

DESIGNPLAN MANAGEMENT SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2005



DESIGNPLAN MANAGEMENT SERVICES LIMITED

31 December 2005

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DESIGNPLAN MANAGEMENT SERVICES 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 group is the design, manufacture and sale of light fittings and plastic mouldings both in the home and export markets.

Business review

The results for the year were satisfactory in a period of continued increase in competition and changing markets at home, brighter prospects in the United States but more difficult trading conditions in other export markets.

On 30 December 2005 Designplan Management Services Limited purchased the entire share capital of Richmond Plastics Co Limited (See note 9). On 16 February 2005 the company purchased 50% of the share capital of One2See Dp Limited. This is shown as an associate in these accounts.

Prior year adjustment

A change in company law and accounting standards has resulted in a change in definition of a subsidiary undertaking. Companies under a unified management of Designplan Management Services are now included in these consolidated statements. The effect of the prior year adjustment is shown in note 23 to these financial statements.

Profit, dividends and appropriations

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

The directors do not recommend the payment of a dividend.

Future developments

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

Directors

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 group made charitable donations totalling £6,290.

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 MANAGEMENT SERVICES LIMITED

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

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 the group and of the profit or loss of the group for that period. In preparing those 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 which 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 requirements of the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of Designplan Management Services Limited

We have audited the financial statements on pages 4 to 25.

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 other transactions 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 of 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.

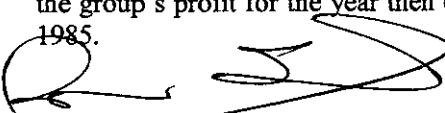
Basis of audit opinion

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 group's and 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 group's and parent company's affairs at 31 December 2005 and of the group's 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 MANAGEMENT SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2005

	Note	2005 £	Restated 2004 £
Turnover	2	15,400,728	15,976,585
Cost of sales		7,954,782	8,375,776
Gross profit		7,445,946	7,600,809
Distribution costs		(1,824,658)	(1,718,067)
Administrative expenses		(4,890,591)	(4,942,171)
Other operating income	3	151,149	101,175
Operating profit	4	881,846	1,041,746
Decrease in provision for pensions to former employees	18	50,456	1,997
Loss on related party loan	24ii	-	470,288
Share of operating loss in associate		(42,305)	-
Profit on ordinary activities before interest		889,997	573,455
Interest receivable	6	47,193	35,063
Interest payable	7	(98,584)	(81,281)
Profit on ordinary activities before taxation		838,606	527,237
Tax on ordinary activities	8	(271,335)	(269,148)
Profit on ordinary activities after taxation		567,271	258,089
Minority interest (equity)		(182,846)	156,143
Retained profit for the year	21	384,425	414,232

The company is exempt from publishing the parent's profit and loss account under section 230 of the Companies Act 1985.

DESIGNPLAN MANAGEMENT SERVICES LIMITED**CONSOLIDATED STATEMENT OF TOTAL****RECOGNISED GAINS AND LOSSES****for the year ended 31 December 2005**

	2005 £	2004 £
Profit for the financial year	384,425	414,232
Currency transaction differences on foreign currency net investments	2,176	3,642
Deficit on minority interests	(4,230)	31,403
Total gains and losses recognised relating to the year	<u>382,371</u>	<u>449,277</u>
Prior year adjustment (Note 23)	<u>(508,837)</u>	
Total gains and losses recognised since last annual report	<u>(126,466)</u>	

CONSOLIDATED NOTE OF HISTORICAL**COST PROFITS AND LOSSES****for the year ended 31 December 2005**

There were no historical cost profits or losses, other than included in the profit and loss account, in either years.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

