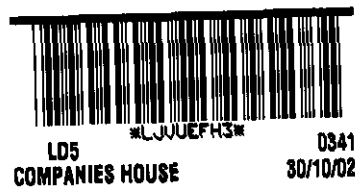


U.K. Electric Limited

Accounts 31 December 2001

together with directors' and auditors' reports

Registered number: 2742081



Directors' report

For the year ended 31 December 2001

The directors present their annual report on the affairs of the company, together with the accounts and independent auditors' report for the year ended 31 December 2001.

Principal activity and business review

The principal activity of the company is the distribution of electrical equipment.

The directors expect the present level of activity to improve in the current year.

On 2 July 2001, the company acquired the business and certain assets and liabilities of ABGO Equipment Sales Limited for cash consideration.

Results and dividends

The audited accounts for the year ended 31 December 2001 are set out on pages 4 to 14. The company's loss for the year after taxation was £725,346 (2000: £440,394).

The directors are unable to recommend the payment of a dividend.

Directors and their interests

The directors who served throughout the year were as follows:

R W Colburn
R Evans
M P Mills
S Westbrook

The directors who served throughout the year have no beneficial interest in the shares of the company which require disclosure under Schedule 7(2) of the Companies Act 1985.

Auditors

Since the balance sheet date Arthur Andersen resigned as auditors and Deloitte & Touche were appointed to fill a casual vacancy.

Mill House
Hambridge Lane
Newbury
Berkshire
RG14 5LS

By order of the Board



S Westbrook
Secretary

24 October 2002

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 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;
- state whether applicable 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 proper accounting records which 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 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 UK Electric Limited:**

We have audited the financial statements of UK Electric Limited for the year ended 31 December 2001 which comprise the Profit and loss account, the Balance sheet and the related notes numbered 1 to 15. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the Statement of Directors' Responsibilities. 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 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 with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

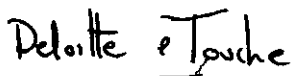
Basis of opinion

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 circumstances of the company, 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 affairs of the company at 31 December 2001 and of the company's loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Deloitte & Touche**

Chartered Accountants and Registered Auditors
Reading

24 October 2002

Profit and loss account

For the year ended 31 December 2001

	Note	Continuing operations	
		2001 £	2000 £
Turnover	1	23,694,152	24,449,546
Operating loss	2	(525,017)	(246,546)
Interest payable and similar charges (net)	3	(462,407)	(391,705)
Loss on ordinary activities before taxation		(987,424)	(638,251)
Tax credit on loss on ordinary activities	5	262,078	197,857
Loss on ordinary activities after taxation, being loss for the financial year	12	(725,346)	(440,394)
Accumulated deficit, at beginning of year		(588,601)	(148,207)
Accumulated deficit, at end of year		(1,313,947)	(588,601)

The accompanying notes are an integral part of this profit and loss account.

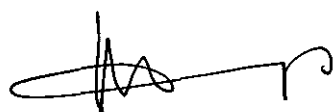
There are no recognised gains or losses other than the loss for each financial year as shown above.

Balance sheet

31 December 2001

	Note	2001 £	2000 £
Fixed assets			
Tangible assets	6	695,092	703,059
Investments	7	500,273	460,595
		<u>1,195,365</u>	<u>1,163,654</u>
Current assets			
Stocks - goods for resale		3,264,607	3,304,553
Debtors	8	4,781,655	5,621,581
Cash at bank and in hand		107,129	306,379
		<u>8,153,391</u>	<u>9,232,513</u>
Creditors: Amounts falling due within one year	9	<u>(4,068,082)</u>	<u>(5,353,662)</u>
Net current assets		<u>4,085,309</u>	<u>3,878,851</u>
Total assets less current liabilities		<u>5,280,674</u>	<u>5,042,505</u>
Creditors: Amounts falling due after more than one year	10	<u>(3,594,619)</u>	<u>(5,631,104)</u>
Net assets/(liabilities)		<u>1,686,055</u>	<u>(588,599)</u>
Capital and reserves			
Called-up share capital	11	2	2
Profit and loss account		(1,313,947)	(588,601)
Capital contribution	12	3,000,000	-
Equity shareholders' funds/(deficit)	12	<u>1,686,055</u>	<u>(588,599)</u>

The accounts on pages 4 to 14 were approved by the board of directors on 24 October 2002 and signed on its behalf by:



M P Mills

Director

The accompanying notes are an integral part of this balance sheet.

