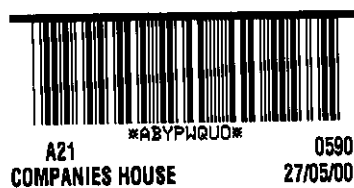


SKAR PRECISION MOULDINGS LIMITED
REGISTERED COMPANY NUMBER: 949310
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999



SKAR PRECISION MOULDINGS LIMITED

Directors
G McLellan
K Driver

Secretary and Registered Office
G McLellan
Lady Lane Industrial Estate
Hadleigh
IPSWICH
Suffolk
IP7 6AZ

DIRECTORS' REPORT

The directors submit their report and the financial statements for the year ended 31 December 1999.

RESULTS AND DIVIDENDS

The company reports a profit after taxation of £32,903, which results in retained profits of £327,244.

No dividend is proposed for the year (1998 : £Nil).

ACTIVITIES AND BUSINESS REVIEW

The company's principal activity during the year was the design and manufacture of plastic mouldings and associated products. The results for the year are considered to be satisfactory.

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:-

	Ordinary shares	
	At 31 December 1999	At 1 January 1999
	No	No
G McLellan	-	-
K Driver	-	-

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

DATE RECOGNITION

As discussed at length in the media, many computers and microchips may encounter date-recognition problems, including those yet to emerge from the changeover to the year 2000. Our business depends on a computerised accounting system to prepare the accounts and record the transactions, as well as to control stock. In addition, we could be affected by systems failures of our suppliers and customers. As a result, we could be at risk if other parties do not deal adequately with such date-recognition problems.

The directors have assessed the risks to our business resulting from date-recognition issues. We do not envisage any such problems and hence foresee no costs being incurred as a result.

We have also assessed the possibility of date-recognition related failures in our significant suppliers, who inform us that they have adequately addressed these problems.

It is impossible to guarantee that no date-recognition problems will remain. However, the directors believe that the company will be able to deal promptly with any failures that might occur.

SKAR PRECISION MOULDINGS LIMITED**DIRECTORS REPORT - CONTINUED****AUDITORS**

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint Edwards as auditors will be put to the members at the Annual General Meeting.

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 explain 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 keeping 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. The directors are 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 March 2000

Edwards

15 Station Road
St Ives
Cambridgeshire
PE17 4BH

Tel : (01480) 498161
Fax : (01480) 468538

AUDITORS' REPORT TO THE SHAREHOLDERS OF SKAR PRECISION MOULDINGS LIMITED

We have audited the financial statements on pages four to thirteen, which have been prepared in accordance with the accounting policies set out on page eight.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page two 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 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 1999 and of its profit and cashflows for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

12 March 2000



**Edwards
Registered Auditors**

SKAR PRECISION MOULDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
TURNOVER	2	3,009,108	2,955,936
Cost of sales		(2,339,941)	(2,085,722)
GROSS PROFIT		669,167	870,214
Administrative expenses		(586,790)	(653,674)
OPERATING PROFIT	3	82,377	216,540
Interest receivable		2,374	2,737
Interest payable	4	(33,382)	(50,601)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		51,369	168,676
Tax on profit on ordinary activities	6	(18,466)	(29,538)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		32,903	139,138
RETAINED PROFIT BROUGHT FORWARD		294,341	155,203
RETAINED PROFIT CARRIED FORWARD		£ 327,244	£ 294,341

Continuing Operations

Turnover and operating profit derive wholly from continuing operations.

Total Recognised Gains and Losses

There were no recognised gains or losses either in the current or preceding year other than those recorded in the profit and loss account.

SKAR PRECISION MOULDINGS LIMITED
STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 DECEMBER 1999

	1999 £	1998 £
PROFIT FOR THE FINANCIAL YEAR	32,903	139,138
Unrealised gain on revaluation of assets	-	-
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	£ 32,903 	£ 139,138

SKAR PRECISION MOULDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 1999

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	736,895	816,941
CURRENT ASSETS			
Stocks	8	162,256	193,105
Debtors	9	748,549	399,520
Cash at bank and in hand		31	37,556
		<u>910,836</u>	<u>630,181</u>
CREDITORS: Amounts falling due within one year	10	<u>(846,563)</u>	<u>(588,552)</u>
NET CURRENT ASSETS		<u>64,273</u>	<u>41,629</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>801,168</u>	<u>858,570</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(286,695)</u>	<u>(377,000)</u>
NET ASSETS		<u>£ 514,473</u>	<u>£ 481,570</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account		327,244	294,341
Revaluation reserve	14	186,229	186,229
SHAREHOLDERS' FUNDS – all equity	15	<u>£ 514,473</u>	<u>£ 481,570</u>

These financial statements were approved by the board of directors on 12 March 2000 and were signed on its behalf by:



G McLellan
Director

SKAR PRECISION MOULDINGS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 1999

	Notes	1999 £	1998 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		82,377	216,540
Depreciation charges		130,550	127,507
Loss/(Profit) on disposal of tangible fixed assets		6,677	(3,664)
Reduction/(Increase) in stocks		30,849	(46,465)
(Increase) in debtors		(345,492)	(35,025)
Increase/(Reduction) in creditors		289,707	(219,503)
NET CASH FLOW FROM OPERATING ACTIVITIES		£ 194,668	£ 39,390
CASH FLOW STATEMENT			
NET CASH FLOW FROM OPERATING ACTIVITIES		194,668	39,390
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18	(31,640)	(47,897)
CORPORATION TAX PAID		(51,132)	(36,019)
CAPITAL EXPENDITURE	19	(15,492)	(34,526)
FINANCING	20	(64,947)	60,585
INCREASE/(DECREASE) IN CASH	21	£ 31,457	£ (139,637)

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 1999

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 convention, modified to include the revaluation of certain assets.

Turnover

Turnover represents sales invoiced net of Value Added Tax, wholly derived from the company's principal activity carried on throughout the year.

Fixed Assets and 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

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.

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.

Operating Leases

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

Deferred Taxation

No provision has been made for deferred taxation, as, in the opinion of the directors, 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:

	1999 £	1998 £
Accelerated capital allowances	£ 56,139	£ 43,995

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.

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 1999

2	TURNOVER	1999 £	1998 £
	An analysis of turnover by geographical market is given below:		
	United Kingdom	2,973,363	2,906,572
	Europe	35,745	49,364
		£3,009,108	£2,955,936
3	OPERATING PROFIT		
	This is stated after charging/(crediting):		
	Auditors' remuneration:		
	- audit fees	6,000	6,000
	- non-audit fees	5,000	9,100
	Directors' remuneration	44,983	38,566
	Depreciation:		
	- owned assets	81,914	74,612
	- assets held under hire purchase contracts	48,636	52,627
	Loss/(profit) on disposal of tangible fixed assets	6,677	(3,664)
4	INTEREST PAYABLE		
	Bank interest	19,069	35,427
	Hire purchase interest	14,313	15,174
		£ 33,382	£ 50,601
5	STAFF COSTS AND DIRECTORS' REMUNERATION		
	Wages and salaries	737,826	805,326
	Social security costs	50,897	56,068
		£ 788,723	£ 861,394
	The average number of persons employed by the company (including directors) during the year was:		
		Number	Number
	Sales and distribution	16	16
	Administrative	4	4
	Production	30	30
		50	50
	DIRECTORS' EMOLUMENTS	1999 £	1998 £
	Salary	40,692	38,566
	Employers NIC	4,291	3,857
	Other pension contributions	2,571	1,200
		£ 47,494	£ 43,623

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

6	TAXATION	1999 £	1998 £
	Over provision in respect of prior years	-	(9)
	UK Corporation tax at 20% (1998 : 21%)	18,466	29,547
		<u>£ 18,466</u>	<u>£ 29,538</u>

7	TANGIBLE FIXED ASSETS	Land and Buildings £	Office Equip, Fixtures and Fittings £	Plant and Equipment £	Motor Vehicles £	Total £
	Cost					
	At 1 January 1999	337,000	84,721	1,159,852	32,442	1,614,015
	Additions	-	-	41,263	20,764	62,027
	Disposals	-	-	(15,580)	(8,000)	(23,580)
		<u>337,000</u>	<u>84,721</u>	<u>1,185,535</u>	<u>45,206</u>	<u>1,652,462</u>
	At 31 December 1999	<u>337,000</u>	<u>84,721</u>	<u>1,185,535</u>	<u>45,206</u>	<u>1,652,462</u>
	Depreciation					
	At 1 January 1999	13,480	58,492	703,902	21,201	797,075
	Charge for year	6,470	15,997	706,463	1,620	130,550
	Eliminated on disposals	-	-	(9,535)	(2,523)	(12,058)
		<u>19,950</u>	<u>74,489</u>	<u>800,830</u>	<u>20,298</u>	<u>915,567</u>
	At 31 December 1999	<u>19,950</u>	<u>74,489</u>	<u>800,830</u>	<u>20,298</u>	<u>915,567</u>
	Net book value					
	At 31 December 1999	£ 317,050	£ 10,232	£ 384,705	£ 24,908	£ 736,895
		<u>£ 317,050</u>	<u>£ 10,232</u>	<u>£ 384,705</u>	<u>£ 24,908</u>	<u>£ 736,895</u>
	At 31 December 1998	£ 323,520	£ 26,229	£ 455,950	£ 11,241	£ 816,941
		<u>£ 323,520</u>	<u>£ 26,229</u>	<u>£ 455,950</u>	<u>£ 11,241</u>	<u>£ 816,941</u>

The net book value of plant and equipment held under hire purchase contracts at 31 December 1999 was £156,285 (1998 : £251,362).

