

RIGIDA UK LIMITED

Report and Accounts

31 December 2001



Rigida UK Limited

Registered No. 3080090

DIRECTORS

Jules Pekelharing

Henk Jansen (resigned 16 March 2001)

Pieter Oostlander (appointed 1 June 2001)

SECRETARY

Henk Jansen (resigned 16 March 2001)

Pieter Oostlander (appointed 1 June 2001)

AUDITORS

Ernst & Young LLP

City Gate West

Toll House Hill

Nottingham

NG1 5FY

BANKERS

ABN AMRO

250 Bishopgate

London

EC2M 4AA

REGISTERED OFFICE

City Gate West

Toll House Hill

Nottingham

NG1 5FY

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 December 2001.

RESULTS AND DIVDENDS

The profit for the year, after taxation amounted to £28,594 (2000 - £34,649). The directors recommend a dividend of £20,000 (2000: £20,000).

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the manufacture and distribution of wheel 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.

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

By order of the board

P Oostlander
Secretary

Date 7 January 2003

STATEMENTS 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts; 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF RIGIDA LIMITED

We have audited the company's financial statements for the year ended 31 December 2001 which comprise Profit and Loss Account, Balance Sheet, and the related notes 1 to 20. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

This report has been prepared for the members of the company pursuant to Section 235 of the Companies Act 1985 (the "Act") and for no other purpose.

No person is entitled to rely on this report unless such person:

- i) is a person who is entitled to rely on this report by virtue of and for the purposes of the Act; or
- ii) has been expressly authorised to do so by our prior written consent

Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Our responsibility is to audit the financial statements in accordance with 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 information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 affairs of the company as at 31 December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Ernst & Young LLP
Registered Auditor
Nottingham

Date *17 January 2003*

Rigida UK Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 December 2001

	Notes	2001 £	2000 £
TURNOVER	2	1,992,046	1,710,376
Cost of sales		(1,720,207)	(1,450,881)
GROSS PROFIT		271,839	259,495
Net operating expenses		(216,974)	(201,196)
OPERATING PROFIT	3	54,865	58,299
Interest payable and similar charges	6	(11,721)	(11,692)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		43,144	46,607
Taxation	7	(14,550)	(11,958)
PROFIT FOR THE FINANCIAL YEAR	16	28,594	34,649
Ordinary dividend on equity shares	16	(20,000)	(20,000)
PROFIT RETAINED FOR THE FINANCIAL YEAR		8,594	14,649

STATEMENT OF RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £28,594 in the year ended 31 December 2001 and profit of £34,649 in the year ended 31 December 2000.

Rigida UK Limited

BALANCE SHEET at 31 December 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	8	230,414	217,382
CURRENT ASSETS			
Stocks	9	180,411	152,917
Debtors	10	303,423	392,288
Cash at bank and in hand		122,944	56,336
		<u>606,778</u>	<u>601,541</u>
CREDITORS: amounts falling due within one year	11	(587,448)	(584,175)
		<u>19,330</u>	<u>17,366</u>
NET CURRENT ASSETS			
		<u>249,744</u>	<u>234,748</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS: amounts falling due after one year			
Obligations under finance lease agreements	12	(14,571)	-
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	13	(12,036)	(11,062)
ACCRUALS AND DEFERRED INCOME			
Deferred government grants	14	(31,443)	(40,586)
		<u>191,694</u>	<u>183,100</u>
CAPITAL AND RESERVES			
Called up share capital	15	125,000	125,000
Profit and loss account	16	66,694	58,100
		<u>191,694</u>	<u>183,100</u>
TOTAL EQUITY SHAREHOLDERS' FUNDS	16		
		<u>191,694</u>	<u>183,100</u>

P Oostlander Director

Date 7 January, 2003

NOTES TO THE ACCOUNTS
at 31 December 2001

1. ACCOUNTING POLICIES

Accounting convention

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

The company has taken advantage of the exemption in Financial Reporting Standard No.1 from the requirement to produce cash flow statement on the grounds that it is a small company as defined by S.246 and 247 of the companies act 1985.

Fixed assets

All fixed assets are recorded at cost.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimate 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.

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

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The corresponding lease or hire purchase obligation is capitalised in the balance sheet as a liability. The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

NOTES TO THE ACCOUNTS
at 31 December 2001

1. ACCOUNTING POLICIES (continued)

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 and distribution of rims for bicycles.

All turnover relates to the United Kingdom, except £7,613 (2000 – £22,825) in respect of sales to a fellow group undertaking within the EU.

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2001 £	2000 £
Auditors' remuneration:		
Audit	5,000	5,000
Other	4,471	5,600
Depreciation of owned fixed assets	52,354	48,477
Operating lease rentals - plant and machinery	10,485	12,214
- land and buildings	25,000	25,000
Exchange loss	10,803	8,980
Release of government grant (note 14)	(9,143)	(9,143)

4. DIRECTORS' EMOLUMENTS

The directors received £nil emoluments in the year (2000 - £nil).

