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DAVIS ALUMEX LIGHTING LIMITED

(formerly Alumex Lighting Limited)

ACCOUNTS - 31 DECEMBER 1990

DAVIS ALUMEX LIGHTING LIMITED

Report of the directors for the year ended 31 December 1990

1 The directors present herewith their report and the audited accounts for the year ended 31 December 1990.

Change of name

2 With effect from 1 January 1990 the company changed its name from Alumex Lighting Limited to Davis Alumex Lighting Limited.

Principal activity and review of the business

3 The principal activities of the company remain those of designers, manufacturers and distributors of lighting equipment.

4 The trading results for 1990 are a reflection of the deep recession that has affected both the construction and retail industries, the markets which the company primarily serve. In the longer term with the significantly improved manufacturing and technical resources available to the company the directors look to the future with optimism.

Future developments

5 The company will continue to seek opportunities to expand its range of products and services in areas related to both its existing activities and markets as well as to new ones.

Tangible fixed assets

6 The movement in the company's tangible fixed assets during the year are set out in note 14 to the accounts.

Directors

7 The directors of the company during the year were as follows:-

J W Ray	(appointed 27 November 1990)	Chairman
R L Bruce	(resigned 31 October 1990)	
E Race	(appointed 1 January 1990)	
E K Smith	(appointed 1 January 1990)	
J W Smith		
G J Brown		
H Cameron	(resigned 14 May 1990)	
L S McCoard	(resigned 29 January 1990, reappointed 3 September 1990)	
G Phillips	(appointed 3 September 1990)	
J L Sommerville		

J W Smith resigned as a director on 28 February 1991.



DAVIS ALUMEX LIGHTING LIMITED

Report of the directors
for the year ended 31 December 1990 continued

Directors' interests in shares

8 None of the directors held any shares in the company during the year ended 31 December 1990.

9 Interests in the shares of The RTZ Corporation plc of directors who are not also directors of the holding company are as follows:-

	<u>Ordinary shares</u>		<u>Ordinary share options under the RTZ SAYE scheme</u>	
	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>	<u>31 December</u>
	<u>1990</u>	<u>1989</u>	<u>1990</u>	<u>1989</u>
	Number	Number	Number	Number
E K Smith	-	-	-	-
J W Smith	-	-	-	-
G J Brown	-	-	3,106	3,106
L S McCoard	-	-	2,426	2,426
G Phillips	-	-	-	-
J L Sommerville	-	-	1,617	1,617

Close company provisions

10 As far as the directors are aware, the close company provisions of the Income and Corporation Taxes Act 1988, as amended, do not apply to the company. There has been no change in this respect since the end of the financial year.

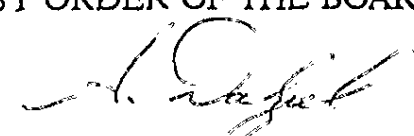
Post balance sheet event

11 On 4 April 1991, a resolution was passed to increase the authorised share capital of the company from £1,300,000 to £2,200,000. On the same date 900,000 Ordinary Shares of £1 each were issued to provide working capital for the company.

Auditors

12 A resolution to reappoint Coopers & Lybrand Deloitte as the company's auditors will be proposed at the annual general meeting.

BY ORDER OF THE BOARD


Secretary
GLASGOW, 8 April 1991

Auditors' report to the members of
DAVIS ALUMEX LIGHTING LIMITED

We have audited the accounts on pages 4 to 15 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 December 1990 and of its loss and source and application of funds for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Coopers & Lybrand Deloitte

Chartered Accountants
GLASGOW, 8 April 1991

DAVIS ALUMEX LIGHTING LIMITED

Profit and loss account
for the year ended 31 December 1990

	Notes	Year ended 31 December 1990 £'000	Nine month period ended 31 December 1989 £'000
Turnover	2	3,618	1,355
Cost of sales		(2,490)	(928)
Gross profit		1,128	427
Net operating expenses	3	(2,271)	(671)
Loss before exceptional items		(1,143)	(244)
Exceptional items	5	-	(695)
Loss on ordinary activities before taxation		(1,143)	(939)
Taxation	12	424	85
Loss for the year		(719)	(854)
STATEMENT OF ACCUMULATED LOSSES			
At 1 January 1990		(100)	100
Loss for the year		(719)	(854)
At 31 December 1990		(1,473)	(754)

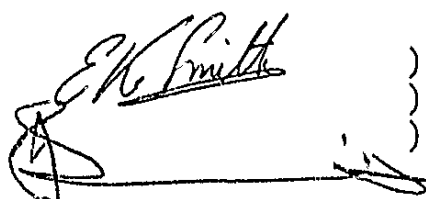
The notes on pages 7 to 15 form part of these accounts.