CONSOLIDATED BALANCE SHEET

at 31 December 2005

	Note	2005	Restated 2004
		£	£
Fixed assets			
Intangible assets	9	259,891	-
Tangible assets	11	3,236,748	3,442,591
		<u>3,496,639</u>	<u>3,442,591</u>
Current assets			
Stocks	13	3,474,485	3,103,788
Deferred tax	19	30,146	-
Debtors: due within one year	14	3,009,843	3,245,515
Debtors: due after one year	15	10,070	13,519
Cash at bank and in hand	28	1,557,587	918,974
		<u>8,082,131</u>	<u>7,281,796</u>
Creditors: amounts falling due within one year	16	<u>3,851,508</u>	<u>3,771,044</u>
Net current assets		<u>4,230,623</u>	<u>3,510,752</u>
Total assets less current liabilities		<u>7,727,262</u>	<u>6,953,343</u>
Creditors: amounts falling due after more than one year	17	1,238,490	351,890
Provisions for liabilities and charges	18	<u>724,335</u>	<u>767,547</u>
		<u>1,962,825</u>	<u>1,119,437</u>
		<u>5,764,437</u>	<u>5,833,906</u>
Capital and reserves			
Called up share capital	20	360,400	360,400
Merger capital	22	214,575	214,575
Profit and loss account	22	4,699,759	4,317,388
Shareholders' funds	22	<u>5,274,734</u>	<u>4,892,363</u>
Minority interest (equity)	10	489,703	941,543
		<u>5,764,437</u>	<u>5,833,906</u>

The financial statements on pages 4 to 25 were approved and authorised for issue by the board of directors on 13 October 2006.

D A Cumper)

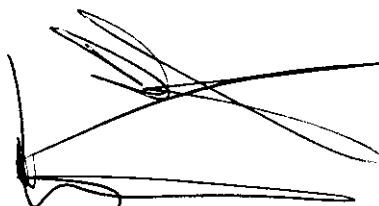
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Directors

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M J Cumper)



DESIGNPLAN MANAGEMENT SERVICES LIMITED

COMPANY BALANCE SHEET

at 31 December 2005

	Note	£	2005	£	£	2004	£
Fixed assets							
Tangible assets	11		1,975,015			2,017,341	
Investments	12		1,260,350			360,300	
			<u>3,235,365</u>			<u>2,377,641</u>	
Current assets							
Debtors: due within one year	14	434,120		519,142			
Cash at bank and in hand		455,620		279,407			
		<u>889,740</u>		<u>798,549</u>			
Creditors: amounts falling due within one year	16	<u>222,457</u>		<u>187,516</u>			
Net current assets			667,283			611,033	
Total assets less current liabilities			<u>3,902,648</u>			<u>2,988,674</u>	
Creditors: amounts falling due after more than one year	17		900,000			-	
Provisions for liabilities and charges	18		<u>623,600</u>			<u>664,256</u>	
			<u>2,379,048</u>			<u>2,324,418</u>	
Capital and reserves							
Called up share capital	20		360,400			360,400	
Profit and loss account	22		2,018,648			1,964,018	
			<u>2,379,048</u>			<u>2,324,418</u>	

The financial statements on pages 4 to 25 were approved and authorised for issue by the board of directors on 13 October 2006.

D A Cumper)

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Directors

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M J Cumper)

DESIGNPLAN MANAGEMENT SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2005

	Note	2005 £	Restated 2004 £
Net cash inflow from operating activities	25	1,185,819	395,603
Returns on investment and servicing of finance			
Interest received		48,593	34,263
Rental income		94,266	91,421
Interest paid		(103,010)	(99,612)
Interest element of finance lease rental		(22,881)	(36,762)
		<hr/>	<hr/>
Net cash inflow from returns on investment and servicing of finance		16,968	(10,690)
Taxation			
Net corporation tax paid		(144,597)	(97,705)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(308,715)	(111,560)
Receipts from sale of tangible fixed assets		14,323	28,573
		<hr/>	<hr/>
		(294,392)	(82,987)
Acquisitions and disposals			
Purchase of associate undertaking		50	-
Management of liquid resources			
Payments for short term deposits	28	(45,000)	(35,000)
		<hr/>	<hr/>
Net cash inflow before financing		718,848	169,221
Financing			
Advance on bank loans		347,049	-
Other loan advances		100,000	-
Repayment of pension scheme loan		(100,000)	(50,000)
Repayment of borrowings		(184,704)	(31,475)
Capital element of finance lease rentals		(192,288)	(302,014)
		<hr/>	<hr/>
Net cash (outflow) from financing	26	(29,943)	(383,489)
		<hr/>	<hr/>
Increase/(decrease) in cash in the year	28	688,805	(214,268)
		<hr/>	<hr/>

DESIGNPLAN MANAGEMENT SERVICES 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 historical cost convention. All the group's activities are classed as continuing. There were no acquisitions, as defined under FRS 3 in the year, as the subsidiary acquired (see note 23) has been consolidated under a unified management basis in the comparative figures.

