Company number: 3626335

FIELD SYSTEMS DESIGNS HOLDINGS PLC

GROUP FINANCIAL STATEMENTS

31 MAY 2014

DIRECTORS AND OFFICERS

DIRECTORS

D K Bird	Chairman
P J Haines	
D F Lower	
B D Smith	
R M Hunter	
N M Billings	
M H Engler	Non-executive

SECRETARY

B D Smith

REGISTERED OFFICE

Spring Court
Station Road
Dorking
Surrey
RH4 1EB

AUDITOR

Mazars LLP
Chartered Accountants
& Statutory Auditor
Times House
Throwley Way
Sutton
SM1 4JQ

BANKERS

HSBC Bank Plc
168 High Street
Guildford
Surrey
GU1 3YU

CHAIRMAN'S STATEMENT

I am pleased to announce the results of Field Systems Designs Holdings plc for the year ended 31 May 2014. Our industries remain tough; it has been some achievement to remain profitable and so these results reflect solid performance in this difficult operating climate.

The Water Industry's fifth 5-year build and refurbishment Asset Management Programme (AMP5) running to April 2015 has driven volume in the water sector in the current year but is now starting to see a decline.

The group's move to diversify into new industries has proved challenging, particularly with International customers given their demanding contractual requirements, and even in those industries where there is proven experience such as the water industry, we have met with more than the usual number of pressures on pricing and valuation.

Nevertheless the group continues to promote its recognised position in the Water Industry, where it has established a strong reputation in delivering complex solutions on target, and also to place more focus on the renewables markets as it builds on its considerable prior experience and with a specialist team geared up to deliver in this arena.

The pursuance of joint Mechanical and Electrical (M&E) contracts continues with the benefit of an in-house mechanical fabrication and erection capability which gives the group control over its programme commitments.

The group remains very cautious about the outlook for performance in 2014/2015, given the current economic climate, but it is still well-positioned with a good opening order book and robust cash position to maximise the benefits from future opportunities.

D K Bird
Chairman

23 October 2014

OPERATIONAL PERFORMANCE

The group achieved a turnover of £12million for the year to 31 May 2014, a drop from last year, reflecting the slow-down of work in the Water Industry as the end of AMP5 approaches.

Turnover was generated as follows:	**2014**	**2013**
	£	**£**
Water and Sewerage	10,089,156	11,502,745
Power generation and Energy from Waste	949,060	955,280
Rail, Transport and Tunnels	306,157	31,502
Building services, Maintenance, Security, Instrumentation, Controls and Automation	631,642	1,101,616
	11,976,015	13,591,143

Gross profit margins improved very marginally in the year ended 31 May 2014 to 8.6% up from 8.5% last year. Nevertheless gross margins are considerably less than budget as downward pressure on gross profits remains as projects from the Water Industry continue with their associated difficulties in recovering value from additional works as the Water Utilities and their Tier One contractors continue to focus on cost following their OFWAT determination.

The group achieved a fair operating profit for the year of £187,188 (2013: £178,198).

In view of the economic climate the directors are pleased to report a solid Group profit after tax of £135,278 for the year ended 31 May 2014 (2013: £124,498)

BUSINESS REVIEW

The Field Systems Designs Group (FSD) focuses on delivering specialist mechanical and electrical design and installation works.

Water

Sales volumes were again dominated by the Water Industry where 84% of turnover in 2014 was derived (2013: 85%). The AMP5 spend in England continued strongly during the year, but is now declining; water-related works emanated from large-scale treatment works, multi-centre projects, from specialist works on pumping stations and on continued Ultra-Violet water analysis.

The company completed the high profile electrical installation for the new Peacehaven sewage works for Southern Water and its delivery partner 4D - a consortium of Costain, MWH and Veolia Water.

BUSINESS REVIEW (continued)

Power

In the Power sector 8% of turnover in 2014 was derived (2013: 7%). FSD won new work in the Energy from Waste (EfW) sector where the company continues to build on its success at the Riverside facility in London. There were also numerous works on generators and CHP (combined heat power) units providing both instrumentation, electrical engineering and installation services.

Other projects included outage works at Hartlepool Nuclear Power Station and collaborative works as part of its CAF Consortium on Ferrybridge Energy from Waste Plant.

Building services, Maintenance, Security, Instrumentation, Controls and Automation

FSD Electrical Services (FSDe) continues to focus on delivering commercial electrical installation services in the commercial, security, water and rail sectors, building its reputation by offering its growing customer base quality, timeliness and value for money.

The expansion of the range of services to include lighting, power distribution, fire alarm and security systems helped to improve turnover during the year. The improvement in financial management of projects also led to better project recoveries. Ne ertheless turnover has not yet reached a level at which the company is profitable.

FSDe has therefore added a property fit-out specialist to its team and it is expected that this will boost turnover over the next 12 months to a level where the company can return to profit.

Mechanical fabrication and installation

This year the Group continued to take on Mechanical and Electrical (M&E) installation contracts with its mechanical subsidiary FSD Mech. The company continued to build up its client base and its reputation for quality fabrication and installation services.

There were some major pipework fabrication contracts undertaken during the year for projects in the Water industry. The AMP5 spend in England released works to the FSD Group such as water treatment works, pumping stations and Ultra-Violet water analysis.

FSD Mech supported its fellow electrical subsidiaries with mechanical works for mutual customers and enhanced the growing reputation of the Group for delivery of joint Mechanical & Electrical works providing quality, timeliness and value for money.

There was also a small but growing exposure to projects outside of water making good use of the fabrication facility to provide mechanical products and pipework.

PRINCIPAL RISKS AND UNCERTAINTIES

The board regularly undertakes a review of business risks and uncertainties confronting the Group and evaluates the significant project risks affecting its business.

The following issues are the principal risks and uncertainties faced by the Group.

Economic
The Group's business may be affected by market forces beyond its control, as in a downturn all competing companies operating in the same industry sectors will be impacted by economic and political change that will alter the volume and value of available work.

The Group is heavily reliant on the Water industry and its business is affected by the cyclical nature of the UK market caused by the 5-year Asset Management Programmes (AMPs) governed by OFWAT. At the beginning and the end of each AMP the water industry suffers a downturn as all competing companies operating in this industry are chasing a reduced volume of available work. The Group mitigates these uncertainties by continually monitoring changes in its market sector, by focusing its sales efforts on non-water industry work flows and reviewing regularly forecasted sales opportunities to ensure that adequate sales volumes can be secured.

Skilled personnel
The Group is dependent on the quality, attention and diligence of its personnel across the full spectrum of its skill disciplines. The Group's successful ability to attract, retain, train and motivate its skilled management and personnel will be reflected by business growth, profitability and a reputation for quality work. The Group offers 'added-value' to its customers by offering a superior quality of project management, engineering and supervisory resource to complement its installation services. It is this wealth of knowledge and experience that sets FSD aside from its competition.

The board reviews personnel issues on a monthly basis and the SHEQ manager ensures there is investment in training programmes for site and management to broaden the competence, knowledge and experience of its employees.

Health and safety
The Group demands effective and successful management of health and safety risks by its supply-chain and similar demands are rightly made by its own customer base. Constant vigilance is paramount and any accident can have serious consequences. In mitigation the commitment to enforcing safe working and adherence to regulation is strong at Board level and flows through the organisation through qualified specialists, continual instruction and training. The Group is extremely aware of the potential for an 'incident' to damage the Group and gives constant attention to ensuring that this risk is kept to a minimum. The Board, supported by a highly qualified health and safety specialist, endorses the importance of vigilant health and safety practices.

