

SKAR PRECISION MOULDINGS LIMITED
REGISTERED COMPANY NUMBER: 949310
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002



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 2002.

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.

The company acquired part of the trade, assets and intellectual property rights of High Heat Plastic Mouldings Limited with effect from 18 June 2002.

RESULTS AND DIVIDENDS

The results for the year are set out in detail on page 4.

A final dividend of £300,000 was paid during the year.

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 2002 No	At 1 January 2001 No
G McLellan	-	-
K Driver	-	-

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

CHARITABLE CONTRIBUTIONS

The company made various charitable contributions during the year amounting to £410 (2001 - £195).

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.

28 April 2003

By Order of the Board



G McLellan
Secretary

Edwards

15 Station Road
St Ives
Cambridgeshire
PE27 5BH

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REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF SKAR PRECISION MOULDINGS LIMITED

We have audited the financial statements of Skar Precision Mouldings Limited for the year ended 31 December 2002 on pages four to fifteen. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose.

To the fullest extent permitted by law, we do not assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described in the statement of directors' responsibilities, the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

We report to you our opinion as to whether the accounts give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the accounts, 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.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with United Kingdom 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 presentation of information in the accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 December 2002 and of its result for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

28 April 2003


Edwards
Registered Auditors

SKAR PRECISION MOULDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £ Restated
TURNOVER	2	3,256,253	3,298,664
Cost of sales		(2,552,525)	(2,590,765)
GROSS PROFIT		703,728	707,899
Administrative expenses		(619,601)	(660,735)
OPERATING PROFIT	3	84,127	47,164
Interest and dividends receivable		365	774
Interest payable	4	(24,937)	(35,127)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		59,555	12,811
Taxation – current and deferred	6	(10,887)	(34,196)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		48,668	(21,385)
DIVIDENDS PAID		(300,000)	-
RETAINED (LOSS) FOR THE YEAR		£(251,332)	£ (21,385)

Continuing Operations

Turnover and operating profit derive wholly from continuing operations.

SKAR PRECISION MOULDINGS LIMITED
 STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
 FOR THE YEAR ENDED 31 DECEMBER 2002

	2002 £	2001 £ Restated
Profit/(loss) for the year attributable to the shareholders	48,668	(21,385)
Deferred tax credited/(charged) in the year	-	(10,095)
Total gains and losses recognised since the last annual report	£ 48,668	£ (31,480)

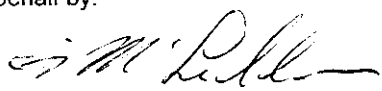
SKAR PRECISION MOULDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2002

		2002		2001 restated	
	Notes	£	£	£	£
FIXED ASSETS					
Intangible assets	7		134,286		-
Tangible assets	8		464,275		814,753
			598,561		814,753
CURRENT ASSETS					
Stocks	9	194,213		323,230	
Debtors	10	452,454		529,958	
Cash at bank and in hand		26,477		82	
			673,144	853,270	
CREDITORS: Amounts falling due within one year	11	(814,961)		(953,272)	
NET CURRENT (LIABILITIES)			(141,817)		(100,002)
TOTAL ASSETS LESS CURRENT LIABILITIES			456,744		714,751
CREDITORS: Amounts falling due after more than one year	12		(169,626)		(172,373)
			287,118	542,378	
PROVISION FOR LIABILITIES AND CHARGES					
Deferred tax	14		(41,429)		(45,357)
NET ASSETS			£245,689		£497,021
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Revaluation reserve	16		71,742		186,229
Profit and loss account	17		172,947		309,792
SHAREHOLDERS' FUNDS – all equity	18		£245,689		£ 497,021

These financial statements were approved by the board of directors on *28 April 2003* and were signed on its behalf by:


G McLellan
Director

SKAR PRECISION MOULDINGS LIMITED
CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2002

	Notes	2002 £	2001 £
RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES			
Operating profit		84,127	47,164
Amortisation		21,659	-
Depreciation charges		110,539	123,717
Loss/(Profit) on disposal of tangible fixed assets		(82,770)	(24,624)
(Increase)/Reduction in stocks		129,017	(146,433)
(Increase)/Reduction in debtors		77,504	308,148
Increase/(Reduction) in creditors		(115,866)	(160,089)
NET CASH FLOW FROM OPERATING ACTIVITIES		£224,210	£ 147,883
CASH FLOW STATEMENT			
NET CASH FLOW FROM OPERATING ACTIVITIES		224,210	147,883
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	21	(24,572)	(34,353)
CORPORATION TAX PAID		(9,609)	(18,019)
CAPITAL EXPENDITURE	22	322,709	4,688
ACQUISITION OF TRADE		(20,000)	-
EQUITY DIVIDENDS PAID		(300,000)	-
FINANCING	23	(98,417)	(77,311)
INCREASE IN CASH		£ 94,321	£ 22,888

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2002

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.

