

**Company Registration No. 866782**

**NOVAR ELECTRICAL HOLDINGS  
LIMITED**

**Report and Financial Statements**

**31 December 2002**

**Deloitte & Touche  
London**



# **NOVAR ELECTRICAL HOLDINGS LIMITED**

## **REPORT AND FINANCIAL STATEMENTS 2002**

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# **NOVAR ELECTRICAL HOLDINGS LIMITED**

## **DIRECTORS' REPORT**

The Directors present their annual report and the audited financial statements for the year ended 31 December 2002.

### **PRINCIPAL ACTIVITY AND BUSINESS REVIEW**

The principal activity is that of a holding company. The Company's principal subsidiary companies and their activities are shown in note 4 to the financial statements. The Directors do not anticipate a change in the Company's activities in the foreseeable future.

### **RESULTS AND DIVIDENDS**

The loss for the year after taxation amounted to £3,919,000 (2001: £14,000). The Directors do not recommend payment of a final dividend (2001: £nil). The retained loss for the year of £3,919,000 (2001: £14,000) has been transferred from reserves.

### **DIRECTORS AND DIRECTORS' INTERESTS**

The composition of the Board of Directors throughout the year, and to the date of this report, was as follows:

I Ashby (resigned 15 October 2002)  
B J Hintz  
M J E McKeon

None of the directors had any interests in shares in the Company during the year.

The interests of B J Hintz and M J E McKeon, who were also Directors of Novar plc at 31 December 2002, in the issued Ordinary shares of Novar plc, are disclosed in the financial statements of that company, being the ultimate parent company, and are therefore not shown above.

No Director was or is interested in any transaction, arrangement or agreement with the Company which was material during or at the end of the year.

The Company has continued to provide liability insurance for its Directors and officers as permitted by the Companies Act 1985.

### **AUDITORS**

In accordance with Section 386 of the Companies Act 1985, the Company has passed an elective resolution to dispense with the obligation to appoint auditors annually.

On 1 August 2003, Deloitte & Touche transferred their business to Deloitte & Touche LLP, a limited liability partnership incorporated under the Limited Liability Partnership Act 2000. The Company's consent has been given to treating the appointment of Deloitte & Touche as extending to Deloitte & Touche LLP with effect from 1 August 2003 under the provisions of section 26(5) of the Companies Act 1989.

By Order of the Board



K D Richardson

Secretary

30 September 2003

# **NOVAR ELECTRICAL HOLDINGS LIMITED**

## **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

United Kingdom company law requires the Directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; 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 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 financial statements comply with the Companies Act 1985. They are also responsible for the system of internal control, for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF NOVAR ELECTRICAL HOLDINGS LIMITED**

We have audited the financial statements of Novar Electrical Holdings Limited for the year ended 31 December 2002 which comprise the profit and loss account, the balance sheet and the related notes 1 to 16. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. 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 auditors' 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.

### **Respective responsibilities of directors and auditors**

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibility is to audit the financial statements in accordance with relevant United Kingdom legal and regulatory requirements and auditing standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report for the above year and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

### **Basis of opinion**

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

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

### **Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte & Touche LLP*

**Deloitte & Touche LLP**

Chartered Accountants and Registered Auditors

London

2 October 2003

# NOVAR ELECTRICAL HOLDINGS LIMITED

## PROFIT AND LOSS ACCOUNT

Year ended 31 December 2002

	Note	2002 £'000	2001 £'000
<b>OPERATING RESULT</b>			
Exceptional loss on disposal of fixed asset investments	4	(3,899)	(49)
Interest payable on loan notes		(20)	(27)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(3,919)</u>	<u>(76)</u>
Tax credit on loss on ordinary activities	3	-	62
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(3,919)</u>	<u>(14)</u>
<b>RETAINED LOSS FOR THE YEAR</b>	11	<u><u>(3,919)</u></u>	<u><u>(14)</u></u>

The Company has no recognised gains or losses other than those passing through the profit and loss account. Accordingly, a statement of total recognised gains and losses has not been prepared.

All of the Company's activities are continuing activities.

# NOVAR ELECTRICAL HOLDINGS LIMITED

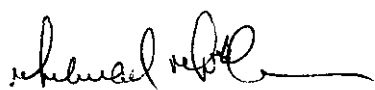
## BALANCE SHEET

31 December 2002

	Note	2002 £'000	2001 £'000
<b>FIXED ASSETS</b>			
Investments	4	77,807	90,942
<b>CURRENT ASSETS</b>			
Debtors (amounts falling due within one year)	3	28	
Debtors (amounts falling due after more than one year)	5	13,462	13,462
	5	13,465	13,490
<b>CREDITORS: amounts falling due Within one year</b>	6	(931)	(2,338)
<b>NET CURRENT ASSETS</b>		12,534	11,152
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		90,341	102,094
<b>CREDITORS: amounts falling due after more than one year</b>	7	(2,065)	(12,099)
		88,276	89,995
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>	9	(2,200)	-
<b>NET ASSETS</b>		86,076	89,995
<b>CAPITAL AND RESERVES</b>			
Called up share capital	10	11,597	11,597
Share premium account	11	74,870	74,870
Profit and loss account	11	(391)	3,528
<b>EQUITY SHAREHOLDERS' FUNDS</b>	12	86,076	89,995

These financial statements were approved by the Board of Directors on 30 September 2003.

