Registered number: 1391526

PEERS HARDY (UK) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

31 DECEMBER 1996

CLEMENT KEYS
Chartered Accountants

PEERS HARDY (UK) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

for the year ended 31 December 1996

CONTENTS

PEERS HARDY (UK) LIMITED

COMPANY INFORMATION

31 December 1996

Chairman	J E Story
Other directors	N R Woolley
Secretary	K M Nock
Registered office	Tompion House 25 Birmingham Road West Bromwich West Midlands B70 6RR
Bankers	Hong Kong Bank Thames Exchange 10 Queen Street Place London EC4R 1BQ
Auditors	Clement Keys Chartered Accountants Swinford House Albion Street Brierley Hill West Midlands DY5 3EL

PEERS HARDY (UK) LIMITED

DIRECTORS' REPORT

31 December 1996

The directors present their report and the audited financial statements for the year ended 31 December 1996.

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 £1,244,140.

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 £70,000 was paid during the year, the balance of the profit for the year is to be transferred to reserves.

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 1996		1 January 1996	
	'A' Ordinary 10p shares	'B' Ordinary 10p shares	'A' Ordinary 10p shares	'B' Ordinary 10p shares
J E Story	640,000	140,000	640,000	140,000
N R Woolley	220,000	-	220,000	-
D Rawlings (resigned 18 September 1996)	-	-	-	-

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

Auditors

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

On behalf of the board

K M Nock
Secretary

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

22 October 1997

PEERS HARDY (UK) LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the board

N Woolley
Director

22 October 1997

PEERS HARDY (UK) LIMITED

AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS

Auditors' report to
Peers Hardy (UK) Limited
pursuant to paragraph 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 5 to 16 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 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246Aof the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether the abbreviated accounts have been properly prepared in accordance with that Section.

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 deliver abbreviated accounts 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 sections 246 and 247 of the Companies Act 1985 to the deliver abbreviated accounts prepared in accordance with Section 246A of that Act, in respect of the year ended 31 December 1996, and the abbreviated accounts on pages 5 to 16 have been properly prepared in accordance with that Section.

Clement Keys
Chartered Accountants
Registered Auditor

Brierley Hill
22 October 1997

PEERS HARDY (UK) LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1996

	Note	1996 £	1995 £
Gross profit		1,976,476	2,226,607
Net operating expenses			
Distribution costs		(1,033,915)	(1,200,009)
Administrative expenses		(759,269)	(821,589)
Other operating income		-	2,008
Operating profit	2	183,292	207,017
Interest payable	4	(52,742)	(58,010)
Profit on ordinary activities before taxation		130,550	149,007
Taxation	5	(35,100)	(56,323)
Profit on ordinary activities after taxation		95,450	92,684
Dividends	6	(70,000)	(90,200)
Retained profit for the year	14	25,450	2,484

Movements in reserves are shown in note 14.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1996 or 1995 other than the profit for the year.

PEERS HARDY (UK) LIMITED

ABBREVIATED BALANCE SHEET

at 31 December 1996

	Note	1996 £	1996 £	1995 £	1995 £
Fixed assets					
Tangible assets	7		210,528		203,680
Investments	8		7,501		7,551
			218,029		211,231
Current assets					
Stocks	9	1,412,367		1,672,980	
Debtors	10	1,842,432		1,743,617	
Cash at bank and in hand		579,250		367,581	
		3,834,049		3,784,178	
Creditors: amounts falling due within one year	11	(2,768,326)		(2,742,466)	
Net current assets			1,065,723		1,041,712
Total assets less current liabilities			1,283,752		1,252,943
Creditors: amounts falling due after more than one year	12		(39,612)		(34,253)
			1,244,140		1,218,690
Capital and reserves					
Called up share capital	13		100,000		100,000
Profit and loss account	14		1,144,140		1,118,690
Total shareholders' funds	14		1,244,140		1,218,690

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

The abbreviated financial statements on pages 5 to 16 were approved by the board of directors on 22 October 1997.

