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DAVIS ALUMEX LIGHTING LIMITED  
(formerly Alumex Lighting Limited)

ACCOUNTS - 31 DECEMBER 1989



## DAVIS ALUMEX LIGHTING LIMITED

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Report of the directors  
for the nine month period ended 31 December 1989

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1 The directors present herewith their report and the audited accounts for the nine month period ended 31 December 1989. This follows the change of accounting reference date to 31 December to follow group policy.

### 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 disappointing results reflect the difficult conditions encountered in the marketplace in the earlier part of 1989, coupled with the impact in the latter part of the year of the preliminary work brought about by the impending integration of Davis Lighting Limited and Alumex Lighting Limited. On 31 December 1989, the interior lighting equipment business of Davis Lighting Limited, a fellow subsidiary of Pillar Electrical plc, was transferred to the company as a going concern, along with substantially all of the assets and liabilities relating to this business.

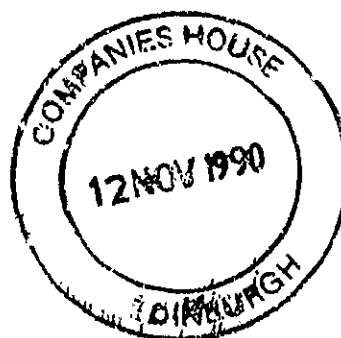
5 With the significantly improved manufacturing and technical resources available the directors look to the future with optimism.

### Future developments

6 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

7 The movement in the company's tangible fixed assets during the period is set out in note 13 to the accounts.



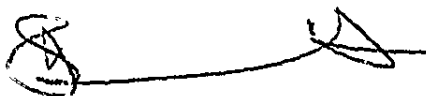
Post balance sheet event

13 On 9 March 1990 a resolution was passed to increase the authorised share capital of the company from £100,000 to £1,300,000. On the same date 1,292,400 Ordinary Shares of £1 each were issued to provide working capital for the company.

Auditors

14 Our auditors, Coopers & Lybrand have merged their practice with Deloitte Haskins & Sells and now practise in the name of Coopers & Lybrand Deloitte. They have signed the auditors' report in their new name. 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, 5 November 1990

Auditors' report to the members of  
DAVIS ALUMEX LIGHTING LIMITED

We have audited the accounts on pages 5 to 16 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 1989 and of its loss and source and application of funds for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

*Coopers & Lybrand Deloitte*

Chartered Accountants  
GLASGOW, 5 November 1990

# DAVIS ALUMEX LIGHTING LIMITED

Profit and loss account  
for the nine month period ended 31 December 1989

	Notes	Nine month period ended 31 December 1989 £'000	Year ended 31 March 1989 £'000
Turnover	2	1,355	1,625
Cost of sales		(928)	(1,045)
Gross profit		427	580
Net operating expenses	3	(671)	(670)
Loss before exceptional items		(244)	(90)
Exceptional items	5	(695)	-
Operating loss	6	(939)	(90)
Income from associated company		-	230
Profit/(loss) on ordinary activities before taxation and extraordinary items		(939)	140
Taxation	11	85	-
Extraordinary item	7	(854)	140
Profit/(loss) for the period after extraordinary item		-	186
Dividends paid and proposed		(854)	326
Loss for the financial period		-	(352)
STATEMENT OF RETAINED PROFITS/(ACCUMULATED LOSSES)		(854)	(26)
At 1 April 1989		100	126
Loss for the financial period		(854)	(26)
At 31 December 1989		(754)	100

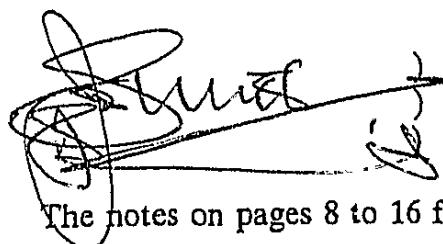
The notes on pages 8 to 16 form part of these accounts.

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## DAVIS ALUMEX LIGHTING LIMITED

## Balance sheet - 31 December 1989

	Notes	31 December 1989 £'000	31 March 1989 £'000
<b>FIXED ASSETS</b>			
Intangible asset	12	-	12
Tangible fixed assets	13	372	211
Investment	14	-	8
		<u>372</u>	<u>231</u>
<b>CURRENT ASSETS</b>			
Stocks	15	539	286
Debtors	16	1,060	428
		<u>1,599</u>	<u>714</u>
CREDITORS: amounts falling due within one year	17	(2,668)	(746)
NET CURRENT LIABILITIES		<u>(1,069)</u>	<u>(32)</u>
Total assets less current liabilities		(697)	199
<b>CREDITORS: amounts falling due after more than one year</b>			
	19	(47)	(89)
		<u>(744)</u>	<u>110</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	22	8	8
Capital redemption reserve		2	2
Profit and loss account		(754)	100
		<u>(744)</u>	<u>110</u>

 Directors

The notes on pages 8 to 16 form part of these accounts.

