

Stilexo Industrial (UK) Limited

Directors' report and financial statements

31 December 1994

Registered number 1959067



Stilexo Industrial (UK) Limited

Directors' report and financial statements

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Stilexo Industrial (UK) Limited

Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

Principal activities and business review

The principal activity is and continues to be the manufacture of television and video stands.

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

Dividends

The directors do not recommend payment of a dividend (1993:£Nil).

Significant changes in fixed assets

Significant changes in fixed assets are shown in note 8 to the financial statements.

Directors and directors' interests

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

R Jansson
G Johansson
B-A Nilsson

Messrs. Jansson, Johansson and Nilsson are shareholders in Stilexo Industri AB.

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;
- 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.

Stilexo Industrial (UK) Limited

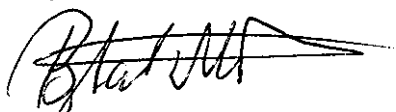
Directors' report *(continued)*

Auditors

On 6 February 1995, our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name.

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

Welsh Street Chambers
Chepstow
Gwent
NP6 5LN



Welsh Street Chambers
Chepstow
Gwent
NP6 5LN

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

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and 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 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants
Registered Auditors

28th April 1995.

Stilexo Industrial (UK) Limited

Profit and loss account for the year ended 31 December 1994

| | Note | 1994 £ | 1993 £ |
|---|------|----------------|-----------------|
| Turnover | 1 | 4,823,039 | 3,599,845 |
| Cost of sales | | (4,174,359) | (3,269,559) |
| Gross profit | | 648,680 | 330,286 |
| Distribution costs | | (56,384) | (36,230) |
| Administrative expenses | 2 | (274,391) | (155,626) |
| Operating profit | | 317,905 | 138,430 |
| Other interest receivable and similar income | 5 | 1,928 | 16,886 |
| Interest payable and similar charges | 6 | (21,100) | (29,228) |
| Profit on ordinary activities before taxation | 3-4 | 298,733 | 126,088 |
| Tax on profit on ordinary activities | 7 | (5,000) | - |
| Profit for the financial year | | 293,733 | 126,088 |
| Accumulated loss brought forward | | (75,231) | (201,319) |
| Retained profit/(accumulated loss) carried forward | | 218,502 | (75,231) |

There were no acquisitions and no operations were discontinued during the year.

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.

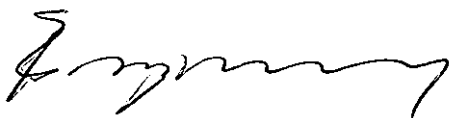
There is no difference between the profit for the financial year stated above and its historical cost equivalent.

Stilexo Industrial (UK) Limited

Balance sheet at 31 December 1994

| | Note | 1994 | 1993 |
|--|------|------------------|------------------|
| | | £ | £ |
| Fixed assets | | | |
| Tangible assets | 8 | 243,687 | 237,225 |
| Current assets | | | |
| Stocks | 9 | 361,442 | 313,262 |
| Debtors | 10 | 817,053 | 609,006 |
| Cash at bank and in hand | | 69,888 | 13,571 |
| | | <u>1,248,383</u> | <u>935,839</u> |
| Creditors: amounts falling due within one year | 11 | <u>(960,131)</u> | <u>(871,588)</u> |
| Net current assets | | <u>288,252</u> | <u>64,251</u> |
| Total assets less current liabilities | | <u>531,939</u> | <u>301,476</u> |
| Creditors: amounts falling due after more than one year | 12 | (260,416) | (320,000) |
| Provisions for liabilities and charges | 13 | (5,000) | - |
| Deferred income | 14 | (28,021) | (36,707) |
| Net assets/(liabilities) | | <u>238,502</u> | <u>(55,231)</u> |
| Capital and reserves | | | |
| Called up share capital | 15 | 20,000 | 20,000 |
| Profit and loss account | | 218,502 | (75,231) |
| Shareholders' funds - equity | 16 | <u>238,502</u> | <u>(55,231)</u> |

These financial statements were approved by the board of directors on 28/4/95 and were signed on its behalf by:



Director

Stilexo Industrial (UK) Limited

Cash flow statement for the year ended 31 December 1994

| | Note | 1994 | 1993 |
|--|------|----------|-----------|
| | | £ | £ |
| Net cash inflow/(outflow) from operating activities | 17 | 220,091 | (148,897) |
| Returns on investments and servicing of finance | | | |
| Interest received | | 1,928 | 1,886 |
| Bank and loan interest paid | | (19,975) | (27,680) |
| Interest element of hire purchase and finance lease rental liabilities | | (1,125) | (1,548) |
| Net cash outflow from returns on investments and servicing of finance | | (19,172) | (27,342) |
| Taxation | | | |
| Taxation paid | | - | - |
| Investing activities | | | |
| Purchase of tangible fixed assets | | (71,484) | (9,002) |
| Sale of tangible fixed assets | | 3,300 | 173,900 |
| Net cash (outflow)/inflow from investing activities | | (68,184) | 164,898 |
| Net cash inflow/(outflow) financing activities | | 132,735 | (11,341) |
| Financing | | | |
| Grant received | | - | 30,000 |
| Capital element of hire purchase and finance lease rental payments | | (8,757) | (14,070) |
| Capital element of ECSC loan repayments | | (9,375) | (37,500) |
| Repayment of parent undertaking loan | | (65,000) | - |
| Net cash outflow from financing | | (83,132) | (21,570) |
| Increase/(decrease) in cash and cash equivalents 18-19 | | 49,603 | (32,911) |

Stilexo Industrial (UK) Limited

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.

Tangible fixed assets and depreciation

Depreciation is provided by the company 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:

| | | |
|-----------------------|---|--------------|
| Plant and machinery | - | 10 years |
| Motor vehicles | - | 4 years |
| Fixtures and fixtures | - | 4 - 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 profit and loss account in the year in which the grant is received. The capital element of the grant is released to 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 with 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.

Stilexo Industrial (UK) Limited

Notes (continued)

1 Accounting policies (continued)

Leases (continued)

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.

Taxation

The charge for taxation is based on the profit 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 to customers during the year.

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 Administrative expenses

The 1993 charge of £155,626 includes an exceptional credit in respect of an amount written off the loan from the parent undertaking.

Stilexo Industrial (UK) Limited

Notes (continued)

3 Profit on ordinary activities before taxation

| | 1994 | 1993 |
|--|---------|----------|
| | £ | £ |
| <i>Profit on ordinary activities before taxation is stated</i> | | |
| <i>after charging/(crediting)</i> | | |
| Auditors' remuneration - audit fees | 6,500 | 6,500 |
| Depreciation | 73,073 | 62,219 |
| Directors remuneration | 35,528 | 27,642 |
| Management charges (net) | - | 12,000 |
| Government grants | (8,686) | (23,686) |
| Loss/(profit) on disposal of fixed assets | 649 | (7,772) |

4 Staff numbers and costs

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

| | Number of employees | |
|-----------------------|---------------------|-----------|
| | 1994 | 1993 |
| Office and management | 4 | 4 |
| Production | 52 | 36 |
| | <u>56</u> | <u>40</u> |

The aggregate payroll costs of these persons were as follows:

| | 1994 | 1993 |
|-----------------------------------|----------------|----------------|
| | £ | £ |
| Wages and salaries | 670,606 | 449,849 |
| Social security costs | 62,717 | 42,745 |
| Other pension costs (see note 21) | 4,000 | 3,083 |
| | <u>737,323</u> | <u>495,677</u> |

Stilexo Industrial (UK) Limited

Notes (continued)

5 Other interest receivable and similar income

| | 1994 | 1993 |
|---|--------------|---------------|
| | £ | £ |
| Grants received | - | 15,000 |
| Exchange gains/(losses) on foreign currency | 1 | (3) |
| Bank deposit account | 1,927 | 1,889 |
| | <u>1,928</u> | <u>16,886</u> |

6 Interest payable and similar charges

| | 1994 | 1993 |
|--|---------------|---------------|
| | £ | £ |
| On bank loans, overdrafts and other loans wholly repayable within five years | 14,856 | 19,442 |
| On all other loans | 5,119 | 8,238 |
| Finance charges payable in respect of finance leases and hire purchase contracts | 1,125 | 1,548 |
| | <u>21,100</u> | <u>29,228</u> |

7 Taxation

The charge based on the profit for the year is as follows:

| | 1994 | 1993 |
|--------------------------|--------------|----------|
| | £ | £ |
| UK corporation tax | - | - |
| Deferred taxation charge | 5,000 | - |
| | <u>5,000</u> | <u>-</u> |

Stilexo Industrial (UK) Limited

Notes (continued)

