

ECSEC Limited

Report and Financial Statements 28 February 2001



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Report and Financial Statements 2001

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OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

JR Moore
RW Martin FCA
MA Stanyard ACA ATII
CJ Farthing
JM Bell ACA
BR Trundle

SECRETARY

MA Stanyard ACA ATII

REGISTERED OFFICE

Mitre House
North Park Road
Harrogate
North Yorkshire
HG1 5RX

BANKERS

Barclays Bank PLC
Minerva House
29 East Parade
Leeds
LS1 5TN

SOLICITORS

Walker Morris
Kings Court
12 King Street
Leeds
LS1 2HL

AUDITORS

PricewaterhouseCoopers
Benson House
33 Wellington Street
Leeds
LS1 4JP

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 28 February 2001.

ACTIVITIES

The principal activity of the company is shopfitting.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

In each of this period and the previous period, the company has incurred a substantial bad debt. As a result of these bad debts, the company had net liabilities of £137,671 at 28 February 2001. Accordingly, the directors consider that the company would not be able to continue as a going concern without financial support from the group. The directors have implemented a plan to return the company to profitability and are confident that this objective will be achieved. In light of this, the directors of Wilton Investments Limited, an intermediate parent company, have indicated that that company will continue to provide the necessary financial support.

On 28 June 2001 the company issued £300,000 redeemable preference shares to Wilton Investments Limited the proceeds of which were used to reduce the inter group loan account. Wilton Investments Limited has also provided an inter group loan facility which is repayable more than one year after the balance sheet date and, in the opinion of the directors, meets the foreseeable funding requirements of the company. Accordingly, the financial statements have been prepared on a going concern basis.

The proforma balance sheet of the company as at 28 February 2001 if the redeemable shares had been issued at that date would have been as follows:

	As presented on page 7 £	Amendments £	Proforma £
Fixed assets	325,050	-	325,050
Net current liabilities	(147,980)	-	(147,980)
Creditors due in more than one year	(311,241)	300,000	(11,241)
Provisions for liabilities and charges	(3,500)	-	(3,500)
Net assets	<u>(137,671)</u>	<u>300,000</u>	<u>162,329</u>
Share Capital	6,273	300,000	306,273
Profit and loss account	(162,871)	-	(162,871)
Other reserves	18,927	-	18,927
Net assets	<u>(137,671)</u>	<u>300,000</u>	<u>162,329</u>

RESULTS AND DIVIDENDS

The results of the company for the year ended 28 February 2001 are set out in the financial statements on pages 7 to 15. During the period the company incurred a loss after taxation of £222,806 (2000: £24,726), which has been appropriated from reserves. As the company did not have distributable reserves as at 28 February 2001 there is no dividend for the period.

DIRECTORS' REPORT (continued)

DIRECTORS AND THEIR INTERESTS

The following directors who served in the year or since the year end were:

JR Moore	(Appointed 18 August 2000)
RW Martin FCA	(Appointed 18 August 2000)
MA Stanyard ACA ATII	(Appointed 18 August 2000)
CJ Farthing	
JM Bell ACA	
BR Trundle	(Appointed 21 June 2001)
NW Pullan FCA	(Resigned 26 July 2000)
AFJ Compton	(Resigned 14 August 2000)
MS Taylor	(Resigned 31 December 2000)

No director had any interest in the share capital of the company either at 27 February 2000 (or on appointment) or at 28 February 2001. The directors have no interests in the shares of the immediate parent company, WIL Property Services Limited, which as stated in note 20, are wholly owned by Wilton Investments Limited. The interests of the directors in the shares of Wilton Investments Limited are disclosed in the accounts of that company.

AUDITORS

Deloitte & Touche resigned as auditors on 14 February 2001 and the directors appointed PricewaterhouseCoopers to fill the casual vacancy arising. PricewaterhouseCoopers have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors and signed on behalf of the Board



MA Stanyard
Secretary
28 June 2001

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company as at the end of the financial period 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;
- Comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board



MA Stanyard
Secretary
28 June 2001

AUDITORS' REPORT TO THE MEMBERS OF ECSEC LIMITED

We have audited the financial statements on pages 7 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 5, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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 United Kingdom Companies Act. We also report to you 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

Basis of audit 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 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 28 February 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leeds
28 June 2001