PRINCIPAL RISKS AND UNCERTAINTIES (continued)

Long term contracts – bidding
The majority of Group turnover is from fixed price contracts. By definition failure to adequately assess from client's specifications the full scope of works, the correct pricing of that work and the time required to complete the work may have serious ramifications on profitability. There are specific risk management procedures in place to ensure that prices estimated for fixed price contracts are accurate and to ensure the correct costing of successful bids as the work progresses. The Tender Approval Procedure (TAP) is a key risk management tool used to minimise these risks. The TAP completion process identifies tender project risks, assesses the probability of their occurrence, their impact if they do occur and actions necessary to manage them down to an acceptable level. This procedure is used to ensure that commercial and contractual risks are monitored and managed by the board.

Long term contracts – costing
Fixed price contracts may also be subject to cost and time overruns, and the costs of additional work undertaken on variations may not be properly measured or fully recovered from the customer. The Project Summary Report (PSR) is a key risk management tool used to minimise these risks. The PSR completion process quantifies the value of project work undertaken after successful contract award, reviews the potential commercial risks and highlights any safety, technical, operational and environmental risks. This tool is used to ensure that commercial and contractual risks are monitored and managed by the board.

Competitiveness
The Group has a leading market position in sectors such as the Water Industry, and has also penetrated other sectors such as the rail industry, power industry and Energy from Waste market to ensure a constant pipeline of enquiries. Nevertheless in an increasingly competitive environment and with cyclical volumes, accurate and competitive pricing is key to a successful contract award. The board constantly monitors the competitiveness of its cost base to ensure that its pricing remains competitive. Regular benchmarking and framework submissions also assist this process of review.

Cash flow
The Group has a strong balance sheet and access to additional debt funding, and trades comfortably within its current working capital. Customers may require additional project work to be undertaken and the Group may be required to fund this work for a period of time until the additional costs can be formally approved and funds received. The Group may also experience an increase in the level of credit given to customers as a consequence of a change in their financial status or payment systems. In such circumstances there are short-term cash-flow consequences which are managed carefully by the finance department and any consequences mitigated.

KEY PERFORMANCE INDICATORS (KPI's)

The board uses both financial and non-financial (operational) performance indicators in the analysis and management of the business. The indicators relate both to financial and contractual performance and to other non-financial areas, including but not limited to, employees, health and safety, quality assurance, customer satisfaction and the environment.

KPI's are used by the management to run and monitor the business and many of the trends and results provide information which is commercially sensitive or is confidential in nature.

Financial

The main financial KPI used by the board is the measure of gross profit margin (being the gross project contribution as a percentage of turnover), as overheads can largely be controlled in line with budget, however margins on contractual activity are key to annual profitability.

An overall target margin is set annually in advance after review of overhead structure and subsequently represents the average bid margin used in pricing projects. It is designed to cover Group overheads plus an element of profit. The gross profit margin used in the annual budgeting process is used to benchmark monthly performance and provides for a degree of margin erosion due to difficulties in fully recovering the value of additional works requested by customers. This varies according to market conditions.

The actual margin experience is reflected in the reported results and came under pressure during 2014 as although gross profit margins improved very marginally in the year to 8.6%, up from 8.5% last year, these margins were less than budget as downward pressure on gross profits remains as projects from the Water Industry continue to experience difficulties in recovering value from additional works. The move to a greater number of projects in the Water Industry led to falling margins as typically recovering costs for extra works is extremely difficult.

Non-financial

The Board measures customer satisfaction using an independent on-line survey assessment. A rolling 12 month record is kept of customer feedback on project completion with charitable donations used to encourage participation. Customers are asked to complete answers to a number of questions regarding Group performance including such areas as the focus on Safety and the Environment, completion of site work to programme, contract financial management and standard of workmanship.

The responses are used by the board as an independent confirmation of Group performance levels and negative feedback is vigorously followed up and improvement measures implemented. The overall responses have been very good during the year.

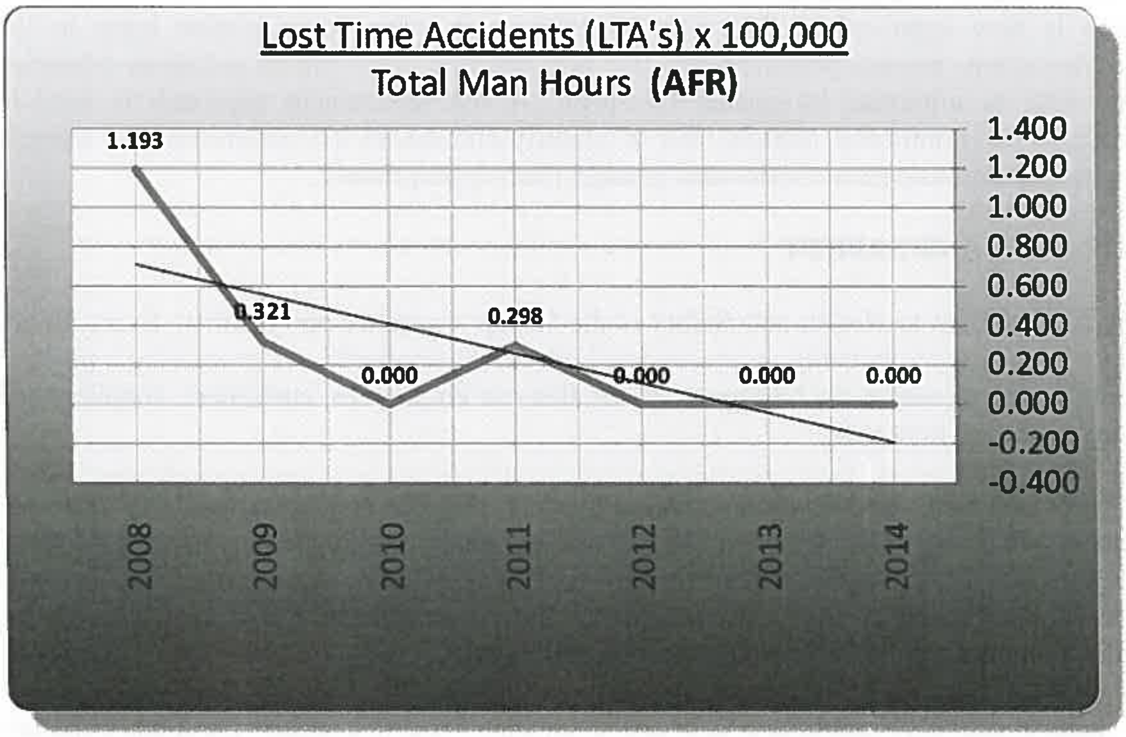
KEY PERFORMANCE INDICATORS (KPI's) (continued)

The ongoing independent assessments of the Group's Safety, Quality and Environmental Standards are key to it maintaining the efficiency of its operational performance and adherence to high levels of site safety and environmental awareness.

The Group is approved to the Quality Management Standard ISO 9001:2008, has an environmental management system approved to ISO 14001:2004, and a safety management system based on OHSAS 18001:2007. Achilles UVDB, the Utilities Sector procurement performance assessor, regularly review the Group's processes for managing and installing electrical services, as well as its fault resolution procedures. The results of the 2013 Achilles audit were again excellent, reflecting high scores for both management systems and site evaluation, in the assessed areas of health & safety, environment and quality.

