

**Ring Limited**

**Directors' report and financial statements**

**For the year ended 30 September 2003**

**Registered number 29796**



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## **Company information**

### **Directors**

R Varakian  
J M Hall  
A F Welham  
S G Marble

### **Company Secretary**

A F Welham

### **Registered Office**

Gelderd Road  
Leeds  
LS12 6NB

### **Auditors**

Grant Thornton  
St Johns Centre  
110 Albion Street  
Leeds  
LS2 8LA

## Report of the directors

The directors present their report and the audited accounts for the year ended 30 September 2003.

### Principal activity

The principal activity of the Group during the year was in distribution, comprising the supply of products to the lighting, automotive, plumbing and gas markets.

### Results and business review

The profit for the year and the dividends are set out in the consolidated profit and loss account on page 5.

Sales growth during the year came primarily from the Automotive division of Ring Lamp Company Limited and at Grove Products (Caravan Accessories) Limited. Continued product development and improvement coupled with new product offerings contributed to this growth.

Changes in customer and product mix, the reduction in the number of lower margin offerings and the strengthening of sterling contributed to improved gross margin. These factors were partially offset by higher rebates required by major customers.

Operating costs have increased primarily as a result of additional customer support payments to secure new opportunities and investment in product development.

Interest costs have fallen reflecting the lower level of net debt and interest rate reductions in the year.

### Dividends

The directors do not recommend the payment of a final dividend for the year (2002: nil). The directors paid an interim dividend of 7.82p per ordinary share (2002: nil).

### Special Reserve

As previously reported, the High Court granted an Order on 31 January 2001 to reduce the share premium account by a total of £10,405,000 to £nil. In accordance with the Order any increase in reserves as a result of specified events, most notably the increase in the realisation value of the assets of the Company held at the time of the Order, are to be held in a non-distributable Special Reserve Account until there are no remaining outstanding debts or claims against the Company at the time the reduction in the share premium account became effective. These conditions have now been met and the balance on the Special Reserve Account has been transferred back to the Profit and Loss account.

### Post balance sheet events

#### *(i) Conversion of 19.2% convertible preference shares of 25p each*

On 1 January 2004, 9,492,295 19.2% convertible preference shares of 25p each were converted into ordinary shares of 50p each on the basis of two ordinary shares for every five preference shares. The difference between the par value of the preference shares converted and the ordinary shares issued has been credited to a non-distributable capital reserve.

#### *(ii) New funding arrangements*

On 23 December 2003 the UK sub-group headed by the Company's immediate parent company, Catalina International Limited, entered into an asset-based credit arrangement with a syndicate of lenders as part of an overall group facility arranged by Catalina International Limited's parent company, Catalina Lighting, Inc.

As a consequence of this arrangement Ring Limited and its subsidiary undertakings guarantee the borrowings of Catalina International Limited. This guarantee is secured by a fixed charge over substantially all of the assets of Ring Limited and its subsidiary undertakings.

### Post-retirement benefits

On 7 April 2003 employees stopped accruing benefits under the Group contracted-out defined benefit pension scheme and there are now no active members in the scheme. Those employees are now members of a defined contribution pension scheme.

Responsibility for the ongoing funding of the defined benefit pension scheme in respect of accrued benefits will rest with the Company.

## Report of the directors (continued)

### Directors and directors' interests

The directors who served during the year were:

R Varakian	(appointed 3 December 2002)
E Bescoby	(resigned 10 December 2002)
J M Hall	
A F Welham	
S G Marble	(appointed 3 December 2002)
R L Skillen	(resigned 5 December 2002)

At the beginning and end of the year none of the directors or their families had any interest in, or option or other right to subscribe for, the share capital of the Company or in any other group undertaking incorporated in the United Kingdom.

### Employees

The Group recognises the need for good communication and is committed to involving all employees in its development. Employees are kept informed of, consulted and encouraged to express their views on matters which are likely to affect their interest in and contribution to their company, its profitability and performance.

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Where an employee becomes disabled whilst employed, arrangements are made wherever practicable to continue their employment or provide training for any other suitable position. Disabled persons are eligible to participate in all career development opportunities available to staff. All employees are given opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers.

### Charitable donations and political donations

Charitable donations made during the year amounted to £5,898 (2002: £3,455). There were no political donations.

### Supplier payment policy

The Company does not follow an external code or standard on payment practice but it is the Group's policy to pay its suppliers in accordance with the agreed terms, provided that the supplier also complies with all relevant terms and conditions.

At 30 September 2003 and 30 September 2002 the Company had no trade creditors.

### Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the Company and Group and of the profit or loss for that financial year. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

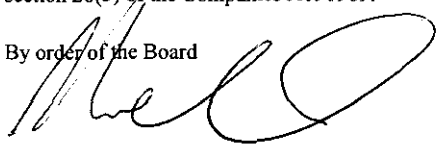
The directors are responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy, at any time the financial position of the Company and enable them to ensure that the accounts comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the Group and to prevent and detect fraud and other irregularities.

### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385(2) of the Companies Act 1985.

On 1 July 2004, the Grant Thornton partnership will transfer its business to a limited liability partnership, Grant Thornton UK LLP and the directors have agreed to extend the audit appointment to Grant Thornton UK LLP with effect from 1 July 2004 in accordance with section 26(5) of the Companies Act 1989.

By order of the Board

  
A F Welham  
Secretary

# Grant Thornton

St Johns Centre  
110 Albion Street  
Leeds  
LS2 8LA

## Report of the Independent Auditors to the members of Ring Limited

We have audited the financial statements of Ring Limited for the year ended 30 September 2003 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, consolidated statement of recognised gains and losses and notes 1 to 24. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the Company's members those matters we are required to state in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or the opinions we have formed.

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with 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 the relevant legal and regulatory requirements and United Kingdom auditing standards.

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 directors' 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 the information specified by law regarding directors' remuneration and transactions with the Company is not disclosed.

We read the other information contained in the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

### Basis of opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the Company and the Group as at 30 September 2003 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Grant Thornton  
Registered Auditors  
Chartered Accountants  
Leeds  
24 June 2004

**Consolidated profit and loss account**  
*for the year ended 30 September 2003*

	Note	2003 £'000	2002 £'000
<b>Turnover - continuing operations</b>	2	85,768	82,613
Cost of sales	3	(55,502)	(57,472)
<b>Gross profit</b>		<u>30,266</u>	<u>25,141</u>
Operating costs	3	(20,441)	(19,830)
<b>Operating profit - continuing operations</b>		<u>9,825</u>	<u>5,311</u>
Profit on sale of land and buildings		-	158
<b>Profit on ordinary activities before interest</b>		<u>9,825</u>	<u>5,469</u>
Interest receivable	6	243	-
Interest payable and similar charges	6	(10)	(140)
<b>Profit on ordinary activities before taxation</b>		<u>10,058</u>	<u>5,329</u>
Tax on profit on ordinary activities	7	(2,796)	(1,459)
<b>Profit for the financial year</b>		<u>7,262</u>	<u>3,870</u>
Preference dividends payable to minority interests	8	(125)	(125)
Dividends - equity shares	8	(3,100)	-
<b>Retained profit for the financial year transferred to reserves</b>	18	<u>4,037</u>	<u>3,745</u>

The notes to the financial statements on pages 9 to 21 form an integral part of these accounts.

**Balance sheets**  
*at 30 September 2003*

	Note	Group		Company	
		30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
<b>Fixed assets</b>					
Intangible assets	9	1,764	1,881	-	-
Tangible assets	10	1,237	1,449	-	-
Investments	11	-	-	26,698	26,698
		<b>3,001</b>	<b>3,330</b>	<b>26,698</b>	<b>26,698</b>
<b>Current assets</b>					
Stocks	12	15,116	14,416	-	-
Debtors: amounts falling due within one year	13	20,189	18,155	10,333	21,779
amounts falling due after more than one year	13	-	12	-	12
Cash at bank and in hand		837	196	-	358
		<b>36,142</b>	<b>32,779</b>	<b>10,333</b>	<b>22,149</b>
<b>Creditors: amounts falling due within one year</b>	14	<b>(19,403)</b>	<b>(20,387)</b>	<b>(6,012)</b>	<b>(17,973)</b>
<b>Net current assets</b>		<b>16,739</b>	<b>12,392</b>	<b>4,321</b>	<b>4,176</b>
<b>Total assets less current liabilities</b>		<b>19,740</b>	<b>15,722</b>	<b>31,019</b>	<b>30,874</b>
<b>Creditors: amounts falling due after more than one year</b>	15	<b>(10)</b>	<b>(29)</b>	<b>-</b>	<b>-</b>
<b>Minority interest</b>		<b>(99)</b>	<b>(99)</b>	<b>-</b>	<b>-</b>
<b>Net assets</b>		<b>19,631</b>	<b>15,594</b>	<b>31,019</b>	<b>30,874</b>
<b>Capital and reserves</b>					
Called-up share capital					
- equity shares	17	19,823	19,823	19,823	19,823
- non-equity shares	17	2,386	2,386	2,386	2,386
		<b>22,209</b>	<b>22,209</b>	<b>22,209</b>	<b>22,209</b>
Other reserves	18	1,050	4,695	2,333	5,978
Profit and loss account	18	(3,628)	(11,310)	6,477	2,687
<b>Total shareholders' funds</b>		<b>19,631</b>	<b>15,594</b>	<b>31,019</b>	<b>30,874</b>

The notes to the financial statements on pages 9 to 21 form an integral part of these accounts.