PROFIT AND LOSS ACCOUNT
Year Ended 28 February 2001

	Note	Year Ended 28 February 2001	44 Weeks Ended 26 February 2000
		£	£
TURNOVER - continuing operations	2	3,270,850	5,324,380
Cost of sales		<u>(2,587,205)</u>	<u>(4,423,010)</u>
Gross Profit		683,645	901,370
Administrative expenses		(889,390)	(763,826)
Exceptional administrative expenses	3	(145,919)	(160,231)
Other operating income		<u>20,667</u>	<u>26,211</u>
OPERATING (LOSS)/PROFIT-continuing operations	3	(330,997)	3,524
Interest receivable		22,752	1,527
Interest payable	5	<u>(9,010)</u>	<u>(24,041)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(317,255)	(18,990)
Tax on loss on ordinary activities	6	<u>94,449</u>	<u>(5,736)</u>
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION and retained loss for the period	15,16	<u>(222,806)</u>	<u>(24,726)</u>

The company has no recognised gains or losses, in either the current or preceding period, other than those shown in the profit and loss account above.

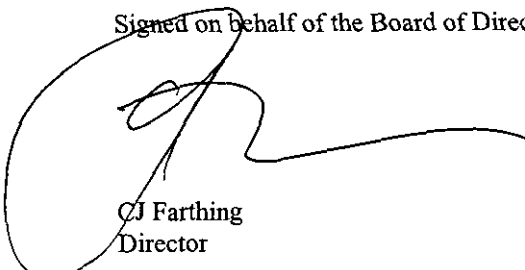
There is no difference between the loss on ordinary activities before taxation and the retained loss for the period and their historical cost equivalents.

BALANCE SHEET
28 February 2001


	Note	28 February 2001 £	26 February 2000 £
FIXED ASSETS			
Tangible assets	7	<u>325,050</u>	<u>333,037</u>
CURRENT ASSETS			
Stock	8	179,253	101,530
Debtors	9	403,969	1,133,004
Cash at bank and in hand		<u>146,506</u>	<u>108,230</u>
		729,728	1,342,764
CREDITORS: amounts falling due within one year	10	<u>(877,708)</u>	<u>(1,587,166)</u>
NET CURRENT LIABILITIES		<u>(147,980)</u>	<u>(244,402)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		177,070	88,635
CREDITORS: amounts falling due after more than one year	11	(311,241)	-
PROVISIONS FOR LIABILITIES AND CHARGES	12	(3,500)	(3,500)
NET (LIABILITIES)/ASSETS		<u>(137,671)</u>	<u>85,135</u>
CAPITAL AND RESERVES			
Called up share capital	13	6,273	6,273
Share premium account	14	15,000	15,000
Other reserves	15	3,927	3,927
Profit and loss account	15	<u>(162,871)</u>	<u>59,935</u>
TOTAL EQUITY SHAREHOLDER'S FUNDS	16	<u>(137,671)</u>	<u>85,135</u>

These financial statements were approved by the Board of Directors on 28 June 2001.

Signed on behalf of the Board of Directors.



CJ Farthing
Director



MA Stanyard
Director

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 28 February 2001

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted by the directors are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Cash flow statement

The company has taken advantage of the exemption conferred by FRS1 "Cash flow statements" not to produce a cash flow statement as it is a wholly owned subsidiary of an EC parent company that publishes, in English, consolidated financial statements containing a consolidated cash flow statement.

Turnover

Turnover represents the value of contracts completed during the period, excluding value added tax and is wholly attributable to the principal activity of the company.

Tangible fixed assets

Depreciation is provided on cost over the estimated useful lives of the assets on a straight line basis. The rates of depreciation are as follows:

Freehold buildings	4% per annum
Office equipment, fixtures and fittings	15% per annum
Motor vehicles	25% per annum
Workshop fixtures and fittings	15% per annum

No depreciation is charged on freehold land.

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value. Cost is calculated using the first-in-first-out method and consists of direct material cost together with as appropriate, associated purchase costs such as carriage inwards, freight and duty. Net realisable value represents estimated selling price less distribution costs to bring the goods to the point of sale. Work in progress includes the cost of direct materials and direct labour costs incurred.

Deferred taxation

Deferred tax is provided in respect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

Leases

Operating lease rentals are charged to profit and loss in equal annual instalments over the term of the lease.

