

No. 3626038

REGISTRAR'S COPY

**COSALT LIGHTING LIMITED**

**FINANCIAL STATEMENTS**

**for the fifty-two weeks ended  
27th August 2000**



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**COSALT LIGHTING LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 27TH AUGUST 2000**

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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

F W Wood (Chairman)  
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 27th August 2000 ("the year").

#### Business review

The trading results for the year 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 financial year. In addition Mr D Proctor served on the Board until his resignation on 1st September 2000.

#### 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 27th August 2000	At 3rd September 1998
D J Oldham	8,358	8,149
D A Cox	1,705	1,496
D K Irvin	1,124	973
J P Edwards	-	-

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 also held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:-

At 29th Aug 1999	Granted during year	Exercised during year	Lapsed during Year	At 27th Aug 2000	Exercise price (p)	Dates from which Exercisable	Expiry date
10000	-	-	-	10000	219.50	17.02.00*	16.02.04
10000	-	-	-	10000	232.50	23.12.00*	23.12.04
15000	-	-	-	15000	204.50	22.12.01*	21.12.05
-	16500	-	-	16500	179.50	28.04.03*	27.04.10
-	500	-	-	500	179.50	28.04.03*	27.04.07
35000	17000			52000			

\* 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 year.

The market price of Cosalt plc ordinary shares at 27th August 2000 was 213.5p and the range during the year was 172.5p to 226.5p.

### 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 appointment will be proposed at the Annual General Meeting.

By order of the Board

  
A J Robson  
Secretary

Fish Dock Road  
GRIMSBY  
31st January 2001

## **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 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 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. 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 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 27th August 2000, 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

31st January 2001

**COSALT LIGHTING LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE FIFTY-TWO WEEKS ENDED 27TH AUGUST 2000**

		52 weeks ended 27th August 2000	52 weeks ended 29th August 1999
	Note	£	£
<b>Turnover</b>	2	<u>2,613,974</u>	<u>2,289,670</u>
<b>Operating loss</b>	3	(374,946)	(83,370)
Interest payable and similar charges	4	<u>(62,305)</u>	<u>(49,739)</u>
<b>Loss on ordinary activities before taxation</b>		(437,251)	(133,109)
Taxation credit	6	<u>123,882</u>	<u>42,395</u>
<b>Transferred from reserves</b>	13	<u>(313,369)</u>	<u>(90,714)</u>

All operations are classed as acquisitions.

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 7 to 13 form part of these financial statements.

**COSALT LIGHTING LIMITED**  
**BALANCE SHEET - 27TH AUGUST 2000**

	Note	27th August 2000		29th August 1999	
		£	£	£	£
<b>Fixed assets</b>					
Tangible fixed assets	7		82,270		117,382
<b>Current assets</b>					
Stocks	8	527,671		591,852	
Debtors	9	672,682		584,188	
Bank and cash balances		<u>1,400</u>		<u>184,331</u>	
		1,201,753		1,360,371	
<b>Creditors</b>					
Amounts falling due within one year	10	<u>1,677,650</u>		<u>1,535,697</u>	
<b>Net current liabilities</b>			(475,897)		(175,326)
<b>Total assets less current liabilities</b>			(393,627)		(57,944)
<b>Creditors</b>					
Amounts falling due after more than one year	10		<u>10,454</u>		<u>32,768</u>
<b>Net liabilities</b>			(404,081)		(90,712)
<b>Capital and reserves</b>					
Called up share capital	12		2		2
Profit and loss account	13		(404,083)		(90,714)
<b>Equity shareholders' funds - adverse</b>	13		(404,081)		(90,712)

Approved by the Board on 31st January 2001



N R Carrick - Director

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



## COSALT LIGHTING LIMITED

### NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

#### 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 pension schemes are charged to profit and loss account so as to spread the cost of pensions over employees' service lives.

##### 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 - 27TH AUGUST 2000

(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:

	2000 £	1999 £
United Kingdom	2,359,657	2,173,308
Overseas	<u>254,317</u>	<u>116,362</u>
	<u>2,613,974</u>	<u>2,289,670</u>

All turnover originated in the United Kingdom.

**3 Operating loss**

	2000 £	1999 £
Operating loss has been arrived at after charging/(crediting):		
Movement in stocks of finished goods and work in progress	29,586	(38,513)
Raw materials and consumables	1,124,648	946,756
Other external charges	462,137	311,957
Auditors' remuneration	8,806	3,156
Operating lease charges - plant and vehicles	41,170	38,721
Plant hire	2,020	1,764
Staff costs (note 5)	1,216,197	1,025,938
Depreciation on owned assets	26,128	21,854
Depreciation on assets held under finance leases	19,328	16,107
Other operating charges	<u>58,900</u>	<u>45,300</u>
	<u>2,988,920</u>	<u>2,373,040</u>

**4 Interest payable and similar charges**

	2000 £	1999 £
On finance leases	3,405	4,439
Capital charge by ultimate parent company	<u>58,900</u>	<u>45,300</u>
	<u>62,305</u>	<u>49,739</u>

## COSALT LIGHTING LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

**5 Directors and employees**

	2000 £	1999 £
Staff costs:		
Wages and salaries	1,089,968	878,055
Social security costs	63,693	91,620
Other pension costs	57,886	45,517
Employees' profit sharing scheme	<u>4,650</u>	<u>10,746</u>
	<u>1,216,197</u>	<u>1,025,938</u>
Emoluments of the directors of the company were:		
Remuneration for management	<u>168,314</u>	<u>173,443</u>

