

Registered number: 04044364

## **CONCORD ELECTRIC SUPPLY LIMITED**

### **DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 25 MARCH 2009**



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**CONCORD ELECTRIC SUPPLY LIMITED**

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**COMPANY INFORMATION**

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**DIRECTORS**

A. Jackson  
T. B. Yallop  
M. S. Jacobs

**COMPANY SECRETARY**

M. S. Jacobs

**COMPANY NUMBER**

04044364

**REGISTERED OFFICE**

141 Farmer Ward Road  
Kenilworth  
Warwickshire  
CV8 2SU

**AUDITORS**

Horwath Clark Whitehill LLP  
Chartered Accountants & Registered Auditors  
Foley House  
123 Stourport Road  
Kidderminster  
Worcestershire  
DY11 7BW

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**CONCORD ELECTRIC SUPPLY LIMITED**

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**CONTENTS**

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	Page
<b>Directors' report</b>	1 - 3
<b>Independent auditors' report</b>	4 - 5
<b><i>Profit and loss account</i></b>	6
<b>Statement of total recognised gains and losses</b>	7
<b>Balance sheet</b>	8
<b>Notes to the financial statements</b>	9 - 17

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## **CONCORD ELECTRIC SUPPLY LIMITED**

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### **DIRECTORS' REPORT FOR THE YEAR ENDED 25 MARCH 2009**

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The directors present their report and the financial statements for the year ended 25 March 2009.

#### **STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The directors are responsible for preparing the Annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 that 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.

#### **PROVISION OF INFORMATION TO AUDITORS**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that:

- so far as that director is aware, there is no relevant audit information of which the Company's auditors are unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the Company's auditors in connection with preparing their report and to establish that the Company's auditors are aware of that information.

#### **PRINCIPAL ACTIVITIES**

The principal activity of the company during the year, including branches outside the United Kingdom, is that of wholesaling of electrical components.

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## CONCORD ELECTRIC SUPPLY LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 25 MARCH 2009

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#### REVIEW OF THE BUSINESS

The operating loss decreased from £9.8m in 2008 to £8.9m in 2009. Net interest payable increased during the year from £3.1m to £3.2m resulting in an decreased loss before tax of £12.1m in 2009 compared with £12.8m in 2008.

The company increased its borrowings from its parent company during the year from \$76.9m (£38.6m) at the start of the year to \$89.4m (£61.1m) by the end of the year. Additional share capital of £2.0m was subscribed for during the year.

The company is not exposed to currency risks.

The key performance indicators in the company are turnover and profitability. Along with debtor days and the number of stock turns these indicators are used to help the directors monitor the performance of the business.

Trade debtors have increased from £4.0m in 2008 to £4.7m during 2009, whilst trade creditors have remained the same at £1.8m in 2008 and 2009. Closing stock increased from £8.7m in 2008 to £9.4m in 2009. The company's net bank balance decreased by £0.2m during the year.

Overall, the directors consider that progress is continuing to be made in all areas of activity.

#### RESULTS AND DIVIDENDS

The loss for the year, after taxation, amounted to £12,087,529 (2008 - loss £12,843,934).

The directors do not recommend payment of a dividend.

#### DIRECTORS

The directors who served during the year were:

A. Jackson  
T. B. Yallop  
M. S. Jacobs

#### POLITICAL AND CHARITABLE CONTRIBUTIONS

The company made charitable contributions of £1,218 (2008 - £2,721) during the year.

#### EMPLOYEE INVOLVEMENT

The directors recognise the importance of good communication and relations with employees. The management is responsible for the development of employee participation practices appropriate to its own requirements.

#### DISABLED EMPLOYEES

The company encourages the employment of disabled persons whenever practicable. In compliance with current legislation the company seeks to employ at least the required number of disabled persons and endeavours to ensure that disabled employees benefit from training and career development in common with other employees.

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**CONCORD ELECTRIC SUPPLY LIMITED**

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**DIRECTORS' REPORT  
FOR THE YEAR ENDED 25 MARCH 2009**

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**AUDITORS**

The auditors, Horwath Clark Whitehill LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006.

This report was approved by the board on 24 November 2009 and signed on its behalf.



**M. S. Jacobs**  
Secretary

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## **CONCORD ELECTRIC SUPPLY LIMITED**

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### **INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONCORD ELECTRIC SUPPLY LIMITED**

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We have audited the financial statements of Concord Electric Supply Limited for the year ended 25 March 2009, set out on pages 6 to 17. These financial statements have been prepared in accordance with the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 the company's shareholders 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) 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.

