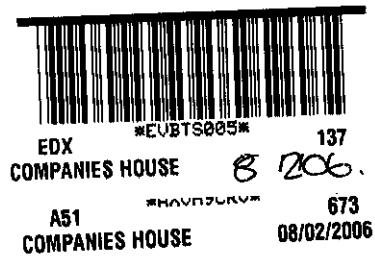


**Ring Limited**

**Directors' report and financial statements**

**For the year ended 30 September 2004**

**Registered number 29796**



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## **Company information**

### **Directors**

R Varakian  
S G Marble  
B W H Davidson  
N G Lax  
A E Morris

### **Company Secretary**

B W H Davidson

### **Registered Office**

Gelderd Road  
Leeds  
LS12 6NB

### **Auditors**

Grant Thornton UK LLP  
St Johns Centre  
110 Albion Street  
Leeds  
LS2 8LA

## Report of the directors

The directors present their report and the audited accounts for the year ended 30 September 2004.

### Principal activity

The principal activity of the Group during the year was in distribution, comprising the supply of products to the lighting, automotive, plumbing and gas markets.

### Results and business review

The profit for the year and the dividends are set out in the consolidated profit and loss account on page 5.

Sales growth during the year came primarily from the Automotive division of Ring Lamp Company Limited and at Grove Products (Caravan Accessories) Limited. Continued product development and improvement coupled with new product offerings contributed to this growth.

Operating costs have increased primarily as a result of additional customer support payments to secure new opportunities and investment in product development.

Interest costs have fallen reflecting the lower level of net debt.

### Dividends

The directors do not recommend the payment of a final dividend for the year (2003: nil). The directors paid an interim dividend of 5.04p per ordinary share (2003: 7.82p).

### Post balance sheet event

On 15 April 2005, following shareholders' approval at the Extraordinary Meeting held that day, the companies comprising the Ancillary businesses were sold to Volvox Group Holdings Limited for a cash consideration of £12.3m. The disposal consisted of the entire issued ordinary share capital of Arctic Products Ltd, Grove Products (Caravan Accessories) Ltd and Lighten Point Corporation Europe Ltd together with the business and assets of BMAC Ltd, Van-Line Ltd and the Automotive Lighting Division of Ring Lamp Company Ltd.

### Conversion of 19.2% convertible preference shares of 25p each

On 1 January 2004, 9,492,295 19.2% convertible preference shares of 25p each were converted into ordinary shares of 50p each on the basis of two ordinary shares for every five preference shares. The difference between the par value of the preference shares converted and the ordinary shares issued has been credited to a non-distributable capital reserve.

### New funding arrangements

On 23 December 2003 the UK sub-group headed by the Company's immediate parent company, Catalina International Limited, entered into an asset-based credit arrangement with a syndicate of lenders as part of an overall group facility arranged by Catalina International Limited's parent company, Catalina Lighting, Inc.

As a consequence of this arrangement Ring Limited and its subsidiary undertakings guarantee the borrowings of Catalina International Limited. This guarantee is secured by a fixed charge over substantially all of the assets of Ring Limited and its subsidiary undertakings.

### Directors and directors' interests

The directors who served during the year were:

R Varakian	
J M Hall	(resigned 15 April 2005)
A F Welham	(resigned 15 April 2005)
S G Marble	

Subsequent to the year end the following were appointed as directors of the Company:

G Rodney	(appointed 5 January 2005; resigned 1 June 2005)
B W H Davidson	(appointed 5 January 2005)
A E Morris	(appointed 9 May 2005)
N G Lax	(appointed 1 August 2005)

At the beginning and end of the year none of the directors or their families had any interest in, or option or other right to subscribe for, the share capital of the Company or in any other group undertaking incorporated in the United Kingdom.

## Report of the directors (*continued*)

### Employees

The Group recognises the need for good communication and is committed to involving all employees in its development. Employees are kept informed of, consulted and encouraged to express their views on matters which are likely to affect their interest in and contribution to their company, its profitability and performance.

It is the Group's policy to give full consideration to suitable applications for employment by disabled persons. Where an employee becomes disabled whilst employed, arrangements are made wherever practicable to continue their employment or provide training for any other suitable position. Disabled persons are eligible to participate in all career development opportunities available to staff. All employees are given opportunities to develop their expertise and knowledge and to qualify for promotion in furtherance of their careers.

### Charitable donations and political donations

Charitable donations made during the year amounted to £1,975 (2003: £5,898). There were no political donations.

### Supplier payment policy

The Company does not follow an external code or standard on payment practice but it is the Group's policy to pay its suppliers in accordance with the agreed terms, provided that the supplier also complies with all relevant terms and conditions.

At 30 September 2004 and 30 September 2003 the Company had no trade creditors.

### Statement of directors' responsibilities in respect of the accounts

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the Company and Group and of the profit or loss for that financial year. In preparing those accounts, the directors are required to:

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; and
- d. prepare the accounts on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The directors are responsible for ensuring that proper accounting records are kept which disclose, with reasonable accuracy, at any time the financial position of the Company and enable them to ensure that the accounts 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 Group and to prevent and detect fraud and other irregularities.

### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385(2) of the Companies Act 1985.

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP and the directors agreed to extend the audit appointment to Grant Thornton UK LLP with effect from 1 July 2004 in accordance with section 26(5) of the Companies Act 1989.

By order of the Board



B W H Davidson  
Secretary

7 February 2006

# Grant Thornton UK LLP

St Johns Centre  
110 Albion Street  
Leeds  
LS2 8LA

## Report of the Independent Auditors to the members of Ring Limited

We have audited the financial statements of Ring Limited for the year ended 30 September 2004 which comprise the consolidated profit and loss account, the balance sheets, the consolidated cash flow statement, consolidated statement of recognised gains and losses and notes 1 to 25. These financial statements have been prepared under the accounting policies set out therein.

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

### Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with the relevant legal and regulatory requirements and United Kingdom auditing standards.

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

We read the other information contained in the directors' report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

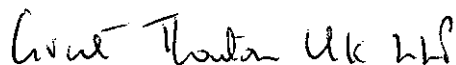
### Basis of opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the Company and the Group as at 30 September 2004 and of the Group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Grant Thornton UK LLP**

Registered Auditors  
Chartered Accountants  
Leeds  
7 February 2006

**Consolidated profit and loss account**  
*for the year ended 30 September 2004*

	Note	2004 £'000	2003 £'000
<b>Turnover - continuing operations</b>	2	<b>87,358</b>	85,768
Cost of sales	3	<b>(56,181)</b>	(55,502)
<b>Gross profit</b>		<b>31,177</b>	30,266
Operating costs	3	<b>(21,417)</b>	(20,441)
<b>Operating profit - continuing operations</b>		<b>9,760</b>	9,825
Interest receivable	6	<b>387</b>	243
Interest payable and similar charges	6	<b>(30)</b>	(10)
<b>Profit on ordinary activities before taxation</b>		<b>10,117</b>	10,058
Tax on profit on ordinary activities	7	<b>(3,120)</b>	(2,796)
<b>Profit for the financial year</b>		<b>6,997</b>	7,262
Preference dividends payable to minority interests	8	<b>(36)</b>	(125)
Dividends - equity shares	8	<b>(2,000)</b>	(3,100)
<b>Retained profit for the financial year transferred to reserves</b>	18	<b>4,961</b>	4,037

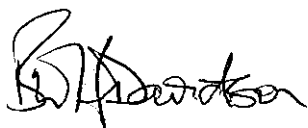
The notes to the financial statements on pages 9 to 21 form an integral part of these accounts.

**Balance sheets**  
*at 30 September 2004*

	Note	Group		Company	
		30 September 2004 £'000	30 September 2003 £'000	30 September 2004 £'000	30 September 2003 £'000
<b>Fixed assets</b>					
Intangible assets	9	1,648	1,764	-	-
Tangible assets	10	1,156	1,237	-	-
Investments	11	-	-	26,698	26,698
		<b>2,804</b>	<b>3,001</b>	<b>26,698</b>	<b>26,698</b>
<b>Current assets</b>					
Stocks	12	15,728	15,116	-	-
Debtors: amounts falling due within one year	13	23,777	20,189	7,828	10,333
Cash at bank and in hand		1,053	837	-	-
		<b>40,558</b>	<b>36,142</b>	<b>7,828</b>	<b>10,333</b>
Creditors: amounts falling due within one year	14	(18,670)	(19,403)	(5,715)	(6,012)
<b>Net current assets</b>		<b>21,888</b>	<b>16,739</b>	<b>2,113</b>	<b>4,321</b>
<b>Total assets less current liabilities</b>		<b>24,692</b>	<b>19,740</b>	<b>28,811</b>	<b>31,019</b>
Creditors: amounts falling due after more than one year	15	(1)	(10)	-	-
Minority interest		(99)	(99)	-	-
<b>Net assets</b>		<b>24,592</b>	<b>19,631</b>	<b>28,811</b>	<b>31,019</b>
<b>Capital and reserves</b>					
Called-up share capital					
- equity shares	17	21,721	19,823	21,721	19,823
- non-equity shares	17	13	2,386	13	2,386
		<b>21,734</b>	<b>22,209</b>	<b>21,734</b>	<b>22,209</b>
Capital redemption reserve	18	475	-	475	-
Other reserves	18	1,050	1,050	2,333	2,333
Profit and loss account	18	1,333	(3,628)	4,269	6,477
<b>Total shareholders' funds</b>		<b>24,592</b>	<b>19,631</b>	<b>28,811</b>	<b>31,019</b>

The notes to the financial statements on pages 9 to 21 form an integral part of these accounts.

