



UK ELECTRIC LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 DECEMBER 2003

UK ELECTRIC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2003

Company registration number: 2742081

Registered office: Mill House
Hambridge Lane
Newbury
Berks
RG14 5LS

Directors: R W Colburn
R Evans
M P Mills
S Westbrook

Secretary: S Westbrook

Auditors: Grant Thornton UK LLP
Registered Auditors
Chartered Accountants
London Thames Valley Office
Chalvey Road East
Slough
Berks
SL1 2LS

UK ELECTRIC LIMITED

FINANCIAL STATEMENTS

For the year ended 31 December 2003

INDEX	PAGE
Report of the directors	1 - 2
Report of the independent auditors	3 - 4
Principal accounting policies	5 - 6
Profit and loss account	7
Balance sheet	8
Notes to the financial statements	9 - 16

UK ELECTRIC LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2003

The directors present their report together with the financial statements for the year ended 31 December 2003.

Principal activity

The principal activity of the company during the year was the distribution of electrical equipment.

Business review

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

Charitable donations

During the year the company made charitable contributions of £374 (2002: £268).

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements. There was a loss for the year after taxation amounting to £520,523 (2002: £499,644).

The directors do not recommend payment of a dividend (2002: £nil).

Directors

The present membership of the board of directors is set out below. All the directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 December 2003 and 1 January 2003 were as follows:

	31 December 2003	1 January 2003
R W Colburn	*	*
R Evans	-	-
M P Mills	*	*
S Westbrook	-	-

*The company is a wholly owned subsidiary and the interests of group directors are disclosed in the financial statements of the immediate parent company.

UK ELECTRIC LIMITED

REPORT OF THE DIRECTORS

For the year ended 31 December 2003

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 at the end of the year and of the profit or loss 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
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

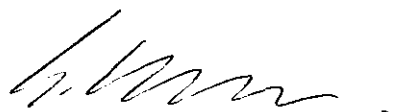
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding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

Auditors

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



S Westbrook
Secretary

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF UK ELECTRIC LIMITED

We have audited the financial statements of UK Electric Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the principal accounting policies and notes 1 to 24. 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 the directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities in the directors' report.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom 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 other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of opinion

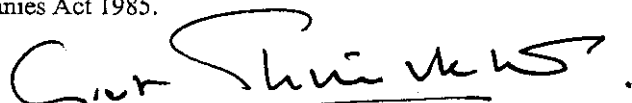
We conducted our audit in accordance with United Kingdom auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF
UK ELECTRIC LIMITED**

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 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Grant Thornton UK LLP', written over a horizontal line.

**GRANT THORNTON UK LLP
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
LONDON THAMES VALLEY OFFICE
SLOUGH**

12 July 2004.

UK ELECTRIC LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2003

Basis of accounting

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards and under the historical cost convention.

The principal accounting policies are set out below and have remained unchanged from the previous year.

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard 1 (revised) "Cash Flow Statements" from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its immediate parent publishes a consolidated cash flow statement.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of value added tax.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold and long leasehold - 50 years
Plant and equipment - 4 years
Motor vehicles - 4 years
Office and computer equipment - 4 years
Leasehold improvements - 5 to 10 years

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete, slow moving and defective items where appropriate.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

UK ELECTRIC LIMITED

PRINCIPAL ACCOUNTING POLICIES

For the year ended 31 December 2003

Pension costs

Defined benefit pension scheme

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 Financial Reporting Standard 17 "Retirement Benefits" to account for the scheme as if it were a defined contribution scheme.

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax on defined benefit pension scheme surpluses or deficits is adjusted against these surpluses. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.

Taxation

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

The taxation liabilities of certain group companies are reduced wholly or in part by the surrender of losses by fellow group companies. The taxation benefits arising from group relief are recognised in the financial statements of the surrendering and recipient company.

Fixed asset investments

Fixed asset investments are shown at cost less any amounts written off. Provisions are made for any impairment. Where advantage is taken of merger relief under section 131 of the Companies Act 1985, cost is equal to the nominal value of the share issued plus the fair value of any consideration given. Only dividends received and receivable are credited to the company's profit and loss account.