The Group board has both corporate and personal responsibility to ensure that its operations are managed in a safe and environmentally controlled manner. In common with its industry the Group measures its record on Health & Safety using an annual Accident Frequency Rate (AFR) chart.

The Group targets a year on year decline in the AFR, shown below, which charts the number of lost time accidents per 100,000 man hours worked.



The Group AFR (Accident Frequency Rate) is currently zero.

QUALITY ASSURANCE

FSD Group is approved to the Quality Management Standard BS EN ISO 9001:2008. The British Standards Institute (BSI) and Achilles, the Utilities Sector procurement performance assessor, regularly review the company's processes for managing and installing electrical services, as well as its fault resolution procedures. Recent assessments have again been successfully completed with excellent results from the UVDB Verify audits.

The Group is committed to a strategy that provides its clients with a high-quality service that conforms to the client's requirements. This strategy includes a strong management commitment to quality, the recruitment and retention of high calibre, experienced and well-trained staff, properly documented procedures, processes and controls, and compliance with all regulatory and legal requirements.

Quality Audits continue to be carried out across company sites on a regular basis to ensure compliance and to improve the company's activities. The annual management review meeting assesses the Group's performance against targets and sets new targets.

ENVIRONMENT

FSD Group has an environmental management system approved to the international environment standard, ISO 14001:2004. The BSI and Achilles regularly review the Group's processes for managing its impact on the environment. The Group has achieved its CEMARS (Certified Emissions Measurement and Reduction Scheme) accreditation and is now approved to ISO 14064-1:2006 as it strives to minimise harm to the environment, prevent pollution and use best practice environment solutions wherever possible to minimise its carbon foot-print. A risk assessment approach is used to manage environmental matters, and to identify and assess key environmental hazards arising from business activities and manage them appropriately.

HEALTH AND SAFETY

A commitment to Health and Safety is the Group's number one priority. Every Board meeting starts by focusing on preserving high safety standards and promoting a positive safety culture within the Group, to ensure that our employees, customers, suppliers and the public are kept safe.

FSD Group has a safety management system implemented across all sites that has successfully been reapproved to the Health and Safety Management System BS OHSAS 18001:2007, (the internationally recognised standard for management of occupational health and safety risks). The company achieved a ROSPA (Royal Society for the Prevention of Accidents) Gold Medal award this year.

There is a strong commitment at Board level, supported by a highly qualified health and safety specialist, which endorses the importance of vigilant health and safety practices and the investment in training for site and management to broaden the competence, knowledge and experience of its employees. This is supported by expert guidance provided by the EEF, ECA and CITB. The Group continues to establish safety initiatives and objectives and these are currently on target with a good safety record.

EMPLOYEES

Group employee numbers have fallen slightly from an average of 96 in 2013 to 94 in 2014 reflecting a different mix of work during the year.

We are pleased to place on record the appreciation of the efforts and support given to the Group by its employees, who continue to make a significant contribution to the Group.

PENSIONS

The Group's pension deficit as at 31 May 2014 was £265,600 net of deferred tax, an increase of 8% from £246,400 as at 31 May 2013. This is derived from the Group's most recent FRS17 actuarial review and reflects market conditions as at 31 May 2014.

CORPORATE RESPONSIBILITY

The Group recognises its responsibilities to the people it employs, its customers and suppliers, its shareholders, the wider community and to the environment. We are a well-managed, responsible and ethical company and are determined to be widely recognised for our quality of installation, the skills of our people and the seriousness with which we take our corporate responsibilities.

OUTLOOK

The Group entered the new financial year with an opening order book of £4.1 million (2013: £5.5 million).

The Group is in the main reliant on the fortunes of the Water Industry and it is from this industry that the majority of turnover is derived.

The current AMP5 (Asset Management Programme), runs for five years to April 2015; it was slow to start, has progressed strongly over the last three years and is now in decline. Industry investment has traditionally declined in the last and first years of the five year regulatory period, which is why FSD's sales effort remains committed to industries outside of water and towards new technology sectors such as Energy from Waste and Gasification.

OFWAT (the water industry regulator) has published details of the methodology it intends to use to assess water companies' business plans for AMP6, which starts in 2015. The methodology relates to water supply and sewerage in England and Wales and makes it clear that the water industry's emphasis is shifting from the previous need to meet European Union water quality legislation to focusing on value for money for customers.

OFWAT requires that water companies should focus on long term outcomes, to encourage innovative ways of working that will deliver services for less money, and with less impact on the environment.

OUTLOOK (Continued)

This shift in emphasis is leading to water companies looking for different skill sets from their supply chains with expertise that will help them make more of existing assets. Many have already started their Framework processes by appointing delivery teams in preparation for a rapid start when OFWAT signs off their funding.

FSD is prepared for this change in approach and longer-term thinking. FSD has the quality and environmental credentials plus the engineering team to ensure that it can offer early involvement in decision making processes and innovative design to consider asset-life-cost implications and more efficient solutions.

FSD has started the prequalification processes to secure its position on frameworks and strategic alliances with the water process companies.

The Group now offers a turn-key solution with Mechanical and Electrical (M&E) capabilities using joint venture alliances and other working arrangements with like-minded quality partners to offer a full delivery package and enhance its position in the sector.

The Group continues to enhance its personnel's capabilities through appropriate training to ensure the continued quality of service and maintain the depth of its experience. Accordingly FSD can offer an added-value service to the rail, underground, power, water, waste and tunnelling sectors and differentiate itself from its competition.

The Group has improved its specialised engineering techniques by further investment this year and the efficiencies this gives have helped the Group to offer an enhanced design resource to supplement its installation capabilities.

The Board continues to react to customer demands and keep standards high, whilst creating operational efficiencies to best position the business for the tougher trading conditions ahead.

P. J. Hinnings

Director

23 October 2014

DIRECTORS' REPORT

The directors submit their report and the Group financial statements of Field Systems Designs Holdings plc for the year ended 31 May 2014.

PRINCIPAL ACTIVITIES

The principal activity of the company is investment holding.

The principal activities of the subsidiaries during the year were the design, project management, supply, installation, commissioning, servicing and maintenance of mechanical and electrical projects, including High Voltage (HV) and Low Voltage (LV) cabling with associated cable management systems, controls, instrumentation, pipework, steelwork and building services primarily in the power, water, rail, commercial, security and transport industries.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The Group achieved a turnover of £12 million for the year to 31 May 2014, a reduction since last year.

A detailed review of the Group's activities during the year and of its prospects is contained within the Chairman's Statement and the Strategic Report.

RESULTS AND DIVIDENDS

The consolidated profit for the year after taxation before minority interests was £135,278 (2013: £124,498).

The directors do not recommend the payment of a dividend.

DIRECTORS

The following directors served throughout the year:

D K Bird (Non-executive)
M H Engler (Non-executive)
P J Haines
D F Lower
B D Smith
R M Hunter
N Billings

The directors are not required to retire by rotation. The directors' interests in shares are disclosed in note 6 to the financial statements.

ORDINARY SHARES

The company's shares have been quoted since December 1998 on the ISDX Growth Market (previously known as the PLUS trading platform) run by ICAP Securities & Derivatives Exchange and have been quoted with a mid-price of 19.5p during the year, ending the year at 20.5p.