The accounts were approved by the Board of Directors on 7 February 2006 and signed on its behalf by:



**B W H Davidson**  
*Director*



## Other primary statements

### Statement of recognised gains and losses

	2004 £'000	2003 £'000
Total recognised gains and losses relating to the year	4,961	4,037
Realised gain arising on redemption of preference shares	161	-
Total gains and losses recognised since last annual report	<u>5,122</u>	<u>4,037</u>

### Reconciliation of movements in shareholders' funds

	2004 £'000	2003 £'000
Profit for the financial year	6,997	7,262
Realised gain arising on redemption of preference shares	161	-
Preference dividends payable to minority interests	(36)	(125)
Ordinary dividends paid on equity shares	<u>(2,000)</u>	<u>(3,100)</u>
Net increase in shareholders' funds	5,122	4,037
Opening shareholders' funds	<u>19,631</u>	<u>15,594</u>
Closing shareholders' funds	<u>24,753</u>	<u>19,631</u>
Attributable to:		
Equity share interests	24,740	17,245
Non-equity share interests	<u>13</u>	<u>2,386</u>
	<u>24,753</u>	<u>19,631</u>

**Consolidated cash flow statement**  
*for the year ended 30 September 2004*

	2004 £'000	2003 £'000
Cash flow from operating activities (note 19)	5,250	7,012
Returns on investments and servicing of finance (note 20)	293	74
Taxation	(3,140)	(2,105)
Capital expenditure and financial investment (note 20)	(187)	(202)
Acquisitions and disposals (note 20)	15	15
Equity dividends paid	(2,000)	(3,100)
<b>Cash inflow before financing</b>	<b>231</b>	<b>1,694</b>
Financing (note 20)		
- Repayment of debt	(15)	(112)
<b>Increase in cash in the year</b>	<b>216</b>	<b>1,582</b>

**Reconciliation of net cash flow to movement in net funds/(debt)**

	2004 £'000	2003 £'000
Increase in cash in the year	216	1,582
Cash outflow from decrease in debt and lease financing	15	112
Movement in net funds/(debt) in the year	231	1,694
Net funds/(debt) at beginning of year	811	(883)
Net funds at end of year	1,042	811

	2004 £'000	2003 £'000
<b>Net funds is comprised of:</b>		
Bank overdraft and short term loans net of cash at bank	1,053	837
Obligations under finance leases	(11)	(26)
Net funds	1,042	811

The notes to the financial statements on pages 9 to 21 form an integral part of these accounts.

## Notes to the financial statements

### 1 Accounting policies

The following accounting policies have been consistently applied in dealing with items which are considered material in relation to the financial statements, except for the adoption of new financial reporting standards introduced during the year. The effect of these are disclosed where relevant.

#### *Basis of preparation*

The accounts have been prepared under the historical cost convention and in accordance with applicable United Kingdom accounting standards.

#### *Basis of consolidation*

The consolidated accounts incorporate the accounts of the Company and each of its subsidiary undertakings for the year ended 30 September. The results of subsidiary undertakings acquired or disposed of during the year, and requiring to be acquisition accounted, are included in the consolidated profit and loss account from or up to the effective date of acquisition or disposal.

#### *Turnover*

Turnover comprises the invoiced value of goods and services supplied by the Group, net of VAT and intra-group transactions.

#### *Leased assets*

Assets held under leasing arrangements that give rights approximating to ownership are capitalised as finance leases. The amount capitalised is the present value of the minimum payments payable during the term of each lease. The corresponding leasing commitments are included in creditors. The interest element of the rental obligations is charged to the profit and loss account using the annuity method.

Rentals in respect of all other leases are charged to the profit and loss account on a straight line basis over the lease term.

#### *Depreciation*

Freehold and long leasehold land is not depreciated. Depreciation on other assets is calculated to write off the cost on a straight line basis over the estimated useful lives, at the following rates:

Freehold buildings	- 50 years
Long leasehold property	- 40 years
Leasehold improvements	- over period of lease
Plant and equipment	- 3 - 15 years
Motor vehicles	- 4 - 5 years

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets.

#### *Stocks*

Stocks are valued at the lower of cost, on a first in first out basis, and net realisable value after making due allowance for any obsolete or slow moving items. In the case of finished goods, cost comprises direct materials, direct labour and an appropriate proportion of production overheads.

#### *Deferred taxation*

In accordance with FRS 19 "Deferred Tax", deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of income and expenditure in taxation computations in years different from those in which they are included in the financial statements. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the asset. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### *Goodwill*

In accordance with FRS 10 "Goodwill and Intangible Assets", goodwill, being the excess of the fair value of the purchase consideration over the fair value of the net assets at the time of the purchase of the business, is capitalised and amortised over a maximum estimated useful life of 20 years on a straight line basis. Goodwill written off in periods prior to the implementation of FRS 10 will not be reinstated except in the event of a business being sold, where the goodwill is written back in calculating the profit or loss on disposal. In the event of a business being sold when the goodwill has been capitalised the associated goodwill is written off in the profit and loss account. The directors consider annually whether a provision against the value of goodwill on an individual investment basis is required.

