

SKAR PRECISION MOULDINGS LIMITED

DIRECTOR'S REPORT
AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 1996

COMPANY NUMBER: 949310



SKAR PRECISION MOULDINGS LIMITED

Director
G. McLellan

Secretary and Registered Office
S. A. Kibble
Lady Lane Industrial Estate
Hadleigh
Ipswich
Suffolk
IP7 6AZ

REPORT OF THE DIRECTOR

The director submits his report and the financial statements for the year ended 31st December, 1996.

ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was that of the design and manufacture of plastic mouldings and associated products. The trend of increasing turnover is expected to be sustained for the foreseeable future.

DIRECTOR AND HIS INTEREST

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

	At beginning of year	At end of year
G. McLellan	-	-

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to:-

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;
- to follow applicable accounting standards subject to any material departures disclosed and explained in the accounts.

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act, 1985. The director is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

In preparing this report advantage has been taken of special exemptions available to small companies.

24th March, 1997

By Order of the Board


S. A. Kibble
Secretary

Edwards

CHARTERED ACCOUNTANTS

15 Station Road, St Ives, Cambridgeshire PE17 4BH. Tel (01480) 498161. Fax (01480) 468538

AUDITOR'S REPORT TO THE MEMBERS OF SKAR PRECISION MOULDINGS LIMITED

We have audited the financial statements on pages three to ten which have been prepared under the historic cost convention as modified by the revaluation of tangible fixed assets.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described on page 1 the company's director is 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 director 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 preparation 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 at 31st December, 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

24th March, 1997



**Edwards
Chartered Accountants
Registered Auditors**

SKAR PRECISION MOULDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER, 1996

	Notes	1996 £	1995 £
TURNOVER	1b & 2	2,788,819	2,659,196
Cost of sales		<u>(2,057,253)</u>	<u>(2,002,895)</u>
GROSS PROFIT		731,566	656,301
Administrative expenses		<u>(565,733)</u>	<u>(579,611)</u>
OPERATING PROFIT	3	165,833	76,690
Interest receivable		4,169	1,328
Interest payable	4	<u>(43,232)</u>	<u>(37,487)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		126,770	40,531
Taxation		<u>(35,803)</u>	<u>(17,000)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		90,967	23,531
RETAINED PROFIT BROUGHT FORWARD		<u>389,531</u>	<u>366,000</u>
RETAINED PROFIT CARRIED FORWARD		<u>£480,498</u>	<u>£389,531</u>

The reconciliation of movements in shareholders' funds is shown in note 12 to the accounts.

SKAR PRECISION MOULDINGS LIMITED

OTHER PRIMARY STATEMENT

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST DECEMBER, 1996

	1996 £	1995 £
PROFIT FOR THE FINANCIAL YEAR	90,967	23,531
Unrealised deficit on revaluation of assets	<u>-</u>	<u>(81,062)</u>
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	<u>£90,967</u>	<u>£(57,531)</u>

SKAR PRECISION MOULDINGS LIMITED

BALANCE SHEET
AT 31ST DECEMBER, 1996

	Notes	1996		1995	
		£	£	£	£
FIXED ASSETS					
Intangible assets	5		-		5,799
Tangible assets	6		<u>708,300</u>		<u>679,705</u>
			708,300		685,504
CURRENT ASSETS					
Stocks		148,489		198,526	
Debtors	7	528,271		486,464	
Cash at bank and in hand		<u>136,632</u>		<u>105,788</u>	
		813,392		790,778	
CREDITORS: Amounts falling due within one year	8	<u>(550,451)</u>		<u>(643,104)</u>	
NET CURRENT ASSETS			<u>262,941</u>		<u>147,674</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			971,241		833,178
CREDITORS: Amounts falling due after more than one year	9		<u>(340,514)</u>		<u>(293,418)</u>
			<u>£630,727</u>		<u>£539,760</u>
CAPITAL AND RESERVES					
Called up share capital	10		1,000		1,000
Profit and loss account			480,498		389,531
Revaluation reserve	11		<u>149,229</u>		<u>149,229</u>
SHAREHOLDERS' FUNDS	12		<u>£630,727</u>		<u>£539,760</u>

The director has taken advantage in the preparation of the accounts of special exemptions applicable to small companies under Part 1 of Schedule 8 to the Companies Act 1985. In the opinion of the director the company is entitled to those exemptions on the grounds that it qualifies as a small company.

