

REGISTRAR'S COPY

COMPANY NUMBER 1813066

Bolsius (UK) Limited

Report and Financial Statements

Year Ended
31 March 1999



BDO

BDO Stoy Hayward
Chartered Accountants

BOLSIUS (UK) LIMITED

Annual report and financial statements for the year ended 31 March 1999

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Director

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Directors

F H Rats

Secretary and registered office

Secretarial Services Limited, Bowman House, 2/10 Bridge Street, Reading, Berkshire RG1 2LU

Company number

1813066

Auditors

BDO Stoy Hayward, Bowman House, 2/10 Bridge Street, Reading, Berkshire RG1 2LU.

BOLSIUS (UK) LIMITED

Report of the director for the year ended 31 March 1999

The director presents his report, together with the audited financial statements for the year ended 31 March 1999.

Results and dividends

The results of the company for the period are set out on page 4.

The director does not recommend the payment of a final ordinary dividend.

Principal activities, trading review and future developments

During the year the company was engaged in the production, marketing, importation and distribution of candles.

Subsequent to the year end the company's activities in the UK were significantly reorganised to the extent that it now operates as an importer and distributor of candles only. All production is carried out by other group companies. Consequently, the financial results for the year ended 31 March 1999 include significant non-recurring costs relating to, among other things, stock obsolescence, write down of fixed assets to recoverable amounts and exceptional production costs.

The director believes that the reorganisation will enable the company to continue their marketing and sales activities in the UK in a prosperous way.

Year 2000 compliance

The director recognises the year 2000 problem as a potentially serious issue. He considered the risks and implications not just across the company but also as a result of the systems of major customers and suppliers not being year 2000 compliant. Where problems were identified, upgrading or replacement took place. Additional costs not covered by existing maintenance contracts did not exceed annual spending levels for ongoing renewal and maintenance expenditure.

Since the end of 1999 no problems have been experienced by the company related to the year 2000 issue. The director is however, continuing to monitor the issue internally and externally.

Directors

The directors of the company during the year were:

F H Rats (appointed 11 February 2000)

G J M Roefs (resigned February 2000)

C R Gulliver (resigned 31 January 2000)

A J Ellson (appointed 20 July 1998) (resigned 29 February 2000)

No director had any interest in the ordinary share capital of the company.

BOLSIUS (UK) LIMITED

Report of the directors for the year ended 31 March 1999 *(Continued)*

Director's responsibilities

Company law requires the director 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 director is required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements 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 them to ensure that the financial statements 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.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

On behalf of the Board



F H Rats
Director

Date: 26 April 2000

BOLSIUS (UK) LIMITED

Report of the auditors

To the shareholders of Bolsius (UK) Limited

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the 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.

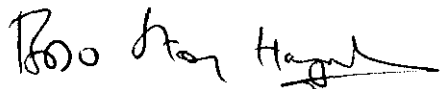
Basis of opinion

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 as at 31 March 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*
Reading

Date: 26 April 2000

BOLSIUS (UK) LIMITED**Profit and loss account for the year ended 31 March 1999**

	Note	Year ended 31 March 1999 £	15 month period ended 31 March 1998 £
Turnover	2	6,706,807	8,495,666
Cost of sales		4,962,118	5,590,460
Gross profit		1,744,689	2,905,206
Distribution costs		(530,029)	(679,267)
Administrative expenses		(3,176,759)	(3,387,891)
Operating loss	3	(1,962,099)	(1,161,952)
Interest receivable		3,221	12,540
Interest payable	4	(248,266)	(540,131)
Loss on ordinary activities before and after taxation and amount transferred to reserves		(2,207,144)	(1,689,543)

The reduction in shareholders' funds represents the loss for the year

All amounts relate to continuing activities

All recognised gains and losses are included in the profit and loss account

The notes on pages 7 to 14 form part of these financial statements

BOLSIUS (UK) LIMITED**Balance sheet at 31 March 1999**

	Note	31 March 1999		31 March 1998	
		£	£	£	£
Fixed assets					
Tangible assets	7		1,785,666		2,361,314
Current assets					
Stocks	8	969,642		1,622,744	
Debtors	9	1,224,178		1,423,897	
Cash at bank and in hand		226,442		48,501	
			2,420,262		3,095,142
Creditors: amounts falling due within one year	10	4,398,133		6,691,517	
Net current liabilities			(1,977,871)		(3,596,375)
Total assets less current liabilities			(192,205)		(1,235,061)
Capital and reserves					
Called up share capital	11		1,250,000		1,250,000
Capital contribution reserve	12	3,250,000		-	
Profit and loss account	12	(4,692,205)		(2,485,061)	
			(1,442,205)		(2,485,061)
Equity shareholders' funds			(192,205)		(1,235,061)

The financial statements were approved by the Board on 26 April 2000.


F H Rats
Director

The notes on pages 7 to 14 form part of these financial statements.

