

Park Rose Limited

Annual report

for the year ended 30 April 1999

Registered no: 2610531



Park Rose Limited

Annual report for the year ended 30 April 1999

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Directors and advisers

Executive directors

N D F Rawson
D Hindle
S J Cann
A L Shaw
B J Berryman

Secretary and registered office

S J Cann
66 Lincoln's Inn Fields
London
WC2A 3LH

Registered auditors

PricewaterhouseCoopers
Charnwood Court
New Walk
Leicester
LE1 6TE

Bankers

Midland Bank plc
7 Westgate
Bridlington
East Yorkshire
YO16 4QD

Solicitors

Farrer & Co
66 Lincoln's Inn Fields
London
WC2A 3LH

**Director's report
for the year ended 30 April 1999**

The directors present their report and the audited financial statements for the year ended 30 April 1999.

Principal activity

The principal activity of the company in the year under review was that of the manufacture and retail of ceramic products.

Review of business and future developments

The profit and loss account for the year ended 30 April 1999 is set out on page 6.

The results reflect the reduction in manufacturing and the changing focus to a leisure park. The planning approval has taken longer than originally anticipated which is reflected in the continuing losses.

Dividends and transfers to reserves

The directors can not recommend the payment of a dividend (1998: £nil). The loss for the period of £216,524 (1998 loss: £195,398) will be transferred from reserves.

Directors

The directors of the company at 30 April 1999, all of whom served throughout the year, are listed below.

N D F Rawson
D Hindle
B J Berryman
S J Cann
A L Shaw

No directors holding office during the year ending 30 April 1999 had a beneficial interest in the issued share capital of the company.

Both B J Berryman and S J Cann are directors of Swiss Cutlery (UK) Limited which holds a 100% interest in the share capital of the company at 30 April 1999 and their interests in the shares of this and other group companies are disclosed in the accounts of Swiss Cutlery (UK) Limited.

Mr A L Shaw, Mr N D F Rawson and Mr D Hindle had no interests in the shares of other group companies at any time during the year.

Property values

In the opinion of the directors the market value of long leasehold buildings exceeds the net book value of £243,602 by approximately £100,000.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial period that give a true and fair view of the state of affairs of the company as at the end of the financial period and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 April 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Millennium

The company experienced no disruption or malfunctions since the turn of the year arising from its own computer systems or equipment with embedded date-reliant computer chips.

The lack of disruption from the company's own systems and equipment is attributed to: (i) the analysis of risks carried out to determine the impact of the year 2000 problem on our activities; and (ii) the consequential modifications to, or replacement of, hardware and software suspected of harbouring the faulty date-reliant software or computer chips that were carried out during 1998 and 1999.

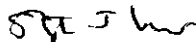
At this stage the full impact of third party year 2000 problems on the company's business is still being assessed.

The total cost to complete modifications to our computer hardware and software was immaterial and it was expensed as it was incurred.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board



Company secretary

Dated: 24/2/2000

(S J Cann)

Report of the auditors to the members of Park Rose Limited

We have audited the financial statements on pages 6 to 18 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 to 10.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and 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 is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

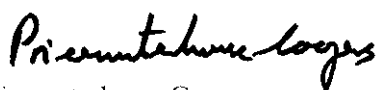
Basis of audit opinion

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 at 30 April 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Leicester:

28th Feb 2000

**Profit and loss account
for the year ended 30 April 1999**

	Notes	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Turnover - continuing operations	3	561,513	1,244,325
Cost of sales		(713,301)	(1,036,586)
Gross (loss)/profit		(151,788)	207,739
Net operating expenses - continuing operations	4	(142,864)	(501,106)
Operating loss - continuing operations		(294,652)	(293,367)
Interest receivable and similar income	5	-	2,370
Interest payable and similar charges	6	(7,589)	(16,282)
Loss on ordinary activities before taxation	9	(302,241)	(307,279)
Tax on loss on ordinary activities	10	85,717	66,881
Loss on ordinary activities after taxation		(216,524)	(240,398)
Dividends	11	-	45,000
Loss for the year	21	(216,524)	(195,398)

The company has no recognised gains or losses other than the losses above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the loss for the year stated above, and their historical cost equivalents.

Park Rose Limited

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Balance sheet at 30 April 1999

	Notes	1999 £	1998 £
Fixed assets			
Tangible assets	12	253,080	292,909
Investments	13	1	1
		<u>253,081</u>	<u>292,910</u>
Current assets			
Stocks	14	192,577	281,372
Debtors	15	158,957	205,446
Cash at bank and in hand		6,667	8,793
		<u>358,201</u>	<u>495,611</u>
Creditors: amounts falling due within one year	16	<u>(241,484)</u>	<u>(214,390)</u>
Net current assets		<u>116,717</u>	<u>281,221</u>
Total assets less current liabilities		<u>369,798</u>	<u>574,131</u>
Creditors: amounts falling due after more than one year	17	<u>(458,922)</u>	<u>(446,731)</u>
Net (liabilities)/assets		<u><u>(89,124)</u></u>	<u><u>127,400</u></u>
Capital and reserves			
Called up share capital	20	90,000	90,000
Profit and loss account	21	(179,124)	37,400
Equity shareholders' funds	22	<u><u>(89,124)</u></u>	<u><u>127,400</u></u>

The financial statements on pages 6 to 18 were approved by the board of directors on 24/2/2000 and were signed on behalf of the board by:

8/4 Jh (J J (ann)
Director

Notes to the financial statements for the year ended 30 April 1999

1 Going concern

The company has made a loss before tax of £302,241 (1998: £307,279). The balance sheet shows net liabilities of £89,124 (1998: net assets £127,400).