Basis of consolidation

The consolidated financial statements merge the financial statements of Designplan Management Services Limited with Designplan Lighting Limited Group as if the shareholders of Designplan Management Services Limited had always so been owed the Designplan Lighting Limited Group.

The consolidated financial statements incorporate the financial statements of all other subsidiary companies on an acquisition basis. Subsidiaries acquired during the year are consolidated from the date control of share capital was transferred. Subsidiary companies are those where there is a dominant influence exercised and/or a unified management structure. The difference between cost of acquisition of the shares in subsidiaries and the fair value of the separate net assets acquired is capitalised and written off on a straight line basis over its estimated economic life. Provision is made for impairment. All financial statements are made up to 31 December 2005.

During the year one subsidiary previously consolidated on a dominant influence unified management basis became a 100% subsidiary of this group. As this subsidiary has been included in the comparative figures in 2004 under an acquisition basis the acquisition effects the purchase of the 100% share capital previously held by minority shareholders (see note 10).

Goodwill

Goodwill arising on consolidation and purchased goodwill (prior to the introduction of FRS 10) are written off directly against reserves. Since the introduction of FRS 10, goodwill, representing the excess of the purchase price compared with the fair value of net assets acquired, is capitalised and written off evenly over 5 years, subject to provision made for impairment, as in the opinion of directors this presents the period over which goodwill is effective.

Associate undertaking

Undertakings in which the group has a participating interest and over which it exerts significant influence are defined as associated undertakings. These financial statements include the appropriate share of the results and reserve of these undertakings based on audited financial statements to 31 December 2005.

Investments

Investments in Designplan Management Services Limited company balance sheet are included at cost less provision for diminution in value.

Turnover

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

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:-

Freehold property	-	40 years
Leasehold property	-	Over period of lease
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

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

1 Principal accounting policies (continued)

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.

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.

The financial statements of overseas subsidiary companies are translated into sterling at the closing rates of exchange at the balance sheet date and the difference arising from the translation of opening net investment at the closing rate is taken direct to reserves.

All other translation differences 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.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

1 Principal accounting policies (continued)

Liquid resources

Treasury deposits on the Money Market are classed within the cashflow statement as cash movements when they relate to short term deposits repayable within 24 hours. Treasury deposits between 2 days and one year are included within liquid resources as net cash inflows or outflows.

Prior year adjustment

The definition of a subsidiary undertaking was amended under FRS 2 (A). The result is that two entities are now accounted for as subsidiaries. These have been included in these financial statements from their date of acquisition and affects are shown in note 23 to these financial statements.

2 Turnover

	2005 £	Restated 2004 £
United Kingdom	10,824,339	12,007,809
Europe	507,391	725,011
North America	3,215,092	3,015,466
Far East	43,133	145,796
Other	810,773	82,503
	<u>15,400,728</u>	<u>15,976,585</u>

3 Other operating income

Rent receivable	94,266	94,660
Commission receivable	-	2,993
Other	56,883	3,522
	<u>151,149</u>	<u>101,175</u>

4 Operating profit

Operating profit is stated after charging/(crediting)

Depreciation		
- owned assets	314,592	304,456
- assets held under finance leases and hire purchase contracts	227,961	213,666
Profit/(loss) on fixed asset disposal	(6,402)	17,210
Increase in provision against associate undertaking	45,530	-
Operating leases		
- plant and machinery hire	3,340	49,665
- other assets	233,334	262,486
Net foreign exchange losses/(gains)	(134,100)	(14,027)
Group auditors' remuneration		
- audit	29,500	25,000
- other services	36,425	15,950
	<u></u>	<u></u>

