTRICAL CONTRACTING LIMITED (SMALL COMPANY*)

DIRECTORS' REPORT & FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 2014

Registered No. xxxx

* Electrical Contracting Limited is a small company as defined by Section 350 of the Companies Act 2014.

These financial statements are illustrative and exclusively for educational purposes only. This document is a guide only and does not purport to give definitive advice.

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ELECTRICAL CONTRACTING LIMITED

Directors' Report & Financial Statements

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ELECTRICAL CONTRACTING LIMITED

Directors and Other Information

Directors:	James Horgan Daniel O'Shea Simon Lafferty Tim Cullen
Secretary	Daniel O'Shea
Auditors	ABC & Co, Certified Public Accountants and Statutory Audit Firm, 14 Green Street, Dublin 11.
Bankers	APB Bank, Main Street, Dublin 9.
Solicitors	Smith & Co., 42 O'Reilly Parade, Co. Kildare.
Registered Office	Unit 7, Blue Street, Dublin 11.

ELECTRICAL CONTRACTING LIMITED

YEAR ENDED 31 DECEMBER 2014

Directors' Report

The directors present their annual report and audited statutory financial statements for the year ended 31 December 2014.

PRINCIPAL ACTIVITIES, BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The principal activity of the company continued to be that of electrical services contracting. The company has a unit in Dublin from where it bases its operations. It also has a retail outlet which operates from the same premises. The company has a subsidiary company that manufactures electrical components.

RESULTS AND DIVIDENDS

The retained loss for the financial year amounted to € 84,168 (2013: € 34,206).

The directors have not declared a final or interim dividend for the year.

DIRECTORS' & SECRETARY'S INTERESTS IN SHARES

The Directors and Secretary of the company interests in shares/debentures of the company during the financial year are as follows:

Director's name	Shares held	Share class
Secretary's name	Shares held	Share class

PRINCIPAL RISKS AND UNCERTAINTIES

In common with all companies operating in Ireland in this sector, the company faces a decline in sales. The directors have taken action to reduce costs and win new contracts to counteract the decline in income.

Electrical Contracting operates in a cyclical industry and is affected by factors beyond the control of the company for example level of construction activity.

Electrical Contracting faces strong competition in the market and if the company fails to compete successfully market share may decline.

DIRECTORS

Mr. James Hogan and Mr. Daniel O' Shea retire from the board by rotation in accordance with the Constitution and, being eligible, offer themselves for re-election.

POST BALANCE SHEET EVENTS

There were no post balance sheet events.

RESEARCH AND DEVELOPMENT

There was no research and development in the period.

DIRECTORS' RESPONSIBILITIES STATEMENT

Company law requires the directors to prepare statutory financial statements for each financial year, which give a true and fair view of the assets, liabilities and financial position of the company, as at the end of the financial year, and profit or loss, for the financial year and otherwise comply with the Companies Act 2014. 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 the statutory financial statements have been prepared in accordance with applicable accounting standards, identify those standards and note the effect and the reasons for any material departure from those standards
- Prepare the statutory 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 ensuring that the company keeps or causes to be kept adequate accounting records which correctly explain and record the transactions of the company, enable at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy, enable them to ensure that the statutory financial statements and directors report comply with the Companies Act 2014 and enable the statutory financial statements to be audited. 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.

ACCOUNTING RECORDS

The Directors acknowledge their responsibilities under Sections 281 to 285 of the Companies Act 2014 to keep accounting records for the company.

To this end we employ a full time bookkeeper. Our accounting records are kept at Unit 7, Blue Street, Dublin 11.

AUDITORS

In accordance with Sections 380 to 385 of the Companies Act 2014, the auditors, ABC Certified Public Accountants, will continue in office.

On behalf of the board

Signature

James Hogan
Director

Date: 2nd June, 2015

Signature

Daniel O'Shea
Director

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF ELECTRICAL CONTRACTING LIMITED

We have audited the statutory financial statements of Electrical Contracting Limited for the year ended 31 December 2014 which comprise the Profit and Loss Account, the Balance Sheet, and the related notes. The financial reporting framework that has been applied in their preparation is Irish law and accounting standards issued by the Financial Reporting Council (Generally Accepted Accounting Practice in Ireland).