Auditors' report page 4.

# DAVIS ALUMEX LIGHTING LIMITED

## Statement of source and application of funds for the nine month period ended 31 December 1989

	Nine month period ended <u>31 December 1989</u> £'000	Year ended <u>31 March 1989</u> £'000
<b>SOURCE OF FUNDS</b>		
Funds from other sources:		
Proceeds from sale of fixed assets	12	-
Proceeds from sales of shares in associated company	-	235
Regional development grant	-	2
Loan repayment received	-	4
	<hr/>	<hr/>
Total sources of funds	12	241
	<hr/>	<hr/>
<b>APPLICATION OF FUNDS</b>		
Profit/(loss) before taxation	(939)	140
Adjustment for items not involving the movement of funds:		
Depreciation	155	45
Regional development grant	(10)	(5)
Write off of investment and intangible assets	20	-
Gain on sale of fixed assets	(5)	-
	<hr/>	<hr/>
Total generated by/(applied to) operations	(779)	180
Dividend paid	(237)	(115)
Purchase of tangible fixed assets	(323)	(11)
Loan repayments	(25)	(24)
Investment in subsidiary company	-	(8)
	<hr/>	<hr/>
Total application of funds	(1,364)	22
	<hr/>	<hr/>
<b>INCREASE/(DECREASE) IN WORKING CAPITAL</b>	<u>(1,352)</u>	<u>263</u>
Represented by:-		
Increase/(decrease) in stocks	253	(51)
Increase in debtors	547	63
Decrease/(increase) in creditors	(2,127)	223
	<hr/>	<hr/>
	(1,327)	235
Movement in net liquid funds:		
Decrease/(increase) in bank overdraft	(25)	28
	<hr/>	<hr/>
	<u>(1,352)</u>	<u>263</u>
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## DAVIS ALUMEX LIGHTING LIMITED

Notes to the accounts - 31 December 1989

### 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

On 1 April 1989 the company restated its aggregate depreciation using the depreciation rates of its holding company. This resulted in an additional depreciation charge of £66,000 which has been included within exceptional items (note 5).

- (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. Research and development costs of £12,000 which were carried forward at 31 March 1989 were written off during the period.
- (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.



## DAVIS ALUMEX LIGHTING LIMITED

## Notes to the accounts - 31 December 1989 continued

- (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.

Turnover

- 2 Turnover represents the invoiced value of goods and services provided during the period and excluding value added tax. All sales were within the United Kingdom.

Net operating expenses

- 3 Net operating expenses can be analysed as follows:-

	Nine month period ended 31 December 1989 £'000	Year ended 31 March 1989 £'000
Distribution expenses	200	142
Administration expenses	429	510
Interest payable (note 4)	46	29
	<u>675</u>	<u>681</u>
<u>Less: Other operating income</u>	<u>(4)</u>	<u>(11)</u>
	<u>671</u>	<u>670</u>

Interest payable

	Nine month period ended 31 December 1989 £'000	Year ended 31 March 1989 £'000
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Interest payable can be analysed as follows:-

Interest payable on loans from parent company	17	-
Bank overdraft and other loans	25	25
Hire purchase interest	4	4
	<u>46</u>	<u>29</u>

# DAVIS ALUMEX LIGHTING LIMITED

## Notes to the accounts - 31 December 1989 continued

### Exceptional items

5	Nine month period ended <u>31 December 1989</u> £'000	Year ended <u>31 March 1989</u> £'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>695</u>	<u>-</u>

### Operating loss

6 Operating loss is stated after charging:-

	Nine month period ended <u>31 December 1989</u> £'000	Year ended <u>31 March 1989</u> £'000
Auditors' remuneration	6	5
Depreciation of tangible fixed assets	155	45
Directors' emoluments including pension contributions	71	70
Rental of vehicles and equipment	9	7
Management charge	10	-
and crediting:		
Gain on disposal of fixed assets	<u>5</u>	<u>-</u>

# DAVIS ALUMEX LIGHTING LIMITED

## Notes to the accounts - 31 December 1989 continued

### Extraordinary item

7

	Nine month period ended <u>31 December 1989</u> £'000	Year ended <u>31 March 1989</u> £'000
Gain on sale of investment in associate company	-	231
Less: Taxation thereon	-	(45)
	<u>-</u>	<u>186</u>

### Directors' emoluments

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

	Nine month period ended <u>31 December 1989</u> £'000	Year ended <u>31 March 1989</u> £'000
Emoluments of the chairman	<u>Nil</u>	<u>25</u>
Emoluments of the highest paid director	<u>26</u>	<u>25</u>

The other directors received emoluments within the following ranges:-

	<u>Number</u>	<u>Number</u>
Nil - £5,000	2	-
£20,001 - £25,000	2	2

# DAVIS ALUMEX LIGHTING LIMITED

## Notes to the accounts - 31 December 1989 continued

### Employee information

9 The average number of persons employed by the company, including directors, during the period were:-

	<u>Number</u>	<u>Number</u>
Manufacturing - direct	36	23
Manufacturing - indirect	23	13
Other	19	25
	—	—
	78	61
	<u>      </u>	<u>      </u>

