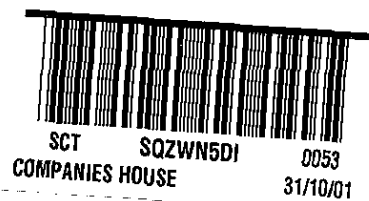


**Eclipse Blind Systems Limited**

**Directors' report and financial  
statements**

**Registered number SC47712**

**31 December 2000**



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## Directors' report

The directors present their annual report and audited financial statements for the year ended 31 December 2000.

### Principal activity

The principal activity of the company is the manufacture and merchandising of component parts and textiles for window blinds.

### Results, dividends and business review

The profit after taxation for the year amounted to £707,039 (1999: £1,758,930).

The directors recommend the payment of a dividend of £1,028,145 (1999: £nil).

### Directors

The directors in office during the year are listed below:

JC Irvine	(appointed 11 January 2000)
W Macdonald	(resigned 28 February 2001)
G Matheson	
MJ Wootton	(resigned 30 June 2000)
JW Watson	
I Kirkham	(resigned 3 November 2000)
SG Wilson	
AJ Brewer	(appointed 3 November 2000)
C John	(appointed 18 August 2000)

No director had any interests in the share capital of the company during the year under review.

AJ Brewer and SG Wilson are directors of the ultimate parent company, Headlam Group plc and as such their interests in the shares of Headlam Group plc, are shown in the financial statements of that company. The interests of the other directors in the ordinary shares of Headlam Group plc were as follows:

	31 December 2000		31 December 1999	
	Beneficial Interest No.	Headlam Options No.	Beneficial interest No.	Headlam Options No.
G Matheson	-	22,949	-	22,949
JW Watson	-	32,784	-	32,784
W Macdonald	-	45,901	-	45,901

## Directors' report *(continued)*

### Directors *(continued)*

Share options were granted under the approved and unapproved executive option schemes and savings related scheme as follows:

#### *Eclipse Approved Executive scheme*

	No of shares	Grant date	Option price	Exercise period
G Matheson	3,278	19.05.95	274.50 pence	19.05.98 – 19.05.05

#### *Eclipse Unapproved Executive Scheme*

	No of shares	Grant date	Option price	Exercise period
G Matheson	13,114	31.05.96	335.50	31.05.99 – 31.05.06
G Matheson	6,557	26.03.98	360.51	26.03.01 – 26.03.08
JW Watson	8,450	08.07.94	99.13	08.07.97 – 08.07.04
JW Watson	1,385	30.09.94	129.63	30.09.97 – 30.09.04
JW Watson	13,114	31.05.96	335.50	31.05.99 – 31.05.06
JW Watson	3,278	22.08.97	381.86	22.08.00 – 22.08.07
JW Watson	6,557	26.03.98	360.51	26.03.01 – 26.03.08
W Macdonald	19,672	31.05.96	335.50	31.05.99 – 31.05.06
W Macdonald	26,229	26.03.98	360.51	26.03.01 – 26.03.08

### Auditors

Pursuant to a shareholders' resolution, the company is not obliged to re-appoint auditors annually, KPMG Audit plc will, therefore, continue in office.

By order of the board



**GM Duggan**  
*Secretary*

26 March 2001

Fountain Crescent  
 Inchinnan Business Park  
 Inchinnan  
 Renfrew  
 PA4 9RE

## Statement of directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, 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 financial statements; and
- 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 the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



**KPMG Audit Plc**

Norfolk House  
Silbury Boulevard  
Central Milton Keynes  
MK9 2HA

**Report of the auditors to the members of Eclipse Blind Systems Limited**

We have audited the financial statements on pages 5 to 14.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the directors' report and, as described on page 3, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by 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 with the company is not disclosed.

