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No. 3626038

**COSALT LIGHTING LIMITED**

**FINANCIAL STATEMENTS**

**for the sixty-one weeks ended  
28 October 2001**



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**COSALT LIGHTING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE PERIOD ENDED 28 OCTOBER 2001**

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The following pages do not form part of the statutory accounts:

Detailed trading and profit and loss account	Appendix 1
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# **COSALT LIGHTING LIMITED**

## **Directors**

P A Bradbury (Chairman)  
 F W Wood  
 D J Oldham (Managing)  
 N R Carrick  
 D A Cox  
 D K Irvin  
 J P Edwards

## **DIRECTORS' REPORT**

The directors submit their annual report and the audited financial statements of the company for the sixty-one weeks ended 28 October 2001 ("the period").

### **Business review**

The trading results for the period are shown in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend.

Whilst continuing to satisfy the existing customer base in the UK, the company is developing new products. New markets are being developed, particularly in the USA where a number of distributors for the company's products have recently been appointed.

### **Directors**

The membership of the Board is shown above. All served on the Board for the whole of the period with the exception of Mr P A Bradbury who was appointed on the 13 August 2001.

### **Directors' shareholdings**

None of the directors has any beneficial interest in the share capital of the company. The interests of Messrs F W Wood and N R Carrick in the share capital of Cosalt plc, the ultimate parent company, are disclosed by that company.

The interests of the other directors in the ordinary share capital of Cosalt plc are as follows:

	<b>At 28 October 2001</b>	<b>At 27 August 2000</b>
D J Oldham	8,358	8,358
D A Cox	1,705	1,705
D K Irvin	1,125	1,124
J P Edwards	-	-
Mr P A Bradbury	2,379	-

These holdings include shares issued under the Cosalt plc Employees' Profit Sharing Scheme.

## COSALT LIGHTING LIMITED

## DIRECTORS' REPORT

(continued)

## Directors' shareholdings (continued)

Mr D J Oldham and Mr P A Bradbury also held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:-

## Mr D J Oldham

At 27 Aug 2000	Granted during period	Exercised during period	Lapsed during period	At 28 Oct 2001	Exercise price (p)	Dates from which Exercisable	Expiry date
10,000	-	-	-	10,000	219.50	17.02.00*	16.02.04
10,000	-	-	-	10,000	232.50	23.12.00*	23.12.04
15,000	-	-	-	15,000	204.50	22.12.01*	21.12.05
16,500	-	-	-	16,500	179.50	28.04.03*	27.04.10
500	-	-	-	500	179.50	28.04.03*	27.04.07
-	10,000	-	-	10,000	222.50	26.04.04*	25.04.08
52,000	10,000	-	-	62,000			

## Mr P A Bradbury

At 27 Aug 2000	Granted during period	Exercised during period	Lapsed during period	At 28 Oct 2001	Exercise price (p)	Dates from which Exercisable	Expiry date
8,000	-	-	-	8,000	140.00	15.12.97	14.12.04
10,000	-	-	-	10,000	219.50	17.02.00*	16.02.04
10,000	-	-	-	10,000	232.50	23.12.00*	22.12.04
15,000	-	-	-	15,000	204.50	22.12.01*	21.12.05
10,400	-	-	-	10,400	179.50	28.04.03*	27.04.10
6,600	-	-	-	6,600	179.50	28.04.03*	27.04.07
60,000	-	-	-	60,000			

\*Performance criteria of an increase in earnings per share of 2% per annum above the Retail Price Index over a rolling three year period must be achieved before exercise is permitted.

No options lapsed during the period.

The market price of Cosalt plc ordinary shares at 28 October 2001 was 209p and the range during the period was 184p to 237.5p.

## Fixed assets

The movement in tangible fixed assets are set out in note 7 to the financial statements. In note 14 additional information is provided on assets used by the company which are subject to lease agreements.

## Auditors

The auditors, KPMG Audit Plc, have expressed their willingness to continue in office. In accordance with Section 384 of the Companies Act 1985, a resolution for their re-appointment will be proposed at the Annual General Meeting.

By order of the Board

  
A J Robson

Secretary  
Fish Dock Road  
GRIMSBY

**COSALT LIGHTING LIMITED****STATEMENT OF DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company at the end of the period, and of the profit or loss of the company 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 assume 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 a 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.

