Electrium

CONSOLIDATED ANNUAL REPORT

FOR THE YEAR ENDED 31 MARCH 2005

Electrium **Limited**
Registered number 4948228

DIRECTORS AND ADVISERS

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

Non Executive Directors
N Brayshaw
M Draper
A S Lyndon

Secretary
N M Turnbull

Registered Office
Lakeside Plaza
Walkmill Lane
Bridgtown
Cannock
Staffordshire WS11 0XE

Registered Auditors
PricewaterhouseCoopers LLP
Cornwall Court
19 Cornwall Street
Birmingham
B3 2DT

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

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 31 March 2005.

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 buyout (MBO) of Electrium (2003) Limited (formerly Electrium Limited). Electrium (2003) Limited companies own a number of leading brands in the UK electrical installation industry; the major brands being Wylex and Crabtree.

This buy out was successfully completed on 20 December 2003. The buy out was supported by Lloyds Development Capital (LDC), a leading UK Venture Capital fund, which provided an institutional loan of £10,700,000. Bank debt of £19,000,000 was provided by the Royal Bank of Scotland (RBS).

Equity share capital was issued to LDC, the directors and company management.

As at 31 March 2005 bank debt has been reduced to £13,086,000 and the institutional loan balance is £12,195,000, (net of debt issue costs the respective balances are £12,482,000 and £11,930,000).

Business review

The directors are pleased to report, for the year ending 31 March 2005, an increase in underlying sales of 10.4% to £74,540,000 and a substantial improvement in earnings reflected in an operating profit of £8,534,000.

This improvement in earnings was primarily driven by increased sales volumes and cost reductions realised from a fundamental restructuring of the manufacturing base of the Group.

Electrium, via senior Crabtree and Wylex brands, continued to grow market share during the year ending 31 March 2005, in both the UK circuit protection market and UK electrical wiring accessories market. This growth was supported by new product introductions and continuing investment in both brand focussed sales teams and marketing infrastructure. In addition, for the first time in a number of years, selling price increases were implemented across the majority of brands and product groups.

The year also marked the successful completion of the fundamental restructuring of Electrium's manufacturing base culminating in a move to new purpose built commercial offices, which was completed just prior to the year end.

The directors anticipate ongoing investment in new products and sales and marketing infrastructure to continue to generate future sales and profit growth in the year ending 31 March 2006. The directors anticipate this profit growth to be supported by both the year on year impact of cost reductions already generated from the fundamental restructuring of the manufacturing base and further product cost reductions in certain areas.

DIRECTORS' REPORT (continued)

Dividends

The directors do not recommend the payment of an equity dividend in respect of the period ended 31 March 2005.

Directors

The directors of the company who served during the year were

C J Thomas
A Kitchen
N M Turnbull
N Brayshaw
M Draper
A Lyndon

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 2005, and that applicable accounting standards have been followed.

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.

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 2005	31 March 2004
C J Thomas	21,127	21,127
A Kitchen	10,563	10,563
N M Turnbull	10,563	10,563
N Brayshaw	1,500	1,500

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

Both Mr M Draper and Mr A S Lyndon have a beneficial interest in the LDC Co-investment Plan 2003 which holds 5,000 preferred ordinary shares of £1 each in the company.

DIRECTORS' REPORT (continued)

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.

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. Average creditor days for the year were 79 (2004: 80). The parent company has no trade creditors (2004: £NIL).

Auditors

PricewaterhouseCoopers LLP 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

N M Turnbull
Company Secretary
27 May 2005

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF ELECTRIUM LIMITED

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated and company balance sheet, the consolidated cash flow statement, the consolidated statement of total recognised gains and losses and the related notes which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out in the statement of principle accounting policies.