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CONCORD ELECTRIC SUPPLY LIMITED

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INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONCORD ELECTRIC SUPPLY  
LIMITED

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UNQUALIFIED OPINION

In our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 25 March 2009 and of its loss for the year then ended;
- the financial statements have been properly prepared in accordance with the Companies Act 1985; and
- the information given in the Directors' report is consistent with the financial statements.

*Horwath Clark Whitehill LLP*  
HORWATH CLARK WHITEHILL LLP

Chartered Accountants  
Registered Auditors

Foley House  
123 Stourport Road  
Kidderminster  
Worcestershire  
DY11 7BW

24 November 2009



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CONCORD ELECTRIC SUPPLY LIMITED

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PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 25 MARCH 2009

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	Note	2009 £	2008 £
<b>OPERATING LOSS</b>	3	<b>(8,913,861)</b>	<b>(9,750,271)</b>
Interest receivable and similar income		4,771	31,873
Interest payable	6	<u>(3,178,439)</u>	<u>(3,125,536)</u>
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(12,087,529)</b>	<b>(12,843,934)</b>
Tax on loss on ordinary activities	7	<u>-</u>	<u>-</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>	15	<b><u>(12,087,529)</u></b>	<b><u>(12,843,934)</u></b>

All amounts relate to continuing operations.

The notes on pages 9 to 17 form part of these financial statements.

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CONCORD ELECTRIC SUPPLY LIMITED

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STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES  
FOR THE YEAR ENDED 25 MARCH 2009

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	2009 £	2008 £
<b>LOSS FOR THE FINANCIAL YEAR</b>	<b>(12,087,529)</b>	<b>(12,843,934)</b>
Foreign exchange differences taken to reserves	<u>(10,828,659)</u>	<u>77,060</u>
<b>TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR</b>	<b><u>(22,916,188)</u></b>	<b><u>(12,766,874)</u></b>

The notes on pages 9 to 17 form part of these financial statements.

**CONCORD ELECTRIC SUPPLY LIMITED**

**BALANCE SHEET  
AS AT 25 MARCH 2009**

	Note	2009 £	2008 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	3,253,196	3,087,373
<b>CURRENT ASSETS</b>			
Stocks	9	9,406,502	8,669,992
Debtors	10	5,384,932	4,586,178
Cash at bank and in hand		1,567,538	1,975,274
		<u>16,358,972</u>	<u>15,231,444</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(3,626,110)</u>	<u>(3,785,261)</u>
<b>NET CURRENT ASSETS</b>		<u>12,732,862</u>	<u>11,446,183</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>15,986,058</u>	<u>14,533,556</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>(61,813,606)</u>	<u>(39,415,226)</u>
<b>NET LIABILITIES</b>		<u>(45,827,548)</u>	<u>(24,881,670)</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	12,417,712	10,447,402
Profit and loss account	15	<u>(58,245,260)</u>	<u>(35,329,072)</u>
<b>SHAREHOLDERS' DEFICIT</b>	16	<u>(45,827,548)</u>	<u>(24,881,670)</u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 November 2009.

  
**T. B. Yallop**  
Director

The notes on pages 9 to 17 form part of these financial statements.

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## CONCORD ELECTRIC SUPPLY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 25 MARCH 2009

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#### 1. ACCOUNTING POLICIES

##### 1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards and on the basis that the company can continue as a going concern.

The directors consider this basis to be appropriate as the parent company has indicated its intention to provide sufficient financial support to enable the company to trade.

##### 1.2 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 and machinery	- over 3 - 5 years
Motor vehicles	- over 3 - 5 years

##### 1.3 Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks.

##### 1.4 Deferred taxation

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.

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

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.

Deferred tax assets and liabilities are not discounted.

##### 1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account on a straight line basis.

##### 1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as they are incurred.

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CONCORD ELECTRIC SUPPLY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 2009

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1. ACCOUNTING POLICIES (continued)

1.7 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date.

Transactions in foreign currencies are translated into sterling at the average rate.

Exchange gains and losses are recognised in the profit and loss account except for gains and losses on translation of the local currency accounts which are taken to reserves.

1.8 Group accounts

The company has taken advantage of the exemption in Financial Reporting Standard 8 not to disclose related parties transactions with other group companies.