The accounts were approved by the Board of Directors on 24 June 2004 and signed on its behalf by:

**J M Hall**  
Director

**A F Welham**  
Director



## Other primary statements

### Statement of recognised gains and losses

	2003 £'000	2002 £'000
Total recognised gains and losses relating to the year	4,037	3,745
Prior period adjustment re the adoption of FRS19	-	997
Total gains and losses recognised since last annual report	<u>4,037</u>	<u>4,742</u>

### Reconciliation of movements in shareholders' funds

	2003 £'000	2002 £'000
Profit for the financial year	7,262	3,870
Preference dividends payable to minority interests	(125)	(125)
Ordinary dividends paid on equity shares	(3,100)	-
Net increase in shareholders' funds	<u>4,037</u>	<u>3,745</u>
Opening shareholders' funds	<u>15,594</u>	<u>11,849</u>
Closing shareholders' funds	<u>19,631</u>	<u>15,594</u>
Attributable to:		
Equity share interests	17,245	13,208
Non-equity share interests	<u>2,386</u>	<u>2,386</u>
	<u>19,631</u>	<u>15,594</u>

**Consolidated cash flow statement**  
*for the year ended 30 September 2003*

	2003 £'000	2002 £'000
Cash flow from operating activities (note 19)	7,012	4,404
Returns on investments and servicing of finance (note 20)	74	(410)
Taxation	(2,105)	(610)
Capital expenditure and financial investment (note 20)	(202)	619
Acquisitions and disposals (note 20)	15	16
Equity dividends paid	(3,100)	-
<b>Cash inflow before financing</b>	<b>1,694</b>	<b>4,019</b>
Financing (note 20)		
- Repayment of debt	(112)	(338)
<b>Increase in cash in the year</b>	<b>1,582</b>	<b>3,681</b>

**Reconciliation of net cash flow to movement in net funds/(debt)**

	2003 £'000	2002 £'000
Increase in cash in the year	1,582	3,681
Cash outflow from decrease in debt and lease financing	112	338
Change in net debt resulting from cash flows	1,694	4,019
New finance leases	-	(23)
Movement in net funds/(debt) in the year	1,694	3,996
Net debt at beginning of year	(883)	(4,879)
Net funds/(debt) at end of year	811	(883)

**Net funds/(debt) is comprised of:**

	2003 £'000	2002 £'000
Bank overdraft and short term loans net of cash at bank	837	(745)
Obligations under finance leases	(26)	(138)
<b>Net funds/(debt)</b>	<b>811</b>	<b>(883)</b>

The notes to the financial statements on pages 9 to 21 form an integral part of these accounts.

## Notes to the financial statements

### 1 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the financial statements, except for the adoption of new financial reporting standards introduced during the year. The effect of these are disclosed where relevant.

#### *Basis of preparation*

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

#### *Basis of consolidation*

The consolidated accounts incorporate the accounts of the Company and each of its subsidiary undertakings for the year ended 30 September. The results of subsidiary undertakings acquired or disposed of during the year, and requiring to be acquisition accounted, are included in the consolidated profit and loss account from or up to the effective date of acquisition or disposal.

#### *Turnover*

Turnover comprises the invoiced value of goods and services supplied by the Group, net of VAT and intra-group transactions.

#### *Leased assets*

Assets held under leasing arrangements that give rights approximating to ownership are capitalised as finance leases. The amount capitalised is the present value of the minimum payments payable during the term of each lease. The corresponding leasing commitments are included in creditors. The interest element of the rental obligations is charged to the profit and loss account using the annuity method.

Rentals in respect of all other leases are charged to the profit and loss account on a straight line basis over the lease term.

#### *Depreciation*

Freehold and long leasehold land is not depreciated. Depreciation on other assets is calculated to write off the cost on a straight line basis over the estimated useful lives, at the following rates:

Freehold buildings	- 50 years
Long leasehold property	- 40 years
Leasehold improvements	- over period of lease
Plant and equipment	- 3 - 15 years
Motor vehicles	- 4 - 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

#### *Stocks*

Stocks are valued at the lower of cost, on a first in first out basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of production overheads.

#### *Deferred taxation*

In accordance with FRS 19 "Deferred Tax", deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in years different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *Goodwill*

In accordance with FRS 10 "Goodwill and Intangible Assets", goodwill, being the excess of the fair value of the purchase consideration over the fair value of the net assets at the time of the purchase of the business, is capitalised and amortised over a maximum estimated useful life of 20 years on a straight line basis. Goodwill written off in periods prior to the implementation of FRS 10 will not be reinstated except in the event of a business being sold, where the goodwill is written back in calculating the profit or loss on disposal. In the event of a business being sold when the goodwill has been capitalised the associated goodwill is written off in the profit and loss account. The directors consider annually whether a provision against the value of goodwill on an individual investment basis is required.