BOLSIUS (UK) LIMITED**Cash flow statement for the year ended 31 March 1999**

	Note	Year ended 31 March 1999		15 month period ended 31 March 1998	
		£	£	£	£
Net cash inflow from operating activities	16		416,216		175,073
Returns on investments and servicing of finance					
Interest received		3,221		12,540	
Interest paid		(203,266)		(540,131)	
			(200,045)		(527,591)
Capital expenditure					
Purchase of tangible fixed assets		(120,525)		(240,726)	
Sale of tangible fixed assets		-		100	
			(120,525)		(240,626)
Increase/(decrease) in cash	18		95,646		(593,144)

The notes on pages 7 to 14 form part of these financial statements.

BOLSIUS (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1999

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The principal accounting policies, which did not change during the year are:-

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 fixed assets, except freehold land, over their expected useful lives. It is calculated at the following rates:-

Freehold buildings	- 3% per annum
Plant and machinery	- 10-20% per annum
Motor vehicles	- 25% per annum
Computer equipment	- 33.3% per annum
Furniture and equipment	- 25% per annum

Due to a reorganisation of the company's activities subsequent to the year end, fixed assets disposed of have been written down to their recoverable values in accordance with FRS 11: Impairment of fixed assets.

Stocks

Stocks are valued at the lower of purchase cost and net realisable value. Cost is calculated as follows:-

Raw materials	- cost of purchase on first in, first out basis. Cost of purchase comprises the purchase price, together with costs directly attributable to the acquisition of the raw materials.
Work in progress and finished goods	- cost of raw materials, directly attributable labour costs and allocated fixed and variable production overheads.

Net realisable value is based on estimated selling price less estimated further costs to completion and disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Operating lease assets

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

BOLSIUS (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1999 (Continued)

1 Accounting policies (Continued)

Pension costs

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

2 Turnover and loss

The turnover and loss before taxation is wholly attributable to the production, marketing, importation and distribution of candles.

No disclosure of geographical markets supplied is given in these financial statements as the directors consider that it would be seriously prejudicial to the company.

3 Operating loss

	Year ended 31 March 1999 £	15 months ended 31 March 1998 £
Operating loss is stated after charging:		
Hire of plant and machinery - operating leases	-	58,282
Hire of other assets - operating leases	77,959	98,446
Depreciation	304,362	342,769
Impairment write down of tangible fixed assets	391,811	-
Auditors' remuneration - audit services	24,695	22,970
- other services	12,775	11,511
Loss on sale of fixed assets	-	1,500
	<hr/>	<hr/>

4 Interest payable

On bank loans and overdrafts	1,677	2,101
Interest on loans from group companies	246,589	538,030
	<hr/>	<hr/>
	248,266	540,131
	<hr/>	<hr/>

BOLSIUS (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1999 *(Continued)*

5 Employees

	Year ended 31 March 1999	15 months ended 31 March 1998
The average monthly number of employees, including directors, during the period was as follows:	Number	Number
Office and management	8	8
Sales, production and distribution	62	74
	<u>70</u>	<u>82</u>
Staff costs (including directors) consist of:	£	£
Wages and salaries	1,034,892	1,594,915
Social security costs	80,804	96,640
Other pension costs	25,292	28,848
	<u>1,140,988</u>	<u>1,720,403</u>
Directors:		
Emoluments	79,232	100,726
Compensation for loss of office	-	60,000
Pension contributions	1,234	4,563
	<u>80,466</u>	<u>165,289</u>

During the period £39,646, including expenses, was invoiced to the company by FWM Group Limited in respect of the services provided by C R Gulliver as a director of the company. This amount is included within the amounts disclosed above.

One director was a member of the company's defined contribution pension scheme.

6 Taxation

There is no charge to corporation tax due to the loss made during the year.

BOLSIUS (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1999 (Continued)

7	Tangible assets	Freehold land and buildings £	Furniture and equipment £	Plant and machinery £	Motor vehicles £	Total £
	<i>Cost</i>					
	At 1 April 1998	1,701,593	200,186	994,783	-	2,896,562
	Additions	6,184	29,976	56,865	27,500	120,525
	At 31 March 1999	1,707,777	230,162	1,051,648	27,500	3,017,087
	<i>Depreciation</i>					
	At 1 April 1998	83,613	102,159	349,476	-	535,248
	Provided for the year	42,637	65,271	191,813	4,641	304,362
	Impairment write down	81,527	32,732	265,552	12,000	391,811
	At 31 March 1999	207,777	200,162	806,841	16,641	1,231,421
	<i>Net book value</i>					
	At 31 March 1999	1,500,000	30,000	244,807	10,859	1,785,666
	At 31 March 1998	1,617,980	98,027	645,307	-	2,361,314
8	Stocks				31 March 1999 £	31 March 1998 £
	Raw materials				105,461	435,009
	Work in progress				-	14,607
	Finished goods				864,181	1,173,128
					969,642	1,622,744

The directors do not consider that there is any material difference between the value as stated above and replacement cost.