2. OTHER OPERATING INCOME

	2009 £	2008 £
Rent receivable	<u>71,952</u>	<u>42,596</u>

3. OPERATING LOSS

The operating loss is stated after charging:

	2009 £	2008 £
Depreciation of tangible fixed assets:		
- owned by the company	593,753	652,563
- held under finance leases	699,667	513,066
Operating lease rentals:		
- other operating leases	<u>2,419,871</u>	<u>1,802,345</u>

During the year, no director received any emoluments (2008 - £NIL).

4. AUDITORS' REMUNERATION

	2009 £	2008 £
Fees payable to the company's auditor for the audit of the company's annual accounts	27,437	29,000
Fees payable to the company's auditor and its associates in respect of:		
Other services relating to taxation	<u>4,160</u>	<u>4,000</u>

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CONCORD ELECTRIC SUPPLY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 2009

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5. STAFF COSTS

Staff costs were as follows:

	2009 £	2008 £
Wages and salaries	10,720,018	9,165,597
Social security costs	904,854	709,799
	<u>11,624,872</u>	<u>9,875,396</u>

The average monthly number of employees, including the directors, during the year was as follows:

	2009 No.	2008 No.
Full time	390	398
Part time	1	5
	<u>391</u>	<u>403</u>

6. INTEREST PAYABLE

	2009 £	2008 £
Bank overdraft	5,260	11,575
Finance leases and hire purchase contracts	167,374	131,348
On loans from group undertakings	3,005,805	2,982,613
	<u>3,178,439</u>	<u>3,125,536</u>

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CONCORD ELECTRIC SUPPLY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 2009

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7. TAXATION

	2009 £	2008 £
UK corporation tax charge on loss for the year	-	-

**Factors affecting tax charge for the year**

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (28%). The differences are explained below:

	2009 £	2008 £
Loss on ordinary activities before tax	(12,087,529)	(12,843,934)
Loss on ordinary activities multiplied by standard rate of corporation tax in the UK of 28% (2008 - 30%)	(3,384,508)	(3,853,180)
<b>Effects of:</b>		
Ineligible depreciation	36,288	29,626
Differences between depreciation and capital allowances	34,176	20,055
Group relief surrendered	3,303,595	3,640,150
Losses unutilised	-	154,875
Other permanent differences	10,449	8,474
<b>Current tax charge for the year</b> (see note above)	-	-

**Factors that may affect future tax charges**

Deferred tax has been calculated at 28% (2008 - 28%) as this is the rate at which the directors expect these timing differences to reverse.

There are unutilised losses carried forward of £638,711 (2008 - £469,047).

**CONCORD ELECTRIC SUPPLY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 2009**

**8. TANGIBLE FIXED ASSETS**

	Plant and machinery £	Motor Vehicles £	Total £
<b>Cost</b>			
At 26 March 2008	4,227,136	1,712,663	5,939,799
Additions	301,561	311,793	613,354
Disposals	(152,148)	(217,866)	(370,014)
Foreign exchange difference	1,553,715	635,013	2,188,728
	<u>5,930,264</u>	<u>2,441,603</u>	<u>8,371,867</u>
<b>At 25 March 2009</b>			
<b>Depreciation</b>			
At 26 March 2008	2,036,898	815,528	2,852,426
Charge for the year	839,264	454,156	1,293,420
On disposals	(68,963)	(164,902)	(233,865)
Foreign exchange difference	863,947	342,743	1,206,690
	<u>3,671,146</u>	<u>1,447,525</u>	<u>5,118,671</u>
<b>At 25 March 2009</b>			
<b>Net book value</b>			
At 25 March 2009	<u>2,259,118</u>	<u>994,078</u>	<u>3,253,196</u>
<i>At 25 March 2008</i>	<u>2,190,238</u>	<u>897,135</u>	<u>3,087,373</u>

The net book value of assets held under finance leases or hire purchase contracts, included above, are as follows:

	2009 £	2008 £
Plant and machinery and motor vehicles	<u>1,461,160</u>	<u>1,374,630</u>

**9. STOCKS**

	2009 £	2008 £
Finished goods and goods for resale	<u>9,406,502</u>	<u>8,669,992</u>



**CONCORD ELECTRIC SUPPLY LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 2009**

**10. DEBTORS**

	2009 £	2008 £
<b>Due within one year</b>		
Trade debtors	4,682,007	3,994,632
Amounts owed by group undertakings	14,764	65,260
Other debtors	451,937	299,482
Prepayments and accrued income	236,224	226,804
	<u>5,384,932</u>	<u>4,586,178</u>

