

FALCON ELECTRICAL WHOLESALERS LIMITED

CONSOLIDATED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
31 MARCH 2000

Registered Number : 3020816

MORGAN BROWN & SPOFFORTH  
*Chartered Accountants*

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**FALCON ELECTRICAL WHOLESALERS LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31 MARCH 2000**

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

The directors present their report and the financial statements of the company and of the group for the year ended 31 March 2000.

**Principal Activity**

The company's principal activity during the year 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 year together with their beneficial interests in the issued share capital of the company were as follows:

	Ordinary shares of £1 each	
	31 March 2000	31 March 1999
R S Bhambra	445	445
B S Bhambra	445	445
G K Bhambra	110	110

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

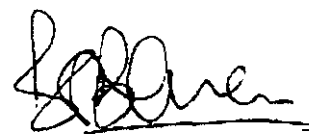
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company in the group will continue in business.

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



**B S Bhambra**  
Director

Registered Office:

82 St John Street  
London EC1M 4JN

31 January 2001

## AUDITORS' REPORT TO THE SHAREHOLDERS OF

### FALCON ELECTRICAL WHOLESALERS LIMITED

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We have audited the financial statements on pages 3 to 12 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 group's circumstances, consistently applied and adequately disclosed.

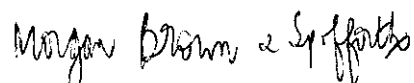
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, whether caused by fraud or other irregularity 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 2000 and of the profit of the company and group at the year then ended and have been properly prepared in accordance with those provisions of the Companies Act 1985.

82 St John Street  
London  
EC1M 4JN

31 January 2001



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

**FALCON ELECTRICAL WHOLESALERS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 MARCH 2000**

	Notes	Year Ended 31 March 2000 £	Year Ended 31 March 1999 £
Turnover	2	3,653,376	3,840,701
Cost of sales		(2,703,376)	(3,026,490)
Gross profit		950,000	814,211
Administrative expenses		(681,370)	(683,953)
Operating profit	3	268,630	130,258
Interest payable and similar charges	5	(26,282)	(25,996)
Profit on ordinary activities before taxation		242,348	104,262
Tax on profit on ordinary activities	6	88,357	(29,496)
Profit on ordinary activities after taxation		330,705	74,766
Dividends	7	(150,000)	(100,000)
Retained (loss)/profit for the financial year		180,705	(25,234)

**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.

**Historical Cost Equivalents**

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

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**

**FOR THE YEAR ENDED 31 MARCH 2000**

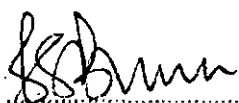
	Year Ended 31 March 2000 £	Year Ended 31 March 1999 £
Profit and total recognised gains and losses for the year	330,705	74,766
Prior year adjustments	-	4,889
Total recognised gains and losses since last annual report	330,705	79,665

The notes on pages 8 to 12 form part of these financial statements.

**FALCON ELECTRICAL WHOLESALERS LIMITED****CONSOLIDATED BALANCE SHEET****AS AT 31 MARCH 2000**

		2000		1999	
	Notes	£	£	£	£
<b>Fixed Assets</b>					
Tangible assets	8		83,129		62,346
<b>Current Assets</b>					
Stocks	10	611,172		708,398	
Debtors	11	1,146,922		1,840,114	
Cash at bank and in hand		365		4,914	
		<u>1,758,459</u>		<u>2,553,426</u>	
Creditors: amounts falling due within one year	12	(990,037)		(1,947,559)	
<b>Net Current Assets</b>			<u>768,422</u>		<u>605,867</u>
<b>Total Assets less Current Liabilities</b>			<u>851,551</u>		<u>668,213</u>
Creditors: amounts falling due after more than one year	13		(141,918)		(139,285)
<b>Net Assets</b>			<u><u>709,633</u></u>		<u><u>528,928</u></u>
<b>Capital and Reserves</b>					
Called up share capital	14		1,000		1,000
Profit and loss account			<u>708,633</u>		<u>527,928</u>
<b>Shareholders' Funds - equity interests only</b>	15		<u><u>709,633</u></u>		<u><u>528,928</u></u>