FINANCIAL INSTRUMENTS

The Group's financial instruments consist primarily of short term debtors, creditors, cash and very occasionally certain derivatives used for hedging. The directors regularly review the Group's cash position to ensure effective cash management. The directors believe this policy effectively manages the Group's price, credit, liquidity and cash flow risk. Derivative financial instruments are used in order to manage risks arising in foreign exchange rates and to hedge the exposure of the Group to changes in the costs of a known asset or liability, such as copper, and are matched when the hedging instrument expires or is sold. No derivatives have been used during the current year..

CHARITABLE AND POLITICAL DONATIONS

The Group made no political donations but made donations to charitable institutions amounting to £3,600 during the year (2013: £700). The Group undertakes a number of initiatives to generate charitable donations including donations to encourage feedback from customers on tender proposals and anonymous feedback from site on safety issues. The Group generally supports the Rainbow Trust, a local children's charity that provides practical and emotional support to families who have a child with a life threatening or terminal illness.

RESEARCH AND DEVELOPMENT

The Group is involved in research and development in promoting and developing new ideas designed to improve the efficiency and effectiveness of the business. The Group's engineers and technical staff, supported by external computer programming specialists, develop and deliver technical advances, processes and innovations in order to achieve pragmatic solutions to issues experienced in providing the various services offered by the Group. Investment in specialised engineering software has led to products being developed that enable the Group to offer an enhanced design resource to supplement its installation capabilities.

MATTERS COVERED IN THE STRATEGIC REPORT

Information regarding the business review, principal risks and uncertainties and key performance indicators have been disclosed within the strategic report.

AUDITOR

Grant Thornton resigned as auditors on 13 March 2014 in accordance with section 516 of the Companies Act 2006 and Mazars LLP were then appointed by the directors. A resolution to confirm the appointment of Mazars LLP will be put to the members at the annual general meeting.

On behalf of the board

P. J. Hawkey

Director
23 October 2014

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and Applicable Laws). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs and profit or loss of the company and Group for that period.

In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments and estimates that are reasonable and prudent;
- state whether applicable UK accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; 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 adequate accounting records that are sufficient to show and explain the Group's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

The directors confirm that:

- so far as each director is aware there is no relevant audit information of which the company's auditor is unaware; and
- the directors have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

P J HAINES

Director

23 October 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIELD SYSTEMS DESIGNS HOLDINGS PLC

We have audited the financial statements of Field Systems Designs Holdings Plc for the year ended 31 May 2014 which comprise the Consolidated Profit and Loss Account, the Consolidated and Parent Company Balance Sheets, the Consolidated Cash Flow Statement, the Consolidated Statement of Total Recognised Gains and Losses and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

Respective responsibilities of directors and auditor

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view.

Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors. This report is made solely to the company's members as a body in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor's 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.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Financial Reporting Council's web-site at www.frc.org.uk/auditscopeukprivate.

Opinion on the financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the Group's and the parent company's affairs as at 31 May 2014 and of the Group's profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Strategic Report and Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIELD SYSTEMS DESIGNS HOLDINGS PLC (continued)

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Robert Neate (Senior Statutory Auditor)
for and on behalf of Mazars LLP
Chartered Accountants and Statutory Auditor
Times House
Throwley Way
Sutton
SM1 4JQ

30 October 2014

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for the year ended 31 May 2014

	Notes	2014 £	2013 £
TURNOVER	1	11,976,015	13,591,143
Cost of sales		(10,949,190)	(12,435,990)
GROSS PROFIT		1,026,825	1,155,153
Net operating expenses	2	(839,637)	(976,955)
OPERATING PROFIT		187,188	178,198
Interest receivable	3	594	3,424
Interest payable	4	(30,498)	(43,651)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5	157,284	137,971
Taxation	7	(22,006)	(13,473)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	135,278	124,498
Minority interest	18	-	8,660
PROFIT FOR THE YEAR		135,278	133,158
EARNINGS PER SHARE			
Basic	16	2.5p	2.5p
Diluted	16	2.5p	2.5p

All operations are continuing.
The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 May 2014

	Notes	2014 £	2013 £
Profit for the year	18	135,278	133,158
Actuarial losses on defined benefit pension scheme	22	(91,000)	(35,000)
Deferred tax movement on actuarial losses	22	18,200	7,000
		(72,800)	(28,000)
Total recognised gains for the year	19	62,478	105,158

The accompanying accounting policies and notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET
As at 31 May 2014

	Notes	2014 £	2013 £
FIXED ASSETS			
Intangible assets	8	-	13,328
Tangible assets	9	1,706,957	1,818,864
		1,706,957	1,832,192
CURRENT ASSETS			
Stock – raw materials		31,054	30,174
Debtors	11	2,755,840	3,941,367
Cash at bank and in hand		916,723	923,279
		3,703,617	4,894,820
CREDITORS			
Amounts falling due within one year	12	2,842,353	4,228,968
NET CURRENT ASSETS		861,264	665,852
TOTAL ASSETS LESS CURRENT LIABILITIES		2,568,221	2,498,044
CREDITORS			
Amounts falling due after more than one year	12	24,939	36,440
PROVISIONS FOR LIABILITIES			
Pension obligations	22	265,600	246,400
Deferred tax	13	-	-
NET ASSETS		2,277,682	2,215,204
CAPITAL AND RESERVES			
Share capital	15	569,250	569,250
Share premium account	18	158,750	158,750
Other reserves	18	370,033	370,033
Profit and loss account	18	1,179,649	1,117,171
SHAREHOLDERS' FUNDS	19	2,277,682	2,215,204
Minority interests		-	-
		2,277,682	2,215,204

Approved and authorised for issue on 23 October 2014 by:-

R. J. Hamer ....Director

....Director D. F Lowe

The accompanying accounting policies and notes form part of these financial statements.

COMPANY BALANCE SHEET
As at 31 May 2014

	Notes	2014	2013
		£	£
FIXED ASSETS			
Tangible assets	9	1,573,108	1,624,964
Investments	10	478,185	478,185
		2,051,293	2,103,149
CURRENT ASSETS			
Debtors	11	219,321	335,494
Cash at bank and in hand		32,054	32,081
		251,375	367,575
CREDITORS			
Amounts falling due within one year	12	74,258	14,796
NET CURRENT ASSETS		177,117	352,779
TOTAL ASSETS LESS CURRENT LIABILITIES		2,228,410	2,455,928
CREDITORS			
Amounts falling due after one year	12	1,578,772	1,656,657
NET ASSETS		649,638	799,271
CAPITAL AND RESERVES			
Share capital	15	569,250	569,250
Share premium account	18	158,750	158,750
Profit and loss account	18	(78,362)	71,271
SHAREHOLDERS' FUNDS		649,638	799,271

Approved and authorised for issue on 23 October 2014 by:-

P. J. HAINES ....Director

....................................Director D. F LOWER

The accompanying accounting policies and notes form part of these financial statements.

Company number: 3626335

CONSOLIDATED CASH FLOW STATEMENT
for the year ended 31 May 2014

	Notes	2014 £	2013 £
NET CASH INFLOW/ (OUTFLOW) FROM OPERATING ACTIVITIES	23	78,413	(349,369)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		594	3,424
Interest paid		(2,498)	(651)
Net cash (outflow)/inflow from returns on investments and servicing of finance		(1,904)	2,773
TAXATION PAID		(36,834)	(67,145)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of fixed assets		(29,892)	(372,226)
Sale of fixed assets		8,334	6,600
Net cash outflow from capital expenditure and financial investment		(21,558)	(365,626)
FINANCING			
Capital element of finance lease payments		(24,673)	(6,353)
Net cash outflow from financing		(24,673)	(6,353)
(DECREASE) IN CASH		(6,556)	(785,720)

The notes to the cashflow statement are contained in notes 23 to 25.