## Notes to the financial statements

### 1 Accounting policies (continued)

#### *Pension benefits*

The Group operates a defined benefit pension scheme as well as several defined contribution pension schemes. The assets of these schemes are held separately from those of the Company and the Group in independently administered funds. With the exception of the provision for the underfunding of the defined benefit scheme, contributions to the schemes are charged to the profit and loss account as they become payable in accordance with the rules of the schemes. Contributions to certain personal pension policies are charged to the profit and loss account as incurred.

#### *Foreign currency translation*

Transactions denominated in a foreign currency are translated into sterling at either the rate of exchange ruling on the date of the transaction or at the exchange rate of a forward foreign currency contract taken out to cover that transaction. Monetary assets and liabilities that are denominated in foreign currencies are translated using the exchange rate ruling at the balance sheet date, unless they are covered by a related forward foreign currency contract, in which case the exchange rate applicable to the contract is used. Gains or losses on translation are included in the profit and loss account.

### 2 Segmental analysis

An analysis of turnover and operating profit (which all originated in the United Kingdom) is:

	Turnover 2004 £'000	Operating profit 2004 £'000	Turnover 2003 £'000	Operating profit 2003 £'000
Continuing operations	87,358	9,760	85,768	9,825
			2004 £'000	2003 £'000
<i>Turnover by destination</i>				
United Kingdom			83,730	82,160
Europe			3,008	2,969
Far and Middle East			99	74
North America			361	326
Rest of World			160	239
			87,358	85,768

In the opinion of the directors there was only one segment of trade at both 30 September 2004 and 30 September 2003 and that all the net assets were utilised in that trade.

### 3 Cost of sales and operating costs

	2004 £'000	2003 £'000
Cost of sales	56,181	55,502
<i>Operating costs:</i>		
Distribution costs	7,929	7,846
Selling & marketing costs	7,596	6,663
Administrative costs	5,060	5,646
Amortisation of goodwill	116	117
	20,701	20,272
Net exceptional operating costs (see below)	716	169
	21,417	20,441
Net exceptional operating costs comprise:		
	2004 £'000	2003 £'000
Additional pension provisions (note 24)	716	169

## Notes to the financial statements

### 3 Cost of sales and operating costs (continued)

*Operating profit is stated after charging/(crediting):*

	2004 £'000	2003 £'000
Auditors' remuneration	57	62
Other fees paid to Grant Thornton	27	58
Hire of plant, equipment and vehicles under operating leases	497	428
Leasehold property rents (net of rents received)	1,182	1,165
Depreciation of tangible fixed assets	361	497
Profit on disposal of tangible fixed assets (excluding land and buildings)	(93)	(83)
Amortisation of intangible fixed assets	116	117

### 4 Staff numbers and costs

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

	2004 Number	2003 Number
Distribution & production	235	232
Selling & marketing	139	137
Administration	49	49
	<u>423</u>	<u>418</u>

The aggregate payroll costs of these persons (including directors emoluments) was:

	2004 £'000	2003 £'000
Wages & salaries	7,754	7,359
Social security costs	731	648
Other employment costs (including pensions)	252	436
	<u>8,737</u>	<u>8,443</u>

### 5 Emoluments of directors

	2004 £'000	2003 £'000
Emoluments	361	299
Contributions to money purchase schemes	33	200
	<u>394</u>	<u>499</u>

Two of the directors who served during the year (2003: four) were remunerated by fellow group undertakings located outside the United Kingdom. No charge for their services is included in these financial statements for either the current or previous year.

Two directors (2003: two) are accruing retirement benefits under money purchase schemes that are charged in these financial statements.

#### Highest paid director

Details of the highest paid director whose costs were charged in these financial statements are:

	2004 £'000	2003 £'000
Emoluments	213	169
Pension contributions	19	144
	<u>232</u>	<u>313</u>

## Notes to the financial statements

### 6 Interest receivable, payable and similar charges

	2004 £'000	2003 £'000
<i>Interest receivable</i>		
Group loans	387	234
On tax refund	-	9
	<u>387</u>	<u>243</u>
<i>Interest payable and similar charges</i>		
Bank loans and overdrafts and other loans repayable within 5 years	28	21
Finance lease charges	2	4
Other	-	(15)
	<u>30</u>	<u>10</u>

### 7 Taxation

	2004 £'000	2003 £'000
<i>Current taxation</i>		
Corporation tax on profit for the year at 30% (2003: 30%)	3,200	2,929
Adjustments in respect of prior years	-	(269)
	<u>3,200</u>	<u>2,660</u>
<i>Deferred taxation</i>		
Origination and reversal of timing differences	(80)	136
	<u>3,120</u>	<u>2,796</u>

The actual current tax charge for the year differs to the standard rate of tax for the reasons set out in the following reconciliation:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	<u>10,117</u>	<u>10,058</u>
Tax on profit on ordinary activities at standard rate	3,035	3,017
<i>Factors affecting charge for the year:</i>		
Adjustments in respect of prior periods	-	(269)
Excess capital allowances over depreciation	(36)	(48)
Expenses not deductible for tax purposes	75	70
Other timing differences	126	(110)
<b>Current taxation charge for the year</b>	<u>3,200</u>	<u>2,660</u>

### 8 Dividends

	2004 £'000	2003 £'000
Preference dividends payable to minority interests	36	125
Interim dividend of 5.04p per ordinary share (2003: 7.82p)	<u>2,000</u>	<u>3,100</u>
	<u>2,036</u>	<u>3,225</u>

Catalina International Limited, the Company's immediate parent company, which owned 74.0% of the issued 19.2% convertible preference shares of 25p each, waived its right to receive dividends on those shares.

