

DESIGNPLAN MANAGEMENT SERVICES LIMITED

REPORT AND FINANCIAL STATEMENTS

31 DECEMBER 2002



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DESIGNPLAN MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

31 December 2002

The directors present their report and the audited financial statements for the year ended 31 December 2002.

Principal activity

The principal activity of the group is the design, manufacture and sale of light fittings 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.

Profit, dividends and appropriations

The results for the year are shown in the consolidated profit and loss account on page 5.

The directors do not recommend the payment of a dividend.

Group reorganisation

Following a group reorganisation on 23 April 2002 the company became the holding company for Designplan Lighting Limited and its subsidiaries and at the same time leasehold properties were transferred up to this company by dividend in specie.

The directors will maintain the policies adopted during the previous year.

On 18 November 2002 the group obtained the remaining 45% of the share capital of Charisma Lighting Limited (formerly Carvill Lighting Limited).

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 2002	31 December 2001
D A Cumper	180,200	50
M J Cumper	180,200	50

Charitable donations

During the year the group made charitable donations totalling £7,154.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

DIRECTORS' REPORT

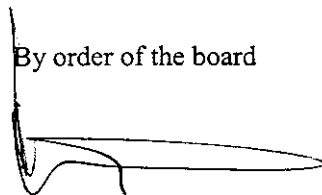
31 December 2002

(continued)

Auditors

Baker Tilly have agreed to offer themselves for re-election as auditors of the company.

By order of the board

A handwritten signature in dark ink, appearing to read 'M J Cumper', is written over the printed name.

M J Cumper

Secretary

Wealdstone Road
Kimpton Industrial Estate
Sutton
Surrey
SM3 9RW

21 July 2003

DESIGNPLAN MANAGEMENT SERVICES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law to prepare financial statements for each financial period which give a true and fair view of the state of affairs of the company and of the profit or loss for that period.

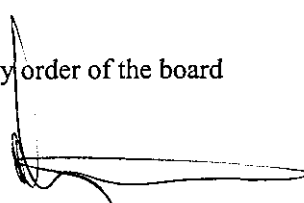
In preparing these financial statements we are required to:

- Select suitable accounting policies and apply them consistently;
- Make reasonable and prudent judgements and estimates;
- State whether accounting standards have been followed and give details of any departures;
- Prepare the financial statements on a going concern basis unless in our view the company will be unable to continue in business.

We are also responsible for:

- Keeping proper accounting records;
- Safeguarding the company's assets;
- Taking reasonable steps for the prevention and detection of fraud;
- Preparation of the directors' report and other information in the annual report in accordance with the law.

By order of the board



M J Cumper

Secretary

21 July 2003

DESIGNPLAN MANAGEMENT SERVICES LIMITED

INDEPENDENT AUDITORS' REPORT

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

We have audited the financial statements on pages 5 to 26.

This report is made solely to the group'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 group'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 group and the group'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 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 United Kingdom Auditing Standards.

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 and group 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 and group 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 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 opinion

We conducted our audit in accordance with United Kingdom 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 and group'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 and group's affairs as at 31 December 2002 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 Auditors
Chartered Accountants

12 Gleneagles Court
Crawley
West Sussex RH10 6AD

21 July 2003

DESIGNPLAN MANAGEMENT SERVICES LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 2002

	Note	2002 £	2001 As restated £
Turnover	2	13,446,627	13,033,514
Cost of sales		7,100,340	6,891,620
Gross profit		6,346,287	6,141,894
Distribution costs		(1,678,651)	(1,678,116)
Administrative expenses		(4,216,378)	(3,921,347)
Other operating income	3	148,874	120,600
Operating profit	4	600,132	663,031
Goodwill impairments		(10,500)	-
Increase in provision for pensions to former employees	17	(19,084)	(9,790)
Profit on ordinary activities before interest		570,548	653,241
Interest receivable	6	28,786	13,718
Interest payable	7	(77,754)	(91,571)
Profit on ordinary activities before taxation		521,580	575,388
Tax on ordinary activities	8	(178,185)	(263,158)
Profit on ordinary activities after taxation		343,395	312,230
Minority interest (equity)		(29,387)	(2,724)
Retained profit for the year	20	314,008	309,506