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 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 issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 2005 and the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
Birmingham
27 May 2005

CONSOLIDATED PROFIT AND LOSS ACCOUNT
for year ended 31 March 2005

	Notes	**12 months ended 31 March 2005** **Total** £000	**5 months ended 31 March 2004 as restated** **Total** £000	
Group turnover	2	74,540	18,355	*
Cost of sales		(51,461)	(13,295)	*
Gross profit		**23,079**	**5,060**	
Distribution costs		(11,396)	(2,606)	
Administration costs	3	(3,149)	(999)	
Operating profit	4	**8,534**	**1,455**	
Exceptional items	5	-	(2,400)	
Profit/(loss) after exceptional items		**8,534**	**(945)**	
Interest receivable and similar income		36	-	
Interest payable and similar charges	8	(3,169)	(886)	
Profit/(loss) on ordinary activities before taxation		**5,401**	**(1,831)**	
Tax (charge)/credit on profit/(loss) on ordinary activities	9	(1,678)	349	
Profit/(loss) after taxation		**3,723**	**(1,482)**	

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.

All items dealt with in arriving at operating profit relate to continuing activities.

* Turnover and cost of sales for 5 months ended 31 March 2004 has been restated (see note 2).

STATEMENT OF GROUP TOTAL RECOGNISED GAINS AND LOSSES
for year ended 31 March 2005

	12 months ended 31 March 2005	5 months ended 31 March 2004
	£000	£000
Profit/(loss) for the financial period	3,723	(1,482)
Currency translation adjustment on foreign currency net investments	4	(70)
Total recognised gains/(losses) for the period	3,727	(1,552)

RECONCILIATION OF MOVEMENTS IN GROUP SHAREHOLDERS' FUNDS
for year ended 31 March 2005

	12 months ended 31 March 2005	5 months ended 31 March 2004
	£000	£000
Profit/(loss) for the period	3,723	(1,482)
Issue of shares at a premium	10	589
Currency translation differences on foreign currency net investments	4	(70)
Net increase/(decrease) in shareholders' funds	3,737	(963)
Opening shareholders' funds	(963)	-
Shareholders' funds at 31 March	2,774	(963)

BALANCE SHEETS
as at 31 March 2005

		Group		Company	
		2005	2004	2005	2004
	Notes	£000	£000	£000	£000
Fixed assets					
Tangible assets	11	6,287	8,138	-	-
Investments	12	-	-	29,245	29,245
Goodwill	13	1,335	1,308	-	-
		7,622	9,446	29,245	29,245
Current assets					
Stocks	14	13,586	12,573	-	-
Debtors: amounts to be received within one year	15	10,508	10,648	77	3,863
Debtors: amounts to be received after more than one year	15	7,052	9,371	-	134
Cash at bank and in hand		4,046	4,578	-	25
		35,192	37,170	77	4,022
Creditors: amounts falling due within one year	16	(17,082)	(19,348)	(10,401)	(7,699)
Net current assets/(liabilities)		18,110	17,822	(10,324)	(3,677)
Total assets less current liabilities		25,732	27,268	18,921	25,568
Creditors: amounts falling due after more than one year	16	(22,687)	(25,831)	(22,687)	(25,831)
Provisions for liabilities and charges	17	(271)	(2,400)	-	-
		(22,958)	(28,231)	(22,687)	(25,831)
Net assets/(liabilities)		2,774	(963)	(3,766)	(263)
Capital and reserves					
Called up share capital	18	100	98	100	98
Share premium	19	499	491	499	491
Revenue reserves	20	2,175	(1,552)	(4,365)	(852)
Total equity shareholders' funds		2,774	(963)	(3,766)	(263)

The financial statements on pages 7 to 26 were approved by the directors on 25 May 2005.