Statement of accounting policies

31 December 2001

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, is set out below.

Basis of accounting

The accounts are prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

The company has taken advantage of the exemption from preparing consolidated financial statements afforded by Section 228 of the Companies Act 1985 because it is a wholly owned subsidiary of Newbury Investments (UK) Limited which prepares consolidated financial statements which are publicly available. Accordingly the financial statements present information about it as an individual undertaking and not about its group.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Leasehold improvements	- over 5 to 10 years
Plant and machinery	- 4 years
Computer equipment	- 4 years
Warehouse equipment	- 4 years
Motor vehicles	- 4 years

Stocks

Stocks are stated at the lower of cost and net realisable value.

Provision is made for obsolete, slow-moving and defective items where appropriate.

Taxation

UK corporation tax is provided at amounts expected to be paid (or recovered) using the tax rates that have been enacted or substantially enacted by the balance sheet date.

Deferred taxation is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

The tax benefits arising from group relief are recognised in the accounts.

Statement of accounting policies (continued)**Pension costs**

The company provides pension arrangements to employees through a defined benefit scheme, which is operated by a non group company. It is not possible to identify the share of the underlying assets and liabilities in this scheme which is attributable to the company on a consistent and reasonable basis. Therefore, the company has applied the provisions in FRS 17 to account for the scheme as if it were a defined contribution scheme.

For defined contribution schemes the amount charged to the profit and loss account in respect of pension costs and other post retirement benefits is the contributions payable in the year. Differences between contributions payable and contributions actually paid are shown as either accruals or prepayments in the balance sheet.

Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts and VAT.

Cash flow statement

The company has taken advantage of the exemption available in Financial Reporting Standard Number 1 (Revised) "Cash Flow Statements" and has not produced a cash flow statement. All cash flows of the company are included within the consolidated cash flow statement of Newbury Investments (UK) Limited (see note 15).

Goodwill

Goodwill arising on the acquisition of subsidiary undertakings and businesses, representing any excess of the fair value of the consideration given over the fair value of the identifiable assets and liabilities acquired, is capitalised and written off on a straight line basis over its useful economic life. Provision is made for any impairment.

Goodwill arising on acquisitions in the year ended 31 December 1997 and earlier periods was written off to reserves in accordance with the accounting standard then in force. As permitted by the current accounting standard the goodwill previously written off to reserves has not been reinstated in the balance sheet. On disposal or closure of a previously acquired business, the attributable amount of goodwill previously written off to reserves is included in determining the profit or loss on disposal.

Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding. Hire purchase transactions are dealt with similarly, except that assets are depreciated over their useful lives.

Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

Investments

Fixed asset investments are shown at cost less provision for impairment.

Notes to accounts

31 December 2001

1 Turnover

Turnover is attributable to the company's principal activity, all of which arose in the UK.

2 Operating loss

The operating loss for the year is stated after (charging) crediting:

	2001 £	2000 £
Changes in stocks of goods for resale	(39,946)	(1,721,009)
Other operating income (expense)	180,240	(266,487)
Goods for resale and consumables	(19,164,278)	(17,587,574)
Other external charges	(487,898)	(900,897)
Staff costs (note 4)	(2,805,583)	(2,842,398)
Depreciation charged on fixed assets	(245,207)	(258,168)
Other operating charges	(1,656,497)	(1,119,559)
	<u>(24,219,169)</u>	<u>(24,696,092)</u>
Auditors' remuneration for audit services (included in other external charges)	<u>(18,000)</u>	<u>(17,500)</u>

The auditors also received £4,500 (2000: £ 5,500) for non-audit services.