## Notes to the financial statements

### 9 Intangible assets

	Goodwill £'000
<b>Group</b>	
<i>Cost</i>	
At 1 October 2003 and 30 September 2004	<u>2,323</u>
<i>Amortisation</i>	
At 1 October 2003	559
Charge for the year	<u>116</u>
At 30 September 2004	<u>675</u>
<i>Net book amounts</i>	
At 30 September 2004	<u>1,648</u>
At 30 September 2003	<u>1,764</u>

### 10 Tangible fixed assets

	Long leasehold property £'000	Plant, equipment & vehicles £'000	Total £'000
<b>Group</b>			
<i>Cost</i>			
At 1 October 2003	421	4,910	5,331
Additions	-	320	320
Disposals	-	(425)	(425)
At 30 September 2004	<u>421</u>	<u>4,805</u>	<u>5,226</u>
<i>Depreciation</i>			
At 1 October 2003	104	3,990	4,094
Charge for the year	11	350	361
Disposals	-	(385)	(385)
At 30 September 2004	<u>115</u>	<u>3,955</u>	<u>4,070</u>
<i>Net book amounts</i>			
At 30 September 2004	<u>306</u>	<u>850</u>	<u>1,156</u>
At 30 September 2003	<u>317</u>	<u>920</u>	<u>1,237</u>

Included in tangible fixed assets at 30 September 2004 are assets held under finance leases and hire purchase with a net book value of £10,000 (2003: £39,000).

## Notes to the financial statements

### 11 Fixed asset investments

	Company £'000	£'000
<i>Investment in subsidiary undertakings</i>		
<i>Cost</i>		
At 1 October 2003 and 30 September 2004	<u>49,028</u>	49,028
<i>Provisions</i>		
At 1 October 2003 and 30 September 2004	<u>22,330</u>	22,330
<i>Net book amounts</i>	<u>26,698</u>	26,698

#### *Investment in subsidiary undertakings*

The principal subsidiary undertakings, all of which are registered in England and Wales and based in the United Kingdom, at 30 September 2004 that have traded during the year were:

<i>Principal subsidiary undertaking</i>	<i>Principal activity</i>
<i>Distribution</i>	
Ring Lamp Company Ltd	Automotive parts and lighting distributor
BMAC Ltd	Transportation lighting equipment assembler and distributor
Van-Line Ltd	Automotive accessories and spares distributor
Lancer Products Ltd *	Automotive parts distributor
Lighten Point Corporation Europe Ltd *	Automotive parts distributor
Grove Products (Caravan Accessories) Ltd *	Caravan accessories distributor
Arctic Products Ltd *	Pipe freezing equipment and gas and plumbing consumables distributor
<i>Head Office</i>	
British Syphon Industries Ltd *	Distribution holding company
Marshall's Universal Ltd	Distribution holding company
Newton Mill Ltd	Distribution holding company
Graystone Ring Ltd *	Distribution holding company
Ring Group Ltd	Distribution holding company

\* Direct subsidiaries of the parent undertaking, Ring Limited.

The parent undertaking or its subsidiary undertakings own 100% of the ordinary and preference issued share capitals of the above undertakings, with the exception of Newton Mill Ltd in which 49.4% of the preference shares are held by external parties.

On 15 April 2005, following shareholders' approval at the Extraordinary Meeting held that day, the companies comprising the Ancillary businesses were sold to Volvox Group Holdings Limited for a cash consideration of £12.3m. The disposal consisted of the entire issued ordinary share capital of Arctic Products Ltd, Grove Products (Caravan Accessories) Ltd and Lighten Point Corporation Europe Ltd together with the business and assets of BMAC Ltd, Van-Line Ltd and the Automotive Lighting Division of Ring Lamp Company Ltd.

### 12 Stocks

	Group 30 September 2004 £'000	30 September 2003 £'000
Raw materials and consumables	728	724
Finished goods and goods for resale	<u>15,000</u>	14,392
	<u>15,728</u>	15,116



## Notes to the financial statements

### 13 Debtors

	Group		Company	
	30 September 2004 £'000	30 September 2003 £'000	30 September 2004 £'000	30 September 2003 £'000
Trade debtors	15,177	13,485	-	-
Amounts owed by group undertakings	7,001	4,725	4,977	7,782
Amounts owed by subsidiary undertakings	-	-	336	267
Other debtors	209	635	-	-
Prepayments	428	447	-	47
Corporation tax recoverable	-	-	1,720	1,543
Deferred taxation (note 16)	951	871	784	668
Deferred consideration for sale of operations of subsidiary undertakings	11	26	11	26
	<b>23,777</b>	<b>20,189</b>	<b>7,828</b>	<b>10,333</b>

