

Registration number 02692195

Barco Wholesale Limited
Directors' report and financial statements
for the year ended 30 September 2003



Barco Wholesale Limited

Company information

Directors	P R Barrow S J Barrow P J Barrow
Secretary	S J Barrow
Company number	02692195
Registered office	8 Fairfax Mansions Finchley Road Swiss Cottage London NW3 6YJ
Auditors	Brackman Chopra LLP 8 Fairfax Mansions Finchley Road London NW3 6JY
Business address	Barco House 15 Bessemer Road Welwyn Garden City AL7 1HB
Bankers	National Westminster Bank Plc 10 St Peter's Street St Albans Herts AL1 3LY

Barco Wholesale Limited

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Barco Wholesale Limited

Directors' report for the year ended 30 September 2003

The directors present their report and the financial statements for the year ended 30 September 2003.

Principal activity and review of the business

The principal activity of the company continued to be that of buying, selling, hire and services of plumbing, building and engineering equipment.

The directors consider the results for the year and the financial position at the end of it, to be satisfactory and expect continued growth in the foreseeable future.

Results and dividends

The results for the year are set out on page 3.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	2003	2002
P R Barrow	-	-
S J Barrow	-	-
P J Barrow	-	-

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to 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.

Auditors

Brackman Chopra LLP were appointed auditors to the company and in accordance with Section 385 of the Companies Act 1985, a resolution proposing their reappointment will be put to the Annual General Meeting.

This report was approved by the Board on 30 SEPTEMBER 2003 and signed on its behalf by

S J Barrow
Secretary



Barco Wholesale Limited

Independent auditors' report to the shareholders of Barco Wholesale Limited

We have audited the financial statements of Barco Wholesale Limited for the year ended 30 September 2003 which comprise the profit and loss account, the balance sheet and the related notes. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the statement of directors' responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

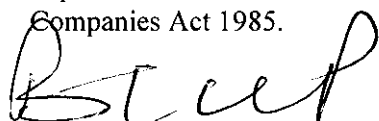
Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and 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 30 September 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Brackman Chopra LLP

Chartered Accountants and Registered Auditor

**8 Fairfax Mansions
Finchley Road
London NW3 6JY**

Barco Wholesale Limited

**Profit and loss account
for the year ended 30 September 2003**

		Continuing operations	
		2003	2002
	Notes	£	£
Turnover	2	7,918,763	6,436,310
Cost of sales		(5,533,484)	(4,580,586)
Gross profit		2,385,279	1,855,724
Administrative expenses		(2,367,731)	(1,183,408)
Operating profit	3	17,548	672,316
Share of profit/(loss) in associated partnership		(22,081)	-
Interest receivable and similar income		8,268	6,245
Interest payable and similar charges	6	(78,394)	(58,253)
(Loss)/profit on ordinary activities before taxation		(74,659)	620,308
Tax on (loss)/profit on ordinary activities	9	(152,282)	(374)
(Loss)/retained profit for the year		(226,941)	619,934
Retained profit brought forward		1,225,625	605,691
Retained profit carried forward		998,684	1,225,625

All of the company's activities derived from continuing operations during the above two financial periods.

The company has no recognised gains and losses other those shown above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained profit for the years stated above, and their historical cost equivalent.

The notes on pages 6 to 17 form an integral part of these financial statements.

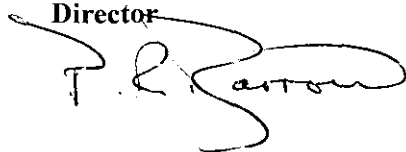
Barco Wholesale Limited

**Balance sheet
as at 30 September 2003**

		2003		2002	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		2,583,265		2,509,222
Investments	11		599,686		131,250
			<u>3,182,951</u>		<u>2,640,472</u>
Current assets					
Stocks	12	624,335		532,065	
Debtors	13	1,525,703		1,191,819	
Cash at bank and in hand		670,123		381,321	
		<u>2,820,161</u>		<u>2,105,205</u>	
Creditors: amounts falling due within one year	14	(3,669,887)		(2,768,552)	
Net current liabilities			<u>(849,726)</u>		<u>(663,347)</u>
Total assets less current liabilities			2,333,225		1,977,125
Creditors: amounts falling due after more than one year	15		(1,180,759)		(750,000)
Provisions for liabilities and charges	16		(152,282)		-
Net assets			<u>1,000,184</u>		<u>1,227,125</u>
Capital and reserves					
Called up share capital	18		1,500		1,500
Profit and loss account			998,684		1,225,625
Equity shareholders' funds	19		<u>1,000,184</u>		<u>1,227,125</u>

The financial statements were approved by the Board on 30 DECEMBER 03 and signed on its behalf by

P R Barrow
Director



The notes on pages 6 to 17 form an integral part of these financial statements.

