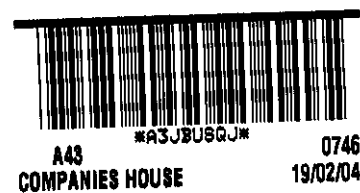


A-Belco Limited
Annual report and accounts
for the year ended 31 March 2003

Registered Number 2769705



A-Belco Limited
Annual report and accounts
for the year ended 31 March 2003
Contents

Director's report for the year ended 31 March 2003	1
Independent auditors' report to the members of A-Belco Limited.....	3
Profit and loss account for the year ended 31 March 2003.....	4
Balance sheet as at 31 March 2003.....	5
Reconciliation of movements in shareholders' funds for the year ended 31 March 2003	6
Accounting policies	7
Notes to the financial statements for the year ended 31 March 2003	9

A-Belco Limited

Director's report for the year ended 31 March 2003

The directors present their report and the audited financial statements of the company for the year ended 31 March 2003.

Principal activities and significant events

The company's principle activity was electrical engineering during the year. At the end of the year the company commenced a new operation (MEP) supplying pre-fabricated mechanical and electrical units to the construction industry.

In May 2002 the company sold its entire shareholdings in Cortem UK Limited and Scame UK Limited to A-Belco Holdings Limited at book value.

Review of the business

As described above, the year ended 31 March 2003 was a year of significant change for the company as the MEP operation was introduced. The directors are satisfied that the company is now on a secure base from which to trade successfully in future years.

Results and dividend

The results for the year are set out on page 4 of the financial statements. The directors do not recommend the payment of a dividend (2002: £Nil).

Directors and their interests

The directors who served during the year are as follows:

M J Kelly

S Jackson (resigned 31 May 2002)

N P Skucha (appointed 1 January 2003)

R C Hughes (appointed 1 August 2002)

A Watson (appointed 1 October 2003)

The directors did not hold any interest in the share capital of the company at 31 March 2003.

Directors' interests in the share capital of the ultimate parent undertaking, A-Belco Holdings Limited, are given in the accounts of that company.

Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that 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.

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 preparing the financial statements for the year ended 31 March 2003 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.

A-Belco Limited

Independent Auditors

The auditors, PricewaterhouseCoopers LLP, have indicated their willingness to continue in office, and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

On behalf of the Board



M Kelly
Director

16 February 2004

A-Belco Limited

Independent auditors' report to the members of A-Belco Limited

We have audited the financial statements which comprise the profit and loss account, the balance sheet, the reconciliation of movement in shareholders' funds and the related notes.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the 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 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 in to 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 director's 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 director's remuneration and transactions is not disclosed.

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 director 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 at 31 March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers Ltd

PricewaterhouseCoopers LLP

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

16 February 2004

A-Belco Limited

Profit and loss account for the year ended 31 March 2003

	Note	2003 £	2002 £
Turnover – continuing operations	1	1,524,263	1,105,738
Cost of sales		(1,389,257)	(1,320,472)
Gross profit/(loss)		135,006	(214,734)
Distribution costs		(111,148)	(69,188)
Administrative expenses		(359,763)	(671,654)
Operating loss – continuing operations		(335,905)	(955,576)
Impairment of investment in subsidiary		-	(99,119)
Profit/(loss) on disposal of fixed assets		6,101	(16,083)
Interest receivable		2,811	809
Interest payable		(8,530)	(52,559)
Loss on ordinary activities before taxation	2	(335,523)	(1,122,528)
Tax on loss on ordinary activities	4	(24,307)	(11,894)
Loss on ordinary activities after taxation	15	(359,830)	(1,134,422)

Recognised gains and losses

The company has no recognised gains or losses, as defined in Financial Reporting Standard 3, Reporting Financial Performance, which are not included in the above profit and loss account.

Historical cost profits and losses

There is no material difference between the reported losses and the historical cost losses for 2003 and 2002.

