

CITY ELECTRICAL FACTORS LIMITED**REPORT AND ACCOUNTS****YEAR ENDED 30 APRIL 2000****HORWATH CLARK WHITEHILL**

Chartered Accountants

Foley House
123 Stourport Road
Kidderminster
Worcestershire
DY11 7BW

**CITY ELECTRICAL FACTORS LIMITED
DIRECTORS AND OFFICERS
YEAR ENDED 30 APRIL 2000**

DIRECTORS

R.H. Thorn
N.C. Constable
Mrs. J.M. Bohanna

SECRETARY

M.S. Jacobs

REGISTERED OFFICE

1 Station Road
Kenilworth
Warwickshire
CV8 1JJ

AUDITORS

Horwath Clark Whitehill
Chartered Accountants
Foley House
123 Stourport Road
Kidderminster
Worcestershire
DY11 7BW

CITY ELECTRICAL FACTORS LIMITED
REPORT OF THE DIRECTORS
YEAR ENDED 30 APRIL 2000

The directors submit their report and accounts of City Electrical Factors Limited for the year ended 30 April 2000.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of the manufacture and wholesale of electrical goods.

REVIEW OF THE BUSINESS

The company continues to make good progress in all areas of activity.

RESULTS AND DIVIDENDS

The profit after taxation was £14,805,299. The company has paid dividends on the ordinary shares totalling £15,500,000 leaving £694,701 to be transferred from reserves.

DIRECTORS

The directors of the company during the year were:-

R.H. Thorn
N.C. Constable
Mrs. J.M. Bohanna

DIRECTORS' INTERESTS IN SHARES

No director held any interest in the shares of the company or its parent undertaking.

MARKET VALUE OF LAND AND BUILDINGS

The directors are of the opinion that the market value of properties at 30 April 2000 would exceed the net book values included in the accounts, but they are unable to quantify this excess in the absence of a professional valuation, the costs of which are not considered justifiable in view of the company's intention to retain ownership of its existing properties for use in its business for the foreseeable future.

EMPLOYMENT POLICIES

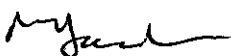
The company encourages the employment of disabled persons whenever practicable. In compliance with current legislation the company seeks to employ at least the required number of disabled persons and endeavours to ensure that disabled employees benefit from training and career development in common with other employees.

The directors recognise the importance of good communications and relations with employees.

AUDITORS

The auditors, Messrs Horwath Clark Whitehill, have indicated their willingness to continue in office.

Approved by the board on 24 October 2000
and signed on its behalf



M.S. Jacobs
Secretary

CITY ELECTRICAL FACTORS LIMITED
STATEMENT OF DIRECTORS' RESPONSIBILITIES

The purpose of this statement is to distinguish the directors' responsibilities for the accounts from those of the auditors, as stated in their report.

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to assume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

**HORWATH
CLARK WHITEHILL**

Chartered Accountants

A member of Horwath International

Foley House
123 Stourport Road
Kidderminster
Worcs
DY11 7BW

Telephone: 01562 60101
Facsimile: 01562 820196
www.horwathcw.com



**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
CITY ELECTRICAL FACTORS LIMITED**

We have audited the accounts on pages 5 to 13 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

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

Unqualified opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30 April 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Horwath Clark Whitehill'.

HORWATH CLARK WHITEHILL
Chartered Accountants and
Registered Auditors

28 November 2000

CITY ELECTRICAL FACTORS LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 APRIL 2000

	Notes	2000 £	1999 £
OPERATING PROFIT		21,932,901	25,403,655
Loss on sale of trademarks and brand names		-	(1,000,000)
Other interest receivable and similar income		187,858	1,174,985
Interest payable and similar charges	3	<u>2,197,766</u>	<u>7,628,321</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	19,922,993	17,950,319
Tax on profit on ordinary activities	5	<u>5,117,694</u>	<u>4,560,091</u>
PROFIT FOR THE FINANCIAL YEAR		14,805,299	13,390,228
Dividends	6	<u>15,500,000</u>	<u>17,500,000</u>
EXCESS DISTRIBUTION FOR THE YEAR	13	<u><u>(694,701)</u></u>	<u><u>(4,109,772)</u></u>

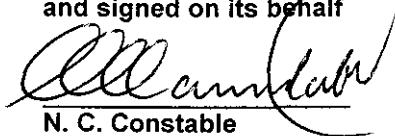
The profit and loss account contains all the gains and losses recognised in the current and preceding year.