## Notes to the financial statements

### 1 Accounting policies (continued)

#### *Pension benefits*

The Group operates a defined benefit pension scheme as well as several defined contribution pension schemes. The assets of these schemes are held separately from those of the Company and the Group in independently administered funds. With the exception of the provision for the underfunding of the defined benefit scheme, contributions to the schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. Contributions to certain personal pension policies are charged to the profit and loss account as incurred.

#### *Foreign currency translation*

Transactions denominated in a foreign currency are translated into sterling at either the rate of exchange ruling on the date of the transaction or at the exchange rate of a forward foreign currency contract taken out to cover that transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date, unless they are covered by a related forward foreign currency contract, in which case the exchange rate applicable to the contract is used. Gains or losses on translation are included in the profit and loss account.

### 2 Segmental analysis

An analysis of turnover and operating profit (which all originated in the United Kingdom) is:

	Turnover 2003 £'000	Operating profit 2003 £'000	Turnover 2002 £'000	Operating profit 2002 £'000
Continuing operations	85,768	9,825	82,613	5,311
			2003 £'000	2002 £'000
<i>Turnover by destination</i>				
United Kingdom			82,160	79,350
Europe			2,969	2,647
Far and Middle East			74	123
North America			326	302
Rest of World			239	191
			85,768	82,613

In the opinion of the directors there was only one segment of trade at both 30 September 2003 and 30 September 2002 and that all the net assets were utilised in that trade.

### 3 Cost of sales and operating costs

	2003 £'000	2002 £'000
Cost of sales	55,502	57,472
<i>Operating costs:</i>		
Distribution costs	7,846	8,187
Selling & marketing costs	6,663	5,692
Administrative costs	5,646	5,309
Amortisation of goodwill	117	116
	20,272	19,304
Net exceptional operating costs (see below)	169	526
	20,441	19,830
Net exceptional operating costs comprise:		
	2003 £'000	2002 £'000
Additional pension provisions (note 23)	169	526

## Notes to the financial statements

### 3 Cost of sales and operating costs *(continued)*

*Operating profit is stated after charging/(crediting):*

	2003 £'000	2002 £'000
Auditors' remuneration	62	47
Other fees paid to Grant Thornton	58	13
Hire of plant, equipment and vehicles under operating leases	428	266
Leasehold property rents (net of rents received)	1,165	1,127
Depreciation of tangible fixed assets	497	800
Profit on disposal of tangible fixed assets (excluding land and buildings)	(83)	(33)
Amortisation of intangible fixed assets	117	116

### 4 Staff numbers and costs

The average number of persons employed by the Group (including directors) during the year, analysed by category was as follows:

	2003 Number	2002 Number
Distribution & production	232	207
Selling & marketing	137	136
Administration	49	56
	<b>418</b>	<b>399</b>

The aggregate payroll costs of these persons (including directors emoluments) was:

	2003 £'000	2002 £'000
Wages & salaries	7,359	7,049
Social security costs	648	628
Other employment costs (including pensions)	436	266
	<b>8,443</b>	<b>7,943</b>

### 5 Emoluments of directors

	2003 £'000	2002 £'000
Emoluments	299	390
Contributions to money purchase schemes	200	45
	<b>499</b>	<b>435</b>

Four of the directors who served during the year (2002: three) were remunerated by fellow group undertakings located outside the United Kingdom. No charge for their services is included in these financial statements for either the current or previous year.

Two directors (2002: two) are accruing retirement benefits under money purchase schemes that are charged in these financial statements.

#### Highest paid director

Details of the highest paid director whose costs were charged in these financial statements are:

	2003 £'000	2002 £'000
Emoluments	169	233
Pension contributions	144	26
	<b>313</b>	<b>259</b>

## Notes to the financial statements

### 6 Interest receivable, payable and similar charges

	2003 £'000	2002 £'000
<i>Interest receivable</i>		
Group loans	234	-
On tax refund	9	-
	<u>243</u>	<u>-</u>
<i>Interest payable and similar charges</i>		
Bank loans and overdrafts and other loans repayable within 5 years	21	90
Finance lease charges	4	21
Group loans	-	29
Other	(15)	-
	<u>10</u>	<u>140</u>

### 7 Taxation

	2003 £'000	2002 £'000
<i>Current taxation</i>		
Corporation tax on profit for the year at 30% (2002: 30%)	2,929	1,601
Adjustments in respect of prior years	(269)	(132)
	<u>2,660</u>	<u>1,469</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	136	(10)
	<u>2,796</u>	<u>1,459</u>

The actual current tax charge for the year differs to the standard rate of tax for the reasons set out in the following reconciliation:

	2003 £'000	2002 £'000
Profit on ordinary activities before tax	<u>10,058</u>	<u>5,329</u>
Tax on profit on ordinary activities at standard rate	3,017	1,599
<i>Factors affecting charge for the year:</i>		
Profit on sale of land and buildings covered by capital losses	-	(48)
Adjustments in respect of prior periods	(269)	(132)
Excess capital allowances over depreciation	(48)	(16)
Expenses not deductible for tax purposes	70	36
Other timing differences	(110)	30
<b>Current taxation charge for the year</b>	<u>2,660</u>	<u>1,469</u>

### 8 Dividends

	2003 £'000	2002 £'000
Preference dividends payable to minority interests	125	125
Ordinary - equity shares - Interim dividend of 7.82p per share	3,100	-
	<u>3,225</u>	<u>125</u>

Catalina International Limited, the Company's immediate parent company, which owns 74.0% of the issued 19.2% convertible preference shares of 25p each, has waived its right to receive dividends on those shares.