3 Interest payable and similar charges (net)

	2001 £	2000 £
Bank overdraft	71,032	173,663
Loan from parent undertaking	382,377	248,932
Other interest payable	17,559	-
Other interest receivable	(8,561)	(30,890)
	<u>462,407</u>	<u>391,705</u>

Notes to accounts (continued)

4 Staff costs

The average monthly number of employees during the year (including executive directors) was:

	2001 Number	2000 Number
Sales and distribution	69	78
Administration	53	58
	<u>122</u>	<u>136</u>

Their aggregate remuneration comprised:

	2001 £	2000 £
Wages and salaries	2,512,911	2,534,967
Social security costs	210,427	223,662
Other pension costs	82,245	83,769
	<u>2,805,583</u>	<u>2,842,398</u>

The directors received no emoluments during either year.

5 Tax credit on loss on ordinary activities

	2001 £	2000 £
Corporation tax credit	<u>262,078</u>	<u>197,857</u>

There was no unprovided deferred taxation at either year end.

Notes to accounts (continued)
6 Tangible fixed assets

	Long leasehold land and buildings £	Leasehold improvements £	Fixtures, plant and machinery £	Computer, office equipment £	Motor vehicles £	Total £
Cost						
Beginning of year	-	312,930	115,102	82,137	635,633	1,145,802
Additions	75,000	2,553	34,651	39,262	169,080	320,546
Disposals	-	(31,010)	(119,455)	(75,553)	(187,532)	(413,550)
Transfers	-	(10,412)	146,356	101,691	(110,171)	127,464
End of year	75,000	274,061	176,654	147,537	507,010	1,180,262
Depreciation						
Beginning of year	-	91,391	51,994	49,925	249,433	442,743
Charge	-	27,383	77,857	41,460	98,507	245,207
Disposals	-	(14,321)	(119,455)	(65,941)	(130,527)	(330,244)
Transfers	-	(871)	100,113	59,417	(31,195)	127,464
End of year	-	103,582	110,509	84,861	186,218	485,170
Net book value						
Beginning of year	-	221,539	63,108	32,212	386,200	703,059
End of year	75,000	170,479	66,145	62,676	320,792	695,092

Leased assets included in the above:

Net book value						
Beginning of year	-	-	-	-	109,780	109,780
End of year	-	-	-	-	48,410	48,410

7 Fixed asset investments

a) *Investments comprise:*

Subsidiary undertakings

	£
Cost	
Beginning of year	460,595
Additions	39,678
End of year	500,273

Notes to accounts (continued)

7 Fixed asset investments (continued)
b) Subsidiary undertakings

The company has investments in the following subsidiary undertakings:

	Country of registration	Principal activity	Holding of ordinary shares	% held
ABGO Equipment Sales Limited	England & Wales	Dormant	2,000	100%
CSM Lighting Limited	England & Wales	Dormant	1,000	100%
Ivac Limited	England & Wales	Dormant	10,000	100%
Western Automation Limited	England & Wales	Dormant	100,000	100%

c) ABGO Equipment Sales Limited

On 2 July 2001 the company acquired the entire share capital of ABGO Equipment Sales Limited. The fair value of the consideration given approximated the fair value of the net assets acquired as detailed below:

	Book value £	Fair value adjustment £	Fair value £
Fixed assets	123,926	11,051	134,977
Stock	231,532	50,000	281,532
Debtors	143,635	-	143,635
Creditors	(524,466)	4,000	(520,466)
	(25,373)	65,051	39,678
Fair value of consideration			64,678
Goodwill arising			25,000

8 Debtors

Amounts falling due within one year:

	2001 £	2000 £
Trade debtors	4,241,525	5,366,215
Amounts owed by group undertakings	121,548	-
UK corporation tax recoverable	306,101	-
Other debtors	45,269	105,606
Prepayments and accrued income	67,212	149,760
	<u>4,781,655</u>	<u>5,621,581</u>

