

Vimark Limited
FINANCIAL STATEMENTS
for the year ended
30 June 1999



Company Registration No. 02831714

Vimark Limited

DIRECTORS AND OFFICERS

DIRECTORS

P E Johnson
K R Bell
M Comiskey
P J Favretto

SECRETARY

M Comiskey

REGISTERED OFFICE

Kingsway House
Laporte Way
Luton
Bedfordshire
LU4 8RJ

AUDITORS

Baker Tilly
Chartered Accountants
Iveco Ford House
Station Road
Watford
Herts
WD1 1TG

Vimark Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of Vimark Limited for the year ended 30 June 1999.

PRINCIPAL ACTIVITIES

The principal activity of the company is the distribution of electrical accessories.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The company achieved a 45% increase in sales, although gross margin % dropped by 1.5% due to increased price competition in the market. On 30 June 1999, the trade assets and liabilities were transferred to Deta Electrical Company Limited (a fellow subsidiary within the Arlec UK Holdings Group) at book value.

RESULTS AND DIVIDENDS

The trading profit for the year after taxation was £176,120 (1998:£177,697). No dividend is proposed and the retained profit for the year of £176,120 is to be added to reserves.

DIRECTORS

The following directors have held office since 1 July 1998:

P E Johnson

K R Bell

A J Johnson (resigned 27 August 1999)

P A Johnson (resigned 30 June 1999)

P J Favretto

M Comiskey

DIRECTORS' INTERESTS IN SHARES

The directors had no interest in the shares of the company.

CHARITABLE CONTRIBUTIONS

During the year, the company made charitable donations totalling £75 (1998:£50).

YEAR 2000

The directors are addressing the impact on the business of the year 2000. All computer systems, telecommunications and other technical systems have been assessed. Many of the company's systems and processes are already compliant and the directors anticipate that the review will be completed by 31 December 1999. The directors consider the costs of the review will not be material.

INTRODUCTION OF EURO

The company will be able to handle euro transactions when required.

Vimark Limited

DIRECTORS' REPORT

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. 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 requirements of 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

A resolution to reappoint Baker Tilly, Chartered Accountants, as auditors will be put to the members at the annual general meeting.

By order of the board



M Comiskey
Secretary

AUDITORS' REPORT TO THE MEMBERS OF VIMARK LIMITED

We have audited the financial statements on page 6 to 13.

Respective responsibilities of directors and auditors

As described on page 4 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 at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

B & L RCP
Registered Auditor
Chartered Accountants
Iveco Ford House
Station Road
Watford
Herts
WD1 1TG

16.12.99

Vimark Limited

PROFIT AND LOSS ACCOUNT for the year ended 30 June 1999

	Notes	1999 £	1998 £
TURNOVER	1	4,944,229	3,414,950
Cost of sales		3,516,902	2,379,532
Gross profit		<u>1,427,327</u>	<u>1,035,418</u>
Other operating expenses (net)	2	1,161,615	766,647
OPERATING PROFIT		<u>265,712</u>	<u>268,771</u>
Interest payable and similar charges	3	10,592	15,374
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	4	<u>255,120</u>	<u>253,397</u>
Taxation	7	79,000	75,700
PROFIT RETAINED FOR THE FINANCIAL YEAR	13	<u>£176,120</u>	<u>£177,697</u>

The operating profit for the year arises from the company's operations, which were transferred to Deta Electrical Company Limited on 30 June 1999.

No separate Statement of Total Recognised Gains and Losses has been prepared as all such gains and losses have been dealt with in the Profit and Loss Account.

Vimark Limited

BALANCE SHEET

30 June 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible	8	-	9,919
CURRENT ASSETS			
Stocks	9	-	752,822
Debtors	10	785,861	795,706
Cash at bank		-	71,028
		<u>785,861</u>	<u>1,619,556</u>
CREDITORS			
Amounts falling due within one year	11	79,000	1,098,734
NET CURRENT ASSETS		<u>706,861</u>	<u>520,822</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£706,861</u>	<u>£530,741</u>
CAPITAL AND RESERVES			
Called up share capital	12	2	2
Profit and loss account	13	706,859	530,739
SHAREHOLDERS' FUNDS	14	<u>£706,861</u>	<u>£530,741</u>

Approved by the board on 16/12/99

M Cailly

~~P E Johnson~~ M COMUSKEY
Director

Vimark Limited

Financial Statements for the year ended 30 June 1999

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention.