The total amount charged against profits in respect of finance leases and hire purchase contracts is £250,841 (2004 £250,428) of which part is shown as depreciation and the balance is shown as interest payable in note 7.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

	2005 No	Restated 2004 No
5 Directors and employees		
The average number of persons employed by the group (including executive directors) during the year was		
Production	147	136
Sales	14	8
Administration	61	53
	<u>222</u>	<u>197</u>
 The aggregate staff costs were	 £	 £
Wages and salaries	4,777,439	4,323,439
Social security costs	473,219	406,447
Other pension costs	147,559	137,840
	<u>5,398,217</u>	<u>4,867,726</u>
 Directors		
Directors' emoluments		
- emoluments	518,944	558,386
- pension contributions	44,000	44,000
	<u>562,944</u>	<u>602,386</u>
 Highest paid director - emoluments	 282,890	 281,534
- pension contributions	22,000	22,000
	<u>304,890</u>	<u>303,534</u>

Defined contribution pension funds

The group operates three types of defined contributions pension scheme. Two of these are funded defined contribution group 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 £103,559 (2004 £93,840).

The group's other scheme is a defined contribution pension fund. 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 £44,000 (2004 £44,000).

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

	2005 £	Restated 2004 £
6 Interest receivable		
Bank interest	47,191	31,396
Other interest	2	3,667
	<u>47,193</u>	<u>35,063</u>
7 Interest payable		
Bank loan and overdrafts	70,683	66,879
Hire purchase contracts	22,881	36,762
Pension fund loan	4,020	6,840
Other interest	1,000	(29,200)
	<u>98,584</u>	<u>81,281</u>
8 Taxation		
a) Analysis of change in year		
Current UK tax		
- Corporation tax on profits of the year	259,580	112,767
- Adjustment in respect of prior years	(422)	(303)
	<u>259,158</u>	<u>112,464</u>
Current foreign tax		
- Tax for year	40,682	100,146
- Foreign deferred	(12,326)	(11,183)
	<u>28,356</u>	<u>88,963</u>
Total current tax	<u>287,514</u>	<u>201,427</u>
Deferred tax		
- Origination of timing differences	(16,179)	67,721
Tax on profit on ordinary activities	<u>271,335</u>	<u>269,148</u>

b) Factors that may affect future tax changes

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

The group has brought forward capital losses and trading losses which could significantly reduce tax payments in future years.

The group's overseas tax rates are different from these in the UK and the group expects an increase in the future rates charged overseas.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

	2005 £	Restated 2004 £
8 Taxation (continued)		
c) 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	838,606	527,237
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2004 30%)	251,582	158,171
Effects of		
- Net expenses not deductible for tax purposes	18,264	125
- Capital allowances in deficit of depreciation	31,917	62,993
- Tax losses utilised in year	-	(43,558)
- Overseas earnings	(31,902)	(60,194)
- Marginal relief	(9,249)	(4,823)
- Other adjustments	(1,032)	53
	259,580	112,767
Adjustments in respect of prior years	(422)	(303)
	259,158	112,464
9 Intangible fixed assets	Goodwill	
	£	
Cost		
At 1 January 2005	10,500	
Addition	259,891	
At 31 December 2005	270,391	
Amortisation		
At 1 January 2005 and 31 December 2005	10,500	
Net book value		
31 December 2005	259,891	
31 December 2004	-	

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

9 Intangible fixed assets (continued)

Goodwill addition during the year was a result of acquiring Richmond Plastics Limited on 30 December 2005, a company consolidated in the 2005 and 2004 consolidated accounts on a unifiedly managed basis. The purchase was for the 100% minority interest. The assets acquired are both the book value and the fair value, there is therefore no fair value adjustment.

	£
Assets acquired	
Fixed assets	56,071
Stock	124,907
Cash	494,997
Corporation tax	(24,226)
Other creditors and accruals	(11,640)
	<hr/> 640,109
Consideration	
Long term loans advances	900,000
Goodwill	<hr/> 259,891 <hr/>

As the assets acquired are already shown in the 2005 consolidated accounts (and 2004 comparative figures) the effect on these accounts of the acquisition of this subsidiary is to reduce the level of minority interest (note 10).