N Woolley
Director

PEERS HARDY (UK) LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 1996

	1996	1996	1995	1995
	£	£	£	£
Net cash inflow/(outflow) from operating activities		527,788		(104,054)
Returns on investments and servicing of finance				
Interest received	-		2,008	
Interest paid	(40,866)		(50,052)	
Dividends paid	(70,000)		(90,200)	
Hire purchase interest	(11,876)		(7,958)	
Net cash outflow from returns on investments and servicing of finance		(122,742)		(146,202)
Taxation				
Corporation tax paid	(106,985)		(17,969)	
Tax (paid)/received		(106,985)		(17,969)
Investing activities				
Payments to acquire:				
Tangible fixed assets	(118,838)		(13,665)	
Investments	-		(50)	
Receipts from sales of:				
Tangible fixed assets	37,350		22,200	
Net cash (outflow)/inflow from investing activities		(81,488)		8,485
Net cash inflow/(outflow) before financing		216,573		(259,740)
Financing				
Repayment of capital element of hire purchase		(11,726)		(91,556)
Increase/(decrease) in cash and cash equivalents (Note 17)		204,847		(351,296)

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

1 **Accounting policies**

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Motor vehicles	25% straight line
Fixtures and fittings	25% straight line

Display stands

The cost of display stands are written off over a period to the profit and loss account in order to match revenue with costs.

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions

Defined contribution scheme

The company operates a defined contribution 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.

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

1 Accounting policies (continued)

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

	1996	1995
	£	£
Operating profit is stated after crediting		
Interest receivable	-	2,008
Profit on sale of assets	20,150	-
and after charging		
Staff costs (note 3)	700,978	908,679
Auditors' remuneration	6,000	6,000
Loss on sale of assets	-	10,892
Depreciation of tangible fixed assets (note 7)		
owned assets	46,808	45,142
leased assets	47,995	35,994
	94,803	81,136
Operating lease costs		
plant and machinery	12,384	6,830
land and buildings	63,000	63,000

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

3 Directors and employees

	1996	1995
	£	£
Staff costs including directors' emoluments		
Wages and salaries	777,291	812,003
Social security costs	71,918	69,155
Pensions costs	22,953	27,521
	872,162	908,679

	Number	Number
Average number employed including executive directors		
Production staff	22	39
Administration staff	19	13
Selling and distribution staff	15	14
	56	66

Directors	£	£
Directors' emoluments		
Executive services	128,282	107,583
Emoluments excluding pension scheme contributions		
Chairman	30,000	36,208
Highest paid director (other than the Chairman)	30,000	33,996

Other directors	Number	Number
£40,001 - £45,000	1	2

4 Interest payable

	1996	1995
	£	£
Bank interest	40,866	50,052
Hire purchase interest	11,876	7,958
	52,742	58,010

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

5 Taxation

	1996	1995
	£	£
Corporation tax on profit on ordinary activities at 24.25% (1995 25%)	35,100	56,023
Interest on overdue tax	-	300
	35,100	56,323

6 Dividends

	1996	1995
	£	£
Interim paid	70,000	90,200

7 Tangible fixed assets

	Motor Vehicles	Fixtures and Fittings	Total
Cost or valuation	£	£	£
1 January 1996	317,121	132,126	449,247
Additions	34,750	84,088	118,838
Disposals	(105,736)	(4,135)	(109,871)
31 December 1996	246,135	212,079	458,214
Depreciation			
1 January 1996	129,847	115,720	245,567
Charge for year	69,828	24,975	94,803
Disposals	(88,612)	(4,059)	(92,671)
31 December 1996	111,063	136,636	247,699
Net book amount			
31 December 1996	135,072	75,443	210,515
1 January 1996	187,274	16,406	203,680

Included within the net book value of fixed assets of £210,515 (1995 £203,680) is £155,483 (1995 £159,588) relating to assets held under hire purchase agreements.

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

8 Fixed asset investments

	Total £
Cost	
1 January 1996	7,551
Disposals	(50)
31 December 1996	7,501

The company owns 25% (7,500 Ordinary £1 shares) 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.

During the year the company disposed of its 50% (50 Ordinary £1 shares) holding in Aspen House Marketing Limited, a private company registered in England and Wales.