Barco Wholesale Limited

**Cash flow statement
for the year ended 30 September 2003**

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		17,548	672,316
Share of profit/(loss) in associated partnership		(22,081)	-
Depreciation		137,980	78,418
Loss/(profit) on disposal of tangible assets		(858)	8,159
(Increase)/Decrease in stocks		(92,270)	(106,116)
(Increase) in debtors		(333,884)	(84,548)
(Decrease)/Increase in creditors		1,207,013	(392,193)
Net cash inflow from operating activities		<u>913,448</u>	<u>176,036</u>
Cash flow statement			
Net cash inflow from operating activities		913,448	176,036
Returns on investments and servicing of finance	23	(70,126)	(52,008)
Taxation	23	374	-
Capital expenditure and financial investment	23	(679,636)	(1,618,213)
		163,312	(1,494,185)
Financing	23	336,806	1,077,636
Increase in cash in the year		<u>500,119</u>	<u>(416,549)</u>
Reconciliation of net cash flow to movement in net funds (Note 24)			
Increase in cash in the year		500,119	(416,549)
Cash inflow from decrease in debts and lease financing		129,013	(732,636)
Change in net funds resulting from cash flows		371,106	(1,149,185)
Net debt at 1 October 2002		<u>(2,010,731)</u>	<u>(861,547)</u>
Net debt at 30 September 2003		<u>(1,639,625)</u>	<u>(2,010,731)</u>

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention .

Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.2. Turnover

Turnover represents amount receivable for goods and services net of value added tax and trade discounts.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Leasehold properties	-	Over 50 years
Computer equipment	-	20% Straight line
Fixtures, fittings and equipment	-	10% - 25% Straight Line
Motor vehicles	-	25% Straight Line

No depreciation provided on freehold land.

1.4. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. 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 so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

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

1.5. Investments

Interest in partnership

Fixed asset investments in the partnership is stated at the company's share of net assets at the year end. The company's share of the partnership's operating profit and loss is included in the company's profit and loss account.

1.6. Stock

Stock is valued at the lower of cost and net realisable value.

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

..... continued

1.7. Pensions

The pension costs charged in the financial statements represents the defined contributions payable by the company during the year in accordance with FRS 17 "Retirement Benefits".

1.8. Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those which they are included in the accounts.

2. Turnover

The whole of the turnover is attributable to the company's activities as stated in the directors' report. An analysis of turnover has not been disclosed, as in the opinion of the directors' such disclosure would be prejudicial to the company's business.

3. Operating profit

	2003 £	2002 £
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	137,980	77,659
Operating lease rentals	-	27,185
Auditors' remuneration	13,262	11,519
	<u>137,980</u>	<u>115,363</u>
and after crediting:		
Profit on disposal of tangible fixed assets	858	(8,159)
	<u>858</u>	<u>(8,159)</u>

4. Income from investments

	2003 £	2002 £
Share of profit/(loss) in associated partnership	(22,081)	-
	<u>(22,081)</u>	<u>-</u>

5. Interest receivable and similar income

	2003 £	2002 £
Bank interest	8,268	6,245
	<u>8,268</u>	<u>6,245</u>

Barco Wholesale Limited

**Notes to the financial statements
for the year ended 30 September 2003**

..... continued

6. Interest payable and similar charges	2003	2002
	£	£
On bank loans and overdrafts	62,181	53,215
On loans repayable in five years or more	15,420	-
Hire purchase interest	793	5,038
	<u>78,394</u>	<u>58,253</u>

7. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

	2003	2002
Warehouse and distribution	18	17
Sales	7	6
Administration	9	8
	<u>34</u>	<u>31</u>

Employment costs

	2003	2002
	£	£
Wages and salaries	1,781,584	796,842
Social security costs	198,446	75,078
Other pension costs	9,246	9,246
	<u>1,989,276</u>	<u>881,166</u>

7.1. Directors' emoluments

	2003	2002
Remuneration and other emoluments	1,162,750	243,333
Pension contributions	9,246	9,246
	<u>1,171,996</u>	<u>252,579</u>

Highest paid director

Amounts included above:

	£	£
Emoluments and other benefits	389,667	93,333
Pension contributions	3,600	3,600
	<u>393,267</u>	<u>96,933</u>

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

..... continued

8. Pension costs

The company operates a defined contribution pension scheme in respect of the directors. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £9,246 (2002 - £9,246).