PRINCIPAL ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Companies Act 2006 and applicable UK accounting standards (United Kingdom Generally Accepted Accounting Practice). The Group has taken advantage of the exemption conveyed by S408 Companies Act 2006 and has not presented an individual profit and loss account for the parent company. The principal accounting policies of the Group which are unchanged from the previous year are set out below. The company's (loss)/profit for the year is disclosed in note 18.

GOING CONCERN

The directors have considered cash flow forecasts to October 2015 for the purposes of assessing going concern, and have concluded that there are no material uncertainties regarding the Group's ability to continue trading, the financial statements have been prepared on the going concern basis. These forecasts take into consideration expected revenues and expenditures from existing contracts as well as from new contracts anticipated to be secured by the Group subsequent to the year end. On the basis that t e forecasts show results consistent with performance to date, and given current banking facilities, the directors are of the opinion that the Group will have sufficient cash to fund its operations for a period of at least 12 months following the date of approval of the financial statements.

BASIS OF CONSOLIDATION

Transactions with subsidiary companies have been eliminated on consolidation in the Group accounts. All financial statements are made up to the year ended 31 May 20 4. The consolidated financial statements account for business combinations using acquisition accounting. Accordingly, the identifiable assets and liabilities of companies acquired are included in the consolidated balance sheet at their fair value at the date of acquisition.

TURNOVER

Turnover is the total amount receivable by the Group for goods and services provided, excluding VAT and trade discounts. Turnover is recognised when the goods and services are provided or when the work is certified by the customer, as appropriate.

Revenue from long term contracts is assessed on a contract by contract basis. Turnover is ascertained in a manner appropriate to the stage of completion of each contract, and credit taken for profit earned to date when the outcome of the contract can be assessed with reasonable certainty. The amount by which turnover exceeds payments on account is classified as amounts recoverable on contracts and included in debtors; to the extent that payments on account exceed relevant turnover, the excess is included as a creditor.

Full provision is made for losses on all contracts in the year in which they are first foreseen. Where the outcome of long term contracts cannot be assessed with reasonable certainty before the conclusion of the contract the profit on the contract is recognised on completion.

OTHER INCOME

All rental income received or receivable in respect of property assets available for rental is accounted for on an accruals basis. Income from the rental of these assets is credited to other operating income on a strict time-apportioned basis over the term of the relevant leases.

STOCK

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based upon estimated normal selling price less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow-moving items.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost less depreciation. Depreciation is provided on all tangible fixed assets (except freehold land) at rates calculated to write each asset down to its estimated residual value evenly over its expected useful economic life, as follows:

Plant and machinery	over 3 to 5 years
Freehold buildings	over 50 years

INTANGIBLE ASSETS

Intangible fixed assets (including purchased goodwill) are amortised over 2 years representing the rate calculated to write off the assets over their estimated useful economic lives. Impairment of intangible assets is reviewed where circumstances indicate that the carrying value of an asset may not be fully recoverable.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the Group an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date. Discounting is applied if material.

OPERATING AND FINANCE LEASES

Assets held under finance leases and hire purchase arrangements are capitalised in the balance sheet and depreciated over their estimated useful economic lives. The interest element represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

RETIREMENT BENEFITS

Defined benefit scheme
Scheme assets are measured at fair values. Scheme liabilities are measured on an actuarial basis using the projected unit method and are discounted at appropriate high quality corporate bond rates. The net deficit, adjusted for deferred tax, is presented separately from other net assets on the balance sheet. A net surplus is recognised only to the extent that it is recoverable by the Group. The current service cost and costs from settlements and curtailments are charged against operating profit. Past service costs are spread over the period until the benefit increases vest. Interest on the scheme liabilities and the expected return on scheme assets are included net in other finance costs. Actuarial gains and losses are reported in the statement of total recognised gains and losses.

Defined contribution scheme
Contributions to the Group personal pension plan are charged to the profit and loss account as incurred.

FOREIGN CURRENCY TRANSLATION

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

RESEARCH AND DEVELOPMENT

Research and development costs are directly attributable to specific research and development activities and are written off to the profit and loss account as they are incurred.

EMPLOYEE BENEFIT TRUST

The assets and liabilities of the Employee Benefit Trust (EBT) have been included in the Group accounts. Any assets held by the EBT cease to be recognised on the Group balance sheet when the assets vest unconditionally in identified beneficiaries.

The costs of purchasing own shares held by the EBT are shown as a deduction against shareholders' funds. The proceeds from the sale of own shares held increase shareholders' funds. Neither the purchase nor sale of own shares leads to a gain or loss being recognised in the Group profit and loss account.

SHARE OPTIONS

The company currently operates both an approved share option scheme and an unapproved share option scheme. Charges and related disclosures in respect of FRS20 have not been made as the amounts are immaterial and no options have been exercised.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2014

1. TURNOVER

The Group's turnover was derived from its principal activities in the United Kingdom. The Group operates within a number of key industries, being water, power, rail and transport. Disclosure of turnover by business segment has been made on page 3, no additional disclosure of results and net assets has been made since, in the opinion of the directors, it would be seriously prejudicial to the Group's competitiveness to do so.

2. NET OPERATING EXPENSES

	2014 £	2013 £
Sales and marketing costs	195,638	224,388
Administrative expenses:		
- defined benefit pension cost	13,000	11,000
- other administrative expenses	677,830	788,398
	886,468	1,023,786
Other operating income	(46,831)	(46,831)
	839,637	976,955

3. INTEREST RECEIVABLE

	2014 £	2013 £
Bank interest	594	3,424

4. INTEREST PAYABLE

	2014 £	2013 £
Finance lease interest	2,498	651
Net interest on pension fund liabilities	28,000	43,000
	30,498	43,651

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2014

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

Profit on ordinary activities before taxation is stated after charging/(crediting):

	2014 £	2013 £
Depreciation on owned assets	130,839	136,050
Depreciation on leased assets	24,278	3,570
Amortisation of goodwill	13,328	20,004
Profit on sale of fixed assets	(2,812)	(6,600)
Operating lease rentals on land and buildings		-
Fees payable to Mazars LLP		
Fees payable for the Group audit	2,500	
Fees payable for the subsidiaries' audit	15,500	
Fees payable for taxation services	5,000	
Fees payable to Grant Thornton LLP		
Fees payable for the Group audit – prior year		2,500
Fees payable for the subsidiaries' audit – prior year		15,500
Fees payable for taxation services – prior year		5,500
Expenditure on research and development	-	13,280

6. EMPLOYEES

The average monthly number of persons employed by the Group during the year was:	No.	No.
Operations	80	85
Administration and management	14	11
	94	96

	2014 £	2013 £
Staff costs for the above persons:		
Wages and salaries	4,002,848	4,103,047
Social security costs	450,679	459,755
Other pension costs	323,556	319,011
	4,777,083	4,881,813

6. EMPLOYEES (Continued)

The Group operates a funded pension scheme with defined benefits and also a defined contribution Group personal pension plan. Contributions payable during the year to the defined benefits scheme amounted to £108,000 (2013: £108,000) and contributions payable to the Group personal pension plan amounted to £216,656 (2013: £211,011). Retirement benefits accrued to 5 directors (2013: 5) under the defined contribution scheme and 4 directors under the defined benefit scheme (2013: 4).