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 2002

	2002	2001
	£	As restated £
Profit for the financial year	314,008	309,506
Currency transaction differences on foreign currency net investments	16,473	50,212
Deficit on minority interests	7,884	(2,087)
		<u>357,631</u>
Prior year adjustment (note 22)	48,400	
Total gains and losses recognised since last annual report	<u>386,765</u>	

CONSOLIDATED NOTE OF HISTORICAL

COST PROFITS AND LOSSES

for the year ended 31 December 2002

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

DESIGNPLAN MANAGEMENT SERVICES LIMITED

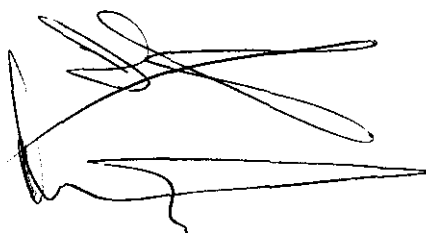
CONSOLIDATED BALANCE SHEET

at 31 December 2002

		2002		2001 As restated	
	Note	£	£	£	£
Fixed assets					
Intangible assets	9	-	-	-	-
Tangible assets	10	3,182,226		2,980,445	
Current assets					
Stocks	12	1,921,347		1,779,751	
Deferred tax	18	43,870		48,400	
Debtors: due within one year	13	2,815,974		3,239,322	
Debtors: due after one year	14	43,013		57,761	
Cash at bank and in hand	28	473,651		332,611	
		<u>5,297,855</u>		<u>5,457,845</u>	
Creditors: amounts falling due within one year	15	<u>3,067,505</u>		<u>3,545,612</u>	
Net current assets			<u>2,230,350</u>		<u>1,912,233</u>
Total assets less current liabilities			<u>5,412,576</u>		<u>4,892,678</u>
Creditors: amounts falling due after more than one year	16	276,258		207,671	
Provisions for liabilities and charges	17	<u>528,824</u>		<u>445,340</u>	
			<u>805,082</u>		<u>653,011</u>
			<u>4,607,494</u>		<u>4,239,667</u>
Capital and reserves					
Called up share capital	19	360,400		360,400	
Merger capital	21	214,575		214,575	
Profit and loss account	21	3,928,321		3,589,881	
Shareholders' funds	21	<u>4,503,296</u>		<u>4,164,856</u>	
Minority interest (equity)		104,198		74,811	
		<u>4,607,494</u>		<u>4,239,667</u>	

The financial statements on pages 5 to 26 were approved by the board of directors on 21 July 2003.

D A Cumper)
)
) Directors
)
M J Cumper)



DESIGNPLAN MANAGEMENT SERVICES LIMITED

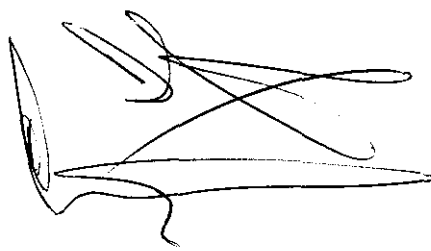
COMPANY BALANCE SHEET

at 31 December 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	10	2,101,995	-
Investments	11	360,300	-
		<u>2,462,295</u>	<u>-</u>
Current assets			
Debtors	13	408,950	96,148
Cash at bank and in hand		210,641	211,056
		<u>619,591</u>	<u>307,204</u>
Creditors: amounts falling due within one year	15	302,613	219,045
Net current assets		<u>316,978</u>	<u>88,159</u>
Total assets less current liabilities		<u>2,779,273</u>	<u>88,159</u>
Provisions for liabilities and charges	17	505,424	-
		<u>2,273,849</u>	<u>88,159</u>
Capital and reserves			
Called up share capital	19	360,400	100
Profit and loss account	21	1,913,449	88,059
		<u>2,273,849</u>	<u>88,159</u>

The financial statements on pages 5 to 26 were approved by the board of directors on 21 July 2003.

