

SKAR PRECISION MOULDINGS LIMITED
REGISTERED COMPANY NUMBER: 949310
DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003



SKAR PRECISION MOULDINGS LIMITED

Directors

G McLellan
K Driver (resigned on 25 April 2003)

Secretary and Registered Office

G McLellan (resigned on 8 May 2003)
K Gant (appointed 8 May 2003)
Lady Lane Industrial Estate
Hadleigh
IPSWICH
Suffolk
IP7 6AZ

DIRECTOR'S REPORT

The directors submit their report and the financial statements for the year ended 31 December 2003.

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.

RESULTS AND DIVIDENDS

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

No dividend was paid during the year (2002: £300,000).

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 2003	At 1 January 2003
	No	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 £190 (2002 - £410).

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:

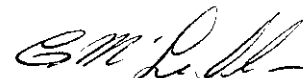
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare 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.

In preparing this report advantage has been taken of special provisions in Part VII of the Companies Act 1985 relating to small companies.

28 April 2004

By Order of the Board



**G McLellan
Director**

Edwards

15 Station Road
St Ives
Cambridgeshire
PE27 5BH

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

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 2003 on pages four to twelve. 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 2003 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, 2004


Edwards
Registered Auditors

SKAR PRECISION MOULDINGS LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
TURNOVER	2	2,505,819	3,256,253
Cost of sales		(2,016,985)	(2,552,525)
GROSS PROFIT		488,834	703,728
Other income		10,665	-
Administrative expenses		(557,549)	(619,601)
OPERATING (LOSS)/PROFIT	3	(58,050)	84,127
Interest and dividends receivable		101	365
Interest payable	4	(19,239)	(24,937)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(77,188)	59,555
Taxation – current and deferred	6	12,116	(10,887)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(65,072)	48,668
DIVIDENDS PAID		-	(300,000)
RETAINED (LOSS) FOR THE YEAR		£ (65,072)	£(251,332)

Continuing Operations

Turnover and operating profit derive wholly from continuing operations.

SKAR PRECISION MOULDINGS LIMITED

BALANCE SHEET

AS AT 31 DECEMBER 2003

	Notes	2003		2002	
		£	£	£	£
FIXED ASSETS					
Intangible assets	7		82,304		134,286
Tangible assets	8		373,857		464,275
			456,161		598,561
CURRENT ASSETS					
Stocks	9	169,620		194,213	
Debtors	10	390,108		452,454	
Cash at bank and in hand		3,382		26,477	
		563,110		673,144	
CREDITORS: Amounts falling due within one year	11	(712,172)		(814,961)	
NET CURRENT (LIABILITIES)			(149,062)		(141,817)
TOTAL ASSETS LESS CURRENT LIABILITIES			307,099		456,744
CREDITORS: Amounts falling due after more than one year	12		(89,809)		(169,626)
			217,290		287,118
PROVISION FOR LIABILITIES AND CHARGES					
Deferred tax	14		(36,673)		(41,429)
NET ASSETS			£180,617		£245,689
CAPITAL AND RESERVES					
Called up share capital	15		1,000		1,000
Revaluation reserve	16		71,742		71,742
Profit and loss account	17		107,875		172,947
SHAREHOLDERS' FUNDS – all equity	18		£180,617		£245,689

These financial statements were approved by the board of directors on 28/4/04 and were signed on its behalf by:



G McLellan
Director

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 DECEMBER 2003

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
----------	---------------------------------------

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

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.

Cash Flow Statement

The company is a small company and has taken advantage of the exemption conferred to small companies by Financial Reporting Standard number 1 (revised) not to prepare a cash flow statement.

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2003

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	2003 £	2002 £
	An analysis of turnover by geographical market is given below:		
	United Kingdom	2,329,565	3,087,835
	Europe	162,782	90,235
	Rest of the World	13,472	78,183
		£ 2,505,819	£ 3,256,253
3	OPERATING (LOSS)/PROFIT		
	This is stated after charging/(crediting):		
	Auditors' remuneration:		
	- audit fees	7,200	6,775
	Directors' remuneration	13,833	58,778
	Amortisation – goodwill	51,982	21,181
	Depreciation:		
	- owned assets	54,173	59,705
	- assets held under hire purchase contracts	40,512	50,834
	(Profit) on disposal of tangible fixed assets	733	(82,770)
4	INTEREST PAYABLE		
	Bank interest	14,573	11,577
	Hire purchase interest	4,666	13,360
		£ 19,239	£ 24,937
5	STAFF COSTS AND DIRECTORS' REMUNERATION		
	Wages and salaries	748,100	850,889
	Social security costs	52,912	55,644
		£ 801,012	£ 906,533

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2003

5 STAFF COSTS AND DIRECTORS' REMUNERATION (continued)

DIRECTORS' EMOLUMENTS	2003 £	2002 £
Salary	13,833	51,578
Other pension contributions	2,400	7,200
	£ 16,233	£ 58,778

6 TAXATION

a) Analysis of charge in year

Current tax:		
UK corporation tax on profits for the year	-	13,892
(Over)/Underprovision in respect of previous years	(7,360)	923
Deferred tax:		
Charge for the year	(4,756)	(3,928)
	£ (12,116)	£ 10,887

b) Factors affecting the charge for year

(Loss)/Profit on ordinary activities before tax	(77,188)	59,555
(Loss)/Profit on ordinary activities multiplied by standard rate of UK corporation tax of 19% (2002: 19%)	(14,666)	11,315
Effects of:		
Depreciation for the year in excess of capital allowances	5,725	15,146
Loss/(Profit) on disposal of fixed assets	139	(15,726)
Expenses disallowed	556	2,979
Creation/utilization of tax losses	8,246	-
Change in rate of tax		178
	£ -	£ 13,892

