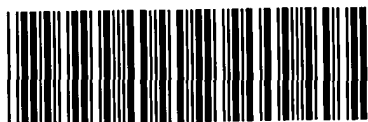


**Report of the Directors and  
Financial Statements  
for the Year Ended 31st March 2019  
for  
Servowatch Systems Limited**

TUESDAY



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COMPANIES HOUSE

# **Servowatch Systems Limited**

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**Servowatch Systems Limited**

**Company Information**  
**for the Year Ended 31st March 2019**

**Directors:** S C Bhargava  
W Ross

**Registered office:** Endeavour House  
Holloway Road  
Heybridge  
Maldon  
Essex  
CM9 4ER

**Registered number:** 02159287 (England and Wales)

**Auditors:** Cooper Paul  
Statutory Auditors  
Beren Court  
Newney Green  
Chelmsford  
Essex  
CM1 3SQ

## **Servowatch Systems Limited**

### **Report of the Directors for the Year Ended 31st March 2019**

The directors present their report with the financial statements of the company for the year ended 31st March 2019.

#### **Principal activity**

The principal activity of the company in the year under review was that of supply of control and instrumentation systems for the marine, power and generation industries.

#### **Directors**

The directors shown below have held office during the whole of the period from 1st April 2018 to the date of this report.

S C Bhargava  
W Ross

#### **Statement of directors' responsibilities**

The directors are responsible for preparing the Report of the directors 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 law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. 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 of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company'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.

#### **Statement as to disclosure of information to auditors**

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

#### **Auditors**

The auditors, Cooper Paul, will be proposed for re-appointment at the forthcoming Annual General Meeting.

**Servowatch Systems Limited**

**Report of the Directors  
for the Year Ended 31st March 2019**

This report has been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

**On behalf of the board:**

A handwritten signature in black ink, appearing to be 'W Ross', written in a cursive style.

W Ross - Director

1st May 2019

## **Report of the Independent Auditors to the Members of Servowatch Systems Limited**

### **Opinion**

We have audited the financial statements of Servowatch Systems Limited (the 'company') for the year ended 31st March 2019 which comprise the Income statement, Other comprehensive income, Statement of financial position, Statement of changes in equity and Notes to the financial statements, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland' (United Kingdom Generally Accepted Accounting Practice).

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2019 and of its loss 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.

### **Basis for opinion**

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We are independent of the company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Conclusions relating to going concern**

We have nothing to report in respect of the following matters in relation to which the ISAs (UK) require us to report to you where:

- the directors' use of the going concern basis of accounting in the preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

### **Other information**

The directors are responsible for the other information. The other information comprises the information in the Report of the directors, but does not include the financial statements and our Report of the auditors thereon.

Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

## **Report of the Independent Auditors to the Members of Servowatch Systems Limited**

### **Opinion on other matters prescribed by the Companies Act 2006**

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the Report of the directors has been prepared in accordance with applicable legal requirements.

### **Matters on which we are required to report by exception**

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified material misstatements in the Report of the directors.

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, or returns adequate for our audit have not been received from branches not visited by us; or
- the 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; or
- the directors were not entitled to prepare the financial statements in accordance with the small companies regime and take advantage of the small companies' exemption from the requirement to prepare a Strategic report or in preparing the Report of the directors.

### **Responsibilities of directors**

As explained more fully in the Statement of directors' responsibilities set out on page two, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

### **Auditors' responsibilities for the audit of the financial statements**

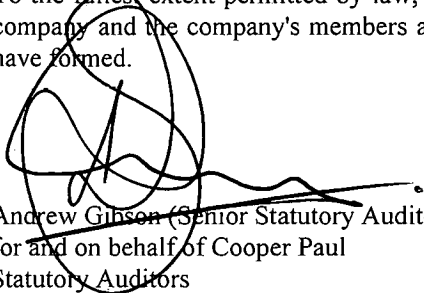
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue a Report of the auditors that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at [www.frc.org.uk/auditorsresponsibilities](http://www.frc.org.uk/auditorsresponsibilities). This description forms part of our Report of the auditors.