**REPORT OF THE INDEPENDENT AUDITORS KPMG AUDIT PLC TO THE MEMBERS OF  
COSALT LIGHTING LIMITED**

We have audited the financial statements on pages 5 to 13.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, 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 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 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 28 October 2001, and of its loss for the sixty-one weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Leeds

28 January 2002

**COSALT LIGHTING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE SIXTY-ONE WEEKS ENDED 28 OCTOBER 2001**

		61 weeks ended 28 October 2001	52 weeks ended 27 August 2000
	Note	£	£
<b>Turnover</b>	2	<u>3,002,444</u>	<u>2,613,974</u>
<b>Operating loss</b>	3	(139,054)	(374,946)
Interest payable and similar charges	4	<u>(69,675)</u>	<u>(62,305)</u>
<b>Loss on ordinary activities before taxation</b>		(208,729)	(437,251)
Taxation credit	6	<u>59,512</u>	<u>123,882</u>
<b>Transferred from reserves</b>	13	<u>(149,217)</u>	<u>(313,369)</u>

All operations are classed as continuing.

The company has no recognised gains or losses other than the losses for the periods disclosed above; accordingly, a statement of recognised gains and losses has not been included in these financial statements.

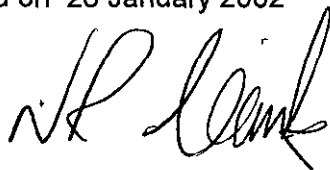
The notes on pages 7 to 13 form part of these financial statements.

**COSALT LIGHTING LIMITED**  
**BALANCE SHEET – 28 OCTOBER 2001**

	Note	28 October 2001 £	27 August 2000 £
<b>Fixed assets</b>			
Tangible fixed assets	7	62,673	82,270
<b>Current assets</b>			
Stocks	8	438,477	527,671
Debtors	9	545,036	672,682
Bank and cash balances		<u>1,400</u>	<u>1,400</u>
		984,913	1,201,753
<b>Creditors</b>			
Amounts falling due within one year	10	<u>1,600,065</u>	<u>1,677,650</u>
<b>Net current liabilities</b>		<u>(615,152)</u>	<u>(475,897)</u>
<b>Total assets less current liabilities</b>		<u>(552,479)</u>	<u>(393,627)</u>
<b>Creditors</b>			
Amounts falling due after more than one year	10	<u>819</u>	<u>10,454</u>
<b>Net liabilities</b>		<u>(553,298)</u>	<u>(404,081)</u>
<b>Capital and reserves</b>			
Called up share capital	12	2	2
Profit and loss account	13	<u>(553,300)</u>	<u>(404,083)</u>
<b>Equity shareholders' funds - adverse</b>	13	<u>(553,298)</u>	<u>(404,081)</u>

Approved by the Board on 28 January 2002

N R Carrick - Director



The notes on pages 7 to 13 form part of these financial statements.



# COSALT LIGHTING LIMITED

## NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001

### 1 Accounting policies

#### Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards and under the historical cost convention.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking which publishes a consolidated cash flow statement.

#### Depreciation

Tangible fixed assets are depreciated on a straight line basis at annual rates which vary depending on the type of asset but which are generally:

Plant and machinery	5-20%
Motor vehicles	20-25%

#### Leased assets

Assets which are financed by leasing agreements transferring substantially all the risks and rewards of ownership (finance leases) are capitalised and depreciated over their useful lives. The liability to the leasing company is included in creditors. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. All other payments under lease agreements are charged in full to profit and loss account.

#### Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

#### Deferred taxation

Provision is made on the liability method for deferred taxation, arising from the different treatment of certain items for taxation and accounting purposes, unless there is reasonable probability that such deferred taxation will not be payable in the foreseeable future.

#### Pension costs

Contributions to the group's defined benefit pension schemes are charged to the profit and loss account so as to spread the cost of pensions over employees' service lives.

For defined contribution schemes all contributions are charged directly to the profit and loss account in the periods in which they are payable.

#### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at approximate rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. All exchange differences arising are included in the profit and loss account for the year.

## COSALT LIGHTING LIMITED

## NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001

(continued)

**2 Turnover**

Turnover represents the goods and services, excluding value added tax, invoiced to customers. The principal activity of the company is the manufacture and supply of decorative lighting and the geographical analysis of turnover is as follows:

	2001 £	2000 £
United Kingdom	2,627,902	2,359,657
Overseas	<u>374,542</u>	<u>254,317</u>
	<u>3,002,444</u>	<u>2,613,974</u>

All turnover originated in the United Kingdom.