D A Cumper)
)
) Directors
)
 M J Cumper)



DESIGNPLAN MANAGEMENT SERVICES LIMITED

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31 December 2002

	Note	2002 £	2001 £
Net cash inflow from operating activities	25	1,525,056	683,467
Returns on investment and servicing of finance			
Interest received		28,386	13,718
Rental income		134,774	120,600
Interest paid		(68,176)	(81,742)
Interest element of finance lease rental		(18,001)	(2,406)
Net cash inflow from returns on investment and servicing of finance		76,983	50,170
Taxation			
Corporation tax paid		(328,796)	(268,434)
Capital expenditure and financial investment			
Payments to acquire tangible fixed assets		(373,860)	(184,087)
Receipts from sale of tangible fixed assets		57,185	39,530
Acquisitions and disposals		(316,675)	(144,557)
Purchase of minority interest		(10,500)	-
Management of liquid resources			
Payments for short term deposits		(30,000)	-
Net cash inflow before financing		916,068	320,646
Financing			
Repurchase of share capital on subsidiary		-	(69,000)
Repayment of borrowings		(20,310)	(22,327)
Capital element of finance lease rentals		(137,367)	(21,362)
Net cash (outflow) from financing	26	(157,677)	(112,689)
Increase in cash in the year	28	758,391	207,957

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

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.

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. Accordingly, in the year the merger takes place the whole of the results, assets, liabilities and shareholder's funds of the merged entities are consolidated, regardless of the actual date, and corresponding figures for previous years are restated.

The consolidated financial statements incorporate the financial statements of all subsidiary companies. Subsidiaries acquired during the year are consolidated from the date of acquisition using the acquisition method. Subsidiary companies are those with a 50% or greater group holding. 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 2002.

There are no associated undertakings or other investments.

Goodwill

Goodwill arising on consolidation and purchased goodwill (prior to the introduction of FRS 10) are written off directly against reserves. Purchased goodwill is also written directly against reserves. Since the introduction of FRS 10, goodwill represents the excess of the purchase price compared with the fair value of net assets acquired, is capitalised and written off evenly over 20 years, subject to provision made for impairment, as in the opinion of directors this presents the period over which goodwill is effective.

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	-	5 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 2002

(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

The group policy for the provision of deferred tax was changed during the year to comply with FRS 19, resulting in a prior year adjustment as described in note 22 to these financial statements.

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.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

1 Principal accounting policies (continued)

Constructive obligations under various onerous contracts

Obligations are recognised under various onerous contracts on the date an onerous obligation liability becomes probable.

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.

2 Turnover

	2002 £	2001 £
United Kingdom	9,933,901	9,492,275
Europe	480,896	358,039
North America	2,757,549	2,689,762
Far East	228,185	398,980
Other	46,096	94,458
	<u>13,446,627</u>	<u>13,033,514</u>

3 Other operating income

Rent receivable	136,472	120,600
Commission receivable	12,402	-
	<u>148,874</u>	<u>120,600</u>

4 Operating profit

Operating profit is stated after charging/(crediting)

Depreciation		
- owned assets	295,473	300,020
- assets held under finance leases and hire purchase contracts	55,638	13,438
(Profit)/loss on fixed asset disposal	(6,505)	12,458
Operating leases		
- plant and machinery hire	72,638	58,937
- other assets	128,730	160,228
Net foreign exchange gains	(37,739)	(23,985)
Group auditors' remuneration		
- audit	21,000	19,000
- other services	32,450	26,000
	<u></u>	<u></u>

The total amount charged against profits in respect of finance leases and hire purchase contracts is £73,639 (2001 £15,844) of which part is shown as depreciation and the balance is shown as interest payable in note 6.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

	2002 No	2001 No
5 Directors and employees		
The average number of persons employed by the group (including executive directors) during the year was		
Production	112	122
Sales	8	8
Administration	53	45
	<u>173</u>	<u>175</u>
The aggregate staff costs were	£	£
Wages and salaries	3,790,172	3,480,073
Social security costs	361,850	347,294
Other pension costs	132,139	128,597
	<u>4,284,161</u>	<u>3,955,964</u>
Directors		
Directors' emoluments		
- emoluments	570,259	289,160
- pension contributions	44,000	44,000
	<u>614,259</u>	<u>333,160</u>
Highest paid director - emoluments	293,060	151,725
- pension contributions	22,000	22,000
	<u>315,060</u>	<u>173,725</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 £86,350 (2001 £84,597).

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 (2001 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 (2001 £44,000).