## Notes to the financial statements

### 9 Intangible assets

	Goodwill £'000
<b>Group</b>	
<i>Cost</i>	
At 1 October 2002 and 30 September 2003	<u>2,323</u>
<i>Amortisation</i>	
At 1 October 2002	442
Charge for the year	<u>117</u>
At 30 September 2003	<u>559</u>
<i>Net book amounts</i>	
At 30 September 2003	<u>1,764</u>
At 30 September 2002	<u>1,881</u>

### 10 Tangible fixed assets

	Long leasehold property £'000	Plant, equipment & vehicles £'000	Total £'000
<b>Group</b>			
<i>Cost</i>			
At 1 October 2002	421	5,186	5,607
Additions	-	375	375
Disposals	-	(651)	(651)
At 30 September 2003	<u>421</u>	<u>4,910</u>	<u>5,331</u>
<i>Depreciation</i>			
At 1 October 2002	94	4,064	4,158
Charge for the year	10	487	497
Disposals	-	(561)	(561)
At 30 September 2003	<u>104</u>	<u>3,990</u>	<u>4,094</u>
<i>Net book amounts</i>			
At 30 September 2003	<u>317</u>	<u>920</u>	<u>1,237</u>
At 30 September 2002	<u>327</u>	<u>1,122</u>	<u>1,449</u>

Included in tangible fixed assets at 30 September 2003 are assets held under finance leases and hire purchase with a net book value of £39,000.  
 (2002: £156,000)

## Notes to the financial statements

### 11 Fixed asset investments

	Company	
	30 September 2003 £'000	30 September 2002 £'000
<i>Investment in subsidiary undertakings</i>		
<i>Cost</i>		
At 1 October 2002 and 30 September 2003	49,028	49,028
<i>Provisions</i>		
At 1 October 2002 and 30 September 2003	22,330	22,330
<i>Net book amounts</i>	26,698	26,698

#### *Investment in subsidiary undertakings*

The principal subsidiary undertakings, all of which are registered in England and Wales and based in the United Kingdom, at 30 September 2003 that have traded during the year were:

<i>Principal subsidiary undertaking</i>	<i>Principal activity</i>
<i>Distribution</i>	
Ring Lamp Company Ltd	Automotive parts and lighting distributor
BMAC Ltd	Transportation lighting equipment assembler and distributor
Van-Line Ltd	Automotive accessories and spares distributor
Lancer Products Ltd *	Automotive parts distributor
Lighten Point Corporation Europe Ltd *	Automotive parts distributor
Grove Products (Caravan Accessories) Ltd *	Caravan accessories distributor
Arctic Products Ltd *	Pipe freezing equipment and gas and plumbing consumables distributor
<i>Head Office</i>	
British Syphon Industries Ltd *	Distribution holding company
Marshall's Universal Ltd	Distribution holding company
Newton Mill Ltd	Distribution holding company
Graystone Ring Ltd *	Distribution holding company
Ring Group Ltd	Distribution holding company

\* Direct subsidiaries of the parent undertaking, Ring Limited.

The parent undertaking or its subsidiary undertakings own 100% of the ordinary and preference issued share capitals of the above undertakings, with the exception of Newton Mill Ltd in which 49.4% of the preference shares are held by external parties.

### 12 Stocks

	Group	
	30 September 2003 £'000	30 September 2002 £'000
Raw materials and consumables	724	794
Finished goods and goods for resale	14,392	13,622
	15,116	14,416



## Notes to the financial statements

### 13 Debtors

	Group		Company	
	30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
Trade debtors	13,485	15,637	-	-
Amounts owed by group undertakings	4,725	-	-	-
Amounts owed by subsidiary undertakings	-	-	8,049	19,754
Other debtors	635	1,013	-	-
Prepayments	447	469	47	330
Corporation tax recoverable	-	-	1,543	923
Deferred taxation (note 16)	871	1,007	668	743
Deferred consideration for sale of operations of subsidiary undertakings	26	29	26	29
	<b>20,189</b>	<b>18,155</b>	<b>10,333</b>	<b>21,779</b>
Amounts falling due after more than one year:				
Deferred consideration for sale of operations of subsidiary undertakings	-	12	-	12
	<b>20,189</b>	<b>18,167</b>	<b>10,333</b>	<b>21,791</b>

### 14 Creditors: amounts falling due within one year

	Group		Company	
	30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
Bank overdraft	-	941	1,235	-
Trade creditors	9,966	9,773	-	-
Amounts owed to group undertakings	2,630	2,692	223	505
Amounts owed to subsidiary undertakings	-	-	2,133	14,785
Corporation tax payable	1,375	820	-	-
Other taxation and social security costs	1,188	1,388	19	22
Other creditors and accruals	4,194	4,630	2,372	2,631
Obligations under finance leases	16	109	-	-
Non-equity dividends	34	34	30	30
	<b>19,403</b>	<b>20,387</b>	<b>6,012</b>	<b>17,973</b>

The bank overdraft is secured by a floating charge over the Group's assets.

