Registered number: 1391526

PEERS HARDY (UK) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

31 DECEMBER 1994

CLEMENT KEYS

Releasing business potential

PEERS HARDY (UK) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 December 1994

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PEERS HARDY (UK) LIMITED

COMPANY INFORMATION

31 December 1994

Chairman	J E Story
Other directors	N R Woolley R J Stuart D A Rawlings
Secretary	R H Richards
Registered office	Tompion House 25 Birmingham Road West Bromwich West Midlands B70 6RR
Bankers	Hong Kong Bank PO Box 199 99 Bishopsgate London EC2P 2LA
Auditors	Clement Keys Chartered Accountants Swinford House Albion Street Brierley Hill West Midlands DY5 3EL

PEERS HARDY (UK) LIMITED

DIRECTORS' REPORT

31 December 1994

The Chairman and other directors are shown on page 1 of the financial statements and served throughout the year.

The directors present their report and the audited financial statements for the year ended 31 December 1994.

Principal activity

The principal activity of the company throughout the year was that of manufacturers, importers and distributors of clocks and watches.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £1,216,206.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5.

An ordinary dividend amounting to £70,400 was paid and the balance of the profit for the year is to be transferred to reserves.

Fixed assets

Changes in fixed assets during the year are set out in the notes to the accounts as follows

Tangible fixed assets	- note 7
Fixed asset investments	- note 8

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31 December 1994		1 January 1994	
	Preference 10p shares	Ordinary 10p shares	Preference 10p shares	Ordinary 10p shares
J E Story	140,000	640,000	140,000	640,000
N R Woolley	-	220,000	-	220,000
R J Stuart	-	-	-	-
D A Rawlings	-	-	-	-

In accordance with the Articles of Association, N R Woolley retires by rotation and offers himself for re-election.

continued ....

PEERS HARDY (UK) LIMITED

DIRECTORS' REPORT
(continued)

31 December 1994

Auditors

Clement Keys have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board

R H Richards
Secretary

Tompion House
25 Birmingham Road
West Bromwich
West Midlands
B70 6RR

30 October 1995

PEERS HARDY (UK) LIMITED

STATEMENT OF 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 year. In preparing those accounts, the directors are required to

(a) select suitable accounting policies and then apply them consistently;

(b) make judgements and estimates that are reasonable and prudent;

(c) 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. They 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.

AUDITORS' REPORT TO THE DIRECTORS OF PEERS HARDY (UK) LIMITED PURSUANT TO SCHEDULE 8(24) TO THE COMPANIES ACT

We have examined the abbreviated accounts on pages 5 to 15 together with the financial statements of Peers Hardy (UK) Limited prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1994.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 6 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under Section 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to the Act, in respect of the year ended 31 December 1994 and the abbreviated accounts on pages 5 to 15 have been properly prepared in accordance with that Schedule.

Other information

We reported, as auditors of Peers Hardy UK Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1994 and our audit report was as follows:

"We have audited the financial statements on pages 5 to 15 which have been prepared under the accounting policies set out on pages 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 the 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

continued ......

AUDITORS' REPORT TO THE DIRECTORS OF PEERS HARDY (UK) LIMITED PURSUANT TO SCHEDULE 8(24) TO THE COMPANIES ACT 1985 (continued)

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 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Clement Keys
Chartered Accountants
Registered Auditor

Brierley Hill
30 October 1995

PEERS HARDY (UK) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1994

	Note	1994 £	1993 £
Gross profit		2,265,716	1,787,373
Distribution costs		(1,100,284)	(847,223)
Administrative expenses		(808,986)	(741,706)
Other operating income		-	2,000
Operating profit		356,446	200,444
Interest payable	4	(56,758)	(63,784)
Profit on ordinary activities before taxation		299,688	136,660
Taxation	5	(80,237)	(50,956)
Profit on ordinary activities after taxation		219,451	85,704
Dividends	6	(70,400)	(62,040)
Profit retained	14	149,051	23,664

Other movements in reserves are shown in note 14.

The profit and loss account contains all the recognised gains and losses of the year and it reflects the continuing operations of the company.

PEERS HARDY (UK) LIMITED

ABBREVIATED BALANCE SHEET

at 31 December 1994

	Note	1994 £	1994 £	1993 £	1993 £
Fixed assets					
Tangible assets	7		191,352		172,979
Investments	8		7,501		7,500
			198,853		180,479
Current assets					
Stocks	9	1,353,148		1,486,185	
Debtors	10	1,329,148		1,385,346	
Cash at bank and in hand		718,877		8,103	
		3,401,173		2,879,634	
Creditors: amounts falling due within one year	11	(2,355,204)		(1,976,856)	
Net current assets			1,045,969		902,778
Total assets less current liabilities			1,244,822		1,083,257
Creditors: amounts falling due after more than one year	12		(28,616)		(16,102)
			1,216,206		1,067,155
Capital and reserves					
Called up share capital	13		100,000		100,000
Profit and loss account	14		1,116,206		967,155
Total shareholders' funds			1,216,206		1,067,155

The directors have taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a medium sized company.

