

Power Panels Electrical Systems Limited

REPORT AND FINANCIAL STATEMENTS

For the year ended 31 January 2001



Muras Baker Jones & Co
Chartered Accountants
Wolverhampton

Power Panels Electrical Systems Limited

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31 January 2001

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Power Panels Electrical Systems Limited

COMPANY INFORMATION

31 January 2001

DIRECTORS:

D W Fox
Mrs S A Fox

COMPANY SECRETARY:

Mrs S A Fox

REGISTERED OFFICE:

Landywood Green
Cheslyn Hay
Staffs
WS6 7AL

REGISTERED NUMBER:

01398551

AUDITORS:

Muras Baker Jones & Co
Regent House
Bath Avenue
Wolverhampton
WV1 4EG

BANKERS:

Lloyds TSB plc
Queen Square
Wolverhampton
WV1 1UE

Power Panels Electrical Systems Limited

REPORT OF THE DIRECTORS

The Directors present their Report together with the Financial Statements for the year ended 31 January 2001.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The principal activity of the company is the manufacture of electrical control panels and distribution switch boards.

The Directors are pleased to report a continuing increase in turnover and a profit before tax for the year of £112,204. Both the level of business and year end financial position were satisfactory and the Directors expect that the level of turnover and profitability will continue to increase during the current year.

RESULTS AND DIVIDENDS

The results of the company for the year are set out in the Financial Statements.

The Directors do not recommend the payment of a dividend. Accordingly the retained profit for the year of £94,419 has been transferred to the Profit and Loss Account Reserve.

FIXED ASSETS

Changes in fixed assets are detailed in the Notes to the Financial Statements.

DIRECTORS AND DIRECTORS' INTERESTS

The Directors set out below have held office during the whole of the period from 1 February 2000 to the date of this report unless otherwise stated.

In accordance with the Articles of Association Mrs S A Fox retires by rotation and being eligible offers herself for re-election.

The interest of the Directors holding office at the beginning and end of the year in the shares of the company according to the Register of Directors' Interests were:

Ordinary shares of £1 each

D W Fox	5,000
Mrs S A Fox	5,000
D Walton (resigned 26 July 2001)	-

Power Panels Electrical Systems Limited

REPORT OF THE DIRECTORS - Continued

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare Financial Statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those Financial statements the Directors are required to:

- φ select suitable accounting policies and then apply them consistently;
- φ make judgements and estimates that are reasonable and prudent;
- φ comply with applicable accounting standards subject to any material departures disclosed and explained in the Financial Statements;
- φ 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and which 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.

TAXATION STATUS

In the opinion of the Directors, the company is a close company as defined by the provisions of the Income and Corporation Taxes Act 1988.

DONATIONS

During the year the company made donations for charitable purposes amounting to £690.

AUDITORS

Messrs Muras Baker Jones & Co have indicated their willingness to continue in office and a resolution to re-appoint them as Auditors will be proposed at the forthcoming Annual General Meeting.

APPROVED BY THE BOARD ON 10 AUGUST 2001
AND SIGNED ON ITS BEHALF BY



MRS S A FOX
Company Secretary

AUDITORS' REPORT TO THE SHAREHOLDERS OF POWER PANELS ELECTRICAL SYSTEMS
LIMITED

We have audited the Financial Statements on pages 5 to 20 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

Respective responsibilities of Directors and Auditors

As described on page 3 the company's Directors are responsible for the preparation of Financial Statements. It is our responsibility to form an independent opinion, based on our audit, on those Statements and to report our opinion to you.

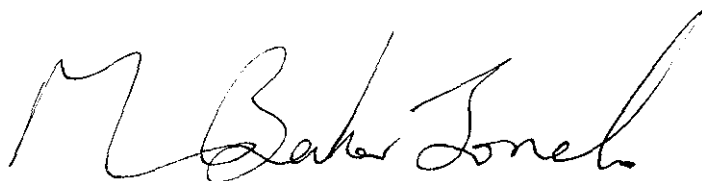
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Financial Statements, and of whether the accounting policies are appropriate to the 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 the company's affairs as at 31 January 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MURAS BAKER JONES & CO
CHARTERED ACCOUNTANTS
and Registered Auditors
Regent House
Bath Avenue
Wolverhampton
WV1 4EG

10 August 2001

Power Panels Electrical Systems Limited

PROFIT AND LOSS ACCOUNT

For the year ended 31 January 2001

	Note	2001 £	2000 £
TURNOVER	1(b)	5,938,155	5,040,625
Cost of sales		(4,845,850)	(4,181,818)
GROSS PROFIT		1,092,305	858,807
Distribution costs		(28,459)	(28,323)
Administrative expenses		(903,520)	(761,660)
OPERATING PROFIT		160,326	68,824
Interest receivable and similar income		162	19
Interest payable and similar charges	2	(48,284)	(55,255)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	112,204	13,588
Taxation (charge)/credit on profit on ordinary activities	6	(17,785)	1,366
RETAINED PROFIT FOR THE YEAR		94,419	14,954
RETAINED PROFITS AT BEGINNING OF YEAR		641,639	626,685
RETAINED PROFITS AT END OF YEAR		736,058	641,639