### 15 Creditors: amounts falling due after more than one year

	Group		Company	
	30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
Obligations under finance leases	10	29	-	-

The total borrowings (including finance leases) of the Group are repayable as follows:

	Bank overdrafts		Finance lease and other borrowings	
	30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
Within one year	-	941	16	109
Between one and two years	-	-	9	18
Between two and five years	-	-	1	11
	<b>-</b>	<b>941</b>	<b>26</b>	<b>138</b>

## Notes to the financial statements

### 16 Deferred taxation

Movements in deferred taxation assets, calculated at the rate of 30% (2002: 30%), during the year are as follows:

	Group		Company	
	30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
At 1 October 2002	1,007	997	743	700
(Charged)/credited during the year	(136)	10	(75)	43
At 30 September 2003	871	1,007	668	743

Deferred taxation assets recognised in the Group accounts and the amounts not recognised, calculated at the rate of 30% (2002: 30%), are as follows:

	Recognised		Not recognised	
	30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
Capital allowances	136	183	-	-
Other timing differences	735	824	-	-
Trading losses carried forward	-	-	39	39
Capital losses carried forward (see below)	-	-	5,483	5,682
	871	1,007	5,522	5,721

The capital losses are based on the submitted tax computations extant at 30 September 2002. No deferred tax asset has been recognised on these losses as in the opinion of the directors it is unlikely that they will be realised in the foreseeable future.

### 17 Called-up share capital

The authorised and allotted share capital at 30 September 2003 and 30 September 2002 was:

	Authorised		Allotted, called-up and fully paid	
	30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
<i>Equity shares</i>				
Ordinary shares of 50p each	28,250	28,250	19,823	19,823
<i>Non-equity shares</i>				
19.2% convertible preference shares of 25p each	5,000	5,000	2,373	2,373
3.5% cumulative preference shares of 62.5p each	13	13	13	13
	5,013	5,013	2,386	2,386
Total	33,263	33,263	22,209	22,209

On 1 January 2004, 9,492,295 19.2% convertible preference shares of 25p each were converted into ordinary shares of 50p each on the basis of two ordinary shares for every five preference shares. The difference between the par value of the preference shares converted and the ordinary shares issued has been credited to a non-distributable capital reserve.

Until 1 January 2004 the holders of the convertible preference shares were not entitled to vote at general meetings so long as dividends were not greater than six months in arrears. On a winding up, the assets available for distributions would have been applied to repaying the convertible preference shareholders, in priority to the equity shareholders, at a rate of £1 per fully paid share and arrears of dividends due.

The holders of the cumulative preference shares of 62.5p each are entitled to receive, with equal priority to the convertible preference shareholders, a fixed dividend of 3.5% per annum. The holders of the cumulative preference shares are not entitled to vote at general meetings so long as dividends are not greater than six months in arrears. On a winding up, the assets available for distribution shall be applied to repaying the preference shareholders, in priority to the equity shareholders, at a rate of £1 per fully paid share and arrears of dividends due.

## Notes to the financial statements

### 18 Reserves

	Other non-distributable reserves £'000	Profit and loss account £'000
<b>Group</b>		
At 1 October 2002	4,695	(11,310)
Reclassification relating to share premium reduction (see below)	(3,645)	3,645
Retained profit for the financial year	-	4,037
<b>At 30 September 2003</b>	<b>1,050</b>	<b>(3,628)</b>
<b>Company</b>		
At 1 October 2002	5,978	2,687
Reclassification relating to share premium reduction (see below)	(3,645)	3,645
Retained profit for the financial year	-	145
<b>At 30 September 2003</b>	<b>2,333</b>	<b>6,477</b>

As previously reported, the High Court granted an Order on 31 January 2001 to reduce the share premium account by a total of £10,405,000 to £nil. In accordance with the Order any increase in reserves as a result of specified events, most notably the increase in the realisation value of the assets of the Company held at the time of the Order, are to be held in a non-distributable Special Reserve Account until there are no remaining outstanding debts or claims against the Company at the time the reduction in the share premium account became effective. These conditions have now been met and the balance on the Special Reserve Account has been transferred back to the Profit and Loss account.