**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 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 as at 31 December 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*

*Chartered Accountants  
Registered Auditor*

*26 March 2001*

## Profit and loss account

for the year ended 31 December 2000

	Note	2000 £'000	1999 £'000
<b>Turnover</b>	2	<b>21,823,099</b>	21,366,717
Cost of sales		(16,803,341)	(15,451,250)
<b>Gross profit</b>		<b>5,019,758</b>	5,915,467
Distribution costs		(1,510,031)	(1,239,145)
Administrative expenses		(1,894,935)	(1,778,440)
<b>Operating profit</b>		<b>1,614,792</b>	2,897,882
Interest payable and similar charges	3	(161,807)	(206,898)
<b>Profit on ordinary activities before taxation</b>	4	<b>1,452,985</b>	2,690,984
Taxation on profit on ordinary activities	7	(745,946)	(932,054)
<b>Profit on ordinary activities after taxation</b>		<b>707,039</b>	1,758,930
Dividends – equity	8	(1,028,145)	-
<b>Retained profit for the financial year</b>		<b>(321,106)</b>	1,758,930

The movements in reserves are given in note 17 to the financial statements.

Turnover and operating profit for 2000 and 1999 relate entirely to continuing operations.

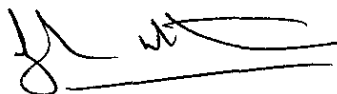
The company has no recognised gains or losses in 2000 or 1999 other than those set out above.

## Balance sheet

at 31 December 2000

	Note	2000		1999	
		£'000	£'000	£'000	£'000
<b>Fixed assets</b>					
Intangible assets	9		3,747		68,841
Tangible assets	10		1,246,456		1,371,125
			<u>1,250,203</u>		<u>1,439,966</u>
<b>Current assets</b>					
Stocks	11	5,232,086		4,960,601	
Debtors	12	18,688,720		19,523,212	
Cash at bank and in hand		8,826		9,680	
		<u>23,929,632</u>		<u>24,493,493</u>	
<b>Creditors: amounts falling due within one year</b>	13	<u>(16,237,915)</u>		<u>(16,774,529)</u>	
<b>Net current assets</b>			<u>7,691,717</u>		<u>7,718,964</u>
<b>Total assets less current liabilities</b>			<u>8,941,920</u>		<u>9,158,930</u>
<b>Provisions for liabilities and charges</b>	14		<u>(104,096)</u>		<u>-</u>
<b>Net assets</b>			<u>8,837,824</u>		<u>9,158,930</u>
<b>Capital and reserves</b>					
Called up share capital	16	4,360,000		4,360,000	
Profit and loss account	17	4,477,824		4,798,930	
<b>Equity shareholders' funds</b>	18	<u>8,837,824</u>		<u>9,158,930</u>	

These financial statements were approved by the board of directors on 26 March 2001 and were signed on its behalf by:



**G Matheson**  
Director



## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### ***Basis of preparation***

The financial statements are prepared under the historical cost convention and in accordance with the Companies Act 1985, as amended by the Companies Act 1989, and in accordance with applicable accounting standards. The accounting policies used are consistent with those of the previous year.

#### ***Turnover***

Turnover represents the net value of invoiced sales exclusive of Value Added Tax.

#### ***Depreciation***

Depreciation on fixed assets is provided by equal annual instalments to write off the cost of each asset over its estimated useful life, the annual rates being:

Fixtures and fittings	-	7%
Plant and machinery	-	7-33%
Office furniture and equipment	-	14-20%

#### ***Intangible fixed assets***

Intangible fixed assets, which relate to trademarks and patents, are stated at their purchase cost, together with any incidental expenses of acquisition. Depreciation is provided at 20% per annum on a straight line basis.

#### ***Operating leases***

Costs in respect of operating leases are charged against profit on a straight-line basis over the lease term.

#### ***Government grants***

Grants that relate to specific capital expenditure are treated as deferred income which is then credited to the profit and loss account over the related asset's useful life.

Other grants are credited to income in the year of receipt.

#### ***Stocks***

Stocks are valued at the lower of cost and net realisable value. The cost of finished goods and work in progress includes direct costs and an allocation of overheads based on the normal level of activity.

#### ***Taxation***

Provision for deferred tax is made at the rate at which the liability is expected to crystallise and to the extent that there is reasonable probability of the tax falling due for payment in the foreseeable future.