**Report of the Independent Auditors to the Members of  
Servowatch Systems Limited**

**Use of our report**

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 a Report of the auditors 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.



Andrew Gibson (Senior Statutory Auditor)  
for and on behalf of Cooper Paul  
Statutory Auditors  
Beren Court  
Newney Green  
Chelmsford  
Essex  
CM1 3SQ

1st May 2019



**Servowatch Systems Limited**

**Income Statement  
for the Year Ended 31st March 2019**

	Notes	2019 £	2018 £
<b>Turnover</b>		4,743,485	7,678,049
Cost of sales		<u>(2,636,366)</u>	<u>(4,452,497)</u>
<b>Gross profit</b>		2,107,119	3,225,552
Administrative expenses		<u>(2,756,149)</u>	<u>(2,795,456)</u>
<b>Operating (loss)/profit</b>	4	(649,030)	430,096
Interest payable and similar expenses		<u>(119,650)</u>	<u>(121,919)</u>
<b>(Loss)/profit before taxation</b>		(768,680)	308,177
Tax on (loss)/profit		<u>11,878</u>	<u>29,035</u>
<b>(Loss)/profit for the financial year</b>		<u><u>(756,802)</u></u>	<u><u>337,212</u></u>

The notes form part of these financial statements

**Servowatch Systems Limited**

**Other Comprehensive Income  
for the Year Ended 31st March 2019**

	Notes	2019 £	2018 £
(Loss)/profit for the year		(756,802)	337,212
Other comprehensive income		<u>-</u>	<u>-</u>
Total comprehensive income for the year		<u>(756,802)</u>	<u>337,212</u>

The notes form part of these financial statements

**Servowatch Systems Limited (Registered number: 02159287)**

**Statement of Financial Position  
31st March 2019**

	Notes	2019 £	2018 £
<b>Fixed assets</b>			
Development costs	5	1,655,657	1,679,399
Tangible assets	6	72,080	112,199
		<u>1,727,737</u>	<u>1,791,598</u>
<b>Current assets</b>			
Stocks		378,747	355,373
Debtors	7	1,089,670	2,250,847
Cash in hand		47	611
		<u>1,468,464</u>	<u>2,606,831</u>
<b>Creditors</b>			
Amounts falling due within one year	8	(5,918,939)	(6,364,365)
<b>Net current liabilities</b>		<u>(4,450,475)</u>	<u>(3,757,534)</u>
<b>Total assets less current liabilities</b>		<u>(2,722,738)</u>	<u>(1,965,936)</u>

The notes form part of these financial statements

**Servowatch Systems Limited (Registered number: 02159287)**

**Statement of Financial Position - continued**  
**31st March 2019**

Notes	2019 £	2018 £
<b>Capital and reserves</b>		
Called up share capital	2,550,000	2,550,000
Retained earnings	(5,272,738)	(4,515,936)
	<u>                    </u>	<u>                    </u>
<b>Shareholders' funds</b>	<u>(2,722,738)</u>	<u>(1,965,936)</u>

The financial statements have been prepared in accordance with the provisions of Part 15 of the Companies Act 2006 relating to small companies.

The financial statements were approved by the Board of Directors on 1st May 2019 and were signed on its behalf by:



W Ross - Director

The notes form part of these financial statements

**Servowatch Systems Limited**

**Statement of Changes in Equity  
for the Year Ended 31st March 2019**

	<b>Called up share capital £</b>	<b>Retained earnings £</b>	<b>Total equity £</b>
<b>Balance at 1st April 2017</b>	2,550,000	(4,853,148)	(2,303,148)
<b>Changes in equity</b>			
Total comprehensive income	-	337,212	337,212
<b>Balance at 31st March 2018</b>	<u>2,550,000</u>	<u>(4,515,936)</u>	<u>(1,965,936)</u>
<b>Changes in equity</b>			
Total comprehensive income	-	(756,802)	(756,802)
<b>Balance at 31st March 2019</b>	<u><u>2,550,000</u></u>	<u><u>(5,272,738)</u></u>	<u><u>(2,722,738)</u></u>

The notes form part of these financial statements

## **Servowatch Systems Limited**

### **Notes to the Financial Statements for the Year Ended 31st March 2019**

#### **1. Statutory information**

Servowatch Systems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number and registered office address can be found on the Company Information page.

