DAVID FEAR ELECTRICAL CONTRACTORS LIMITED

31 DECEMBER 2001

COMPANY NUMBER: 01793021



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COMPANIES HOUSE 21/09/02

The Directors present their annual report together with the audited financial statements of the company for the year ended 31 December 2001.

Statement of Directors' responsibilities

Company Law requires the Directors to prepare financial statements for each financial period 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:-

- select suitable accounting policies and then 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.

Principal activity

The company's principal activity continues to be that of electrical contracting.

Business review

The company's balance sheet, as detailed on page three, shows a satisfactory position, shareholders' funds amounting to £203,772

Results and dividends

The results for the period are shown in the profit and loss account on page four.

The Directors are satisfied with the results for the year and anticipate similar results for the year ended 31 December 2002.

Directors

The Directors who served during the year and their interests in the share capital of the company, as recorded in the Register of Director's Interests, were as follows:-

	Ordinary Shares of £1.00 each	
	At 31 Dec 2001	At 31 Dec 2000
D A Fear	60	60
C Fear (appointed 9th March 2001)	-	-
D Tainton	15	15
J Clutton-Brock	15	15

Auditors

Baker Tilly (formerly HLB Kidsons) continue as auditors to the company.

This report was approved by the Board on 19th August 2002 and signed on its behalf.

D FEAR - Director

3a Back Stoke Lane
Westbury-on-Trym
Bristol BS9 3QT

AUDITORS' REPORT TO DAVID FEAR ELECTRICAL CONTRACTORS LIMITED
pursuant to section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 3 to 14 together with the financial statements of David Fear Electrical Contractors Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 2001.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246a of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with those provisions.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that abbreviated accounts have been properly prepared. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 14 have been properly prepared in accordance with those provisions.

Baker Tilly
Registered Auditor
Chartered Accountants
33 Wine Street
Bristol BS1 2BQ

19th August 2002

	NOTE	2001 £	2000 £
FIXED ASSETS			
Tangible assets	2	96,505	115,520
CURRENT ASSETS			
Stocks	3	33,367	84,992
Debtors	4	1,283,697	1,070,178
Investments	5	50,000	-
Cash at bank and in hand		326,553	101,826
		1,693,617	1,256,996
CREDITORS			
Amounts falling due within one year	6	(1,586,350)	(1,152,618)
NET CURRENT ASSETS		107,267	104,378
TOTAL ASSETS LESS CURRENT LIABILITIES		203,772	219,898
CREDITORS			
Amounts falling due after more than a year	7	-	(1,030)
NET ASSETS		203,772	218,868
CAPITAL AND RESERVES			
Called up share capital	8	150	150
Share premium account	9	149,955	149,955
Profit and loss account	10	53,667	68,763
Shareholders funds	11	203,772	218,868

The notes on pages 6 to 14 form part of these financial statements.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies and were approved by the Board of Directors on 19th August 2002 and signed on its behalf by:-

D Fear - Director

	NOTE		2001 £	2000 £
GROSS PROFIT			929,080	896,052
Administrative expenses		646,911		562,146
Other operating charges		193,974		196,334
			840,885	758,480
OPERATING PROFIT	13		88,195	137,572
Fall in value of investments	14	-		(46,578)
Other income		5,099		5,770
Interest payable	15	(2,319)		(7,865)
			2,780	(48,673)
Profit on ordinary activities before taxation			90,975	88,899
Taxation on profit on ordinary activities	16		(20,637)	(28,527)
Profit on ordinary activities after taxation			70,338	60,372
Dividends paid			(85,434)	(84,977)
Total losses recognised since last annual report	10		(15,096)	(24,605)

The whole of the company's trading derives from one activity which is a continuing activity.

There were no recognised gains or losses in either period other than those shown above.

The notes on pages 6 to 14 form part of these financial statements.