#### ***Foreign currencies***

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date and differences arising are included in the profit and loss account.

## Notes (continued)

### 1 Accounting policies (continued)

#### *Pensions*

Pension costs relating to the Group's defined contribution scheme are charged to the profit and loss account in accordance with contributions payable to the scheme in the financial period and are in accordance with the rules of the scheme.

#### *Cash flow statement*

No cash flow statement has been prepared as the company is a wholly owned subsidiary of Headlam Group plc and its results and cash flows are incorporated into the consolidated accounts of that company.

### 2 Analysis of turnover and profit on ordinary activities before taxation

No analysis of turnover by geographical market nor by activity has been provided as, in the opinion of the directors, disclosure of such information would be prejudicial to the company.

### 3 Interest payable and similar charges

	2000 £'000	1999 £'000
Interest payable on bank loans and overdrafts	(161,807)	(206,998)

### 4 Profit on ordinary activities before taxation

	2000 £'000	1999 £'000
<i>Profit on ordinary activities before taxation is stated after charging:</i>		
Depreciation		
Intangible fixed assets	65,084	13,156
Tangible fixed assets	337,206	291,701
Research and development expenditure	293,539	257,757
Auditors' remuneration:		
Audit services	15,500	15,500
Operating lease costs:		
Plant and machinery	116,607	124,597
Other	700,000	700,000

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the company, including directors, during the year was as follows:

	2000 Number	1999 Number
Production and distribution	97	83
Administration and management	77	74
	<u>174</u>	<u>157</u>
Employee costs:		
Wages and salaries	2,835,390	2,593,098
Social security costs	271,478	241,908
Other pension costs	100,758	102,555
	<u>3,207,627</u>	<u>2,937,561</u>

### 6 Remuneration of directors

	2000 £'000	1999 £'000
Emoluments	304	359
Pension contributions	40	42
Compensation for loss of office	30	-
	<u>374</u>	<u>401</u>

The highest paid director received emoluments of £161,000 (1999: £163,000) including benefits in kind and a payment was made to a deferred pension scheme on his behalf of £23,000 (1999: £23,000). Directors' share options granted and exercised are dealt with in the Directors Report.

### 7 Taxation on profit on ordinary activities

	2000 £'000	1999 £'000
UK Corporation tax at 30.0 % (1999: 30.25%) on the profit for the year on ordinary activities	(641,850)	(932,054)
Deferred tax	(104,096)	-
	<u>(745,946)</u>	<u>(932,054)</u>

**Notes** *(continued)*

**8 Dividends**

	2000 £'000	1999 £'000
Ordinary dividend proposed	1,028,145	-

**9 Intangible fixed assets**

	Trade marks and patents £'000
<i>Cost</i>	
At 1 January 2000	161,462
Additions	-
Disposals	(50,609)
At 31 December 2000	110,853
<i>Depreciation</i>	
At 1 January 2000	92,631
Charge for year	65,084
Disposals	(50,609)
At 31 December 2000	107,106
<i>Net book value</i>	
At 31 December 2000	3,747
At 31 December 1999	68,841

## Notes (continued)

### 10 Tangible fixed assets

	Motor vehicles £'000	Plant & Machinery £'000	Fixtures and Fittings £'000	Total £'000
<b>Cost</b>				
At 1 January 2000	15,078	2,792,499	1,381,577	4,189,154
Additions	-	59,786	152,751	212,537
Disposals	(15,078)	-	(18,184)	(33,262)
At 31 December 2000	-	2,852,285	1,516,144	4,368,429
<b>Depreciation</b>				
At 1 January 2000	15,078	1,742,689	1,060,262	2,818,029
Charge for year	-	258,604	78,602	337,206
Disposals	(15,078)	-	(18,184)	(33,262)
At 31 December 2000	-	2,001,293	1,120,680	3,121,973
<b>Net book value</b>				
At 31 December 2000	-	850,992	395,464	1,246,456
At 31 December 1999	-	1,049,810	321,315	1,371,125

### 11 Stocks

	2000 £'000	1999 £'000
Raw materials and consumables	1,076,378	1,221,948
Finished goods and goods for resale	4,155,708	3,738,653
	<b>5,232,086</b>	<b>4,960,601</b>

There was no significant difference between the replacement cost and the values disclosed for each category of stock.

