

SKAR PRECISION MOULDINGS LIMITED
REGISTERED COMPANY NUMBER: 949310
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000



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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 2000.

RESULTS AND DIVIDENDS

The company reports a profit after taxation of £ 14,028, which results in retained profits of £ 341,272.

No dividend is proposed for the year (1999 : £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 2000 No	At 1 January 2000 No
G McLellan	-	-
K Driver	-	-

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

DATE RECOGNITION

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.

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.

SKAR PRECISION MOULDINGS LIMITED

DIRECTORS' REPORT - CONTINUED

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

3 May 2001

Edwards

15 Station Road
St Ives
Cambridgeshire
PE27 5BH

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AUDITORS' REPORT TO THE SHAREHOLDERS OF SKAR PRECISION MOULDINGS LIMITED

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

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The directors are responsible for preparing the directors' report and, as described on page two, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company 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 is not disclosed.

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 2000 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.

3 May 2001



Edwards
Registered Auditors

SKAR PRECISION MOULDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
TURNOVER	2	4,249,598	3,009,108
Cost of sales		(3,662,617)	(2,339,941)
GROSS PROFIT		586,981	669,167
Administrative expenses		(525,897)	(586,790)
OPERATING PROFIT	3	61,084	82,377
Interest receivable		99	2,374
Interest payable	4	(42,855)	(33,382)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		18,328	51,369
Tax on profit on ordinary activities	6	(4,300)	(18,466)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		14,028	32,903
RETAINED PROFIT BROUGHT FORWARD		327,244	294,341
RETAINED PROFIT CARRIED FORWARD		£ 341,272	£ 327,244

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

BALANCE SHEET

AS AT 31 DECEMBER 2000

	Notes	1999 £	1998 £
FIXED ASSETS			
Tangible assets	7	866,335	736,895
CURRENT ASSETS			
Stocks	8	176,797	162,256
Debtors	9	862,380	748,549
Cash at bank and in hand		49	31
		<u>1,039,226</u>	<u>910,836</u>
CREDITORS: Amounts falling due within one year	10	<u>(1,155,731)</u>	<u>(846,563)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(116,505)</u>	<u>64,273</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>749,830</u>	<u>801,168</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(221,329)</u>	<u>(286,695)</u>
NET ASSETS		<u>£ 528,501</u>	<u>£ 514,473</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account		341,272	327,244
Revaluation reserve	14	186,229	186,229
SHAREHOLDERS' FUNDS – all equity	15	<u>£ 528,501</u>	<u>£ 514,473</u>

These financial statements were approved by the board of directors on 3 May 01 and were signed on its behalf by:



G McLellan
Director

SKAR PRECISION MOULDINGS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		61,084	82,377
Depreciation charges		110,397	130,550
Loss/(Profit) on disposal of tangible fixed assets		-	6,677
(Increase)/reduction in stocks		(14,541)	30,849
(Increase) in debtors		(93,088)	(345,492)
Increase/(Reduction) in creditors		181,223	289,707
NET CASH FLOW FROM OPERATING ACTIVITIES		£245,075	£ 194,668
CASH FLOW STATEMENT			
NET CASH FLOW FROM OPERATING ACTIVITIES		245,075	194,668
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18	(42,756)	(31,640)
CORPORATION TAX PAID		(25,043)	(51,132)
CAPITAL EXPENDITURE	19	(239,837)	(15,492)
FINANCING	20	(44,628)	(64,947)
INCREASE/(DECREASE) IN CASH	21	£ (107,189)	£ 31,457

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2000

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:

	2000 £	1999 £
Accelerated capital allowances	£170,120	£ 56,139

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 2000

2	TURNOVER	2000 £	1999 £
	An analysis of turnover by geographical market is given below:		
	United Kingdom	4,202,024	2,973,363
	Europe	47,574	35,745
		£ 4,249,598	£3,009,108
3	OPERATING PROFIT		
	This is stated after charging/(crediting):		
	Auditors' remuneration:		
	- audit fees	7,125	6,000
	- non-audit fees	-	5,000
	Directors' remuneration	42,405	44,983
	Depreciation:		
	- owned assets	65,487	81,914
	- assets held under hire purchase contracts	44,910	48,636
	Loss on disposal of tangible fixed assets	-	6,677
4	INTEREST PAYABLE		
	Bank interest	27,050	19,069
	Hire purchase interest	15,805	14,313
		£ 42,855	£ 33,382
5	STAFF COSTS AND DIRECTORS' REMUNERATION		
	Wages and salaries	931,696	737,826
	Social security costs	59,182	50,897
		£ 990,878	£ 788,723
	The average number of persons employed by the company (including directors) during the year was:		
		Number	Number
	Sales and distribution	17	16
	Administrative	4	4
	Production	32	30
		53	50
	DIRECTORS' EMOLUMENTS	2000 £	1999 £
	Salary	42,405	40,692
	Employers NIC	5,174	4,291
	Other pension contributions	4,800	2,511
		£ 52,379	£ 47,494