C J Thomas
Director
27 May 2005

CONSOLIDATED CASH FLOW STATEMENT
for year ended 31 March 2005

	Notes	12 months ended 31 March 2005 £000	2005 £000	5 months ended 31 March 2004 £000	2004 £000
Net cash inflow from continuing operating activities	21		5,441		730
Returns from investments and servicing of finance					
Interest received		36		-	
Interest paid		(1,810)		(359)	
Cost of loans		-		(1,260)	
			(1,774)		(1,619)
Taxation paid			(2)		-
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(1,008)		(60)	
Proceeds from sale of fixed assets		2,713		-	(60)
			1,705		
Acquisitions and disposals					
Purchase of subsidiaries		-		(29,245)	
Net cash acquired with subsidiaries		-		4,480	
			-		(24,765)
Net cash inflow/(outflow) before financing			5,370		(25,714)
Financing					
Proceeds of new loans and facility draw downs		-		29,700	
Issue of share capital		10		589	
Loan repayments		(5,914)		-	
			(5,904)		30,289
(Decrease)/increase in cash in the period			(534)		4,575

Notes to the financial statements
for the year ended 31 March 2005

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, balance sheet and cashflow statement include the financial statements of the company and its subsidiary undertakings made up to 31 March 2005. 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.

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 over the period determined by the directors not exceeding 20 years.

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

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.

Notes to the financial statements (continued)

Taxation
Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation liabilities are 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. Deferred tax assets are recognised to the extent that, on the basis of all available evidence, it can be regarded more likely than not that there will be suitable profits from which the future reversal of the underlying timing differences can be deducted. Deferred tax is not discounted.

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 the introduction of FRS 17: "Retirement Benefits" have been included in note 25.

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 net of discounts.

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 12 months ended 31 March 2005	Group 5 months ended 31 March 2004 restated
	£000	£000
United Kingdom	64,293	16,128
Middle East	6,095	1,305
Other EU Countries	2,320	362
Far East	380	54
Other	1,452	506
Total	74,540	18,355

An analysis of net assets, turnover by origin 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.

Group turnover for 5 months ended 31 March 2004 has been restated to reflect the deduction of settlement discount, which was previously included in cost of sales. The impact of this adjustment is £509,000. The adjustment for 31 March 2005 is £2,280,000.
This presentation in line with industry practice.

3. Administration costs

Administration costs consist of

	Group 12 months ended 31 March 2005	Group 5 months ended 31 March 2004
	£000	£000
Goodwill amortisation	71	17
Pension charge	73	330
Other costs	3,005	652
	3,149	999

4. Operating profit

The operating profit is stated after charging

		Group 2005	Group 2004
		£000	£000
Goodwill amortisation		71	17
Depreciation on tangible fixed assets	- owned	881	327
Hire of plant & machinery under operating leases		573	135
Auditors' remuneration	- audit services	70	35
	- other services	65	13

Notes to the financial statements (continued)

5. Exceptional Items

Exceptional costs consist of

	Group 12 months ended 31 March 2005	Group 5 months ended 31 March 2004
	£000	£000
Redundancy	-	1,850
Closure of factory	-	550
	-	2,400

The redundancy and closure costs in the prior year are in relation to a programme of fundamental reorganisation which commenced in 2001.

6. Directors' emoluments

	Group 12 months ended 31 March 2005	Group 5 months ended 31 March 2004
	£000	£000
Aggregate emoluments and benefits	822	183
Company pension contributions to money purchase schemes	29	7
Highest paid director		
Aggregate emoluments and benefits	366	86
Company pension contributions to money purchase schemes	14	3
Accrued pension at 31 March under defined benefit scheme	137	132

The three executive directors are accruing benefits in money purchase pension schemes.