**11. CREDITORS:  
Amounts falling due within one year**

	2009 £	2008 £
Bank overdraft	-	255,878
Net obligations under finance leases and hire purchase contracts	735,395	541,876
Trade creditors	1,754,714	1,813,258
Amounts owed to group undertakings	-	1,504
Social security and other taxes	71,994	159,489
Other creditors	275,902	466,377
Accruals and deferred income	788,105	546,879
	<u>3,626,110</u>	<u>3,785,261</u>

**12. CREDITORS:  
Amounts falling due after more than one year**

	2009 £	2008 £
Net obligations under finance leases and hire purchase contracts	726,101	832,754
Amounts owed to parent undertaking	61,087,505	38,582,472
	<u>61,813,606</u>	<u>39,415,226</u>

The loan by the parent undertaking is subject to a revolving credit agreement.

Repayable by instalments:

Obligations under finance leases and hire purchase contracts:

	2009 £	2008 £
Between one and five years	<u>726,101</u>	<u>832,754</u>

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**CONCORD ELECTRIC SUPPLY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 2009**

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**13. DEFERRED TAXATION**

A deferred tax asset of £56,291 (*2008 asset of - £12,097*) on deferred capital allowances has not been provided in the accounts as it is not deemed to be material.

A deferred tax asset of £178,839 (*2008 - £147,906*) in respect of unutilised losses has not been provided as it is unlikely that it will reverse in the next accounting period.

**14. SHARE CAPITAL**

	2009 £	2008 £
<b>Authorised</b>		
15,000,000 Ordinary shares of £1 each	<u>15,000,000</u>	<u>15,000,000</u>
<b>Allotted, called up and fully paid</b>		
12,417,712 ( <i>2008 - 10,447,402</i> ) Ordinary shares of £1 each	<u>12,417,712</u>	<u>10,447,402</u>

1,970,310 shares of £1 were issued during the year at par.

**15. RESERVES**

	Profit and loss account £
At 26 March 2008	(35,329,072)
Loss for the year	(12,087,529)
Foreign exchange	(10,828,659)
At 25 March 2009	<u>(58,245,260)</u>

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' DEFICIT**

	2009 £	2008 £
Opening shareholders' deficit	(24,881,670)	(14,935,626)
Loss for the year	(12,087,529)	(12,843,934)
Shares issued during the year	1,970,310	2,820,830
Foreign exchange	(10,828,659)	77,060
Closing shareholders' deficit	<u>(45,827,548)</u>	<u>(24,881,670)</u>

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CONCORD ELECTRIC SUPPLY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 2009

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17. CAPITAL COMMITMENTS

At 25 March 2009 the Company had capital commitments as follows:

	2009 £	2008 £
Contracted for but not provided in these financial statements	-	77,544

18. OPERATING LEASE COMMITMENTS

At 25 March 2009 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	2009 £	2008 £
Expiry date:		
Within 1 year	227,541	29,106
Between 2 and 5 years	2,162,761	1,568,874
After more than 5 years	334,637	146,571

19. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY

The directors consider CEF Holdings Limited to be the immediate and ultimate parent undertaking.

The consolidated accounts of CEF Holdings Limited can be obtained from Companies House.

20. TURNOVER

Turnover is the invoiced value, net of Value Added Tax, of all goods sold and services provided to customers.

	2009 £	2008 £
Turnover	36,136,942	28,815,153

Consequent to the provisions of paragraph 55(5) of schedule 4 Part III to the Companies Act 1985, an analysis of turnover and profits has not been disclosed.

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CONCORD ELECTRIC SUPPLY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 25 MARCH 2009

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21. OPERATING COSTS

	2009 £	2008 £
Change in stocks of finished goods and work in progress	(736,510)	(243,142)
Raw materials and consumables	26,433,260	22,043,269
Staff costs	11,624,872	9,875,396
Depreciation and other amounts written off tangible fixed assets	1,314,806	1,151,027
Other operating charges	6,486,327	5,781,470
Other operating income	(71,952)	(42,596)
	<u>45,050,803</u>	<u>38,565,424</u>

22. CONTINGENT LIABILITIES

The company is party to an unlimited multilateral guarantee as security for the bank borrowings of its fellow group companies. At 25 March 2009 the potential liability under this guarantee was £44,998,299 (2008 - £8,307).