The abbreviated financial statements on pages 5 to 15 were approved by the board of directors on 30 October 1995.

N R Woolley Director

PEERS HARDY (UK) LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 1994

	Note	1994 £	1994 £	1993 £	1993 £
Net cash inflow from operating activities	18		1,288,664		174,636
Returns on investments and servicing of finance					
Interest paid		(49,020)		(52,784)	
Dividends paid		(70,400)		(62,040)	
Hire purchase interest		(7,738)		(11,000)	
Net cash outflow from returns on investments and servicing of finance			(127,158)		(125,824)
Taxation					
Corporation tax paid		(35,177)		(42,059)	
Tax paid			(35,177)		(42,059)
Investing activities					
Payments to acquire:					
Tangible fixed assets		(11,205)		(82,759)	
Receipts from sales of:					
Tangible fixed assets		30,100		12,800	
Net cash inflow/(outflow) from investing activities			18,895		(69,959)
Net cash inflow/(outflow) before financing			1,145,224		(63,206)
Financing					
Repayment of capital element of hire purchase	20	(84,379)		(26,818)	
Net cash outflows			(84,379)		(26,818)
Increase/(decrease) in cash and cash equivalents	19		1,060,845		(90,024)

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

1 Accounting policies

The following policies have been applied consistently in preparing the accounts of the company.

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided at the following annual rates on a straight line basis to write off the cost less the estimated residual value of the assets over their expected useful economic lives:

Fixtures and fittings	25%
Motor vehicles	25%

Stock

Stocks and work in progress are valued at the lower of first in first out cost, inclusive of appropriate overheads, and estimated net realisable value.

Pensions

Defined contribution scheme

The company operates a defined contribution pension scheme the assets of which are held separately from those of the company in an independently administered fund. Contributions payable by the company are charged to the profit and loss account in the period to which they relate.

Deferred taxation

Deferred taxation is provided on income and expenditure dealt with for taxation purposes in periods different from those for accounts purposes to the extent that the reduction in the tax charge cannot be expected with reasonable probability to continue for the foreseeable future.

The provision is computed under the liability method and is stated at the rate of corporation tax expected to apply when the tax becomes payable.

Leasing

An asset financed by an arrangement that gives rights approximating to ownership is treated as if it had been purchased outright. The amount capitalised and included in the tangible fixed assets is the present value of the minimum payments due under the arrangement. The corresponding commitment is included as an obligation under finance leases.

Depreciation of such assets is charged to profit and loss account in accordance with normal depreciation policies. The interest element of payments made is charged to profit and loss account using a reducing balance method.

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

1 Accounting policies (continued)

Payments under an operating lease are charged to profit and loss account on a straight line basis over the term of the lease.

Foreign currency

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling as at the date of the transaction. Monetary assets and liabilities in the balance sheet are translated at the rate of exchange ruling at the balance sheet date.

Gains and losses on translation and conversion are included as part of the results from ordinary activities.

2 Operating profit

	1994	1993
	£	£
Operating profit is stated after charging or (crediting)		
Interest receivable	-	(2,000)
Auditors' remuneration	5,500	5,000
(Profit)/Loss on sale of tangible assets	(13,964)	168
Depreciation		
Assets owned	46,797	36,295
Assets held under finance leases	32,198	30,933
Operating lease costs		
Plant and machinery	6,830	6,901
Land and buildings	63,000	63,000

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

3 Directors and employees

	1994	1993
	£	£
Staff costs including directors' emoluments		
Wages and salaries	784,089	649,493
National insurance	70,976	62,767
Pension costs	18,781	13,819
	873,846	726,079

Average weekly numbers	**Number**	**Number**
Production staff	37	29
Administration staff	17	16
Selling and distribution staff	11	14
	65	59

Directors	£	£
Directors' emoluments		
For executive services	147,192	137,644
Analysis excluding pension scheme contributions		
Chairman	32,480	33,668
Highest paid director	40,734	38,551

Other directors	**Number**	**Number**
£30,001 - £35,000	-	2
£35,001 - £40,000	2	-

4 Interest payable

	1994	1993
	£	£
Bank interest	49,020	52,784
Hire purchase interest	7,738	11,000
	56,758	63,784

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

5 Taxation

	1994	1993
	£	£
Corporation tax on profit on ordinary activities at 25% (1993 25%)	79,490	39,032
Interest on overdue tax	678	(552)
	80,168	38,480
Under provision in earlier years	69	12,476
	80,237	50,956

6 Dividends

	1994	1993
	£	£
Interim paid	70,400	62,040

7 Tangible fixed assets

	Motor vehicles	Fixtures and fittings	Total
Cost	£	£	£
1 January 1994	250,441	116,760	367,201
Additions	102,300	11,204	113,504
Disposals	(66,300)	-	(66,300)
31 December 1994	286,441	127,964	414,405
Depreciation			
1 January 1994	98,986	95,236	194,222
Charge for year	69,766	9,229	78,995
Disposals	(50,164)	-	(50,164)
31 December 1994	118,588	104,465	223,053
Net book amount			
31 December 1994	167,853	23,499	191,352
31 December 1993	151,455	21,524	172,979

Included within the net book value of fixed assets of £191,352 (1993 £172,979) is £127,275 (1993 £57,174) relating to assets held under hire purchase agreements.