	Number	Number
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying service was:	7	7
The number of directors exercising share options in respect of Cosalt plc shares during the year was:	1	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	15	17
Production and sales staff	<u>44</u>	<u>49</u>
	<u>59</u>	<u>66</u>

**6 Taxation**

	2000 £	1999 £
The taxation credit based on the loss on ordinary activities is:		
Group taxation relief recoverable at 30% (1999: 30.5%)	(123,250)	(35,000)
Transfer from deferred taxation	<u>(3,686)</u>	<u>(7,395)</u>
	(126,936)	(42,395)
Prior year adjustments:		
Corporation tax	(274)	-
Deferred taxation	<u>3,328</u>	<u>-</u>
	<u>(123,882)</u>	<u>(42,395)</u>

## COSALT LIGHTING LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000

(continued)

<b>7 Tangible fixed assets</b>	<b>Plant, vehicles and equipment £</b>
<b>Cost or valuation</b>	
At 30th August 1999	340,090
Additions	<u>10,344</u>
At 27th August 2000	<u>350,434</u>
<b>Depreciation</b>	
At 30th August 1999	222,708
Charged to profit and loss account	<u>45,456</u>
At 27th August 2000	<u>268,164</u>
<b>Net book values</b>	
At 27th August 2000	<u>82,270</u>
At 30th August 1999	<u>117,382</u>

Assets costing £129,000 (1999: £119,000) 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>2000 £</b>	<b>1999 £</b>
Cost	97,880	97,880
Depreciation	<u>71,712</u>	<u>52,384</u>
Net book value	<u>26,168</u>	<u>45,496</u>
<b>8 Stocks</b>	<b>2000 £</b>	<b>1999 £</b>
Raw materials	271,763	306,358
Work in progress	55,582	38,577
Finished goods	<u>200,326</u>	<u>246,917</u>
	<u>527,671</u>	<u>591,852</u>
<b>9 Debtors</b>	<b>2000 £</b>	<b>1999 £</b>
Amounts falling due within one year:		
Trade debtors	466,689	521,953
Group taxation relief recoverable	123,250	35,000
Deferred taxation (note 11)	7,753	7,395
Prepayments and accrued income	<u>74,990</u>	<u>19,840</u>
	<u>672,682</u>	<u>584,188</u>

## COSALT LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000  
(continued)

10 Creditors	2000 £	1999 £
Amounts falling due within one year:		
Bank overdraft	185,839	-
Trade creditors	326,907	317,779
Amount owed to ultimate parent company	1,046,304	1,081,332
Amounts owed to fellow subsidiary undertakings	-	9
Taxation	47,412	55,582
Social security	4,864	6,763
Accruals and deferred income	44,013	53,644
Obligations under finance leases (Note 14)	<u>22,311</u>	<u>20,588</u>
	<u>1,677,650</u>	<u>1,535,697</u>
Amounts falling due after more than one year:		
Obligations under finance leases (Note 14)	<u>10,454</u>	<u>32,768</u>
11 Deferred taxation	2000 £	1999 £
At 30th August 1999	(7,395)	
Released to profit and loss account	<u>(358)</u>	
At 27th August 2000	<u>(7,753)</u>	
The deferred tax debtor comprises:		
Accelerated tax allowances	(7,428)	(7,427)
Other timing differences	<u>(325)</u>	<u>32</u>
	<u>(7,753)</u>	<u>(7,395)</u>
12 Called up share capital	2000 £	1999 £
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 - 27TH AUGUST 2000  
(continued)

13 Reserves	2000 £	1999 £
(a) Reconciliation of movements in equity shareholders' funds		
Loss for the financial year and net reduction in equity shareholders' funds	(313,369)	(90,714)
Subscriber shares issued	-	2
	<u>(313,369)</u>	<u>(90,712)</u>
Opening equity shareholders' funds	<u>(90,712)</u>	-
Closing equity shareholders' funds	<u>(404,081)</u>	<u>(90,712)</u>
(a) Profit and loss account		
Balance at 30th August 1999 - (adverse)	(90,714)	
Loss for the period	<u>(313,369)</u>	
Balance at 29th August 2000 - (adverse)	<u>(404,083)</u>	
14 Leasing obligations	2000 £	1999 £
(a) Future commitments due under finance leases are:		
Within one year	23,994	23,994
Between two and five years	<u>10,898</u>	<u>34,894</u>
	34,892	58,888
	<u>2,127</u>	<u>5,532</u>
Less: future finance charges	<u>32,765</u>	<u>53,356</u>
Shown in creditors (note 10) as:		
Amounts falling due within one year	22,311	20,588
Amounts falling due after more than one year	<u>10,454</u>	<u>32,768</u>
	<u>32,765</u>	<u>53,356</u>
(b) Annual commitments due under non-cancellable operating leases are:		
Plant leases which expire		
Within one year	12,827	13,109
Between two and five years	<u>8,245</u>	<u>23,933</u>
	<u>21,072</u>	<u>37,042</u>

**COSALT LIGHTING LIMITED****NOTES ON FINANCIAL STATEMENTS - 27TH AUGUST 2000**

(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.

Contributions by the company which amounted to £57,886 (1999: £45,517) 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 1st January 1997

**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.