10 Minority interest

	£
At start of year (restated)	941,543
Consolidated profit and loss account movement in year	182,846
Consolidated deficit on minority interest in consolidated statement of total recognised gains and losses	5,423
	<hr/> 1,129,812
Reduction in minority interest as a result of subsidiary purchase	(640,109)
At end of year	<hr/> 489,703 <hr/>

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

11 Tangible fixed assets

Group

	Land and buildings £	Plant, machinery and tools £	Computer, furniture and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2005 restated	3,010,106	3,694,067	904,956	134,834	7,743,963
Additions	-	83,588	204,602	20,525	308,715
Disposals	-	-	(9,118)	(29,433)	(38,551)
Exchange movement	34,266	26,867	2,398	-	63,531
At 31 December 2005	<u>3,044,372</u>	<u>3,804,522</u>	<u>1,102,838</u>	<u>125,926</u>	<u>8,077,658</u>
Accumulated depreciation					
At 1 January 2005 restated	729,384	2,659,380	825,128	87,480	4,301,372
Charged for the year	50,073	413,052	63,974	15,454	542,553
Disposals	-	-	(9,118)	(21,513)	(30,631)
Exchange movement	5,016	20,238	2,362	-	27,616
At 31 December 2005	<u>784,473</u>	<u>3,092,670</u>	<u>882,346</u>	<u>81,421</u>	<u>4,840,910</u>
Net book value					
31 December 2005	<u>2,259,899</u>	<u>711,852</u>	<u>220,492</u>	<u>44,505</u>	<u>3,236,748</u>
31 December 2004	<u>2,280,722</u>	<u>1,034,687</u>	<u>79,828</u>	<u>47,354</u>	<u>3,442,591</u>

The net book value of land and buildings includes:

	Cost £	Accumulated depreciation £	Net book value £
Freehold property	342,820	57,936	284,884
Long leaseholds	1,430,047	240,627	1,189,420
Short leaseholds	1,271,505	485,910	785,595
	<u>3,044,372</u>	<u>784,473</u>	<u>2,259,899</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 MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

11 Tangible fixed assets (continued)

Company

	Land and buildings £
Cost	
At 1 January 2005 and 31 December 2005	2,701,552
Accumulated depreciation	
At 1 January 2005	684,211
Charged for the year	42,326
At 31 December 2005	726,537
Net book value	
31 December 2005	1,975,015
31 December 2004	2,017,341

The net book value of land and buildings includes:

	Cost £	Accumulated depreciation £	Net book value £
Long leaseholds	1,430,047	240,627	1,189,420
Short leaseholds	1,271,505	485,910	785,595
	2,701,552	726,537	1,975,015

12 Fixed asset investments

Company

	Subsidiaries £	Associates £	Total £
Shares in group undertakings			
Cost			
At 1 January 2005	360,300	-	360,300
Additions	900,000	50	900,050
At 31 December 2005	1,260,300	50	1,260,350

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

12 Fixed asset investments (continued)

Company

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
Subsidiaries				
Designplan Lighting Limited	England	Ordinary	100%	Design and manufacture of light fittings, uplighters and luminaires
Richmond Plastics Limited (from 30 December 2005)	England	Ordinary	100%	Design and manufacture of plastic mouldings
Associate				
One 2 See DP Limited	England	Ordinary	50%	Illuminate roadsigns

Group

The group holds more than 10% of the equity share capital (in addition to the above) of the following companies via its subsidiary undertakings:

Name of undertaking	Country of incorporation	Class of share	Group equity held at 31 December 2005	Nature of business
Designplan International Limited	England	Ordinary	82½%	Lighting wholesaler
Steelplan Kitchens Limited	England	Ordinary	100%	Dormant
Charisma Lighting Limited	England	Ordinary	100%	Dormant
Designplan Lighting Inc	USA	Ordinary	62%	Design, manufacture and sale of lighting fittings
FP Realty LLP	USA	Ordinary	55%	Property

In addition the group has consolidated the following entities as it operates a dormant influence on these entities and they are managed on a unified basis.