Goodwill

Purchased goodwill represents the capitalisation of excess consideration paid for the acquisition of the assets of an undertaking over the fair value of those assets. Goodwill is amortised at a rate calculated to write off the cost over the estimated useful life of the assets acquired as follows:

Goodwill	- over 3 years on straight line basis
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Fixed Assets and Depreciation

Depreciation is provided on tangible fixed assets at rates calculated to write off the cost or valuation 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

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS 19 'Deferred Tax'. Deferred tax is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. The company has not adopted a policy of discounting deferred tax assets and liabilities.

The adoption of the standard requires a prior period adjustment to be made to recognise the liability which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the deferred tax liability and reduced retained profits by £10,095.

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2002

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. Monetary assets and liabilities denominated in foreign currencies, which are not to be settled at a contracted rate, are retranslated at the balance sheet date at the rate prevailing on that day. Those monetary assets and liabilities, which are to be settled at a contracted rate, are retranslated at the balance sheet date at the contracted rate. All currency adjustments are taken to the profit and loss account.

2	TURNOVER	2002 £	2001 £
	An analysis of turnover by geographical market is given below:		
	United Kingdom	3,087,835	3,109,240
	Europe	90,235	189,424
	Rest of the World	78,183	-
		£ 3,256,253	£ 3,298,664
3	OPERATING PROFIT		
	This is stated after charging/(crediting):		
	Auditors' remuneration:		
	- audit fees	6,775	11,370
	Directors' remuneration	58,778	54,279
	Amortisation – goodwill	21,181	-
	Depreciation:		
	- owned assets	59,705	70,278
	- assets held under hire purchase contracts	50,834	53,439
	(Profit) on disposal of tangible fixed assets	(82,770)	(24,624)
		£ 24,937	£ 35,127
4	INTEREST PAYABLE		
	Bank interest	11,577	18,347
	Hire purchase interest	13,360	16,780
		£ 24,937	£ 35,127
5	STAFF COSTS AND DIRECTORS' REMUNERATION		
	Wages and salaries	850,889	1,013,381
	Social security costs	55,644	63,170
		£ 906,533	£1,076,551

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2002

5 STAFF COSTS AND DIRECTORS' REMUNERATION (continued)

The average number of persons employed by the company (including directors) during the year was:

	Number	Number
Sales and distribution	15	17
Administrative	3	4
Production	26	32
	44	53

DIRECTORS' EMOLUMENTS

	2002 £	2001 £
Salary	51,578	46,579
Other pension contributions	7,200	7,700
	£ 58,778	£ 54,279

6 TAXATION

a) Analysis of charge in year

	2002 £	2001 restated £
Current tax:		
UK corporation tax on profits for the year	13,892	7,306
Underprovision in respect of previous years	923	30,180
Deferred tax:		
Charge for the year	(3,928)	(3,290)
	£ 10,887	£ 34,196

b) Factors affecting the charge for year

Profit on ordinary activities before tax	59,555	12,811
Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2001: 20%)	11,315	2,562
Effects of:		
Depreciation for the year in excess of capital allowances	15,146	1,416
(Profit) on disposal of fixed assets	(15,726)	(4,925)
Expenses disallowed	2,979	2,155
Creation/utilization of tax losses	-	6,098
Change in rate of tax	178	-
	£ 13,892	£ 7,306

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2002

7 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
Additions	155,945
At 31 December 2002	155,945
Amortisation	
Charge for the year	21,659
At 31 December 2002	21,659
Net book value	
At 31 December 2002	£134,286
At 31 December 2001	£ -

Goodwill represents the excess of consideration paid over net assets purchased from High Heat Plastic Mouldings Limited during the year.

8 TANGIBLE FIXED ASSETS

	Land and Buildings £	Office Equip, Fixtures and Fittings £	Plant and Equipment £	Motor Vehicles £	Total £
Cost or Valuation					
At 1 January 2002	337,000	96,125	1,478,351	31,014	1,942,490
Additions	-	10,725	52,816	-	63,541
Disposals	(337,000)	-	(6,000)	-	(343,000)
At 31 December 2002	-	106,850	1,525,167	31,014	1,663,031
Depreciation					
At 1 January 2002	32,505	82,836	1,002,333	10,063	1,127,737
Charge for year	1,015	4,375	99,911	5,238	110,539
Disposals	(33,520)	-	(6,000)	-	(39,520)
At 31 December 2002	-	87,211	1,096,244	15,301	1,198,756
Net book value					
At 31 December 2002	£ -	£ 19,639	£ 428,923	£ 15,713	£ 464,275
At 31 December 2001	£ 304,495	£ 13,289	£ 476,018	£ 20,951	£ 814,753

The net book value of plant and equipment held under hire purchase contracts at 31 December 2002 was £202,562 (2001: £253,396). Depreciation amounting to £50,834 (2001 - £53,439) was charged in respect of these assets.