	2014 £	2013 £
DIRECTORS' REMUNERATION		
Emoluments for qualifying services	437,021	498,814
Contributions to defined contribution pension	77,894	77,894
HIGHEST PAID DIRECTOR		
Emoluments for qualifying services	99,411	111,693
Contributions to defined contribution pension	18,035	18,035

DIRECTORS' INTERESTS IN SHARES AND OPTIONS

The directors' interests in the shares of the company, including family interests, were as follows:-

Ordinary shares of 10p each

	31 May 2014	1 June 2013
P J Haines	873,332	873,332
D F Lower	873,332	873,332
B D Smith	703,336	703,336
M H Engler	100,000	100,000
R M Hunter	50,000	50,000
N Billings	50,000	50,000

Company share option plan-
Ordinary shares of 10p

	31 May 2014	1 June 2013
D K Bird	5,250	5,250
P J Haines	5,250	5,250
D F Lower	5,250	5,250
B D Smith	5,250	5,250
R M Hunter	5,250	5,250
N Billings	5,250	5,250

The directors were granted 31,500 options on 4 January 2000 under the unapproved company scheme mostly at a strike price of 10p per share which have been exercisable since 4 January 2003. No options have been exercised to date.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2014

7. TAXATION

	2014	2013
	£	£
Based on the profit of the year:		
UK Corporation tax at 24% (2013:25%)	24,000	54,472
Prior year tax	(15,394)	(11,199)
	8,606	43,273
Deferred tax at 23% (2013: 21%)	-	(19,000)
FRS17 Deferred tax adjustments (note 20)	13,400	(10,800)
	22,006	13,473
Factors affecting corporation tax charge for the year:-		
Profit on ordinary activities before tax	157,284	137,971
Profit on ordinary activities multiplied by the standard rate of corporation tax of 23% (2013: 25%)	35,800	34,000
Effects of:		
Origination and reversal of timing differences	5,000	14,000
Transactions not chargeable to tax	(16,800)	6,472
Prior year over-provision	(15,394)	(11,199)
	8,606	43,273

8. INTANGIBLE FIXED ASSETS

Group	**Goodwill**
Cost:	£
1 June 2013	40,000
Additions	-
31 May 2014	40,000
Amortisation:	
1 June 2013	26,672
Charge in the year	13,328
31 May 2014	40,000
Net book value:	
31 May 2014	-
31 May 2013	13,328

Arising on the acquisition of Tom Finney Services Limited.

9. TANGIBLE FIXED ASSETS

Group	Freehold Property	Plant and machinery	TOTAL
Cost:	£	£	£
1 June 2013	1,698,165	826,341	2,524,506
Additions	-	48,732	48,732
Disposals	-	(75,466)	(75,466)
31 May 2014	1,698,165	799,607	2,497,772
Depreciation:			
1 June 2013	113,759	591,883	705,642
Charge in the year	33,996	121,121	155,117
Disposals	-	(69,944)	(69,944)
31 May 2014	147,755	643,060	790,815
Net book value:			
31 May 2014	1,550,410	156,547	1,706,957
31 May 2013	1,584,406	234,458	1,818,864

Included within plant and machinery are assets held under finance leases with a net book value of £52,844 (2013:£58,282).

Company	Freehold Property	Plant and machinery	TOTAL
Cost:	£	£	£
1 June 2013	1,698,165	170,370	1,868,535
31 May 2014	1,698,165	170,370	1,868,535
Depreciation:			
1 June 2013	113,759	129,812	243,571
Charge in the year	33,996	17,860	51,856
31 May 2014	147,755	147,672	295,427
Net book value:			
31 May 2014	1,550,410	22,698	1,573,108
Net book value:			
31 May 2013	1,584,406	40,558	1,624,964

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2014

10. FIXED ASSET INVESTMENTS

Subsidiary undertakings	2014 £	2013 £
1 June 2013	478,185	478,085
Additions in year	-	100
31 May 2014	478,185	478,185

The Group and the company hold more than 50% of the equity of the following material undertakings:

Undertaking	Country of incorporation	Class of shares held	Proportion held	Nature of business
Field Systems Designs Ltd	England	Ordinary	100%	Electrical contracting
FSD Electrical Services Ltd	England	Ordinary	85 %	Electrical services
FSD Mech Ltd	England	Ordinary	100%	Mechanical services

11. DEBTORS

	2014 £	2013 £
Group		
Due within one year:		
Trade debtors	2,089,167	3,078,730
Amounts recoverable on contracts	443,084	496,704
Other debtors	23,544	25,810
Prepayments and accrued income	78,146	85,542
	2,633,941	3,686,786
Due after one year:		
Trade debtors	121,899	254,581
	2,755,840	3,941,367
Company		
Due within one year:		
Other debtors	-	1,920
Amount due from subsidiary undertakings	219,321	333,574
	219,321	335,494

12. CREDITORS

Amounts falling due within one year:

	2014 £	2013 £
Group		
Trade creditors	1,294,550	1,955,209
Payments received in advance	307,966	704,238
Corporation tax	24,000	52,228
Other taxation and social security costs	427,515	774,760
Other creditors	572,849	439,170
Accruals and deferred income	190,746	284,304
Obligations under finance leases	24,727	19,059
	2,842,353	4,228,968

The finance leases are secured on the fixed assets to which they relate.

Company

Amounts falling due within one year:

	2014 £	2013 £
Corporation tax	10,000	-
Other creditors	64,258	14,796
	74,258	14,796

CREDITORS

Amounts falling due after more than one year:

	2014 £	2013 £
Group		
Obligations under finance leases	24,939	36,440
Company		
Amount due to subsidiary undertaking	1,578,772	1,656,657

13. PROVISIONS FOR LIABILITIES

Group	Deferred Tax			
	Recognised		Not recognised	
	2014	2013	2014	2013
	£	£	£	£
Accelerated capital allowances	-	-	-	(2,000)
Other timing differences	-	-	-	-
	-	-	-	(2,000)

Deferred tax

	2014	2013
	£	£
1 June	-	19,000
(Released)/ charged to profit and loss in the year	-	(19,000)
31 May	-	-

14. FINANCIAL INSTRUMENTS

The Group uses financial instruments when required to provide a financing base for the Group's operations. Whilst not required to disclose information regarding financial instruments the directors believe it to be useful. The operating risks arising from financial instruments relate mainly to fluctuating interest rates, liquidity risk and on occasion foreign exchange risk. Derivatives are used to hedge against known commodity price and exchange rate exposures in contractual arrangements secured by the Group. There were no derivatives used during the year ended 31 May 2014.

The Group's financial assets and liabilities comprise cash and cash equivalents, debtors and creditors. The fair values of such financial instruments are not materially different from their book values.

Financial Risks and capital management

The Group finances its operations through a mixture of share capital and reserves and has access to bank borrowings if required. The Group currently has positive cash balances which are used to finance the Group's working capital requirements. The Group seeks to ensure continuity of funding and manage operational cash flows to produce sufficient liquidity to meet foreseeable needs.

Financial Assets and Liabilities

The Group has no financial assets other than debtors which arise from the operations of the Group and cash at bank and in hand.

14. FINANCIAL INSTRUMENTS (Continued)

Interest rate

The directors do not consider that the Group is exposed to material interest rate risk. The Group finances its operations through cash reserves. The cash reserves held by the Group are with a major bank and have negated the need to use significant interest bearing short-term borrowings. The finance lease obligations have fixed interest rates.

Currency risk

The Group conducted some transactions in foreign currencies during the year. The table below shows the extent to which Group companies have monetary assets and liabilities in currencies other than their local currency.