Richmond Lighting Limited	England	Ordinary	0%	Design and manufacture of lighting controls
Richmond Plastics Limited (Until 30 December 2005, when the share capital was purchased by Designplan Management Services)	England	Ordinary	0%	Design and manufacture of plastic mouldings

All the above subsidiary undertakings are included in the consolidated financial statements.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

	Group		Company	
	2005	Restated 2004	2005	2004
	£	£	£	£
13 Stocks				
Raw materials	2,025,006	1,746,324	-	-
Work in progress	630,453	691,656	-	-
Finished goods	819,026	665,808	-	-
	<u>3,474,485</u>	<u>3,103,788</u>	<u>-</u>	<u>-</u>
14 Debtors: amounts falling due within one year				
Trade debtors	2,718,372	3,017,981	-	-
Amounts due from group undertakings	-	-	429,832	507,721
Amounts due from associate undertakings	45,530	-	-	-
Corporation tax	-	-	-	-
Other debtors	25,137	34,384	-	-
Prepayments and accrued income	220,804	193,150	4,288	11,421
	<u>3,009,843</u>	<u>3,245,515</u>	<u>434,120</u>	<u>519,142</u>
15 Debtors: amounts falling due after more than one year				
Other debtors	10,070	-	-	-
Prepayments and accrued income	-	13,519	-	-
	<u>10,070</u>	<u>13,519</u>	<u>-</u>	<u>-</u>
16 Creditors: amounts falling due within one year				
Bank loans and overdrafts	1,009,267	1,047,185	-	-
Trade creditors	1,797,045	1,660,107	-	-
Corporation tax	209,158	110,797	36,900	6,500
Other taxation and social security	287,117	286,982	12,800	11,590
Pension fund loan	-	100,000	-	-
Directors' loan accounts	67,624	73,744	67,624	73,744
Other loan	50,000	-	-	-
Hire purchase contracts	181,465	192,288	-	-
Other creditors	8,949	32,165	-	-
Accruals and deferred income	240,883	267,776	105,133	95,682
	<u>3,851,508</u>	<u>3,771,044</u>	<u>222,457</u>	<u>187,516</u>

The bank overdrafts are secured against the group and company's leasehold properties.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

	Group		Company	
	2005	Restated 2004	2005	2004
	£	£	£	£
17 Creditors: amounts falling due after more than one year				
Bank loans and overdrafts	232,099	101,534	-	-
Directors' loan account	900,000	-	900,000	-
Other loan	37,500	-	-	-
Hire purchase contracts	68,891	250,356	-	-
	<u>1,238,490</u>	<u>351,890</u>	<u>900,000</u>	<u>-</u>
Bank loans are repayable:				
In the next year	72,744	15,470	-	-
In the second to fifth year	232,099	101,534	-	-
	<u>304,843</u>	<u>117,004</u>	<u>-</u>	<u>-</u>

The bank loan is secured on the group's freehold property at an interest rate of 1.25% per annum above the bank's US\$ bank base rate.

	Group		Company	
	2005	2004	2005	2004
	£	£	£	£
Other loan is repayable				
In next year	50,000	-	-	-
In second to fifth year	37,500	-	-	-
	<u>87,500</u>	<u>-</u>	<u>-</u>	<u>-</u>

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

	Group		Company	
	2005	2004	2005	2003
	£	£	£	£
In the next year	181,465	192,288	-	-
In the second to fifth year	68,891	250,356	-	-
	<u>250,356</u>	<u>442,644</u>	<u>-</u>	<u>-</u>
18 Provisions for liabilities and charges				
	1 January 2005 restated	Transfer to profit and loss accounts	Transfer to group undertakings	31 December 2005
Group	£	£	£	£
Unfunded pensions to former employees	561,456	(50,456)	-	511,000
Constructive obligations under various onerous contracts	163,190	7,890	-	171,080
Losses arising from associate	-	42,255	-	42,255
	<u>724,646</u>	<u>(311)</u>	<u>-</u>	<u>724,335</u>
Deferred tax	42,901	(73,047)	-	(30,146)
	<u>767,547</u>	<u>(73,358)</u>	<u>-</u>	<u>694,189</u>

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

18 Provisions for liabilities and charges (continued)

Company	1 January 2005 restated £	Transfer to profit and loss accounts £	Transfer to group undertakings £	31 December 2005 £
Unfunded pensions to former employees	561,456	-	(50,456)	511,000
Deferred tax	102,800	(5,300)	15,100	112,600
	<u>664,256</u>	<u>(5,300)</u>	<u>(35,356)</u>	<u>623,600</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.