7. Employee information

	Group 12 months ended 31 March 2005	Group 5 months ended 31 March 2004
	£000	£000
Employee costs during the year amounted to		
Wages and salaries	14,362	4,036
Social security costs	1,421	365
Pension costs	42	11
	15,825	4,412

	Group 2005	Group 2004
	Number	Number
The average monthly number of persons employed by the group during the year was	774	851

Notes to the financial statements (continued)

8. Interest payable and similar charges

	Group 2005 £000	Group 2004 £000
Bank loans and overdrafts	1,238	359
Investor loan note	1,603	448
Amortisation of issue costs	312	79
Other interest	16	-
	3,169	886

9. Taxation on ordinary activities

	Group 2005	Group 2004
Tax charge for the year	£000	£000
UK corporation tax		
- Current year	551	-
Overseas tax		
- Current year	2	-
- Adjustment to prior years	(10)	-
Total current tax charge	543	-
Deferred tax-origination and reversal of timing differences current year	1,135	(349)
Total tax charge/(credit)	1,678	(349)
Tax reconciliation		
Profit/(loss) before tax on ordinary activities	5,401	(1,831)
Expected tax credit on profit on ordinary activities	1,620	(549)
Non-deductible/(non-taxable) items	147	199
Capital allowances in excess of depreciation	(1,216)	-
Depreciation for period in excess of capital allowances	-	160
Pension prepayment	-	99
Origination/reversal of timing differences	-	90
Overseas taxes	(8)	1
Current tax charge on profit on ordinary activities	543	-

10. 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 £3,513,000 (2004: Loss £852,000).

Notes to the financial statements (continued)

11. Tangible assets

Group

	Land & buildings	Plant & machinery	Fixtures fittings & tooling	Total
	£000	£000	£000	£000
Cost or valuation				
As at 1 April 2004	5,700	24,191	14,849	44,740
Additions	35	413	560	1,008
Assets reinstated	-	550	-	550
Disposals	(2,100)	(11,967)	(13,889)	(27,956)
Exchange fluctuations	-	-	(2)	(2)
As at 31 March 2005	**3,635**	**13,187**	**1,518**	**18,340**
Depreciation				
As at 1 April 2004	(32)	(22,186)	(14,384)	(36,602)
Charge for the year	(92)	(631)	(158)	(881)
Assets reinstated	-	(407)	-	(407)
Disposals	15	11,916	13,904	25,835
Exchange fluctuations	-	-	2	2
As at 31 March 2005	**(109)**	**(11,308)**	**(636)**	**(12,053)**
Net book value				
As at 31 March 2005	**3,526**	**1,879**	**882**	**6,287**
As at 31 March 2004	5,668	2,005	465	8,138

Analysis of net book value of land and buildings	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	£000	£000
Freehold	1,370	3,483	-	-
Leasehold over 50 years unexpired	2,156	2,185	-	-
	3,526	5,668	-	-

Company

The company has no fixed assets.

12. Fixed asset investments

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	£000	£000
Electrium (2003) Limited	-	-	29,245	29,245

A full list of subsidiary companies is given in note 27.

Notes to the financial statements (continued)

13. Goodwill

	Group	Company
	2005	**2005**
	£000	£000
Balance as at 1 April 2004	1,308	
Amortisation	(71)	-
Adjustment to fair value (see note 24)	98	-
Balance as at 31 March 2005	1,335	-

Goodwill on the acquisition of Electrium (2003) Limited is detailed in note 24.

14. Stocks

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	£000	£000
Raw materials	530	993	-	-
Work in progress	4,602	4,138	-	-
Finished products	8,454	7,442	-	-
	13,586	12,573	-	-

15. Debtors

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	£000	£000
Amounts falling due within one year				
Trade debtors	10,172	10,166	-	-
Amounts owed by group undertakings	-	-	58	3,847
Prepayments and accrued income	336	482	19	16
	10,508	10,648	77	3,863
Amounts falling due after more than one year				
Pension prepayment	4,286	5,470	-	-
Deferred tax	2,766	3,901	-	134
	7,052	9,371	-	134

The pension prepayment arises from the surplus acquired with the Electrium Pension Scheme on acquisition of the Electrium (2003) Limited companies by Electrium Limited (see note 25).