#### **2. Accounting policies**

##### **Basis of preparing the financial statements**

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" including the provisions of Section 1A "Small Entities" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

##### **Turnover**

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

##### **Development expenditure**

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation the expenditure is deferred and amortised over the period from which the company is expected to benefit.

Amortisation on development expenditure is amortised over 5 or 10 years depending on the project life.

##### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	- 20% on cost
Fixtures and fittings	- 20% on cost
Computer equipment	- at varying rates on cost

##### **Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

##### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

##### **Pension costs and other post-retirement benefits**

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

## Servowatch Systems Limited

### Notes to the Financial Statements - continued for the Year Ended 31st March 2019

#### 2. Accounting policies - continued

##### Going concern

The company is a member of the Larsen & Toubro Group of companies. The working capital requirement is currently reliant upon an overdraft facility provided by the company's bankers which is guaranteed by the company's immediate parent company L&T International FZE. Based upon the group's current order book and profit forecasts the directors are satisfied that with the continued support of its holding company the group will continue to be profitable. The directors are therefore satisfied that the preparation of the accounts on a going concern basis remains appropriate.

##### Revenue recognition

In respect of long term contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from rendering services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reasonably estimated. When the outcome cannot be reasonably estimated, revenue is recognised only to the extent that expenses are recoverable.

#### 3. Employees and directors

The average number of employees during the year was 34 (2018 - 34).

#### 4. Operating (loss)/profit

The operating loss (2018 - operating profit) is stated after charging:

	2019	2018
	£	£
Depreciation - owned assets	50,846	97,287
Development costs amortisation	282,179	381,898
	<u>          </u>	<u>          </u>

**Servowatch Systems Limited**

**Notes to the Financial Statements - continued  
for the Year Ended 31st March 2019**

**5. Intangible fixed assets**

	<b>Development costs £</b>
<b>Cost</b>	
At 1st April 2018	2,668,011
Additions	258,437
Disposals	(775,182)
	<hr/>
At 31st March 2019	2,151,266
	<hr/>
<b>Amortisation</b>	
At 1st April 2018	988,612
Amortisation for year	282,179
Eliminated on disposal	(775,182)
	<hr/>
At 31st March 2019	495,609
	<hr/>
<b>Net book value</b>	
At 31st March 2019	1,655,657
	<hr/> <hr/>
At 31st March 2018	1,679,399
	<hr/> <hr/>

**6. Tangible fixed assets**

	<b>Plant and machinery £</b>	<b>Fixtures and fittings £</b>	<b>Computer equipment £</b>	<b>Totals £</b>
<b>Cost</b>				
At 1st April 2018	146,542	160,793	228,613	535,948
Additions	691	3,319	6,717	10,727
Disposals	-	-	(95,289)	(95,289)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2019	147,233	164,112	140,041	451,386
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Depreciation</b>				
At 1st April 2018	75,315	150,850	197,584	423,749
Charge for year	19,410	8,782	22,654	50,846
Eliminated on disposal	-	-	(95,289)	(95,289)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31st March 2019	94,725	159,632	124,949	379,306
	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>				
At 31st March 2019	52,508	4,480	15,092	72,080
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>
At 31st March 2018	71,227	9,943	31,029	112,199
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>



# Servowatch Systems Limited

## Notes to the Financial Statements - continued for the Year Ended 31st March 2019

### 7. Debtors: amounts falling due within one year

	2019	2018
	£	£
Trade debtors	962,552	2,073,191
Other debtors	6,700	8,100
Tax	11,878	29,035
VAT	-	9,152
Prepayments and accrued income	108,540	131,369
	<u>1,089,670</u>	<u>2,250,847</u>