The accounts have been prepared using the going concern concept which assumes the company will have sufficient funds to continue to pay its debts as and when they fall due and thus continue to trade.

This assumption is based on the ongoing financial support of the ultimate parent company, Swiss Cutlery (UK) Limited. The directors have received confirmation of continued parent company support for twelve months from the date of approval of these accounts.

2 Accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

The financial statements contain information about Park Rose Limited as an individual company and do not contain consolidated financial information as the parent of a group. The company is exempt under Section 228(2) of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the company is a wholly owned subsidiary undertaking and its immediate parent undertaking is established under the law of the United Kingdom.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (Revised) from the requirement to produce a cash flow statement on the grounds that it is a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned.

The principal annual rates used for this purpose are:-

Leasehold property	- 20 years
Plant and equipment	- 5-10 years
Fixtures, fittings and office equipment	- 3-5 years
Motor vehicles	- 4 years

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value. Provision is made where necessary for obsolete, slow moving and defective stocks.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pension costs

The company operates a defined contribution pension scheme for certain directors. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension costs charged to the profit and loss account are the contributions payable in respect of the accounting period.

3 Turnover

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Turnover by geographical markets is analysed as follows:		
United Kingdom	544,448	1,132,992
Rest of Europe	17,065	17,362
Rest of World	-	93,971
	<u>561,513</u>	<u>1,244,325</u>

4 Net operating expenses

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Continuing operations		
Distribution costs	109,810	242,250
Administrative expenses	33,054	258,856
	<u>142,864</u>	<u>501,106</u>

5 Interest receivable and similar income

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Bank interest	-	2,370
	<u>-</u>	<u>2,370</u>

6 Interest payable and similar charges

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Interest payable on loans and overdrafts	7,578	15,332
Finance leases	11	950
	<u>7,589</u>	<u>16,282</u>

7 Directors emoluments

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Aggregate emoluments	27,809	169,618
Company pension contribution to money purchase scheme	750	9,361
	<u>28,559</u>	<u>178,979</u>

Retirement benefits were accruing to one director (1998: 5) under a defined contribution pension scheme during the year.

8 Employee information

	12 months ended 30 April 1999 Number	16 months ended 30 April 1998 Number
The average number of persons, including directors, employed by the company during the year was:		
By activity		
Production and sales	28	45
Management and administration	5	8
	<u>33</u>	<u>53</u>
Staff costs (for the above persons)	£	£
Wages and salaries	264,699	606,145
Social security costs	18,424	42,923
Other pension costs	2,092	11,627
	<u>285,215</u>	<u>660,695</u>

9 Loss on ordinary activities before taxation

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Loss on ordinary activities is stated after crediting:-		
Profit on sale of fixed assets	4,126	2,750
And charging:		
Depreciation charge for the year:		
Owned assets	41,206	71,777
Assets held under finance leases	-	9,946
Auditors remuneration	5,000	5,000
Operating leases - land and buildings	56,500	75,333
Operating leases - other	3,049	12,432

10 Tax on loss on ordinary activities

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
UK corporation tax at 30% (1998: 31%)		
Current	-	(48,163)
Group relief	(85,600)	(17,488)
Adjustments in respect of prior years		
Corporation tax	(117)	(1,230)
	<u>(85,717)</u>	<u>(66,881)</u>

11 Dividends

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Dividends on ordinary shares	-	(45,000)
	<u>-</u>	<u>(45,000)</u>

The dividend for the year ended 31 December 1996 of £45,000 was cancelled during the period ended 30 April 1998.

12 Tangible fixed assets

	Long leasehold property	Plant and equipment	Fixture, fittings and other equipment	Motor vehicles	Totals
	£	£	£	£	£
Cost					
At 1 May 1998	354,349	279,183	80,765	91,544	805,841
Additions	-	5,038	3,313	-	8,351
Disposals	-	-	-	(30,702)	(30,702)
At 30 April 1999	354,349	284,221	84,078	60,842	783,490
Depreciation					
At 1 May 1998	110,747	264,127	69,945	68,113	512,932
Charge for the year	17,718	7,257	5,667	10,564	41,206
Disposals	-	-	-	(23,728)	(23,728)
At 30 April 1999	128,465	271,384	75,612	54,949	530,410
Net book value					
At 30 April 1999	225,884	12,837	8,466	5,893	253,080
Net book value					
At 30 April 1998	243,602	15,056	10,820	23,431	292,909

The net book value of tangible fixed assets includes an amount of £nil (1998: £22,378) in respect of assets held under finance leases.

