

# **Erco Lighting Limited**

**Directors' report and financial statements**

**31 December 1994**

Registered number 1408064



# Erco Lighting Limited

## Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes	8

# Erco Lighting Limited

## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 December 1994.

### Principal activities

The principal activity of the company is the sale of lighting equipment.

### Business review

In spite of the difficult trading conditions in the UK building industry, the Company managed a small increase in UK sales. The shortfall on total company sales of 14% was due to the parent company ERCO GmbH take-over of all export sales as of 1 January 1994.

### Proposed dividend and transfer to reserves

The profit before dividends for the year was £74,644 (1993: £305,685).

No dividend was paid or proposed during 1994 (1993: 72.7p).

### Fixed assets

The movements in fixed assets are disclosed in note 8.

### Directors and directors' interests

The directors who held office during the year were as follows:

K Hertzum

KJ Maack

POS Schwarzfischer

MK Hill

M Rowling (appointed 1 January 1994)

None of the directors who held office at the end of the financial year had any disclosable interest in the issued share capital of the company.

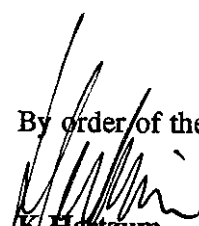
# Erco Lighting Limited

## Directors' report

### Auditors

On 6 February 1995 our auditors changed the name under which they practise to KPMG and, accordingly, have signed their report in their new name. In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be prepared at the forthcoming Annual General Meeting.

By order of the board



K. Hertzum  
Director

38 Dover Street  
London W1X 3RB

12/04 1995

# Erco Lighting Limited

## 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;
- 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 maintaining 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 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.



PO Box 695  
8 Salisbury square  
London  
EC4Y 8BB

## Auditors' report to the members of Erco Lighting Limited

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

### *Respective responsibilities of directors and auditors*

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

### *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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG**  
Chartered Accountants  
Registered Auditors

16<sup>th</sup> May 1995

# Erco Lighting Limited

## Profit and loss account

for the year ended 31 December 1994

	<i>Note</i>	<b>1994</b> £	<b>1993</b> £
<b>Turnover</b>	2	<b>7,498,651</b>	<b>8,710,087</b>
Cost of sales		<b>(5,061,754)</b>	<b>(5,935,078)</b>
<b>Operating profit</b>		<b>2,436,897</b>	<b>2,775,009</b>
Distribution costs		<b>(148,720)</b>	<b>(180,771)</b>
Administrative expenses		<b>(2,188,220)</b>	<b>(2,161,606)</b>
<b>Operating profit</b>		<b>99,957</b>	<b>432,632</b>
Other interest receivable and similar income		<b>20,436</b>	<b>23,671</b>
Interest payable and similar charges	6	<b>(617)</b>	<b>(428)</b>
<b>Profit on ordinary activities before taxation</b>	2-5	<b>119,776</b>	<b>455,875</b>
Tax on profit on ordinary activities	7	<b>(45,132)</b>	<b>(150,190)</b>
<b>Profit for the financial year</b>		<b>74,644</b>	<b>305,685</b>
Retained profit brought forward		<b>1,010,355</b>	<b>1,104,675</b>
		<b>1,084,999</b>	<b>1,410,360</b>
Dividends paid and proposed		<b>-</b>	<b>(400,005)</b>
<b>Retained profit carried forward</b>		<b>1,084,999</b>	<b>1,010,355</b>

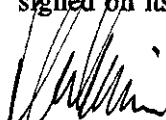
All recognised gains and losses are included in the above profit and loss account. All transactions relate to continuing business operations.

# Erco Lighting Limited

## Balance sheet at 31 December 1994

	Note	1994		1993	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		343,278		223,466
<b>Current assets</b>					
Stocks	9	374,078		310,478	
Debtors	10	929,122		1,642,624	
Cash at bank and in hand		971,399		947,838	
			<u>2,274,599</u>		<u>2,900,940</u>
<b>Creditors: amounts falling due within one year</b>	11	(982,878)		(1,564,051)	
			<u>1,291,721</u>		<u>1,336,889</u>
<b>Net current assets</b>					
			<u>1,634,999</u>		<u>1,560,355</u>
<b>Net assets</b>					
			<u>1,634,999</u>		<u>1,560,355</u>
<b>Capital and reserves</b>					
Called up share capital	14	550,000		550,000	
Profit and loss account	15	1,084,999		1,010,355	
			<u>1,634,999</u>		<u>1,560,355</u>