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

Notes to the financial statements (continued)

15. Debtors (continued)

	Group		Company	
	2005	2004	2005	2004
The elements of deferred tax are as follows	£000	£000	£000	£000
Pension fund	(1,286)	(1,641)	-	-
Other timing differences	4,052	5,542	-	134
Deferred tax asset	2,766	3,901	-	134
The movement in the deferred tax balance is as follows				
Balance at 1 April/on acquisition	3,901	3,552	134	-
Amount (debited)/credited to profit and loss account	(1,135)	349	134	134
Asset at 31 March	2,766	3,901	-	134
The closing balance is made up of				
Deferred tax asset	4,052	5,542	-	134
Deferred tax liability	(1,286)	(1,641)	-	-
Net deferred tax asset	2,766	3,901	-	134

Deferred tax assets in Electrium (2003) Limited of £441,000 relating to capital losses and £4,913,000 relating to other tax losses have not been recognised because in the directors' opinion their future realisation is uncertain.

Notes to the financial statements (continued)

16. Creditors

	Group		Company	
	2005	2004	**2005**	2004
	£000	£000	£000	£000
Amounts falling due within one year				
Bank overdraft	-	-	1,421	-
Bank loans	1,725	2,839	1,725	2,839
Other loans	-	297	-	297
Trade creditors	11,608	13,740	-	-
Amounts owed by group undertakings	-	-	6,708	4,307
Corporation tax payable	551	-	-	-
Corporation tax payable - overseas	2	1	-	-
Other taxation and social security	1,222	1,479	6	-
Other creditors & accruals	1,974	992	541	256
	17,082	19,348	10,401	7,699
Amounts falling due after more than one year				
Bank and other loans	10,757	15,396	10,757	15,396
Loan note (see below)	11,930	10,435	11,930	10,435
	22,687	25,831	22,687	25,831
Bank loans, loan notes and overdrafts				
In 1 year or less	1,725	3,136	3,146	3,136
Between 1 & 2 years	1,591	1,688	1,591	1,688
Between 2 & 5 years	6,924	5,443	6,924	5,443
In 5 years or more	14,172	18,700	14,172	18,700
	24,412	28,967	25,833	28,967

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

The terms of the bank facilities and loan notes are

(a) *A variable rate secured bank loan issued 20 December 2003 of £19,000,000, amended 7 January 2005.* Interest is accruing at LIBOR plus a margin between 2.0% and 2.75%.

(b) 15% fixed rate secured loan note issued 20 December 2003 of £10,700,000 and accrued interest of £1,495,000. The first repayment is due 30 June 2011.

Notes to the financial statements (continued)

17. Provisions for liabilities and charges

Group	Restructuring provision £000	Total £000
Balance at 1 April 2004	2,400	2,400
Profit & loss account	(2,129)	(2,129)
Balance at 31 March 2005	271	271

Company

The company has no provisions for restructuring.

18. Called up share capital

	Group 2005 £000	Group 2004 £000	**Company 2005 £000**	Company 2004 £000
Authorised				
100,000 ordinary shares of £1 each	100	100	100	100
Allotted, called up and fully paid				
99,750 ordinary shares of £1 each	100	98	100	98

19. Share Premium

	Group 2005 £000	Group 2004 £000	**Company 2005 £000**	Company 2004 £000
Balance at 1 April	491	-	491	-
Premium on shares issued during the year	8	491	8	491
Balance at 31 March	499	491	499	491

20. Reserves

	Group 2005 £000	**Company 2005 £000**
Balance at 1 April 2004	(1,552)	(852)
Retained profit for the year	3,723	(3,513)
Exchange differences	4	-
Balance at 31 March 2005	2,175	(4,365)

Notes to the financial statements (continued)

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

Continuing operations	Group 2005 £000	Group 2004 £000
Operating profit before exceptional items	8,534	1,455
Depreciation charge (net of profit/loss on disposals)	881	343
SSAP 24 pension charge	1,184	330
Amortisation of goodwill	71	17
Movement in stocks	(1,679)	(1,273)
Movement in debtors	(21)	1,521
Movement in creditors	(3,529)	(1,663)
Net cash inflow from continuing operating activities	5,441	730