Auditors' report page 3.

DAVIS ALUMEX LIGHTING LIMITED

Balance sheet - 31 December 1990

	<u>Notes</u>	<u>1990</u> £'000	<u>1989</u> £'000
FIXED ASSETS			
Intangible asset	13	2	-
Tangible fixed assets	14	547	372
		<u>549</u>	<u>372</u>
CURRENT ASSETS			
Stocks	15	769	539
Debtors	16	1,762	1,060
		<u>2,531</u>	<u>1,599</u>
CREDITORS: amounts falling due within one year	17	(3,215)	(2,668)
NET CURRENT LIABILITIES		<u>(684)</u>	<u>(1,069)</u>
Total assets less current liabilities		(135)	(697)
CREDITORS: amounts falling due after more than one year			
	19	(36)	(47)
		<u>(171)</u>	<u>(744)</u>
CAPITAL AND RESERVES			
Called up share capital	22	1,300	8
Capital redemption reserve		2	2
Profit and loss account		(1,473)	(754)
		<u>(171)</u>	<u>(744)</u>


 } Directors

The notes on pages 7 to 15 form part of these accounts.

Auditors' report page 3.

DAVIS ALUMEX LIGHTING LIMITED

Statement of source and application of funds
for the year ended 31 December 1990

	Year ended 31 December 1990 £'000	Nine month period ended 31 December 1989 £'000
SOURCE OF FUNDS		
Funds from other sources:		
Increase in share capital	1,292	-
Proceeds from sale of fixed assets	27	12
Group relief received	70	-
	<hr/>	<hr/>
Total sources of funds	1,389	12
	<hr/>	<hr/>
APPLICATION OF FUNDS		
Loss before taxation	(1,143)	(939)
Adjustment for items not involving the movement of funds:		
Depreciation	99	155
Regional development grant	(6)	(10)
Write off of investment and intangible assets	-	20
Gain on sale of fixed assets	(14)	(5)
	<hr/>	<hr/>
Total applied to operations	(1,064)	(779)
	<hr/>	<hr/>
Tax paid	(45)	-
Dividend paid	-	(237)
Purchase of tangible fixed assets	(287)	(323)
Loan repayments	(9)	(25)
Purchase of intangible assets	(2)	-
	<hr/>	<hr/>
Total application of funds	(1,407)	(1,364)
	<hr/>	<hr/>
INCREASE IN WORKING CAPITAL	(18)	(1,352)
	<hr/>	<hr/>
Represented by:-		
Increase in stocks	230	253
Increase in debtors	348	547
Increase in creditors	(433)	(2,127)
	<hr/>	<hr/>
	145	(1,327)
	<hr/>	<hr/>
Movement in net liquid funds:		
Increase in bank overdraft	(163)	(25)
	<hr/>	<hr/>
	(18)	(1,352)
	<hr/>	<hr/>

Auditors' report page 3.

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990

Accounting policies

1 Principal accounting policies

- (a) The accounts have been prepared under the historical cost convention.
- (b) Turnover represents the invoiced value of goods and services provided by the company and excludes valued added tax.
- (c) Depreciation of tangible fixed assets is provided on a straight line basis by reference to their expected useful lives as follows:-

Plant and machinery	- over 10 years
Motor vehicles	- over 4 years
Other office machinery	- over 6.7 years
Furniture, fixtures and fittings	- over 6.7 years
- (d) Stock and work-in-progress are valued at the lower of cost and net realisable value. Cost, which is generally arrived at on a first in first out basis, is made up of direct materials, direct labour and overheads attributable to bringing the stock and work-in-progress to their current condition and location.
- (e) Deferred taxation has been accounted for on all material timing differences, to the extent that it is probable that a liability will crystallise.
- (f) Pre-production and development expenditure is written off as incurred.
- (g) Government grants receivable in respect of capital expenditure are credited to deferred income and released to the profit and loss account over the life of the asset.
- (h) Transactions in foreign currencies during the year are translated at the rate of exchange on the date of the transaction. Assets and liabilities in foreign currencies are translated at the rate of exchange at the balance sheet date or, where appropriate, at the relevant contract rate of exchange. Differences on exchange are recognised in the profit and loss account.
- (i) Assets held under finance leases are included in the balance sheet at cost less accumulated depreciation and the capital element of future rental is treated as liability. Depreciation is charged on the same basis as for other tangible assets. Liabilities under hire purchase contracts are accounted for on a basis similar to that adopted for finance leases. Costs incurred under operating leases are written off as incurred.