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2003

7 INTANGIBLE FIXED ASSETS

	Goodwill £
Cost	
At 1 January 2003	155,945
At 31 December 2003	155,945
Amortisation	
At 1 January 2003	21,659
Charge for the year	51,982
At 31 December 2003	73,641
Net book value	
At 31 December 2003	£ 82,304
At 31 December 2002	£134,286

Goodwill represents the excess of consideration paid over net assets purchased from High Heat Plastic Mouldings Limited in the year ended 31 December 2002.

8 TANGIBLE FIXED ASSETS

	Office Equip, Fixtures and Fittings £	Plant and Equipment £	Motor Vehicles £	Total £
Cost or Valuation				
At 1 January 2003	106,850	1,525,167	31,014	1,663,031
Additions	5,100	-	-	5,100
Disposals	(4,200)	(1,058)	-	(5,258)
At 31 December 2003	107,750	1,524,109	31,014	1,662,873
Depreciation				
At 1 January 2003	87,211	1,096,244	15,301	1,198,756
Charge for year	4,972	85,785	3,928	94,685
Disposals	(3,367)	(1,058)	-	(4,425)
At 31 December 2003	88,816	1,180,971	19,229	1,289,016
Net book value				
At 31 December 2003	£ 18,934	£ 343,138	£ 11,785	£ 373,857
At 31 December 2002	£ 19,639	£ 428,923	£ 15,713	£ 464,275

The net book value of plant and equipment held under hire purchase contracts at 31 December 2003 was £162,050 (2002: £202,562). Depreciation amounting to £40,512 (2002 - £50,834) was charged in respect of these assets.

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2003

9	STOCKS	2003 £	2002 £
	Raw materials	80,022	93,287
	Work in progress	14,182	9,910
	Finished goods	75,416	91,016
		£ 169,620	£ 194,213
10	DEBTORS	2003 £	2002 £
	Trade debtors	291,890	359,857
	Amounts due from group companies	56,142	56,142
	Prepayments	34,876	36,455
	Corporation tax	7,200	-
		£ 390,108	£ 452,454
11	CREDITORS: Amounts falling due within one year	2003 £	2002 £
	Bank loans	28,180	34,054
	Bank overdraft	62,396	105,675
	Trade creditors	381,600	473,700
	Corporation tax	-	13,892
	Other taxes and social security costs	55,212	28,694
	Obligations under hire purchase contracts	12,325	33,210
	Other creditors	125,921	96,589
	Accruals	46,538	29,147
		£ 712,172	£ 814,961
Total obligations under hire purchase contracts are secured by fixed assets with a net book value of £162,050 (2002 - £202,562).			
12	CREDITORS: Amounts falling due after more than one year		
	Obligations under hire purchase contracts	-	12,325
	Bank loans	89,809	92,301
	Other creditors	-	65,000
		£ 89,809	£ 169,626

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2003

13	NET OBLIGATIONS UNDER HIRE PURCHASE	2003	2002
		£	£
	CONTRACTS		
	Due within one year	12,325	33,210
	Due within two to five years	-	12,325
		12,325	45,535
	Less: Finance charges allocated to future periods	-	-
		£ 12,325	£ 45,535
14	DEFERRED TAXATION	2003	2002
		£	£
	Accelerated capital allowances	36,673	41,429
	Tax losses carried forward	-	-
	Undiscounted provision	36,673	41,429
	No discount has been provided for:		
	Provision at start of year	41,429	45,357
	Deferred tax (credited) to profit and loss account	(4,756)	(3,928)
	Provision at end of year	£ 36,673	£ 41,429
15	SHARE CAPITAL	2003	2002
		£	£
	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	Plant & Equipment	Total
		£	£
	Balance brought forward	71,742	71,742
	Transferred to profit and loss account reserve	-	-
	Balance carried forward	71,742	71,742

SKAR PRECISION MOULDINGS LIMITED
NOTES TO THE FINANCIAL STATEMENTS - CONTINUED
FOR THE YEAR ENDED 31 DECEMBER 2003

17	PROFIT AND LOSS ACCOUNT	2003	2002
		£	£
	Retained (loss) for the year	(65,072)	(251,332)
	Transferred from revaluation reserve	-	114,487
	Retained profit brought forward	172,947	309,792
	Retained profit carried forward	£107,875	£ 172,947
18	RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2003	2002
		£	£
	Retained (loss) for year	(65,072)	(251,332)
	Opening shareholders' funds	245,689	497,021
	Closing shareholders' funds	£ 180,617	£ 245,689

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 RELATED PARTY TRANSACTIONS

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	1,573	Nil
High Heat LLP	Common control	Tooling sales	32,533	Nil
		Management fee	30,593	Nil
Expenditure				
High Heat LLP	Common control	Tooling costs	155,861	(32,915)
Ettle Limited	Parent company	Management fee	82,500	(871)
G McLellan	Director	Rents paid	37,350	(4,150)
Ettle Limited SSAS	Pension scheme	Rents paid	45,000	Nil