These financial statements were approved by the board of directors on 12/04/95 1995 and were signed on its behalf by:



K Hertzum  
Director



# Erco Lighting Limited

## Cash flow statement

for the year ended 31 December 1994

	Note	1994		1993	
		£	£	£	£
Net cash inflow/(outflow) from operating activities	12	395,588		(14,174)	
<b>Return on investments and servicing of finance</b>					
Interest received		20,947		24,921	
Interest paid		(617)		(428)	
Dividend paid		-		(400,005)	
		<u>          </u>		<u>          </u>	
Net cash inflow/(outflow) from returns on investment and servicing of finance		20,330		(375,512)	
<b>Taxation</b>					
UK corporation tax paid		(158,798)		(63,802)	
		<u>          </u>		<u>          </u>	
Tax paid		(158,798)		(63,802)	
<b>Investing activities</b>					
Purchase of tangible fixed assets		(313,411)		(189,459)	
Sale of tangible fixed assets		79,852		55,900	
		<u>          </u>		<u>          </u>	
Net cash (outflow) from investing activities		(233,559)		(133,559)	
<b>Net cash inflow/(outflow) before financing</b>		<u>23,561</u>		<u>(587,047)</u>	
<b>Financing</b>					
Issue of ordinary share capital		-		(400,000)	
		<u>          </u>		<u>          </u>	
Net cash inflow from financing		-		(400,000)	
Increase/(decrease) in cash and cash equivalents	13	<u>23,561</u>		<u>(187,047)</u>	
		<u>23,561</u>		<u>(587,047)</u>	

# Erco Lighting Limited

## 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 have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

#### *Fixed assets and depreciation*

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives as follows:

Leasehold improvements	-	20% per annum
Plant and machinery	-	33 1/3 % per annum
Fixtures and fittings	-	20% per annum
Motor vehicles	-	25% per annum

#### *Foreign exchange*

Transactions denominated in foreign currencies are translated into sterling and recorded at a fixed exchange rate. Assets and liabilities denominated in a foreign currency are translated into sterling at the exchange rates ruling on the balance sheet date.

Profits on forward foreign exchange contracts are recognised at maturity.

#### *Deferred taxation*

Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Stock*

Stock is valued at the lower of cost or net realisable value.

#### *Leased assets*

Expenditure on operating leases is charged to the profit and loss account on a basis representative of the benefit derived from the asset.

#### *Pension costs*

The group operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amounts charged against profits represents the contributions payable to the scheme in respect of the accounting period.

# Erco Lighting Limited

## Notes (continued)

### 2 Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

£7,280,202 (1993:£7,155,380) represents sales in the UK and the remaining £218,449 (1993:£1,554,707) overseas sales.

### 3 Profit on ordinary activities before taxation

	1994 £	1993 £
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Audit	15,000	14,000
Depreciation of tangible fixed assets	123,341	106,813
Rentals payable under operating leases:		
Other assets	<u>150,823</u>	<u>179,250</u>

### 4 Remuneration of directors

The remuneration of the directors, part of which was paid by Erco Leuchten GmbH and then recharged to the company in respect of management services, is as follows:

	1994 £	1993 £
Directors' emoluments:		
As directors	26,000	24,000
Remuneration as executives	<u>304,346</u>	<u>204,120</u>

## Notes (continued)

	1994 £	1993 £
<b>Chairman (highest paid director)</b>	<b>118,458</b>	<b>104,286</b>

			Number of directors	
			1994	1993
£10,001	-	£15,000	2	2
£60,001	-	£65,000	1	-
£70,001	-	£75,000	1	-
£75,001	-	£80,000	-	1
£100,001	-	£105,000	-	1
£110,001	-	£120,000	1	-

The aggregate payroll costs of these persons were as follows:

	1994	1993
	£	£
Wages and salaries	1,149,705	1,074,856
Social security costs	93,013	95,122
Company pension contributions	X 95,897	74,400
	<u>1,338,615</u>	<u>1,244,378</u>