19 Deferred tax

	2005 £	Restated 2004 £
Group liability/(asset)		
Accelerated capital allowances	206,300	238,200
Former employees pension	(153,300)	(168,440)
Associate loan provision	(27,300)	-
Trading tax losses timings	21,700	(6,200)
	<u>47,400</u>	<u>63,560</u>
Foreign tax	(77,546)	(20,659)
	<u>(30,146)</u>	<u>42,901</u>
	2005 £	2004 £
Company liability		
Accelerated capital allowances	271,500	271,200
Former employees pension	(153,300)	(168,400)
Associate loan provision	(5,600)	-
	<u>112,600</u>	<u>102,800</u>
	Restated Group £	Company £
Provision at 31 December 2004	42,901	102,800
Deferred tax charge in the profit and loss account for the year	(65,147)	(5,300)
Transfer to group undertakings	-	15,100
(Asset)/provision at 31 December 2005	<u>(22,246)</u>	<u>112,600</u>

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

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005
(continued)

20	Called up share capital	2005 £		2004 £	
	Authorised				
	500,000 ordinary shares of £1 each	500,000		500,000	
	Allotted, called up and fully paid				
	360,400 ordinary shares of £1 each	360,400		360,400	
21	Profit and loss account	2005		2004	
	Group retained profit for the year	£		£	
	Retained by				
	Holding company				
	- Profit/(loss) after tax	54,630		(7,937)	
	Subsidiaries				
	- Profit after tax	329,795		422,169	
	- Dividends	-		-	
		329,795		422,169	
		384,425		414,232	
22	Shareholders' funds	Share capital £		Merger capital £	
		£		Profit & loss account £	
		£		Shareholders' funds £	
	Group				
	31 December 2004	360,400		214,575	
	Profit for the year	-		4,317,388	
	Exchange gain	-		384,425	
	Deficit on minority interest	-		2,176	
		-		(4,230)	
	31 December 2005	360,400		214,575	
		360,400		4,699,759	
	Company				
	31 December 2004	360,400		-	
	Profit for the year	-		1,964,018	
		-		54,630	
	31 December 2005	360,400		-	
		360,400		2,018,648	

Consolidated goodwill arising on acquisitions prior to the introduction of FRS 10 have been written off against reserves amounted to £124,000 (2004 £124,000). Goodwill arising on consolidation in the year has been capitalised (note 9). Purchased goodwill eliminated against reserves amounts to £10,500 (2004 £10,500).

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

23 Prior year adjustment

With effect from 1 January 2005 the accounting for subsidiary undertakings definition was changed in company law and accounting standards. Groups with no holding of share capital in an entity are now required to consolidate that entity where there is a dominant influence and they are managed on a unified basis.