UK ELECTRIC LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 31 December 2003

	Note	2003 £	2002 £
Turnover	1	<u>31,495,575</u>	<u>21,950,699</u>
Operating loss	2	(327,206)	(599,948)
Interest receivable		1,171	921
Interest payable and similar charges	3	<u>(309,055)</u>	<u>(201,424)</u>
Loss on ordinary activities before taxation		(635,090)	(800,451)
Tax on loss on ordinary activities	6	<u>114,567</u>	<u>300,807</u>
Loss for the financial year		(520,523)	(499,644)
Balance brought forward		<u>(1,813,591)</u>	<u>(1,313,947)</u>
Balance carried forward		<u>(2,334,114)</u>	<u>(1,813,591)</u>

All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the loss for the year as set out above.

The accompanying accounting policies and notes form an integral part of these financial statements.

UK ELECTRIC LIMITED

BALANCE SHEET AT 31 DECEMBER 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	9	1,051,992	735,934
Investments	10	<u>500,273</u>	<u>500,273</u>
		1,552,265	1,236,207
Current assets			
Stocks	11	3,564,948	3,036,442
Debtors	12	6,897,997	6,160,417
Cash at bank		<u>68,855</u>	<u>386,349</u>
		10,531,800	9,583,208
Creditors: Amounts falling due within one year	13	<u>5,338,177</u>	<u>5,453,004</u>
Net current assets		<u>5,193,623</u>	<u>4,130,204</u>
Total assets less current liabilities		6,745,888	5,366,411
Creditors: Amounts falling due after more than one year	14	<u>6,080,000</u>	<u>4,180,000</u>
Net assets		<u>665,888</u>	<u>1,186,411</u>
Capital and reserves			
Called up share capital	16	2	2
Other reserve	17	3,000,000	3,000,000
Profit and loss account		<u>(2,334,114)</u>	<u>(1,813,591)</u>
Equity shareholders' funds	18	<u>665,888</u>	<u>1,186,411</u>

The financial statements were approved by the board of directors on 8 JULY 2004

Director  Min

The accompanying accounting policies and notes form an integral part of these financial statements.

UK ELECTRIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

1 TURNOVER

The turnover is attributable to the principal activity of the company as described in the directors' report.

An analysis of turnover is given below:

	2003 £	2002 £
United Kingdom	<u>31,495,575</u>	<u>21,950,699</u>

2 OPERATING LOSS

Operating loss is stated after (charging)/crediting:

	2003 £	2002 £
Change in stocks of finished goods	528,506	(228,165)
Other operating income	612,562	233,080
Raw materials and consumables	(25,138,101)	(17,467,458)
Other external charges	(994,915)	(553,012)
Staff costs (see note 4)	(4,018,701)	(2,685,384)
Depreciation written off fixed assets (see note 9)	(261,883)	(221,929)
Other operating charges	<u>(2,550,249)</u>	<u>(1,627,779)</u>
	<u>(31,822,781)</u>	<u>(22,550,647)</u>

	2003 £	2002 £
Other external charges include:		
Auditors' remuneration		
- Audit fees	18,500	14,400
- Non-audit services	<u>3,750</u>	<u>4,000</u>

Other operating charges include:		
Other operating lease rentals	595,618	373,244
Amortisation of goodwill	<u>-</u>	<u>55,000</u>

3 INTEREST PAYABLE AND SIMILAR CHARGES

	2003 £	2002 £
Interest payable on bank borrowing	56	1,473
Finance charges	1,424	4,456
Other similar charges payable	<u>307,575</u>	<u>195,495</u>
	<u>309,055</u>	<u>201,424</u>

UK ELECTRIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

4 EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	2003 No	2002 No
Administration	55	46
Sales and distribution	102	68
	<u>157</u>	<u>114</u>

The aggregate payroll costs of the above were:

	2003 £	2002 £
Wages and salaries	3,516,617	2,351,988
Social security costs	340,380	241,858
Pension costs	161,704	91,538
	<u>4,018,701</u>	<u>2,685,384</u>

5 DIRECTORS

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments receivable	20,485	19,987
Value of company pension contributions to a defined benefits scheme	639	470
	<u>21,124</u>	<u>20,457</u>

Two directors (2002: 2) are accruing benefits under a defined benefit pension scheme.

