

**FALCON ELECTRICAL WHOLESALERS LIMITED**

**CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED  
31 MARCH 1998**

**Registered Number : 3020816**

**MORGAN BROWN & SPOFFORTH**

*Chartered Accountants*



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COMPANIES HOUSE 15/02/99

COMPANIES HOUSE 29/02/99

**FALCON ELECTRICAL WHOLESALERS LIMITED****DIRECTORS' REPORT**

The directors present their report and the financial statements of the company and of the group for the 11 month period ended 31 March 1998.

**Principal Activity**

The company's principal activity during the period continued to be that of electrical wholesalers.

The principal activity of the group continued to be that of electrical wholesalers.

**Directors and Directors' Interests**

The directors who held office during the period together with their beneficial interests in the issued share capital of the company were as follows:

	Ordinary shares of £1 each	
	31 March 1998	30 April 1997
R S Bhambra	445	500
B S Bhambra	445	500
G K Bhambra	110	-

**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 and the group and of the profit or loss of the company and the group for that period. In preparing those consolidated financial statements, the directors are required to:

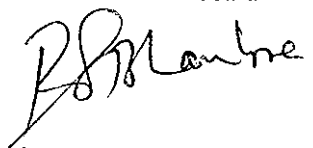
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company in the group will continue in business.

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

**Auditors**

The auditors, Morgan Brown & Spofforth, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

On behalf of the board



Registered Office:

82 St John Street  
London  
EC1M 4JN

Date: 28 January 1999

R S Bhambra  
Director

## AUDITORS' REPORT TO THE SHAREHOLDERS OF

### FALCON ELECTRICAL WHOLESALERS LIMITED

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We have audited the financial statements on pages 3 to 13 which have been prepared on the basis of the accounting policies set out on page 8.

#### **Respective Responsibilities of Directors and Auditors**

As described on page 1, the company's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial statements and to report our opinion to you.

#### **Basis of 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.

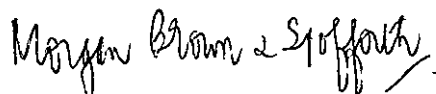
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity 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 affairs of the company and the group as at 31 March 1998 and of its profit for the 11 month period then ended and have been properly prepared in accordance with those provisions of the Companies Act 1985.

82 St John Street  
London  
EC1M 4JN

Date: 28 January 1999



MORGAN BROWN & SPOFFORTH  
*Chartered Accountants*  
*Registered Auditor*

**FALCON ELECTRICAL WHOLESALERS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE PERIOD ENDED 31 MARCH 1998**

	Notes	Period 1 May 1997 to 31 March 1998 £	Period 1 February 1997 to 30 April 1997 £
Turnover	2	3,741,699	1,073,139
Cost of sales		<u>3,034,824</u>	<u>896,124</u>
Gross profit		706,875	177,015
Administrative expenses		607,224	166,380
Non-recurring item - impairment of goodwill		<u>9,500</u>	<u>-</u>
Operating profit	3	90,151	10,635
Interest payable and similar charges	4	<u>22,328</u>	<u>3,907</u>
Profit on ordinary activities before taxation		67,823	6,728
Tax on profit on ordinary activities	5	<u>15,237</u>	<u>1,631</u>
Profit on ordinary activities after taxation		52,586	5,097
Dividends		<u>(20,000)</u>	<u>-</u>
Retained profit for the financial period		<u><u>32,586</u></u>	<u><u>5,097</u></u>

**Continuing Operations**

The turnover and operating profit derive from continuing operations.

None of the company's activities were acquired or discontinued during the above two financial periods.

**Total Recognised Gains and Losses**

The company has no recognised gains or losses other than the profits stated above.

**Historical Cost Equivalents**

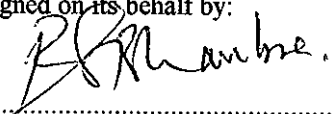
There is no difference between the profit reported above and the equivalent profit calculated on an unmodified historical cost basis.

The notes on pages 8 to 13 form part of these financial statements.

