

SKAR PRECISION MOULDINGS LIMITED
REGISTERED COMPANY NUMBER: 949310
DIRECTOR'S REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998



SKAR PRECISION MOULDINGS LIMITED
REGISTERED COMPANY NUMBER: 949310

Directors

G McLellan
K Driver

Secretary and Registered Office

G McLellan
Lady Lane Industrial Estate
Hadleigh
IPSWICH
Suffolk
IP7 6AZ

REPORT OF THE DIRECTORS

The directors submit their report and the financial statements for the year ended 31 December 1998.

RESULTS AND DIVIDENDS

The company made a profit after taxation of £139,105 which results in retained profits of £294,341.

A dividend of £33 is proposed for the year (1997 : £500,000).

ACTIVITIES AND BUSINESS REVIEW

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

DIRECTORS AND THEIR INTERESTS

The directors who held office during the year under review were as named above. The directors who served during the year and their interests in the company were as follows:-

	At 30 September 1998	At 1 October 1997
	Ordinary shares	
	No	No
G McLellan	-	-
K Driver	-	-

The company is controlled by G McLellan via his shareholding in the ultimate holding company.

AUDITORS

A resolution to re-appoint Edwards as auditors will be put to the members at the Annual General Meeting.

SKAR PRECISION MOULDINGS LIMITED
REPORT OF THE DIRECTOR - CONTINUED

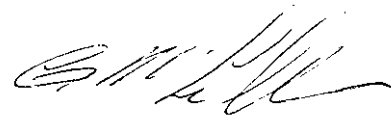
DIRECTOR'S RESPONSIBILITIES

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.

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.

By Order of the Board



G McLellan
Secretary

12 February 1999

Edwards

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

AUDITORS' REPORT TO THE MEMBERS OF SKAR PRECISION MOULDINGS LIMITED

We have audited the financial statements on pages four to thirteen which have been prepared under the historical cost convention.

RESPECTIVE RESPONSIBILITIES OF DIRECTOR AND AUDITORS

As described on page two 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 as at 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



12 February 1999

**Edwards
Reporting Accountants
Registered Auditors**

SKAR PRECISION MOULDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
TURNOVER	2	2,955,936	3,353,744
Cost of sales		(2,085,722)	(2,513,236)
GROSS PROFIT		870,214	840,508
Administrative expenses		(633,674)	(588,002)
OPERATING PROFIT	3	236,540	252,506
Interest receivable		2,704	4,557
Interest payable	4	(50,601)	(48,903)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		168,643	208,160
Tax on profit on ordinary activities	6	(29,538)	(33,455)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		139,105	174,705
Dividends paid		33	(500,000)
RETAINED PROFIT/(LOSS) FOR THE YEAR		139,138	(325,295)
RETAINED PROFIT BROUGHT FORWARD		155,203	480,498
RETAINED PROFIT CARRIED FORWARD		£ 294,341	£ 155,203

The reconciliation of movements in shareholders' funds is shown in note 14 to the accounts.

The company's turnover and expenses all relate to continuing operations.

SKAR PRECISION MOULDINGS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1998

	1998 £	1997 £
PROFIT FOR THE FINANCIAL YEAR	139,105	174,705
Unrealised gain on revaluation of assets	-	37,000
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	£ 139,105	£ 211,705

SKAR PRECISION MOULDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1998

	Notes	£	1998	£	£	1997	£
FIXED ASSETS							
Tangible assets	7		816,941			899,611	
CURRENT ASSETS							
Stocks		193,105		146,640			
Debtors	8	399,519		364,495			
Cash at bank and in hand		37,556		120,327			
			630,181		631,462		
CREDITORS: Amounts falling due within one year	9	(588,552)		(760,880)			
NET CURRENT ASSETS/(LIABILITIES)			41,629		(129,418)		
TOTAL ASSETS LESS CURRENT LIABILITIES			858,570		770,193		
CREDITORS: Amounts falling due after more than one year	10	(377,000)		(427,761)			
			£ 481,570		£ 342,432		
CAPITAL AND RESERVES							
Called up share capital	12	1,000		1,000			
Profit and loss account		294,341		155,203			
Revaluation reserve	13	186,229		186,229			
SHAREHOLDERS' FUNDS	14	£ 481,570		£ 342,432			