A-Belco Limited

Balance sheet as at 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Tangible assets	6		337,007		453,710
Investments in subsidiaries	7		-		1,975,000
Investment in joint venture	8		-		509,000
			337,007		2,937,710
Current assets					
Stock	9	397,178		92,365	
Debtors	10	933,920		625,768	
Cash at bank and in hand		49,129		136,206	
		1,380,227		854,339	
Creditors: amounts falling due within one year	11	(674,157)		(606,206)	
Net current assets			706,070		248,133
Total assets less current liabilities			1,043,077		3,185,843
Creditors : amounts falling due after more than one year	12		(252,000)		(2,065,000)
Provisions for liabilities and charges	13		(41,958)		(11,894)
Net assets			749,119		1,108,949
Capital and reserves					
Called up share capital	14		305,010		305,010
Capital redemption reserve	15		1,339,242		1,339,242
Profit and loss account	15		(895,133)		(535,303)
Shareholders' funds			749,119		1,108,949
Analysis of shareholders' funds					
Equity			695,774		1,055,604
Non-equity			53,345		53,345
			749,119		1,108,949

The financial statements on pages 4 to 16 were approved by the board of directors on 16 February 2004 and were signed on its behalf by:

M J Kelly – Director



A-Belco Limited

Reconciliation of movements in shareholders' funds for the year ended 31 March 2003

	2003	2002
	£	£
Opening shareholders' funds	1,108,949	2,243,371
Loss for the year	(359,830)	(1,134,422)
Closing shareholders' funds	749,119	1,108,949

A-Belco Limited

Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards. A summary of the more important accounting policies is set out below.

Basis of preparation

The company has taken advantage of the Companies Act 1985 (S228) in not preparing accounts consolidated with those of its subsidiary companies. These financial statements therefore present information about the company as an individual undertaking and not about the group.

Turnover

Turnover comprises amounts invoiced (excluding value added tax) in respect of goods sold. Turnover is recognised when goods are despatched to customers.

Tangible fixed assets

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of tangible assets by the straight-line method over their estimated useful lives as follows:

Plant, equipment and workshop tools	10% per annum
Machine tools	10% per annum
Computer equipment	33% per annum
Fixtures and fittings	10% per annum

Stocks and work in progress

Stocks are stated at the lower of cost and net realisable value.

The cost of work in progress and finished goods includes an appropriate proportion of production overheads.

Leases

Tangible fixed assets subject to finance lease arrangements are capitalised in the balance sheet and the related lease liability is included in creditors. Any such assets are depreciated at rates described above.

Operating lease rentals are charged to the profit and loss account in the period to which the rental relates.

Investments

Investments in subsidiaries and joint ventures are carried at cost less any provision for diminution in value.

Pension fund

For the first six months of the year the company operated an externally administered money purchase pension scheme for its directors and employees. For the second six months the company switched to an externally administered Stakeholder Pension Scheme. The pension costs are charged to the profit and loss account in the period in which they are payable.

A-Belco Limited

Deferred taxation

Deferred taxation is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. This is with the exception of deferred taxation assets, which are only recognised if it is considered more likely than not that there will be suitable taxable profits from which the future reversal of underlying differences can be deducted.

Deferred taxation is measured on a non-discounted basis at the tax rates that are expected to apply in the period in which timing differences reverse, based on taxation rates and laws enacted at the balance sheet date.

Foreign currencies

Transactions denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the date of those transactions.

Assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at the balance sheet date. The resulting profits or losses are dealt with in the profit and loss account.

Cash flow statement

The company has taken advantage of the exemption offered by Financial Reporting Standard 1 not to publish a cash flow statement as the company qualifies as a small company.

A-Belco Limited

Notes to the financial statements for the year ended 31 March 2003

1 Turnover

Turnover and operating profit are derived from the company's principal activity. A geographical analysis of turnover by destination is as follows:

	2003	2002
	£	£
United Kingdom	1,521,811	1,088,305
Europe	2,452	8,499
Rest of World	-	8,934
	1,524,263	1,105,738

2 Loss on ordinary activities before taxation

Loss on ordinary activities before taxation is stated after charging/(crediting):

	2003	2002
	£	£
Employee costs (note 5)	933,581	802,883
Operating lease rentals - plant and equipment and motor vehicles	49,384	26,458
Auditors' remuneration - audit services	5,750	12,000
- other services	2,500	5,000
Bank interest receivable	(2,811)	(809)
Interest payable on bank overdraft	7,911	45,559
Finance lease interest	619	7,000
Depreciation on owned assets	89,993	74,157
Depreciation on assets held under finance leases	-	8,133
Provision against carrying value of investment (note 7)	-	99,119
Profit on foreign exchange transactions	(14)	(229)

A-Belco Limited

3 Directors' remuneration

Included in staff costs (Note 5) is an amount of £11,000 (2002: £45,000) (excluding pension contributions) relating to directors' remuneration. During the year the company contributed £2,735 (2002: £4,219) in respect of the directors' money purchase pension benefits. As at the year end there is one director (2002: one) with benefits accruing under the money purchase pension schemes.

