



CONSOLIDATED ANNUAL REPORT
FOR THE YEAR ENDED 31 MARCH 2002



Electrium Limited
Registered number 03335339

	Pages
Directors and advisers	2
Directors' report	3
Report of the auditors	6
Consolidated profit and loss account	7
Consolidated and company balance sheets	9
Consolidated cash flow statement	10
Notes to the financial statements	11

DIRECTORS AND ADVISERS

Executive Directors

C J Thomas (Chief Executive)
A Kitchen
N M Turnbull

Non Executive Directors

Sir R A Biggam (Chairman)
G Keniston-Cooper
D Barker (appointed 27 September 2001)

Secretary

N M Turnbull

Registered Office

Lichfield Road
Brownhills
West Midlands
WS8 6JZ

Registered Auditors

PricewaterhouseCoopers
Temple Court
35 Bull Street
Birmingham
B4 6JT

Bankers

The Royal Bank of Scotland plc
5-10 Great Tower Street
London
EC3P 3HX

Solicitors

Ashurst Morris Crisp
Broadwalk House
5 Appold Street
London
EC2A 2HA

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2002.

Principal activities

The company is an investment holding company for a group of companies primarily involved in the manufacture and distribution of low voltage electrical installation equipment.

Company and Capital structure

The company was formed to facilitate a management buy-out of the Hanson Electrical group of companies from Hanson plc. These companies include a number of leading brands in the UK electrical installation industry; including Crabtree and Wylex. The buy-out was successfully completed on the 14th April 1997.

The buy-out was supported by Cinven, a leading UK venture capital fund, which provided an institutional loan of £66,565,000. Bank finance of £80,000,000 was underwritten by the Royal Bank of Scotland plc and Union Bank of Switzerland (now Warburg Dillon Read). This was subsequently syndicated to include a further six banks. Hanson plc provided the company with a loan note of £10,000,000 and Asea Brown Boveri subscribed for preference shares of £2,435,000. Equity share capital was issued to Cinven, the directors, Asea Brown Boveri and company management.

During the prior year the Group sold its Dorman Smith Division. Proceeds from the sale were used to repay all bank finance. The Group has left in place a working capital facility of £6,000,000 which the directors consider adequate for the ongoing operation of the remaining business.

In addition, during the year, the company redeemed 811,600 preference shares at par value of £1. 22,000 ordinary shares at par value of £1 were also redeemed by the company.

Business Review

Trading for the year ended 31 March 2002, prior to exceptional items generated operating profit of £4,099,000 (2001: £4,767,000).

Trading from continuing operations, prior to exceptional items generated operating profit of £4,285,000 (2001: £2,809,000).

During the year the decision was taken to exit the power cordset business. The continuing operations of the group are now totally focused within the electrical low voltage installation markets.

During the second half of the year the benefits of the fundamental restructuring programme, which was commenced in the prior year, have started to favourably impact margins. Gross profit from continuing operations increased by £1,887,000 to £14,860,000 (2001: £12,973,000) resulting in a margin of 22.2%, a 3% improvement from prior year margin of 19.2%. This is despite continued market selling price reductions.

Distribution costs of continuing operations increased by £646,000 (8.3%) to £8,423,000 (2001: £7,777,000). This primarily reflects increased sales volumes and carriage cost increases. During the year a new group distribution centre was set up at the company's Hindley Green site in Wigan. The directors' believe this will provide a platform for further logistic and customer service improvements during the current year.

DIRECTORS' REPORT

Business Review (continued)

During the year the company incurred exceptional costs of £10,808,000. Of this £5,152,000 relates to the fundamental restructuring programme in the low voltage installation business. This includes £2,878,000 for the impairment of assets.

Exceptional costs of £5,656,000 were incurred as a result of the cessation of power cordset business trading.

The directors believe the cost savings already achieved during the second half of the year combined with further savings generated from the restructuring programme and growth initiatives in certain areas of the business will further improve the profitability of the company in the current year.

Dividends

The directors do not recommend the payment of an equity dividend in respect of the period ended 31 March 2002.

Directors

The directors of the company who served during the year were

Sir R A Biggam
A Marchant (resigned 30 July 2001)
D Barker (appointed 27 September 2001)
G Keniston-Cooper
C J Thomas
A Kitchen
N M Turnbull

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period that give a true and fair view of the company and of the profit or loss for that period. The directors are required to prepare financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made in the preparing the financial statements for the year ended 31 March 2002 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy of 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.

DIRECTORS' REPORT (continued)

Directors' interests in shares of the company

The interests of the directors of the company in the shares of the company were :

Ordinary shares of £1 each	31 March 2002	31 March 2001
C J Thomas	100,000	100,000
A Kitchen	50,000	50,000
N M Turnbull	50,000	50,000
Sir R A Biggam	20,000	20,000
G Keniston-Cooper	2,060	2,060

There are no other interests required to be disclosed under the Companies Act 1985.