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

Power Panels Electrical Systems Limited

BALANCE SHEET

At 31 January 2001

	Note	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	7	755,831	749,011
CURRENT ASSETS			
Stocks	8	501,891	547,252
Debtors	9	986,088	1,285,886
Cash at bank and in hand		54,596	1,975
		<u>1,542,575</u>	<u>1,835,113</u>
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	10	1,290,844	1,620,381
		<u>1,290,844</u>	<u>1,620,381</u>
NET CURRENT ASSETS		251,731	214,732
		<u>251,731</u>	<u>214,732</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		1,007,562	963,743
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	11	(261,504)	(312,104)
		<u>(261,504)</u>	<u>(312,104)</u>
NET ASSETS		746,058	651,639
		<u>746,058</u>	<u>651,639</u>
CAPITAL AND RESERVES			
Called up share capital	15	10,000	10,000
Profit and Loss Account		736,058	641,639
		<u>736,058</u>	<u>641,639</u>
SHAREHOLDERS' FUNDS	16	746,058	651,639
		<u>746,058</u>	<u>651,639</u>

APPROVED BY THE BOARD ON 10 AUGUST 2001
AND SIGNED ON ITS BEHALF BY



D W FOX
DIRECTOR

Power Panels Electrical Systems Limited

CASH FLOW STATEMENT

For the year ended 31 January 2001

	Note	2001 £	2000 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	22	655,566	(85,957)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		162	19
Interest paid		(43,736)	(50,488)
Interest element of hire purchase and finance lease rental payments		(4,548)	(4,767)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(48,122)	(55,236)
TAXATION			
UK corporation tax paid		-	(10,134)
UK corporation tax received		1,215	-
TAX RECEIVED/(PAID)		1,215	(10,134)
CAPITAL EXPENDITURE			
Purchase of tangible fixed assets		(71,879)	(36,048)
Receipts from sale of tangible fixed assets		16,547	4,202
NET CASH OUTFLOW FOR CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(55,332)	(31,846)
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING		553,327	(183,173)
FINANCING			
Debt due within a year:			
Repayment of secured bank loan		(41,491)	(30,838)
Capital element of hire purchase and finance lease rental payments		(37,463)	(24,313)
NET CASH (OUTFLOW) FROM FINANCING	24	(78,954)	(55,151)
Increase/(decrease) in cash	24	474,373	(238,324)

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

1. ACCOUNTING POLICIES

The Financial Statements have been prepared in accordance with applicable accounting standards.

a) ACCOUNTING CONVENTION

The Financial Statements have been prepared under the historical cost convention.

b) TURNOVER

Turnover represents the value of goods and services supplied exclusive of Value Added Tax.

c) DEPRECIATION

Depreciation is calculated to write off the cost or revalued amount less estimated residual value of fixed assets over their estimated useful lives. The depreciation charge for the year was based on the following rates:

Freehold property	2%	- on cost
Plant and equipment	5% or 25%	- on the original cost
Motor vehicles	25%	- on the reducing value

d) STOCKS AND WORK IN PROGRESS

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is calculated using the first in first out method and consists of materials, direct labour costs and an appropriate proportion of production overheads.

e) DEFERRED TAXATION

Deferred taxation is provided in respect of the tax effect of all timing differences, to the extent that it is probable that a liability will crystallise in the foreseeable future, at the rates of tax expected to apply when the timing differences reverse.

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

1. ACCOUNTING POLICIES - Continued

f) LEASES AND HIRE PURCHASE CONTRACTS

Assets held under finance leases and the related lease obligations are included at the fair value of the leased assets at the inception of the lease. Depreciation on leased assets is calculated to write off this amount on a straight line basis over the shorter of the lease term and the useful life of the asset.

Assets held under hire purchase contracts and the related obligations are initially included in the balance sheet at cost. Depreciation on such assets is calculated to write off the capitalised cost on a straight line or reducing balance basis over their estimated useful lives.

Rentals payable are apportioned between the finance charge and a reduction of the outstanding obligation for future amounts payable so that the charge for each accounting period is a constant percentage of the remaining balance of the capital sum outstanding.

g) OPERATING LEASES

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

h) PENSION COSTS

Contributions payable to the company's pension scheme are charged to the profit and loss account in the period to which they relate.

i) FOREIGN EXCHANGE

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the Balance Sheet date. Any translation differences are dealt with through the Profit and Loss Account.