9 Stocks

	1996 £	1995 £
Finished goods	1,412,367	1,672,980

10 Debtors

Amounts falling due within one year	1996 £	1995 £
Trade debtors	1,721,082	1,548,482
Amounts owed by related companies (Note 16)	-	70,637
Other debtors	13,779	1,360
Prepayments and accrued income	90,071	100,588
Advance corporation tax receivable	17,500	22,550
	1,842,432	1,743,617

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

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

	1996 £	1995 £
Bank overdrafts	6,822	-
Trade creditors	2,380,941	2,262,624
Amounts owed to related company - Note 16	2,121	7571
Corporation tax	68,521	117,844
Other taxation and social security	173,710	205,875
Other creditors	40,041	-
ACT payable	17,500	22,550
Accruals and deferred income	17,230	54,290
Obligations under finance leases and hire purchase contracts - Note 12	61,440	78,526
	2,768,326	2,742,466

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

	1996 £	1995 £
Obligations under finance leases	39,612	34,253

Obligations under finance leases and hire purchase contracts

These are repayable over varying periods by monthly instalments as follows:

	1996 £	1995 £
In the next year - see note 11	61,440	78,526
In the second to fifth years	39,612	34,253
	101,052	112,779

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

13 Called up share capital

	1996 Number of shares	1996 £	1995 Number of shares	1995 £
Authorised				
Equity shares				
'A' Ordinary shares of 10p each	860,000	86,000	860,000	86,000
'B' Ordinary shares of 10p each	140,000	14,000	140,000	14,000
	1,000,000	100,000	1,000,000	100,000
Allotted called up and fully paid				
Equity shares				
'A' Ordinary shares of 10p each	860,000	86,000	860,000	86,000
'B' Ordinary shares of 10p each	140,000	14,000	140,000	14,000
	1,000,000	100,000	1,000,000	100,000

14 Movements in shareholders' funds

	Called up share capital £	Profit and loss account £	Total £
1 January 1996	100,000	1,118,690	1,218,690
Retained profit for the year	-	25,450	25,450
31 December 1996	100,000	1,144,140	1,244,140

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

15 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 1997

	1996		1995	
	Land and Buildings	**Plant & Other**	**Land and Buildings**	**Plant & Other**
	£	£	£	£
Expiring				
Within two to five years	-	12,384	-	6,830
After five years	63,000	-	63,000	-
	63,000	12,384	63,000	6,830

16 Transactions with related companies and directors' interests in contracts

Included in creditors is an amount of £2,120 (1995 debtor of £59,547) in relation to Horological Industries Limited. Peers Hardy (UK) Limited owns 50% of the issued share capital of this company and J E Story, a director of Peers Hardy (UK) Limited owns the remaining 50%.

Included in debtors is an amount of £8,488 (1995 £11,089) in relation to Aspen House Marketing Limited. Peers Hardy (UK) Limited owned 50 £1 Ordinary Shares in Aspen House Marketing Limited representing 50% of the issued share capital for part of the period. This holding was disposed of during the year.

Transactions with related companies during the year are as detailed below:

	Unique Travel		**Horological Industries**		**Aspen House Marketing**	
	1996	**1995**	**1996**	**1995**	**1996**	**1995**
	£	£	£	£	£	£
Sales to related companies	-	-	7,399	646,914	73,712	223,096
Purchases from related companies	7,586	2,162	128,889	706,461	14,264	18,249

PEERS HARDY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 December 1996

17 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	1996 £	1995 £
Operating profit	183,292	205,009
Depreciation charges	94,803	81,136
(Profit)/loss on sale of fixed assets	(20,150)	10,892
Decrease/(increase) in stocks	260,611	(319,832)
(Increase) in debtors	(81,315)	(409,519)
Increase in creditors	90,547	328,260
Net cash inflow/(outflow) from operating activities	527,788	(104,054)

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

	1996	1995
Balance at 1 January 1996	367,581	718,877
Net cash inflow/(outflow)	204,847	(351,296)
Balance at 31 December 1996	572,428	367,581

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

	1996 £	1995 £	Change in year £
Cash at bank and in hand	579,250	367,581	211,669
Bank overdraft	(6,822)	-	(6,822)
	572,428	367,581	204,847

Analysis of changes in financing during the year

	Finance Leasing £
Balance at 1 January 1996	112,778
Capital repaid during year	(11,726)
Balance at 31 December 1996	101,052