Approved by the Board on 12 February 1999


G McLellan
Director

SKAR PRECISION MOULDINGS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1998

	Notes	1998 £	1997 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		236,540	252,506
Depreciation charges		127,507	110,769
(Profit) on disposal of tangible fixed assets		(3,664)	(952)
(Increase)/Reduction in stocks		(46,465)	1,849
(Increase)/Reduction in debtors		(35,024)	163,776
(Reduction)/Increase in creditors		(164,544)	174,496
NET CASH FLOW FROM OPERATING ACTIVITIES		£ 114,350	£ 702,444
CASH FLOW STATEMENT			
NET CASH FLOW FROM OPERATING ACTIVITIES		114,350	702,444
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	17	(47,897)	(44,346)
CORPORATION TAX PAID		(36,019)	(33,756)
DIVIDENDS PAID		(33)	(500,000)
CAPITAL EXPENDITURE	18	(34,526)	(264,127)
FINANCING	19	(70,555)	(73,981)
		(74,680)	(213,766)
FINANCING			
Hire purchase loans		-	108,088
(DECREASE) IN CASH	20	£ (74,680)	£ (105,678)

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1998

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, wholly derived from the company's principal activity carried on throughout the year.

c Tangible Fixed Assets

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

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
Plant & machinery	- 20% per annum on the reducing balance basis
Motor vehicles	- 25% per annum on the reducing balance basis
Freehold building	- 2% per annum on straight line 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 lease.

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. If deferred taxation had been provided on the liability basis it would have amounted to:

	1998	1997
	£	£
Accelerated capital allowances	£ 43,995	£ 56,012

i Pension Costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

j 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.

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1998

2	TURNOVER	1998	1997
		£	£
	An analysis of turnover by geographical market is given below:		
	United Kingdom	2,906,572	3,310,145
	Europe	49,364	43,599
		£2,955,936	£3,353,744
3	OPERATING PROFIT		
	This is stated after charging/(crediting):		
	Auditors' remuneration:		
	- audit fees	6,000	4,000
	- non-audit fees	9,100	6,255
	Director's remuneration	38,566	26,698
	Depreciation:		
	- owned assets	74,614	62,357
	- assets held under hire purchase contracts	52,895	40,037
	Profit on disposal of tangible fixed assets	(3,664)	(952)
4	INTEREST PAYABLE		
	Bank interest	35,427	35,993
	Hire purchase interest	15,174	12,910
		50,601	48,903
5	STAFF COSTS AND DIRECTOR'S REMUNERATION		
	Wages and salaries	805,325	704,865
	Social security costs	56,068	51,806

The average number of persons employed by the company during the year was:

	Number	Number
Sales and distribution	16	16
Administrative	4	2
Production	30	30
	50	48

DIRECTOR'S EMOLUMENTS

Salary	£ 43,623	£ 29,368

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1998

6	TAXATION	1998	1997
		£	£
	Under/(over) provision in respect of prior years	-	(2,145)
	UK Corporation tax at 21% (1997: 21.75%)	29,547	35,600
		£ 29,547	£ 33,455