Reconciliation of operating profit to net cash inflow from activities

	NOTE	2001	2000
		£	£
Operating profit		88,195	137,572
Depreciation charges		34,250	35,012
Decrease/(increase) in stocks		51,625	(14,474)
(Increase)/decrease in debtors		(221,780)	103,349
Increase/(decrease) in creditors		353,047	(117,030)
Net cash inflow from operating activities		305,337	144,429
Return on investments and servicing of finance (see below)		2,780	(48,673)
Taxation		(16,026)	-
Dividends paid		(85,434)	(84,977)
Capital expenditure (see below)		(15,235)	(38,614)
		191,422	(27,835)
Financing - Capital element of lease purchase		(5,044)	(5,660)
	17	186,378	(33,495)

NOTES TO THE CASH FLOW STATEMENT

Note 1 - GROSS CASH FLOWS

Return on investments and servicing of finance

Interest received	5,099	5,770
Interest paid	(2,319)	(7,865)
(Decrease)/increase in value of investments	-	(46,578)
	2,780	(48,673)

Capital expenditure

Payments to acquire tangible fixed assets	(38,035)	(69,426)
Receipts from sales of tangible fixed assets	22,800	30,812
	(15,235)	(38,614)

NOTE 1

ACCOUNTING POLICIES

a. Basis of preparation of financial statements

These accounts have been prepared under the historical cost convention and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

b. Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

c. Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided on tangible assets at rates calculated to write off the cost of each asset, less any residual value, over its expected useful life on the following bases:-

Fixtures, fittings, tools & equipment	15% or 25% per annum on reducing balance
Motor vehicles	25% per annum on reducing balance

d. Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

e. Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress includes all costs of materials and the attributable proportion of overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

f. Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

NOTE 1 (CONTINUED)

ACCOUNTING POLICIES

g. Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the Scheme.

h. Management of liquid resources

Liquid resources are disclosed in the cash flow statement. They are current asset investments that are held for the short term and are readily convertible into cash.

NOTE 2

TANGIBLE FIXED ASSETS

	Fixtures, fittings, tools & equipment	Motor vehicles	Total
	£	£	£
COST			
At 1 January 2001	60,767	139,208	199,975
Additions	3,285	34,750	38,035
Disposals	(1,186)	(51,315)	(52,501)
At 31 December 2001	62,866	122,643	185,509
ACCUMULATED DEPRECIATION			
At 1 January 2001	38,507	45,948	84,455
Disposals	(1,186)	(24,081)	(25,267)
Charge for year	5,489	24,327	29,816
At 31 December 2001	42,810	46,194	89,004
NET BOOK AMOUNT			
At 31 December 2001	20,056	76,449	96,505
At 31 December 2000	22,260	93,260	115,520

The net book value of motor vehicles includes assets held under finance lease or hire purchase contracts amounting to nil (2000 - £24,993).

NOTE 3

STOCKS

	2001 £	2000 £
Materials and consumables	5,000	5,000
Work in progress	28,367	79,992
	33,367	84,992

NOTE 4

DEBTORS

Amounts falling due within one year

	2001 £	2000 £
Trade debtors	1,213,132	990,280
Prepayments	34,278	71,538
Other debtors	36,287	8,360
	1,283,697	1,070,178

Other debtors includes: £1 representing the company's 100% shareholding in David Fear Electrical Limited
£99 debt owed to the company by David Fear Electrical Limited
£10,588 loan to D Tainton. £6000 has been repaid to the company since the end of the financial year.

David Fear Electrical Limited was formerly known as David Fear Contracting Limited and is not yet trading.

NOTE 5

INVESTMENTS

	2001 £	2000 £
Listed investments	50,000	-

The investments are stated at cost.

NOTE 6

CREDITORS

Amounts falling due within one year

	2001 £	2000 £
Bank overdrafts	132,581	44,232
Payments received on account	153,889	162,916
Trade creditors	892,675	744,183
Corporation tax	21,350	25,000
Other taxes and social security costs	159,033	82,306
Accruals and deferred income	173,070	57,747
Lease purchase creditors	-	4,014
Other creditors	30,000	30,000
Directors' current accounts	23,752	2,220
	1,586,350	1,152,618

The bank overdraft is secured by a fixed and floating charge over the company's assets and by a personal guarantee from D Fear Esq.

