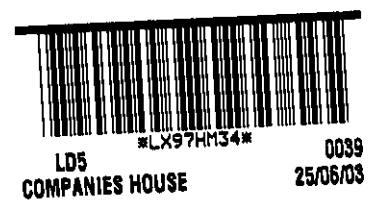


SPI (FIRE ENGINEERING) LIMITED

ANNUAL REPORT

YEAR ENDED 31 AUGUST 2002

PKF



SPI (FIRE ENGINEERING) LIMITED

COMPANY INFORMATION

Directors	D J Adkins J T Anderson P S Daniels
Secretary	P Daniels
Company Number	3081481
Registered Office	Unit 11, Farnborough Business Centre Eelmoor Road Farnborough Hampshire GU14 7XA
Auditors	PKF Pannell House Park Street Guildford Surrey GU1 4HN
Solicitors	Mercers Solicitors 50 New Street Henley-on-Thames Oxon RG9 2BX
Bankers	National Westminster Bank plc 25 King Street Twickenham Middlesex TW1 3SU

SPI (FIRE ENGINEERING) LIMITED

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The following page does not form part of the statutory accounts:

DETAILED PROFIT AND LOSS ACCOUNT

SPI (FIRE ENGINEERING) LIMITED
DIRECTORS' REPORT
YEAR ENDED 31 AUGUST 2002

The directors submit their report and the financial statements for the year ended 31 August 2002.

Principal activity

The company's principal activity is the supply of fire protection systems.

Directors

The directors who served during the year and their interests in the company's issued share capital at the balance sheet date and at the start of the year (or date of appointment, if later) were:

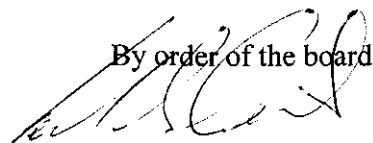
	Ordinary 'A' Shares of £1 each		Ordinary 'B' Shares of £1 each	
	2002	2001	2002	2001
D J Adkins	487	487	-	-
J T Anderson	487	487	-	-
P S Daniels	-	-	25	25
C J Downing (resigned 13 April 2002)				

Auditors

PKF are eligible for re-appointment as auditors to the company and a resolution proposing that they be re-appointed will be put to the Annual General Meeting.

Basis of preparation

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

P Daniels
 Secretary
24th June 2003

SPI (FIRE ENGINEERING) LIMITED
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 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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for ensuring that the directors' report is prepared in accordance with company law in the United Kingdom.

**INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF
SPI (FIRE ENGINEERING) LIMITED**

We have audited the financial statements of SPI (Fire Engineering) Limited for the year ended 31 August 2002 which comprise the Profit and Loss Account, the Balance Sheet and the related notes. 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 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

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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

Basis of audit 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 judgments 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 (continued)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Guildford, UK

24 June 2003

PKF

PKF

Registered Auditors

SPI (FIRE ENGINEERING) LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31 AUGUST 2002

	Notes	2002 £	2001 £
TURNOVER	2	3,302,063	4,490,416
Cost of sales		<u>(2,275,331)</u>	<u>(3,245,916)</u>
GROSS PROFIT		1,026,732	1,244,500
Administrative expenses		<u>(947,712)</u>	<u>(1,003,886)</u>
OPERATING PROFIT	3	79,020	240,614
Interest payable		<u>(24,207)</u>	<u>(25,633)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		54,813	214,981
TAXATION	4	(15,455)	(48,025)
PROFIT FOR THE FINANCIAL YEAR		39,358	166,956
DIVIDENDS		<u>(62,576)</u>	<u>(121,678)</u>
		<u>(23,218)</u>	<u>45,278</u>

SPI (FIRE ENGINEERING) LIMITED

BALANCE SHEET



31 AUGUST 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible	5	46,719	63,914
Investments	6	15	-
		<u>46,734</u>	<u>63,914</u>
CURRENT ASSETS			
Stocks	7	91,337	103,662
Debtors	8	1,237,512	1,001,048
Cash at bank and in hand		18,987	830
		<u>1,347,836</u>	<u>1,105,540</u>
CREDITORS: amounts falling due within one year	9	(1,278,017)	(1,038,301)
NET CURRENT ASSETS		<u>69,819</u>	<u>67,239</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>116,553</u>	<u>131,153</u>
CREDITORS: amounts falling due after more than one year	10	(8,618)	-
NET ASSETS		<u><u>107,935</u></u>	<u><u>131,153</u></u>
CAPITAL AND RESERVES			
Called up share capital	11	999	999
Profit and loss account	12	106,936	130,154
		<u><u>107,935</u></u>	<u><u>131,153</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 24th June 2003

Signed on behalf of the board of directors


 Director

 DJ ADKINS

SPI (FIRE ENGINEERING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2002

1 ACCOUNTING POLICIES

(a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

(b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company in the year, net of value added tax and trade discounts.

(c) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant, machinery, fixtures, fittings & office equipment	25%
Motor vehicles	25%

(d) Operating leases

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

(e) Stocks and work in progress

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

(f) Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

(g) Deferred taxation

As required by FRS 19 'Deferred tax', full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation, except for those timing differences in respect of which the standard specifies that deferred tax should not be recognised.

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse.

This is a change in accounting policy following the introduction of FRS 19. The previous policy was to provide for deferred tax using the liability method in respect of all material timing differences to the extent that it was probable that an actual liability would crystallise. This change in policy has had no effect on the results for the current or preceding period.

(h) Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in respect of defined contribution pension schemes.

SPI (FIRE ENGINEERING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2002

2 TURNOVER

2% of turnover (2001 - 5%) is attributable to geographical markets outside the United Kingdom.