The notes on pages 7 to 13 form part of these accounts.

CITY ELECTRICAL FACTORS LIMITED
BALANCE SHEET
30 APRIL 2000

		2000	1999
	Notes	£	£
FIXED ASSETS			
Tangible assets	7	23,962,471	<u>25,328,274</u>
CURRENT ASSETS			
Stocks	8	30,928,357	29,865,994
Debtors	9	77,059,936	84,798,199
Cash at bank and in hand		<u>6,872,674</u>	<u>6,375,479</u>
		114,860,967	121,039,672
CREDITORS:- Amounts falling due within one year	10	<u>76,059,813</u>	<u>82,582,923</u>
NET CURRENT ASSETS		<u>38,801,154</u>	<u>38,456,749</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		62,763,625	63,785,023
CREDITORS:- Amounts falling due after more than one year	11	<u>6,568,993</u>	<u>6,895,690</u>
NET ASSETS		<u>56,194,632</u>	<u>56,889,333</u>
 CAPITAL AND RESERVES			
Called up share capital	12	35,000,000	35,000,000
Profit and loss account	13	<u>21,194,632</u>	<u>21,889,333</u>
SHAREHOLDERS' FUNDS	13	<u>56,194,632</u>	<u>56,889,333</u>

Approved by the board on 24 October 2000
and signed on its behalf


N. C. Constable
Director

The notes on pages 7 to 13 form part of these accounts.

CITY ELECTRICAL FACTORS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 30 APRIL 2000

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 TANGIBLE FIXED ASSETS

Depreciation is provided on all tangible fixed assets other than freehold land and buildings and long leasehold properties at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:-

Plant and machinery	over 4 to 10 years
Motor vehicles	over 4 years
Assets acquired under finance lease	over period of lease

No depreciation is provided on freehold land and buildings and long leasehold properties as the residual value of these properties, assessed at prices prevailing at the date of acquisition or valuation, is not materially different to the book value.

1.3 STOCKS AND WORK IN PROGRESS

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

1.4 DEFERRED TAXATION

Provision is made for taxation deferred or accelerated by the effect of timing differences, to the extent that it is probable that a liability will crystallise, at the rate expected to be ruling at that date.

1.5 LEASED ASSETS AND HIRE PURCHASE CONTRACTS

Where the company has entered into hire purchase contracts or finance leases, the obligations are shown in creditors and the rights in the corresponding assets are treated in the same way as owned fixed assets. The interest is charged to the profit and loss account on a straight line basis.
Rentals payable under operating leases are charged to the profit and loss account as incurred.

1.6 PENSION COSTS

The company contributes to defined contribution pension schemes for its employees, the cost of which is written off as incurred.

1.7 RESEARCH AND DEVELOPMENT

All research and development costs are written off as incurred.

CITY ELECTRICAL FACTORS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 30 APRIL 2000

1.8 FOREIGN CURRENCIES

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions during the year are recorded at the average exchange rate. All profits and losses are taken to the profit and loss account.

The excess of redemption value over the issue value of deep discount securities is accumulated from the date of issue by charging to the profit and loss account the discount over the period to redemption. The balance sheet liability is the issued value together with that proportion of the discount accrued from the date of issue to the balance sheet date.

2. EMPLOYEES

	2000 No.	1999 No.
The average monthly number of persons (including directors) employed by the company during the year was:		
Full time	2,961	3,095
Part time	121	137
	<u>3,082</u>	<u>3,232</u>

Staff costs for the above persons:

	£	£
Wages and salaries	53,621,205	51,697,665
Social security costs	4,953,210	4,927,937
Other pension costs	304,220	612,021
	<u>58,878,635</u>	<u>57,237,623</u>

DIRECTORS' REMUNERATION

	£	£
Emoluments	345,479	491,737
Pensions paid to former directors	51,351	50,200
	<u>396,830</u>	<u>541,937</u>

The directors' emoluments disclosed above includes amounts paid to:

The highest paid director - emoluments	250,427	252,101
	<u>250,427</u>	<u>252,101</u>

Number of directors accruing pension benefits under money purchase scheme

No.	No.
<u>2</u>	<u>2</u>

CITY ELECTRICAL FACTORS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 30 APRIL 2000

3. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £	1999 £
Bank overdraft	1,021,742	498,145
Finance leases and hire purchase contracts	1,175,366	1,244,473
Other	658	5,885,703
	<u>2,197,766</u>	<u>7,628,321</u>

4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2000 £	1999 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation and amounts written off tangible fixed assets:		
Charge for the year:		
owned assets	3,437,759	3,913,257
leased assets	4,819,873	4,521,682
(Profit)/loss on disposals	(302,091)	112,097
Exchange losses	469,589	2,369
Operating lease rentals:		
Plant and machinery	651,459	887,144
Land and buildings	6,775,578	6,863,993
Auditors' remuneration:-		
Audit	88,239	88,518
Other services	33,840	33,373
Loss on sale of trademarks and brand names	-	1,000,000
	<u>-</u>	<u>1,000,000</u>

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £	1999 £
Based on the profit for the year:		
U.K. corporation tax at 30% (1999 - 30.9%)	5,061,901	3,549,399
Deferred taxation at 30%	-	938,473
	<u>5,061,901</u>	<u>4,487,872</u>
Under provided in earlier years:		
Corporation tax	55,793	40,936
Deferred taxation	-	31,283
	<u>5,117,694</u>	<u>4,560,091</u>

6. DIVIDENDS

	2000 £	1999 £
Ordinary - paid	<u>15,500,000</u>	<u>17,500,000</u>

CITY ELECTRICAL FACTORS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 30 APRIL 2000

7. TANGIBLE FIXED ASSETS

	Land and Buildings		Plant and Machinery	Motor Vehicles	Total
	Freehold £	Long Leasehold £	£	£	£
Cost:					
1 May 1999	2,756,050	361,775	36,458,886	21,817,514	61,394,225
Additions	-	-	3,643,140	5,422,065	9,065,205
Disposals	(50,241)	-	(2,643,806)	(6,735,138)	(9,429,185)
Transfers	-	-	12,156	(12,156)	-
30 April 2000	<u>2,705,809</u>	<u>361,775</u>	<u>37,470,376</u>	<u>20,492,285</u>	<u>61,030,245</u>
Depreciation:					
1 May 1999	-	-	26,667,459	9,398,492	36,065,951
Charged in year	-	-	4,669,808	3,587,824	8,257,632
Disposals	-	-	(2,394,399)	(4,861,410)	(7,255,809)
Transfers	-	-	12,156	(12,156)	-
30 April 2000	<u>-</u>	<u>-</u>	<u>28,955,024</u>	<u>8,112,750</u>	<u>37,067,774</u>
Net book value:					
30 April 2000	<u>2,705,809</u>	<u>361,775</u>	<u>8,515,352</u>	<u>12,379,535</u>	<u>23,962,471</u>
30 April 1999	<u>2,756,050</u>	<u>361,775</u>	<u>9,791,427</u>	<u>12,419,022</u>	<u>25,328,274</u>

The net book value of plant and machinery and motor vehicles includes £14,412,089 (1999 - £14,542,672) in respect of assets held under finance leases and hire purchase contracts. The depreciation charged for the year on these assets amounted to £4,819,873 (1999 - £4,521,682).

8. STOCKS

	2000 £	1999 £
Raw materials and consumables	57,189	78,565
Work in progress	4,047	1,783
Finished goods and goods for resale	30,867,121	29,785,646
	<u>30,928,357</u>	<u>29,865,994</u>

9. DEBTORS

	2000 £	1999 £
Trade debtors	66,778,220	64,834,579
Amounts owed by group undertakings	3,397,182	13,313,777
Other debtors	3,423,428	2,561,686
Prepayments	3,461,106	4,088,157
	<u>77,059,936</u>	<u>84,798,199</u>

CITY ELECTRICAL FACTORS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 30 APRIL 2000