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2000

6	TAXATION	2000 £	1999 £
	Over provision in respect of prior years	(4,300)	-
	UK Corporation tax at 20% (1999 : 20%)	8,600	18,466
		£ 4,300	£ 18,466

7	TANGIBLE FIXED ASSETS	Land and Buildings £	Office Equip, Fixtures and Fittings £	Plant and Equipment £	Motor Vehicles £	Total £
	Cost					
	At 1 January 2000	337,000	84,721	1,185,535	45,206	1,652,462
	Additions	-	252	239,585	-	239,837
		337,000	84,973	1,425,120	45,206	1,892,299
	Depreciation					
	At 1 January 2000	19,950	74,489	800,830	20,298	915,567
	Charge for year	6,341	5,423	92,408	6,226	110,397
		26,291	79,912	893,238	26,524	1,025,964
	Net book value					
	At 31 December 2000	£ 310,709	£ 5,061	£ 531,882	£ 18,682	£ 866,335
	At 31 December 1999	£ 317,050	£ 10,232	£ 384,705	£ 24,908	£ 736,895

The net book value of plant and equipment held under hire purchase contracts at 31 December 2000 was £ 210,518 (1998 : £156,285).

8	STOCKS	2000 £	1999 £
	Raw materials	103,806	119,077
	Work in progress	10,248	2,748
	Finished goods	62,743	40,431
		£ 176,797	£ 162,256

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2000

9	DEBTORS	2000 £	1999 £
	Trade debtors	614,463	370,012
	Amounts due from group companies	203,470	356,454
	Prepayments	20,166	18,545
	Corporation tax	24,281	3,538
		£ 862,380	£ 748,549
10	CREDITORS: Amounts falling due within one year		
	Bank loans	26,975	23,939
	Bank overdraft	189,264	57,319
	Obligations under hire purchase contracts	67,800	74,836
	Trade creditors	715,346	572,359
	Other taxes and social security costs	52,293	18,826
	Other creditors	6,955	4,586
	Accruals	97,098	94,698
		£ 1,155,731	£ 846,563
11	CREDITORS: Amounts falling due after more than one year		
	Obligations under hire purchase contracts	60,856	98,448
	Bank loans	160,473	188,247
		£ 221,329	£ 286,695
12	NET OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS		
	Due within one year	82,843	90,641
	Due within two to five years	74,989	119,267
		157,832	209,908
	Less: Finance charges allocated to future periods	(29,176)	(36,624)
		£ 128,656	£ 173,284

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2000

13	SHARE CAPITAL	2000	1999
		£	£
	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
14	REVALUATION RESERVE	Land & Buildings	Plant & Equipment
		£	£
			Total
			£
	Balance brought forward and carried forward	£ 114,487	£ 71,742
15	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2000	1999
		£	£
	Retained profit for year	14,028	32,903
	Opening shareholders' funds	514,473	481,570
	Closing shareholders' funds	£ 528,501	£ 514,473
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	2000	1999
		£	£
	Interest received	99	2,374
	Interest paid	(42,855)	(34,014)
		£ (42,756)	£ (31,640)

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2000

19	CAPITAL EXPENDITURE	2000 £	1999 £	
	Payments to acquire tangible fixed assets	(239,837)	(20,292)	
	Receipts from sales of tangible fixed assets	-	4,800	
		£ (239,837)	£ (15,492)	
20	FINANCING			
	Repayments of hire purchase obligations	£ (44,628)	£ (64,947)	
21	ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2000 £	At 31 December 2000 £	1999 Cash flows £
	Cash at bank and in hand	31	18	49
	Overdrafts	(57,319)	131,945	(189,264)
	Bank loans	(212,186)	(24,738)	(187,448)
		£ (269,474)	£ (107,189)	£ (376,663)
22	RELATED PARTY TRANSACTIONS			
	Transactions Involving Directors			
	Sales to Baker Plastics Co Limited		228,382	
	Purchases from Baker Plastics Co Limited		609,335	

The amounts owed by Baker Plastics Co Limited to the company at the year end was £46,897 and the amount owed to Baker Plastics Co Limited was £216,344.

The company also pays a management charge to the holding company. The value of such charges for the year ended 31 December 2000 was £159,383 and the balance due to Ettle Limited as at the year end date was £22,325.

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 £457,920 and the year end balance was £136,736.