Foreign exchange differences on retranslation of the assets and liabilities are taken to the profit and loss account of the Group.

	2014	2013
	€	€
Group		
Cash balances denominated in euros	12,865	20,101

Maturity

The Group financial assets and liabilities are payable on demand except as disclosed below:

	2014	2013
Group	£	£
Trade debtors -due within 1 year	2,089,167	3,078,730
Trade debtors - due between 2 and 5 years	121,899	254,581
Obligations under finance leases		
- due within 1 year	24,727	19,059
Obligations under finance leases		
- due between 2 and 5 years	24,939	36,440

Finance leases are secured on plant and machinery over periods of 3 years at an interest rate of 4% flat.

Company		
Amounts due to subsidiary undertakings		
due after more than 5 years	1,578,772	1,656,657

There are no material un-drawn committed borrowing facilities.

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2014

15. SHARE CAPITAL	**2014**	**2013**
	£	**£**
Authorised:		
50,000,000 ordinary shares of 10p each	5,000,000	5,000,000
Allotted, issued and fully paid:		
5,692,500 ordinary shares of 10p each	569,250	569,250

16. EARNINGS PER SHARE

The basic earnings per share disclosure on the face of the profit and loss account is calculated using the weighted average number of shares of 5,395,000 (2013: 5,395,000), being the ordinary shares in issue, less shares held by the Field Systems Designs Holdings plc Employee Benefit Trust.

The diluted earnings per share disclosure on the face of the profit and loss account is calculated using the weighted average number of shares of 5,411,885 (2013: 5,411,875) taking into account the dilutive impact of the employee share options and the weighted average number of shares held by the Employee Benefit Trust.

There were 297,500 (5%) ordinary 10p shares held by the Field Systems Designs Holdings PLC Employee Benefit Trust as at 31 May 2014 and 31 May 2013 for the benefit of employees under current and proposed share option schemes. There were 89,250 (2013: 89,250) ordinary 10p shares held under option for employee share option schemes.

17. OPERATING LEASE COMMITMENTS	**2014**	**2013**
	£	**£**

At 31 May 2014 the Group had annual commitments under non-cancellable operating leases as follows:

Operating leases – land and buildings		
- expiring in one year or less	-	-
- expiring after more than 5 years	30,720	30,720

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2014

18. RESERVES

SHARE PREMIUM ACCOUNT
Group & Company

	2014 £	2013 £
At 1 June 2013 and 31 May 2014	158,750	158,750

PROFIT & LOSS ACCOUNT
Group

	2014 £	2013 £
At 1 June	1,117,171	1,012,013
Profit for the year	135,278	124,498
Minority interests	-	8,660
Other recognised gains and losses	(72,800)	(28,000)
At 31 May	1,179,649	1,117,171

OTHER RESERVES

	2014 £	2013 £
Merger reserve	408,033	408,033
Employee Benefit Trust	(38,000)	(38,000)
At 31 May	370,033	370,033

PROFIT & LOSS ACCOUNT
Company

	2014 £	2013 £
At 1 June	71,271	150,750
Loss for the year	(149,633)	(79,479)
At 31 May	(78,362)	71,271

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

GROUP

	2014 £	2013 £
Opening shareholders' funds	2,215,204	2,110,046
Total recognised gains and losses for the year	62,478	105,158
Closing shareholders' funds	2,277,682	2,215,204

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2014

20. ULTIMATE CONTROLLING PARTY

The company is quoted on the ISDX Growth Market (previously known as the PLUS trading platform) and its shares are held by a number of independent investors and consequently there is no single controlling party.

Related party disclosures
The Company has taken advantage of FRS 8 Related Party Disclosures exempting the disclosure of transactions with wholly owned subsidiaries. During the year Field Systems Designs Limited made purchases amounting to £15,500 (2013: £5,000) from FSD Electrical Services Limited and at the year end the amount owing from FSD Electrical Services Limited was £218,020 (2013:£271,766).

21. CONTINGENT LIABILITIES

The Group has arranged bonding facilities in respect of contract duration and maintenance periods amounting to £565,814 as at 31 May 2014 (2013:£ 759,478).

22. PENSION FUNDS

	2014 £	2013 £
Deficit at 1 June 2013	246,400	175,200
Current service cost	13,000	11,000
Contributions paid	(108,000)	-
Other finance costs	28,000	43,000
Actuarial loss	91,000	35,000
Deferred tax movement	(4,800)	(17,800)
Deficit at 31 May 2014	265,600	246,400

A Group subsidiary operates a funded pension scheme with defined benefits and a defined contribution Group personal pension plan. The Group personal pension plan commenced on 1 April 1999 and is open to all new eligible employees of this subsidiary.

Membership of the defined benefit scheme was offered to all permanent employees including executive directors until 31 March 1999 when it was closed to new entrants. The scheme was closed to future service accrual on 8 April 2002 when contributions ceased and liabilities for future service are no longer accruing.

22. PENSION FUNDS (continued)

The assets of the scheme are held separately from those of the subsidiary. Contributions were determined by an independent qualified actuary on the basis of triennial valuations using the projected unit method to meet the cost of employees' future service benefits.

The pension scheme assets and liabilities for employees transferring to the subsidiary were transferred to the pension scheme in November 1995.

Actuarial valuation

The last actuarial valuation for the fund was as at 31 March 2012 and the next valuation is due as at 31 March 2015.

The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on future investments and the level of future discount rates.

It was assumed for the 2012 valuation that the rate of interest secured on the assets of the scheme would be 6% (2009: 6%) per annum, and that benefits would be revalued at the rate of 2.8% (2009: 2.8%) per annum.

The actuarial valuation of the scheme's assets was £3,374,000 (2009:£2,216,000) which was 87% of the benefits that had accrued to members at the valuation date leaving a deficit of assets over past service liabilities amounting to £514,000 (2009: £859,000).

The effect on the scheme liabilities arising from the replacement of the RPI inflation measure with CPI has been to reduce the liabilities shown in the 31 March 2012 valuation by approximately £185,000.

Following consideration of the recommendations of the actuary, a subsidiary company board agreed to make additional contributions to the scheme of £87,000 per annum for 5 years, (previously £76,000 for 8 years) which are expected to reduce the deficit on the fund and to eliminate the shortfall by 31 March 2017.

The actual overall contribution payments made by the company total £108,000 per annum (2013:£108,000) in order to make provision for the levies being charged by the Pension Protection Fund.

22. PENSION FUNDS (continued)

FRS17 Valuation

Financial Reporting Standard 17 (FRS17) has been used to assess the liabilities of the company's defined benefit scheme as at 31 May 2014. The FRS17 valuation assumptions, asset allocation and rates of return were as follows:

FRS17 Valuation Assumptions	2014	2013	2012	2011	2010
Increase for pensions in payment	3.3%	3.3%	2.85%	3.3%	3.35%
Discount rate	4.4%	4.4%	4.3%	5.3%	5.55%
Inflation assumption	3.4%	3.4%	2.9%	3.45%	3.5%

Scheme Assets (£)	2014	2013	2012	2011	2010
Equities	2,198,000	2,130,000	1,881,000	1,041,000	1,322,000
Bonds	1,480,000	1,480,000	1,434,000	1,805,000	1,255,000
Other assets	145,000	128,000	245,000	321,000	141,000
	3,823,000	3,738,000	3,560,000	3,167,000	2,718,000

Scheme Assets	2014	2013	2012	2011	2010
Equities	57%	57%	53%	33%	49%
Bonds	39%	40%	40%	57%	46%
Other assets	4%	3%	7%	10%	5%

Expected rates of return	2014	2013	2012	2011	2010
Equities	5.6%	5.1%	4.65%	6.4%	6.6%
Bonds	3.1%	2.6%	2.15%	3.9%	4.1%
Other assets	0.5%	0.5%	0.5%	0.5%	0.5%

The assumptions used in determining the overall expected return of the scheme refer to yields available on government bonds and appropriate risk margins.

