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ALPHA PNEUMATIC SUPPLIES LIMITED

REG. NO. 2953130

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002



LINGHAM & CO
Chartered Accountants
65 Higher Drive, Purley
Surrey, CR8 2HR

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ALPHA PNEUMATIC SUPPLIES LIMITED

DIRECTORS	G C Stamatiou A Demetriou
SECRETARY	G C Stamatiou
REGISTERED OFFICE	21 Spencer Gate St. Albans Herts AL1 4AD
REGISTERED NUMBER	2953130 England & Wales
AUDITORS	Lingham & Co Chartered Accountants & Registered Auditors 65 Higher Drive Purley Surrey CR8 2HR

ANNUAL REPORT AND FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 2002

Directors' Report	Pages 1 & 2
Auditors' Report	3 & 4

Accounts comprising:

Balance Sheet	5 & 6
Profit and Loss Account	7
Notes to the Financial Statements	8 & 9
Detailed Profit and Loss Account	10 *

*This page does not form part of the statutory accounts

ALPHA PNEUMATIC SUPPLIES LIMITEDDIRECTORS' REPORTYEAR ENDED 31 JULY 2002

The directors submit their Annual Report and the Financial Statements of the company for the year ended 31 July 2002.

DIRECTORS' RESPONSIBILITIES

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 the Financial Reporting Standard for Smaller Entities has been followed, subject to any material departures disclosed and explained in the financial statements.
- Prepare the accounts 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 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 and other irregularities.

STOCK CONTROL SYSTEM

A stock control system was to be set up during this financial year, but we had to postpone this until the end of the next financial year due to several reasons, the main ones being:

1. In order to promote sales we channelled most of the available human resources towards sales and marketing leaving limited manpower to undertake this exercise.
2. Addition of some new ranges of hand and power tools etc. has vastly increased the product range.

However, due to relatively high volume of stocks held (which is continuously rising) the Company has now definitely decided to set up a stock control system in July 2003.

PRINCIPAL ACTIVITIES

The principal activities of the company for the year were those of suppliers of air compressors, air tools and allied products.

ALPHA PNEUMATIC SUPPLIES LIMITEDDIRECTORS' REPORT (CONTINUED)YEAR ENDED 31 JULY 2002DIRECTORS'

The directors and their interests in the shares of the company throughout the year were:

G C Stamatiou	52
A Demetriou	<u>48</u>
	<u>100</u>

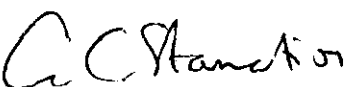
AUDITORS

The Auditors M/s Lingham & Co., are deemed to be reappointed in accordance with section 386 Companies Act 1985.

DIRECTORS' REPORT

This report is prepared in accordance with special provision of Part V11 of the Companies Act 1985 as amended, relating to small companies.

Approved by the Board on 11 June 2003 and signed on their behalf.


.....
G C Stamatiou
Secretary

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS
OF ALPHA PNEUMATIC SUPPLIES LIMITED
YEAR ENDED 31 JULY 2002

We have audited the financial statements of Alpha Pneumatic Supplies Ltd., for the year ended 31 July 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. These financial statements have been prepared under the historical cost convention and 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 auditor's 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 on page 1 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom accounting standards. Our responsibility is to audit the financial statements in accordance with the 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF OPINION

We conduct 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.

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS

OF ALPHA PNEUMATIC SUPPLIES LIMITED

YEAR ENDED 31 JULY 2002

Fundamental Uncertainty:

The amount of stock in hand has continued to build up since the end of the previous financial year. Although assurances were given that a stock control system was to be implemented before the end of this financial year no such system has been brought into existence as yet. Therefore in the absence of relevant records and effective control we were unable to verify the accuracy of stock appearing in the balance sheet at £409 458. Because of the significance of this item in the Balance Sheet, any misstatement in quantity could have a direct impact on the results for the year.

OPINION

Except for the value of stock, the accuracy of which we were unable to verify, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 July 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



RAY SAMUELS
LINGHAM & CO

Chartered Accountants & Registered Auditors
65 Higher Drive,
Purley, Surrey, CR8 2HR.

11 June 2003

ALPHA PNEUMATIC SUPPLIES LIMITED

BALANCE SHEET AT 31 JULY 2002

	<u>Notes</u>		<u>2002</u> £		<u>2001</u> £
<u>FIXED ASSETS</u>					
Tangible Assets:					
Freehold property at cost	8		190 070		190 070
Leasehold property at cost	7	7 546		7 546	
<u>Less: Amount written off</u>		<u>1 635</u>	5 911	<u>—</u>	7 546
Office equipment at cost	1b	17 558		8 719	
Additions		<u>2 998</u>		<u>8 839</u>	
		20 556		17 558	
<u>Less: Depreciation</u>		<u>(10 253)</u>	10 303	<u>(6 819)</u>	10 739
Plant and equipment at cost	1b	13 035		10 435	
Additions		<u>3 704</u>		<u>2 600</u>	
		16 739		13 035	
<u>Less: Depreciation</u>		<u>(9 033)</u>		<u>(6 465)</u>	
			<u>7 706</u>		<u>6 570</u>
			213 990		214 925
<u>CURRENT ASSETS</u>					
Stock	1d	409 458		150 545	
Trade debtors		162 311		217 259	
Other debtors & prepayments		30 697		66 418	
Cash at bank & in hand		<u>743</u>		<u>3 747</u>	
		<u>603 209</u>		<u>437 969</u>	
<u>CREDITORS:</u>					
<u>Amounts falling due within one year</u>					
Trade creditors		249 036		197 205	
Other creditors & accruals	5	47 509		33 083	
Bank overdraft		<u>122 080</u>		<u>60 794</u>	
		<u>(418 625)</u>		<u>(291 082)</u>	
<u>NET CURRENT ASSETS</u>			<u>184 584</u>		<u>146 887</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			398 574		361 812
<u>CREDITORS: Amounts falling due after more than one year</u>					
Directors' loan	6	22 521		21 327	
Bank loan (Secured)	8	<u>128 019</u>	<u>(150 540)</u>	<u>139 268</u>	<u>(160 595)</u>
<u>NET ASSETS</u>			<u>248 034</u>		<u>201 217</u>
<u>CAPITAL & RESERVES</u>					
Called up share capital	2		100		100
Profit and loss account			<u>247 934</u>		<u>201 117</u>
<u>SHAREHOLDERS' INTERESTS</u>			<u>248 034</u>		<u>201 217</u>