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

	2002 £	2001 £
6 Interest receivable		
Bank interest	26,788	13,718
Other interest	1,998	-
	<u>28,786</u>	<u>13,718</u>
7 Interest payable		
Bank loan and overdrafts	42,494	71,151
Hire purchase contracts	18,001	2,406
Pension fund loan	14,230	15,963
Other interest	3,029	2,051
	<u>77,754</u>	<u>91,571</u>
8 Taxation		
a) Analysis of change in year		
Current UK tax		
- Corporation tax on profits of the year	156,400	267,900
- Adjustment in respect of prior years	(2,312)	43,058
	<u>154,088</u>	<u>310,958</u>
Current foreign tax		
- Tax for year	32,052	14,908
- Adjustment in respect of prior years	(27,455)	(14,908)
	<u>4,597</u>	<u>-</u>
Total current tax	<u>158,685</u>	<u>310,958</u>
Deferred tax		
- Origination of timing differences	19,500	(47,800)
Tax on profit on ordinary activities	<u>178,185</u>	<u>263,158</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 2002

(continued)

	2002 £	2001 £
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% (2001 30%) as explained below.		
Profit on ordinary activities before tax	521,580	575,388
Profit on ordinary activities multiplied by the standard rate of UK corporation tax of 30% (2001 30%)	156,474	172,616
Effects of		
- Expenses not deductible for tax purposes	24,800	26,156
- Capital allowances in (excess)/deficit of depreciation	259	4,039
- Tax losses carried forward	11,657	21,741
- Lower tax rates on overseas earnings	(33,339)	2,067
- Marginal relief	(3,446)	(4,832)
- Other adjustments	(5)	46,113
	156,400	267,900
Adjustments in respect of prior years	(2,312)	43,058
	154,088	310,958
9 Intangible fixed assets	Goodwill	
	£	
Cost		
At 1 January 2002	-	
Acquisition in year	10,500	
At 31 December 2002	10,500	
Amortisation		
At 1 January 2002	-	
Charge for year	10,500	
At 31 December 2002	10,500	
Net book value		
31 December 2002	-	
31 December 2001	-	

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

10 Tangible fixed assets

Group

	Land and buildings £	Plant, machinery and tools £	Computer, furniture and fittings £	Motor vehicles £	Total £
Cost					
At 1 January 2002	2,950,955	2,061,134	796,336	290,659	6,099,084
Additions	157,037	393,507	38,705	54,966	644,215
Disposals	-	(7,151)	(22,612)	(175,405)	(205,168)
Exchange movement	(38,482)	(21,548)	(2,920)	-	(62,950)
At 31 December 2002	<u>3,069,510</u>	<u>2,425,942</u>	<u>809,509</u>	<u>170,220</u>	<u>6,475,181</u>
Accumulated depreciation					
At 1 January 2002	581,144	1,673,427	705,015	159,053	3,118,639
Charged for the year	48,904	199,726	63,758	36,041	348,429
Disposals	-	(5,256)	(21,451)	(126,812)	(153,519)
Exchange movement	(1,940)	(31,824)	13,170	-	(20,594)
At 31 December 2002	<u>628,108</u>	<u>1,836,073</u>	<u>760,492</u>	<u>68,282</u>	<u>3,292,955</u>
Net book value					
31 December 2002	<u>2,441,402</u>	<u>589,869</u>	<u>49,017</u>	<u>101,938</u>	<u>3,182,226</u>
31 December 2001	<u>2,369,811</u>	<u>387,707</u>	<u>91,321</u>	<u>131,606</u>	<u>2,980,445</u>

The net book value of land and buildings includes;

	Cost £	Accumulated depreciation £	Net book value £
Freehold property	367,958	28,552	339,406
Long leaseholds	1,430,047	179,076	1,250,971
Short leaseholds	1,271,505	420,480	851,025
	<u>3,069,510</u>	<u>628,108</u>	<u>2,441,402</u>

The net book value of fixed assets includes £239,164 (2001 £39,373) for which depreciation of £55,638 (2001 £13,438) was charged in the year for assets held under finance leases and hire purchase contracts.