**FALCON ELECTRICAL WHOLESALERS LIMITED****CONSOLIDATED BALANCE SHEET****AS AT 31 MARCH 1998**

		1998		1997	
	Notes	£	£	£	£
<b>Fixed Assets</b>					
Intangible assets	7		-		9,500
Tangible assets	8		<u>62,976</u>		<u>66,173</u>
			62,976		75,673
<b>Current Assets</b>					
Stocks	10	729,061		777,763	
Debtors	11	827,195		947,245	
Cash at bank and in hand		<u>11,052</u>		<u>654</u>	
		1,567,308		1,725,662	
<b>Creditors: amounts falling due within one year</b>	12	<u>1,081,011</u>		<u>1,278,975</u>	
<b>Net Current Assets</b>			<u>486,297</u>		<u>446,687</u>
<b>Total Assets less Current Liabilities</b>			549,273		522,360
<b>Creditors: amounts falling due after more than one year</b>	13		<u>-</u>		<u>5,673</u>
<b>Net Assets</b>			<u>549,273</u>		<u>516,687</u>
<b>Capital and Reserves</b>					
Called up share capital	14		1,000		1,000
Profit and loss account			<u>548,273</u>		<u>515,687</u>
<b>Shareholders' Funds - equity interests only</b>	15		<u>549,273</u>		<u>516,687</u>

The financial statements on pages 3 to 13 were approved by the board of directors on the date shown below and were signed on its behalf by:


  
 .....  
 R S Bhambra - director

Date: 28 January 1999

**FALCON ELECTRICAL WHOLESALERS LIMITED****COMPANY BALANCE SHEET****AS AT 31 MARCH 1998**

		1998		1997	
	Notes	£	£	£	£
<b>Fixed Assets</b>					
Intangible assets	7		-		9,500
Tangible assets	8		62,976		66,173
Investment	9		<u>2</u>		<u>2</u>
			62,978		75,675
<b>Current Assets</b>					
Stocks	10	729,061		777,763	
Debtors	11	777,195		947,245	
Cash at bank and in hand		<u>11,052</u>		<u>654</u>	
		1,517,308		1,725,662	
<b>Creditors: amounts falling due within one year</b>	12	<u>975,148</u>		<u>1,208,446</u>	
<b>Net Current Assets</b>			<u>542,160</u>		<u>517,216</u>
<b>Total Assets less Current Liabilities</b>			605,138		592,891
<b>Creditors: amounts falling due after more than one year</b>	13		<u>558,775</u>		<u>586,794</u>
<b>Net Assets</b>			<u><u>46,363</u></u>		<u><u>6,097</u></u>
<b>Capital and Reserves</b>					
Called up share capital	14		1,000		1,000
Profit and loss account			<u>45,363</u>		<u>5,097</u>
<b>Shareholders' Funds - equity interests only</b>	15		<u><u>46,363</u></u>		<u><u>6,097</u></u>

The financial statements on pages 3 to 13 were approved by the board of directors on the date shown below and were signed on its behalf by:

  
 .....  
 R S Bhambra - director

Date: 28 January 1999

**FALCON ELECTRICAL WHOLESALERS LIMITED**  
**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE PERIOD ENDED 31 MARCH 1998**

	Note	1998		1997	
		£	£	£	£
<b>Net cash outflow from operating activities</b>	1		(53,820)		(267,061)
<b>Returns on investments and servicing of finance</b>					
Interest paid		(20,340)		(3,907)	
Interest element of finance lease rental payments		<u>(1,988)</u>		<u>(677)</u>	
			(22,328)		(4,584)
<b>Taxation</b>					
Corporation tax paid			(1,561)		-
<b>Capital Expenditure</b>					
Payments to acquire tangible fixed assets			(3,592)		(70,007)
Equity dividends paid			<u>(20,000)</u>		<u>-</u>
<b>Net cash outflow before financing</b>			(101,301)		(341,652)
<b>Financing</b>					
Capital element of finance lease rental payments		(6,134)		(5,001)	
Short term debt (repaid)/advanced		(3,300)		3,300	
Receipts under finance leases		<u>8,240</u>		<u>-</u>	
<b>Net cash outflow from financing</b>			<u>(1,194)</u>		<u>(1,701)</u>
<b>Decrease in cash</b>			<u>(102,495)</u>		<u>(343,353)</u>

## FALCON ELECTRICAL WHOLESALERS LIMITED

## NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT

AS AT 31 MARCH 1998

1. RECONCILIATION OF OPERATING PROFIT TO NET  
CASH OUTFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	90,151	10,635
Depreciation charges	17,030	4,344
Decrease/(increase) in debtors	120,050	(947,245)
Decrease/(increase) in creditors	(329,753)	1,442,968
Decrease in stocks	48,702	(777,763)
Net cash outflow from operating activities	<u>(53,820)</u>	<u>(267,061)</u>