NOTE 7

CREDITORS

Amounts falling due after more than one year

	2001 £	2000 £
Lease purchase creditors	-	1,030

NOTE 8

CALLED UP SHARE CAPITAL

	2001 £	2000 £
Ordinary Shares of £1 each		
Authorised	10,000	10,000
Allotted, called up and fully paid	150	150

NOTE 9

SHARE PREMIUM ACCOUNT

	2001 £
At 1 January 2001 and 31 December 2001	149,955

NOTE 10

PROFIT AND LOSS ACCOUNT

	2001	
	£	£
At 1 January 2001		68,763
Profit for the year	70,338	
Dividends paid	(85,434)	
Total loss recognised for year		(15,096)
At 31 December 2001		53,667

NOTE 11

RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £	2000 £
Profit for the year	70,338	60,372
Dividends paid	(85,434)	(84,977)
Net deduction from shareholders' funds	(15,096)	(24,605)
Opening shareholders' funds	218,868	243,473
Closing shareholders' funds	203,772	218,868

NOTE 12

ANALYSIS OF RESULTS

Turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities, stated net of value added tax.

In the opinion of the Directors, none of the turnover of the company is attributable to geographical markets outside the UK (2000 – nil).

NOTE 13

OPERATING PROFIT

		2001 £	2000 £
The operating profit is stated after charging:–			
Directors' emoluments		305,639	192,145
Directors' pension costs		1,260	62,814
Directors remuneration:–			
Highest paid director	Emoluments	109,912	101,574
	Pension contributions	1,260	37,688

NOTE 13 (CONTINUED)

OPERATING PROFIT

	2001 £	2000 £
The operating profit is stated after charging:-		
Depreciation of tangible fixed assets (note 2)		
Owned by the company	29,816	26,928
Held under finance leases	-	4,372
Auditors remuneration	7,209	4,700
Operating leases:-		
Hire of plant and machinery	44,301	37,465
Property rental	18,208	17,650
Loss on sale of assets	4,434	3,712

During the current and preceding year retirement benefits were accruing to D Fear and C Fear in respect of money purchase pension schemes.

The company operates defined contribution schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions payable by the company to the funds and amounted to £1,260 (2000 - £62,814)

Staff costs

Staff costs, including directors' remuneration, were as follows:-

	2001 £	2000 £
Wages and salaries	1,735,540	1,438,044
Social Security costs	110,159	94,508
Other pension costs	1,260	62,814
	1,846,959	1,595,366

NOTE 13 (CONTINUED)

OPERATING PROFIT

The average monthly number of employees, including directors, during the period was as follows:-

	2001 £	2000 £
Office and administration	14	14
Direct labour	35	35
	49	49

NOTE 14

FALL IN VALUE OF INVESTMENTS

The exceptional fall in value of investments in 2000 represents the investment made in Firststake plc during the year. The company was placed in administrative receivership in February 2001, the shares being deemed to have no value at that date.

NOTE 15

INTEREST PAYABLE

	2001 £	2000 £
On bank loans and overdrafts	1,655	5,274
Finance leases and hire purchase contracts	195	449
Other interest	469	2,142
	2,319	7,865

NOTE 16

TAXATION

	2001 £	2000 £
UK Corporation tax at 20% (2000 - 20%) on profit on ordinary activities	21,350	25,000
(Over)/under provision in earlier years	(713)	3,527
	20,637	28,527

NOTE 17

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS

	2001 £	2000 £
Increase/(decrease) in cash in the period	186,378	(33,495)
Net cash outflow in respect of lease purchase creditor	5,044	5,660
Movement in net funds in year	191,422	(27,835)
Net funds at 1 January 2001	52,550	80,385
Net funds at 31 December 2001	243,972	52,550

NOTE 18

NOTES TO THE CASH FLOW STATEMENT
ANALYSIS OF CHANGES IN NET DEBT

	2000	flows	2001
Cash in hand and at bank	101,826	224,727	326,553
Overdrafts	(44,232)	(88,349)	(132,581)
Debt due within one year	(4,014)	4,014	-
Debt due after one year	(1,030)	1,030	-
Current asset investments	-	50,000	50,000
	52,550	191,422	243,972

NOTE 19

COMMITMENTS

At 31 December 2001 the company had an annual commitment of £21,100 in respect of rent for the company's trading premises. The lease expires in 2011. The rent is reviewable every three years. The last review was as at 30 November 2001.

NOTE 20

RELATED PARTY TRANSACTIONS

The ultimate controlling party is D Fear Esq by virtue of his directorship and shareholding and his beneficial interest in the David Fear Electrical Contractors Limited Retirement Benefits Scheme which owns 30% of the issued share capital of the company.

The company operates from premises owned by the David Fear Electrical Contractors Limited Retirement Benefits Scheme as disclosed in note 19 above.