	As previously stated 2004 £	Restatement 2004 £	As restated 2004 £
Turnover	15,375,302	601,283	15,976,585
Cost of sales	8,328,539	47,237	8,375,776
Gross profit	7,046,763	554,046	7,600,809
Distribution costs	(1,690,650)	(27,417)	(1,718,067)
Administrative expenses	(4,740,903)	(201,268)	(4,942,171)
Other operating income	162,593	(61,418)	101,175
Operating profit	777,803	263,943	1,041,746
Decrease in provision for pensions to former employees	1,997	-	1,997
Loss on related party loan	-	(470,288)	(470,288)
Interest receivable	29,091	5,972	35,063
Interest payable	(80,286)	(995)	(81,281)
Profit on ordinary activities before taxation	728,605	(201,368)	527,237
Tax on ordinary activities	(272,077)	2,929	(269,148)
Profit on ordinary activities after taxation	456,528	(198,439)	258,089
Minority interest (equity)	(42,296)	198,439	156,143
Retained profit for the year	414,232	-	414,232
Net assets			
Tangible fixed assets	3,365,978	76,613	3,442,591
Stocks	2,476,912	626,876	3,103,788
Debtors: due within one year	3,448,575	(203,060)	3,245,515
Debtors: due after one year	13,519	-	13,519
Cash at bank and in hand	519,685	399,289	918,974
Creditors: amounts falling due within one year	(3,727,239)	(43,805)	(3,771,044)
Creditors: amounts falling due after more than one year	(351,890)	-	(351,890)
Provisions for liabilities and charges	(757,318)	(10,229)	(767,547)
	4,988,222	845,684	5,833,906
Capital and reserves			
Called up share capital	360,400	-	360,400
Merger capital	214,575	-	214,575
Profit and loss account	4,317,388	-	4,317,388
Shareholders' funds	4,892,363	-	4,892,363
Minority interest (equity)	95,859	845,684	941,543
	4,988,222	845,684	5,833,906
Investment in subsidiaries, shares not held previously held by group		(336,847)	
		508,837	

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

24 Related parties transactions

D A Cumper and M J Cumper hold a controlling interest in the group ("Management") and Richmond Plastics Limited ("Plastics"). They also had a related interest in Travel by Design ("Travel").

During the year to 31 December 2005 the following transactions took place between them:

- (i) D A Cumper and M J Cumper sold their interest in Plastics to Management during the year for £900,000 (note 9).
- (ii) A loan of £470,288 was written off in Plastics in 2004 when Travel was sold to a third party. No transactions were written off in 2005 and no balances were held between Management and Travel at either year end.
- (iii) Management paid interest of £4,020 (2004 £6,840) on a loan from The Designplan Pension Fund ("The Fund"). The loan due to The Fund was repaid in the year (2004 £100,000).

25	Reconciliation of operating profit to net cash inflow from operating activities	2005 £	Restated 2004 £
	Operating profit	881,846	1,041,746
	Depreciation	542,553	491,080
	Profit on disposal	(6,402)	17,210
	Benefits in kind	-	7,500
	Exchange variations	(20,743)	61,432
	Loss on loan	-	(465,600)
	Investment income	(94,266)	(94,660)
	Associate	57,087	-
	Increase) in stocks	(370,697)	(479,683)
	(Increase) in debtors	283,253	(115,881)
	(Decrease)/Increase in creditors	(94,702)	(45,731)
	(Decrease) in provisions	7,890	(21,810)
	Net cash inflow from operating activities	1,185,819	395,603

	Bank loan £	Other loans £	Finance leasing £	Total £
26 Analysis of changes in financing during the year				
31 December 2003	147,079	150,000	262,418	559,497
Non cash flow movement				
- exchange variation	1,400	-	-	1,400
- new finance leases	-	-	482,240	482,240
Net cash outflow from financing	(31,475)	(50,000)	(302,014)	(383,489)
31 December 2004	117,004	100,000	442,644	659,648
Non cash flow movement				
- exchange variation	12,994	-	-	12,994
Net cash outflow from financing	174,845	(12,500)	(192,288)	(29,943)
31 December 2005	304,843	87,500	250,356	642,699

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2005

(continued)

27 Material non cashflow movements

During the year the group entered into finance lease arrangements in respect of assets with a total capital value at inception of the leases of £nil (2004 £482,240).

On 30 December 2005 the group purchased a subsidiary undertaking for £900,000. The consideration was a non cash loan advance (see note 9).

28 Analysis of balances of cash as shown in the balance sheet

	Cash at bank and in hand £	Bank overdrafts £	Total £
31 December 2004	918,974	(1,031,715)	(112,741)
Movement in liquid assets	45,000	-	45,000
Net cash inflow for the year	593,613	95,192	688,805
31 December 2005	<u>1,557,587</u>	<u>(936,523)</u>	<u>621,064</u>

29 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.

Group	2005		2004	
	Land & buildings £	Other £	Land & buildings £	Other £
Expiring				
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>