7	TANGIBLE FIXED ASSETS	Land and Buildings	Computer	Plant and equipment	Motor vehicles	Total
		£	£	£	£	£
	Cost					
	At 1 January 1998	337,000	72,441	1,150,241	24,442	1,584,124
	Additions	-	12,280	30,246	-	42,526
	Disposals	-	-	(20,634)	-	(20,634)
	Transfers	-	-	-	8,000	8,000
	At 31 December 1998	337,000	84,721	1,159,852	32,442	1,614,016
	Depreciation					
	At 1 January 1998	6,740	45,532	615,211	17,073	684,557
	Charge for year	6,740	12,960	104,990	2,818	127,507
	Eliminated on disposals	-	-	(16,299)	-	(16,299)
	Transfers	-	-	-	1,309	1,309
	At 31 December 1998	13,480	58,492	703,902	21,200	797,074
	Net book value					
	At 31 December 1998	£ 323,520	£ 26,229	£ 455,950	£ 11,241	£ 816,941
	At 31 December 1997	£ 330,260	£ 26,909	£ 535,029	£ 7,368	£ 899,567

The net book value of plant and equipment held under hire purchase contracts at 31 December 1998 was £251,362 (1997: £202,053).

8	DEBTORS	1998	1997
		£	£
	Trade debtors	364,759	343,096
	Amounts due from group companies	17,727	-
	Prepayments	17,034	21,399
		£ 399,519	£ 364,495

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1998

9	CREDITORS: Amounts falling due within one year	1998 £	1997 £
	Due to group companies	-	31,834
	Bank loans	72,276	72,250
	Bank overdraft	25,283	33,400
	Obligations under hire purchase contracts	61,225	50,570
	Trade creditors	290,882	393,131
	Corporation tax	29,128	35,600
	Other taxes and social security costs	55,455	29,757
	Other creditors	3,178	102,000
	Accruals	51,125	12,338
		£ 588,552	£ 760,880
10	CREDITORS: Amounts falling due after more than one year		
	Obligations under hire purchase contracts	136,072	121,824
	Bank loans	240,928	305,937
		£ 377,000	£ 427,761
11	NET OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS		
	Due within one year	75,079	62,567
	Due within two to five years	167,303	150,726
		242,382	213,293
	Less: Finance charges allocated to future periods	(45,085)	(40,899)
		£ 197,297	£ 172,394

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1998

12	SHARE CAPITAL	1998	1997
		£	£
	Authorised		
	Ordinary shares of £1 each	£ 1,000	£ 1,000
	Allotted, called up and fully paid		
	Ordinary shares of £1 each	£ 1,000	£ 1,000
13	REVALUATION RESERVE	Land & Buildings	Plant & Equipment
		£	£
			Total
			£
	Balance brought forward and carried forward	£ 114,487	£ 71,742
14	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1998	1997
		£	£
	Retained profit/(loss) for year	139,138	(325,295)
	Revaluation surplus	-	37,000
	Opening shareholders' funds	342,432	630,727
	Closing shareholders' funds	£ 481,570	£ 342,432
15	ULTIMATE HOLDING PARTY		
	The ultimate holding party is Ettle Limited, a company registered in England & Wales, company number 3021975.		
16	CONTINGENT LIABILITIES		
	The company's bankers have a cross-guarantee over the borrowings of other companies within the group.		
17	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	1998	1997
		£	£
	Interest received	2,704	4,557
	Interest paid	(50,601)	(48,905)
		£ (47,897)	£ (44,346)

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1998

18	CAPITAL EXPENDITURE	1998	1997	
		£	£	
	Payments to acquire tangible fixed assets	(42,526)	(275,100)	
	Receipts from sales of tangible fixed assets	8,000	10,973	
		£ (34,526)	£ (264,127)	
19	FINANCING			
	Repayments of hire purchase obligations	£ (70,555)	£ (73,981)	
20	ANALYSIS OF CHANGES IN NET DEBT	At 1 January	At 31 December	1997
		1998	Cash flows	Cash flows
		£	£	£
	Cash at bank and in hand	120,327	(82,771)	37,556
	Overdrafts	(33,400)	8,117	(25,283)
	Bank loans	(72,250)	(26)	(72,276)
		£ 14,677	£ (74,680)	£ (60,003)
				£ (105,678)