1. ACCOUNTING POLICIES (cont'd)

Pension costs

The company operates defined contribution pension schemes and pension contributions are accounted for as incurred. The company provides no other post-retirement benefits to its employees.

2. SEGMENTAL INFORMATION

Turnover, profit before taxation and net assets are all attributable to the principal activity of the company. The company operates in and all turnover is generated within the UK.

3. OPERATING (LOSS)/PROFIT

	Year Ended 28 February 2001 £	44 Weeks Ended 26 February 2000 £
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off tangible fixed assets:		
Owned assets	48,806	41,018
Loss on the sale of fixed assets	2,632	9,403
Auditors' remuneration - audit fee	11,150	6,500
- other fees	-	1,500
Operating lease rentals - land and buildings	46,000	46,830
Exceptional administrative expense	<u>145,919</u>	<u>160,231</u>
and after crediting:		
Rent received	<u>20,667</u>	<u>14,970</u>

During the year, the company undertook work for a customer who subsequently went into administration. The administrator has indicated that unsecured creditors are unlikely to receive a dividend and so the outstanding debt and un invoiced work in progress have been written off as an exceptional expense.

Similarly, during the prior period, the company undertook work for another customer who went into receivership. The outstanding debt and associated professional costs were provided for in full at 26 February 2000. However, the receiver has been unable to make any payments to unsecured creditors and so the outstanding debt has been written off in the year.

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	Year Ended 28 February 2001 £	44 Weeks Ended 26 February 2000 £
Directors' emoluments		
Emoluments for management and services as a director	99,458	118,303
Contributions to money purchase pension schemes	7,379	10,915
Compensation for loss of office	<u>25,000</u>	<u>30,000</u>
	<u>131,837</u>	<u>159,218</u>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 28 February 2001

4. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (cont'd)

	Year Ended 28 February 2001	44 Weeks Ended 26 February 2000
	Number	Number
Number of directors to whom benefits are accruing under money purchase pension schemes	<u>1</u>	<u>2</u>

Employees

Average number of persons, including executive directors, employed by the company during the year:

Production	6	6
Management	3	3
Administration	10	12
	<u>19</u>	<u>21</u>

	Year Ended 28 February 2001	44 Weeks Ended 26 February 2000
	£	£
Staff costs incurred during the year in respect of these persons were:		
Wages and salaries	425,938	385,209
Social security costs	39,669	35,500
Other pension costs	18,505	17,838
	<u>484,112</u>	<u>438,547</u>

5. INTEREST PAYABLE

	Year Ended 28 February 2001	44 Weeks Ended 26 February 2000
	£	£
Bank interest	247	587
Finance lease contracts	-	359
Other loans	8,763	23,095
	<u>9,010</u>	<u>24,041</u>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 28 February 2001

6. TAXATION

	Year Ended 28 February 2001	44 Weeks Ended 26 February 2000
	£	£
Group relief credit at 30% (2000:30%) based on the loss for the year:	(90,000)	-
Deferred taxation	-	1,916
Adjustment in respect of prior years	(4,449)	3,820
	<u>(94,449)</u>	<u>5,736</u>

7. TANGIBLE FIXED ASSETS

	Motor vehicles	Workshop fixtures and fittings	Office equipment fixtures and fittings	Land and buildings	Total
	£	£	£	£	£
Cost or Valuation					
At 27 February 2000	176,806	28,956	123,774	280,751	610,287
Additions	26,930	-	9,030	12,191	48,151
Disposals	(38,512)	-	-	-	(38,512)
At 28 February 2001	<u>165,224</u>	<u>28,956</u>	<u>132,804</u>	<u>292,942</u>	<u>619,926</u>
Accumulated Depreciation					
At 27 February 2000	70,882	25,047	52,799	128,522	277,250
Charge for the year	30,177	586	11,332	6,711	48,806
Disposals	(31,180)	-	-	-	(31,180)
At 28 February 2001	<u>69,879</u>	<u>25,633</u>	<u>64,131</u>	<u>135,233</u>	<u>294,876</u>
Net Book Value					
At 28 February 2001	<u>95,345</u>	<u>3,323</u>	<u>68,673</u>	<u>157,709</u>	<u>325,050</u>
At 26 February 2000	<u>105,924</u>	<u>3,909</u>	<u>70,975</u>	<u>152,229</u>	<u>333,037</u>