The group had £95,285 (2001 £37,000) capital commitments at the year end.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

10 Tangible fixed assets (continued)

Company

	Land and buildings £
Cost	
At 1 January 2002	-
Group transfers	2,546,552
Additions	155,000
At 31 December 2002	<u>2,701,552</u>
Accumulated depreciation	
At 1 January 2002	-
Group transfers	571,338
Charged for the year	28,219
At 31 December 2002	<u>599,557</u>
Net book value	
31 December 2002	<u>2,101,995</u>
31 December 2001	<u>-</u>

The net book value of land and buildings includes;

	Cost £	Accumulated depreciation £	Net book value £
Long leaseholds	1,430,047	179,076	1,250,971
Short leaseholds	1,271,505	420,481	851,024
	<u>2,701,552</u>	<u>599,557</u>	<u>2,101,995</u>

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

11 Fixed asset investments

Company	£
Shares in group undertakings	
Cost	
At 1 January 2002	-
Acquisitions	360,300
At 31 December 2002	<u>360,300</u>

The group and 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
Company				
Designplan Lighting Limited	England	Ordinary	100%	Design and manufacture of light fittings, uplighters and luminaires

The group holds more than 10% of the equity share capital of the following companies via its subsidiary undertakings:

Name of undertaking	Country of incorporation	Class of share	Group equity held at 31 December 2002	Nature of business
Group				
Designplan International Limited	England	Ordinary	82.5%	Lighting wholesaler
Steelplan Kitchens Limited	England	Ordinary	100.0%	Design and manufacture of kitchens
Charisma Lighting Limited (formerly Carvill Lighting Limited)	England	Ordinary	100%	Design and manufacture of uplighters and luminaires
Designplan Lighting Inc	USA	Ordinary	61.9%	Design, manufacture and sale of lighting fittings
FP Realty LLP	USA	Ordinary	55.0%	Property

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

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
12 Stocks				
Raw materials	1,138,706	1,221,012	-	-
Work in progress	259,298	274,579	-	-
Finished goods	523,343	284,160	-	-
	<u>1,921,347</u>	<u>1,779,751</u>	<u>-</u>	<u>-</u>
13 Debtors: amounts falling due within one year				
Trade debtors	2,507,068	2,872,159	-	-
Amounts due from group undertakings	-	-	408,244	96,148
Other debtors	121,290	165,386	-	-
Prepayments and accrued income	187,616	201,777	706	-
	<u>2,815,974</u>	<u>3,239,322</u>	<u>408,950</u>	<u>96,148</u>
14 Debtors: amounts falling due after more than one year				
Prepayments and accrued income	<u>43,013</u>	<u>57,761</u>	<u>-</u>	<u>-</u>
15 Creditors: amounts falling due within one year				
Bank loans and overdrafts	725,194	1,372,928	-	-
Trade creditors	1,341,614	1,172,936	-	-
Amounts owed to group undertakings	-	-	-	8,152
Corporation tax	13,958	169,100	8,100	9,600
Other taxation and social security	285,470	258,322	62,865	33,114
Pension fund loan	250,000	250,000	-	-
Directors' loan accounts	95,190	40,477	95,190	39,014
Hire purchase contracts	36,294	10,759	-	-
Other creditors	97,176	73,662	390	18,165
Accruals and deferred income	222,609	197,428	136,068	111,000
	<u>3,067,505</u>	<u>3,545,612</u>	<u>302,613</u>	<u>219,045</u>

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

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
16 Creditors: amounts falling due after more than one year				
Bank loans and overdrafts	163,566	205,277	-	-
Hire purchase contracts	112,692	2,394	-	-
	<u>276,258</u>	<u>207,671</u>	<u>-</u>	<u>-</u>
Bank loans are repayable;				
In the next year	22,077	22,460	-	-
In the second to fifth year	109,938	111,951	-	-
After the fifth year	53,628	93,326	-	-
	<u>185,643</u>	<u>227,737</u>	<u>-</u>	<u>-</u>

The bank loan is secured on the group's freehold property at an interest rate of 8.25% per annum.