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

2. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Bank loans and overdrafts and other loans wholly repayable within five years	16,062	20,921
Other loans	27,674	29,567
Finance charges on finance leases and hire purchase contracts	4,548	4,767
	<hr/>	<hr/>
	48,284	55,255
	<hr/>	<hr/>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2001 £	2000 £
The profit on ordinary activities before taxation is stated after charging:		
Depreciation of owned tangible fixed assets	57,812	46,344
Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	9,167	17,818
Loss on sale of tangible fixed assets	3,534	2,336
Auditors' remuneration - audit fee	2,810	3,288
- fee for non audit services	8,656	9,959
Hire of plant and machinery - operating leases	37,426	30,068
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Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

4. STAFF COSTS

	2001 £	2000 £
Staff costs including Directors:		
Wages and salaries	1,864,561	1,652,920
Social security costs	162,106	146,128
Other pension costs	3,989	4,905
	<hr/>	<hr/>
	2,030,656	1,803,953
	<hr/>	<hr/>

	2001 Number	2000 Number
Average number of persons including Executive Directors employed by the company during the year:		
Management and administration	16	17
Production and selling	110	98
	<hr/>	<hr/>
Total employees	126	115
	<hr/>	<hr/>

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

5. DIRECTORS

	2001 £	2000 £
Emoluments (including benefits in kind)	307,798	197,552
Contributions to money purchase pension schemes	3,989	4,905
	<u>311,787</u>	<u>202,457</u>

During the year one Director accrued benefits under a money purchase pension scheme (2000-two).

The emoluments of Directors disclosed above include amounts paid to the highest paid Director:

	2001 £	2000 £
Emoluments	159,752	105,122
Contributions to money purchase pension scheme	-	916
	<u>159,752</u>	<u>106,038</u>

6. TAXATION

	2001 £	2000 £
Based on the results for the year:		
UK corporation tax (charge)/credit at 20% (2000 - 21%)	(18,000)	1,000
Adjustment in respect of prior years corporation tax	215	366
	<u>(17,785)</u>	<u>1,366</u>

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

7. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and equipment £	Vehicles £	Total £
COST OR VALUATION				
At 1 February 2000	672,191	217,375	71,677	961,243
Additions	-	71,879	22,001	93,880
Disposals	-	-	(41,977)	(41,977)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2001	672,191	289,254	51,701	1,013,146
	<hr/>	<hr/>	<hr/>	<hr/>
ACCUMULATED DEPRECIATION				
At 1 February 2000	51,510	121,870	38,852	212,232
Charge for the year	13,440	47,901	5,638	66,979
Eliminated on disposals	-	-	(21,896)	(21,896)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2001	64,950	169,771	22,594	257,315
	<hr/>	<hr/>	<hr/>	<hr/>
NET BOOK VALUES				
At 31 January 2000	620,681	95,505	32,825	749,011
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 January 2001	607,241	119,483	29,107	755,831
	<hr/>	<hr/>	<hr/>	<hr/>

Included above are the following amounts relating to assets held at the balance sheet date under finance leases and hire purchase contracts.

	Cost £	Accumulated depreciation £	Net book value £
Motor vehicles	22,001	2,290	19,711
Plant and equipment	27,508	14,209	13,299
	<hr/>	<hr/>	<hr/>

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

8. STOCKS AND WORK IN PROGRESS

	2001	2000
	£	£
Raw materials and consumables	148,415	231,494
Work in progress	353,476	315,758
	<hr/>	<hr/>
	501,891	547,252
	<hr/>	<hr/>

The Directors do not consider that the current replacement cost of stocks is materially different from that shown in the Balance Sheet.

The company held £42,464 of consignment stock at 31 January 2001 which is not recognised in the balance sheet. The company can return any or all of the stock to the suppliers without financial or commercial penalties.

9. DEBTORS

	2001	2000
	£	£
Trade debtors	968,030	1,269,226
Prepayments and accrued income	18,058	15,660
Corporation tax	-	1,000
	<hr/>	<hr/>
	986,088	1,285,886
	<hr/>	<hr/>

10. CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
	£	£
Bank loans and overdrafts	46,448	463,665
Obligations under finance leases and hire purchase contracts	15,132	26,020
Trade creditors	944,100	968,592
Corporation tax	18,000	-
Other taxation and social security costs	172,037	118,471
Other creditors	39,411	26,812
Accruals and deferred income	7,716	16,821
Directors loan accounts	48,000	-
	<hr/>	<hr/>
	1,290,844	1,620,381
	<hr/>	<hr/>

The directors loan accounts are interest free and repayable on demand.

