

REGISTRARS COPY

No. 3626038

COSALT LIGHTING LIMITED

FINANCIAL STATEMENTS

**for the fifty-two weeks ended
27 October 2002**



A08
COMPANIES HOUSE

A2L16NUL

0143
27/08/03

COSALT LIGHTING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 27 OCTOBER 2002

Contents

	Page
Directors' report	1-3
Statement of directors' responsibilities	4
Report of the independent auditors to the members	5
Profit and loss account	6
Balance sheet	7
Notes	8-15

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

Detailed trading and profit and loss account	Appendix 1
--	------------

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 fifty-two weeks ended 27 October 2002 ("the year").

Business review

The trading results for the year are shown in the profit and loss account on page 6.

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 year.

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:

	At 27 October 2002	At 28 October 2001
D J Oldham	8,358	8,358
D A Cox	1,705	1,705
D K Irvin	1,124	1,124
J P Edwards	-	-
Mr P A Bradbury	2,379	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 28 Oct 2001	Granted during year	Exercised during year	Lapsed during year	At 27 Oct 2002	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
62,000	-	-	-	62,000			

Mr P A Bradbury

At 28 Oct 2001	Granted during year	Exercised during year	Lapsed during year	At 27 Oct 2002	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	-	8,000	52,000	-			

*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.

The market price of Cosalt plc ordinary shares at 27 October 2002 was 280.5p and the range during the year was 209.0p to 305.0p.

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.

Adoption of FRS 19

The new accounting standard, FRS 19: Deferred taxation, has been adopted in the period. The adoption of FRS19 has not resulted in any change in the deferred taxation position previously reported and hence no prior year adjustment has been recorded.

COSALT LIGHTING LIMITED**DIRECTORS' REPORT****(continued)****Post Balance Sheet Events**

On 12 August 2003 contracts were exchanged for the sale of the trade and certain assets of the business. Completion of this sale is expected in September 2003. This is also disclosed in note 18 to the accounts.

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

19 August 2003

COSALT LIGHTING LIMITED**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 at the end of the year, and of the profit or loss of the company for that year. 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 6 to 15.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's 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 for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 4, 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 27 October 2002, and of its loss for the fifty-two 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

19 August 2003

COSALT LIGHTING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE FIFTY-TWO WEEKS ENDED 27 OCTOBER 2002

		52 weeks ended 27 October 2002	61 weeks ended 28 October 2001
	Note	£	£
Turnover	2	<u>2,052,511</u>	<u>3,002,444</u>
Operating loss	3	(279,808)	(139,054)
Interest payable and similar charges	4	<u>(38,338)</u>	<u>(69,675)</u>
Loss on ordinary activities before taxation		(318,146)	(208,729)
Taxation	6	<u>85,725</u>	<u>59,512</u>
Loss for financial year/period	13	<u>(232,421)</u>	<u>(149,217)</u>

All operations are classed as continuing.

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

The notes on pages 8 to 15 form part of these financial statements.

COSALT LIGHTING LIMITED
BALANCE SHEET – 27 OCTOBER 2002

	Note	27 October 2002		28 October 2001	
		£	£	£	£
Fixed assets					
Tangible fixed assets	7		33,295		62,673
Current assets					
Stocks	8	315,018		438,477	
Debtors	9	432,912		545,036	
Bank and cash balances		<u>1,000</u>		<u>1,400</u>	
		748,930		984,913	
Creditors					
Amounts falling due within one year	10	<u>1,567,944</u>		<u>1,600,065</u>	
Net current liabilities			<u>(819,014)</u>		<u>(615,152)</u>
Total assets less current liabilities			<u>(785,719)</u>		<u>(552,479)</u>
Creditors					
Amounts falling due after more than one year	10		<u>-</u>		<u>(819)</u>
Net liabilities			<u>(785,719)</u>		<u>(553,298)</u>
Capital and reserves					
Called up share capital	12		2		2
Profit and loss account	13		<u>(785,721)</u>		<u>(553,300)</u>
Equity shareholders' funds - adverse	13		<u>(785,719)</u>		<u>(553,298)</u>

Approved by the Board on 19 August 2003



N R Carrick - Director

The notes on pages 8 to 15 form part of these financial statements.