9. Taxation

UK current year taxation

UK corporation tax

Transfer to deferred taxation

2003

£

-

152,282

152,282

2002

£

374

-

374

2003

£

2002

£

Factors affecting tax charge for the year:

Profit/(loss) on ordinary activities before taxation

(74,659)

620,308

Profit/(loss) on ordinary activities for the year multiplied by the
standard rate of corporation tax in the UK of zero%
(2002 - 30%)

-

186,092

Effects of:

Expenses not deductible for tax purposes

-

2,448

Excess of capital allowances over depreciation

-

(17,998)

Adjustment in respect of partnership losses

-

(168,296)

Sundry adjustments

-

(1,872)

Current tax charge

-

374

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

..... continued

10. Tangible fixed assets	Long leasehold property £	Fixtures, fittings & equipment £	Motor vehicles £	Computer equipment £	Total £
Cost					
At 1 October 2002	2,242,269	221,664	155,060	102,474	2,721,467
Additions	100,300	39,667	75,315	3,389	218,671
Disposals	-	(1,762)	(25,723)	-	(27,485)
At 30 September 2003	<u>2,342,569</u>	<u>259,569</u>	<u>204,652</u>	<u>105,863</u>	<u>2,912,653</u>
Depreciation					
At 1 October 2002	-	48,921	91,802	71,555	212,278
On disposals	-	(810)	(20,061)	-	(20,871)
Charge for the year	43,277	29,317	48,479	16,908	137,980
At 30 September 2003	<u>43,277</u>	<u>77,428</u>	<u>120,220</u>	<u>88,463</u>	<u>329,387</u>
Net book values					
At 30 September 2003	<u>2,299,292</u>	<u>182,141</u>	<u>84,432</u>	<u>17,400</u>	<u>2,583,265</u>
At 30 September 2002	<u>2,242,269</u>	<u>172,743</u>	<u>63,258</u>	<u>30,919</u>	<u>2,509,189</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003		2002	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Motor vehicles	-	-	12,524	12,524
Plant and machinery	17,250	17,250	-	-
	<u>17,250</u>	<u>17,250</u>	<u>12,524</u>	<u>12,524</u>

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

..... continued

11. Fixed asset investments	Share of net assets of partnership £	Total £
Cost		
At 1 October 2002	131,250	131,250
Additions	468,436	468,436
At 30 September 2003	<u>599,686</u>	<u>599,686</u>

The share of net assets of partnership represents the investment in unincorporated trading partnership, Trieste Film Partners, investing in British films. At the year end the company held 2.18% equity interest in Trieste Film Partners.

The latest available audited accounts for Trieste Film Partners are for the period ended 5 April 2003. The share of net assets are as follows:

	£
Share of net assets at 5 April 2003	357,868
Additions between 6 April 2003 to 30 September 2003	241,818
	<u>599,686</u>

12. Stocks	2003 £	2002 £
Finished goods and goods for resale	<u>624,335</u>	<u>532,065</u>

In common with many companies in the plumbing supplies industry, the majority of our suppliers have standard reservation of title clauses. To the extent that stock is separately identifiable, it may be subject to a reservation of title clause.

Barco Wholesale Limited

**Notes to the financial statements
for the year ended 30 September 2003**

..... continued

13. Debtors	2003	2002
	£	£
Trade debtors	1,433,526	1,117,452
Amounts owed by group undertakings	4,192	4,192
Other debtors	6,083	5,929
Prepayments and accrued income	81,902	64,246
	<u>1,525,703</u>	<u>1,191,819</u>
14. Creditors: amounts falling due within one year	2003	2002
	£	£
Bank overdraft	133,993	345,310
Bank loan	345,000	345,000
Other bank loan	35,060	-
Net obligations under finance leases and hire purchase contracts	17,250	5,976
Trade creditors	637,321	535,769
Other creditors	369	-
Film Partnership current account	53,755	-
Corporation tax	-	374
Other taxes and social security costs	283,976	130,992
Directors' accounts	1,150,469	1,290,767
Unpaid gross directors' bonus	944,000	50,000
Accruals and deferred income	68,694	64,364
	<u>3,669,887</u>	<u>2,768,552</u>

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

..... continued

15. Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loan	430,759	-
Directors loan account	750,000	750,000
	<u>1,180,759</u>	<u>750,000</u>

The bank loans are secured by the company's share of lease rental income receivable by Trieste Film Partners, in which the company has made investment (note 10), and are repayable over the term of 13 years by instalments.