This report is made solely to the company's members as a body in accordance with the requirements of the Companies Act 2014. Our audit work has been undertaken so that we might state to the company's members those matters that we are required to state to them in the audit 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 or 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 explained more fully in the Directors' Responsibilities Statement set out on page 4 the directors are responsible for the preparation of the statutory financial statements and for being satisfied that they give a true and fair view and otherwise comply with the Companies Act 2014. Our responsibility is to audit and express an opinion on the statutory financial statements in accordance with Irish law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's [APB's] Ethical Standards for Auditors including "APB Ethical Standard – Provisions Available for Small Entities (Revised)", in the circumstances set out in note 20 to the financial statements.

Scope of the audit of financial statements

An audit involves obtaining evidence about the amounts and disclosures in the statutory financial statements sufficient to give reasonable assurance that the statutory financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the [describe the annual report] to identify material inconsistencies with the audited statutory financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the assets, liabilities and financial position of the company as at 31 December 2014 and of its loss for the year then ended; and
- have been properly prepared in accordance with Generally Accepted Accounting Practice in Ireland and in particular with the requirements of the Companies Act 2014.

Emphasis of matter – going concern

In forming our opinion, which is not qualified, we have considered the adequacy of the disclosures made in note 17 to the statutory financial statements regarding the company's ability to continue as a going concern. The company incurred a net loss of €84,168 during the year ended 31 December 2014. This situation, along with other matters described in note 18 to the financial statements, indicate a material uncertainty which may cast doubt over the company's ability to continue as a going concern. The statutory financial statements do not include the adjustments that would result if the company was unable to continue as a going concern.

Matters on which we are required to report by the Companies Act 2014

We have obtained all the information and explanations which we consider necessary for the purposes of our audit.

- In our opinion the accounting records of the company were sufficient to permit the statutory financial statements to be readily and properly audited.
-
- The statutory financial statements are in agreement with the accounting records.
- In our opinion the information given in the directors' report is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the provisions in the Companies Act 2014 which require us to report to you if, in our opinion the disclosures of directors' remuneration and transactions specified by law are not made.

John Murphy

John Murphy
For and on behalf of ABC & Co.,
Certified Public Accountants and Statutory Audit Firm
14 Green Street
Dublin 11

2nd June, 2015

ELECTRICAL CONTRACTING LIMITED**YEAR ENDED 31 DECEMBER 2014****Profit and Loss Account**

	Note	2014	2013
Turnover	2	1,500,423	1,800,428
Cost of Sales		<u>(1,242,820)</u>	<u>(1,476,350)</u>
Gross Profit		257,603	324,078
Distribution expenses		18,567	26,268
Administrative expenses		<u>304,826</u>	<u>323,905</u>
		323,393	350,173
Operating loss		(65,790)	(26,095)
Profit on disposal of fixed assets		<u>2,322</u>	<u>-</u>
Loss on ordinary activities before interest		(63,468)	(26,095)
Interest payable and similar charges	3	<u>(20,700)</u>	<u>(8,111)</u>
Loss on ordinary activities before taxation	5-7	(84,168)	(34,206)
Tax on profit on ordinary activities	4	<u>0</u>	<u>0</u>
Loss for the financial year	16	<u><u>(84,168)</u></u>	<u><u>34,206</u></u>

A separate Statement of Total Recognised Gains and Losses is not required, as there are none other than those reflected in the Profit and Loss Account.

ELECTRICAL CONTRACTING LIMITED

Balance Sheet **AT 31 DECEMBER 2014**

	Note	2014 €	2013 €
<u>Fixed Assets</u>			
Tangible assets	8	318,956	254,253
Financial assets	9	<u>49,800</u>	<u>109,560</u>
		368,756	363,813
<u>Current Assets</u>			
Stocks	10	123,756	137,673
Debtors	11	470,770	417,868
Cash at bank and in hand		<u>526</u>	<u>42,107</u>
		595,052	597,648
Creditors: amounts falling due within one year	12	(439,259)	(380,345)
Net current assets		155,793	217,303
Total assets less current liabilities		524,549	581,116
Creditors: amounts falling due after more than one year	13	<u>(52,601)</u>	<u>(25,000)</u>
Net assets		<u>471,948</u>	<u>556,116</u>
<u>Capital and Reserves</u>			
Called up share capital presented as equity	15	2	2
Profit and loss account	16	<u>471,946</u>	<u>556,114</u>
Total shareholders funds – all equity		<u>471,948</u>	<u>556,116</u>

On behalf of the board

Signature

James Hogan
Director

Signature

Daniel O'Shea
Director

ELECTRICAL CONTRACTING LIMITED

Notes to the financial statements for the year ended 31 December 2014

1. Accounting Policies

The significant accounting policies adopted by the Company are as follows:

Basis of Accounting

The Statutory financial statements have been prepared under the historical cost convention and comply with the financial reporting standards of the Accounting Standards Board, as promulgated by The Institute of Certified Public Accountants in Ireland.