## 2. ANALYSIS OF CHANGES IN NET DEBTS

	At 30 April 1997 £	Cashflow £	At 31 March 1998 £
Cash in hand and in bank	654	10,398	11,052
Overdraft	<u>(344,007)</u>	<u>(112,893)</u>	<u>(456,900)</u>
		102,495	
Debt due after 1 year	(5,673)	5,673	-
Debt due within 1 year	<u>(1,789,565)</u>	<u>204,768</u>	<u>(1,584,797)</u>
	<u>(2,138,591)</u>	<u>107,946</u>	<u>(2,030,645)</u>



**FALCON ELECTRICAL WHOLESALERS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS****FOR THE PERIOD ENDED 31 MARCH 1998****1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

**Basis of preparation**

The financial statements have been prepared under the historical cost convention and in accordance with all relevant Statements of Standard Accounting Practice and Financial Reporting Standards except where indicated elsewhere.

**Basis of consolidation**

The Group accounts consolidate the accounts of the company and its subsidiary undertaking, which were also prepared up to 31 March 1998. Intra group profits where appropriate are eliminated on consolidation.

In accordance with the concession granted under section 230(2) of the Companies Act 1985, the profit and loss account of Falcon Electrical Wholesalers Limited has not been presented separately in these financial statements.

**Goodwill**

Goodwill being the amount paid in connection with the acquisition of a business in 1997, was written off to other reserves during the period.

**Fixed assets and depreciation**

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Fixtures and equipment	-	20% per annum reducing balance
Motor vehicles	-	25% per annum reducing balance

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is calculated at the retail selling price less the average mark-up relating to the particular type of stock.

**Finance lease and hire purchase agreements**

Assets acquired under finance lease and hire purchase agreements are capitalised and depreciated in accordance with the provisions of Statement of Standard Accounting Practice 21. The related obligations, net of future finance charges, are included in creditors. The related finance charges are charged to the profit and loss account proportionally over the length of the respective finance agreements.

Rental charges on leases accounted for as operating leases as defined by Statement of Standard Accounting Practice 21 are charged to the profit and loss account in the period incurred.

**Deferred taxation**

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounting and taxation purposes, which are expected to reverse in the future, calculated at the rates at which it is expected that the tax will arise.

**Pensions**

The company operates a defined contribution pension scheme. Payments due for the period are charged to the profit and loss account.

**2. TURNOVER**

Turnover represents the total of goods sold and services provided stated net of value added tax and discounts. The company has only one class of business and operates only in the United Kingdom.

**FALCON ELECTRICAL WHOLESALERS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****FOR THE PERIOD ENDED 31 MARCH 1998**

<b>3. OPERATING PROFIT</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Directors' emoluments	52,282	15,272
Auditors' remuneration	10,000	2,000
Depreciation and other amounts written off tangible fixed assets:		
Owned assets	9,569	2,527
Leased assets	<u>7,461</u>	<u>1,307</u>
<b>4. INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Interest on bank overdraft	20,340	-
Hire purchase	<u>1,988</u>	<u>3,907</u>
	<u>22,328</u>	<u>3,907</u>
<b>5. TAXATION</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Corporation tax payable at 21% (1997 - 24%)	<u>15,237</u>	<u>1,631</u>
<b>6. DIVIDENDS</b>		
Equity interests only	<b>1998</b>	<b>1997</b>
Ordinary shares:		
Final	<u>20,000</u>	<u>-</u>

**FALCON ELECTRICAL WHOLESALERS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****FOR THE PERIOD ENDED 31 MARCH 1998****7. INTANGIBLE FIXED ASSETS**

	<b>Goodwill</b>
	<b>£</b>
<b>Cost</b>	
At 1 May 1997	<u>10,000</u>
Closing balance at 31 March 1998	<u>10,000</u>
<b>Amortisation</b>	
At 1 May 1997	500
Written off to other reserves	<u>9,500</u>
Closing balance at 31 March 1998	<u>10,000</u>
<b>Net Book Value</b>	
At 31 March 1998	<u>-</u>
At 31 March 1997	<u>9,500</u>