Employees

Disabled employees

Applications for employment by disabled persons are always fully considered, bearing in mind the aptitudes of the applicant concerned. In the event of members of staff becoming disabled, every effort is made to ensure that their employment with the company continues and that appropriate training is arranged. It is the policy of the company that the training, career development and promotion of disabled persons should, as far as possible, be identical with that of other employees.

Employee consultation

The company places considerable value on the involvement of its employees and keeps them informed on matters affecting them as employees and on the various factors affecting the performance of the company. This is achieved through formal and informal meetings and via a European Works Council.

Equal opportunities

It is the group's policy and practice that selection for employment and promotion is based on the objective assessment of ability and experience, free from discrimination on any grounds.

Creditor payment policy

Suppliers are paid in accordance with the agreed terms of purchase, providing that the supplier is also complying with all relevant terms and conditions. The group's standard payment policy is net 60 days except when otherwise agreed. Average creditor days for the year were 75 (2001: 67). The parent company has no trade creditors (2001: £NIL).

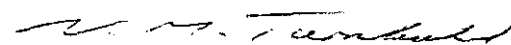
Introduction of the euro

The introduction of the euro has had little impact on the operations of the company to date. The directors will continue to monitor developments.

Auditors

The auditors, PricewaterhouseCoopers, have indicated their willingness to continue in office and a resolution that they be re-appointed will be proposed at the annual general meeting.

By order of the board



N M Turnbull
Company Secretary
8 July 2002

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELECTRIUM LIMITED

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the cashflow statement, the statement of total recognised gains and losses and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out 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 issued by the Auditing Practices Board.

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 is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.


Basis of audit 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 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.

Opinion

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



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Birmingham
8 July 2002

CONSOLIDATED PROFIT AND LOSS ACCOUNT **for year ended 31 March 2002**

		<u>2002</u>				<u>2001</u>			
	Notes	Contin- uing £000	Discon- tinued £000	Except- ional £000	Total £000	Contin- uing £000	Discon- tinued £000	Except- ional £000	Total £000
Turnover including share of joint ventures and associates:		66,982	5,584	-	72,566	67,628	34,182	(1,800)	100,010
Less: Share of associate's turnover		-	-	-	-	-	(1,534)	-	(1,534)
Group turnover	2	66,982	5,584	-	72,566	67,628	32,648	(1,800)	98,476
Cost of sales		(52,122)	(5,287)	-	(57,409)	(54,655)	(27,491)	(366)	(82,512)
Gross profit		14,860	297	-	15,157	12,973	5,157	(2,166)	15,964
Distribution costs		(8,423)	(483)	-	(8,906)	(7,777)	(3,188)	-	(10,965)
Administration costs		(2,152)	-	-	(2,152)	(2,387)	(206)	-	(2,593)
Operating profit/(loss)		4,285	(186)	-	4,099	2,809	1,763	(2,166)	2,406
Share of operating profit of associates		-	-	-	-	-	195	-	195
Total operating profit/(loss)	3	4,285	(186)	-	4,099	2,809	1,958	(2,166)	2,601
Exceptional items	6			(10,808)	(10,808)			(3,229)	(3,229)
Loss after exceptional items					(6,709)				(628)
Interest receivable and similar charges					12				18
Interest payable and similar charges	7				(6,018)				(9,133)
Share of associates interest					-				(30)
Loss on ordinary activities before taxation					(12,715)				(9,773)
Tax on loss on ordinary activities	8				206				68
Loss after taxation					(12,509)				(9,705)
Dividends payable	10				(38)				(141)
Retained loss					(12,547)				(9,846)

There is no difference between the Loss on ordinary activities before taxation and the retained loss for the year stated above and their historical cost equivalents.

**STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES
for year ended 31 March 2002**

	<u>2002</u> £000	<u>2001</u> £000
Loss for the financial year	(12,547)	(9,846)
Currency translation adjustment on foreign currency net investments	30	175
Total recognised losses for the year	<u>(12,517)</u>	<u>(9,671)</u>

**RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS
for year ended 31 March 2002**

	<u>2002</u> £000	<u>2001</u> £000
Loss for the current year	(12,509)	(9,705)
Dividends and appropriations	(38)	(141)
	<u>(12,547)</u>	<u>(9,846)</u>
Add back Goodwill previously written off to reserves	727	29,178
Currency translation differences on foreign currency net investments	30	175
Redemption of Preference Shares	(811)	(812)
Purchase of ordinary share capital	(22)	(95)
Shareholders' funds at 1 April	(49,089)	(67,689)
Shareholders' funds at 31 March	<u>(61,712)</u>	<u>(49,089)</u>

