

DESIGNPLAN LIGHTING LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2005



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DESIGNPLAN LIGHTING LIMITED

31 December 2005

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DESIGNPLAN LIGHTING LIMITED

DIRECTORS' REPORT

31 December 2005

The directors present their report and the audited financial statements for the year ended 31 December 2005.

Principal activity

The principal activity of the company is the design, manufacture and sale of light fittings.

Business review

The results for the year were satisfactory in a period of increase in competition and changing markets. On 30 December 2005 Designplan Lighting acquired the business of Richmond Plastics (note 21).

Profit, dividends and appropriations

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

The directors do not propose a dividend at the year end.

Future developments

We would anticipate a better year for trading in nearly all markets.

Directors

The directors of the company during the year and their interest in the shares of the company, as recorded in the directors' interests, were as follows:

	Ordinary shares of £1	
	31 December 2005	31 December 2004
D A Cumper	-	-
M J Cumper	-	-
B J Robey	-	-
D S Proctor (resigned 31 May 2005)	-	-
P D Williamson	-	-

The directors of the ultimate holding company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	Ordinary shares of £1	
	31 December 2005	31 December 2004
D A Cumper	180,200	180,200
M J Cumper	180,200	180,200

Charitable donations

During the year the company made charitable donations totalling £5,530.

Auditors

Baker Tilly have agreed to offer themselves for re-election as auditors of the company.

Approved by the board
and signed on its behalf

M J Cumper

Secretary

Wealdstone Road
Kimpton Industrial Estate
Sutton
Surrey
SM3 9RW

13 October 2006

DESIGNPLAN LIGHTING LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period.

In preparing these financial statements, 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. prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records that 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 are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DESIGNPLAN LIGHTING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF DESIGNPLAN LIGHTING LIMITED

We have audited the financial statements on pages 4 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' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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.

We read other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. 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 International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 December 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Baker Tilly
Registered Auditor
Chartered Accountants
12 Gleneagles Court
Crawley
West Sussex RH10 6AD

13 October 2006

DESIGNPLAN LIGHTING LIMITED**PROFIT AND LOSS ACCOUNT****for the year ended 31 December 2005**

	Note	2005 £	2004 £
Turnover	2	11,477,131	11,995,537
Cost of sales		(6,177,227)	(6,798,382)
Gross profit		5,299,904	5,197,155
Distribution costs		(1,095,543)	(1,050,434)
Administrative expenses		(3,738,736)	(3,725,954)
Operating profit	3	465,625	420,767
Decrease in provision for pensions to former employees	15	50,455	1,997
Profit on ordinary activities before interest		516,080	422,764
Interest receivable	5	-	4,667
Interest payable	6	(70,596)	(45,965)
Profit on ordinary activities before taxation		445,484	381,466
Tax on ordinary activities	7	(178,822)	(131,290)
Profit on ordinary activities after taxation		266,662	250,176

**STATEMENT OF TOTAL RECOGNISED
GAINS AND LOSSES****for the year ended 31 December 2005**

There were no recognised gains or losses in either year other than in the profit and loss account.

DESIGNPLAN LIGHTING LIMITED

BALANCE SHEET

at 31 December 2005

	Note	2005 £	2004 £
Fixed assets			
Tangible assets	8	912,877	1,049,257
Investments	9	2	2
		<u>912,879</u>	<u>1,049,259</u>
Current assets			
Stocks	10	2,504,068	2,163,591
Deferred tax	16	63,000	49,700
Debtors: due within one year	11	2,697,560	2,868,631
Debtors: due after one year	12	-	13,519
Cash at bank and in hand		507	452
		<u>5,265,135</u>	<u>5,095,893</u>
Creditors: amounts falling due within one year	13	<u>3,030,008</u>	<u>3,127,733</u>
Net current assets		<u>2,235,127</u>	<u>1,968,160</u>
Total assets less current liabilities		<u>3,148,006</u>	<u>3,017,419</u>
Creditors: amounts falling due after more than one year	14	106,391	250,356
Provisions for liabilities and charges	15	<u>171,080</u>	<u>163,190</u>
		<u>277,471</u>	<u>413,546</u>
		<u>2,870,535</u>	<u>2,603,873</u>
Capital and reserves			
Called up share capital	17	360,300	360,300
Capital redemption reserve	18	214,575	214,575
Profit and loss account	18	2,295,660	2,028,998
Shareholder's funds	18	<u>2,870,535</u>	<u>2,603,873</u>

The financial statements on pages 4 to 15 were approved and authorised for issue by the board of directors on 13 October 2006.