8 Tangible fixed assets

| | Plant and machinery | Fixtures and fittings | Motor vehicles | Total |
|-----------------------|------------------------|-----------------------------|-------------------|----------------|
| | £ | £ | £ | £ |
| <i>Cost</i> | | | | |
| At beginning of year | 506,673 | 51,146 | 22,072 | 579,891 |
| Additions | 58,191 | 2,383 | 22,910 | 83,484 |
| Disposals | (12,000) | (9,703) | (20,847) | (42,550) |
| | <u>552,864</u> | <u>43,826</u> | <u>24,135</u> | <u>620,825</u> |
| <i>Depreciation</i> | | | | |
| At beginning of year | 291,379 | 29,218 | 22,069 | 342,666 |
| Charge for year | 60,338 | 7,007 | 5,728 | 73,073 |
| Disposals | (11,450) | (6,306) | (20,845) | (38,601) |
| | <u>340,267</u> | <u>29,919</u> | <u>6,952</u> | <u>377,138</u> |
| <i>Net book value</i> | | | | |
| At 31 December 1994 | <u>212,597</u> | <u>13,907</u> | <u>17,183</u> | <u>243,687</u> |
| At 31 December 1993 | <u>215,294</u> | <u>21,928</u> | <u>3</u> | <u>237,225</u> |

Included in the total net book value of motor vehicles is £14,450 (1993: £8,448) in respect of assets held under finance leases and similar hire purchase contracts. Depreciation for the year on these assets was £6,353 (1993: £1,536)

9 Stocks

| | 1994 £ | 1993 £ |
|-------------------------------------|----------------|----------------|
| Raw materials and consumables | 283,152 | 257,369 |
| Work in progress | 76,725 | 53,686 |
| Finished goods and goods for resale | 1,565 | 2,207 |
| | <u>361,442</u> | <u>313,262</u> |

Stilexo Industrial (UK) Limited

Notes (continued)

10 Debtors

| | 1994 | 1993 |
|------------------------------------|----------------|----------------|
| | £ | £ |
| Trade debtors | 752,235 | 459,350 |
| Amounts owed by parent undertaking | 14,173 | 121,774 |
| Other debtors | 1,542 | 3,323 |
| Prepayments and accrued income | 49,103 | 24,559 |
| | <u>817,053</u> | <u>609,006</u> |

11 Creditors: amounts falling due within one year

| | 1994 | 1993 |
|--|----------------|----------------|
| | £ | £ |
| Bank loans and overdrafts (see note 12) | 139,640 | 132,926 |
| Obligations under finance leases and hire purchase contracts (see note 12) | 3,883 | 6,056 |
| Trade creditors | 468,586 | 256,579 |
| Amounts owed to parent undertaking | 269,273 | 403,378 |
| Other creditors including taxation and social security: | | |
| Other taxes and social security | 23,466 | 15,621 |
| Other creditors | <u>36,743</u> | <u>34,645</u> |
| | 60,209 | 50,266 |
| Accruals and deferred income | 18,540 | 13,008 |
| ECSC - loan 1 (see note 12) | - | 9,375 |
| | <u>960,131</u> | <u>871,588</u> |

Stilexo Industrial (UK) Limited

Notes (continued)

12 Creditors: amounts falling due after more than one year

| | 1994 | 1993 |
|--|----------------|----------------|
| | £ | £ |
| Obligations under finance leases and hire purchase contracts | 5,416 | - |
| Amounts owed to parent undertaking | 205,000 | 270,000 |
| ECSC - loan 2 | 50,000 | 50,000 |
| | <u>260,416</u> | <u>320,000</u> |

- i) The bank loan and overdraft are secured by a fixed and floating charge over the undertaking, property and assets of the business.
- ii) The loan from the parent undertaking is unsecured, interest free and there are no fixed terms of repayment.
- iii) Loan 1 - The ECSC loan is repayable in equal instalments between June 1990 and March 1994. Interest is payable half-yearly at an annual rate of 6.27%. The loan is guaranteed by Svenska Handelsbanken plc.

Loan 2 - The ECSC loan is repayable over 5 years by 4 annual instalments with the first repayment on 1 June 1996. Interest is payable half-yearly at an annual rate of 8.49%. The loan is guaranteed by Svenska Handelsbanken plc.
- iv) The obligations under finance leases and hire purchase arrangements are payable by instalments all within five years.