BALANCE SHEETS
as at 31 March 2002

	Notes	<u>Group</u>		<u>Company</u>	
		<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
		£000	£000	£000	£000
Fixed assets					
Tangible assets	11	13,378	21,771	-	-
Investments	12	1	94	38,200	38,200
		<u>13,379</u>	<u>21,865</u>	<u>38,200</u>	<u>38,200</u>
Current assets					
Stocks	13	11,951	11,495	-	-
Debtors: amounts to be received within one year	14	13,128	15,517	184,416	193,677
Debtors: amounts to be received after more than one year	14	-	435	-	-
pension surplus	14	24,249	24,249	-	-
Cash at bank and in hand		<u>4,241</u>	<u>3,699</u>	<u>34</u>	<u>34</u>
		<u>53,569</u>	<u>55,395</u>	<u>184,450</u>	<u>193,711</u>
Creditors: amounts falling due within one year	15	(15,927)	(17,200)	(112,293)	(121,261)
Net current assets		<u>37,642</u>	<u>38,195</u>	<u>72,157</u>	<u>72,450</u>
Total assets less current liabilities		<u>51,021</u>	<u>60,060</u>	<u>110,357</u>	<u>110,650</u>
Creditors: amounts falling due after more than one year	15	(105,730)	(100,396)	(105,730)	(100,158)
Provisions for liabilities and charges	16	(7,003)	(8,753)	-	-
		<u>(112,733)</u>	<u>(109,149)</u>	<u>(105,730)</u>	<u>(100,158)</u>
Net (liabilities)/assets		<u>(61,712)</u>	<u>(49,089)</u>	<u>4,627</u>	<u>10,492</u>
Capital and reserves					
Called up share capital	17	2,695	3,528	2,695	3,528
Capital reserve	18	3,512	3,512	-	-
Capital redemption reserve	18	1,740	95	1,740	95
Revenue reserves	18	(69,659)	(56,224)	192	6,869
Total shareholders' funds		<u>(61,712)</u>	<u>(49,089)</u>	<u>4,627</u>	<u>10,492</u>
Shareholders' funds - equity interest		(62,524)	(50,712)		
Shareholders' funds - non equity interest		812	1,623		
Total shareholders' funds		<u>(61,712)</u>	<u>(49,089)</u>		
Non current shareholder loan stock		92,987	87,661		
Total shareholders' interests		<u>31,275</u>	<u>38,572</u>		


C J Thomas
Director
8 July 2002

CONSOLIDATED CASH FLOW STATEMENT
for year ended 31 March 2002

	Notes	<u>2002</u> £000	<u>2002</u> £000	<u>2001</u> £000	<u>2001</u> £000
Net cash inflow from continuing operating activities	19		3,394		421
Net cash outflow from discontinued operating activities	19		(1,057)		(3,229)
Returns from investments and servicing of finance					
Interest received		12		18	
Interest paid		<u>(64)</u>		<u>(2,671)</u>	
			(52)		(2,653)
Taxation paid			(72)		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,084)		(1,745)	
Proceeds from sale of fixed assets		<u>383</u>		<u>23</u>	
			(701)		(1,722)
Acquisition and disposals					
Proceeds of disposal of subsidiary	22	328		47,878	
Net cash sold with subsidiary		<u>(245)</u>		<u>(242)</u>	
			83		47,636
Dividends paid			(161)		-
Net cash inflow before financing			<u>1,434</u>		<u>40,453</u>
Financing					
Net proceeds of new loans and facility draw downs		-		17,500	
Loan repayments		<u>-</u>		<u>(57,501)</u>	
			-		(40,001)
Redemption of share capital			(834)		(75)
Net outflow from financing			<u>(834)</u>		<u>(40,076)</u>
Increase in cash in the period	21		<u>600</u>		<u>377</u>

Notes to the financial statements for the year ended 31 March 2002

1. Principal accounting policies

These financial statements have been prepared under the historical cost convention in accordance with applicable accounting standards. The directors have reviewed the accounting policies during the year in accordance with FRS18: "Accounting Policies" and have confirmed that the accounting policies are the most appropriate to the group. A summary of the more important group accounting policies, which have been applied consistently except as set out below, is as follows.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 March 2002. The results of subsidiaries acquired are included in the consolidated profit and loss account from the date control passes to the company. Intra-group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, the subsidiary's assets and liabilities at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Associated undertakings

The group's share of profits less losses of associated undertakings is included in the consolidated profit and loss account, and the group's share of the net assets is included in the consolidated balance sheet.

Goodwill

Goodwill arising on consolidation represents the excess of the consideration paid, fees and other expenses of the acquisition over the fair value of the identifiable net assets acquired. Goodwill is capitalised and amortised to the profit and loss account. Goodwill on acquisition made prior to the adoption of FRS10 remains written off against reserves. In the event of a sale of a subsidiary, goodwill originally written off to reserves is reinstated via the profit and loss account.

Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its estimated useful life as follows:

Freehold land and buildings	40-50 years
Plant and machinery	5-20 years
Fixtures & fittings	1-10 years
Motor vehicles	3-5 years
Major computer equipment	3-5 years

Notes to the financial statements (continued)

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligation under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against the profit so as to give a constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks

Stocks are stated at the lower of cost and net realisable value. In the case of manufactured products, cost includes all appropriate direct and indirect expenditure and production overheads based on the normal level of activity. Provision is made for obsolete, slow-moving or defective items where appropriate.

Taxation

The group has applied FRS 19: "Deferred Taxation" in the year. The impact on prior year and current year results is immaterial. Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided on all timing differences arising from transactions that have occurred at the balance sheet date and give rise to an obligation to pay more tax in future or a right to pay less tax in future, at the rates of tax likely to be in force at the time of reversal.

Foreign currency

Transactions denominated in foreign currencies are recorded in sterling at actual exchange rates as of the date of the transaction or, where appropriate, at the rate of exchange in a related forward exchange contract. Monetary assets and liabilities denominated in foreign currencies at the period end are reported at the rates of exchange prevailing at the year end or, where appropriate, at the rate of exchange in a related forward contract. Differences on exchange arising from the retranslation of the opening net investments in subsidiary companies, and from the translation of the results of those companies at average rate are taken to reserves and are reported in the statement of total recognised gains and losses. All the foreign exchange differences are taken to the profit and loss account in the year in which they arise.

Pension costs

Pension contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the group, on a basis in accordance with SSAP24. Disclosures relating to introduction of FRS 17: "Retirement Benefits" have been included in note 23.

Turnover

Turnover, which excludes value added tax and sales between group companies, represents the invoiced value of goods and services supplied in the normal course of business.

Research and development

Research and development expenditure is written off in the period in which it is incurred.

Borrowings

All borrowings are initially stated at the fair value of the consideration received after deduction of loan finance costs. In accordance with FRS4 these costs are charged to the profit and loss account over the estimated life of the related borrowing.

Government grants

Government grants received in the year are recognised in the profit and loss account for the year and as deferred income in the balance sheet.

The deferred income element is released to the profit and loss account to match the expenditure towards which it is intended to contribute.

Notes to the financial statements (continued)

2. Segmental reporting

Turnover by geographical destination	Group <u>2002</u> £000	Group <u>2001</u> £000
United Kingdom	55,036	65,693
Other EU Countries	5,063	12,701
Far East	1,711	2,353
Middle East	5,797	12,905
Other	4,959	6,358
Total	<u>72,566</u>	<u>100,010</u>
Group turnover	72,566	98,476
Share of associate's turnover	-	1,534
Total turnover	<u>72,566</u>	<u>100,010</u>

An analysis of net assets and profit on ordinary activities before tax by geographical area has not been disclosed. The directors are of the opinion that the disclosure of this information would be prejudicial to the interests of the group.

3. Operating profit

The operating profit is stated after charging

	Group <u>2002</u> £000	Group <u>2001</u> £000
Loss on sale of fixed assets	205	-
Depreciation on tangible fixed assets - owned	2,378	3,964
Hire of plant & machinery under operating leases	442	562
Auditors' remuneration - audit services	96	138
- other services	133	739

Notes to the financial statements (continued)

4. Directors' emoluments

	<u>2002</u> £000	<u>2001</u> £000
Aggregate emoluments and benefits	528	567
Compensation for loss of office	-	114
Company pension contributions to money purchase schemes	14	13
Sums paid to third parties for directors' services	28	55
Highest paid director		
Aggregate emoluments and benefits	234	211
Company pension contributions to money purchase schemes	12	12
Accrued pension at 31 March under defined benefit scheme	125	122

The executive directors are accruing benefits in a defined benefits pension scheme. The executive directors are also accruing benefits in money purchase pension schemes.

5. Employee information

	<u>Group</u> <u>2002</u> £000	<u>Group</u> <u>2001</u> £000
Employee costs during the year amounted to:		
Wages and salaries	21,211	29,965
Social security costs	1,869	2,760
Pension costs	18	18
	<u>23,098</u>	<u>32,743</u>
	<u>Group</u> <u>2002</u> Number	<u>Group</u> <u>2001</u> Number

The average monthly number of persons employed by the group during the year was as follows:

Low Voltage Installation Division	<u>1,450</u>	<u>1,562</u>
Continuing Activities	<u>1,450</u>	<u>1,562</u>
Dorman Smith Division	-	523
Cordset Division	<u>125</u>	<u>235</u>
Discontinued Activities	<u>125</u>	<u>758</u>

Notes to the financial statements (continued)

6. Exceptional items

	Group 2002		Group 2001
	Fundamental re- organisation (continuing)	Cessation of trade (discontinued)	Total
	£000	£000	£000
Redundancy costs	966		1,154
Re-organisation costs	808		1,575
Cessation of Cordset trade (see note 22)		5,656	-
Asset impairment	3,378		-
One off customer claims/rebates			1,800
Stock provision			366
Factory closure costs			2,362
Gain on disposal of subsidiary			(2,081)
Loss on disposal of associate			219
	<u>5,152</u>	<u>5,656</u>	<u>10,808</u>
			<u>5,395</u>

The costs relating to the fundamental reorganisation are the costs relating to a programme to reposition the Groups products, manufacturing and supply base to take account of a major change in the profitability of the Groups markets.