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

8 Fixed asset investments

	1994	1993
	£	£
Cost	7,501	7,500

The company owns 25% of the issued share capital of Unique Travel Limited, a private company registered in England and Wales, J E Story is a director of Unique Travel Limited.

The company also owns 50% (1 Ordinary £1 share) of the issued share capital of Horological Industries Limited, a company registered in Hong Kong.

9 Stocks

	1994	1993
	£	£
Component stock	-	8,740
Finished goods	1,353,148	1,477,445
	1,353,148	1,486,185

10 Debtors

	1994	1993
	£	£
Amounts falling due within one year		
Trade debtors	1,190,886	1,307,198
Amount owed by related company	57,925	-
Other debtors	-	10,786
Prepayments and accrued income	62,737	48,947
Advance corporation tax recoverable	17,600	18,415
	1,329,148	1,385,346

The amount owed by a related company is in respect of Horological Industries Limited (See note 18 below).

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

11 **Creditors:** amounts falling due within one year

	1994	1993
	£	£
Bank overdraft	-	350,071
Trade creditors	1,899,070	1,356,446
Other creditors	1,933	5,392
Corporation tax	79,490	45,985
Other taxation and social security	193,177	83,941
ACT payable	17,600	6,860
Accruals	101,106	70,739
Obligations under hire purchase contracts (Note 12)	62,828	57,422
	2,355,204	1,976,856

12 **Creditors:** amounts falling due after more than one year

	1994	1993
	£	£
Obligations under hire purchase contracts	28,616	16,102

Obligations under hire purchase contracts are repayable over varying periods by monthly instalments as follows:

	£	£
In the next year - see note 11	62,828	57,422
In the second to fifth year	28,616	16,102

13 **Called up share capital**

	1994		1993	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of 10p each	1,000,000	100,000	1,000,000	100,000
Allotted called up and fully paid				
Ordinary shares of 10p each	1,000,000	100,000	1,000,000	100,000

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

14 Movements in shareholders' funds

	Called up share capital £	Profit and loss account £	Total £
As at 1 January 1994	100,000	967,155	1,067,155
Profit for year	-	149,051	149,051
As at 31 December 1995	100,000	1,116,206	1,216,204

15 Capital commitments

	1994 £	1993 £
Contracted but not provided	Nil	Nil
Authorised but not contracted	Nil	Nil

16 Guarantees and other financial commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 31 December 1995

	1994 Land and buildings £	1994 Other £	1993 Land and buildings £	1993 Other £
Leases expiring				
within two to five years	-	6,830	-	6,830
after five years	63,000	-	63,000	-
	63,000	6,830	63,000	6,830

17 Transactions with related companies and directors' interests in contracts

The company owns 25% of the issued share capital of Unique Travel Limited of which J E Story is also a director. During the year, Unique Travel limited arranged business travel for the company to the value of £8,199.

Included in creditors is an amount of £1,933 (1993 £5,392) owing to Unique Travel Limited.

The company owns 50% (1 Ordinary £1 share) of the issued share capital of Horological Industries Limited, J E Story a director of this company, owning the other 50%. During the year amounts paid to this company totalled £82,704 and amounts recharged for expenses totalled £24,779. As at 31 December 1994 there is an amount included in debtors of £57,925 relating to this company.

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1994

18 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	1994 £	1993 £
Operating profit	356,446	200,444
Depreciation charges	78,995	67,228
(Profit)/loss on sale of tangible assets	(13,964)	168
Decrease/(increase) in stocks	133,037	(79,869)
Decrease/(increase) in debtors	55,382	(269,160)
Increase in creditors	678,768	255,825
Net cash inflow from operating activities	1,288,664	174,636

19 Analysis of changes in cash and cash equivalents as shown in the balance sheet

	1994 £	1993 £
Balance at 1 January 1994	(341,968)	(251,944)
Net cash inflow/(outflow)	1,060,845	(90,024)
Balance at 31 December 1994	718,877	(341,968)

Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1994 £	1993 £	Change in Year £
Cash at bank and in hand	718,877	8,103	710,774
Bank overdraft	-	(350,071)	350,071
	718,877	(341,968)	1,060,845

20 Analysis of changes in financing during the year

	Hire purchase liabilities £
Balance at 1 January 1994	73,524
New agreements in year	102,299
Capital repayments during year	(84,379)
Balance at 31 December 1994	91,444