D A Cumper)
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)
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M J Cumper)

Directors

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

1 Principal accounting policies

Basis of accounting

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

The company is exempt from the requirement to prepare group accounts as it is a wholly owned subsidiary of Designplan Management Services Limited, a company registered in England, and the accounts of the company are included in the consolidated accounts of Designplan Management Services Limited. The accounts reflect the results of the company as an individual undertaking and exclude the results of its subsidiary companies.

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

Turnover

Turnover represents the amount derived from the provision of goods and services to third parties which fall within the company's ordinary activities, stated net of value added tax.

All the company's activities during the year are classed as continuing. There were no acquisitions during the year.

Investments

Investments in the balance sheet are included at cost less provision for diminution in value.

Depreciation

Depreciation of tangible fixed assets is charged by equal annual instalments commencing with the year of acquisition at rates estimated to write off their cost less any residual value over the expected useful lives, which are as follows:-

Computerised plant and machinery	-	3 years
Other plant, machinery and tools	-	3 - 10 years
Office equipment, fixtures and fittings	-	5 - 10 years
Motor vehicles	-	5 years

Finance leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the cost at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in accordance with the straight line method and charged to the profit and loss account.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks, including work in progress, are valued at the lower of cost, including an addition for production overheads, where appropriate, and net realisable value. Allowance has been made for obsolete or slow moving items.

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

1 Principal accounting policies (continued)

Investment income

Income from lease of properties is included in the profit and loss as they accrue.

Research and development

Expenditure on research and development in the year is charged to the profit and loss account.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange ruling at the date of the transaction. Adjustments due to currency fluctuations arising in the normal course of business are dealt with in the profit and loss account.

Defined contribution pension fund

Contributions to the pension fund are charged to the profit and loss account as they become payable in accordance with the rules of the fund.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results are stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted at the balance sheet date. Deferred tax is measured on a non-discounted basis.

Constructive obligations under various onerous contracts

Obligations are recognised under various onerous contracts on the date an onerous obligation liability becomes probable. This is an estimation by the directors and is based on contracts and actual claims experience to date.

Related party transactions

The company has taken advantage of the exemption from reporting transactions with other group companies conferred by Financial Reporting Standard No 8 on the grounds that it is a wholly-owned subsidiary of an ultimate holding company which publishes consolidated accounts.

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

2	Turnover	2005	2004
		£	£
	United Kingdom	10,844,549	11,147,246
	Other	632,582	848,291
		<u>11,477,131</u>	<u>11,995,537</u>
3	Operating profit		
	Operating profit is stated after charging/(crediting)		
	Depreciation		
	- owned assets	215,989	208,311
	- assets held under finance leases and hire purchase contracts	227,961	213,666
	Loss on fixed asset disposal	2,706	15,506
	(Decrease) in provision against subsidiary undertakings	-	(15,304)
	Increase in provision against fellow associate undertaking	72,182	-
	Operating leases		
	- plant and machinery hire	2,888	49,665
	- other assets	233,334	262,488
	Net foreign exchange gains	(37,017)	(29,449)
	Auditors' remuneration		
	- audit	27,000	20,000
	- other services	29,425	29,442
		<u>27,000</u>	<u>20,000</u>
		<u>29,425</u>	<u>29,442</u>

The total amount charged against profits in respect of finance leases and hire purchase contracts is £250,842 (2004 £250,428) of which part is shown as depreciation and the balance is shown as interest payable in note 6.

		2005	2004
		No	No
4	Directors and employees		
	The average number of persons employed by the company (including executive directors) during the year was		
	Production	128	123
	Sales	9	6
	Administration	49	44
		<hr/>	<hr/>
		186	173
		<hr/>	<hr/>
	<i>The aggregate staff costs were</i>	£	£
	Wages and salaries	3,816,327	3,428,752
	Social security costs	289,792	318,339
	Other pension costs	72,570	69,922
		<hr/>	<hr/>
		4,178,689	3,817,013

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

4 Directors and employees (continued)

	2005 £	2004 £
Directors		
Directors' emoluments		
- emoluments	213,571	806,368
- pension contributions	25,081	69,223
- compensation for loss of office	-	47,500
	<u>238,652</u>	<u>923,091</u>
Highest paid director - emoluments	111,603	281,534
- pension contributions	21,000	22,000
	<u>132,603</u>	<u>303,534</u>

Defined contribution pension funds

The company operates three types of defined contributions pension schemes. Two of these are funded defined contribution personal pension plans where the assets are held separately for individual members and are not available generally to all members. The total contributions to these plans were £25,081 (2004 £69,223).