6 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax credit represents:

	2003 £	2002 £
UK Corporation tax at 30% (2002: 30%)	(165,636)	(267,403)
Under provision in prior periods	54,894	40,782
Total current tax	(110,742)	(226,621)
Deferred tax	(3,825)	(74,186)
Tax on loss on ordinary activities	<u>(114,567)</u>	<u>(300,807)</u>

UK ELECTRIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

7 FACTORS AFFECTING TAX CREDIT FOR THE YEAR

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2002: 30%).

	2003 £	2002 £
Loss on ordinary activities before taxation	<u>(635,090)</u>	<u>(800,451)</u>
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(190,527)	(240,135)
Effect of:		
Expenses not deductible for tax purposes	21,066	19,452
Capital allowances in excess of depreciation	(14,722)	(49,727)
Other timing differences	18,547	3,007
Adjustments to tax charge in respect of prior periods	<u>54,894</u>	<u>40,782</u>
Current tax credit for the year	<u>(110,742)</u>	<u>(226,621)</u>

8 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 January 2003 and 31 December 2003	<u>55,000</u>
Amortisation	
At 1 January 2003 and 31 December 2003	<u>55,000</u>
Net book value at 31 December 2003 and 31 December 2002	<u>-</u>

UK ELECTRIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

9 TANGIBLE FIXED ASSETS

	Freehold and long leasehold £	Plant and equipment £	Motor vehicles £	Office and computer £	Leasehold improvements £	Total £
Cost						
At 1 January 2003	75,000	163,190	504,364	201,550	386,507	1,330,611
Additions	-	18,201	342,875	124,069	188,935	674,080
Disposals	(75,000)	(26,751)	(149,323)	(25,828)	(11,770)	(288,672)
At 31 December 2003	-	154,640	697,916	299,791	563,672	1,716,019
Depreciation						
At 1 January 2003	2,250	133,178	243,331	109,798	106,120	594,677
Charge for the year	750	25,775	136,209	38,533	60,616	261,883
Disposals	(3,000)	(50,525)	(103,810)	(23,440)	(11,758)	(192,533)
At 31 December 2003	-	108,428	275,730	124,891	154,978	664,027
Net book value at 31 December 2003	-	46,212	422,186	174,900	408,694	1,051,992
Net book value at 31 December 2002	72,750	30,012	261,033	91,752	280,387	735,934

Finance leases and hire purchase agreements

Included within the net book value of £1,051,992 is £428 (2002: £11,083) relating to assets held under finance leases and hire purchase agreements. The depreciation charged to the accounts in the year in respect of such assets amounted to £10,655 (2002: £28,317).

10 INVESTMENTS

	Shares in subsidiary undertakings £
Cost	
At 1 January 2003 and 31 December 2003	500,273

The company directly owns the entire issued ordinary share capital of the companies listed below, all of which are incorporated in England and Wales.

Name	Share capital and reserves	Activities
ABGO Equipment Sales Limited	39,679	Dormant
CSM Lighting Limited	127,121	Dormant
IVAC Limited	126,968	Dormant
Western Automation Limited	103,106	Dormant

UK ELECTRIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

INVESTMENTS (CONTINUED)

Under the provision of section 248 of the Companies Act 1985 the company is exempt from preparing consolidated financial statements and has not done so, therefore the financial statements show information about the company as an individual entity.

