Report and Accounts

Rigida UK Limited

31 December 1999

Registered No. 3080090

DIRECTORS
Henk Jansen
Jules Pekelharing

SECRETARY
Henk Jansen

AUDITORS
Ernst and Young
City Gate
Toll House Hill
Nottingham
NG1 5FY

BANKERS
Midland Bank Plc
1 Leeming Street
Mansfield
Nottinghamshire
NG18 1LU

REGISTERED OFFICE
City Gate West
Toll House Hill
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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £90,294 (1998 - loss of £82,216). The directors do not recommend a dividend.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's sole activity during the year was the manufacture of rims for bicycles.

DIRECTORS AND THEIR INTERESTS

The directors who served throughout the year are listed on page 1. They have had no interest in the share capital of the company during the year.

YEAR 2000

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

A company-wide programme, designed to address the impact of the Year 2000 on our business, was commissioned by the Board.

A significant risk analysis was performed to determine the impact of the issue on all our activities. From this, prioritised action plans were developed which were designed to address the key risks in advance of critical dates and without disruption to the underlying business activities. Priority was given to those systems which could cause a significant financial or legal impact on the company's business if they were to fail. The plan also included a requirement for the testing of system changes, involving the participation of users.

The risk analysis also considered the impact on our business of Year 2000 related failures by our significant suppliers (including computer bureaux) and customers. In appropriate cases we initiated formal communication with these other parties.

There have been no Year 2000 problems to date, and the Board will provide resources to deal promptly with significant failures or issues that might arise.

The board does not believe the total cost of modifications to our computer hardware and software to be significant.

AUDITORS

A resolution to reappoint Ernst and Young as auditors will be put to the members at the Annual General Meeting.

SMALL COMPANY EXEMPTIONS

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By order of the board

Secretary

Date 14-02-01

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 affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

Ernst & Young

REPORT OF THE AUDITORS
to the members of Rigida UK Limited

We have audited the accounts on pages 6 to 13 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 & 9.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgments made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

Ernst & Young

Registered Auditors
Nottingham

Date 25 Feb 2000

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1999

	Notes	1999 £	1998 £
TURNOVER	2	1,496,283	967,239
Cost of Sales		(1,242,246)	(894,486)
		254,037	72,753
Net operating expenses		(145,549)	(171,528)
OPERATING PROFIT/(LOSS)	3	108,488	(98,775)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		108,488	(98,775)
Taxation	4	(18,194)	15,559
PROFIT RETAINED/(LOSS) FOR THE FINANCIAL YEAR	12	90,294	(83,216)

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £90,294 in the year ended 31 December 1999 and loss of £83,216 in the year ended 31 December 1998.

BALANCE SHEET
at 31 December 1999

	Notes	*1999* £	*1998* £
FIXED ASSETS			
Tangible assets	5	254,117	278,688
CURRENT ASSETS			
Stocks	6	146,148	168,835
Debtors	7	198,313	90,345
Cash at bank and in hand		105,021	64,167
		449,482	323,347
CREDITORS: amounts falling due within one year	8	(472,676)	(491,578)
NET CURRENT LIABILITIES		(23,194)	(168,231)
TOTAL ASSETS LESS CURRENT LIABILITIES		230,923	110,457
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	9	12,743	-
ACCRUALS AND DEFERRED INCOME			
Deferred government grants	10	49,729	32,300
		168,451	78,157
CAPITAL AND RESERVES			
Called up share capital	11	125,000	125,000
Profit and loss account	12	43,451	(46,843)
TOTAL SHAREHOLDERS' FUNDS	12	168,451	78,157

The accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

Director

Name: H. JANSEN

Date 14-02-01

1. **ACCOUNTING POLICIES**

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant and machinery	-	7 years

Government Grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit over the expected useful lives of the relevant assets.

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis.
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred tax assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

NOTES TO THE ACCOUNTS
at 31 December 1999

1. ACCOUNTING POLICIES (continued)

Leasing

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the manufacture of rims for bicycles.

All turnover relates to the United Kingdom, except £22,642 (1998 - £9,750) in respect of sales to a fellow group undertaking within the EU.