The company's other scheme is a defined contribution pension fund and is operated through the group. The assets of the fund are held separately from those of the company in an independently administered fund. Two directors (2004 two) benefited from this fund as at the year end. The pension cost charge payable by the group to the pension scheme amounted to £nil (2004 £44,000).

	2005 £	2004 £
5 Interest receivable		
Other interest	<u>-</u>	<u>4,667</u>
6 Interest payable		
Bank loan and overdrafts	42,695	31,563
Hire purchase contracts	22,881	36,762
Pension fund loan	4,020	6,840
Other interest	1,000	(29,200)
	<u>70,596</u>	<u>45,965</u>

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

	2005 £	2004 £
7 Taxation		
a) Analysis of charge in year		
Current tax		
- Corporation tax on profits of the year	177,500	131,000
- Adjustment in respect of prior years	(478)	(310)
Total current tax	<u>177,022</u>	<u>130,690</u>
Deferred tax		
- Origination of timing differences	(13,300)	-
- Transferred from other group undertakings	15,100	600
Tax on profit on ordinary activities	<u>178,822</u>	<u>131,290</u>
b) Factors affecting tax charge for the year		
The current tax assessed for the year is higher than the standard rate of corporation tax in the United Kingdom of 30% (2004 30%) as explained below		
Profit on ordinary activities before tax	<u>445,484</u>	<u>381,466</u>
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2004 30%)	133,645	114,440
Effects of		
- Expenses not deductible for tax purposes	8,706	16,222
- Movement on provisions against subsidiary undertakings	21,655	(3,352)
- Capital allowances in deficit of depreciation	13,367	3,355
- Other adjustments	127	335
Adjustment in respect of prior years	<u>177,500</u> <u>(478)</u>	<u>131,000</u> <u>(310)</u>
	<u>177,022</u>	<u>130,690</u>

c) Factors that may affect future tax charges

Based on current capital investment plans, the company expects to continue to be able to claim capital allowances in excess of depreciation in future years but at a slightly lower level than in the current year.

The company has brought forward capital losses of £160,948 (2004 £160,948) which could significantly reduce tax payments in future years.

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

8 Tangible fixed assets

	Plant, machinery and tools £	Computer, furniture and fittings £	Motor vehicles £	Total £
Cost				
At 1 January 2005	3,190,167	866,387	119,834	4,176,388
Group transfers	207,856	6,030	15,000	228,886
Additions	72,392	166,502	20,525	259,419
Disposals	-	(9,118)	(29,433)	(38,551)
At 31 December 2005	<u>3,470,415</u>	<u>1,029,801</u>	<u>125,926</u>	<u>4,626,142</u>
Accumulated depreciation				
At 1 January 2005	2,249,072	791,579	86,480	3,127,131
Group transfers	164,065	5,500	3,250	172,815
Charged for the year	374,634	56,112	13,204	443,950
Disposals	-	(9,118)	(21,513)	(30,631)
At 31 December 2005	<u>2,787,771</u>	<u>844,073</u>	<u>81,421</u>	<u>3,713,265</u>
Net book value				
31 December 2005	<u>682,644</u>	<u>185,728</u>	<u>44,505</u>	<u>912,877</u>
31 December 2004	<u>941,095</u>	<u>74,808</u>	<u>33,354</u>	<u>1,049,257</u>

The net book value of fixed assets includes £436,864 (2004 £664,825) for which depreciation of £227,961 (2004 £213,666) was charged in the year for assets held under finance leases and hire purchase contracts.

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

9 Fixed asset investments

	£
Shares in group undertakings	
Cost	
At 1 January 2005 and 31 December 2005	30,557
Provision	
At 1 January 2005 and 31 December 2005	30,555
Net book value	
31 December 2005	2
31 December 2004	2

The company holds more than 10% of the equity share capital of the following:

Name of undertaking	Country of incorporation	Class of share	Proportion held	Nature of business
Designplan International Limited	England	Ordinary	82.5%	Lighting wholesaler
Charisma Lighting Limited	England	Ordinary	100.0%	Dormant
Steelplan Kitchens Limited	England	Ordinary	100.0%	Dormant