7. Interest payable and similar charges

	Group 2002	Group 2001
	£000	£000
Bank loans and overdrafts	82	2,765
Investor loan note	5,326	5,325
Hanson plc loan note	610	578
FRS4 costs	-	465
	<u>6,018</u>	<u>9,133</u>

Notes to the financial statements (continued)

8. Taxation on ordinary activities

	Group 2002 £000	Group 2001 £000
Tax charge for the year		
UK corporation tax		
- Adjustment to prior years	(2)	(26)
Overseas tax		
- Current year	78	33
- Adjustment to prior years	(90)	-
Total current tax charge	<u>(14)</u>	<u>7</u>
Deferred tax-origination and reversal of timing differences current year	(192)	(75)
Total tax charge	<u>(206)</u>	<u>(68)</u>
Tax reconciliation		
Loss before tax on ordinary activities	(12,715)	(9,773)
Expected tax charge on profit on ordinary activities	(3,815)	(2,932)
Non-deductible/(non-taxable) items	1,810	1,093
Capital allowances for period in excess of depreciation	848	(23)
Utilisation of tax losses	-	(79)
Adjustment to tax charge in respect of previous periods	(92)	(26)
Current year tax losses not utilised	1,017	1,444
Origination/reversal of timing differences	146	500
Overseas withholding taxes	72	30
Current tax charge on profit on ordinary activities	<u>(14)</u>	<u>7</u>

9. Loss for the financial year

As permitted by Section 20 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial year was £5,032,000 (2001: Profit £30,196,000).

10. Dividends and appropriations

	Group 2002 £000	Group 2001 £000	Company 2002 £000	Company 2001 £000
Dividends on non equity shares				
Preference shares 5% cumulative, payable from 31 March 2003	<u>38</u>	<u>141</u>	<u>38</u>	<u>141</u>

Notes to the financial statements (continued)

11. Tangible assets

Group

	Land & buildings £000	Plant & machinery £000	Fixtures & fittings £000	Total £000
Cost				
As at 1 April 2001	10,145	38,141	15,883	64,169
Additions	288	662	34	984
Disposals	(2,337)	(10,138)	(185)	(12,660)
Exchange fluctuations	-	-	1	1
As at 31 March 2002	8,096	28,665	15,733	52,494
Depreciation				
As at 1 April 2001	(989)	(27,504)	(13,905)	(42,398)
Charge for the year	(156)	(1,605)	(617)	(2,378)
Exceptional charge for the year	(997)	(2,381)	-	(3,378)
Disposals	408	8,375	256	9,039
Exchange fluctuations	-	-	(1)	(1)
As at 31 March 2002	(1,734)	(23,115)	(14,267)	(39,116)
Net Book Value				
As at 31 March 2002	6,362	5,550	1,466	13,378
As at 31 March 2001	9,156	10,637	1,978	21,771

Analysis of net book value of land and buildings

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> £000	<u>2001</u> £000	<u>2002</u> £000	<u>2001</u> £000
Freehold	3,469	5,936	-	-
Leasehold over 50 years unexpired	2,893	3,220	-	-
	<u>6,362</u>	<u>9,156</u>	<u>-</u>	<u>-</u>

Company

No tangible fixed assets exist within the company.

12. Fixed asset investments

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> £000	<u>2001</u> £000	<u>2002</u> £000	<u>2001</u> £000
Electrium (UK) Limited	-	-	38,199	38,199
Pan Electrium Industrial Company Limited	-	93	-	-
Government securities	1	1	1	1
	<u>1</u>	<u>94</u>	<u>38,200</u>	<u>38,200</u>

A full list of associate and subsidiary companies is given on page 26.

Notes to the financial statements (continued)

13. Stocks

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£000	£000	£000	£000
Raw materials	2,057	3,071	-	-
Work in progress	2,902	3,766	-	-
Finished products	6,992	4,658	-	-
	<u>11,951</u>	<u>11,495</u>	<u>-</u>	<u>-</u>

14. Debtors

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	12,001	14,421	-	-
Amounts owed by group undertakings	-	-	184,125	191,129
Prepayments and accrued income	1,127	1,096	74	818
Group relief	-	-	-	1,730
Deferred Tax	-	-	217	-
	<u>13,128</u>	<u>15,517</u>	<u>184,416</u>	<u>193,677</u>
Amounts falling due after more than one year				
Pension prepayment	24,249	24,249	-	-
Other	-	435	-	-
	<u>24,249</u>	<u>24,684</u>	<u>-</u>	<u>-</u>

The pension prepayment arises from the surplus transferred into the Electrium Pension Scheme on acquisition of the Hanson companies by Electrium Limited (see note 23).