### 14 Creditors: amounts falling due within one year

	Group		Company	
	30 September 2004 £'000	30 September 2003 £'000	30 September 2004 £'000	30 September 2003 £'000
Bank overdraft	-	-	112	1,235
Trade creditors	11,716	9,966	-	-
Amounts owed to group undertakings	37	2,630	37	223
Amounts owed to subsidiary undertakings	-	-	2,877	2,133
Corporation tax payable	1,435	1,375	-	-
Other taxation and social security costs	1,346	1,188	24	19
Other creditors and accruals	4,122	4,194	2,665	2,372
Obligations under finance leases	10	16	-	-
Non-equity dividends	4	34	-	30
	<b>18,670</b>	<b>19,403</b>	<b>5,715</b>	<b>6,012</b>

The bank overdraft is secured by a floating charge over the Group's assets.

### 15 Creditors: amounts falling due after more than one year

	Group		Company	
	30 September 2004 £'000	30 September 2003 £'000	30 September 2004 £'000	30 September 2003 £'000
Obligations under finance leases	1	10	-	-

The total borrowings (including finance leases) of the Group are repayable as follows:

	Bank overdrafts		Finance lease and other borrowings	
	30 September 2004 £'000	30 September 2003 £'000	30 September 2004 £'000	30 September 2003 £'000
Within one year	-	-	10	16
Between one and two years	-	-	1	9
Between two and five years	-	-	-	1
	<b>-</b>	<b>-</b>	<b>11</b>	<b>26</b>

## Notes to the financial statements

### 16 Deferred taxation

Movements in deferred taxation assets, calculated at the rate of 30% (2003: 30%), during the year are as follows:

	<b>Group</b>		<b>Company</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
At 1 October 2003	871	1,007	668	743
Credited/(charged) during the year	80	(136)	116	(75)
<b>At 30 September 2004</b>	<b>951</b>	<b>871</b>	<b>784</b>	<b>668</b>

Deferred taxation assets recognised in the Group accounts and the amounts not recognised, calculated at the rate of 30% (2003: 30%), are as follows:

	<b>Recognised</b>		<b>Not recognised</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Capital allowances	100	136	1	-
Other timing differences	851	735	(121)	318
Trading losses carried forward	-	-	39	39
Capital losses carried forward (see below)	-	-	5,544	5,483
	<b>951</b>	<b>871</b>	<b>5,463</b>	<b>5,840</b>

The capital losses are based on the submitted tax computations extant at 30 September 2003. No deferred tax asset has been recognised on these losses as in the opinion of the directors it is unlikely that they will be realised in the foreseeable future.

### 17 Called-up share capital

The authorised and allotted share capital at 30 September 2004 and 30 September 2003 was:

	<b>Authorised</b>		<b>Allotted, called-up and fully paid</b>	
	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>	<b>30 September</b>
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<i>Equity shares</i>				
Ordinary shares of 50p each	28,250	28,250	21,721	19,823
<i>Non-equity shares</i>				
19.2% convertible preference shares of 25p each	-	5,000	-	2,373
3.5% cumulative preference shares of 62.5p each	13	13	13	13
	<b>13</b>	<b>5,013</b>	<b>13</b>	<b>2,386</b>
<b>Total</b>	<b>28,263</b>	<b>33,263</b>	<b>21,734</b>	<b>22,209</b>

On 1 January 2004, 9,492,295 19.2% convertible preference shares of 25p each were converted into ordinary shares of 50p each on the basis of two ordinary shares for every five preference shares. The difference between the par value of the preference shares converted and the ordinary shares issued has been credited to a non-distributable capital reserve.

The holders of the cumulative preference shares of 62.5p each are entitled to receive, with equal priority to the convertible preference shareholders, a fixed dividend of 3.5% per annum. The holders of the cumulative preference shares are not entitled to vote at general meetings so long as dividends are not greater than six months in arrears. On a winding up, the assets available for distribution shall be applied to repaying the preference shareholders, in priority to the equity shareholders, at a rate of £1 per fully paid share and arrears of dividends due.

## Notes to the financial statements

### 18 Reserves

	Capital redemption reserves	Other non-distributable reserves £'000	Profit and loss account £'000
<b>Group</b>			
At 1 October 2003	-	1,050	(3,628)
Arising on redemption of preference shares	475	-	-
Retained profit for the financial year	-	-	4,961
<b>At 30 September 2004</b>	<b>475</b>	<b>1,050</b>	<b>1,333</b>
<b>Company</b>			
At 1 October 2003	-	2,333	6,477
Arising on redemption of preference shares	475	-	-
Absorbed loss for the financial year	-	-	(2,208)
<b>At 30 September 2004</b>	<b>475</b>	<b>2,333</b>	<b>4,269</b>

In accordance with the exemption allowed by section 230 (1) of the Companies Act 1985 the Company has not presented its own profit and loss account. The loss for the year before dividends paid and proposed was £178,000 (2003: profit £3,363,000).