In accordance with the exemption allowed by section 230 (1) of the Companies Act 1985 the Company has not presented its own profit and loss account. The profit for the year before dividends paid and proposed was £3,363,000 (2002: £3,019,000).

The cumulative amount of goodwill written off directly against reserves in relation to acquisitions, net of goodwill relating to businesses disposed of, is £25,506,000 (2002: £25,506,000).

### 19 Reconciliation of operating profit to operating cash flows

	30 September 2003 £'000	30 September 2002 £'000
Operating profit	9,825	5,311
Depreciation charges	497	800
Amortisation of goodwill	117	116
Profit on disposal of fixed assets (excluding land and buildings)	(83)	(33)
Increase in stocks	(700)	(473)
Increase in debtors	(2,173)	(2,331)
(Decrease)/increase in creditors	(471)	1,014
Net cash inflow from operating activities	<b>7,012</b>	<b>4,404</b>

## Notes to the financial statements

### 20 Analysis of cash flows for headings netted in the cash flow statement

	30 September 2003 £'000	30 September 2002 £'000
<i>Returns on investments and servicing of finance</i>		
Interest received	243	-
Interest paid	(40)	(145)
Preference dividends paid to minority interests	(125)	(244)
Interest element of finance lease rental payments	(4)	(21)
Net cash inflow/(outflow) from returns on investments and servicing of finance	74	(410)
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(375)	(352)
Disposal of tangible fixed assets	173	971
Net cash (outflow)/inflow from capital expenditure and financial investment	(202)	619
<i>Acquisitions and disposals</i>		
Deferred consideration from prior year disposals of subsidiary undertaking	15	16
Net cash inflow from acquisitions and disposals	15	16
<i>Financing</i>		
Capital element of finance lease payments	(112)	(338)
Net cash outflow from financing	(112)	(338)

### 21 Financial commitments

Authorised future capital expenditure amounted to:

	Group		Company	
	30 September 2003 £'000	30 September 2002 £'000	30 September 2003 £'000	30 September 2002 £'000
Contracted	36	7	-	-

At 30 September 2003 the Group and Company were committed to making the following payments during the next year in respect of operating leases:

	Group		Company	
	Land and buildings £'000	Plant, equipment and vehicles £'000	Land and buildings £'000	Plant, equipment and vehicles £'000
Leases expiring:				
Within one year	81	16	-	-
Within one to five years	13	387	-	-
In more than five years	766	-	-	-
	860	403	-	-

### 22 Contingent liabilities

	30 September 2003 £'000	30 September 2002 £'000
Overdrafts and loans guaranteed in respect of group undertakings	2,144	7,175

In addition, the Company, as part of the overall cross-group banking facility arrangements, guarantees letters of credit raised by fellow group undertakings.

At 30 September 2003 the guarantee was secured by a floating charge over the assets of the United Kingdom sub-group, of which the Company is a member, headed by Catalina International Limited.

## Notes to the financial statements

### 23 Pension schemes

The Company operates a contracted out defined benefit scheme covering certain subsidiary undertakings. The scheme is administered externally and the assets are held separately by professional investment fund managers. Up to 7 April 2003 the scheme was partly funded by contributions from members at 5% of pensionable salary and contributions from participating companies. Pensionable salary is calculated at each 6 April and based on gross pay in the preceding 12 calendar months. On 7 April 2003 employees stopped accruing benefits under the Group's contracted-out defined benefit pension scheme and there are now no active members in the scheme. Those employees are now members of a defined contribution pension scheme. Responsibility for the ongoing funding of the defined benefit scheme in respect of accrued benefits will rest with Ring Limited.

A triennial valuation of the scheme was carried out by a qualified independent actuary at 5 April 2003 which showed the scheme was underfunded against the Minimum Funding Requirement. Following the valuation it was agreed that the employers would pay contributions at the rate of 18.2% of pensionable salary, less member contributions, plus £35,000 per month. This was subsequently reduced to £26,000 per month from October 2003. The total costs charged in the year to this scheme, excluding the provision for the underfunding, were £53,000 (2002: £59,000).

An updated partial valuation of the scheme was completed by the actuary as at 30 September 2003 which showed the scheme was underfunded against the Minimum Funding Requirement by £2,100,000. As a result the Group provided an additional amount of £169,000 in the year. At 30 September 2003 there is a provision of £2,166,000 for pension costs, including expenses and expected equalisation liabilities.

The Group currently accounts for pensions under SSAP 24. Under the transitional arrangements for FRS 17, the Group is required to provide additional disclosures relating to the defined benefit pension scheme. These are provided below and have been based on the full actuarial valuation as at 5 April 2003, updated to the current year end.