Consolidation

The company and its subsidiaries combined meet the size exemption criteria for a group and the company is therefore exempt from the requirement to prepare consolidated statutory financial statements by virtue of Section 297 of the Companies Act 2014. Consequently, these statutory financial statements deal with the results of the company as a single entity.

Cash flow Statement

The company meets the size criteria for a small company set by the Companies Act 2014 and therefore, in accordance with FRS 1: Cash Flow Statements, it has not prepared a cash flow statement.

Tangible Fixed Assets

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation

Depreciation is calculated in order to write off the cost of tangible fixed assets over their estimated useful lives as follows:

Machinery and equipment	15% on cost
Motor vehicles	20% on cost
Office equipment	10% on cost
Computer equipment	33% on cost
Buildings	2% on cost

Impairment reviews are carried out where there are events or changes in circumstances that indicate that the carrying amount of the fixed asset or goodwill may not be recoverable. Where there is an impairment loss it is recognised in the profit and loss account (There is no policy of revaluing fixed assets).

Electrical Contracting Limited

Notes to the financial statements for the year ended 31 December 2014

Financial Fixed Assets

Investments in subsidiary undertakings

Investments in subsidiary undertakings are shown at cost less provision for impairments in value.

Other investments

Other investments are shown at cost less provision for impairments in value.

Stocks

Stocks are valued at the lower of cost and net realisable value. Full provision has been made for damaged, deteriorated, obsolescent or unusable materials. In the case of work in progress, cost is defined as the aggregate cost of raw material, direct labour and attributable proportion of direct production overheads.

Net realisable value comprises the actual or estimated selling price less all further costs to completion or to be incurred in marketing, selling and distribution.

Leased Assets

Tangible fixed assets acquired under finance leases are included in the balance sheet at their equivalent capital value and are depreciated over the shorter of the lease term and their useful lives. The corresponding liabilities are recorded as a creditor and the interest element of the finance lease rentals is charged to the profit and loss account on an annuity basis. Operating lease rentals are charged to the profit and loss account on a straight line basis over the lease term.

Taxation

The charge for taxation is based on profit for the year. Deferred taxation is calculated on the differences between the company's taxable profits and the results as stated in the statutory financial statements that arise from the inclusion of gains and losses in tax assessments in periods different from those in which they are recognised in the financial statements. The full deferred tax effect is recognised on differences between amounts funded and amounts charged to the profit and loss in relation to pensions and other post retirement benefits. Discounting is used in calculating deferred tax.

Electrical Contracting Limited

Notes to the financial statements for the year ended 31 December 2014

Retirement Benefits

Retirement benefits are met by payments to a defined contribution pension fund. Contributions are charged to the profit and loss in the year in which they fall due.

2. TURNOVER

Turnover represents net sales to customers and excludes Value Added Tax. All turnover derives from activities in the Republic of Ireland. The analysis of turnover by activity is as follows: -

	2014 €	2013 €
Contracting	1,335,376	1,514,463
Retail	<u>165,047</u>	<u>285,965</u>
	<u>1,500,423</u>	<u>1,800,428</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2014 €	2013 €
On bank loans and overdrafts made to the company	7,212	3,700
On loans to the company from group undertakings	-	-
On loans of any other kind made to the company	<u>13,488</u>	<u>4,411</u>
	<u>20,700</u>	<u>8,111</u>

4. TAX ON PROFIT ON ORDINARY ACTIVITIES

i) Analysis of charge in the year

	2014 €	2013 €
<i>Current tax on income of this period:</i>		
Corporation tax	0	0
<i>Adjustments to current tax payable for previous periods:</i>		
<i>Deferred Tax</i>	<u>0</u>	<u>0</u>
<i>Factors affecting tax charge for period</i>		
Profit on ordinary activities before tax	0	0

ELECTRICAL CONTRACTING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2014

Profit on ordinary activities multiplied by
the standard rate of corporation tax in Ireland

Effects of:

Expenses not deductible for tax purposes

Utilisation of losses

Capital allowances for period in excess of
depreciation rate

Current tax charge for year

5. THE PROFIT BEFORE TAXATION WAS ARRIVED AT AFTER CHARGING

	2014 €	2013 €
Depreciation:		
Owned tangible fixed assets	40,319	35,901
Leased assets	3,750	-

6. DIRECTORS REMUNERATION AND TRANSACTIONS

	2014 €	2013 €
Salary	70,000	60,000
Retirement Benefit contributions	20,000	10,000
	<u>90,000</u>	<u>70,000</u>

Directors loans

	James Hogan	Daniel O'Shea
Rate of Interest	0%	0%
Opening balance	12,500	12,500
Advances to directors	5,000	
Amounts repaid		(5,000)
Closing balance	<u>17,500</u>	<u>7,500</u>
Maximum amount outstanding during the year	17,500	12,500

These loans are repayable on demand.