Mortality

The post-retirement mortality assumptions used to value the benefit obligation at 31 May 2014 are based on the S1PA table with CMI_2011 projections on a year of birth basis, subject to a long-term rate of improvement of 1% per annum. This is unchanged from the assumptions used at 31 May 2013.

The life expectancy of a male member reaching age 65 in 2014 is projected to be 22.3 years compared to an expectation of 22.3 years used in 2013. The life expectancy of a female member reaching age 65 in 2014 is projected to be 24.5 years compared to an expectation of 24.5 years used in 2013. For scheme members who have not reached pensionable age, the rates are adjusted to reflect changes in mortality rates that are expected to arise over the period to pensionable age. The life expectancy of a male member reaching age 65 in 2034 is projected to be 23.6 years compared to an expectation of 23.6 years for a member reaching age 65 in 2033. The life expectancy of a female member reaching age 65 in 2034 is projected to be 26.0 years compared to an expectation of 26.0 years for a member reaching age 65 in 2033.

22. PENSION FUNDS (continued)

The funded status of the scheme as at 31 May 2014 was as follows:

Funded Status (£)	2014	2013	2012	2011	2010
Market value of assets	3,823,000	3,738,000	3,560,000	3,167,000	2,718,000
Scheme liabilities	4,155,000	4,046,000	3,779,000	3,310,000	3,076,000
Deficit in the scheme	(332,000)	(308,000)	(219,000)	(143,000)	(358,000)
Deferred tax asset	66,400	61,600	43,800	30,000	75,200
Net pension liability	(265,600)	(246,400)	(175,200)	(113,000)	(282,800)

The FRS17 valuation is a market-based valuation and therefore extremely volatile as it is significantly affected by the state of the markets at the valuation date. The above increase in deficit was mainly created as a result of the actual returns on the scheme's assets being lower than was expected. The discount rate assumptions remained constant.

Deferred tax movements resulting from FRS17 were as follows:

Deferred tax asset (£)	2014	2013
Balance at 1 June 2013	61,600	43,800
Profit and loss charge	(13,400)	10,800
STRGL charge	18,200	7,000
Balance at 31 May 2014	66,400	61,600

An analysis of the movement in the deficit is set out below:

(£)	2014	2013	2012	2011	2010
Current service cost	(13,000)	(11,000)	(23,000)	(26,000)	(35,000)
Contributions paid	108,000	-	108,000	216,000	108,000
Other finance costs	(28,000)	(43,000)	(35,000)	(27,000)	(41,000)
Actuarial gain/(loss)	(91,000)	(35,000)	(126,000)	52,000	3,000
	(24,000)	(89,000)	(76,000)	215,000	35,000
Opening net deficit	(308,000)	(219,000)	(143,000)	(358,000)	(393,000)
Closing net deficit	(332,000)	(308,000)	(219,000)	(143,000)	(358,000)

NOTES TO THE GROUP FINANCIAL STATEMENTS
for the year ended 31 May 2014

22. PENSION FUNDS (continued)

The status of the scheme assets and scheme liabilities as at 31 May 2014 was as follows:

Reconciliation of opening and closing balances of the present value of the scheme liabilities

	2014	2013
	£000s	£000s
Liabilities at beginning of period	4,046	3,779
Current service cost	13	11
Interest cost	176	161
Actuarial (gain)/loss	13	184
Benefits paid	(93)	(89)
Liabilities at end of period	4,155	4,046

Reconciliation of opening and closing balances of the fair value of scheme assets

	2014	2013
	£000s	£000s
Fair value of scheme assets at beginning of period	3,738	3560
Expected return on scheme assets	148	118
Actuarial gain/(loss)	(78)	149
Contributions paid by employers	108	0
Benefits paid	(93)	(89)
Fair value of scheme assets at end of period	3,823	3,738

The effect of FRS17 on the profit and loss account is as follows:

Operating profit – administration expenses

(£)	2014	2013	2012	2011	2010
Current service cost	13,000	11,000	23,000	26,000	35,000

Interest payable

(£)	2014	2013	2012	2011	2010
Expected asset return	148,000	118,000	139,000	142,000	126,000
Interest on liabilities	(176,000)	(161,000)	(174,000)	(169,000)	(167,000)
	(28,000)	(43,000)	(35,000)	(27,000)	(41,000)

22. PENSION FUNDS (continued)

The effect of FRS17 on the statement of total recognised gains and losses is as follows:

	2014	2013	2012	2011	2010
Actual return less expected asset return	(78,000)	149,000	224,000	176,000	274,000
	(2%)	4%	6%	6%	10%
Experience gains and Losses on liabilities	(13,000)	(154,000)	(62,000)	7,000	89,000
	0%	(4%)	(2%)	0%	3%
Changes in assumptions underlying the liabilities	0	(30,000)	(288,000)	(131,000)	(360,000)
	0%	(1%)	(8%)	(4%)	(12%)
Actuarial gain/(loss)	(91,000)	(35,000)	(126,000)	52,000	3,000

Cumulative actuarial losses recognised in the statement of total recognised gains and losses amounts to £353,000 as at 31 May 2014 (2013: £262,000).

Next year's estimated profit & loss entries in respect of FRS17

Operating profit (£)	**2015**	**Finance income (£)**	**2015**
Current service cost	13,000	Expected asset return	170,000
Past service cost	-	Interest on liabilities	(181,000)
	13,000		(11,000)

History of experience gains and losses

	2014	2013	2012	2011	2010
Market value of assets	3,823,000	3,738,000	3,560,000	3,167,000	2,718,000
Scheme liabilities	4,155,000	4,046,000	3,779,000	3,310,000	3,076,000
Actual return less expected asset return	(78,000)	149,000	224,000	176,000	274,000
Experience gains and Losses on liabilities	(13,000)	(154,000)	(62,000)	7,000	89,000

NOTES TO THE GROUP FINANCIAL STATEMENTS
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NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT

23. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	2014	2013
	£	£
Operating profit	187,188	178,198
Depreciation	155,117	139,620
Amortisation	13,326	20,004
Pension service cost	13,000	11,000
Profit on sale of fixed assets	(2,812)	(6,600)
(Increase)/reduction in debtors	1,183,767	1,228,016
(Increase)/reduction in stock	880	(30,174)
Increase/(reduction) in creditors	(1,472,053)	(1,889,433)
	78,413	(349,369)

24. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2014	2013
	£	£
(Reduction)/Increase in cash	(6,556)	(785,720)
New finance leases	(18,840)	(61,852)
Finance lease payments	24,673	6,353
Net funds at 1 June	867,780	1,708,999
Net funds at 31 May	867,057	867,780

25. ANALYSIS OF NET FUNDS

	2013	Non-cash	Cash flows	2014
	£	£	£	£
Cash at bank	923,279	-	(6,556)	916,723
Finance leases	(55,499)	(18,840)	24,673	(49,666)
	867,780	(18,840)	18,117	867,057