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2002

9	STOCKS	2002 £	2001 £
	Raw materials	93,287	235,667
	Work in progress	9,910	948
	Finished goods	91,016	86,615
		£ 194,213	£ 323,230
10	DEBTORS	2002 £	2001 £
	Trade debtors	359,857	362,476
	Amounts due from group companies	56,142	134,488
	Prepayments	36,455	32,994
		£ 452,454	£ 529,958
11	CREDITORS: Amounts falling due within one year	2002 £	2001 restated £
	Bank loans	34,054	32,000
	Bank overdraft	105,675	173,601
	Trade creditors	473,700	334,144
	Corporation tax	13,892	8,686
	Other taxes and social security costs	28,694	59,789
	Obligations under hire purchase contracts	33,210	65,934
	Other creditors	96,589	28,419
	Accruals	29,147	250,699
		£ 814,961	£ 953,272
	Total obligations under hire purchase contracts are secured by fixed assets with a net book value of £202,562 (2001 - £253,396).		
12	CREDITORS: Amounts falling due after more than one year		
	Obligations under hire purchase contracts	12,325	45,423
	Bank loans	92,301	126,950
	Other creditors	65,000	-
		£ 169,626	£ 172,373

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2002

13	NET OBLIGATIONS UNDER HIRE PURCHASE	2002	2001
		£	£
	CONTRACTS		
	Due within one year	33,210	79,055
	Due within two to five years	12,325	52,164
		45,535	131,219
	Less: Finance charges allocated to future periods	-	(19,862)
		£ 45,535	£ 111,357
14	DEFERRED TAXATION	2002	2001
		£	restated £
	Accelerated capital allowances	41,429	45,357
	Tax losses carried forward	-	-
	Undiscounted provision	41,429	45,357
	No discount has been provided for:		
	Provision at start of year	45,357	
	Deferred tax (credited) to profit and loss account	(3,928)	
	Provision at end of year	£41,429	
15	SHARE CAPITAL	2002	2001
		£	£
	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
16	REVALUATION RESERVE	Land & Buildings £	Plant & Equipment £
			Total £
	Balance brought forward	114,487	71,742
	Transferred to profit and loss account reserve	(114,487)	-
	Balance carried forward	£ -	£ 71,742

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2002

17	PROFIT AND LOSS ACCOUNT	2002	2001 restated
		£	£
	Retained (loss) for the year	(251,332)	(21,385)
	Transferred from revaluation reserve	114,487	-
	Prior year adjustment	-	(10,095)
	Retained profit brought forward	309,792	341,272
	Retained profit carried forward	£ 172,947	£ 309,792
18	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2002	2001 restated
		£	£
	Retained (loss) for year	(251,332)	(21,385)
	Prior year adjustment	-	(10,095)
	Opening shareholders' funds	497,021	528,501
	Closing shareholders' funds	£ 245,689	£ 497,021
19	PARENT UNDERTAKING AND ULTIMATE CONTROLLING PARTY		
	The parent undertaking is Ettle Limited, a company registered in England & Wales, company number 3021975.		
	The ultimate controlling party is G McLellan, a director of the company.		
20	CONTINGENT LIABILITIES		
	The company's bankers have a cross-guarantee over the borrowings of other companies within the group.		
21	RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2002	2001
		£	£
	Interest and dividends received	365	774
	Interest paid	(24,937)	(35,127)
		£ (24,572)	£ (34,353)
22	CAPITAL EXPENDITURE	2002	2001
		£	£
	Payments to acquire tangible fixed assets	(63,541)	(27,202)
	Receipts from sales of tangible fixed assets	386,250	31,889
		£ 322,709	£ 4,688

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2002

23	FINANCING	2002 £	2001 £
	Repayments of bank loans	(32,595)	-
	Repayments of hire purchase obligations	(65,822)	(77,311)
		<u>£ (98,417)</u>	<u>£ (77,311)</u>

24	ANALYSIS OF CHANGES IN NET DEBT	At 1 January 2002 £	Cash flows £	Other Changes £	At 31 December 2002 £	2001 Cash flows £
	Cash at bank and in hand	82	26,395	-	26,477	33
	Overdrafts	(173,601)	67,926	-	(105,675)	15,663
	Bank loans	(158,950)	32,595	-	(126,355)	28,498
	Obligations under hire purchase contracts	-	(45,535)	-	(45,535)	-
	Loan for acquisition of assets	-	-	(132,500)	(132,500)	-
		<u>£ (332,469)</u>	<u>£ 81,381</u>	<u>£(132,500)</u>	<u>£(383,588)</u>	<u>£ 44,194</u>

25 RELATED PARTY TRANSACTIONS

During the year G McLellan (director) furnished a limited supported personal guarantee to the company's bankers.

The property comprising the factory building was sold on an open market basis to Ettle Limited Small Self Administered Scheme during the year for £384,291.

Details of the transactions with related parties during the year and balances outstanding at the balance sheet date are as follows:

Name of Related Party	Relationship	Transactions Nature	Value (£)	Balances due to/(by) the company (£)
Income:				
EDP Worldwide Limited	Common control	Recharge of costs	6,830	7,850
High Heat LLP (formerly Adastra Tooling LLP)	Common control	Tooling sales	1,943	Nil
Expenditure				
High Heat LLP (formerly Adastra Tooling LLP)	Common control	Management fee Tooling costs	44,000 220,177	(2,792)
Ettle Limited	Parent company	Management fee Dividend paid	155,000 300,000	(20,233)
G McLellan	Director	Rents paid	49,800	Nil
Ettle Limited SSAS	Pension scheme	Rents paid	33,750	Nil