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

	Group		Company	
	2002 £	2001 £	2002 £	2001 £
In the next year (note 15)	36,294	10,759	-	-
In the second to fifth year	112,692	2,394	-	-
	<u>148,986</u>	<u>13,153</u>	<u>-</u>	<u>-</u>
17 Provisions for liabilities and charges				
	1 January 2002	Transfer to profit and loss accounts	Transfer from group undertakings	31 December 2002
Group	£	£	£	£
Unprovided pensions to former employees	316,340	19,084	-	335,424
Constructive obligations under various onerous contracts	129,000	64,400	-	193,400
	<u>445,340</u>	<u>83,484</u>	<u>-</u>	<u>528,824</u>
Company				
Unprovided pensions to former employees	-	-	335,424	335,424
Deferred tax	-	170,000	-	170,000
	<u>-</u>	<u>170,000</u>	<u>335,424</u>	<u>505,424</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.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

18 Deferred tax

	2002 £	2001 £
Group (asset)		
Accelerated capital allowances	242,000	242,230
Former employees pension	(100,630)	(94,900)
Loan	(26,380)	(63,490)
Trading tax losses	(95,610)	(83,960)
Capital tax losses	(48,280)	(48,280)
	<u>(28,900)</u>	<u>(48,400)</u>
Foreign tax	(14,970)	-
	<u>(43,870)</u>	<u>(48,400)</u>
Company liability		
Accelerated capital allowances	270,600	-
Former employees pension	(100,600)	-
	<u>170,000</u>	<u>-</u>
	Group £	Company £
Asset at 31 December 2001 as previously stated	-	-
Prior year adjustment (note 22)	(48,400)	-
Asset at 31 December 2001 as restated	<u>(48,400)</u>	<u>-</u>
Deferred tax charge in the profit and loss account for the year	28,500	170,000
(Asset)/provision at 31 December 2002	<u>(19,900)</u>	<u>170,000</u>

The provision is based on a corporation tax rate of 30% (2001 30%).

19 Called up share capital

	2002 £	2001 £
Authorised		
500,000 ordinary shares of £1 each	<u>500,000</u>	<u>100</u>
Allotted, called up and fully paid		
1 January 2002 100 ordinary shares of £1 each	100	100
Issued in year 360,300 ordinary shares of £1 each	<u>360,300</u>	<u>100</u>
31 December 2002 360,400 ordinary shares of £1 each	<u>360,400</u>	<u>100</u>

On 23 April 2002 the authorised share capital was increased to 500,000 ordinary shares of £1 each. In a group reorganisation 360,300 ordinary shares of £1 each were issued in exchange for 100% of the share capital of Designplan Lighting Limited.

For the purposes of merger accounting it has been assumed that the 500,000 ordinary shares issued on 23 April 2002 existed during the year ended 31 December 2001.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

20 Profit and loss account

	2002		2001	
Group retained profit for the year	£	£	£	£
Retained by				
Holding company				
- Profit after tax		1,825,390		32,656
Subsidiaries				
- Profit after tax	463,832		276,850	
- Dividends	(1,975,214)		-	
		(1,511,382)		276,850
		314,008		309,506

21 Shareholders' funds

	Share Capital £	Merger capital £	Profit & loss account £	Share- holders' funds £
Group				
31 December 2001 as previously stated	100	214,575	3,541,481	3,756,165
Prior year adjustment (note 22)	-	-	48,400	48,400
31 December 2001 as restated	100	214,575	3,589,881	3,804,556
Share issue	360,300	-	-	360,300
Profit for the year	-	-	314,008	314,008
Exchange gain	-	-	24,432	24,432
31 December 2002	360,400	214,575	3,928,321	4,503,296
Company				
31 December 2001	100	-	88,059	88,159
Profit for the year	-	-	1,825,390	1,825,390
Share issue	360,300	-	-	360,300
31 December 2002	360,400	-	1,913,449	2,273,849

Goodwill arising on consolidation written off against reserves amounted to £124,000 (2001 £124,000). Cumulative goodwill eliminated against reserves amounts to £134,500 (2001 £124,000).

22 Prior year adjustment

No provision was made for deferred tax in prior years. With the introduction of FRS 19 a deferred tax asset of £48,400 was created which resulted in a prior year adjustment.

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

23 Related parties transactions

D A Cumper and M J Cumper hold a controlling interest in the group ("Management") and Richmond Lighting Limited ("Richmond"), Richmond Plastics Limited ("Plastics") and Travel by Design (Chertsey) Limited ("Travel").