	1994	1993
	£	£
On overdraft	617	428

# Erco Lighting Limited

## Notes (continued)

### 7 Taxation

Taxation based on the profit for the year is as follows:

	1994 £	1993 £
UK corporation tax at 33% (1993: 33%) on the profit for the year on ordinary activities	48,504	153,722
Adjustment relating to an earlier year	(3,372)	(3,532)
	<u>45,132</u>	<u>150,190</u>

### 8 Tangible fixed assets

	Leasehold improvements	Plant and machinery	Fixtures fittings tools and equipment	Motor vehicles	Total
	£	£	£	£	£
<i>Cost</i>					
At beginning of year	72,560	126,916	272,592	301,926	773,994
Additions	-	23,243	43,142	247,026	313,411
Disposals	-	-	(3,861)	(147,666)	(151,527)
	<u>72,560</u>	<u>150,159</u>	<u>311,893</u>	<u>401,286</u>	<u>935,878</u>
<i>At end of year</i>	<u>72,560</u>	<u>150,159</u>	<u>311,893</u>	<u>401,286</u>	<u>935,878</u>
<i>Depreciation and diminution in value</i>					
At beginning of year	72,560	116,830	258,579	102,559	550,528
Charge for year	-	12,953	13,752	96,636	123,341
On disposals	-	-	(3,861)	(77,408)	(81,269)
	<u>72,560</u>	<u>129,783</u>	<u>268,470</u>	<u>121,787</u>	<u>592,600</u>
<i>At end of year</i>	<u>72,560</u>	<u>129,783</u>	<u>268,470</u>	<u>121,787</u>	<u>592,600</u>
<i>Net book value</i>					
At 31 December 1994	-	20,367	43,403	279,499	343,278
At 31 December 1993	-	10,086	14,013	199,367	223,466

# Erco Lighting Limited

## Notes (continued)

### 9 Stocks

	1994 £	1993 £
Finished goods and goods for resale	<u>374,078</u>	<u>310,478</u>

### 10 Debtors

	1994 £	1993 £
Trade debtors	837,627	1,524,511
Other debtors	21,351	50,636
Prepayments and accrued income	<u>70,144</u>	<u>67,477</u>
	<u>929,122</u>	<u>1,642,624</u>

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

	1994 £	1993 £
Trade creditors	181,610	238,453
Amounts owed to parent undertaking	225,561	489,499
Other creditors including taxation and social security:		
Corporation tax	48,504	162,170
Other taxes and social security	<u>276,943</u>	<u>390,377</u>
	325,447	552,547
Accruals and deferred income	<u>250,260</u>	<u>283,552</u>
	<u>982,878</u>	<u>1,564,051</u>

# Erco Lighting Limited

## Notes (continued)

### 12 Reconciliation of operating profit to net cash (outflow)/inflow from operating activities

	1994 £	1993 £
Operating profit	99,957	432,632
Depreciation charge	123,341	106,813
Profit on sale of tangible fixed assets	(12,595)	(24,411)
(Increase)/decrease in stocks	(63,600)	286,985
Decrease/(increase) in debtors	713,502	(426,551)
(Decrease) in creditors	(465,017)	(389,642)
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	395,588	(14,174)
	<hr/>	<hr/>

### 13 Analysis of changes in cash and cash equivalents

	Cash £
Balance at 31 December 1993	947,838
Increase in cash and cash equivalents	23,561
	<hr/>
Balance at 31 December 1994	971,399
	<hr/>

# Erco Lighting Limited

## Notes (continued)

### 14 Called up share capital

	1994 £	1993 £
<i>Authorised</i>		
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>550,000</u>	<u>550,000</u>

### 15 Movement in shareholders' funds

	Share capital £	Profit and Loss Account £	Shareholders' Funds £
At the beginning of the year	550,000	1,010,355	1,560,355
Profit for the financial year	-	74,644	74,644
At the end of the year	<u>550,000</u>	<u>1,084,999</u>	<u>1,634,999</u>

### 16 Commitments

Annual commitments under non-cancellable operating leases are as follows:

	1994 £	1993 £
Land and building:		
Operating leases expiring in over 5 years	<u>150,823</u>	<u>179,250</u>

### 17 Ultimate parent company and parent undertaking of larger group of which the company is a member

The ultimate parent company is Erco Leuchten GmbH, a company incorporated in Germany.