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990 continued

1 (continued)

- (j) The expected cost of pensions in respect of group defined benefit pension schemes in which the company participates is charged to the profit and loss account so as to spread the cost of pensions over the service lives of employees in the scheme. Contributions are based on pension costs across the group as a whole. Variations from the regular cost are spread over the expected remaining service lives of current employees in the schemes. The pension cost is assessed in accordance with the advice of qualified actuaries.

Turnover

2 Turnover, which excludes value added tax, represents the invoiced value of goods and services provided during the year. All sales were within the United Kingdom.

Net operating expenses

3 Net operating expenses can be analysed as follows:-

	Year ended 31 December 1990	Nine month period ended 31 December 1989
	£'000	£'000
Distribution expenses	589	200
Administration expenses	1,421	429
Interest payable (note 4)	261	46
	<hr/>	<hr/>
	2,271	675
<u>Less: Other operating income</u>	-	(4)
	<hr/>	<hr/>
	2,271	671
	<hr/>	<hr/>

Interest payable

4

	Year ended 31 December 1990	Nine month period ended 31 December 1989
	£'000	£'000
Interest payable can be analysed as follows:-		
Interest payable on loans from parent company	243	17
Bank overdraft and other loans	16	25
Hire purchase interest	2	4
	<hr/>	<hr/>
	261	46
	<hr/>	<hr/>

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990 continued

Exceptional items

5	Year ended 31 December 1990 £'000	Nine month period ended 31 December 1989 £'000
Integration of business transferred from Davis Lighting Limited	-	577
Change in depreciation rates on fixed assets	-	66
Write off of investment and loans in subsidiary company	-	52
	<u>-</u>	<u>695</u>

Operating loss

6 Operating loss is stated after charging:-

	Year ended 31 December 1990 £'000	Nine month period ended 31 December 1989 £'000
Auditors' remuneration	9	6
Depreciation of tangible fixed assets	99	155
Directors' emoluments including pension contributions	179	71
Compensation paid to director for loss of office	86	-
Rental of vehicles and equipment	94	9
Management charge	40	10
and crediting:		
Gain on disposal of fixed assets	<u>14</u>	<u>5</u>

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990 continued

Pension schemes

7 The company participates in a pension scheme in the UK of a defined benefit type. The assets of the scheme are held in separate trustee administered funds. The details from the most recent actuarial valuations, which were carried out as at 31 December 1989, are disclosed in the accounts of the RTZ Corporation Plc, the ultimate holding company. The total pension costs for the company and contributions made to pension scheme in 1990 was £2,532 (1989 - £Nil).

8 The company also participates in three defined contribution pension schemes. The assets of the scheme are held separately from those of the company in an independently administered fund with the exception of £22,500 which has been loaned back to the company. The pension cost charge represents contributions payable to the fund which in 1990 amounted to £43,379 (1989: £2,760)

Directors' emoluments

9 Directors' emoluments, disclosed in accordance with Part V of Schedule 5 of the Companies Act 1985, and excluding pension contribution, are as follows:-

	Year ended 31 December 1990 £'000	Nine month period ended 31 December 1989 £'000
Emoluments of the chairman	Nil ==	Nil ==
Emoluments of the highest paid director	44 ==	26 ==

The other directors received emoluments within the following ranges:-

	<u>Number</u>	<u>Number</u>
Nil - £5,000	4	2
£10,001 - £15,000	1	-
£20,001 - £25,000	-	2
£30,001 - £35,000	2	-
£40,001 - £45,000	1	-

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990 continued

Employee information

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

	Year ended 31 December 1990 Number	Nine month period ended 31 December 1989 Number
Manufacturing - direct	48	36
Manufacturing - indirect	29	23
Other	35	19
	<u>112</u>	<u>78</u>

11 Employment costs for all employees, including directors, were:-

	Year ended 31 December 1990 £'000	Nine month period ended 31 December 1989 £'000
Wages and salaries	1,232	405
Social security costs	118	39
Other pension costs	46	3
	<u>1,396</u>	<u>447</u>