22. Reconciliation of net cash flow to movement in net debt

	Group 2005 £000	Group 2004 £000
(Decrease)/increase in cash in the period and change in net debt resulting from cash flows	(534)	4,575
Exchange translation difference	2	3
Interest accruals and charges for the finance cost of debt	(1,359)	733
New loans	-	(29,700)
Loan repayments	5,914	-
Decrease/(increase) in net debt in the period	4,023	(24,389)
Opening net debt	(24,389)	-
Closing net debt	(20,366)	(24,389)

23. 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	4,578	(534)	2	4,046
	4,578	(534)	2	4,046
Debt due after 1 year	(25,831)	2,914	230	(22,687)
Debt due within 1 year	(3,136)	3,149	(1,738)	(1,725)
	(24,389)	5,529	(1,506)	(20,366)

Notes to the financial statements (continued)

24. Acquisitions

On 20 December 2003, the company acquired the whole of the share capital of Electrium (2003) Limited (formerly Electrium Limited) for a total consideration of £29,245,000.

The total adjustments required to the book values of the assets and liabilities of the companies acquired in order to present the net assets of those companies at fair values in accordance with group accounting principles were £10,026,000.

In its financial year to 31 March 2003, Electrium (2003) Limited group made a loss after tax of £2,178,000.

From the beginning of its financial year on 1 April 2003 to the date of acquisition Electrium (2003) Limited group management accounts reported a loss after tax of £2,188,000.

	£000
Turnover	49,194
Operating profit	4,195
Interest	(3,826)
Exceptional items	(2,557)
Taxation	-
Loss after taxation	(2,188)

From the date of acquisition to 31 March 2004, the Electrium (2003) Limited group contributed £18,355,000 to turnover, £2,116,000 to profit before interest and goodwill amortisation and £1,707,000 to the group's net operating cashflows and utilised £60,000 for capital expenditure.

Electrium (2003) Group	Book Value	Revaluations	Other	Provisional Fair Value	Revaluations	Fair Value
	£000	£000	£000	£000	£000	£000
Tangible Fixed Assets	9,743	(1,323)		8,420	569	8,989
Stock	12,872	(1,572)		11,300	(667)	10,633
Debtors	10,430	(91)		10,339		10,339
Creditors	(16,553)		582	(15,971)		(15,971)
Pension prepayment	24,249		(18,449)	5,800		5,800
Deferred Tax associated with pension prepayment	(7,275)		5,535	(1,740)		(1,740)
Deferred tax			5,292	5,292		5,292
Cash	4,480			4,480		4,480
Net assets acquired	37,946	(2,986)	(7,040)	27,920	(98)	27,822
Goodwill				1,325		1,423
Consideration satisfied by cash				29,245		29,245

On acquisition the assets and liabilities were included at provisional fair values. In the year following acquisition the final fair values of assets and liabilities have been established and goodwill adjusted accordingly.

Revaluation adjustments in respect of tangible fixed assets comprises of actual sales value on exiting certain properties and certain plant and machinery previously assessed as redundant having been sold at or above the estimated realisable value or reinstated.

Following product rationalisation commenced before acquisition, the actual realisable value of stock was found to be lower than initial estimates.

Notes to the financial statements (continued)

25. Pensions and similar obligations

The Group has accounted 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 2006. 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 which was closed to new employees on 18 November 2004, 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 was carried out for the Company as at 31 March 2004.

As at 31 March 2005, the market value of the assets of the Electrium Pension Scheme was £59.6m. The market value of the scheme's investments was sufficient to cover approximately 100% of the accrued past service liabilities as at 31 March 2005 on the actuarial assumptions adopted.