Notes to accounts (continued)
9 Creditors: Amounts falling due within one year

	2001 £	2000 £
Bank overdraft (Note 13)	436,612	1,063,457
Amounts owed under finance leases	69,826	71,294
Trade creditors	2,176,980	2,896,011
Amount owed to group undertakings	596,578	455,476
Other creditors		
- VAT	78,256	105,486
- Social security and PAYE	49,304	58,174
- Other	62,788	122,489
Accruals and deferred income	597,738	581,275
	<u>4,068,082</u>	<u>5,353,662</u>

10 Creditors: Amounts falling due after more than one year

	2001 £	2000 £
Amounts owed under finance leases	14,619	51,104
Amounts owed to group undertaking	3,580,000	5,580,000
	<u>3,594,619</u>	<u>5,631,104</u>

The amounts owed to group undertaking represents a short term loan from the immediate parent company of £3,580,000 (2000: £5,580,000). This loan is unsecured, repayable between one and five years and interest bearing at a rate of 1.5% above the National Westminster Bank's base rate.

	2001 £	2000 £
Finance leases:		
Between one and two years	14,619	36,485
Between two and five years	-	14,619
	<u>14,619</u>	<u>51,104</u>
On demand or within one year	69,826	71,294
	<u>84,445</u>	<u>122,398</u>

Finance leases are secured on the assets to which they relate.

Notes to accounts (continued)

11 Called-up share capital

	2001 £	2000 £
<i>Authorised</i>		
100 ordinary shares of £1 each	100	100
<i>Allotted, called-up and fully paid</i>		
2 ordinary shares of £1 each	2	2

12 Reconciliation of movement on equity shareholders' fund/(deficit)

	2001 £	2000 £
Loss for the financial year	(725,346)	(440,394)
Capital contribution	3,000,000	-
Opening shareholders' deficit	(588,599)	(148,205)
Closing shareholders' funds/(deficit)	1,686,055	(588,599)

The cumulative amount of goodwill written off against reserves is £395,000 (2000: £395,000).

During the year, Newbury Investments UK Limited, the company's parent made a capital contribution of £3,000,000. The contribution relates to loans made by the parent to the company and is non-distributable.

13 Guarantees and other financial commitments
a) Capital commitments

There were no capital commitments contracted for but not provided for at either year end.

b) Lease commitments

The company leases certain land and buildings on short and long-term operating leases.

The minimum annual rentals under the foregoing leases are as follows:

	2001 £	2000 £
Operating leases which expire		
- within one year	20,885	6,719
- between 2 – 5 years	161,940	100,910
- after 5 years	175,208	203,818
	358,033	311,447

Notes to accounts (continued)**13 Guarantees and other financial commitments (continued)***c) Contingent liabilities*

There is an unlimited cross guarantee between the company, Newbury Investments (UK) Limited, Deta Designs Limited, Deta Electrical Company Limited, Stearn Electric Company Limited and UK Cables Limited.

14 Pension arrangements

The pension cost for the year was £82,245 (2000: £83,769).

The company contributes to a defined benefit scheme operated by a non-group company which provides pensions to certain employees. The assets of the scheme are managed through a separate trustee administered fund.

The contributions to this fund are based upon independent actuarial advice using the projected unit method. Triennial actuarial valuations of the scheme are made, with the most recent having been carried out at 31 March 2001. The most significant assumption in arriving at this valuation is that the investment returns will exceed the increase in average earnings by 2%.

The valuation showed that the market value of the scheme's assets was £96,451,000 with the actuarial value of the assets representing 105% of the liabilities which had accrued to members. The next valuation will be performed as at 31 March 2004, with the results expected to be finalised in late 2004.

15 Controlling party and other related parties

The ultimate parent company is Newbury Investments BV, incorporated in the Netherlands. The smallest and largest group in which the results of the company are consolidated is that headed by Newbury Investments (UK) Limited. A copy of these accounts may be obtained from Companies House. The ultimate controlling party of Newbury Investments (UK) Limited is Newbury Investments BV.

The company is a wholly owned subsidiary undertaking of Newbury Investments (UK) Limited and has taken advantage of the exemption available under Financial Reporting Standard No. 8 not to disclose details of transactions with entities that are part of this group. The directors do not consider that transactions with other related parties are sufficiently material to influence decisions made by the users of these accounts.