Amounts owed by group companies are unsecured, interest free and have no fixed repayment date.

Notes to the financial statements (continued)

15. Creditors

	<u>Group</u>		<u>Company</u>	
	<u>2002</u>	<u>2001</u>	<u>2002</u>	<u>2001</u>
	£000	£000	£000	£000
Amounts falling due within one year				
Bank loans and overdrafts	-	58	1,098	1,082
Trade creditors	10,623	11,610	-	-
Amounts owed by group undertakings	-	-	109,608	118,946
Corporation tax payable - Overseas	5	86	-	-
Other taxation and social security	1,306	2,677	22	992
Other creditors & accruals	3,793	2,769	1,365	241
Dividends payable	200	-	200	-
	<u>15,927</u>	<u>17,200</u>	<u>112,293</u>	<u>121,261</u>
Amounts falling due after more than one year				
Bank and other loans	92,987	87,661	92,987	87,661
Loan note 5% (see below)	<u>12,743</u>	<u>12,133</u>	<u>12,743</u>	<u>12,133</u>
	105,730	99,794	105,730	99,794
Dividends payable	-	364	-	364
Other Creditors	-	238	-	-
	<u>105,730</u>	<u>100,396</u>	<u>105,730</u>	<u>100,158</u>
Bank loans, loan notes and overdrafts				
In 1 year or less	-	58	1,098	1,082
Between 1 & 2 years	-	-	-	-
Between 2 & 5 years	105,730	72,607	105,730	72,607
In 5 years or more	-	27,187	-	27,187
	<u>105,730</u>	<u>99,852</u>	<u>106,828</u>	<u>100,876</u>

Amounts owed to group companies are unsecured, interest free and have no fixed repayment date.

The terms of the loan notes falling due between 2 and 3 years and in 5 years or more are:

- a) 8% Unsecured subordinated loan notes, issued 14 April 1997, of £66,565,000 and accrued interest of £21,096,000 repayable annually by equal instalments. The first payment being due on 31 March 2005.
- b) 5% Unsecured adjustable subordinated loan note, issued 14 April 1997, of £10,000,000 and accrued interest of £2,133,000 repayable annually by equal instalments. The first repayment being due on 31 March 2006. The interest is adjustable upwards to a maximum of 20% dependent on the IRR achieved by the institutional investors of the company in the event of a sale or listing of the company.
- c) Certain securities provided to the group's bankers remain in place.

Notes to the financial statements (continued)

16. Provisions for liabilities and charges

Group	Deferred taxation £000	Restructuring provision £000	Total £000
Balance at 1 April 2001	7,143	1,610	8,753
Profit & loss account	(192)	52	(140)
Utilised in year	-	(1,610)	(1,610)
Balance at 31 March 2002	<u>6,951</u>	<u>52</u>	<u>7,003</u>

	Group 2002 £000	Group 2001 £000	Company 2002	Company 2001
The elements of deferred tax are as follows				
Pension fund	7,275	7,275	-	-
Other timing differences	(324)	(132)	(217)	-
Deferred tax (asset)/liability	<u>6,951</u>	<u>7,143</u>	<u>(217)</u>	<u>-</u>

The movement in the deferred tax balance were as follows

Provision at beginning of year (restated)	7,143	7,218	-	-
Amount charged to profit and loss	(192)	(75)	(217)	-
Provision at end of year	<u>6,951</u>	<u>7,143</u>	<u>(217)</u>	<u>-</u>

The closing balance is made up of

Deferred tax asset	(324)	(132)	(217)	-
Deferred tax liability	<u>7,275</u>	<u>7,275</u>	<u>-</u>	<u>-</u>
	<u>6,951</u>	<u>7,143</u>	<u>(217)</u>	<u>-</u>

Deferred tax assets in subsidiary companies of £2,698,760 relating to accelerated capital allowances have not been recognised because in the directors' opinion future losses which are expected to arise in the parent company will be available to offset against future profits in the subsidiary companies.

A deferred tax asset in the parent company of £4,553,479 relating to tax losses has not been recognised because in the directors' opinion their future realisation is not certain.

Notes to the financial statements (continued)

17. Called up share capital

	Company 2002 £000	Company 2001 £000
Authorised		
1,883,000 (2001: 1,905,000) ordinary shares of £1 each	1,883	1,905
812,000 (2001: 1,623,000) 5% cumulative redeemable preference shares of £1 each	812	1,623
	<u>2,695</u>	<u>3,528</u>
Allotted, called up and fully paid		
1,883,000 (2001: 1,905,000) ordinary shares of £1 each	1,883	1,905
812,000 (2001: 1,623,000) 5% cumulative redeemable preference shares of £1 each	812	1,623
	<u>2,695</u>	<u>3,528</u>

The 5% cumulative preference shares, which do not carry any voting rights, were issued in 1997 at £1 per share and are redeemable at par.