Notes on pages 8 and 9 form part of these financial statements.

ALPHA PNEUMATIC SUPPLIES LIMITED

BALANCE SHEET AS AT 31 JULY 2002 (continued)

These accounts are prepared in accordance with the special provisions of part VII of the Companies Act 1985 applicable to small companies.

The financial statements on pages 5 to 9 were approved by the board of directors on 11 June 2003 and signed on their behalf by:

A handwritten signature in black ink, appearing to read 'A Demetriou', is written over a horizontal dotted line.

A Demetriou
Director.

ALPHA PNEUMATIC SUPPLIES LIMITEDPROFIT AND LOSS ACCOUNTYEAR ENDED 31 JULY 2002

	<u>Notes</u>	<u>2002</u> £	<u>2001</u> £
TURNOVER	1c	1 450 313	1 062 515
COST OF SALES		<u>1 019 886</u>	<u>759 303</u>
GROSS PROFIT		430 427	303 212
DISTRIBUTION COSTS		(49 024)	(37 035)
ADMINISTRATIVE EXPENSES		<u>(308 931)</u>	<u>(188 203)</u>
TRADING/OPERATING PROFIT	3	72 472	77 974
INTEREST RECEIVABLE		3	14
INTEREST PAYABLE	6	<u>(13 003)</u>	<u>(16 569)</u>
PROFIT ON ORDINARY ACTIVITIES before taxation		59 472	61 419
TAXATION	4	<u>(12 655)</u>	<u>(12 200)</u>
PROFIT ON ORDINARY ACTIVITIES after taxation		46 817	49 219
PROFIT ON DISPOSAL OF FREEHOLD PROPERTY	4	—	<u>64 244</u>
PROFIT FOR THE YEAR		46 817	113 463
RETAINED SURPLUS at 1 August 2001		<u>201 117</u>	<u>87 654</u>
RETAINED SURPLUS at 31 July 2002		<u>247 934</u>	<u>201 117</u>

Notes on pages 8 and 9 form part of these financial statements.

ALPHA PNEUMATIC SUPPLIES LIMITEDNOTES TO THE FINANCIAL STATEMENTSYEAR ENDED 31 JULY 20021. ACCOUNTING POLICIESAccounting basis and standards

- a. The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.
- b. Depreciation
Depreciation is provided on the reducing balance method on all tangible assets at rates calculated to write off the cost of each asset over its expected useful life as follows:
- | | |
|---------------------|-----|
| Office equipment | 25% |
| Plant and equipment | 25% |
- c. Turnover
Turnover represents value of sales excluding VAT.
- d. Stocks are valued by the directors at lower of costs or net realisable value. There is no stock control system in existence at present. However arrangements are being made to set up one in July 2003.

2. <u>SHARE CAPITAL</u>	<u>2002</u>	<u>2001</u>
Authorised:		
100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Called up:		
100 ordinary shares of £1 each fully paid	<u>100</u>	<u>100</u>

3. <u>OPERATING PROFIT</u>		
Operating profit is stated after charging:		
Depreciation of tangible fixed assets	<u>6002</u>	<u>5770</u>
Directors' remuneration (incl. NI)	<u>47 535</u>	<u>43 045</u>

4. <u>TAXATION</u>		
Corporation tax charge for the year:		
On current year activities	12 200	12 200
Under-provision in previous year	<u>455</u>	<u>-</u>
	<u>12 655</u>	<u>12 200</u>

Additional liability to corporation tax in the region of £12,000 in respect of rollover relief claimed may crystallise on a future date.

ALPHA PNEUMATIC SUPPLIES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 JULY 2002

5. OTHER CREDITORS AND ACCRUALS

Corporation tax	24 854	12 200
Social security and other taxes	5 176	11 765
Other amounts owed	<u>17 479</u>	<u>9 118</u>
	<u>47 509</u>	<u>33 083</u>

6. INTEREST PAYABLE

Interest payable to a director in respect of the balance in his loan account is calculated at 3% plus base rate set by the Bank of England from time to time. The average rate applied for the year is 8.5%.

7. LEASEHOLD PROPERTY (short lease) at Unit 6, Coldharbour, Pinnacles Estate, Harlow, Essex.

The property is on a 5 year un-expired lease when assigned in June 2001 with a 3 year rent review and break clause. Cost represents legal expenses which is being written off on a straight-line basis over the un-expired term of the lease of 5 years.

8. MORTGAGE The loan is secured on the freehold property.