Approved by the Board on 24th March, 1997



G. McLellan
Director

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1996

1. ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been prepared under the historical cost convention.

b. Turnover

Turnover represents sales invoiced net of Value Added Tax,

c. Tangible Fixed Assets

Tangible fixed assets acquired by the company have been capitalised at cost.

d. Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost less estimated residual value over the estimated useful life as follows:-

Office equipment and fixtures and fittings	- 25% per annum on the reducing balance basis
Motor vehicles	- 25% per annum on the reducing balance basis
Plant and machinery	- 20% per annum on the reducing balance basis

e. Stocks

Stocks are valued at the lower of cost and net realisable value. Cost comprises the purchase cost plus the cost incurred in bringing each product to its present location or condition. Work in progress and finished goods are valued at cost of direct materials and labour plus attributable overheads based on normal levels of activity. Net realisable value is based on estimated selling price and further costs expected to be incurred to completion, sale and distribution.

f. Finance Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts are capitalised as tangible fixed assets and depreciated in accordance with the policies outlined above. Lease obligations are included as creditors, with the interest being charged against profit over the period of the leases.

g. Operating Leases

Rentals under operating leases are charged against profit as they are incurred.

h. Deferred Taxation

No provision has been made for deferred taxation, as, in the opinion of the director, such provision is unlikely to be required in the foreseeable future.

i. Foreign Currency Translation

Transactions denominated in foreign currencies are translated at the rate of exchange on the day the transaction occurs. Assets and liabilities denominated in foreign currencies which are not to be settled at a contracted rate are translated at the balance sheet date at the rate prevailing on that day. Those assets and liabilities which are to be settled at a contracted rate are translated at the balance sheet date at the contracted rate. All currency adjustments are taken to the profit and loss account.

j. Cash Flow Statement

The company is a small company as defined by sections 246 and 247 of the Companies Act 1985. It has therefore taken advantage of the exemption conferred by Financial Reporting Standard Number 1 not to prepare a cash flow statement.

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1996

2. TURNOVER

Turnover attributable to geographical markets outside the United Kingdom amounted to 1.5% (1995: 1%).

3. OPERATING PROFIT

This is stated after charging/(crediting):-

	1996 £	1995 £
Auditors' remuneration	3,461	5,373
Director's remuneration	3,300	81,968
Depreciation:		
- owned assets	51,970	56,396
- assets held under hire purchase contracts	54,255	26,314
Rentals under operating leases:		
- other	4,986	4,635
(Profit)/Loss on disposal of tangible fixed assets	<u>(372)</u>	<u>1,078</u>

4. INTEREST PAYABLE

Interest payable includes £14,145 relating to hire purchase (1995: £12,006).