3 OPERATING PROFIT

The operating profit is stated after :

	2002 £	2001 £
Depreciation of tangible fixed assets:		
- owned by the company	21,910	21,816
- held under finance lease or hire purchase contracts	1,984	-
Audit fees	8,500	7,000
Directors' emoluments	158,114	189,107
	<u>158,114</u>	<u>189,107</u>

Three directors are accruing benefits under money purchase pension schemes (2001 - 2).

4 TAXATION

	2002 £	2001 £
Current year taxation		
UK corporation tax	18,000	47,700
Adjustments in respect of previous periods	(2,545)	325
Total UK taxation	<u>15,455</u>	<u>48,025</u>

5 TANGIBLE FIXED ASSETS

	Plant & machinery £
Cost	
At 1 September 2001	102,666
Additions	18,199
Disposals	(22,300)
At 31 August 2002	<u>98,565</u>
Depreciation	
At 1 September 2001	38,752
Charge for the year	23,894
On disposals	(10,800)
At 31 August 2002	<u>51,846</u>
Net book amount	
At 31 August 2002	<u>46,719</u>
At 31 August 2001	<u>63,914</u>

SPI (FIRE ENGINEERING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2002

5 TANGIBLE FIXED ASSETS (continued)

The net book amounts of plant and machinery above include £14,372 (2001 - £NIL) in respect of assets held under finance leases or hire purchase contracts.

6 FIXED ASSET INVESTMENTS

	Trade investment
	£
Cost	
Additions	15
At 31 August 2002	<u>15</u>
Net book amount	
At 31 August 2002	<u>15</u>
At 31 August 2001	<u><u>-</u></u>

7 STOCKS

	2002	2001
	£	£
Stocks & Work in progress	<u>91,337</u>	<u>103,662</u>

8 DEBTORS

	2002	2001
	£	£
Trade debtors	1,001,786	849,689
Amounts owed by related undertakings	5,458	83,502
Other debtors	<u>230,268</u>	<u>67,857</u>
	<u><u>1,237,512</u></u>	<u><u>1,001,048</u></u>

A pension cost prepayment of £75 (2001 - £2,477) is included in other debtors.

SPI (FIRE ENGINEERING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2002

9 CREDITORS:

Amounts falling due within one year

	2002	2001
	£	£
Bank loans and overdrafts	468,535	351,572
Trade creditors	575,726	408,005
Amounts owed to related undertakings	-	78,290
Corporation tax	18,000	47,700
Other taxation and social security	143,885	118,488
Net obligations under finance lease and hire purchase contracts	4,790	-
Other creditors	67,081	34,246
	<u>1,278,017</u>	<u>1,038,301</u>

Finance lease and hire purchase creditors are secured on the assets concerned.

Included within bank loans and overdrafts is £468,535 (2001 - £290,338), which is secured on the corresponding asset within trade debtors of £915,028 (2001 - £755,349).

The bank overdraft of £NIL (2001 - £61,234) is secured by a bank standard debenture.

10 CREDITORS:

Amounts falling due after more than one year

	2002	2001
	£	£
Net obligations under finance lease and hirepurchase contracts	8,618	-
	<u>8,618</u>	<u>-</u>

11 SHARE CAPITAL

	Authorised	Allotted, called up and fully paid	
	£	No	£
At 1 September 2001 and 31 August 2002			
Ordinary 'A' shares of £1 each	240,000	974	974
Ordinary 'B' shares of £1 each	10,000	25	25
	<u>250,000</u>	<u>999</u>	<u>999</u>

Ordinary 'A' and 'B' shares rank pari passu in all respects.

SPI (FIRE ENGINEERING) LIMITED
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED 31 AUGUST 2002

12 RESERVES

Profit and loss account	£
At 1 September 2001	130,154
Profit for the year	39,358
Dividends	(62,576)
	<hr/>
At 31 August 2002	106,936
	<hr/> <hr/>

13 OTHER COMMITMENTS

At 31 August 2002 the company had annual commitments under operating leases as follows:

	2002	2001
	£	£
Expiry date:		
Within one year	68,481	1,932
Between two and five years	32,629	78,308
After more than five years	-	58,600
	<hr/> <hr/>	<hr/> <hr/>

The operating leases expiring within one year includes £43,950 relating to land and buildings of which notice has been given to vacate. The remainder relates to other commitments.

14 TRANSACTIONS WITH RELATED PARTIES

Included within other debtors are loans of £129,609 (2001 - £761) being £63,801 (2001 - £NIL), £62,544 (2001 - £761) and £3,264 (2001 - £NIL) to Mr D Adkins, Mr J Anderson and Mr P Daniels, directors, respectively. These were the maximum amounts outstanding during the year.

At the year end a balance of £NIL (2001 - £78,290) was due to Specialist Pipework Installation Partnership. The partnership is related to the company because certain members and directors are also partners in that business.

The balance due from SPI Services Limited, a company under common control, at the year end was £5,458 (2001 - £83,502)

The company acquired a 7.5% holding in Dascem Europe Limited, incorporated on 3 April 2002, as part of an agreement between SPI (Fire Engineering) Ltd and the other shareholders. Each shareholder is entitled to place a representative on the board of Dascem Europe Limited. Per the agreement SPI made a loan to Dascem Europe Limited for the sum of £50,749 which was still outstanding at the year end. SPI were also entitled to loan the new venture £106,790 and subscribe for 37,500 £1 ordinary shares at par. The loan has subsequently been paid and the share subscription to take place in February 2003. The company has made sales of £28,000 to Dascem Europe Limited in the year ended 31 August 2002 (2001 - £NIL).