4 Tax on loss on ordinary activities

(a) Analysis of charge in period

	2003	2002
	£	£
Current tax		
United Kingdom corporation tax at 30% (2002: 30%)	(5,757)	-
Total current tax	(5,757)	-
Deferred taxation	30,064	11,894
	24,307	11,894

(b) Factors affecting tax charge for the period

The tax credit assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003	2002
	£	£
Loss on ordinary activities before tax	(335,523)	(1,122,528)
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2002: 30%)	(100,657)	(336,758)
<i>Effects of:</i>		
Accelerated capital allowances and other timing differences	88,222	273,266
Expenses not allowable for tax purposes	5,904	45,305
Tax at marginal rates	774	-
Group relief	-	18,187
Current tax (credit)/charge for the year	(5,757)	-

(c) Factors that may affect future tax charges

The taxation charge in future periods may be reduced by the utilisation of losses available for corporation tax relief. At 31 March 2003 the unprovided deferred tax asset relating to these losses is £293,401 (2002: £285,160).

A-Belco Limited

5 Employee costs

	2003 £	2002 £
Wages and salaries	833,092	671,745
Social security costs	58,920	66,590
Other pension costs	41,569	64,548
	933,581	802,883

The average number of persons employed by the company during the year was 38 (2002: 49).

6 Tangible fixed assets

	Plant and machinery £	Fixtures and fittings £	Total £
Cost			
At 31 March 2002	445,991	202,234	648,225
Additions	114,664	37,515	152,179
Disposals	(244,471)	(7,772)	(252,243)
At 31 March 2003	316,184	231,977	548,161
Accumulated depreciation			
At 31 March 2002	97,894	96,621	194,515
Charge for the year	32,757	57,236	89,993
Disposals	(66,583)	(6,771)	(73,354)
At 31 March 2003	64,068	147,086	211,154
Net book amount			
At 31 March 2003	252,116	84,891	337,007
At 31 March 2002	348,097	105,613	453,710

Included in motor vehicles and fixtures, fittings and equipment are assets held under hire purchase agreements at a cost of £Nil (2002: £40,620) on which depreciation has been charged amounting to £Nil (2002: £8,133).

A-Belco Limited

7 Fixed asset investments

	2003	2002
	£	£
Opening balance	1,975,000	2,074,119
Provision against carrying value	-	(99,119)
Disposal	(1,975,000)	-
Closing balance as at 31 March	-	1,975,000

The investment related to a holding of the 100% ordinary share capital in A-Belco Industrial Accessories Limited, a dormant company registered in England that was liquidated during the year.

8 Investments in joint ventures

	£
At 1 April 2002	509,000
Additional capital investment in Scame UK Limited	75,000
	584,000
Disposal	(584,000)
At 31 March 2003	-

During the year the joint venture investments in Scame UK Limited and Cortem UK Limited were sold to A-Belco Holdings Limited for £584,000.

9 Stock

	2003	2002
	£	£
Raw materials and consumables	121,483	41,240
Work in progress	88,445	43,134
Finished goods	187,250	7,991
	397,178	92,365

A-Belco Limited

10 Debtors

	2003	2002
	£	£
Trade debtors	310,035	279,268
Amounts due from group undertakings	585,770	27,946
Amounts due from joint ventures	-	244,767
Other debtors	8,883	51,641
Prepayments	29,232	22,146
	933,920	625,768

Amounts due from group undertakings are unsecured and interest free.

11 Creditors – Amounts falling due within one year

	2003	2002
	£	£
Trade creditors	472,707	232,054
Amounts due to group undertakings	3,552	200,000
Other creditors	153,673	4,863
Other taxes and social security	27,120	56,039
Accruals and deferred income	17,105	108,478
Obligations under finance leases	-	4,772
	674,157	606,206

Amounts due to group undertakings are unsecured and interest free.