BOLSIUS (UK) LIMITEDNotes forming part of the financial statements for the year ended 31 March 1999 (*Continued*)

9 Debtors	31 March 1999	31 March 1998
	£	£
Amounts receivable within one year:		
Trade debtors	988,791	1,124,397
Amounts owed by group undertakings	43,848	101,503
Other debtors	14,122	424
Corporation tax	66,366	66,366
Prepayments and accrued income	111,051	131,207
	<u>1,224,178</u>	<u>1,423,897</u>

10 Creditors: amounts falling due within one year

Bank overdraft	86,468	4,173
Trade creditors	623,805	653,522
Amounts owed to group undertakings	3,307,143	5,772,786
Other creditors	35,211	43,380
Taxation and social security	146,208	87,617
Accruals	199,298	130,039
	<u>4,398,133</u>	<u>6,691,517</u>

The parent company has undertaken to continue to provide such financial support as may be required by the company in order to meet its financial obligations as they fall due.

11 Share capital

	Authorised		Allotted, called up and fully paid	
	31 March 1999	31 March 1998	31 March 1999	31 March 1998
	£	£	£	£
Ordinary shares of £1 each	<u>2,000,000</u>	<u>2,000,000</u>	<u>1,250,000</u>	<u>1,250,000</u>

BOLSIUS (UK) LIMITEDNotes forming part of the financial statements for the year ended 31 March 1999 *(Continued)***12 Reserves**

	Capital contribution reserve £	Profit and loss account £	Total £
At 1 April 1998	-	(2,485,061)	(2,485,061)
Capital contribution made	3,250,000	-	3,250,000
Loss for the financial year	-	(2,207,144)	(2,207,144)
	<hr/>	<hr/>	<hr/>
At 31 March 1999	3,250,000	(4,692,205)	(1,442,205)
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On 6 November 1998, Bolsius International BV injected £3,250,000 by way of a capital contribution as defined by FRS 4 on capital instruments.

13 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 cost charge represents contributions payable by the company to the fund during the period.

14 Capital commitments

	31 March 1999 £	31 March 1998 £
Contracted for	-	6,000
	<hr/>	<hr/>

15 Commitments under operating leases

As at 31 March 1999 the company had annual commitments under non-cancellable operating leases as set out below:-

	31 March 1999		31 March 1998	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	6,199	-	-
In two to five years	-	16,262	-	15,899
After five years	42,100	-	42,100	-
	<hr/>	<hr/>	<hr/>	<hr/>
	42,100	22,461	42,100	15,899
	<hr/>	<hr/>	<hr/>	<hr/>

BOLSIUS (UK) LIMITED'Notes forming part of the financial statements for the year ended 31 March 1999 (*Continued*)**16 Reconciliation of operating loss to net cash inflow from operating activities**

	Year ended 31 March 1999 £	15 months ended 31 March 1998 £
Operating loss	(1,962,099)	(1,161,952)
Depreciation	304,362	342,769
Exceptional write down of fixed assets	391,811	-
Loss on sale of fixed assets	-	1,500
Decrease in stocks	653,102	525,174
Decrease in debtors	199,719	1,486,808
Increase/(decrease) in creditors	829,321	(1,019,226)
	<hr/>	<hr/>
Net cash inflow from operating activities	416,216	175,073
	<hr/>	<hr/>

17 Reconciliation of net cash outflow to movement in net debt

	£
Increase in cash in the year	95,646
Opening net debt	44,328
	<hr/>
Closing net debt	139,974
	<hr/>

18 Analysis of net debt

	At 1 April 1998 £	Cashflow £	At 31 March 1999 £
Cash in hand and at bank	48,501	177,941	226,442
Bank overdrafts	(4,173)	(82,295)	(86,468)
	<hr/>	<hr/>	<hr/>
	44,328	95,646	139,974
	<hr/>	<hr/>	<hr/>

BOLSIUS (UK) LIMITED

Notes forming part of the financial statements for the year ended 31 March 1999 *(Continued)*

19 Related party transactions

The following companies are subsidiaries of Bolsius Holding BV, the ultimate parent company, and the transactions with these companies during the period have therefore been treated as related party transactions:

Bolsius International BV
Bolsius Kaarsenfabriek BV
Bolsius Boxmeer BV
Kaarsenfabriek Kristen BV
Kaarsenfabriek Hoogeland BV
Bolsius Deutschland GmbH
Bolsius Danmark A/S
Bolsius Polska
SKF Gouda

During the period the following transactions occurred in the ordinary course of business, with the above related parties:-

	Year ended 31 March 1999 £	15 months ended 31 March 1998 £
Turnover	175,126	311,459
Purchases	1,997,071	2,284,716
Overheads recharged	29,973	-
Management charges payable	62,797	54,373

20 Ultimate parent undertaking

The company's parent undertaking is Bolsius International BV, a company incorporated in the Netherlands, which is the parent of both the smallest and largest groups of which the company is a member.

The controlling party of Bolsius International BV is Stichting Administratiekantoor Bolsius.