COSALT LIGHTING LIMITED**NOTES ON FINANCIAL STATEMENTS – 27 OCTOBER 2002****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 the profit and loss account. All other payments under lease agreements are charged in full to the 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

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. Deferred taxation is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

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 years 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 – 27 OCTOBER 2002

(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 by destination is as follows:

	2002 £	2001 £
United Kingdom	1,554,400	2,627,902
Overseas	<u>498,111</u>	<u>374,542</u>
	<u>2,052,511</u>	<u>3,002,444</u>

All turnover originated in the United Kingdom.

3 Operating loss

2002 £	2001 £
-----------	-----------

Operating loss has been arrived at after charging/(crediting):

Movement in stocks of finished goods and work in progress	71,010	(262)
Raw materials and consumables	759,471	1,354,330
Other external charges	339,034	475,181
Auditors' remuneration	8,181	9,206
Operating lease charges - plant and vehicles	22,049	31,547
Plant hire	692	598
Staff costs (note 5)	1,060,163	1,163,157
Depreciation on owned assets	25,756	30,151
Depreciation on assets held under finance leases	7,863	9,790
Other operating charges	<u>38,100</u>	<u>67,800</u>
	<u>2,332,319</u>	<u>3,141,498</u>

4 Interest payable and similar charges

2002 £	2001 £
-----------	-----------

On finance leases	238	1,875
Capital charge by ultimate parent company	<u>38,100</u>	<u>67,800</u>
	<u>38,338</u>	<u>69,675</u>

COSALT LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS – 27 OCTOBER 2002

(continued)

5 Directors and employees

	2002 £	2001 £
Staff costs:		
Wages and salaries	950,404	1,052,079
Social security costs	28,927	28,906
Other pension costs	<u>80,832</u>	<u>82,172</u>
	<u>1,060,163</u>	<u>1,163,157</u>
Emoluments of the directors of the company were:		
Remuneration for management	<u>214,134</u>	<u>198,194</u>
	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying service was:	6	6
The number of directors exercising share options in respect of Cosalt plc shares during the year was:	1	-
The number of directors granted share options in respect of Cosalt plc shares during the year was:	3	3
The average number of employees of the company during the year was:		
Management and administration	12	14
Production and sales staff	<u>32</u>	<u>38</u>
	<u>44</u>	<u>52</u>

6 Taxation

	2002 £	2001 £
The taxation credit based on the loss on ordinary activities is:		
Group taxation relief recoverable at 30% (2001: 30%)	(89,000)	(60,500)
Transfer (from)/to deferred taxation	<u>(3,969)</u>	<u>988</u>
	(92,969)	(59,512)
Prior year adjustments:		
Corporation tax	780	-
Deferred taxation	<u>6,464</u>	<u>-</u>
	<u>(85,725)</u>	<u>(59,512)</u>

COSALT LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS – 27 OCTOBER 2002
(continued)

6 Taxation (continued)

Factors affecting the current tax charge.

The tax assessed on the loss on ordinary activities for the year is higher (2001: higher) than the standard rate of corporation tax in the UK of 30% (2001: 30%)

The differences are reconciled below:

	2002 £	2001 £
Loss on ordinary activities before tax	(318,146)	(208,729)
Tax credit at current UK Corporation tax rate of 30% (2001: 30%)	(95,444)	(62,619)
Effects of:		
Expenses not deductible for tax purposes	2,475	3,107
Depreciation in excess of capital allowances	5,155	6,523
Adjustments to tax charge in respect of previous periods	780	-
Short term timing differences	(1,186)	(7,511)
Current tax credit for year/period	(88,220)	(60,500)

7 Tangible fixed assets

	Plant, vehicles and equipment £
Cost or valuation	
At 28 October 2001	365,728
Additions	5,341
Disposals	(4,289)
At 27 October 2002	<u>366,780</u>
Depreciation	
At 28 October 2001	303,055
Charged to profit and loss account	33,619
Eliminated on disposals	(3,189)
At 27 October 2002	<u>333,485</u>
Net book values	
At 27 October 2002	<u>33,295</u>
At 28 October 2001	<u>62,673</u>

Assets costing £223,420 (2001: £244,013) 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:

	2002 £	2001 £
Cost	97,880	97,880
Depreciation	<u>89,365</u>	<u>81,502</u>
Net book value	<u>8,515</u>	<u>16,378</u>

COSALT LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS – 27 OCTOBER 2002

(continued)

8 Stocks	2002 £	2001 £
Raw materials	129,858	182,307
Work in progress	48,821	58,056
Finished goods	<u>136,339</u>	<u>198,114</u>
	<u>315,018</u>	<u>438,477</u>
9 Debtors	2002 £	2001 £
Amounts falling due within one year:		
Trade debtors	295,378	453,175
Group taxation relief recoverable	110,170	59,950
Other debtors	-	7,532
Deferred taxation (note 11)	4,270	6,765
Prepayments and accrued income	<u>23,094</u>	<u>17,614</u>
	<u>432,912</u>	<u>545,036</u>
10 Creditors	2002 £	2001 £
Amounts falling due within one year:		
Bank overdraft	241,158	164,671
Trade creditors	206,233	294,406
Amount owed to ultimate parent company	1,046,304	1,046,304
Taxation	26,020	37,816
Social security	2,574	4,465
Accruals and deferred income	44,838	43,889
Obligations under finance leases (note 14)	<u>817</u>	<u>8,514</u>
	<u>1,567,944</u>	<u>1,600,065</u>
Amounts falling due after more than one year:		
Obligations under finance leases (note 14)	<u>-</u>	<u>819</u>
11 Deferred taxation	2002 £	2001 £
At 28 October 2001	(6,765)	
Charged to profit and loss account	<u>2,495</u>	
At 27 October 2002	<u>(4,270)</u>	
The deferred tax debtor comprises:		
Accelerated tax allowances	(4,145)	(11,014)
Other timing differences	<u>(125)</u>	<u>4,249</u>
	<u>(4,270)</u>	<u>(6,765)</u>

COSALT LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS – 27 OCTOBER 2002

(continued)

12 Called up share capital	2002	2001
	£	£
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>
13 Reserves	2002	2001
	£	£
(a) Reconciliation of movements in equity shareholders' funds		
Loss for the financial year and net reduction in equity shareholders' funds	(232,421)	(149,217)
Opening equity shareholders' funds (adverse)	<u>(553,298)</u>	<u>(404,081)</u>
Closing equity shareholders' funds (adverse)	<u>(785,719)</u>	<u>(553,298)</u>
(b) Profit and loss account		
Balance at 28 October 2001 - (adverse)	(553,300)	(404,083)
Loss for the year	<u>(232,421)</u>	<u>(149,217)</u>
Balance at 27 October 2002 - (adverse)	<u>(785,721)</u>	<u>(553,300)</u>
14 Leasing obligations	2002	2001
	£	£
(a) Future commitments due under finance leases are:		
Within one year	831	8,752
Between two and five years	<u>-</u>	<u>833</u>
	831	9,585
Less: future finance charges	<u>14</u>	<u>252</u>
	<u>817</u>	<u>9,333</u>
Shown in creditors (note 10) as:		
Amounts falling due within one year	817	8,514
Amounts falling due after more than one year	<u>-</u>	<u>819</u>
	<u>817</u>	<u>9,333</u>
(b) Annual commitments due under non-cancellable operating leases are:		
Plant leases which expire		
Within one year	8,197	2,665
Between two and five years	<u>-</u>	<u>25,739</u>
	<u>8,197</u>	<u>28,404</u>

COSALT LIGHTING LIMITED**NOTES ON FINANCIAL STATEMENTS – 27 OCTOBER 2002**

(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 £80,832 (2001: £82,172) 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 2001.

The Group has continued to account for pensions in accordance with Statement of Standard Accounting Practice 24 (SSAP24) and the disclosures required by that standard are included in the Group financial statements.

A new pension cost accounting standard, Financial Reporting Standard 17 (FRS17) was issued in November 2000, although mandatory full implementation has been deferred. Prior to this implementation 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 Post Balance Sheet Events

On 12 August 2003 contracts were exchanged for the sale of the trade and certain assets of the business. Completion of this sale is expected in September 2003.

COSALT LIGHTING LIMITED**NOTES ON FINANCIAL STATEMENTS – 27 OCTOBER 2002**
(continued)**19 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.