### 8. Creditors: amounts falling due within one year

	2019	2018
	£	£
Bank loans and overdrafts	2,072,753	2,420,188
Trade creditors	471,122	1,195,991
Payments received on account	1,908,461	791,210
Amounts owed to group undertakings	789,556	789,556
PAYE/NI control	50,076	51,114
VAT	2,325	-
Other creditors	7,109	6,807
Tamco Switchgear Sdn Bhd	350,000	650,000
Accruals and deferred income	267,537	459,499
	<u>5,918,939</u>	<u>6,364,365</u>

### 9. Secured debts

The following secured debts are included within creditors:

	2019	2018
	£	£
Bank overdrafts	<u>2,072,753</u>	<u>2,420,188</u>

The overdraft is secured by a corporate guarantee from the company's controlling party.

## **Servowatch Systems Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31st March 2019**

#### **10. Bank guarantees**

The company has given the following performance guarantees to its customers from its banker HSBC. These guarantees are backed by the company's parent.

**Beneficiary:**

Singapore Technology Marine Limited	GBP 41,877
Singapore Technology Marine Limited	GBP 41,880
The Bangkok Dock Co.(1957) Limited	GBP 43,530
Hyundai Heavy Industries Co. Limited	GBP 365,309
Hyundai Electric and Energy systems	GBP 540,000
Hyundai Electric and Energy	GBP 270,000
Hyundai Electric and Energy systems	GBP 540,000
Hyundai Heavy Industries Co. Limited	GBP 365,309
CSBC Corporation, Taiwan	USD 59,245

## Servowatch Systems Limited

### Notes to the Financial Statements - continued for the Year Ended 31st March 2019

#### 11. Related party disclosures

List of related parties who exercise control

Larsen & Toubro Limited	Ultimate Holding Company
Larsen & Toubros International FZE	Immediate Holding Company
Thalest Limited	Holding Company

Related parties with whom the company have transactions during the year

Larsen & Toubro Limited  
Tamco Switchgear (Malaysia) SDN BHD  
Thalest Limited  
L & T Technology Services Limited

Transactions and balances with related parties

Balances with related parties

Trade debtors

Tamco Switchgear (Malaysia) SDN BHD £32,288

Trade creditors

Larsen & Toubro Limited £296,159

L & T Technology Services Limited 22,199

Tamco Switchgear (Malaysia) SDN BHD £7,466

L&T Corporate Accounts £5,618

L&T Tech Services (India) £1,210

L&T Defence Engineering £11,904

Other current liabilities

Thalest Limited £789,556

Tamco Switchgear (Malaysia) SDN BHD £350,000

Share capital

Investment by Tamco Switchgear SDN BHD £2,500,000 redeemable preference shares of £1 each

Investment by Thalest Limited £50,000 ordinary shares of £1 each

Transactions with related parties

Overheads and services charged by

Tamco Switchgear (Malaysia) SDN BHD £18,202

Larsen & Toubro Limited £299,916

L&T Defence Engineering £11,904

L & T Technology Services (India) £34,506

## **Servowatch Systems Limited**

### **Notes to the Financial Statements - continued for the Year Ended 31st March 2019**

#### **12. Ultimate controlling party**

Thalest Limited prepares consolidated group accounts, which are the only UK group accounts incorporating this subsidiary, which are filed at Companies House. The address of the Registered office of Thalest Limited is Endeavour Hoise, Holloway Road, Heybridge, Maldon, Essex, CM9 4ER. The immediate parent company of Thalest Limited is L & T International FZE which consolidate their accounts and has its headquarters in Sharjah, UAE. The ultimate parent of L & T International FZE is Larsen & Toubro, a company registered in India.

The Ultimate holding company is Larsen & Toubro Limited, a company incorporated in India. The company is a publicly owned company listed on the Indian Stock Exchange which does not have a single controlling party.