The cumulative amount of goodwill written off directly against reserves in relation to acquisitions, net of goodwill relating to businesses disposed of, is £25,506,000 (2003: £25,506,000).

### 19 Reconciliation of operating profit to operating cash flows

	30 September 2004 £'000	30 September 2003 £'000
Operating profit	9,760	9,825
Depreciation charges	361	497
Amortisation of goodwill	116	117
Profit on disposal of fixed assets (excluding land and buildings)	(93)	(83)
Increase in stocks	(612)	(700)
Increase in debtors	(3,523)	(2,173)
Decrease in creditors	(759)	(471)
Net cash inflow from operating activities	<b>5,250</b>	<b>7,012</b>

## Notes to the financial statements

### 20 Analysis of cash flows for headings netted in the cash flow statement

	30 September 2004 £'000	30 September 2003 £'000
<i>Returns on investments and servicing of finance</i>		
Interest received	387	243
Interest paid	(26)	(40)
Preference dividends paid to minority interests	(66)	(125)
Interest element of finance lease rental payments	(2)	(4)
Net cash inflow from returns on investments and servicing of finance	<u>293</u>	<u>74</u>
<i>Capital expenditure and financial investment</i>		
Purchase of tangible fixed assets	(320)	(375)
Disposal of tangible fixed assets	133	173
Net cash outflow from capital expenditure and financial investment	<u>(187)</u>	<u>(202)</u>
<i>Acquisitions and disposals</i>		
Deferred consideration from prior year disposals of subsidiary undertaking	15	15
Net cash inflow from acquisitions and disposals	<u>15</u>	<u>15</u>
<i>Financing</i>		
Capital element of finance lease payments	(15)	(112)
Net cash outflow from financing	<u>(15)</u>	<u>(112)</u>

### 21 Financial commitments

Authorised future capital expenditure amounted to:

	Group		Company	
	30 September 2004 £'000	30 September 2003 £'000	30 September 2004 £'000	30 September 2003 £'000
Contracted	5	36	-	-

At 30 September 2004 the Group and Company were committed to making the following payments during the next year in respect of operating leases:

	Group		Company	
	Land and buildings £'000	Plant, equipment and vehicles £'000	Land and buildings £'000	Plant, equipment and vehicles £'000
Leases expiring:				
Within one year	81	16	-	-
Within one to five years	13	387	-	-
In more than five years	766	-	-	-
	<u>860</u>	<u>403</u>	<u>-</u>	<u>-</u>

### 22 Contingent liabilities

	30 September 2004 £'000	30 September 2003 £'000
Overdrafts and loans guaranteed in respect of group undertakings	<u>15,187</u>	<u>2,144</u>

In addition, the Company, as part of the overall cross-group banking facility arrangements, guarantees letters of credit raised by fellow group undertakings.

At 30 September 2004 the guarantee was secured by a floating charge over the assets of the United Kingdom sub-group, of which the Company is a member, headed by Catalina International Limited.

## Notes to the financial statements

### 23 Post balance sheet event

On 15 April 2005, following shareholders' approval at the Extraordinary Meeting held that day, the companies comprising the Ancillary businesses were sold to Volvox Group Holdings Limited for a cash consideration of £12.3m. The disposal consisted of the entire issued ordinary share capital of Arctic Products Ltd, Grove Products (Caravan Accessories) Ltd and Lighten Point Corporation Europe Ltd together with the business and assets of BMAC Ltd, Van-Line Ltd and the Automotive Lighting Division of Ring Lamp Company Ltd.

### 24 Pension schemes

The Company operates a contracted out defined benefit scheme covering certain subsidiary undertakings. The scheme is administered externally and the assets are held separately by professional investment fund managers. There are no active members in the scheme and, to date, responsibility for the ongoing funding of the scheme in respect of accrued benefits has been assumed by the Company.

A triennial valuation of the scheme was carried out by a qualified independent actuary at 5 April 2003 which showed the scheme was underfunded against the Minimum Funding Requirement. As a result, the Company has been making contributions of £26,000 per month. This amount was increased to £30,000 per month from September 2004. The total costs charged in the year to this scheme, excluding the provision for the underfunding, were £nil (2003: £53,000).

An updated partial valuation of the scheme was completed by the actuary as at 30 September 2004 which showed the scheme was underfunded against the Minimum Funding Requirement by £2,200,000. As a result the Group provided an additional amount of £716,000 in the year. At 30 September 2004 there is a provision of £2,566,000 for pension costs, including expenses and expected equalisation liabilities.

The Group currently accounts for pensions under SSAP 24. Under the transitional arrangements for FRS 17, the Group is required to provide additional disclosures relating to the defined benefit pension scheme. These are provided below and have been based on the full actuarial valuation as at 5 April 2003, updated to the current year end.