10. CREDITORS:- Amounts falling due within one year

	2000 £	1999 £
Bank overdraft	879,128	-
Obligations under finance leases and hire purchase contracts	6,091,333	5,736,387
Trade creditors	38,659,659	37,682,880
Amounts owed to group undertakings	3,876,622	4,159,801
Corporation tax	3,899,547	3,706,741
Taxation and social security costs	7,194,233	17,522,839
Other creditors	12,649,604	10,855,317
Accruals and deferred income	2,809,687	2,918,958
	<u>76,059,813</u>	<u>82,582,923</u>

11. CREDITORS:- Amounts falling due after more than one year

	2000 £	1999 £
Obligations under finance leases and hire purchase contracts: between 1 and 5 years	<u>6,568,993</u>	<u>6,895,690</u>

12. SHARE CAPITAL

	2000 £	1999 £
Authorised: 50,000,000 ordinary shares of £1 each	<u>50,000,000</u>	<u>50,000,000</u>
Allotted, issued and fully paid: 35,000,000 ordinary shares of £1 each	<u>35,000,000</u>	<u>35,000,000</u>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Share Capital £	Revaluation reserve £	Profit and Loss Account £	Total £
1 May 1998	35,000,000	20,022,500	5,976,605	60,999,105
Transfer on disposal	-	(20,022,500)	20,022,500	-
Excess distribution for the year	-	-	(4,109,772)	(4,109,772)
30 April 1999	<u>35,000,000</u>	-	21,889,333	56,889,333
Excess distribution for the year	-	-	(694,701)	(694,701)
30 April 2000	<u>35,000,000</u>	-	<u>21,194,632</u>	<u>56,194,632</u>

CITY ELECTRICAL FACTORS LIMITED

NOTES TO THE ACCOUNTS

YEAR ENDED 30 APRIL 2000

14. CONTINGENT LIABILITIES

The company is party to unlimited multilateral guarantees as security for the bank borrowings of its parent company and fellow U.K. subsidiary undertakings. At 30 April 2000 the potential liability under these guarantees amounted to £3,019,382 (1999 - £5,616,411).

15. CAPITAL COMMITMENTS

	2000 £	1999 £
Capital expenditure contracted for but not provided in the accounts	<u>NIL</u>	<u>NIL</u>
Commitments under finance leases entered into but not yet provided in the accounts	<u>NIL</u>	<u>NIL</u>

16. COMMITMENTS UNDER OPERATING LEASES

	2000 £	1999 £
At 30 April 2000 the company had annual commitments under non-cancellable operating leases as follows:		
Plant and machinery:		
expiring within 1 year	167,289	197,140
expiring between 2 and 5 years	290,072	398,354
Land and buildings:		
expiring within 1 year	315,106	377,084
expiring between 2 and 5 years	934,713	805,862
expiring after 5 years	5,207,993	5,321,500
	<u>6,915,173</u>	<u>7,099,940</u>

17. PENSION COMMITMENTS

The company contributes to defined contribution pension schemes whose assets are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company and amounted to £304,220 (1999 - £612,021).

18. ULTIMATE PARENT UNDERTAKING

The directors consider CEF Holdings Limited to be the immediate and ultimate parent undertaking.

CITY ELECTRICAL FACTORS LIMITED
NOTES TO THE ACCOUNTS
YEAR ENDED 30 APRIL 2000

19. TURNOVER

Turnover is the invoiced value, net of Value Added Tax, of all supplies to customers and between divisions. Net turnover is the invoiced value, net of Value Added Tax, of goods sold and services provided to customers.

	2000 £	1999 £
Turnover	<u>406,349,199</u>	<u>399,551,867</u>
Net turnover	<u>362,142,720</u>	<u>358,191,384</u>

Consequent to the provisions of paragraph 55(5) of Schedule 4 Part III to the Companies Act 1985, an analysis of turnover and profits has not been disclosed.

20. OPERATING COSTS

	2000 £	1999 £
Change in stocks of finished goods and work in progress	(1,083,739)	1,803,312
Raw materials and consumables	235,219,171	231,467,774
Staff costs	58,878,635	57,237,623
Depreciation	8,257,632	8,434,939
Other operating charges	38,938,120	33,844,081
	<u>340,209,819</u>	<u>332,787,729</u>