8	STOCKS	1999 £	1998 £
	Raw materials	119,077	114,153
	Work in progress	2,748	2,826
	Finished goods	40,431	76,126
		<u>£ 162,256</u>	<u>£ 193,105</u>

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

9	DEBTORS	1999 £	1998 £
	Trade debtors	370,012	364,759
	Amounts due from group companies	356,454	17,727
	Prepayments	18,545	17,034
	Corporation tax	3,538	-
		<u>£ 748,549</u>	<u>£ 399,520</u>
10	CREDITORS: Amounts falling due within one year		
	Bank loans	23,939	72,276
	Bank overdraft	57,319	25,284
	Obligations under hire purchase contracts	74,836	61,225
	Trade creditors	572,359	290,881
	Corporation tax	-	29,128
	Other taxes and social security costs	18,826	55,455
	Other creditors	4,586	3,178
	Accruals	94,698	51,125
		<u>£ 846,563</u>	<u>£ 588,552</u>
11	CREDITORS: Amounts falling due after more than one year		
	Obligations under hire purchase contracts	98,448	136,072
	Bank loans	188,247	240,928
		<u>£ 286,695</u>	<u>£ 377,000</u>
12	NET OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS		
	Due within one year	90,641	75,079
	Due within two to five years	119,267	167,303
		<u>209,908</u>	<u>242,382</u>
	Less: Finance charges allocated to future periods	<u>(36,624)</u>	<u>(45,085)</u>
		<u>£ 173,284</u>	<u>£ 197,297</u>

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

13	SHARE CAPITAL	1999		1998
		£		£
	Authorised			
	Ordinary shares of £1 each	£ 1,000		£ 1,000
		<u> </u>		<u> </u>
	Allotted, called up and fully paid			
	Ordinary shares of £1 each	£ 1,000		£ 1,000
		<u> </u>		<u> </u>
14	REVALUATION RESERVE	Land &	Plant &	
		Buildings	Equipment	Total
		£	£	£
	Balance brought forward and carried forward	£ 114,487	£ 71,742	£ 186,229
		<u> </u>	<u> </u>	<u> </u>
15	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	1999		1998
		£		£
	Retained profit/(loss) for year	32,903		139,138
	Opening shareholders' funds	481,570		342,432
		<u> </u>		<u> </u>
	Closing shareholders' funds	£ 514,473		£ 481,570
		<u> </u>		<u> </u>
16	ULTIMATE HOLDING PARTY			
	The ultimate holding party is Ettle Limited, a company registered in England & Wales, company number 3021975.			
17	CONTINGENT LIABILITIES			
	The company's bankers have a cross-guarantee over the borrowings of other companies within the group.			
18	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	1999		1998
		£		£
	Interest received	2,374		2,704
	Interest paid	(34,014)		(50,601)
		<u> </u>		<u> </u>
		£ (31,640)		£ (47,897)
		<u> </u>		<u> </u>

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 1999

19	CAPITAL EXPENDITURE	1999 £	1998 £	
	Payments to acquire tangible fixed assets	(20,292)	(42,526)	
	Receipts from sales of tangible fixed assets	4,800	8,000	
		£ (15,492)	£ (34,526)	
20	FINANCING			
	Repayments of hire purchase obligations	£ (64,947)	£ (60,585)	
21	ANALYSIS OF CHANGES IN NET DEBT	At 1 January 1999 £	At 31 December 1999 £	1998 Cash flows £
	Cash at bank and in hand	37,556	(37,525)	(82,771)
	Overdrafts	(25,283)	(32,036)	8,117
	Bank loans	(313,204)	101,018	(64,983)
		£ (300,931)	£ 31,457	£ (269,474)
22	RELATED PARTY TRANSACTIONS			

Transactions Involving Directors

The company's ultimate holding company (Ettle Limited) acquired a new company, Baker Plastics Co Limited, on 26 November 1999. This company is a wholly owned subsidiary of Ettle Limited, of which G McLellan is the sole shareholder. Since the acquisition date, the value of transactions, under normal commercial terms, is as follows:-

	£
Sales to Baker Plastics Co Limited	4,309
Purchases from Baker Plastics Co Limited	12,553

The amounts owed by Baker Plastics Co Limited to the company at the year end was £5,721 and the amount owed to Baker Plastics Co Limited was £19,267.

The company also pays a management charge to the holding company. The value of such charges for the year ended 31 December 1999 was £181,560 and the balance due to Ettle Limited as at the year end date was £17,778.

In addition, the company trades with a business in which the directors hold a material interest. The value of purchases in the year amounted to £419,901 and the year end balance was £178,723.