ELECTRICAL CONTRACTING LIMITED

Notes to the financial statements for the year ended 31 December 2014

7. STAFF NUMBERS AND COSTS

	2014 €	2013 €
The average number of employees was as follows		
Administration	2	3
Distribution	3	3
Production	28	30
	<u>33</u>	<u>36</u>

These numbers include executive directors.

The aggregate payroll costs of these employees were as follows:

	2014 €	2013 €
Wages & Salaries	624,102	659,388
Social Welfare costs	<u>64,288</u>	<u>69,496</u>
	<u>688,390</u>	<u>728,884</u>

8. TANGIBLE FIXED ASSETS

	Land & Buildings €	Machinery & Equipment €	Motor Vehicles €	Office Equipment €	Total €
<u>Costs</u>					
At beginning of year	250,000	203,966	83,000	26,810	563,776
Additions in year	-	73,650	30,000	5,300	108,950
Disposals in year	-	(17,505)	(15,600)	(1,650)	(34,755)
At end of year	<u>250,000</u>	<u>260,111</u>	<u>97,400</u>	<u>30,460</u>	<u>637,971</u>
<u>Depreciation</u>					
At beginning of year	75,000	132,263	76,320	25,940	309,523
Charge for year	5,000	27,846	9,340	1,883	44,069
Eliminated on disposals	-	(17,327)	(15,600)	(1,650)	(34,577)
At end of year	<u>80,000</u>	<u>142,782</u>	<u>70,060</u>	<u>26,173</u>	<u>319,015</u>
<u>Net book value</u>					
At 31 December 2014	<u>170,000</u>	<u>117,329</u>	<u>27,340</u>	<u>4,287</u>	<u>318,956</u>
At 31 December 2013	<u>175,000</u>	<u>71,703</u>	<u>6,680</u>	<u>870</u>	<u>254,253</u>

ELECTRICAL CONTRACTING LIMITED
Notes to the financial statements
for the year ended 31 December 2014

Included in machinery & equipment is €25,000 in respect of assets held under finance lease and depreciation on that asset amounted to €3,750.

<i>In respect of prior year</i>	Land & Buildings	Machinery & Equipment	Motor Vehicles	Office Equipment	Total
	€	€	€	€	€
<u>Costs</u>					
At beginning of year					
Additions in year					
Disposals in year					
At end of year					
<u>Depreciation</u>					
At beginning of year					
Charge for year					
Eliminated on disposals					
At end of year					
<u>Net book value</u>					
At 31 December 2013	175,000	71,703	6,680	870	254,253
At 31 December 2012					

9. FINANCIAL FIXED ASSETS

(Details disclosed to include comparatives for movement in previous year)

	2014	2013
	€	€
Shares in subsidiary undertakings	40,000	40,000
Other investments other than loans	<u>9,800</u>	<u>69,560</u>
	<u>49,800</u>	<u>109,560</u>

Subsidiary undertakings

Name	Country of incorporation	Details of investments	Proportion held by company	Registered office	Principle activity
Electrical Manufacturing Ltd	Ireland	50,000 €1 ordinary shares	100%	City Business Park, Dublin 24.	Manufacture of electrical components

ELECTRICAL CONTRACTING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

The capital and reserves and profit of the subsidiary was as follows:

	2014	2013
	€	€
Profit	29,632	11,562
Capital & Reserves	167,532	75,896

In the opinion of the directors the shares in the company's subsidiary are worth at least the amounts at which they are stated in the balance sheet.

Other Investments

	Listed
<u>Cost</u>	
At beginning of year	69,560
Purchased during the year	-
At the end of the year	<u>69,560</u>

The listed investments are listed on a recognised Stock Exchange. The market value of the investment was €9,800. If sold, there would be no tax liability. The listed investments were written down during the year and €59,760 was charged to the profit and loss account.