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

11. CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2001 £	2000 £
Bank loans	249,510	295,536
Obligations under finance leases and hire purchase contracts	11,994	16,568
	<u>261,504</u>	<u>312,104</u>

12. BANK LOANS AND OVERDRAFTS

The bank borrowings are secured by a debenture over all the assets of the company including a specific legal charge over the freehold property.

The bank overdraft (repayable on demand) amounted to £Nil at 31 January 2001 (2000 £421,752).

	2001 £	2000 £
Analysis of bank loan maturity:		
a) Falling due within one year	<u>46,448</u>	<u>41,913</u>
b) Falling due after more than one year:		
Repayable between one and two years	50,679	45,746
Repayable between two and five years	181,458	162,962
Repayable after more than five years	17,373	86,828
	<u>249,510</u>	<u>295,536</u>

The bank loan is repayable by monthly instalments over the period ending May 2006.

Interest on the bank loan was charged at 2¾% above base rate. At the year end the rate was 8¾%.

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Obligations under finance leases and hire purchase contracts are secured by related assets and bear finance charges at fixed commercial rates.

	2001 £	2000 £
Amounts payable:		
Within one year	15,132	26,020
Between one and two years	11,994	16,568
	<u>27,126</u>	<u>42,588</u>

14. PROVISIONS FOR LIABILITIES AND CHARGES

	2001		2000	
	Amount provided £	Amount unprovided £	Amount provided £	Amount unprovided £
Deferred taxation				
Taxation effect of timing differences arising on:				
Excess of capital allowances over depreciation	-	34,300	-	24,000
	<u>-</u>	<u>34,300</u>	<u>-</u>	<u>24,000</u>

15. SHARE CAPITAL

	2001 £	2000 £
Ordinary shares of £1 each:		
Authorised	10,000	10,000
	<u>10,000</u>	<u>10,000</u>
Allotted, issued and fully paid	10,000	10,000
	<u>10,000</u>	<u>10,000</u>

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the financial year after taxation being increase in shareholders' funds	94,419	14,954
Shareholders' funds at beginning of year	651,639	636,685
	<hr/>	<hr/>
Shareholders' funds at end of year	<u>746,058</u>	<u>651,639</u>

17. PENSION COMMITMENTS

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge as detailed in note 4 represents contributions paid by the company to the fund.

18. CAPITAL COMMITMENTS

The company had no capital commitments at 31 January 2001 (2000 none).

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

19. OTHER FINANCIAL COMMITMENTS

At 31 January 2001 the company was committed to making the following payments during the next year in respect of operating leases.

	Other assets £
Leases which expire:	
Within one year	-
Within two to five years	21,984
	<hr/>
	21,984
	<hr/>

20. CONTINGENT LIABILITIES

The company had no contingent liabilities at 31 January 2001.

21. ULTIMATE CONTROL

The ultimate control of the company is detailed in the Directors' Report on page 2.

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

22. RECONCILIATION OF OPERATING PROFIT TO NET OPERATING CASHFLOW

	2001 £	2000 £
Operating profit	160,326	68,824
Depreciation charges	66,979	64,162
Loss on sale of tangible fixed assets	3,534	2,336
Decrease/(increase) in stocks	45,361	(169,466)
Decrease/(increase) in debtors	298,798	(300,330)
Increase in creditors	80,568	248,517
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	655,566	(85,957)
	<hr/>	<hr/>

23. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	2001 £	2000 £
Increase/(decrease) in cash	474,373	(238,324)
Cash outflows from repayment of debt and lease financing	78,954	55,151
	<hr/>	<hr/>
Changes in net debt resulting from cashflows	553,327	(183,173)
New hire purchase and finance leases	(22,001)	-
	<hr/>	<hr/>
Movement in net debt in the year	531,326	(183,173)
Net debt at beginning of year	(799,814)	(616,641)
	<hr/>	<hr/>
Net debt at end of year (note 24)	(268,488)	(799,814)
	<hr/>	<hr/>

Power Panels Electrical Systems Limited

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 January 2001

24. ANALYSIS OF CHANGES IN NET DEBT

	At 1.2.00 £	Cashflows £	Non-cash changes £	At 31.1.01 £
Cash at bank and in hand	1,975	52,621	-	54,596
Bank overdraft	(421,752)	421,752	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(419,777)	474,373	-	54,596
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Debt due after one year	(295,536)	-	46,026	(249,510)
Debt due within one year	(41,913)	41,491	(46,026)	(46,448)
Finance lease and hire purchase obligations	(42,588)	37,463	(22,001)	(27,126)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(380,037)	78,954	(22,001)	(323,084)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	(799,814)	553,327	(22,001)	(268,488)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

MAJOR NON CASH TRANSACTIONS

During the year the company entered into a hire purchase agreement in respect of an asset with a capital value of £22,001 at acquisition.