

Stilexo Industrial (UK) Limited

**Directors' report and financial
statements**

Registered number 1959067

31 December 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 2000.

Principal activities

The principal activity of the company is the manufacture of television and video stands.

The trading results for the year are shown in the profit and loss account on page 4.

Ultimate parent undertaking

The ultimate parent undertaking is Stilexo UK Support AB, a company incorporated in Sweden.

Dividends

The directors do not recommend the payment of a dividend (1999: Nil).

Directors and directors' interests

The directors who held office during the year were as follows:

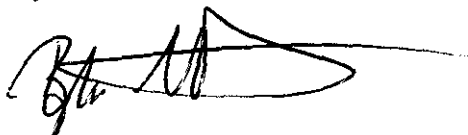
G Johansson
B-A Nilsson

Messrs Johansson and Nilsson both held 50% of the issued share capital of Stilexo UK Support AB at the beginning and end of the year. None of the directors had any disclosable interest in the shares of the company.

Auditors

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



Bengt-Ake Nilsson
Secretary

Penallta Industrial Estate
Ystrad Mynach
Mid Glamorgan
CF82 7QZ

25 May 2001

Statement of directors' responsibilities

Company law requires the directors 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 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Marlborough House
Fitzalan Court
Fitzalan Road
Cardiff
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United Kingdom

Report of the auditors to the members of Stilexo Industrial (UK) Limited

We have audited the financial statements on pages 4 to 15.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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

Basis of audit 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 December 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditors

11 June 2001

Profit and loss account
for the year ended 31 December 2000

	<i>Note</i>	2000 £	1999 £
Turnover	<i>1</i>	7,735,624	6,746,540
Cost of sales		(7,044,299)	(5,883,279)
Gross profit		691,325	863,261
Distribution costs		(155,743)	(110,787)
Administrative expenses		(605,253)	(575,870)
Operating (loss)/profit		(69,671)	176,604
Other interest receivable and similar income	<i>4</i>	12,017	13,851
Interest payable and similar charges	<i>5</i>	(25,635)	(18,887)
(Loss)/profit on ordinary activities before taxation	<i>2-3</i>	(83,289)	171,568
Tax on (loss)/profit on ordinary activities	<i>6</i>	12,899	(44,292)
(Loss)/profit for the financial year		(70,390)	127,276
Retained profit brought forward		976,751	849,475
Retained profit carried forward		906,361	976,751

Turnover and operating (loss)/profit relates entirely to continuing operations.

The company had no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit for the financial year stated above and its historical cost equivalent.

Balance sheet
at 31 December 2000

	Note	2000	1999
		£	£
Fixed assets			
Tangible assets	7	992,822	862,191
Current assets			
Stocks	8	343,834	443,649
Debtors	9	1,814,446	1,322,637
Cash at bank and in hand		97,171	786,752
		<u>2,255,451</u>	<u>2,553,038</u>
Creditors: amounts falling due within one year	10	<u>(1,590,915)</u>	<u>(1,698,258)</u>
Net current assets		<u>664,536</u>	<u>854,780</u>
Total assets less current liabilities		<u>1,657,358</u>	<u>1,716,971</u>
Creditors: amounts falling due after more than one year	11	(262,626)	(272,880)
Provisions for liabilities and charges	12	(27,000)	-
Deferred income	13	(35,467)	(41,436)
Net assets		<u>1,332,265</u>	<u>1,402,655</u>
Capital and reserves			
Called up share capital	14	425,904	425,904
Profit and loss account		906,361	976,751
Shareholders' funds - equity	15	<u>1,332,265</u>	<u>1,402,655</u>

These financial statements were approved by the board of directors on behalf by:

25/5

2001 and were signed on its


G Johansson
Director

Cash flow statement

for the year ended 31 December 2000

	Note	2000 £	1999 £
Cash (outflow)/inflow from operating activities		(369,162)	391,402
Returns on investment and servicing of finance	16	(13,618)	(5,248)
Taxation - corporation tax (payment)/refund		(51,101)	26,608
Capital expenditure and financial investment	16	(247,604)	(281,278)
Cash inflow before financing		(681,485)	131,484
Financing	16	(8,096)	27,673
(Decrease)/increase in cash in the year		(689,581)	159,157

Reconciliation of net cash inflow to movement in net debt

	Note	2000 £	1999 £
(Decrease)/increase in cash in the year		(689,581)	159,157
Cash outflow from repayment of ECSC loan		-	12,500
Cash outflow to repay bank loan		8,096	275,000
Cash inflow from new bank loan		-	(275,173)
Movement in net debt in the year		(681,485)	171,484
Net debt at beginning of year		511,579	340,095
Net debt at end of year	17	(169,906)	511,579