11 STOCKS

	2003 £	2002 £
Finished goods	<u>3,564,948</u>	<u>3,036,442</u>

12 DEBTORS

	2003 £	2002 £
Trade debtors	6,276,016	5,144,781
Amounts owed by group undertakings	1,737	262,053
Corporation tax recoverable	165,636	267,403
Deferred tax	78,011	74,186
Other debtors	254,703	112,092
Prepayments and accrued income	121,894	299,902
	<u>6,897,997</u>	<u>6,160,417</u>

13 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	2002 £
Bank loans and overdrafts	647,079	454,215
Trade creditors	2,613,479	3,795,771
Amount owed to group undertakings	558,480	429,688
Other taxation and social security	227,881	79,442
Other creditors	92,445	180,717
Accruals and deferred income	1,178,177	503,969
Pension contributions	20,636	-
Amounts due under finance leases and hire purchase agreements	-	9,202
	<u>5,338,177</u>	<u>5,453,004</u>

14 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	2002 £
Amounts owed to group undertakings	<u>6,080,000</u>	<u>4,180,000</u>

The amounts owed to group undertakings represents a short term loan from the immediate parent company of £6,080,000 (2002: £4,180,000). This loan is unsecured, repayable in between one and five years and interest bearing at a rate of 1.5% above the Natwest Bank plc's base rate.

UK ELECTRIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

15 DEFERRED TAXATION

The movement in the deferred taxation asset account during the year was:

	2003 £	2002 £
At 1 January 2003	74,186	-
Profit and loss account movement arising during the year	<u>3,825</u>	<u>74,186</u>
At 31 December 2003	<u>78,011</u>	<u>74,186</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of:

	2003 £	2002 £
Capital allowances and depreciation	14,087	28,809
Other timing differences	<u>63,924</u>	<u>45,377</u>
	<u>78,011</u>	<u>74,186</u>

16 SHARE CAPITAL

	2003 £	2002 £
Authorised		
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
	2003 £	2002 £
Allotted, called up and fully paid		
2 Ordinary shares of £1 each	<u>2</u>	<u>2</u>

17 OTHER RESERVES

	2003 £	2002 £
Capital contribution reserve	<u>3,000,000</u>	<u>3,000,000</u>

UK ELECTRIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Loss for the financial year	(520,523)	(499,644)
Opening shareholders' equity funds	<u>1,186,411</u>	<u>1,686,055</u>
Closing shareholders' equity funds	<u>665,888</u>	<u>1,186,411</u>

The cumulative amount of goodwill written off against reserves is £395,000 (2002: £395,000).

19 CAPITAL COMMITMENTS

The company had no capital commitments at 31 December 2003 or 31 December 2002.

20 CONTINGENT LIABILITIES

There is an unlimited cross guarantee between the company, Newbury Investments (UK) Limited, Deta Designs Limited, Deta Electrical Company Limited, Stearn Electrical Company Limited and UK Cables Limited in favour of Natwest Bank plc. The obligation under this guarantee at 31 December 2003 was £527,223 (2002: £116,654).

There were no other contingent liabilities at 31 December 2003 or at 31 December 2002.

21 LEASING COMMITMENTS

At 31 December 2003 the company had annual commitments under non-cancellable operating leases as set out below:

	2003 £	2002 £
Operating leases which expire:		
Within one year	10,500	-
Within two to five years	230,080	194,340
After more than five years	<u>181,838</u>	<u>175,558</u>
	<u>422,418</u>	<u>369,898</u>

22 RELATED PARTY TRANSACTIONS

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 8 "Related Party Transactions" not to disclose details of transactions with entities which are part of this group. The directors do not consider that transactions with other related parties, which were conducted under normal commercial terms, are sufficiently material to influence decisions made by the users of the financial statements.

UK ELECTRIC LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2003

23 PENSION ARRANGEMENTS

The pension cost for the year was £161,704 (2002: £91,538).

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 as at 31 March 2001. The most significant assumption in arriving at this valuation is that the investment returns would 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.

24 ULTIMATE PARENT COMPANY

The ultimate parent company is Newbury Investments BV, a company 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 financial statements may be obtained from Companies House. The immediate parent company is Newbury Investments (UK) Limited.