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

	<u>Nine month period ended 31 December 1989</u>	<u>Year ended 31 March 1989</u>
	£'000	£'000
Wages and salaries	405	486
Social security costs	39	47
Other pension costs	3	4
	—	—
	447	537
	<u>      </u>	<u>      </u>

### Taxation

11 The tax credit for the period is made up as follows:-

	<u>Nine month period ended 31 December 1989</u>	<u>Year ended 31 March 1989</u>
	£'000	£'000
Group relief receivable	85	-
	<u>      </u>	<u>      </u>

### Intangible asset

	<u>31 December 1989</u>	<u>31 March 1989</u>
	£'000	£'000
Research and development expenditure carried forward	-	12
	<u>      </u>	<u>      </u>

## DAVIS ALUMEX LIGHTING LIMITED

## Notes to the accounts - 31 December 1989 continued

Tangible fixed assets

13	<u>Plant and Machinery</u> £'000	<u>Fixtures and fittings</u> £'000	<u>Motor vehicles</u> £'000	<u>Total</u> £'000
Cost				
At 1 April 1989	323	101	118	542
Additions	227	96	-	323
Disposals	(5)	-	(17)	(22)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
At 31 December 1989	545	197	101	843
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Depreciation				
At 1 April 1989	200	64	67	331
Depreciation for period	100	32	23	155
Disposals	(5)	-	(10)	(15)
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
At 31 December 1989	295	96	80	471
	<u>      </u>	<u>      </u>	<u>      </u>	<u>      </u>
Net book value at 31 December 1989	<u>250</u>	<u>101</u>	<u>21</u>	<u>372</u>
Net book value at 31 March 1989	<u>123</u>	<u>37</u>	<u>51</u>	<u>211</u>

The net book value of motor vehicles includes an amount of £20,000 (1989 -£43,000) in respect of assets held under hire purchase contracts. The depreciation charge during the period for these assets was £21,000 (year ended 31 March 1989 - £11,000).

Investment in subsidiary company

14 The company holds 76% of the issued ordinary share capital of Alumex Lighting Limited (formerly Alumex Light and Design Limited), a company registered in Scotland. This company ceased trading during December 1989 and the directors consider that the investment should be fully written off.

## DAVIS ALUMEX LIGHTING LIMITED

## Notes to the accounts - 31 December 1989 continued

Stocks

15	<u>31 December 1989</u>	<u>31 March 1989</u>
	£'000	£'000
Raw materials and consumables	208	194
Work in progress	96	37
Finished goods and goods for resale	235	55
	<u>539</u>	<u>286</u>

Debtors

16	<u>31 December 1989</u>	<u>31 March 1989</u>
	£'000	£'000
Trade debtors	850	372
Loan	22	22
Other debtors	169	11
Prepayments and accrued income	19	23
	<u>1,060</u>	<u>428</u>

Creditors: amounts falling due within one year

17	<u>31 December 1989</u>	<u>31 March 1989</u>
	£'000	£'000
Bank overdraft (secured)	224	199
Loan	32	32
Trade creditors	481	110
Amounts owed to parent company and fellow subsidiaries	1,318	-
Other creditors including taxation and social security	150	111
Accruals and deferred income	463	57
Dividend payable	-	237
	<u>2,668</u>	<u>146</u>

## DAVIS ALUMEX LIGHTING LIMITED

## Notes to the accounts - 31 December 1989 continued

18 Other creditors including taxation and social security includes UK corporation tax payable of £45,000 (31 March 1989 - £39,000).

Creditors: amounts falling due after more than one year

19	<u>31 December 1989</u> £'000	<u>31 March 1989</u> £'000
Loan (note 20).	45	70
Other creditors	2	19
	—	—
	47	89
	==	==

20 The loan is repayable by annual instalments of £9,000 which commenced in 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 provision required for deferred tax at 31 December 1989 (31 March 1989 - Nil).

Share capital

22	<u>Authorised</u>		<u>Issued</u>	
	<u>31 December 1989</u> Number '000	<u>31 March 1989</u> Number '000	<u>31 December 1989</u> Number '000	<u>31 March 1989</u> Number '000
Ordinary shares of £1 each	98	98	6	6
Cumulative convertible participating preferred ordinary shares of £1 each	2	2	2	2
	—	—	—	—
	100	100	8	8
	==	==	==	==

On 9 March 1990 a resolution was passed to increase the authorised share capital of the company from £100,000 to £1,300,000. On the same date 1,292,400 Ordinary shares of £1 each were issued at par.

DAVIS ALUMEX LIGHTING LIMITEDNotes to the accounts - 31 December 1989 continuedContingent 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.

Capital Commitments

24	<u>31 December 1989</u> £'000	<u>31 March 1989</u> £'000
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 1989.