

SKAR PRECISION MOULDINGS LIMITED
REGISTERED COMPANY NUMBER: 949310
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001



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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 2001.

RESULTS AND DIVIDENDS

The company reports a loss after taxation of £(24,675) which results in retained profits of £316,597.

No dividend is proposed for the year (2000 : £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 2001	At 1 January 2001
	No	No
G McLellan	-	-
K Driver	-	-

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

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 explained 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

24 MARCH, 2002



G McLellan
Secretary

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 2001 and of its loss and cash flows for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

24 MARCH, 2002


Edwards
Registered Auditors

SKAR PRECISION MOULDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
TURNOVER	2	3,298,664	4,249,598
Cost of sales		(2,590,765)	(3,662,617)
GROSS PROFIT		707,899	586,981
Administrative expenses		(660,735)	(525,897)
OPERATING PROFIT	3	47,164	61,084
Interest and dividends receivable		774	99
Interest payable	4	(35,127)	(42,855)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,811	18,328
Tax on profit on ordinary activities	6	(37,486)	(4,300)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(24,675)	14,028
RETAINED PROFIT BROUGHT FORWARD		341,272	327,244
RETAINED PROFIT CARRIED FORWARD		£ 316,597	£ 341,272

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 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	7	814,753	866,335
CURRENT ASSETS			
Stocks	8	323,230	176,797
Debtors	9	529,958	862,380
Cash at bank and in hand		82	49
		<u>853,270</u>	<u>1,039,226</u>
CREDITORS: Amounts falling due within one year	10	<u>(991,824)</u>	<u>(1,155,731)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(138,554)</u>	<u>(116,505)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>676,199</u>	<u>749,830</u>
CREDITORS: Amounts falling due after more than one year	11	<u>(172,373)</u>	<u>(221,329)</u>
NET ASSETS		<u>£ 503,826</u>	<u>£ 528,501</u>
CAPITAL AND RESERVES			
Called up share capital	13	1,000	1,000
Profit and loss account		316,597	341,272
Revaluation reserve	14	186,229	186,229
SHAREHOLDERS' FUNDS – all equity	15	<u>£ 503,826</u>	<u>£ 528,501</u>

These financial statements were approved by the board of directors on its behalf by:

and were signed on

 24 March 2002

G McLellan
Director

SKAR PRECISION MOULDINGS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2001

	Notes	2001 £	2000 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		47,164	61,084
Depreciation charges		123,717	110,397
Loss/(Profit) on disposal of tangible fixed assets		(24,624)	-
(Increase)/Reduction in stocks		(146,433)	(14,541)
(Increase)/Reduction in debtors		308,148	(93,088)
Increase/(Reduction) in creditors		(160,089)	181,223
NET CASH FLOW FROM OPERATING ACTIVITIES		£ 147,883	£ 245,075
CASH FLOW STATEMENT			
NET CASH FLOW FROM OPERATING ACTIVITIES		147,883	245,075
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	18	(34,353)	(42,756)
CORPORATION TAX PAID		(18,019)	(25,043)
CAPITAL EXPENDITURE	19	4,688	(239,837)
FINANCING	20	(77,311)	(44,628)
INCREASE/(DECREASE) IN CASH	21	£ 22,888	£ (107,189)

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2001

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:

	2001 £	2000 £
Accelerated capital allowances	£45,541	£170,120

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 2001

2	TURNOVER	2001 £	2000 £
	An analysis of turnover by geographical market is given below:		
	United Kingdom	3,109,240	4,202,024
	Europe	189,424	47,574
		£ 3,298,664	£ 4,249,598
3	OPERATING PROFIT		
	This is stated after charging/(crediting):		
	Auditors' remuneration:		
	- audit fees	11,370	7,125
	- non-audit fees	-	-
	Directors' remuneration	46,579	42,405
	Depreciation:		
	- owned assets		65,487
	- assets held under hire purchase contracts		44,910
	(Profit)/Loss on disposal of tangible fixed assets	(24,624)	-
4	INTEREST PAYABLE		
	Bank interest	18,347	27,050
	Hire purchase interest	16,780	15,805
		£ 35,127	£ 42,855
5	STAFF COSTS AND DIRECTORS' REMUNERATION		
	Wages and salaries	1,013,381	931,696
	Social security costs	63,170	59,182
		£1,076,551	£ 990,878
	The average number of persons employed by the company (including directors) during the year was:		
		Number	Number
	Sales and distribution	17	17
	Administrative	4	4
	Production	32	32
		53	53
	DIRECTORS' EMOLUMENTS	2001 £	2000 £
	Salary	46,579	42,405
	Employers NIC	5,037	5,174
	Other pension contributions	7,700	4,800
		£ 59,316	£ 52,379