5. INTANGIBLE FIXED ASSETS

**Goodwill
£**

COST

At 1st January, 1996 and 31st December, 1996 £23,197

AMORTISATION

At 1st January, 1996 17,398
 Charge for the year 5,799

At 31st December, 1996 £23,197

NET BOOK VALUE

At 31st December, 1996 £

At 31st December, 1995 £ 5,799

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1996

6. TANGIBLE FIXED ASSETS

	Land & buildings £	Fixtures, fittings & office equipment £	Plant & equipment £	Motor vehicles £	Total £
Cost or Valuation					
At 1st January, 1996	300,000	58,908	750,805	84,225	1,193,938
Additions	-	3,065	155,308	-	158,373
Disposals	-	-	(20,460)	(22,707)	(43,167)
At 31st December, 1996	<u>300,000</u>	<u>61,973</u>	<u>885,653</u>	<u>61,518</u>	<u>1,309,144</u>
Depreciation					
At 1st January, 1996	-	32,630	433,302	48,301	514,233
Charge for the year	-	7,336	91,704	7,185	106,225
Eliminated on disposals	-	-	(4,092)	(15,522)	(19,614)
At 31st December, 1996	-	<u>39,966</u>	<u>520,914</u>	<u>39,964</u>	<u>600,844</u>
Net Book Value					
At 31st December, 1996	<u>300,000</u>	<u>22,007</u>	<u>364,739</u>	<u>21,554</u>	<u>£708,300</u>
At 31st December, 1995	<u>300,000</u>	<u>26,278</u>	<u>317,503</u>	<u>35,924</u>	<u>£679,705</u>

The net book value of tangible fixed assets held under hire purchase contracts at 31st December, 1996 amounted to:-

	1996 £	1995 £
Motor vehicles	16,777	22,369
Plant and machinery	<u>194,651</u>	<u>75,405</u>
	<u>£211,428</u>	<u>£97,774</u>

Fixed assets included at valuation:

	Land and Buildings	Plant and Equipment
Historical cost	222,513	813,911
Revaluation	<u>77,487</u>	<u>71,742</u>
	<u>£300,000</u>	<u>£885,653</u>

The freehold land and buildings were externally valued on an open market existing use basis in 1995, based on its post-refurbishment condition. The revaluation forms the basis of the current year's director's valuation incorporated in the accounts

The plant and machinery were revalued on 27th January, 1995 by Henry Butcher and Co. (Valuers and Surveyors) on an open market basis at £355,055. A revaluation surplus of £71,742 arises on a net book value of £281,313.

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1996

	1996 £	1995 £
7. DEBTORS		
Trade debtors	413,900	443,657
Amounts owed by group companies	108,166	35,950
Prepayments	<u>6,205</u>	<u>6,857</u>
	<u>£528,271</u>	<u>£486,464</u>
8. CREDITORS: Amounts falling due within one year		
Bank overdraft	64,215	-
Bank loans	8,820	-
Obligations under hire purchase contracts	49,064	38,245
Trade creditors	303,138	475,275
Corporation tax	35,900	17,000
Other taxes and social security costs	55,576	33,819
Amounts owed to group companies	18,800	23,632
Other creditors	42	19,000
Accruals	<u>14,896</u>	<u>36,133</u>
	<u>£550,451</u>	<u>£643,104</u>
9. CREDITORS: Amounts falling due after more than one year		
Obligations under hire purchase contracts:		
- due in 2 to 5 years	91,335	29,846
Bank loans:		
- due in 2 to 5 years	105,846	65,893
- due in over 5 years	<u>143,333</u>	<u>197,679</u>
	<u>£340,514</u>	<u>£293,418</u>
Bank borrowings are secured by a charge over the company's freehold property and life policies of the director.		
10. SHARE CAPITAL		
Authorised, allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	£1,000	£1,000

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1996

11. REVALUATION RESERVE

	Land and Buildings £	Plant and Equipment £	Total £
Balance brought forward and carried forward	<u>77,487</u>	<u>71,742</u>	<u>£149,229</u>

12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Net profit for the year	112,359	23,531
Revaluations	-	(81,062)
Opening shareholders' funds	<u>539,760</u>	<u>597,291</u>
Closing shareholders' funds	<u>£652,119</u>	<u>£539,760</u>

13. ULTIMATE HOLDING COMPANY

The ultimate holding company is Ettle Limited, a company registered in England and Wales, company number 3021975.

14. CONTINGENT LIABILITIES

- a) The company has a fully insured pension scheme for its present directors and employees. Premiums paid to the scheme are analysed as follows:-

Directors	3,300	25,068
Employees	<u>4,998</u>	<u>6,948</u>
	<u>£8,298</u>	<u>£32,016</u>

- b) The company's bankers have a cross-guarantee over the borrowings of other companies within the group.