13 Provisions for liabilities and charges

Deferred taxation

| | 1994 | 1993 |
|--|--------------|----------|
| | £ | £ |
| At beginning of year | - | - |
| Charge for the year in the profit and loss account | 5,000 | - |
| | <u>5,000</u> | <u>-</u> |
| At end of year | 5,000 | - |

The amount provided for deferred taxation represents the tax value of all differences at 33% as follows:

| | 1994 | 1993 |
|--|--------------|----------|
| | £ | £ |
| Difference between accumulated depreciation and capital allowances | 5,000 | - |
| | <u>5,000</u> | <u>-</u> |

Stilexo Industrial (UK) Limited

Notes (continued)

14 Deferred income

| | 1994 £ | 1993 £ |
|--------------------------|-----------|-----------|
| Government grants | | |
| At beginning of year | 36,707 | 30,393 |
| Received in year | - | 30,000 |
| Released in year | | |
| - revenue | - | (15,000) |
| - capital | (8,686) | (8,686) |
| | <hr/> | <hr/> |
| At end of year | 28,021 | 36,707 |
| | <hr/> | <hr/> |

15 Called up share capital

| | 1994 £ | 1993 £ |
|---|-----------|-----------|
| Authorised | | |
| 50,000 Ordinary shares of £1 each | 50,000 | 50,000 |
| | <hr/> | <hr/> |
| Allotted, called up and fully paid | | |
| 20,000 Ordinary shares of £1 each | 20,000 | 20,000 |
| | <hr/> | <hr/> |

16 Reconciliation of movements in shareholders' funds

| | 1994 £ | 1993 £ |
|--------------------------------------|-----------|-----------|
| Profit for the financial year | 312,140 | 126,088 |
| Opening shareholders' funds | (55,231) | (181,319) |
| | <hr/> | <hr/> |
| Closing shareholders' funds | 256,909 | (55,231) |
| | <hr/> | <hr/> |

Stilexo Industrial (UK) Limited

Notes (continued)

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

| | 1994 | 1993 |
|---|----------------|------------------|
| | £ | £ |
| Operating profit | 317,905 | 138,430 |
| Depreciation charge | 73,073 | 62,219 |
| Release of grants | (8,686) | (8,686) |
| Loss/(profit) on disposal of tangible fixed assets | 649 | (7,772) |
| Write off by parent undertaking of part of loan to the company (see note 2) | - | (100,000) |
| Increase in stocks | (48,180) | (83,565) |
| Increase in debtors | (208,047) | (185,337) |
| Increase in creditors | 93,377 | 35,814 |
| Net cash inflow/(outflow) from operating activities | <u>220,091</u> | <u>(148,897)</u> |

18 Analysis of changes in cash and cash equivalents during the year

| | 1994 | 1993 |
|-----------------------------|-----------------|------------------|
| | £ | £ |
| Balance at 1 January 1994 | (119,355) | (86,444) |
| Net cash inflow/(outflow) | <u>49,603</u> | <u>(32,911)</u> |
| Balance at 31 December 1994 | <u>(69,752)</u> | <u>(119,355)</u> |

19 Analysis of the balances of cash and cash equivalents as shown in the balance sheet

| | 1994 | 1993 | Change in year |
|--------------------------|------------------|------------------|----------------|
| | £ | £ | £ |
| Cash at bank and in hand | 69,888 | 13,571 | 56,317 |
| Bank overdraft and loans | <u>(139,640)</u> | <u>(132,926)</u> | <u>(6,714)</u> |
| | <u>(69,752)</u> | <u>(119,355)</u> | <u>49,603</u> |

Stilexo Industrial (UK) Limited

Notes (continued)

20 Commitments

- (i) Capital commitments at the year end were £30,840 (1993:£Nil).
- (ii) At 31 December 1994 the company had annual commitments under non-cancellable operating leases as follows:

| | 1994 | | 1993 | |
|---|-----------------------|------------|-----------------------|--------------|
| | Land and buildings | Other | Land and buildings | Other |
| | £ | £ | £ | £ |
| <i>Operating leases which expire:</i> | | | | |
| Within one year | - | 624 | - | 1,248 |
| In the second to fifth years inclusive | 43,250 | - | 43,250 | 624 |
| | <u>43,250</u> | <u>624</u> | <u>43,250</u> | <u>1,872</u> |

21 Pension scheme

The company operates a defined contribution pension scheme. The pension cost charge for the year represents contributions payable by the company to the fund and amounted to £4,000 (1993:£3,083).

There were prepaid contributions of £3,667 (1993:£3,667).

22 Parent undertaking of larger group

The company is a subsidiary undertaking of Stilexo Industri AB incorporated in Sweden.