12 Creditors – Amounts falling due after more than one year

	2003	2002
	£	£
Amounts due to group undertakings	252,000	2,065,000

Amounts due to group undertakings are unsecured and interest free.

A-Belco Limited

13 Provisions for liabilities and charges

Deferred taxation

The deferred taxation liability provided in the accounts comprises:

	2003	2002
	£	£
Tax deferred by capital allowances	41,958	11,894

Movement on the deferred tax liability for the year is as follows:

	£
At 1 April 2002	11,894
Charge for the year	30,064
At 31 March 2003	41,958

In addition to the above there is an unprovided deferred tax asset of £293,401 (2002: £285,160) in relation to losses.

14 Called up share capital

Authorised

At 31 March 2002 and 31 March 2003

	£
Equity	
5,000,000 ordinary shares 10p	500,000
	500,000
Non-equity	
925,933 10% first cumulative redeemable preference shares £1	925,933
172,727 10% second cumulative redeemable preference shares £1	172,727
53,345 5% cumulative convertible participating preferred ordinary shares £1	53,345
130,582 2% bank rate third cumulative redeemable preference shares £1	130,582
110,000 8% fourth cumulative redeemable preference shares £1	110,000
	1,392,587

A-Belco Limited

Allotted, called up and fully paid

	2003	2002
	£	£
Equity		
2,516,651 ordinary shares 10p	251,665	251,665
Non equity		
53,345 5% cumulative convertible participating preferred ordinary shares of £1 each	53,345	53,345
	305,010	305,010

The £1 cumulative convertible participating preferred ordinary (CCPPO) shares are entitled to a dividend of 5% of net profit before taxation. They may be converted into ordinary shares on a one for ten basis if, upon the occurrence of a Conversion Event as defined in the Articles of Association, a holder or holders of a majority in CCPPO shares gives notice in writing to the company. The ordinary shares resulting from such a conversion shall rank pari passu in all respects with the other ordinary shares in the issue at the date of conversion.

Ordinary shareholders have one vote for each share of which they are the registered holder. Holders of the CCPPO shares are entitled to 10 votes for each share of which they are the registered holder.

15 Reserves

	Capital redemption reserve £	Profit and loss account £
At 31 March 2002	1,339,242	(535,303)
Retained loss	-	(359,830)
At 31 March 2003	1,339,242	(895,133)

16 Capital commitments

There are no capital commitments at 31 March 2003 (2002: £Nil).

17 Contingent liabilities

At 31 March 2003 the company had issued a performance guarantee bond of £Nil (2002: £14,000).

The company has undertaken to guarantee a loan to the shareholders made by A-Belco Holdings Limited. At 31 March 2003 the balance of the loan was £162,000 (2002: £200,000).

A-Belco Limited

18 Operating leases

The minimum annual rentals under operating leases, all of which relate to plant and equipment, computer and motor vehicles are as follows:

	2003	2002
	£	£
Operating leases which expire:		
- between 1 – 5 years	26,118	26,458

19 Ultimate controlling party

The company is a wholly owned subsidiary of and A-Belco Holdings Limited, a company incorporated in England whose controlling party is M J Kelly.

Copies of the accounts of A-Belco Holdings Limited are available from A-Belco Holdings Limited, Jubilee Estate, Ashington, Northumberland, NE63 8UG.

20 Related party transactions

Joint Venture Companies

The company sold its entire shareholding of 430,000 'A' Shares in Scame U.K. Limited for £475,000 and its entire shareholding of 40,000 'A' Shares in Cortem U.K. Limited for £109,000 to A-Belco (Holdings) Limited

At 31 March 2003 the company was owed £nil (2002: £213,612) from Scame UK Limited and £1,374 (2002: £31,155) from Cortem UK Limited.

During the year the company made sales to Scame UK Limited of £ 201,624 (2002: £100,507) and £26160 to Cortem UK Limited (2002: £36,971).

Property company

During the year A-Belco Property Limited charged A-Belco Limited £95,000 (2002: £80,000) for the rental of a property.

At the year end there is a balance of £nil (2002: £27,946) due to A-Belco Property Limited from A-Belco Limited.

Holding company

At the year end there is a balance of £252,000 (2002: £290,000) due to A-Belco Holdings Limited from A-Belco Limited.

At the year end there is a balance of £584,000 (2002: nil) owed by A-Belco Holdings Limited to A-Belco Limited.