NOTES TO THE ACCOUNTS
at 31 December 2001

5. STAFF COSTS

	2001 £000	2000 £000
Wages and salaries	182,369	173,929
Social security costs	14,938	14,869
Other pension costs	1,354	1,277
	<u>198,661</u>	<u>190,075</u>

The monthly average number of employees during the year was as follows:

	2001 No.	2000 No.
Administration	3	3
Production	11	11
	<u>14</u>	<u>14</u>

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001 £	2000 £
Group interest payable	11,721	11,692

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £	2000 £
Based on profit on ordinary activities		
UK corporation tax current year	13,789	14,153
Overprovision of UK corporation tax prior year	(213)	(514)
	<u>13,576</u>	<u>13,639</u>
Deferred taxation (note 13)	974	(1,681)
	<u>14,550</u>	<u>11,958</u>

Rigida UK Limited

NOTES TO THE ACCOUNTS at 31 December 2001

8. TANGIBLE FIXED ASSETS

	<i>Plant and machinery £</i>
Cost:	
At 1 January 2001	389,547
Additions	65,386
	<hr/>
At 31 December 2001	454,933
	<hr/>
Depreciation:	
At 1 January 2001	172,165
Provided during the year	52,354
	<hr/>
At 31 December 2001	224,519
	<hr/>
Net book value:	
At 31 December 2001	230,414
	<hr/>
At 31 December 2000	217,382
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The net book value of plant and machinery includes an amount of £29,140 (2000: £nil) in respect of assets held under finance lease agreements.

9. STOCKS

	<i>2001 £</i>	<i>2000 £</i>
Raw materials and consumables	53,794	83,883
Work in progress	37	4,745
Finished goods and goods for resale	126,580	64,289
	<hr/>	<hr/>
	180,411	152,917
	<hr/>	<hr/>

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

NOTES TO THE ACCOUNTS
at 31 December 2001

10. DEBTORS

	2001 £	2000 £
Trade debtors	303,076	392,288
Prepayments	347	-
	<u>303,423</u>	<u>392,288</u>

11. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Bank overdraft	-	148,716
Obligations under finance lease agreements (note 12)	14,570	-
Trade creditors	352,179	38,560
Amounts owed to group undertakings	76,480	285,163
Corporation tax	17,273	19,153
Other taxes and social security costs	83,824	69,978
Other creditors	20,000	-
Accruals	3,122	2,605
Proposed final dividend	20,000	20,000
	<u>587,448</u>	<u>584,175</u>

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

Other creditors reflect the final dividend declared for the period ended 31 December 2000.

NOTES TO THE ACCOUNTS
at 31 December 2001

12. OBLIGATIONS UNDER FINANCE LEASE AGREEMENTS

The maturity of these amounts is as follows:

	2001 £	2000 £
Amounts payable:		
Within one year	15,648	-
In two to five years	15,649	-
	<u>31,297</u>	<u>-</u>
Less: finance charges allocated to future periods	2,156	-
	<u>29,141</u>	<u>-</u>
Finance lease contracts are analysed as follows:		
Current obligations (note 11)	14,570	-
Non-current obligations	14,571	-
	<u>29,141</u>	<u>-</u>

13. PROVISIONS FOR LIABILITIES AND CHARGES

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

	2001 £	2000 £
At 1 January 2001	11,062	12,743
Charge/(release) for the year (note 7)	974	(1,681)
At 31 December 2001	<u>12,036</u>	<u>11,062</u>

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

	Provided		Not provided	
	2001 £	2000 £	2001 £	2000 £
Capital allowances in advance of depreciation	21,475	23,242	-	-
Other timing differences	(9,439)	(12,180)	-	-
	<u>12,036</u>	<u>11,062</u>	<u>-</u>	<u>-</u>

NOTES TO THE ACCOUNTS
at 31 December 2001

14. ACCRUALS AND DEFERRED INCOME

	<i>Deferred government grants £</i>
At 1 January 2001	40,586
Released during the year	9,143
At 31 December 2001	<u>31,443</u>

15. SHARE CAPITAL

	<i>2001 No.</i>	<i>2000 No.</i>	<i>Authorised, Allotted, called up And fully paid 2001 £</i>	<i>2000 £</i>
Ordinary shares of £1 each	125,000	125,000	125,000	125,000

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share Capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 January 2000	125,000	43,451	168,451
Profit for the year	-	34,649	34,649
Proposed final dividend	-	(20,000)	(20,000)
At 1 January 2001	125,000	58,100	183,100
Profit for the year	-	28,594	28,594
Proposed final dividend	-	(20,000)	(20,000)
	<u>125,000</u>	<u>66,694</u>	<u>191,694</u>

17. PENSION COMMITMENTS

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

There were no outstanding pension commitments at the period end.

NOTES TO THE ACCOUNTS

at 31 December 2001

18. OTHER FINANCIAL COMMITMENTS

At 31 December 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2001</i>	<i>2000</i>	<i>2001</i>	<i>2000</i>
	£	£	£	£
Operating leases which expire:				
Within one year	-	-	443	352
Within two to five years	25,000	25,000	7,049	6,971
	<u>25,000</u>	<u>25,000</u>	<u>7,492</u>	<u>7,323</u>

19. GUARANTEES

Rigida UK Limited in combination with Rigida Group BV, Van Schothorst BV and Alesa N.V is currently a signatory to an overdraft agreement with ABN-AMRO bank.

The agreement guarantees on a joint and several liability basis the overdraft position of any and all signatories to the extent of the overdrawn position. The total funds available under the overdraft agreement is Euro 16.1m (approximately £9.8m).

Subsequent to this agreement Alesa N.V went into liquidation and has been wound up; the bank has continued to provide the facilities available under the terms of the agreement and has not made a call against any of the existing credit facilities in operation.

20. RELATED PARTIES

The company's immediate and ultimate holding company for which group accounts are drawn up is Van Schothorst B.V., a company incorporated in the Netherlands. It has included the company in its group accounts (registered office: St.Anthonisweg 5, 5831 AC Boxmeer, The Netherlands).

Van Schothorst B.V. is considered to be the controlling party for Rigida UK Limited.

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.