Reconciliation of operating (loss)/profit to cash (outflow)/inflow from operating activities

	2000 £	1999 £
Operating (loss)/profit	(69,671)	176,604
Depreciation of tangible fixed assets	117,483	118,895
(Profit)/loss on disposal of fixed assets	(513)	10,000
Release of grants	(5,969)	(5,969)
Decrease/(increase) in stocks	99,815	(186,262)
Increase in debtors	(457,509)	(612,403)
(Decrease)/increase in creditors	(52,798)	890,537
Net cash (outflow)/inflow from operating activities	(369,162)	391,402

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Land and buildings	-	25 years
Plant and machinery	-	10 years
Motor vehicles	-	4 years
Fixtures and fittings	-	2 -10 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Government grants

Regional development grants are allocated between revenue and capital. The revenue element of the grant is released to the profit and loss account in the year in which the grant is received. The capital element of the grant is released to the profit and loss account over the life of the asset to which the grant relates.

Leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life or the term of the lease, whichever is shorter. Future instalments under such leases, net of finance charges, are included within creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease

Stocks

Stocks are stated at the lower of cost and net realisable value. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Notes (continued)

1 Accounting policies (continued)

Taxation

The charge for taxation is based on the results for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers.

Pensions and other post-retirement benefits

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 amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

2 (Loss)/profit on ordinary activities before taxation

	2000 £	1999 £
<i>(Loss)/profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration - audit work	9,000	7,200
Depreciation	117,483	118,895
Directors' remuneration	76,698	100,434
Pension contributions paid by the company on behalf of a director	3,040	6,560
Operating lease rentals for plant and machinery	13,068	3,893
Management charges	21,000	15,460
Government grants	(5,969)	(5,969)
Rental income	(30,417)	(41,500)
	<hr/>	<hr/>

Notes (continued)

3 Staff numbers and costs

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

	2000	1999
Office and management	5	5
Production	86	75
	<u>91</u>	<u>80</u>

The aggregate payroll costs of these persons were as follows:

	2000 £	1999 £
Wages and salaries	1,518,179	1,479,478
Social security costs	143,606	143,170
Other pension costs (see note 19)	3,040	6,560
	<u>1,664,825</u>	<u>1,629,208</u>

4 Other interest receivable and similar income

	2000 £	1999 £
Bank deposit account	12,017	12,958
Other	-	893
	<u>12,017</u>	<u>13,851</u>

5 Interest payable and similar charges

	2000 £	1999 £
On bank loans, overdrafts and other loans wholly repayable within five years	25,635	18,356
On all other loans	-	531
	<u>25,635</u>	<u>18,887</u>

Notes (continued)

6 Taxation

The credit/(charge) based on the (loss)/profit for the year is as follows:

	2000 £	1999 £
UK corporation tax at 20.25% (1999: 24.6%)	34,300	(56,700)
Adjustment relating to an earlier year	5,599	2,008
Deferred taxation (charge)/release	(27,000)	10,400
	<u>12,899</u>	<u>(44,292)</u>

7 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Total £
Cost					
At beginning of year	460,904	1,090,073	104,745	40,610	1,696,332
Additions	-	250,433	11,918	-	262,351
Disposals	-	(12,880)	-	(24,977)	(37,857)
At end of year	<u>460,904</u>	<u>1,327,626</u>	<u>116,663</u>	<u>15,633</u>	<u>1,920,826</u>
Depreciation					
At beginning of year	73,308	634,138	101,623	25,072	834,141
Charge for year	18,444	89,354	3,480	6,205	117,483
Disposals	-	(3,328)	-	(20,292)	(23,620)
At end of year	<u>91,752</u>	<u>720,164</u>	<u>105,103</u>	<u>10,985</u>	<u>928,004</u>
Net book value					
At 31 December 2000	<u>369,152</u>	<u>607,462</u>	<u>11,560</u>	<u>4,648</u>	<u>992,822</u>
At 31 December 1999	<u>387,596</u>	<u>455,935</u>	<u>3,122</u>	<u>15,538</u>	<u>862,191</u>

Notes (continued)

8 Stocks

	2000 £	1999 £
Raw materials and consumables	264,217	270,467
Work in progress	67,963	102,816
Finished goods and goods for resale	11,654	70,366
	<u>343,834</u>	<u>443,649</u>

9 Debtors

	2000 £	1999 £
Trade debtors	1,749,397	1,308,611
Other debtors	8,889	261
Prepayments and accrued income	21,860	13,765
Corporation tax recoverable	34,300	-
	<u>1,814,446</u>	<u>1,322,637</u>