Signed on behalf of the Board of Directors



M J E McKeon

Director

# NOVAR ELECTRICAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

### 1. PRINCIPAL ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable United Kingdom accounting standards. The following accounting policies have been adopted by the Directors and applied consistently in dealing with items which are considered material in relation to the Company's financial statements.

#### Accounting convention

The financial statements are prepared under the historical cost convention.

#### Investment in subsidiary undertakings

Investments in subsidiary undertakings are stated at cost less provisions where in the opinion of the Directors there has been an impairment in value.

#### Foreign currencies

Trading items are translated into sterling at average rates of exchange for the relevant accounting period. Balance sheet items in foreign currencies are translated into sterling at mid-market rates of exchange at the balance sheet date. All foreign currency gains and losses are taken to the profit and loss account.

### 2. DIRECTORS' EMOLUMENTS, EMPLOYEES AND AUDITORS' REMUNERATION

All directors are remunerated in full by other Novar Group companies. No emoluments have been paid to directors during the year by the Company for services to the Company (2001: £nil). There were no employees (2001: none) and the auditors' remuneration was borne by the ultimate parent undertaking.

### 3. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES

(a) Analysis of charge in the period:

	2002 £'000	2001 £'000
United Kingdom Corporation Tax at 30 % (2001: 30%)	(6)	(8)
Group relief surrendered for nil consideration	6	8
Over provision in prior years	-	(62)
	<u>-</u>	<u>(62)</u>



# NOVAR ELECTRICAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

### 3. TAX CREDIT ON LOSS ON ORDINARY ACTIVITIES (continued)

(b) Factors affecting the taxation charge in the period:

	2002 £'000	2001 £'000
Loss before taxation	(3,919)	(76)
Taxation at 30% (2001: 30%)	(1,176)	(23)
Effect of:		
Non-deductible expenses	1,170	15
Group relief surrendered for £nil consideration	6	8
Adjustment to tax charge in respect of previous periods	-	(62)
Current taxation charge for the period	-	(62)

### 4. FIXED ASSET INVESTMENTS

	Shares in subsidiary undertakings £'000
<b>Cost:</b>	
At 1 January 2002	90,942
Additions	4,807
Adjustment in respect of prior year acquisitions	1,894
Disposals	(19,836)
At 31 December 2002	77,807
<b>Net Book value:</b>	
At 31 December 2002	77,807
At 31 December 2001	90,942

On 16 August 2002 the company acquired 100% of the share capital of the UK company Visioprime Limited for a total consideration, including costs, of £4,806,765 which included £2,200,000 of deferred consideration.

The adjustments in respect of prior year acquisitions arose principally on the re-allocation of purchase consideration for Brand-Rex SA which was acquired as part of the Novar Group's acquisition of the Brand-Rex businesses in March 2000.

The disposals in the year principally relate to Friedland Limited which was sold on 26 July 2002 to a fellow subsidiary undertaking of the company, MK Electric Limited (subsequently renamed Novar ED & S Limited) for gross cash consideration of £15,931,000. The loss on the disposal was £3,888,000 and this is shown as an exceptional item after operating profit in the profit and loss account.

Also during the year, the company sold its investment in Novar Electric Verwaltungs GmbH to a fellow subsidiary undertaking for gross cash consideration of £6,000, realising a loss on disposal of £11,000.

# NOVAR ELECTRICAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

### 4. FIXED ASSET INVESTMENTS (continued)

The Company's principal subsidiary undertakings, which are wholly owned, are as follows:

Name	Country of registration/incorporation
Brand-Rex Limited	England & Wales
Brand-Rex SA	England & Wales
Digitek Micrologic SA	Spain
Duraplug Electricals Limited*	England & Wales
Ega Holdings Limited*	England & Wales
Europe Securite SA	France
Friedland Limited*	England & Wales
Gent Limited	England & Wales
Gilflex Limited*	England & Wales
MK Electric Limited*	England & Wales
MK Electric (China) Limited	Hong Kong
MK Electric International Limited*	Jersey
MK Electric (Singapore) Pte Limited	Singapore
M.M. Telecables Limited*	Scotland
Novar ED & S Limited*	England & Wales
Novar France SA	France
Novar Projects Limited*	England & Wales
Pillar Electrical Overseas Limited*	England & Wales
Select Electric (Malaysia) Sendirian Berhad	Malaysia
Superswitch Electrical Appliances Ltd*	England & Wales
Trend Control Systems Limited	England & Wales
Trend Regulation SA	France
Visioprime Limited*	England & Wales

\* Subsidiaries which are directly held.