During the year the company purchased 22,000 of its own ordinary shares and redeemed 811,600 preference shares at par. The remaining 812,000 preference shares are to be redeemed on or before 31 March 2003.

18. Reserves

Profit & Loss Reserve	Group £000	Company £000
Balance at 1 April 2001	(56,224)	6,869
Retained loss for the year	(12,547)	(5,032)
Exchange differences	30	-
Transfer to capital redemption reserve	(1,645)	(1,645)
Goodwill reinstated on disposal	727	-
Balance at 31 March 2002	<u>(69,659)</u>	<u>192</u>
Capital Reserve	Group £000	Company £000
Balance at 1 April 2001 and 31 March 2002	<u>3,512</u>	<u>-</u>
Capital Redemption Reserve	Group £000	Company £000
Balance at 1 April 2001	95	95
Transfer from Profit & Loss	1,645	1,645
Balance at 31 March 2002	<u>1,740</u>	<u>1,740</u>

The transfer from profit and loss reserve relates to the redemptions of preference shares in 2001 and 2002.

Notes to the financial statements (continued)

19. Reconciliation of operating profit to net cash inflow from operating activities

	Group 2002 £000	Group 2001 £000
Continuing operations		
Operating loss before income from associates and after exceptional items	(867)	(184)
Depreciation charge (net of profit/loss on disposals)	2,540	2,488
Impairment write down on fixed assets	3,378	1,212
Movement in stocks	(1,658)	1,924
Movement in debtors	(937)	(9,628)
Movement in creditors	938	4,609
Net cash inflow from continuing operating activities	3,394	421
Discontinued operations		
Operating loss after exceptional items	(5,842)	(639)
Depreciation charge (net of profit/loss on disposals)	43	1,476
Exceptional items - disposal of subsidiary	-	(3,573)
Goodwill amortisation and investment write down	5,524	-
Movement in stocks	471	(655)
Movement in debtors	715	(166)
Movement in creditors	(1,968)	328
Net cash outflow from discontinued operating activities	(1,057)	(3,229)
20. Reconciliation of net cash flow to movement in net debt		
	Group 2002 £000	Group 2001 £000
Increase in cash in the period	600	377
Add back cash flow from decrease in debt	-	40,001
Change in net debt resulting from cash flows	600	40,378
Exchange translation difference	-	4
Interest accruals and charges for the finance cost of debt	(5,936)	(6,368)
(Increase)/decrease in net debt in the period	(5,336)	34,014
Opening net debt	(96,153)	(130,167)
Closing net debt	(101,489)	(96,153)

Notes to the financial statements (continued)

21. Analysis of net debt

	Balance at beginning of period £000	Cash flow £000	Other non- cash items £000	Balance at end of period £000
Cash at bank	3,699	542	-	4,241
Overdrafts	(58)	58	-	-
	<u>3,641</u>	<u>600</u>	<u>-</u>	<u>4,241</u>
Debt due after 1 year	(99,794)	-	(5,936)	(105,730)
	<u>(96,153)</u>	<u>600</u>	<u>(5,936)</u>	<u>(101,489)</u>

22. Disposals

During September 2001 Marbo SA was put into administrative receivership. This followed after Moulinex SA, the largest customer of Marbo SA was placed into administrative receivership. As a result of this and other factors a decision was made to exit the power cordset business. The group disposed of it's joint venture company, Pan Electrium Industrial Company Limited, on 6 March 2002.

	Marbo SA in receivership	Disposal of Investment in Pan Electrium Ind Co Ltd	Marbo Ltd	Cessation of Cordset Trading
Share of net assets excluding cash	3,578	809	165	4,552
Cash	245	-	-	245
Goodwill	<u>727</u>	<u>-</u>	<u>-</u>	<u>727</u>
	<u>4,550</u>	<u>809</u>	<u>165</u>	<u>5,524</u>
Costs incurred	55	-	77	132
Loss on cessation of cordset trade	<u>4,605</u>	<u>809</u>	<u>242</u>	<u>5,656</u>

On 14 November 2000 the group disposed of Dorman Smith Holdings Limited and its subsidiary Dorman Smith Switchgear Limited. As a result of the disposal of Dorman Smith Holdings Limited it was necessary for the group to dispose of it's share in it's joint venture company Havell's Dorman Smith Pvt Limited. The disposal of Havell's Dorman Smith took place on the 14 December 2000.

The proceeds of these disposals were £48,206,000 and resulted in a net profit to the group of £1,862,000.