The assets in the scheme and expected rate of return at 30 September were:

	Long term rate of return expected 2003	Estimated value 2003 £'000	Long term rate of return expected 2002	Estimated value 2002 £'000	Long term rate of return expected 2001	Estimated value 2001 £'000
<i>Asset</i>						
Equities	6.75%	4,658	6.5%	3,861	7.0%	4,438
Gilts	4.75%	3,554	4.5%	3,484	5.0%	3,519
Corporate Bonds (AAA)	5.25%	2,118	5.5%	2,071	5.5%	2,009
Other (cash)	-	-	-	-	5.0%	30
		<u>10,330</u>		<u>9,416</u>		<u>9,996</u>

The liabilities of the scheme at 30 September were calculated on the following basis as required under FRS 17:

	2003	2002	2001
<i>Assumptions</i>			
Discount rate	5.19%	5.44%	6.00%
Rate of increase in salaries	n/a	4.25%	4.50%
Rate of increase in pensions in payment	2.75%	2.25%	2.50%
Rate of increase in pensions in deferment	2.75%	2.25%	2.50%
Inflation assumption	2.75%	2.25%	2.50%

The balance sheet position for the Group's defined contribution scheme as calculated under FRS 17 at 30 September was as follows:

	2003 £'000	2002 £'000	2001 £'000
Fair value of assets	10,330	9,416	9,996
Present value of scheme liabilities	(15,665)	(14,619)	(13,013)
Deficit in the scheme	(5,335)	(5,203)	(3,017)
Related deferred tax asset at 30%	1,601	1,561	905
Net pension liability	<u>(3,734)</u>	<u>(3,642)</u>	<u>(2,112)</u>

## Notes to the financial statements

### 23 Pension schemes (continued)

Analysis of the movement in the scheme deficit during the year:

	2003 £'000	2002 £'000
Opening deficit at 1 October	(5,203)	(3,017)
Current service cost	(33)	(60)
Contributions	450	430
Gain arising on curtailment	205	-
Other finance charge	(263)	(171)
Actuarial losses	(491)	(2,385)
Closing deficit at 30 September	<u>(5,335)</u>	<u>(5,203)</u>

Amounts that would have been included within the financial statements for the year ended 30 September 2003 had FRS 17 been applied in full rather than the transitional arrangements are as follows:

*Amounts (credited)/charged within operating profit:*

	2003 £'000	2002 £'000
Current service cost	33	60
Past service costs	-	-
Gains arising on curtailment	(205)	-
Total (credited)/charged within operating profit	<u>(172)</u>	<u>60</u>

*Amounts charged/(credited) as other finance costs:*

	2003 £'000	2002 £'000
Expected return on scheme assets	(524)	(600)
Interest cost on scheme liabilities	787	771
Net finance charge	<u>263</u>	<u>171</u>

*Amounts that would have been included within the Statement of Total Recognised Gains and Losses*

Amounts that would have been included within the Statement of Total Recognised Gains and Losses in the year to 30 September 2003 had FRS 17 been applied in full rather than the transitional arrangements are shown below, expressed in monetary amounts and as a percentage of:

- (i) scheme assets at the balance sheet date; and
- (ii) present value of the scheme liabilities at the balance sheet date.

	2003 £'000	2003 %	2002 £'000	2002 %
Difference between actual and expected return on scheme assets (i)	291	3%	(1,211)	(13%)
Experience loss arising on scheme liabilities (ii)	209	1%	(12)	(0%)
Effects of changes in assumptions underlying the present value of scheme liabilities (ii)	<u>(991)</u>	<u>(6%)</u>	<u>(1,162)</u>	<u>(8%)</u>
Total actuarial losses recognised in the STRGL (ii)	<u>(491)</u>	<u>(3%)</u>	<u>(2,385)</u>	<u>(16%)</u>

Had the Group adopted FRS 17 in full rather than the transitional arrangements, the profit and loss accounts at 30 September would have been stated as follows:

	Group			Company		
	2003 £'000	2002 £'000	2001 £'000	2003 £'000	2002 £'000	2001 £'000
Profit and loss account in the financial statements at the year end	(3,628)	(11,310)	(11,410)	6,477	2,687	3,432
Deficit in relation to the defined benefit scheme	(3,734)	(3,642)	(2,112)	(3,734)	(3,642)	(2,112)
SSAP 24 provision	1,800	1,900	1,818	1,800	1,900	1,818
Profit and loss account as adjusted	<u>(5,562)</u>	<u>(13,052)</u>	<u>(11,704)</u>	<u>4,543</u>	<u>945</u>	<u>3,138</u>

The Group also operates a defined contribution scheme covering subsidiary undertakings in the Group. The total pension cost for the year in respect of this scheme was £297,000 (2002: £120,000).

## Notes to the financial statements

### 24 Ultimate parent company

Sun Capital Partners, LLC, a limited liability company incorporated in the State of Delaware, USA, is the Company's ultimate holding company.

Catalina International Limited is the ultimate parent company based in the United Kingdom.

Catalina International Limited is the parent undertaking of the largest United Kingdom based group of which the Company is a member and for which group accounts are prepared. Copies of its accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ on the payment of a small fee.