**3 Operating loss**

	2001 £	2000 £
Operating loss has been arrived at after charging/(crediting):		
Movement in stocks of finished goods and work in progress	(262)	29,586
Raw materials and consumables	1,354,330	1,124,648
Other external charges	475,181	462,137
Auditors' remuneration	9,206	8,806
Operating lease charges - plant and vehicles	31,547	41,170
Plant hire	598	2,020
Staff costs (note 5)	1,163,157	1,216,197
Depreciation on owned assets	30,151	26,128
Depreciation on assets held under finance leases	9,790	19,328
Other operating charges	<u>67,800</u>	<u>58,900</u>
	<u>3,141,498</u>	<u>2,988,920</u>

**4 Interest payable and similar charges**

	2001 £	2000 £
On finance leases	1,875	3,405
Capital charge by ultimate parent company	<u>67,800</u>	<u>58,900</u>
	<u>69,675</u>	<u>62,305</u>

## COSALT LIGHTING LIMITED

## NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001

(continued)

**5 Directors and employees**

	2001 £	2000 £
Staff costs:		
Wages and salaries	1,052,079	1,089,968
Social security costs	28,906	63,693
Other pension costs	82,172	57,886
Employees' profit sharing scheme	-	4,650
	<u>1,163,157</u>	<u>1,216,197</u>

Emoluments of the directors of the company were:

Remuneration for management	<u>198,194</u>	<u>168,314</u>
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	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying service was:	6	7
The number of directors exercising share options in respect of Cosalt plc shares during the period was:	-	1
The number of directors granted share options in respect of Cosalt plc shares during the period was:	3	3
The average number of employees of the company during the year was:		
Management and administration	14	15
Production and sales staff	<u>38</u>	<u>44</u>
	<u>52</u>	<u>59</u>

**6 Taxation**

	2001 £	2000 £
The taxation credit based on the loss on ordinary activities is:		
Group taxation relief recoverable at 30% (2000: 30%)	(60,500)	(123,250)
Transfer to/(from) deferred taxation	<u>988</u>	<u>(3,686)</u>
	(59,512)	(126,936)
Prior year adjustments:		
Corporation tax	-	(274)
Deferred taxation	<u>-</u>	<u>3,328</u>
	<u>(59,512)</u>	<u>(123,882)</u>

## COSALT LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001  
(continued)

<b>7 Tangible fixed assets</b>	<b>Plant, vehicles and equipment £</b>
<b>Cost or valuation</b>	
At 27 August 2000	350,434
Additions	20,694
Disposals	<u>(5,400)</u>
At 28 October 2001	<u>365,728</u>
<b>Depreciation</b>	
At 27 August 2000	268,164
Charged to profit and loss account	39,941
Eliminated on disposals	<u>(5,050)</u>
At 28 October 2001	<u>303,055</u>
<b>Net book values</b>	
At 28 October 2001	<u>62,673</u>
At 27 August 2000	<u>82,270</u>

Assets costing £244,013 (2000: £129,000) have been fully depreciated and are still in use.

The following tangible fixed assets held under finance lease are included in plant, vehicles and equipment:

	<b>2001 £</b>	<b>2000 £</b>
Cost	97,880	97,880
Depreciation	<u>81,502</u>	<u>71,712</u>
Net book value	<u>16,378</u>	<u>26,168</u>
<b>8 Stocks</b>	<b>2001 £</b>	<b>2000 £</b>
Raw materials	182,307	271,763
Work in progress	58,056	55,582
Finished goods	<u>198,114</u>	<u>200,326</u>
	<u>438,477</u>	<u>527,671</u>

## COSALT LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001  
(continued)

<b>9 Debtors</b>	<b>2001 £</b>	<b>2000 £</b>
Amounts falling due within one year:		
Trade debtors	453,175	466,689
Group taxation relief recoverable	59,950	123,250
Other debtors	7,532	-
Deferred taxation (note 11)	6,765	7,753
Prepayments and accrued income	<u>17,614</u>	<u>74,990</u>
	<u>545,036</u>	<u>672,682</u>
<b>10 Creditors</b>	<b>2001 £</b>	<b>2000 £</b>
Amounts falling due within one year:		
Bank overdraft	164,671	185,839
Trade creditors	294,406	326,907
Amount owed to ultimate parent company	1,046,304	1,046,304
Taxation	37,816	47,412
Social security	4,465	4,864
Accruals and deferred income	43,889	44,013
Obligations under finance leases (note 14)	<u>8,514</u>	<u>22,311</u>
	<u>1,600,065</u>	<u>1,677,650</u>
Amounts falling due after more than one year:		
Obligations under finance leases (note 14)	<u>819</u>	<u>10,454</u>
<b>11 Deferred taxation</b>	<b>2001 £</b>	<b>2000 £</b>
At 28 August 2000	(7,753)	
Charged to profit and loss account	<u>988</u>	
At 28 October 2001	<u>(6,765)</u>	
The deferred tax debtor comprises:		
Accelerated tax allowances	(11,014)	(7,428)
Other timing differences	<u>4,249</u>	<u>(325)</u>
	<u>(6,765)</u>	<u>(7,753)</u>
<b>12 Called up share capital</b>	<b>2001 £</b>	<b>2000 £</b>
Authorised: 100 ordinary shares of £1 each	<u>100</u>	<u>100</u>
Issued and fully paid:		
2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