10 Creditors: amounts falling due within one year

	2000 £	1999 £
Bank loans (see note 11)	4,451	2,293
Payments received on account	77,050	107,763
Trade creditors	1,281,459	1,260,116
Amounts owed to parent undertaking	8,000	19,000
Other creditors including taxation and social security:		
Corporation tax	-	56,700
Other taxes and social security	86,702	128,803
	<u>86,702</u>	<u>185,503</u>
Taxes and social security	86,702	185,503
Other creditors	83,917	88,008
	<u>170,619</u>	<u>273,511</u>
Accruals and deferred income	49,336	35,575
	<u>1,590,915</u>	<u>1,698,258</u>

Notes (continued)

11 Creditors: amounts falling due after more than one year

	2000 £	1999 £
Bank loan	262,626	272,880

The bank loan is secured by a fixed charge over all the assets of the business. It is repayable over a 15 year period with interest at 2.5% above Barclays Bank PLC's base rate.

The bank loan is repayable as follows:

	2000 £	1999 £
Due within one year	4,451	2,293
Due between one and two years	6,677	4,586
Due between two and five years	33,385	27,517
Due after five years	222,564	240,777
	<u>267,077</u>	<u>275,173</u>

12 Provisions for liabilities and charges

	Deferred taxation £
At beginning of year	-
Charge for the year in the profit and loss account	27,000
At end of year	<u>27,000</u>

The amounts of deferred taxation are calculated on a full provision basis and are analysed below:

	2000 £	1999 £
Difference between accumulated depreciation and capital allowances	34,650	11,000
Other timing differences	(7,650)	(11,500)
	<u>27,000</u>	<u>(500)</u>

Notes (continued)

13 Deferred income

	2000 £	1999 £
Government grants		
At beginning of year	41,436	7,405
Received in the year	-	40,000
Release for the year in the profit and loss account	(5,969)	(5,969)
	<hr/>	<hr/>
At end of year	35,467	41,436
	<hr/>	<hr/>

14 Called up share capital

	2000 £	1999 £
Authorised		
500,000 ordinary shares of £1 each	500,000	500,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
425,904 ordinary shares of £1 each	425,904	425,904
	<hr/>	<hr/>

15 Reconciliation of movements in shareholders' funds

	2000 £	1999 £
(Loss)/profit for the financial year	(70,390)	127,276
Opening shareholders' funds	1,402,655	1,275,379
	<hr/>	<hr/>
Closing shareholders' funds	1,332,265	1,402,655
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Notes (continued)

16 Notes to the cash flow statement

	2000 £	1999 £
Returns on investments and servicing of finance		
Interest paid	(25,635)	(19,099)
Interest received	12,017	13,851
	<u>(13,618)</u>	<u>(5,248)</u>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(262,351)	(288,778)
Proceeds on disposal of tangible fixed assets	14,747	7,500
	<u>(247,604)</u>	<u>(281,278)</u>
Financing		
Repayment of bank loan	(8,096)	(275,000)
Repayment of ECSC loan	-	(12,500)
Advance of bank loan	-	275,173
Receipt of Government grant	-	40,000
	<u>(8,096)</u>	<u>27,673</u>

17 Analysis of net debt

	Cash at bank and in hand £	Bank loan £	ECSC loan £	Total £
At 31 December 1998	627,595	(275,000)	(12,500)	340,095
Cash flows	159,157	(173)	12,500	171,484
	<u>786,752</u>	<u>(275,173)</u>	<u>-</u>	<u>511,579</u>
At 31 December 1999	786,752	(275,173)	-	511,579
Cash flows	(689,581)	8,096	-	(681,485)
	<u>97,171</u>	<u>(267,077)</u>	<u>-</u>	<u>(169,906)</u>
At 31 December 2000	97,171	(267,077)	-	(169,906)

Notes (continued)

18 Commitments

- (i) There were capital commitments at the year end of £61,600 (1999: £59,500).
- (ii) The company had annual commitments under non-cancellable operating leases of £12,083 (1999: £3,893) in respect of motor vehicles and plant and equipment, of which £Nil (1999: £3,293) will expire within 1 year, and £12,083 (1999: £600) will expire between 2 and 5 years.

19 Pension scheme

The company operates a defined contribution pension scheme for the benefit of one director. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £3,040 (1999: £6,560).

There were prepaid contributions at the year end of £10,000 (1999: £3,040).

20 Parent undertaking of larger group

The company is a wholly owned subsidiary undertaking of Stilexo UK Support AB, incorporated in Sweden.

21 Related party transactions

The exemption given under Financial Reporting Standard No 8 from the requirement to disclose transactions with related parties where 90% of the voting rights are controlled by the same group has been adopted.