The financial statements on pages 3 to 12 were approved by the board of directors on the date shown below and were signed on its behalf by:



B S Bhambra - Director

31 January 2001

## FALCON ELECTRICAL WHOLESALERS LIMITED

## COMPANY BALANCE SHEET

AS AT 31 MARCH 2000

	Notes	2000 £	1999 £
<b>Fixed Assets</b>			
Tangible assets	8	83,129	62,346
Investment	9	2	2
		<u>83,131</u>	<u>62,348</u>
<b>Current Assets</b>			
Stocks	10	611,172	708,398
Debtors	11	719,242	724,934
Cash at bank and in hand		365	4,914
		<u>1,330,779</u>	<u>1,438,246</u>
<b>Creditors: amounts falling due within one year</b>	12	<u>(960,732)</u>	<u>(998,055)</u>
<b>Net Current Assets</b>		<u>370,047</u>	<u>440,191</u>
<b>Total Assets less Current Liabilities</b>		<u>453,178</u>	<u>502,539</u>
<b>Creditors: amounts falling due after more than one year</b>	13	<u>(394,499)</u>	<u>(457,940)</u>
<b>Net Assets</b>		<u><u>58,679</u></u>	<u><u>44,599</u></u>
<b>Capital and Reserves</b>			
Called up share capital	14	1,000	1,000
Profit and loss account		<u>57,679</u>	<u>43,599</u>
<b>Shareholders' Funds - equity interests only</b>	15	<u><u>58,679</u></u>	<u><u>44,599</u></u>

The financial statements on pages 3 to 12 were approved by the board of directors on the date shown below and were signed on its behalf by:



R S Bhambra - Director

31 January 2001

**FALCON ELECTRICAL WHOLESALERS LIMITED**  
**CONSOLIDATED CASHFLOW STATEMENT**  
**FOR THE YEAR ENDED 31 MARCH 2000**

	Note	2000 £	1999 £
<b>Net cash inflow/(outflow) from operating activities</b>	1	402,801	360,833
<b>Returns on investments and servicing of finance</b>			
Interest paid		(24,845)	(24,125)
Interest element of finance lease rental payments		(1,437)	(1,871)
		<u>(26,282)</u>	<u>(25,996)</u>
<b>Taxation</b>			
Corporation tax paid		(21,450)	(190,000)
<b>Capital Expenditure</b>			
Payments to acquire tangible fixed assets		(26,060)	(985)
<b>Equity dividends paid</b>		<u>(150,000)</u>	<u>(100,000)</u>
<b>Net cash inflow/(outflow) before financing</b>		179,009	43,852
<b>Financing</b>			
Capital element of finance lease rental payments		(11,771)	(10,350)
Short term debt (repaid)/advanced		<u>(96,095)</u>	<u>-</u>
<b>Net cash outflow from financing</b>		<u>(107,866)</u>	<u>(10,350)</u>
<b>Increase/(decrease) in cash</b>		<u>71,143</u>	<u>33,502</u>
<b>Reconciliation of Net Cash Flow to Movement in Net Debt</b>	2		
		2000 £	1999 £
<b>Increase/(decrease) in cash in the year</b>		71,143	33,502
Cash inflow/(outflow) from increase/(decrease) in debt and lease financing		11,771	10,350
New finance leases		<u>(17,595)</u>	<u>(15,726)</u>
<b>Movement in net debt in the year</b>		<u>65,319</u>	<u>28,126</u>
Net debt at 1 May 1999		<u>(430,007)</u>	<u>(458,133)</u>
Net debt at 31 March 2000		<u>(364,688)</u>	<u>(430,007)</u>



**FALCON ELECTRICAL WHOLESALERS LIMITED****NOTES TO THE CONSOLIDATED CASHFLOW STATEMENT****AS AT 31 MARCH 2000****1. RECONCILIATION OF OPERATING PROFIT TO NET  
CASH OUTFLOW FROM OPERATING ACTIVITIES**

