Company number: 3457621

ACTION BUILDING AND ELECTRICAL SUPPLIES LIMITED

31ST DECEMBER 2001

Peter Hunt & Co
Chartered Accountants
Argon House
Argon Mews
Fulham Broadway
London
SW6 1BJ



ACTION BUILDING AND ELECTRICAL SUPPLIES LIMITED

DIRECTOR
M. Johnston

SECRETARY
Y.A. Johnston

BANKERS
Barclays Bank Plc
Fulham Broadway
LONDON
SW6 1AG

REGISTERED OFFICE
Argon House
Argon Mews
Fulham Broadway
LONDON
SW6 1BJ

ACTION BUILDING AND ELECTRICAL SUPPLIES LIMITED
DIRECTOR'S REPORT

The director presents his report and accounts for the year ended 31st December 2001.

PRINCIPAL ACTIVITY

The principal activity of the company is the retail sale of building and electrical supplies.

DIRECTOR AND HIS INTEREST

The director who held office during the period, and his beneficial interest in the share capital of the company, was as follows:

	£1 ordinary shares	
	1st January 2001	31st December 2001
M. Johnston	2	2

The director's report has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard of Smaller Entities (effective June 2002).

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M. Johnston
Director

Approved by the director on 30/10/2

ACTION BUILDING AND ELECTRICAL SUPPLIES LIMITED
STATEMENT OF DIRECTOR'S RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the director to prepare accounts 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 year. In preparing those accounts, the director is required to:

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the accounts comply with the Companies Act 1985. He is 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.

ACTION BUILDING AND ELECTRICAL SUPPLIES LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2001

	Note	2001	2000
Turnover		617,705	590,373
Cost of sales		(415,656)	(384,759)
Gross profit		202,049	205,614
Administrative expenses		168,247	156,064
Operating profit	2	33,802	49,550
Interest payable		(2,274)	(990)
Interest receivable	3	329	42
Profit on ordinary activities before taxation		31,857	48,602
Tax on profit on ordinary activities	4	6,974	9,670
Profit on ordinary activities after taxation		24,883	38,932
Dividends paid and proposed		20,000	20,000
Retained profit for the year		4,883	18,932
Retained profit brought forward		70,404	51,472
Retained profit carried forward		£75,287	£70,404

ACTION BUILDING AND ELECTRICAL SUPPLIES LIMITED
BALANCE SHEET
AT 31ST DECEMBER 2001

	Note	2001		2000	
Fixed assets	5		17,582		23,158
Current assets					
Stock	6	55,375		53,928	
Debtors	7	82,772		82,703	
Cash at bank and in hand		32,064		17,819	
		170,211		154,450	
Creditors: amounts falling due within one year	8	102,453		100,490	
Net current assets			67,758		53,960
Total assets less current liabilities			85,340		77,118
Creditors: amounts falling due in more than one year	10		10,051		6,712
Net assets			£75,289		£70,406
Capital and reserves					
Called up share capital	11		2		2
Profit and loss account			75,287		70,404
Shareholder's funds			£75,289		£70,406

For the financial period ended 31st December 2001 the company was entitled to exemption from audit under section 249A (1) of the Companies Act 1985; and no notice has been deposited under section 249B (2). The director acknowledges his responsibility for ensuring that the company keeps accounting records which comply with section 221 of the Act, and preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the period and of its profit or loss for the financial period in accordance with the requirements of section 226 of the Act and which otherwise comply with the requirements of the Companies Act 1985, so far as applicable to the company.

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

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M. Johnston
Director

Approved by the director on 30/10/2

ACTION BUILDING AND ELECTRICAL SUPPLIES LIMITED
NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31ST DECEMBER 2001

1. ACCOUNTING POLICIES

A summary of the principal accounting policies, all of which have been applied consistently throughout the period, is set out below.

Basis of accounting

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Tangible fixed assets

Fixed assets are shown at cost less accumulated depreciation. Depreciation is provided at rates calculated to write off the cost, less estimated residual value, of each asset on a straight-line basis over its expected useful life as follows:

Motor vehicles	5 years
Office equipment	5 years
Furniture and fittings	5 years

Taxation

Corporation tax payable is provided on taxable profits at the current rate. Deferred taxation is provided on all timing differences at the rates of tax likely to be in force at the time of reversal, only to the extent that they are expected to reverse in the future without being replaced.

Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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 a constant periodic rate of charge on the net obligation outstanding in each period.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

Pension costs

Contributions in respect of a money purchase pension scheme are charged to the profit and loss account in the year which they are payable to the scheme.

2. OPERATING PROFIT

Profit on ordinary activities before taxation is stated after charging:-

	2001	2000
Operating lease rentals:		
- land and buildings	£11,000	£11,000
Director's remuneration	£13,333	£22,917
Depreciation	£9,764	£8,926
Pension scheme contributions	£6,800	£4,800

Of the above pension scheme contributions £3,400 (2000 £2,400) were payable to a money purchase scheme in respect of the director.

3. INTEREST RECEIVABLE

	2001	2000
Bank interest receivable	£329	£42

4. TAXATION

Provision for United Kingdom corporation tax at the rate of 18.7%. (2000 20%).

	2001	2000
Current	6,271	9,686
Prior year	703	(16)
	£6,974	£9,670

No provision has been made for deferred tax. The potential liability at 31st December 2001 was £1,113 (2000 £1,427).

5. TANGIBLE FIXED ASSETS

	Motor vehicles	Office equipment	Furniture and fittings	Total
Cost:				
At 1st January 2001	26,600	12,531	5,500	44,631
Additions	-	4,188	-	4,188
At 31st December 2001	26,600	16,719	5,500	48,819
Depreciation:				
At 1st January 2001	12,560	6,413	2,500	21,473
Charge for the year	5,320	3,344	1,100	9,764
At 31st December 2001	17,880	9,757	3,600	31,237
Net book value:				
At 31st December 2001	£8,720	£6,962	£1,900	£17,582
At 31st December 2000	£14,040	£6,118	£3,000	£23,158

The above figures include a motor vehicle costing £18,100 acquired under a hire purchase contract. At the balance sheet date the cumulative depreciation in respect of that asset was £7,240.

6. STOCK

	2001	2000
Stock of goods for resale	£55,375	£53,928

An unquantified amount of stock has been supplied under reservation of title (see note 9)

7. DEBTORS

	2001	2000
Trade debtors	79,965	82,703
Sundry debtors and prepayments	2,807	-
	£82,772	£82,703

8. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2001	2000
Current instalments on bank loan	4,502	4,751
Trade creditors (see note 9)	60,564	50,286
Corporation tax	6,271	8,973
Other taxation and social security	8,755	11,140
Net obligations under hire purchase contracts	-	2,478
Sundry creditors and accruals	22,361	22,862
	£102,453	£100,490

9. RESERVATION OF TITLE

The trading terms of a significant number of trade creditors state that goods are supplied subject to a reservation of title. The number of trade creditors who have reserved title to goods held as stock cannot reasonably be quantified. The director considers £40,000 (2000 £40,000) to be a reasonable estimate of the extent to which creditors are so protected.

10. CREDITORS: AMOUNTS FALLING DUE IN MORE THAN ONE YEAR

	2001	2000
Non current instalments on bank loan	£10,051	£6,712

The bank loan is repayable by instalments. £4,994 is repayable in 2003 and £5,057 is repayable in 2004 and 2005.

11. CALLED-UP SHARE CAPITAL

	2001	2000
Authorised:		
10,000 ordinary shares of £1 each	£10,000	£10,000
Allotted, called-up and fully-paid:		
2 ordinary shares of £1 each	£2	£2

12. CONTROLLING PARTY

The controlling party is Mr M. Johnston by virtue of his 100% interest in the issued ordinary share capital in the company.

13. RELATED PARTY TRANSACTIONS

The controlling party has an interest free loan account with the company which was £1,056 in his favour throughout the year.

14. FINANCIAL COMITMENTS

The company has a lease in respect of the business premises it occupies. The lease, which expires on 25th December 2010, provides for rent reviews every five years. The current annual rent is £11,000.