13 Shares in subsidiary undertakings

	1999 £	1998 £
Cost at 30 April 1998 and 30 April 1999	1	1

The company has the following wholly owned subsidiary undertaking, which is registered in England and Wales.

Company	Activities	Description of shares held	Proportion of nominal value of shares held
Alphabourne Limited	Dormant	Ordinary £1 shares	100%

14 Stocks

	1999 £	1998 £
Raw materials	37,010	74,091
Work in progress	17,314	27,287
Finished goods	138,253	179,994
	<u>192,577</u>	<u>281,372</u>

15 Debtors

	1999 £	1998 £
Trade debtors	26,445	102,304
Amounts owed by group undertakings	43,986	17,488
Corporation tax	48,280	48,163
Prepayments	40,246	37,491
	<u>158,957</u>	<u>205,446</u>

16 Creditors: amounts falling due within one year

	1999 £	1998 £
Loans	32,940	33,273
Trade creditors	100,702	118,498
Obligations under finance leases	-	1,797
Amounts due to group undertakings	60,463	9,253
Other taxation and social security	9,462	17,811
Accruals	37,917	33,758
	<u>241,484</u>	<u>214,390</u>

The loans are secured by a fixed and floating charge over the company's assets and carry interest at normal commercial rates.

17 Creditors: amounts falling due after more than one year

	1999 £	1998 £
Loans	36,866	65,972
Amount due to subsidiary undertakings	331,675	331,675
Amounts due to parent undertaking	90,381	49,084
	<u>458,922</u>	<u>446,731</u>

The amounts due to the parent undertaking have no fixed repayment date and will not be paid before 1 May 2000.

Loans are repayable as follows:-

	1999 £	1998 £
In one year or less	32,940	33,273
Between one and two years	23,273	33,273
Between two and five years	13,593	32,699
	<u>69,806</u>	<u>99,245</u>

The company has an unsecured loan from East Yorkshire Borough Council. The loan is repayable in annual instalments of £3,833 and carries interest at base rate plus 2%.

The company has a business loan repayable in equal monthly instalments of £833.33 which carries interest at base rate plus 3%.

The company also has a mortgage repayable in monthly instalments of £1,620 which carries interest at base rate plus 3%.

18 Provisions for liabilities and charges

The deferred tax asset, which has not been recognised in the financial statements, is as follows: -

	1999 £	1998 £
Tax effect of timing differences		
Excess of tax allowances over depreciation	(11,005)	(13,061)
Losses	(2,257)	(2,332)
	<u>(13,262)</u>	<u>(15,393)</u>

19 Pension costs

The company operates a defined contribution pension scheme.

The pension cost charged represents contributions payable by the company to the fund and amounted to £2,092 (1998: £11,627). No amounts are included in accruals in respect of contributions payable to the scheme.

20 Called up share capital

	1999 £	1998 £
Authorised		
90,000 ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>
Allotted called up and full paid		
90,000 ordinary shares of £1 each	<u>90,000</u>	<u>90,000</u>

21 Profit and loss account

	£
At 1 May 1998	37,400
Loss for the year	<u>(216,524)</u>
At 30 April 1999	<u>(179,124)</u>

22 Reconciliation of movements in shareholders' funds

	12 months ended 30 April 1999 £	16 months ended 30 April 1998 £
Loss for the year	(216,524)	(240,398)
Dividends	-	45,000
Net reduction to shareholders' funds	<u>(216,524)</u>	<u>(195,398)</u>
Opening shareholders' funds	<u>127,400</u>	<u>322,798</u>
Closing shareholders' funds	<u>(89,124)</u>	<u>127,400</u>

23 Capital commitments

There were no capital commitments at 30 April 1999 or 30 April 1998.

24 Financial commitments

At 30 April 1999 the company had annual commitments under non-cancellable operating leases on land and buildings as follows:-

	1999 £	1998 £
Expiring in over five years	<u>56,500</u>	<u>56,500</u>

25 Related party disclosures

The company has not disclosed transactions with its parent company or its subsidiaries where the group shareholding is above 90% in accordance with the exemption under the terms of Financial Reporting Standard Number 8.

26 Ultimate parent company and controlling parties

The directors regard Swiss Cutlery (UK) Limited as the ultimate parent company by virtue of its 100% interest in the equity capital of Park Rose Limited. Copies of the parent company's financial statements are available from the company secretary, Swiss Cutlery (UK) Limited, Victorinox House, 163 Parker Drive, Leicester, LE4 0JP.

The directors regard D Walmsley, B J Berryman, K Woodward and M Andrews as the ultimate controlling parties, by virtue of their status as controlling trustees of a trust which holds a 100% interest in the equity capital of Swiss Cutlery (UK) Limited.