	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Operating profit	268,630	130,258
Depreciation charges	22,871	17,715
Profit on disposal of fixed assets	-	(374)
Decrease in debtors	2,591	196,155
Increase/(decrease) in creditors	11,483	(3,585)
Decrease in stocks	97,226	20,664
<b>Net cash inflow from operating activities</b>	<b>402,801</b>	<b>360,833</b>

**2. ANALYSIS OF CHANGES IN NET DEBTS**

	<b>At</b>			<b>At</b>
	<b>1 April 1999</b>	<b>Cashflow</b>	<b>Other</b>	<b>31 March 2000</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Cash in hand and in bank	4,914	(4,549)		365
Overdraft	(417,260)	75,692		(341,568)
	(412,346)	71,143		(341,203)
Debt due after 1 year	(7,633)	-	(2,360)	(9,993)
Debt due within 1 year	(10,028)	11,771	(15,235)	(13,492)
	(430,007)	82,914	(17,595)	(364,688)

**FALCON ELECTRICAL WHOLESALERS LIMITED**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 MARCH 2000**

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**1. ACCOUNTING POLICIES**

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the group'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 2000. 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.

**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 fittings	-	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 year 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 year 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 YEAR ENDED 31 MARCH 2000**

<b>3. OPERATING PROFIT</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after charging:		
Directors' emoluments	110,997	107,202
Auditors' remuneration	10,000	10,000
Depreciation and other amounts written off tangible fixed assets:		
Owned assets	10,647	7,979
Leased assets	12,224	9,736
Profit on disposal of fixed assets	-	(374)
	<u>          </u>	<u>          </u>
<b>4. STAFF COSTS (including directors)</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Wages and salaries	352,313	345,181
Social security costs	8,378	7,805
Other pension costs	28,539	28,532
	<u>          </u>	<u>          </u>
	389,230	381,518
	<u>          </u>	<u>          </u>
Average monthly number of employees:		
Administrative	20	20
	<u>          </u>	<u>          </u>
Retirement benefits are accruing for 2 directors under defined contribution pension schemes.		
<b>5. INTEREST PAYABLE AND SIMILAR CHARGES</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Interest on bank overdraft	24,095	24,125
Hire purchase	2,187	1,871
	<u>          </u>	<u>          </u>
	26,282	25,996
	<u>          </u>	<u>          </u>
<b>6. TAXATION</b>	<b>2000</b>	<b>1999</b>
	<b>£</b>	<b>£</b>
Corporation tax payable at 21% (1998 - 21%)	28,964	26,000
Adjustments to prior years	(117,321)	3,496
	<u>          </u>	<u>          </u>
	(88,357)	29,496
	<u>          </u>	<u>          </u>
<b>7. DIVIDENDS</b>	<b>2000</b>	<b>1999</b>
Equity interests only	<b>£</b>	<b>£</b>
Ordinary shares:		
Final	150,000	100,000
	<u>          </u>	<u>          </u>

## FALCON ELECTRICAL WHOLESALEERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 MARCH 2000

## 8. TANGIBLE FIXED ASSETS

	Fixtures and Fittings £	Motor Vehicle £	Total £
<b>Cost</b>			
At 1 April 1999	47,884	50,891	98,775
Additions	16,059	27,595	43,654
Disposals	-	-	-
At 31 March 2000	<u>63,943</u>	<u>78,486</u>	<u>142,429</u>
<b>Depreciation</b>			
At 1 April 1999	18,466	17,963	36,429
Charge for the year	7,741	15,130	22,871
Eliminated on disposal	-	-	-
At 31 March 2000	<u>26,207</u>	<u>33,093</u>	<u>59,300</u>
<b>Net Book Value</b>			
At 31 March 2000	<u>37,736</u>	<u>45,393</u>	<u>83,129</u>
At 31 March 1999	<u>29,418</u>	<u>32,928</u>	<u>62,346</u>

Included in the net book value of plant and equipment is £36,673 (1999 - £29,206) in respect of assets held under finance leases and similar hire purchase agreements.