Taxation

12 The tax credit for the year is made up as follows:-

	Year ended 31 December 1990 £'000	Nine month period ended 31 December 1989 £'000
Group relief receivable at 35%	424	85
	<u>424</u>	<u>85</u>
<u>Intangible asset</u>		
	31 December 1990 £'000	31 December 1989 £'000
13 Trade mark	2	-
	<u>2</u>	<u>-</u>

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990 continued

Tangible fixed assets

14	<u>Plant and machinery</u> £'000	<u>Fixtures and fittings</u> £'000	<u>Motor vehicles</u> £'000	<u>Total</u> £'000
Cost				
At 1 January 1990	545	197	101	843
Additions	12	164	111	287
Disposals	(88)	(77)	(64)	(229)
At 31 December 1990	<u>469</u>	<u>284</u>	<u>148</u>	<u>901</u>
Depreciation				
At 1 January 1990	295	96	80	471
Charge for year	38	33	28	99
Disposals	(79)	(78)	(59)	(216)
At 31 December 1990	<u>254</u>	<u>51</u>	<u>49</u>	<u>354</u>
Net book value at 31 December 1990	<u>215</u>	<u>233</u>	<u>99</u>	<u>547</u>
Net book value at 31 December 1989	<u>250</u>	<u>101</u>	<u>21</u>	<u>372</u>

The net book value of motor vehicles includes an amount of £4,000 (1989 - £20,000) in respect of assets held under hire purchase contracts. The depreciation charge during the period for these assets was £8,000 (1989 - £21,000).

Stocks

15	<u>1990</u> £'000	<u>1989</u> £'000
Raw materials and consumables	438	208
Work in progress	148	96
Finished goods and goods for resale	183	235
	<u>769</u>	<u>539</u>

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990 continued

Debtors

	<u>1990</u>	<u>1989</u>
	<u>£'000</u>	<u>£'000</u>
16		
Trade debtors	1,218	850
Loan	-	22
Other debtors	482	169
Prepayments and accrued income	62	19
	<u>1,762</u>	<u>1,060</u>

Other debtors includes group relief receivable of £439,000 (1989 - £85,000).

Creditors: amounts falling due within one year

	<u>1990</u>	<u>1989</u>
	<u>£'000</u>	<u>£'000</u>
17		
Bank overdraft	387	224
Loan	31	32
Trade creditors	644	481
Amounts owed to parent company and fellow subsidiaries	1,977	1,318
Other creditors including taxation and social security	47	150
Accruals and deferred income	129	463
	<u>3,215</u>	<u>2,668</u>

18 Other creditors in 1989 included UK corporation tax payable of £45,000.

Creditors: amounts falling due after more than one year

	<u>1990</u>	<u>1989</u>
	<u>£'000</u>	<u>£'000</u>
19		
Loan (note 20)	36	45
Other creditors	-	2
	<u>36</u>	<u>47</u>

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990 continued

20 The loan is repayable by annual instalments of £9,000 from August 1986. The last instalment is due in 1995 and the loan bears interest at 2.5% above London Inter-Bank Offered Rate for Sterling over Deposits.

Deferred taxation

21 There is no liability for deferred tax at 31 December 1990 (31 December 1989 - £Nil).

Share capital

	<u>Authorised</u>		<u>Issued</u>	
	31 December	31 December	31 December	31 December
	1990	1989	1990	1989
	Number	Number	Number	Number
	£'000	£'000	£'000	£'000
Ordinary shares of £1 each	1,298	98	1,298	6
Cumulative convertible participating preferred ordinary shares of £1 each	2	2	2	2
	<u>1,300</u>	<u>100</u>	<u>1,300</u>	<u>8</u>

- (a) On 9 March 1990, 1,292,400 ordinary shares of £1 each were issued to provide working capital for the company.
- (b) On 4 April 1991, a resolution was passed to increase the authorised share capital of the company from £1,300,000 to £2,200,000. On the same date 900,000 Ordinary Shares of £1 each were issued to provide working capital for the company.

Contingent liabilities

23 When the company took occupation of additional factory space in 1983, Cumbernauld Development Corporation granted a two year rent free period subject to certain conditions. Should these conditions be breached a contingent liability amounting to £21,000 would crystallise.

DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1990 continued

<u>Capital Commitments</u>	<u>1990</u> <u>£'000</u>	<u>1989</u> <u>£'000</u>
24		
Capital expenditure authorised but not contracted for	-	73

Ultimate holding company

25 The RTZ Corporation PLC, incorporated in England, is the company's ultimate holding company at 31 December 1990.