STOCKS

Stocks are stated at the lower of cost and net realisable value. Provision is made for slow moving and obsolete stocks.

TURNOVER

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

FOREIGN CURRENCIES

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date.

TANGIBLE FIXED ASSETS

Fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows:

Plant and machinery	over 3 years
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Vimark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1999

1. TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The company's turnover and profit before taxation is attributable to its principal activity. Sales were made in the following geographical markets:

	1999	1998
United Kingdom	4,210,976	2,792,760
Europe	677,616	462,750
Rest of World	55,637	159,440
	<u>£4,944,229</u>	<u>£3,414,950</u>

2. OTHER OPERATING EXPENSES (NET)

Distribution costs	151,820	156,771
Administration expenses	1,009,795	609,876
	<u>£1,161,615</u>	<u>£766,647</u>

3. INTEREST PAYABLE AND SIMILAR CHARGES

On bank loans, overdrafts and other loans repayable within 5 years:

Other interest and similar charges	<u>£10,592</u>	<u>£15,374</u>
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4. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after charging:

	£	£
Depreciation of tangible fixed assets	1,050	2,632
Auditors' remuneration	3,000	3,000
Exceptional item	39,449	-
	<u></u>	<u></u>

The exceptional item relates to the write off in full of the sales promotion prepayment.

Vimark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1999

5.	EMPLOYEES	1999	1998
	The average number of persons (including directors) employed by the company during the year was:	No.	No.
	Sales	8	14
	Staff costs for the above persons:	£	£
	Salaries and wages	33,264	123,472
	Social security costs	3,221	13,319
		<u>£36,485</u>	<u>£136,791</u>
6.	DIRECTORS' REMUNERATION		
	The directors received no remuneration during the year (1998: £Nil).		
7.	TAXATION		
	UK Corporation tax at 30.75% (1998: 31%) (being payment for group relief received)	<u>£79,000</u>	<u>£75,700</u>

Vimark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1999

8.	TANGIBLE FIXED ASSETS		Plant and machinery £
	Cost:		
	At 1 July 1998		12,551
	Disposals		(12,551)
	At 30 June 1999		-
	Depreciation:		
	At 1 July 1998		2,632
	Provided in the year		1,050
	Disposals		(3,682)
	At 30 June 1999		-
	Net book value		
	30 June 1999		£ -
	30 June 1998		£9,919
		1999	1998
9.	STOCKS	£	£
	Goods for resale	-	398,996
	Goods in transit	-	353,826
		£ -	£752,822
10.	DEBTORS		
	Trade debtors	-	751,434
	Amounts owed by group undertakings	785,861	-
	Other debtors	-	2,333
	Prepayments	-	41,939
		£785,861	£795,706

Vimark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1999

11.	CREDITORS	1999	1998
	Amounts falling due within one year:		
	Trade creditors	-	171,135
	Amounts owed to group undertakings	-	698,734
	Corporation tax	79,000	78,052
	Social security and other taxation	-	136,272
	Accruals	-	14,541
		<u>£79,000</u>	<u>£1,098,734</u>
12.	SHARE CAPITAL		
	Authorised:		
	1,000 ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
	Allotted, issued and fully paid:		
	2 ordinary shares of £1 each	<u>£2</u>	<u>£2</u>
13.	PROFIT AND LOSS ACCOUNT		
	1 July 1998	530,739	353,042
	Retained profit for the year	176,120	177,697
	30 June 1999	<u>£706,859</u>	<u>£530,739</u>
14.	RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS		
	Profit for the financial year	176,120	177,697
	Net addition to shareholders' funds	<u>176,120</u>	<u>177,697</u>
	Opening shareholders' funds	530,741	353,044
	Closing shareholders' funds	<u>£706,861</u>	<u>£530,741</u>
15.	ULTIMATE PARENT UNDERTAKING		

The directors consider the ultimate parent undertaking to be Avatar Industries Limited, incorporated in Australia and the immediate parent company to be Arlec UK Holdings Limited incorporated in the United Kingdom. A copy of both companies' consolidated accounts can be obtained from the registered office set out at page one.

Vimark Limited

NOTES TO THE FINANCIAL STATEMENTS for the year ended 30 June 1999

16. CONTINGENT LIABILITIES

The company has participated in a group guarantee covering all the Avatar Industries group companies' banking facilities whereby the assets of the company are secured by fixed and floating charges.