	Dorman Smith Holdings Limited £000	Havell's Dorman Smith Pvt Limited £000
Share of net assets	14,933	522
Goodwill previously written off to reserves	29,178	-
Cost of disposal	1,686	25
Net gain/(loss) on disposal	<u>2,081</u>	<u>(219)</u>
Proceeds	<u>47,878</u>	<u>328</u>

Notes to the financial statements (continued)

23. Pensions and similar obligations

The Group has continued to account for pensions in accordance with SSAP 24. The disclosures given below are those required by that standard. FRS 17 Retirement Benefits was issued in November 2000 but will not be fully mandatory for the Group until the year ending 31 March 2004. Prior to this, phased transitional disclosures are required. The disclosures required by FRS 17 are shown below.

SSAP 24

The Group operates a pension scheme open to all UK employees, the Electrium Pension Scheme. This scheme is funded with assets held in a separate trustee administered fund.

The pension cost relating to the Electrium Pension Scheme is assessed in accordance with the advice of a firm of qualified actuaries, Watson Wyatt LLP, using the Projected Unit method. An actuarial assessment of the Electrium Pension Scheme has been carried out for the Company as at 31 March 2001. Relative to price inflation, the long term assumptions made were that the return on investments would be 3.9% per annum and salary growth 1.3% per annum adjusted for short term salary expectations. Pension increases were assumed to be in line with price inflation, unless subject to a minimum of 3% per annum, where they are assumed to exceed price inflation by 0.5% per annum.

As at 31 March 2001, the market value of the assets of the Electrium Pension Scheme was £66.7m. The market value of the scheme's investments was sufficient to cover approximately 167% of the accrued past service liabilities as at 31 March 2001 on the actuarial assumptions adopted.

As at 31 March 2002 there was a balance sheet prepayment of £24.249m in respect of pensions.

The pensions cost in respect of the defined benefit scheme in the year was £NIL (2001: £NIL).

FRS 17 Retirement Benefits

The valuation used for FRS 17 disclosures has been based on an updated actuarial valuation at 31 March 2002 by a qualified actuary. This takes account of the requirements of FRS 17 in order to assess the liabilities of the schemes at 31 March 2002. Scheme assets are stated at their market value at 31 March 2002.

The financial assumptions used to calculate scheme liabilities under FRS 17 were

Rate of increase in salaries		2.5%
Rate of increase of pensions in payment	- Crabtree section	2.5%
	- Other sections	3.0%
Discount rate		6.0%
Inflation assumption		2.5%
Rate of increase for deferred pensioners		2.5%

Notes to the financial statements (continued)

23. Pensions and similar obligations (continued)

The assets of the scheme and the expected rates of return are

	Long-term asset returns expected 2002 %	2002 £000
Equities	8.3	44,900
Bonds	5.0	11,200
Property	6.6	2,100
Other	4.5	1,300
Total market value of assets		59,500
Actuarial value of liabilities		(43,300)
Asset surplus		16,200
Related deferred tax liability		(4,900)
Net pension asset		11,300
Net liabilities excluding pension asset		(78,686)
Pension asset		11,300
Net liabilities including pension asset		(67,386)
Profit and loss account excluding pension asset		(86,633)
Pension reserve		11,300
Profit and loss account including pension reserve		(75,333)

24. Capital and financial commitments

Capital commitments

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> £000	<u>2001</u> £000	<u>2002</u> £000	<u>2001</u> £000
Future capital expenditure contracted but not provided	98	183	Nil	-

Financial commitments

At 31 March the company had annual commitment under non-cancellable operating leases expiring as follows:

	<u>Group</u>		<u>Company</u>	
	<u>2002</u> £000	<u>2001</u> £000	<u>2002</u> £000	<u>2001</u> £000
Annual commitments under operating leases				
For leases expiring				
after more than 5 years	-	2	-	-
between 2 and 5 years	493	213	-	-
between 1 and 5 years	-	-	-	-
within 1 year	375	178	-	-
	<u>868</u>	<u>393</u>	<u>-</u>	<u>-</u>

None of the above leases relate to land and buildings.

Notes to the financial statements (continued)

25. Related party transactions

The value of purchases from sales to and the balances outstanding with the associated company are shown below

	Holding	Group purchases during the year	Group sales during the year	Balances owed to the group	Balances owed by the group
	%	£000	£000	£000	£000
Pan Electrium Industrial Company Limited	50	2,269	955	-	-

26. Principle subsidiaries and Associates

Company	Country of incorporation	Issued share capital	Percentage of beneficial ownership held
Subsidiaries (all consolidated)			
Electrium (UK) Limited	England	67,319,704 £0.25 ordinary shares	100%
Electrium Sales Limited	England	563,845 £0.25 ordinary shares	100%
Crabtree Electrical Industries Limited	England	120,000 £1.00 ordinary shares	100%
Electrium (Ireland) Limited	Ireland	2 IR£1.00 ordinary shares	100%
Marbo Limited	England	32,730 £1.00 ordinary shares	100%
Volex Accessories Limited	England	8,575,000 £1.00 ordinary shares	100%
Wylex Limited	England	10,000,000 £1.00 ordinary shares	100%