## COSALT LIGHTING LIMITED

## NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001

(continued)

<b>13 Reserves</b>	<b>2001 £</b>	<b>2000 £</b>
(a) Reconciliation of movements in equity shareholders' funds		
Loss for the financial period and net reduction in equity shareholders' funds	(149,217)	(313,369)
Opening equity shareholders' funds	<u>(404,081)</u>	<u>(90,712)</u>
Closing equity shareholders' funds	<u>(553,298)</u>	<u>(404,081)</u>
(b) Profit and loss account		
Loss for the period	(149,217)	(90,714)
Balance at 28 August 2000 - (adverse)	<u>(404,083)</u>	<u>(313,369)</u>
Balance at 28 October 2001 - (adverse)	<u>(553,300)</u>	<u>(404,083)</u>
<b>14 Leasing obligations</b>	<b>2001 £</b>	<b>2000 £</b>
(a) Future commitments due under finance leases are:		
Within one year	8,752	23,994
Between two and five years	<u>833</u>	<u>10,898</u>
	9,585	34,892
Less: future finance charges	<u>252</u>	<u>2,127</u>
	<u>9,333</u>	<u>32,765</u>
Shown in creditors (note 10) as:		
Amounts falling due within one year	8,514	22,311
Amounts falling due after more than one year	<u>819</u>	<u>10,454</u>
	<u>9,333</u>	<u>32,765</u>
(b) Annual commitments due under non-cancellable operating leases are:		
Plant leases which expire		
Within one year	2,665	12,827
Between two and five years	<u>25,739</u>	<u>8,245</u>
	<u>28,404</u>	<u>21,072</u>

**COSALT LIGHTING LIMITED****NOTES ON FINANCIAL STATEMENTS – 28 OCTOBER 2001**

(continued)

**15 Pension commitments**

The company is part of the Cosalt plc group which operates several pension schemes, the major one being of the defined benefit type, and the assets of these schemes are held in separate trustee administered funds. This scheme was closed to new entrants on 25 July 2000 and replaced by a defined contribution scheme.

Contributions by the company which amounted to £82,172 (2000: £57,886) are based on pension costs across the group as a whole and are assessed in accordance with the advice of a qualified actuary. Particulars of actuarial valuations of the group schemes are disclosed in the financial statements of Cosalt plc. The latest actuarial assessment of the major scheme was made at 31 December 1999

A new pension cost accounting standard, Financial Reporting Standard 17 (FRS17) was issued in November 2000 and although full compliance is not mandatory for the company until the year ending October 2003, prior to this, transitional disclosure rules apply.

Because the company is unable to identify its share of the scheme assets and liabilities on a consistent and reasonable basis, as permitted by FRS 17 'Retirement Benefits' the scheme will be accounted for by the company when the accounting standard is fully adopted by the company as if the scheme was a defined contribution scheme.

The FRS 17 transitional disclosures for the scheme are shown in the consolidated accounts of Cosalt plc, the ultimate parent company.

**16 Related party transactions**

The company has taken advantage of the exemption from disclosing related party transactions with other group companies, as permitted by Financial Reporting Standard No. 8 as the consolidated financial statements in which the company is included are publicly available.

**17 Future financial support**

The financial statements have been prepared under the going concern basis, the validity of which is dependent upon the continued financial support by the ultimate parent company.

The directors, having consulted with the directors of the ultimate parent company, believe that this financial support will continue for the foreseeable future.

Should the ultimate parent company be unable to continue its financial support, certain adjustments would be necessary to these financial statements.

**18 Ultimate parent company and parent undertaking of larger group**

The company is a subsidiary undertaking of Cosalt plc which is the ultimate parent company, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Fish Dock Road, Grimsby, DN31 3NW.