The pensions cost in respect of the defined benefit scheme in the year was £1,184,000. (2004: £330,000)

FRS 17 Retirement Benefits

The valuation used for FRS 17 disclosures has been based on an actuarial valuation at 31 March 2004 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 2005. Scheme assets are stated at their market value at 31 March 2005.

Notes to the financial statements (continued)

25. Pensions and similar obligations (continued)

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

			2005	2004
Rate of increase in salaries			3.3%	3.2%
Rate of increase of pensions in payment	-	Crabtree section	2.8%	2.7%
	-	Other sections	3.0%	3.0%
Discount rate			5.5%	5.6%
Inflation assumption			2.8%	2.7%
Rate of increase for deferred pensioners			2.8%	2.7%

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

	Long-term Asset returns expected 2005	**2005**	**Long-term Asset returns Expected 2004**	**2004**
	%	£000	%	£000
Equities	8.6	49,300	8.7	46,700
Bonds	4.8	5,400	4.8	5,600
Property	6.7	500	6.7	1,800
Other	3.8	4,400	3.8	800
Total market value of assets		59,600		54,900
Actuarial value of liabilities		(60,700)		(56,000)
Pension deficit		(1,100)		(1,100)
Related deferred tax asset		330		330
Net pension liability		(770)		(770)
Net liabilities excluding pension asset		(226)		(4,792)
Pension liability		(770)		(770)
Net liabilities including pension asset		(996)		(5,562)
Profit and loss account excluding pension asset		(825)		(5,381)
Pension reserve		(770)		(770)
Profit and loss account including pension asset		(1,595)		(6,151)

Notes to the financial statements (continued)

25. Pensions and similar obligations (continued)

The following amounts would have been recognised in the performance statements in the year to 31 March 2005 under the requirements of FRS17

	2005 £000	2004 £000
Operating profit		
Current service cost	1,800	500
Total operating charge	1,800	500
Other finance income		
Interest on pension scheme liabilities	3,100	800
Expected return on assets in the pension scheme	(4,400)	(1,100)
Net credit to other finance income	(1,300)	(300)
Statement of total recognised gains and losses		
Gain/(loss) on assets	2,700	(600)
Experience gain on liabilities	100	-
Loss on change of assumptions	(2,300)	(700)
Total gain/ (loss) recognised in the statement of total recognised gains and losses	500	(1,300)
Movement in surplus/(deficit) in the scheme during the year		
(Deficit)/surplus in the plan at 1 April on acquisition	(1,100)	400
Current service cost	(1,800)	(500)
Other finance income	1,300	300
Actuarial profit/(loss)	500	(1,300)
Deficit in the plan at 31 March 2005	(1,100)	(1,100)

26. Capital and financial commitments

Capital commitments

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Future capital expenditure contracted but not provided	244	Nil	244	Nil

Financial commitments

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

	Group		Company	
	2005 £000	2004 £000	2005 £000	2004 £000
Annual commitments under operating leases				
Land and Buildings				
For leases expiring between 2 and 5 years	180	-	-	-
Other assets				
For leases expiring				
between 2 and 5 years	295	294	-	-
Between 1 and 2 years	84	-	-	-
within 1 year	56	85	-	-
	435	379	-	-

Notes to the financial statements (continued)

27. Principal subsidiaries

Company	*Country of* incorporation	Issued share capital	Percentage of beneficial *ownership* held
Subsidiaries (all consolidated)			
Electrium (2003) Limited	England	1,883,001 £1 ordinary shares	100%
		811,800 £1 ordinary shares	100%
Electrium (UK) Limited	England	67,319,704 £0.25 ordinary shares	100%
Electrium Sales Limited	England	10,000,001 £1.00 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	8,575,002 £1.00 ordinary shares	100%
Wylex Limited	England	563,845 £0.25 ordinary shares	100%
Marbo Holdings Limited	England	3 £1.00 ordinary shares	100%