### 12 Debtors

	2000 £'000	1999 £'000
<b>Amounts falling due within one year</b>		
Trade debtors	4,107,068	4,464,238
Amounts owed by fellow subsidiary undertaking	14,178,324	14,733,540
Other debtors	49,960	39,000
Prepayments and other debtors	353,368	286,434
	<b>18,688,720</b>	<b>19,523,212</b>

## Notes (continued)

### 13 Creditors: amounts falling due within one year

	2000 £'000	1999 £'000
Bank overdraft	1,089,976	2,292,263
Bank loan – ECSC	-	125,000
Trade creditors	4,290,498	3,375,156
Amounts owed to group undertaking and fellow subsidiary undertakings	9,111,518	9,664,672
Corporation tax	263,220	757,424
Taxation and social security	380,173	459,378
Accruals and deferred income	74,385	100,636
Proposed dividend	1,028,145	-
	<b>16,237,915</b>	<b>16,774,529</b>

### 14 Provisions for liabilities and charges

Amounts provided and unprovided in respect of deferred taxation are analysed as follows:

	Provided		Unprovided	
	2000	1999	2000	1999
	£	£	£	£
Capital allowances in excess of depreciation	177,045	-	-	-
Short term timing differences	(72,949)	-	-	-
	<b>104,096</b>	<b>-</b>	<b>-</b>	<b>-</b>

### 15 Pension and similar obligations

The employees of Eclipse Blind Systems Limited are members of a defined contribution pension scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The pension costs charged in the financial statements represent contributions paid by the company to the fund and amounted to £100,758 (1999: £102,555). There were no outstanding contributions due at the year end (1999: Nil).

## Notes (continued)

### 16 Share capital

	2000 £'000	1999 £'000
<i>Authorised</i>		
4,370,000 ordinary share of £1 each	4,370,000	4,370,000
<i>Allotted, called up and fully paid</i>		
4,360,000 ordinary shares of £1 each	4,360,000	4,360,000

### 17 Reserves

	Profit and loss account £'000
At 1 January 2000	4,798,930
Retained profit for the financial year	(321,106)
At 31 December 2000	4,477,824

### 18 Reconciliation of movements in equity shareholders' funds

	2000 £'000	1999 £'000
Profit for the financial year	707,039	1,758,930
Dividends	(1,028,145)	-
Increase in equity shareholders' funds	(321,106)	1,758,930
Opening equity shareholders' funds	9,158,930	7,400,000
Closing equity shareholders' funds	8,837,824	9,158,930

### 19 Capital commitments

	2000 £'000	1999 £'000
Capital expenditure that has been contracted for but has not been provided for in the financial statements	4,000	65,000

## Notes (continued)

### 20 Contingent liabilities

	2000 £'000	1999 £'000
Performance bond and guarantees given in the ordinary course of business	20,000	20,000

### 21 Financial commitments

At the end of the financial year the company had annual commitments under non-cancellable operating leases as follows:

	2000 Other £'000	1999 Other £'000
Operating leases which expire		
Within one year	14,541	21,000
Between two and five years inclusive	51,086	86,000
	<u>65,627</u>	<u>107,000</u>

### 22 Related party transactions

No disclosures have been made of transactions with other group companies, as the company is a wholly owned subsidiary of Headlam Group plc, whose consolidated financial statements are publicly available from the address in note 23.

### 23 Ultimate parent company and controlling party

The company is a wholly owned subsidiary undertaking of Eclipse Blinds Holdings Limited, a company registered in Scotland.

The ultimate parent company and controlling party is Headlam Group plc, a company registered in England and Wales. Copies of the accounts of Headlam Group plc may be obtained from Headlam Group plc, PO Box 1, Gorsey Lane, Coleshill, Birmingham, B46 1LW.