3. OPERATING PROFIT/(LOSS)

This is stated after charging/(crediting):		*1999*	*1998*
		£	*£*
Auditors' remuneration		5,000	5,000
Depreciation of owned fixed assets		46,398	36,721
Operating lease rentals	- plant and machinery	2,859	2,402
	- land and buildings	22,917	20,000
Exchange (gain)/loss		(53,000)	15,668
Release of government grant (note 10)		(6,571)	(7,700)

4. TAX ON PROFIT/(LOSS) ON ORDINARY ACTIVITIES

	1999	*1998*
Based on profit on ordinary activities		
UK corporation tax current year	5649	(17,360)
UK corporation tax prior year	(198)	9,555
	5451	(7,805)
Deferred taxation (note 9)	12,743	(7,754)
	18,194	(15,559)

5. TANGIBLE FIXED ASSETS

	Plant and machinery
	£
Cost:	
At 1 January 1999	355,978
Additions	21,827
At 31 December 1999	377,805
Depreciation:	
At 1 January 1999	77,290
Provided during the year	46,398
At 31 December 1999	123,688
Net book value:	
At 31 December 1999	254,117
At 31 December 1998	278,688

6. STOCKS

	1999	*1998*
	£	*£*
Raw materials and consumables	78,857	101,982
Work in progress	4,152	3,614
Finished goods and goods for resale	63,139	63,239
	146,148	168,835

The difference between purchase price or production cost of stocks and their replacement cost is not material.

NOTES TO THE ACCOUNTS
at 31 December 1999

7. DEBTORS

	1999	1998
	£	£
Trade debtors	198,313	76,621
Prepayments and accrued income	-	6,564
Corporation tax	-	7,160
	198,313	90,345

8. CREDITORS: amounts falling due within one year

	1999	1998
	£	£
Bank overdraft	23,059	-
Trade creditors	6,574	14,016
Amounts owed to group undertakings	336,210	442,548
Corporation tax	5,649	-
Other taxes and social security costs	66,481	34,249
Accruals	34,703	765
	472,676	491,578

The overdraft is secured by a fixed and floating charge over the assets of the company.

9. PROVISIONS FOR LIABILITIES AND CHARGES

The movement in deferred taxation during the current and previous year are as follows:

	1999	1998
	£	£
At 1 January 1999	-	7,754
Charge for the year (note 4)	12,743	(7,754)
At 31 December 1999	12,743	-

9. PROVISIONS FOR LIABILITIES AND CHARGES (continued)

Deferred taxation provided in the accounts and the amounts not provided are as follows:

		Provided		*Not provided*
	1999	*1998*	*1999*	*1998*
	£	*£*	*£*	*£*
Capital allowances in advance of depreciation	17,972	15,762	-	-
Other timing differences	(5,229)	-	-	-
	12,743	15,762	-	-
Less taxation losses	-	(15,762)	-	(6,091)
	12,743	-	-	(6,091)

10. ACCRUALS AND DEFERRED INCOME

	Deferred Government Grants
	£
At 1 January 1999	32,300
Additions during the year	24,000
	56,300
Released during the year	(6,571)
At 31 December 1999	49,729

11. SHARE CAPITAL

			Authorised, Allotted, called up and fully paid	
	1999	*1998*	*1999*	*1998*
	No.	*No.*	*£*	*£*
Ordinary shares of £1 each	125,000	125,000	125,000	125,000

12. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Share capital £	*Profit and loss account* £	*Total* £
At 1 January 1998	125,000	36,373	161,373
Loss for the year	-	(83,216)	(83,216)
At 31 December 1998	125,000	(46,843)	78,157
Profit for the year	-	90,294	90,294
At 31 December 1999	125,000	43,451	168,451

13. PENSION COMMITMENTS

The company operates a defined contribution pension scheme for its most senior employee. The assets of the scheme are held separately from those of the company in an independently administered fund.

14. OTHER FINANCIAL COMMITMENTS

At 31 December 1999 the company had annual commitments under non-cancellable operating leases as set out below:

		Land and buildings		*Other*
	1999 £	*1998* £	*1999* £	*1998* £
Operating leases which expire:				
Within one year	-	10,000	-	4,236
within two to five years	25,000	-	4,440	-

15. RELATED PARTIES

The company's immediate and ultimate holding company is Van Schothorst B.V., a company incorporated in the Netherlands. It has included the company in its group accounts (registered office: Stationsweg 175, 3771 VG Barneveld, Postbus 65, 3770 AB Barneveld).

Disclosure of transactions with group companies has not been made as the company has taken advantage of the exemption conferred in Financial Reporting Standard No. 8 on the grounds that it is a 90% or more owned subsidiary undertaking. There were no other related party transactions.