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2001

6 TAXATION	2001 £	2000 £
Under/(Over) provision in respect of prior years	30,180	(4,300)
UK Corporation tax at 20% (2000 : 20%)	7,306	8,600
	£ 37,486	£ 4,300

7 TANGIBLE FIXED ASSETS	Land and Buildings £	Office Equip, Fixtures and Fittings £	Plant and Equipment £	Motor Vehicles £	Total £
Cost					
At 1 January 2001	337,000	84,973	1,425,120	45,206	1,892,299
Additions	-	11,152	58,000	10,250	79,402
Disposals	-	-	(4,769)	(24,442)	(29,211)
At 31 December 2001	337,000	96,125	1,478,351	31,014	1,942,490
Depreciation					
At 1 January 2001	26,291	79,912	893,238	26,524	1,025,964
Charge for year	6,214	2,924	109,254	5,325	123,717
Disposals	-	-	(159)	(21,786)	(21,945)
At 31 December 2001	32,505	82,836	1,002,333	10,063	1,127,737
Net book value					
At 31 December 2001	£ 304,495	£ 13,289	£ 476,018	£ 20,951	£ 814,753
At 31 December 2000	£ 310,709	£ 5,061	£ 531,882	£ 18,682	£ 866,335

The net book value of plant and equipment held under hire purchase contracts at 31 December 2001 was £253,396 (2000: £210,518).

8 STOCKS	2001 £	2000 £
Raw materials	235,667	103,806
Work in progress	948	10,248
Finished goods	86,615	62,743
	£ 323,230	£ 176,797

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2001

9	DEBTORS	2001 £	2000 £
	Trade debtors	362,476	614,463
	Amounts due from group companies	134,488	203,470
	Prepayments	32,994	20,166
	Corporation tax	-	24,281
		£ 529,958	£ 862,380
10	CREDITORS: Amounts falling due within one year		
	Corporation tax	8,686	-
	Bank loans	32,000	26,975
	Bank overdraft	173,601	189,264
	Obligations under hire purchase contracts	65,934	67,800
	Trade creditors	334,144	715,346
	Other taxes and social security costs	59,789	52,293
	Other creditors	66,971	6,955
	Accruals	250,699	97,098
		£ 991,824	£ 1,155,731
11	CREDITORS: Amounts falling due after more than one year		
	Obligations under hire purchase contracts	45,423	60,856
	Bank loans	126,950	160,473
		£ 172,373	£ 221,329
12	NET OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS		
	Due within one year	79,055	82,843
	Due within two to five years	52,164	74,989
		131,219	157,832
	Less: Finance charges allocated to future periods	(19,862)	(29,176)
		£ 111,357	£ 128,656

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2001

13	SHARE CAPITAL	2001	2000
		£	£
	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 £ 186,229
15	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2001	2000
		£	£
	Retained profit for year	13,120	14,028
	Opening shareholders' funds	528,501	514,473
	Closing shareholders' funds	£ 541,621	£ 528,501
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	2001	2000
		£	£
	Interest received	774	99
	Interest paid	(35,127)	(42,855)
		£ (34,353)	£ (42,756)

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2001

19	CAPITAL EXPENDITURE	2001 £	2000 £	
	Payments to acquire tangible fixed assets	(27,202)	(239,837)	
	Receipts from sales of tangible fixed assets	31,889	-	
		£ 4,688	£ (239,837)	
20	FINANCING			
	Repayments of hire purchase obligations	£ (77,311)	£ (44,628)	
21	ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2001 £	At 31 December 2001 £	2000 Cash flows £
	Cash at bank and in hand	49	33	18
	Overdrafts	(189,264)	15,663	131,945
	Bank loans	(187,448)	28,498	(24,738)
		£ (376,663)	£ 44,194	£ (107,189)
22	RELATED PARTY TRANSACTIONS			
	Transactions Involving Directors			

The company pays a management charge to the holding company. The value of such charges for the year ended 31 December 2001 was £204,000 and the balance due to Ettle Limited as at the year end date was £39,950.

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 £261,770 and the year end balance was £62,583.