For all of the above subsidiaries Novar Electrical Holdings Limited holds 100% of the ordinary shares with corresponding voting rights.

In the opinion of the Directors the aggregate value of the Company's investment in its subsidiary undertakings is not less than the aggregate amount at which they are stated in the balance sheet.

The Company is a wholly owned subsidiary of Novar Holdings Limited, a company registered in England and Wales and which itself is a wholly owned subsidiary of Novar plc, thus under Section 228 of the Companies Act 1985 is exempt from producing group financial statements. Accordingly these financial statements present information about the Company as an individual undertaking and not as a group.

# NOVAR ELECTRICAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

### 5. DEBTORS

	2002 £'000	2001 £'000
Amounts owed by group undertakings	13,215	13,215
Other debtors	250	275
	<u>13,465</u>	<u>13,490</u>

Included within debtors are amounts totalling £13,462,000 (2001: £13,462,000) which are repayable after more than one year.

### 6. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £'000	2001 £'000
Loan notes (see note 8)	250	1,650
Amounts owed to group undertakings	660	660
Accruals and deferred income	21	28
	<u>931</u>	<u>2,338</u>

### 7. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £'000	2001 £'000
Loan notes (see note 8)	250	500
Amounts owed to group undertakings	1,815	11,599
	<u>2,065</u>	<u>12,099</u>

### 8. BORROWINGS

	Within one year £'000	Between one and two years £'000	In two to five years £'000	Over five years £'000	Total £'000
Loan notes					
Series C	250	-	-	-	250
Series D	-	250	-	-	250
	<u>250</u>	<u>250</u>	<u>-</u>	<u>-</u>	<u>500</u>

The unsecured loan notes were issued in the prior year and bear interest at 2.75% below LIBOR. Series C loan notes were paid in March 2003 and Series D loan notes are payable in March 2004.

# NOVAR ELECTRICAL HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

Year ended 31 December 2002

### 9. PROVISIONS FOR LIABILITIES AND CHARGES

	2002 £'000	2001 £'000
Deferred purchase consideration (see note 4)	2,200	-

### 10. CALLED UP SHARE CAPITAL

	2002 £'000	2001 £'000
<b>Authorised:</b>		
52,000,000 ordinary shares of 25p each (2001: 25p each)	13,000	13,000
<b>Allotted, called up, and fully paid:</b>		
46,386,968 ordinary shares of 25p each (2001: 25p each)	11,597	11,597

### 11. RESERVES

	Share premium account £'000	Profit and loss account £'000
Balance at 1 January 2002	74,870	3,528
Retained loss for the year	-	(3,919)
Balance at 31 December 2002	74,870	(391)

### 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £'000	2001 £'000
Loss for the financial year	(3,919)	(14)
Net reduction in shareholders' funds	(3,919)	(14)
Opening shareholders' funds	89,995	90,009
Closing shareholders' funds	86,076	89,995

### 13. CASH FLOW STATEMENT

A consolidated cash flow statement has been included in the financial statements of the ultimate parent company which include the financial statements of Novar Electrical Holdings Limited. Accordingly, as permitted by FRS1 (revised), no cash flow statement is presented with these accounts.

### 14. CONTINGENT LIABILITIES

The Company has given performance guarantees in respect of contracts obtained by subsidiary undertakings in the normal course of business.

# **NOVAR ELECTRICAL HOLDINGS LIMITED**

## **NOTES TO THE ACCOUNTS**

**Year ended 31 December 2002**

### **15. RELATED PARTY TRANSACTIONS**

The Company has taken advantage of the exemption provided by FRS8 not to disclose transactions with other Novar group Companies that qualify as related parties.

### **16. ULTIMATE PARENT UNDERTAKING AND CONTROLLING ENTITY**

The ultimate parent undertaking and controlling party is Novar plc, a company incorporated in Great Britain and registered in England and Wales. The Novar group is the largest group of which the Company is a member and the largest and smallest for which group accounts are prepared. Copies of these group financial statements can be obtained from The Secretary, Novar plc, Novar House, 24 Queens Road, Weybridge, Surrey, KT13 9UX.

The immediate parent undertaking is Novar Holdings Limited, a fellow group undertaking incorporated in Great Britain and registered in England and Wales.