Analysis of Directors loans

Wholly repayable within five years	1,900,469	2,040,767
Included in creditors: amounts falling due within one year	(1,150,469)	(1,290,767)
Repayable between two and five years	<u>750,000</u>	<u>750,000</u>

Finance charges and interest allocated to future accounting periods	-	(793)
Included in liabilities falling due within one year	<u>(17,250)</u>	<u>(5,976)</u>
	<u>17,250</u>	<u>1,585</u>

16 Provisions for liabilities and charges

	Deferred taxation (Note 17) £	Total £
Movements in the year	152,282	152,282
At 30 September 2003	<u>152,282</u>	<u>152,282</u>

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

..... continued

17. Deferred taxation

	Not provided		Provided	
	2003	2002	2003	2002
	£	£	£	£
Other timing differences	-	-	152,282	-
Movements on the provision for deferred taxation are:				
			2003	2002
			£	£
At 1 October 2002			-	-
Transferred from profit and loss account			152,282	-
At 30 September 2003			152,282	-

The deferred tax provision mainly arises due to the share of loss incurred in the partnership, Trieste Film Partners, for the year ended 5 April 2003, carried back to the company's accounting period ended 30 September 2002, under Section 393A (1) T 88.

18. Share capital	2003	2002
	£	£
Authorised equity		
1,000,000.00 Ordinary shares of 1.00 each	1,000,000	1,000,000
Allotted, called up and fully paid equity		
1,500 Ordinary shares of 1 each	1,500	1,500

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

..... continued

19. Reconciliation of movements in shareholders' funds	2003 £	2002 £
(Loss)/profit for the year	(226,941)	619,934
Opening shareholders' funds	1,227,125	607,191
Closing shareholders' funds	1,000,184	1,227,125

20. Transactions with directors

During the last accounting year the company paid rent to P R Barrow and S J Barrow for the use of the two buildings. The rent paid to the directors was £12,377. The rent assessment was performed by a qualified surveyor. This accounting year the rent paid to P R Barrow and S J Barrow was £ Nil (2002 - £12,377).

The company has the use of a storage facility owned by the directors. During the last accounting year the company paid £520 for the car parking facility. This accounting year the rent paid for use of the car parking facility was £ Nil (2002 - £520).

The directors have converted part of a further premises owned by them into a board room to be used solely by the company. No rent has been paid in the year for this facility.

During the year P R Barrow and S J Barrow jointly made various loans to the company to assist with the purchase of a long leasehold property and to provide working capital. At 30 September 2003 the total balance due from the company was £2,709,163 of which £750,000 is due after more than one year. The loans are unsecured. Of the total loans of £2,709,163, £750,000 was borrowed by P R Barrow and S J Barrow from Cheltenham and Gloucester PLC and loaned to the company. The company has agreed that it will pay Cheltenham and Gloucester Plc direct the loan interest and capital repayments. The remaining balance is interest free.

21. Related party transactions

At the balance sheet date the amount due from Plumbmaster Supplies Ltd, a fellow group undertaking was £3,000 (2002 - £3,000). Amount due from Barco Holdings Limited, the company's parent undertaking is £1,192 (2002 - £1,192).

Barco Wholesale Limited

Notes to the financial statements for the year ended 30 September 2003

..... continued

22. Ultimate parent undertaking

The company's parent undertaking is Barco Holdings Limited, a company controlled by the directors. The loan account balances of the fellow group undertakings are shown in note 13.

23. Gross cash flows

	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	8,268	6,245
Interest paid	(78,394)	(58,253)
	<u>(70,126)</u>	<u>(52,008)</u>
Capital expenditure and financial investment		
Payments to acquire tangible assets	(218,671)	(1,518,963)
Payments to acquire investments	(468,436)	(131,250)
Receipts from sales of tangible assets	7,471	32,000
	<u>(679,636)</u>	<u>(1,618,213)</u>
Financing		
New long term bank loan	430,759	345,000
Other new short term loans	35,060	-
Directors loan accounts	(140,298)	773,166
Capital element of finance leases and hire purchase contracts	11,285	(40,530)
	<u>336,806</u>	<u>1,077,636</u>

Barco Wholesale Limited

**Notes to the financial statements
for the year ended 30 September 2003**

..... continued

24. Analysis of changes in net funds

	Opening balance	Cash flows	Closing balance
	£	£	£
Cash at bank and in hand	381,321	288,802	670,123
Overdrafts	(345,310)	211,317	(133,993)
	<u>36,011</u>	<u>500,119</u>	<u>536,130</u>
Debt due within one year	(1,290,767)	140,298	(1,150,469)
Debt due after one year	(750,000)	-	(750,000)
Finance leases and hire purchase contracts	(5,975)	(11,285)	(17,260)
	<u>(2,046,742)</u>	<u>129,013</u>	<u>(1,917,729)</u>
Net funds	<u>(2,010,731)</u>	<u>371,106</u>	<u>(1,639,625)</u>