## 9. INVESTMENTS

	Company		Group		PRINCIPAL
	2000	1999	2000	1999	ACTIVITY
	£	£	£	£	
<b>Subsidiary Undertakings</b>					
Stockhaven Limited					
2 Ordinary £1 shares (100%)	2	2	-	-	Non-trading

## 10. STOCKS

	2000 £	1999 £
Stocks	<u>611,172</u>	<u>708,398</u>

## FALCON ELECTRICAL WHOLESALERS LIMITED

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS (continued)

## FOR THE YEAR ENDED 31 MARCH 2000

11	DEBTORS	Company		Group	
		2000	1999	2000	1999
		£	£	£	£
	CT recoverable S419	-	-	108,436	245,936
	Directors current account (note 17)	-	-	319,244	869,244
	Trade debtors	711,829	713,141	711,829	713,141
	Other debtors	1,070	5,238	1,070	5,238
	Prepayments and accrued income	6,343	6,555	6,343	6,555
		<u>719,242</u>	<u>724,934</u>	<u>1,146,922</u>	<u>1,840,114</u>

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

	Company		Group	
	2000	1999	2000	1999
	£	£	£	£
Bank overdrafts	341,566	417,260	341,566	417,260
Trade creditors	423,902	399,930	423,902	435,263
Directors current account	56,910	42,568	56,910	42,568
Corporation tax	28,966	20,039	28,966	753,781
Social security and other taxes	59,924	39,720	89,229	203,289
Other creditors	19,762	25,000	19,762	25,000
Obligations under finance lease and hire purchase contracts	9,993	10,028	9,993	10,028
Accrued expenses	19,709	43,510	19,709	60,370
	<u>960,732</u>	<u>998,055</u>	<u>990,037</u>	<u>1,947,559</u>

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

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

## 13. CREDITORS: Amounts falling due after more than one year

	Company		Group	
	2000	1999	2000	1999
	£	£	£	£
Obligations under finance lease and hire purchase contracts	13,492	7,633	13,492	7,633
Amounts due to subsidiary undertaking	381,007	450,307	-	-
Amounts due to Inland Revenue following SCO investigation	-	-	128,426	131,652
	<u>394,499</u>	<u>457,940</u>	<u>141,918</u>	<u>139,285</u>

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 YEAR ENDED 31 MARCH 2000****14. SHARE CAPITAL**

	2000 £	1999 £
Authorised 1,000 Ordinary shares of £1 each	1,000	1,000
Allotted, called up and fully paid 1,000 Ordinary shares of £1 each	1,000	1,000

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

	Company		Group	
	2000 £	1999 £	2000 £	1999 £
Profit after taxation	164,080	98,236	330,705	74,766
Dividends	(150,000)	(100,000)	(150,000)	(100,000)
Profit/(loss) for the financial year	14,080	(1,764)	180,705	(25,234)
Opening shareholders' funds	44,599	46,363	528,928	554,162
Closing shareholders' funds	58,679	44,599	709,633	528,928

**16. CAPITAL COMMITMENTS**

The company has the following commitments under non-cancellable operating leases:

	Land and Buildings 2000		1999	
	Company £	Group £	Company £	Group £
After more than 5 years	90,000	90,000	90,000	90,000

**17. TRANSACTIONS WITH DIRECTORS**

Rents charged in these financial statements of £60,000 are payable to the directors who own the freehold premises from which the company conducts its trade.

Following the completion of the Inland Revenue investigation, overdrawn directors loan balances in the subsidiary's financial statements were £319,244 (1999 - £869,244).

An amount of £56,910 (1999 - £42,568) was owed to the directors by Falcon Electrical Wholesalers Limited.

**18. ULTIMATE CONTROLLING PARTY**

The company is controlled by the directors of the company.