	2005 £	2004 £
10 Stocks		
Raw materials	1,128,491	868,534
Work in progress	556,551	629,250
Finished goods	819,026	665,807
	<u>2,504,068</u>	<u>2,163,591</u>

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

	2005 £	2004 £
11 Debtors: amounts falling due within one year		
Trade debtors	2,197,461	2,237,418
Amounts due from group undertakings	300,444	236,083
Corporation tax	-	-
Other debtors	16,569	237,057
Prepayments and accrued income	183,086	158,073
	<u>2,697,560</u>	<u>2,868,631</u>
12 Debtors: amounts falling due after more than one year	2005 £	2004 £
Prepayments and accrued income	-	13,519
	<u>-</u>	<u>13,519</u>
13 Creditors: amounts falling due within one year		
Bank loans and overdrafts	910,317	894,540
Trade creditors	892,433	1,033,515
Amounts owed to group undertakings	510,953	400,761
Corporation tax	102,500	6,236
Other taxation and social security	270,532	275,392
Pension fund loan	-	100,000
Hire purchase contracts	181,465	192,288
Other creditors	58,949	62,168
Accruals and deferred income	102,859	162,833
	<u>3,030,008</u>	<u>3,127,733</u>
The bank overdrafts are secured against the leasehold properties in the group.		
	2005 £	2004 £
14 Creditors: amounts falling due after more than one year		
Hire purchase contracts	68,891	250,356
Other creditors	37,500	-
	<u>106,391</u>	<u>250,356</u>

Obligations under finance leases and hire purchase contracts are repayable over varying periods by monthly instalments as follows:

	2005 £	2004 £
In the next year (note 13)	181,465	192,288
In the second to fifth year	68,891	250,356
	<u>250,356</u>	<u>442,644</u>

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

15 Provisions for liabilities and charges

	1 January 2005 £	Transfer to profit and loss accounts £	Transfer from group undertakings £	31 December 2005 Deferred tax asset £	Provision £
Unfunded pensions to former employees	-	(50,455)	50,455	-	-
Deferred tax	(49,700)	1,800	(15,100)	63,000	-
Constructive obligations under various onerous contracts	163,190	7,890	-	-	171,080
	<u>113,490</u>	<u>(40,765)</u>	<u>35,355</u>	<u>63,000</u>	<u>171,080</u>

A provision has been recognised for the unfunded pension costs payable to former employees. These costs are expected to be incurred over the next 10 years. The provision has been calculated with reference to present value annuity costs and is carried in the ultimate holding company.

	2005 £	2004 £
16 Deferred tax		
Accelerated capital allowances	<u>(63,000)</u>	<u>(49,700)</u>

The provision is based on a corporation tax rate of 30% (2004 30%). Deferred tax on capital tax losses of £48,300 (2004 £48,300) are not included in the balance sheet as there is presently no likelihood of recovery.

	2005 £	2004 £
17 Called up share capital		
Authorised		
1,000,000 ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
Allotted, called up and fully paid		
360,300 ordinary shares of £1 each	<u>360,300</u>	<u>360,300</u>

DESIGNPLAN LIGHTING LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

18 Shareholders' funds

	Share Capital £	Capital redemption reserve £	Profit & loss account £	Share- holders' funds £
31 December 2004	360,300	214,575	2,028,998	2,603,873
Profit for the year	-	-	266,662	266,662
31 December 2005	<u>360,300</u>	<u>214,575</u>	<u>2,295,660</u>	<u>2,870,535</u>

19 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 2006.

	2005		2004	
Expiring	Land & buildings £	Other £	Land & buildings £	Other £
Within one year	-	25,300	-	9,682
In two to five years	-	55,193	-	89,760
After five years	133,180	-	133,180	-
	<u>133,180</u>	<u>80,493</u>	<u>133,180</u>	<u>99,442</u>

20 Holding company

The company's immediate and ultimate holding company is Designplan Management Services Limited, a company incorporated in England.

21 Related party transactions

On 30 December 2005 Designplan Lighting Limited took over the business of Richmond Plastics, a fellow subsidiary undertaking of Designplan Management Services Limited. The following assets were transferred to the company on 31 December 2005. There was no affect on Designplan Lighting Limited's profit and loss accounts for either 2005 or 2004.

	£
Fixed assets	56,071
Stock; Raw material	124,907
Creditors: less than one year; accruals	(1,695)
	<u>179,283</u>
Creditors less than one year; amounts owed to Group undertakings	<u>179,283</u>