

Flex Connectors Limited

Report and Unaudited Financial Statements

Year Ended

31 July 2002



BDO Stoy Hayward
Chartered Accountants

Flex Connectors Limited

Annual report and financial statements for the year ended 31 July 2002

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Directors

H J Gearing
S D Garton

Secretary and registered office

A N P Jackson, 58 Pleasant Street, Lyng, West Bromwich, West Midlands, B70 7DP

Company number

3658310

Accountants

BDO Stoy Hayward, , 125 Colmore Row, Birmingham, B3 3SD

Flex Connectors Limited

Report of the directors for the year ended 31 July 2002

The directors present their report together with the financial statements for the year ended 31 July 2002.

Results

The profit and loss account is set out on page 3 and shows the loss for the year.

Principal activities

The company's principal activity is the design and manufacture of commercial lighting fittings.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	Number 31 July 2002	Number 1 August 2001
H J Gearing	16,000	16,000
S D Garton	14,000	14,000

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board


A N P Jackson

Secretary

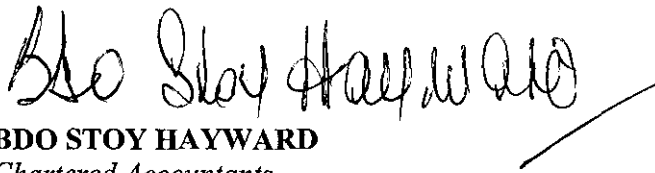
3 November 2003

Flex Connectors Limited

Accountants' Report on the Unaudited Financial Statements

To the directors of Flex Connectors Limited

As described on the balance sheet you are responsible for the preparation of the financial statements for the year ended 31 July 2002, set out on pages 3 to 11, and you consider that the company is exempt from an audit under section 249A(1) of the Companies Act 1985. In accordance with your instructions, we have compiled these unaudited financial statements in order to assist you to fulfil your statutory responsibilities, from the accounting records and information and explanations supplied to us.



BDO STOY HAYWARD

Chartered Accountants

Birmingham

3 November 2003

Flex Connectors Limited**Profit and loss account for the year ended 31 July 2002**

	Note	2002 £	2001 £
Turnover	2	887,375	511,069
Cost of sales		437,111	282,784
		<u> </u>	<u> </u>
Gross profit		450,264	228,285
Administrative expenses		473,341	321,937
		<u> </u>	<u> </u>
Operating loss	3	(23,077)	(93,652)
Interest payable and similar charges		(10)	(2,820)
		<u> </u>	<u> </u>
Loss on ordinary activities before and after taxation for the financial year		(23,087)	(96,472)
Accumulated loss brought forward		(387,511)	(291,039)
		<u> </u>	<u> </u>
Accumulated loss carried forward		(410,598)	(387,511)
		<u> </u>	<u> </u>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the loss for the year.

The notes on pages 5 to 11 form part of these financial statements.

Flex Connectors Limited

Balance sheet at 31 July 2002

	Note	2002 £	2002 £	2001 £	2001 £
Fixed assets					
Tangible assets	6		87,191		102,212
Current assets					
Stocks		20,682		31,636	
Debtors	7	256,102		167,379	
Cash at bank and in hand		51,987		76,773	
		<u>328,771</u>		<u>275,788</u>	
Creditors: amounts falling due within one year	8	<u>505,535</u>		<u>358,048</u>	
Net current liabilities			<u>(176,764)</u>		<u>(82,260)</u>
Total assets less current liabilities			<u>(89,573)</u>		<u>19,952</u>
Creditors: amounts falling due after more than one year	9		<u>239,025</u>		<u>325,463</u>
			<u>(328,598)</u>		<u>(305,511)</u>
Capital and reserves					
Called up share capital	10		82,000		82,000
Profit and loss account			<u>(410,598)</u>		<u>(387,511)</u>
Equity shareholders' funds			<u>(328,598)</u>		<u>(305,511)</u>

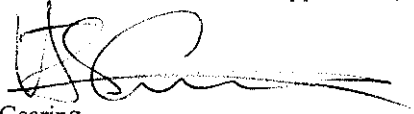
The directors have taken advantage of the exemption conferred by section 249A(1) not to have these financial statements audited and confirm that no notice has been deposited under section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- (a) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985; and
- (b) preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 July 2002 and of its loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 3 November 2003.


H J Gearing
Director

The notes on pages 5 to 11 form part of these financial statements.

Flex Connectors Limited

Notes forming part of the financial statements for the year ended 31 July 2002

1 Accounting policies

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

The following principal accounting policies have been applied:

Going concern

These financial statements have been prepared on the going concern basis, which assumes the company will continue in operational existence for the foreseeable future. The company's ability to operate as a going concern depends on its ability to manage within the new financial structure implemented from 30 July 2003.