8. STOCKS

	2001	2000
	£	£
Work in progress	171,580	96,530
Stock of goods for resale	7,673	5,000
	<u>179,253</u>	<u>101,530</u>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 28 February 2001

9. DEBTORS

	2001 £	2000 £
Amounts falling due within one year		
Trade debtors	275,689	1,017,086
Prepayments and accrued income	128,280	115,918
	<u>403,969</u>	<u>1,133,004</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001 £	2000 £
Bank overdraft	-	56,709
Payments on account	243,293	64,821
Trade creditors	411,719	770,202
Other taxation and social security	15,384	142,481
Amounts owed to other group companies	-	338,352
Accruals and deferred income	207,312	214,601
	<u>877,708</u>	<u>1,587,166</u>

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

	2001 £	2000 £
Amounts owed to other group companies	311,241	-
	<u>311,241</u>	<u>-</u>

12. DEFERRED TAXATION

	£
At 27 February 2000	3,500
Profit and loss account charge	-
At 28 February 2001	<u>3,500</u>

	2001 Amount Provided £	2001 Amount Unprovided £	2000 Amount Provided £	2000 Amount Unprovided £
Excess of capital allowances over depreciation	<u>3,500</u>	<u>-</u>	<u>3,500</u>	<u>-</u>

13. SHARE CAPITAL

	2001 Number of shares	£	2000 Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>	<u>50,000</u>
Called up, allotted and fully paid				
Ordinary shares of £1 each	<u>6,273</u>	<u>6,273</u>	<u>6,273</u>	<u>6,273</u>

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 28 February 2001

14. SHARE PREMIUM ACCOUNT

	£
At 27 February 2000 and 28 February 2001	<u>15,000</u>

15. RESERVES

	Capital redemption reserve £	Profit and loss account £	Total £
At 27 February 2000	3,927	59,935	63,862
Loss for the year	-	(222,806)	(222,806)
At 28 February 2001	<u>3,927</u>	<u>(162,871)</u>	<u>(158,944)</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDER'S (DEFICIT)/ FUNDS

	Year Ended 28 February 2001 £	44 Weeks Ended 26 February 2000 £
Loss for the year	(222,806)	(24,726)
Net reduction in shareholder's funds	(222,806)	(24,726)
Opening shareholder's funds	85,135	109,861
Closing shareholder's (deficit)/funds	<u>(137,671)</u>	<u>85,135</u>

17. OPERATING LEASES

	2001 Land and buildings £	2000 Land and buildings £
Annual commitments under non-cancellable operating leases expiring:		
Within two to five years	<u>46,000</u>	<u>57,500</u>

18. PENSION COMMITMENTS

The company operates defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £18,505 (2000: £17,838).

The company provides no other post retirement benefits to its employees.

NOTES TO THE FINANCIAL STATEMENTS
Year Ended 28 February 2001

19. RELATED PARTY TRANSACTIONS

Financial Reporting Standard Number 8 gives an exemption that transactions which eliminate on consolidation do not require disclosure. The company has taken advantage of this exemption.

During the year, MS Taylor charged the company rent of £25,760 (2000: £18,667) on an arms length basis.

During the year, the company was charged, in aggregate, £101,504 (2000: £375,557) for sub-contract services provided by Eastern Regional Shopfitters Limited and AP Compton. Eastern Regional Shopfitters Limited is controlled by SJ Compton. SJ Compton and AP Compton are close family members of AFJ Compton, a former director of the company. The services were all provided on an arms length basis.

20. CONTROLLING PARTIES

The immediate controlling party is WIL Property Services Limited, a company registered in England and Wales.

The intermediate controlling party and the largest group into which ECSEC Limited is consolidated is Wilton Investments Limited, a company registered in England and Wales. Wilton Investments Limited exercises operational control over ECSEC Limited. Copies of the financial statements of Wilton Investments Limited are available from the registered office as detailed on page 2.

The ultimate controlling party is a trust known as The GAM 2001 Trust which owns a controlling interest.

21. GOING CONCERN

At 28 February 2001 the company had net liabilities of £137,671. A £300,000 issue of redeemable preference shares was completed on 28 June 2001 which has reduced the inter group loan account with the intermediate parent company, Wilton Investments Limited and that company has also provided an inter group loan facility which, in the opinion of the directors, meets the foreseeable funding requirements of the company. Accordingly the directors consider that the company is a going concern and hence have prepared the financial statements on the going concern basis.