**8. TANGIBLE FIXED ASSETS**

	<b>Fixtures and Fittings</b>	<b>Motor Vehicle</b>	<b>Total</b>
	<b>£</b>	<b>£</b>	<b>£</b>
<b>Cost</b>			
At 1 May 1997	43,307	26,700	70,007
Additions	<u>3,592</u>	<u>10,240</u>	<u>13,832</u>
At 31 March 1998	<u>46,899</u>	<u>36,940</u>	<u>83,839</u>
<b>Depreciation</b>			
At 1 May 1997	2,165	1,669	3,834
Charge for the year	<u>8,946</u>	<u>8,083</u>	<u>17,029</u>
At 31 March 1998	<u>11,111</u>	<u>9,752</u>	<u>20,863</u>
<b>Net Book Value</b>			
At 31 March 1998	<u>35,788</u>	<u>27,188</u>	<u>62,976</u>
At 30 April 1997	<u>41,142</u>	<u>25,031</u>	<u>66,173</u>

Included in the net book value of plant and equipment is £22,379 (1997 - £19,599) in respect of assets held under finance leases and similar hire purchase agreements.

## FALCON ELECTRICAL WHOLESALERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

FOR THE PERIOD ENDED 31 MARCH 1998

## 9. INVESTMENTS

Subsidiary Undertakings	Company		Group		PRINCIPAL ACTIVITY
	1998	1997	1998	1997	
	£	£	£	£	
Stockhaven Limited					
2 Ordinary £1 shares (100%)	2	2	-	-	Non-trading

Stockhaven Limited is incorporated in England and Wales.

## 10. STOCKS

	1998	1997
	£	£
Stocks	<u>729,061</u>	<u>777,763</u>

## 11. DEBTORS

	Company		Group	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	761,112	930,713	761,112	930,713
Other debtors	11,344	4,000	11,344	4,000
Prepayment and accrued income	<u>4,739</u>	<u>12,532</u>	<u>54,739</u>	<u>12,532</u>
	<u>777,195</u>	<u>947,245</u>	<u>827,195</u>	<u>947,245</u>

## 12. CREDITORS: Amounts falling due within one year

	Company		Group	
	1998	1997	1998	1997
	£	£	£	£
Bank overdrafts	456,900	344,007	456,900	344,007
Trade creditors	367,272	765,624	402,605	765,624
Directors current account	43,860	42,697	43,860	42,697
Corporation tax	15,305	1,631	49,763	36,088
Social security and other taxes	49,044	41,295	68,256	60,507
Other creditors	6,250	3,300	6,250	3,300
Obligations under finance lease and hire purchase contracts	12,285	5,167	12,285	5,167
Accrued expenses	<u>24,232</u>	<u>4,725</u>	<u>41,092</u>	<u>21,585</u>
	<u>975,148</u>	<u>1,208,446</u>	<u>1,081,011</u>	<u>1,278,975</u>

Bank overdraft facilities are secured by way of an all asset debenture and a charge on Life Policies on key employers.

The hire purchase creditor is secured on the assets to which they relate.

**FALCON ELECTRICAL WHOLESALERS LIMITED****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)****FOR THE PERIOD ENDED 31 MARCH 1998****13. CREDITORS: Amounts falling due after more than one year**

	<b>Company</b>		<b>Group</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Obligations under finance lease and hire purchase contracts	-	5,673	-	5,673
Amounts due to subsidiary undertaking	<u>558,735</u>	<u>581,121</u>	<u>-</u>	<u>-</u>
	<u>558,735</u>	<u>586,794</u>	<u>-</u>	<u>5,673</u>

**14. SHARE CAPITAL**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

**15. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<b>Company</b>		<b>Group</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Profit after taxation	60,266	5,097	52,586	5,097
Dividends	<u>(20,000)</u>	<u>-</u>	<u>(20,000)</u>	<u>-</u>
Profit for the financial period	40,266	5,097	32,586	5,097
Opening shareholders' funds	<u>6,097</u>	<u>1,000</u>	<u>516,687</u>	<u>511,590</u>
Closing shareholders' funds	<u>46,363</u>	<u>6,097</u>	<u>549,273</u>	<u>516,687</u>

**16. CONTINGENT LIABILITIES**

The wholly owned subsidiary Stockhaven Limited and its directors are the subject of an Inland Revenue investigation. The directors are unable to quantify the outcome of this investigation and of any additional liabilities that may or may not become payable.

**FALCON ELECTRICAL WHOLESALERS LIMITED**

**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)**

**FOR THE PERIOD ENDED 31 MARCH 1998**

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**17. TRANSACTIONS WITH DIRECTORS**

Rents charged in these financial statements of £52,500 are payable to the directors who own the freehold premises which the company conducts its trade.

**18. ULTIMATE CONTROLLING PARTY**

The company is controlled by the directors of the company.