During the year to 31 December 2002 the following transactions took place between them:

- i) Management purchased goods for £Nil (2001 £2,565) from Richmond. Management owns the premises from which Richmond operates and received rent of £16,596 (2001 £16,596). Management was reimbursed £140,337 (2001 £211,328) by Richmond for wages and other expenses paid on its behalf. The amount due from Richmond at the year end was £81,512 (2001 £108,527).
- ii) Management purchased goods for £569,800 (2001 £539,385) from Plastics. Management owns the premises from which Plastics operates and received rent and related income of £109,822 (2001 £44,873). Management was reimbursed £152,188 (2001 £153,483) by Plastics for wages and other expenses paid on its behalf. The amount due to Plastics at the year end was £69,775 (2001 £22,275).
- (iii) Management purchased goods for £85,360 (2001 £106,958) from Travel. Management was reimbursed £100,217 (2001 £37,100) by Travel for wages and other expenses incurred on its behalf. The amount due from Travel at the year end was £15,524 (2001 £37,006).
- (iv) Management paid interest of £14,230 (2001 £15,963) on a loan from The Designplan Pension Fund ("The Fund"). Management paid rent to The Fund of £18,300 (2001 £36,600). The balance of the loan due to The Fund at the year end was £250,000 (2001 £250,000).

Management purchased long leasehold property from The Fund at open market value of £155,000 as valued by Frazers Chartered Surveyors.

24 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 2003.

Group	2002		2001	
	Land & buildings £	Other £	Land & buildings £	Other £
Expiring				
Within one year	-	13,965	-	-
In two to five years	-	28,123	-	-
After five years	123,430	-	-	-
	<u>123,430</u>	<u>42,088</u>	<u>-</u>	<u>-</u>

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NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

25	Reconciliation of operating profit to net cash inflow from operating activities	2002 £	2001 £
	Operating profit	600,132	663,031
	Depreciation	348,429	313,458
	Profit on disposal	(6,505)	12,458
	Exchange variations	45,002	43,394
	Investment income	(136,472)	(120,600)
	(Increase) in stocks	(141,596)	141,948
	Decrease in debtors	442,311	(266,466)
	Increase in creditors	309,355	(23,276)
	Increase in provisions	64,400	129,000
	Net cash inflow from operating activities	1,525,056	683,467

	Bank loan £	Other loans £	Finance leasing £	Share Capital £	Total £
26	Analysis of changes in financing during the year				
31 December 2000	244,358	250,000	15,360	100	509,818
Non cash flow movement					
- exchange variation	5,706	-	-	-	5,706
- new finance leases	-	-	19,155	-	19,155
Net cash outflow from financing	(22,327)	-	(21,362)	-	(43,689)
31 December 2001	227,737	250,000	13,153	100	490,990
Non cash flow movement					
- exchange variation	(21,784)	-	-	-	(21,784)
- new finance leases	-	-	273,200	-	273,200
- share capital exchange	-	-	-	360,300	360,300
Net cash outflow from Financing	(20,310)	-	(137,367)	-	(157,677)
31 December 2002	185,643	250,000	148,986	360,400	945,029

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 £273,200 (2001 £19,155).

DESIGNPLAN MANAGEMENT SERVICES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 2002

(continued)

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

	Cash at bank and in hand £	Bank overdrafts £	Total £
31 December 2000	704,237	(1,930,051)	(1,225,814)
Net cash (outflow)/inflow for the year	(371,626)	579,583	207,957
31 December 2001	332,611	(1,350,468)	(1,017,857)
Liquid assets	30,000	-	30,000
Net cash inflow for the year	111,040	647,351	758,391
31 December 2002	473,651	(703,117)	(229,466)

29 Acquisition of minority interest

On 18 November 2002 the group obtained the remaining 45% of the share capital of Charisma Lighting Limited (formerly Carvill Lighting Limited). The net assets acquired from the minority were:

	£
Net assets acquired	-
Tangible assets	-
Goodwill	10,500
	<u>10,500</u>
Satisfied by	
Cash	7,230
Cancellation of debt due to company	3,270
	<u>10,500</u>

30 Merger accounting

Statement of adjustment to consolidated net assets arising from the merger	£
Net assets of Designplan Management Services prior to merger	153,001
Merger of Designplan Lighting Group	4,155,237
	<u>4,308,238</u>
Net assets of Designplan Management Services after merger	<u>4,308,238</u>