10. STOCKS

	2014	2013
	€	€
Stock of materials on hand	99,256	105,023
Work in progress	<u>24,500</u>	<u>32,650</u>
	<u>123,756</u>	<u>137,673</u>

In the opinion of the directors there are no material differences between the replacement cost of stock and the balance sheet amounts.

11. DEBTORS

	2014	2013
	€	€
Trade debtors	386,632	329,485
Directors' Loans (see note 6)	25,000	25,000
Prepayments	5,978	4,817
Loan to parent undertaking (Note 18)	<u>53,160</u>	<u>58,566</u>
	<u>470,770</u>	<u>417,868</u>

ELECTRICAL CONTRACTING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

12. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2014	2013
	€	€
Trade creditors	152,870	159,456
Amounts owed to subsidiary undertaking (note 18)	205,871	190,000
Accruals	16,332	15,639
Deferred Income		
PAYE/PRSI	7,396	6,398
VAT	5,604	6,202
CT	-	2,650
Bank overdraft	45,631	-
Finance lease	<u>5,555</u>	<u>-</u>
	<u>439,259</u>	<u>380,345</u>

During the year certain stocks were purchased subject to a reservation of title. These have been accounted for as normal purchases. It is estimated that the amount due at the year end to creditors protected by reservation of title is €XX (2013: €YY).

13. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2014	2013
Net obligations under finance leases And hire purchase contracts:		
Repayable between 1 and 2 years	9,654	-
Repayable between 2 and 5 years	6,106	-
After 5 years	<u>36,841</u>	<u>25,000</u>
	<u>52,601</u>	<u>25,000</u>
	€	€

14. DETAILS OF BORROWINGS

	Within 1 year	Between n 1 & 2 years	Between n 2 & 5 years	After 5 years	Total
	€	€	€	€	€
<u>Repayable other than by instalments</u>					
Bank Overdrafts	45,631	-	-	-	45,631
<u>Repayable by instalments</u>					
Obligations under finance leases	5,555	9,654	7,947	-	23,156
	<u>51,186</u>	<u>9,654</u>	<u>7,947</u>	<u>-</u>	<u>68,787</u>

ELECTRICAL CONTRACTING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

15. CALLED UP SHARE CAPITAL

	2014	2013
100,000 ordinary shares of €1 each		
Authorised	100,000	100,000
Allotted, called up and fully paid 2 ordinary shares of €1 each	2	2

16. RESERVES AND DIVIDENDS

(Details disclosed to include comparatives for movement in previous year)

Retained profit at beginning of year	556,114
Loss for the year	<u>(84,168)</u>
Retained profit at end of year	<u>471,946</u>

17. GOING CONCERN

The company has made losses in the current and prior year and is heavily dependent on a bank overdraft for working capital. The bank has not confirmed that this facility will be renewed in the future however there is no evidence to suggest that the facility will be withdrawn. The company's parent company, Electrical Services Limited have confirmed that it is willing to provide financial support to the company for the foreseeable future sufficient to allow the company to continue as a going concern. Therefore the directors have deemed it appropriate to prepare the statutory financial statements on a going concern basis.

18. RELATED PARTY TRANSACTIONS

Electrical Contracting Limited holds 100% of the share capital of Electrical Manufacturing Limited. During the year Electrical Manufacturing Limited supplied Electrical Contracting Limited with goods to the value of €897,657 in the normal course of business. The balance due to Electrical Manufacturing Limited is €205,871 and is shown separately in creditors due within one year.

Details of loans to the directors are disclosed in note 6. In addition during the year the company provided electrical contracting services to a company called Treacy Trading Limited. James Hogan who is a director of the company is also a director of Treacy Trading Limited. The cost of the services was €17,965 and was provided at arms length prices. Treacy Trading Limited has a balance due to the company of €3,265 at the year-end and is included in trade debtors.

Electrical Contracting Limited advanced Electrical Services Limited, its parent company, €7,500 during the course of the year. Electrical Services Limited repaid €12,906 during the year. The balance on its loan account at the year-end was €53,160 and is included in debtors.

ELECTRICAL CONTRACTING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2014

19. ULTIMATE HOLDING COMPANY

The company is a wholly owned subsidiary of Electrical Services Limited a company registered in the Republic of Ireland.

20. APB Ethical Standard – Provisions Available for Small Entities

In common with many other businesses of our size and nature we use our auditors to prepare and submit returns to the Revenue Commissioners and assist with the preparation of the financial statements.

21. APPROVAL OF THE FINANCIAL STATEMENTS

The directors approved the statutory financial statements on the 2nd June, 2015.