The assets in the scheme and expected rate of return at 30 September were:

	Long term rate of return expected 2004	Estimated value 2004 £'000	Long term rate of return expected 2003	Estimated value 2003 £'000	Long term rate of return expected 2002	Estimated value 2002 £'000
<i>Asset</i>						
Equities	6.75%	4,913	6.75%	4,658	6.5%	3,861
Gilts	4.75%	3,639	4.75%	3,554	4.5%	3,484
Corporate Bonds (AAA)	5.50%	2,108	5.25%	2,118	5.5%	2,071
		<u>10,660</u>		<u>10,330</u>		<u>9,416</u>

The liabilities of the scheme at 30 September were calculated on the following basis as required under FRS 17:

	2004	2003	2002
<i>Assumptions</i>			
Discount rate	5.52%	5.19%	5.44%
Rate of increase in salaries	n/a	n/a	4.25%
Rate of increase in pensions in payment	3.00%	2.75%	2.25%
Rate of increase in pensions in deferment	3.00%	2.75%	2.25%
Inflation assumption	3.00%	2.75%	2.25%

The balance sheet position for the Group's defined contribution scheme as calculated under FRS 17 at 30 September was as follows:

	2004 £'000	2003 £'000	2002 £'000
Fair value of assets	10,660	10,330	9,416
Present value of scheme liabilities	(16,602)	(15,665)	(14,619)
Deficit in the scheme	(5,942)	(5,335)	(5,203)
Related deferred tax asset at 30%	1,783	1,601	1,561
Net pension liability	<u>(4,159)</u>	<u>(3,734)</u>	<u>(3,642)</u>

## Notes to the financial statements

### 24 Pension schemes (continued)

Analysis of the movement in the scheme deficit during the year:

	2004 £'000	2003 £'000
Opening deficit at 1 October	(5,335)	(5,203)
Current service cost	-	(33)
Contributions	316	450
Gain arising on curtailment	-	205
Other finance charge	(211)	(263)
Actuarial losses	(712)	(491)
Closing deficit at 30 September	<u>(5,942)</u>	<u>(5,335)</u>

Amounts that would have been included within the financial statements for the year ended 30 September 2004 had FRS 17 been applied in full rather than the transitional arrangements are as follows:

Amounts credited within operating profit:

	2004 £'000	2003 £'000
Current service cost	-	33
Past service costs	-	-
Gains arising on curtailment	-	(205)
Total credited within operating profit	<u>-</u>	<u>(172)</u>

Amounts charged as other finance costs:

	2004 £'000	2003 £'000
Expected return on scheme assets	593	524
Interest cost on scheme liabilities	(804)	(787)
Net finance charge	<u>(211)</u>	<u>(263)</u>

Amounts that would have been included within the Statement of Total Recognised Gains and Losses

Amounts that would have been included within the Statement of Total Recognised Gains and Losses in the year to 30 September 2004 had FRS 17 been applied in full rather than the transitional arrangements are shown below, expressed in monetary amounts and as a percentage of:

- (i) scheme assets at the balance sheet date; and
- (ii) present value of the scheme liabilities at the balance sheet date.

	2004 £'000	2004 %	2003 £'000	2003 %
Difference between actual and expected return on scheme assets (i)	277	3%	291	3%
Experience loss arising on scheme liabilities (ii)	-	0%	209	1%
Effects of changes in assumptions underlying the present value of scheme liabilities (ii)	<u>(989)</u>	<u>(7%)</u>	<u>(991)</u>	<u>(6%)</u>
Total actuarial losses recognised in the STRGL (ii)	<u>(712)</u>	<u>(4%)</u>	<u>(491)</u>	<u>(3%)</u>

Had the Group adopted FRS 17 in full rather than the transitional arrangements, the profit and loss accounts at 30 September would have been stated as follows:

	Group			Company		
	2004 £'000	2003 £'000	2002 £'000	2004 £'000	2003 £'000	2002 £'000
Profit and loss account in the financial statements at the year end	1,333	(3,628)	(11,310)	4,269	6,477	2,687
Deficit in relation to the defined benefit scheme	(4,159)	(3,734)	(3,642)	(4,159)	(3,734)	(3,642)
SSAP 24 provision	2,300	1,800	1,900	2,300	1,800	1,900
Profit and loss account as adjusted	<u>(526)</u>	<u>(5,562)</u>	<u>(13,052)</u>	<u>2,410</u>	<u>4,543</u>	<u>945</u>

The Group also operates a defined contribution scheme covering subsidiary undertakings in the Group. The total pension cost for the year in respect of this scheme was £162,000 (2003: £297,000).

## Notes to the financial statements

### 25 Ultimate parent company

Sun Capital Partners, LLC, a limited liability company incorporated in the State of Delaware, USA, is the Company's ultimate holding company.

Catalina International Limited is the ultimate parent company based in the United Kingdom.

Catalina International Limited is the parent undertaking of the largest United Kingdom based group of which the Company is a member and for which group accounts are prepared. Copies of its accounts can be obtained from Companies House, Crown Way, Cardiff, CF14 3UZ on the payment of a small fee.