The directors believe that the business will be able to operate within this constraint for at least 12 months from the date of approval of these accounts based on the forecasts which have been prepared for the corresponding period.

If the company were unable to continue in operational existence for the foreseeable future, adjustments would have to be made to reduce the balance sheet value of assets to their recoverable amounts, and provide for further liabilities that might arise, and to reclassify any fixed assets and long term liabilities which it may have at that point in time as current assets and liabilities.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Office Equipment	- 25% straight line
Tooling	- 10% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

1 Accounting policies (continued)

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that:

- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances are not discounted.

Leased assets

Annual operating lease rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover arises solely within the United Kingdom.

3 Operating loss

	2002 £	2001 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	15,021	15,020
Hire of other assets - operating leases	44,135	27,252
Non-audit services	-	2,500

Flex Connectors Limited**Notes forming part of the financial statements for the year ended 31 July 2002 (Continued)****4 Directors' remuneration**

	2002 £	2001 £
Directors' emoluments	80,000	69,333
Company contributions to money purchase pension schemes	4,000	333

Contributions were made for 2 directors (2001 - 2) into a company personal pension scheme.

5 Taxation on loss on ordinary activities

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

	2002 £	2001 £
Loss on ordinary activities before tax	(23,087)	(96,472)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 19% (2001 - 20%)	(4,387)	(19,294)
Effect of:		
Expenses not deductible for tax purposes	851	939
Losses carried forward	4,767	15,351
Depreciation in excess of capital allowances	(1,176)	3,004
Net decrease in pension contributions not paid	(55)	-
Current tax charge for period	-	-

Subject to H M Inspector of Taxes, there are losses of approximately £422,000 available to be off-set against future trading profits.

Flex Connectors Limited

Notes forming part of the financial statements for the year ended 31 July 2002 (*Continued*)

6 Tangible fixed assets

	Office equipment £	Tooling £	Total £
<i>Cost</i>			
At 1 August 2001 and 31 July 2002	9,796	125,730	135,526
<i>Depreciation</i>			
At 1 August 2001	4,331	28,983	33,314
Provided for the year	2,448	12,573	15,021
At 31 July 2002	6,779	41,556	48,335
<i>Net book value</i>			
At 31 July 2002	3,017	84,174	87,191
At 31 July 2001	5,465	96,747	102,212

7 Debtors

	2002 £	2001 £
Trade debtors	225,373	133,452
Other debtors	30,729	33,927
	256,102	167,379

All amounts shown under debtors fall due for payment within one year.

Flex Connectors Limited

Notes forming part of the financial statements for the year ended 31 July 2002 (*Continued*)

8 Creditors: amounts falling due within one year

	2002 £	2001 £
Trade creditors	112,306	46,185
Amounts owed to group undertakings and undertakings in which the company has a participating interest	369,925	288,146
Taxation and social security	19,227	7,030
Other creditors	4,077	16,687
	<u>505,535</u>	<u>358,048</u>

9 Creditors: amounts falling due after more than one year

	2002 £	2001 £
Amounts owed to group undertakings	235,025	321,463
Other creditors	4,000	4,000
	<u>239,025</u>	<u>325,463</u>

The amounts owed to associated undertakings have no specific terms of repayment.

10 Share capital

	2002 £	Authorised 2001 £	Allotted, called up and fully paid 2002 £	2001 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>82,000</u>	<u>82,000</u>

Flex Connectors Limited

Notes forming part of the financial statements for the year ended 31 July 2002 (Continued)

11 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to NIL (2001 - NIL). Contributions amounting to NIL (2001 - NIL) were payable to the fund and are included in accruals.

12 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	2002 Land and buildings £	2002 Other £	2001 Land and buildings £	2001 Other £
Operating leases which expire:				
Within one year	-	971	-	-
In two to five years	30,950	12,430	14,375	11,623
	<u>30,950</u>	<u>13,401</u>	<u>14,375</u>	<u>11,623</u>

13 Related party disclosures

Related party transactions and balances

Related party	Purchases from related party £	Amounts owed to related party Trade Loans creditors £	£
Berck Limited	386,729	369,925	235,025

Berck Limited owns 41.5% of the issued share capital.

Included in the profit and loss account are amounts of £7,764 and £14,100 regarding services provided by Mrs A Garton, wife of S D Garton and Mrs A Gearing, wife of H J Gearing.

14 Post balance sheet events

On 30 July 2003 the company was financially restructured which incorporated the following changes:-

- The Directors invested a further £50,000 in the form of ordinary share capital.
- The debt owing to the company's main supplier was partially written off and crystallised at £480,000 repayable over 4 years commencing August 2003.