Company Registration No. 1391526 (England and Wales)

PEERS HARDY(UK) LIMITED

ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2000

Clement Keys
CHARTERED ACCOUNTANTS

PEERS HARDY(UK) LIMITED

CONTENTS

PEERS HARDY(UK) LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 DECEMBER 2000

The directors present their report and financial statements for the year ended 31 December 2000.

Principal activities and review of the business

The principal activity of the company continued to be that of manufacturers, importers and distributors of clocks and watches.

The directors are disappointed to report a reduced operating profit for the year which has been due to gross profit margins being significantly eroded.

Results and dividends

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

Interim ordinary dividends were paid amounting to £57,993. The directors do not recommend payment of a final dividend.

Directors

The following directors have held office since 1 January 2000:

J E Story	
K M Nock	(Resigned 12 June 2000)
N R Woolley	
N C Baker	

Directors' interests

The directors' interests in the shares of the company were as stated below:

	'A' ordinary shares of 10p each	
	31 December 2000	**1 January 2000**
J E Story	640,000	640,000
N R Woolley	220,000	220,000
N C Baker	-	-

	'B' ordinary shares of 10p each	
	31 December 2000	**1 January 2000**
J E Story	140,000	140,000
N R Woolley	-	-
N C Baker	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Clement Keys be reappointed as auditors of the company will be put to the Annual General Meeting.

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;
- 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.

By order of the board

S Potter
Secretary
29 October 2001

PEERS HARDY(UK) LIMITED

AUDITORS' REPORT TO PEERS HARDY(UK) LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 16, together with the financial statements of the company for the year ended 31 December 2000 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 16 are properly prepared in accordance with that provision.

"In our opinion the company is entitled to the exemption from preparing group accounts conferred by section 248 of the Companies Act 1985."

Clement Keys

Chartered Accountants
Registered Auditor

29 October 2001

Swinford House
Albion Street
Brierley Hill
West Midlands
DY5 3EL

PEERS HARDY(UK) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2000

	Notes	2000 £	1999 £
Gross profit		2,555,413	2,743,487
Administrative expenses		(2,876,938)	(2,985,806)
Operating loss	2	(321,525)	(242,319)
Other interest receivable and similar income		14,029	20,609
Amounts written off investments	3	-	(115,721)
Interest payable and similar charges	4	(158,469)	(28,171)
Loss on ordinary activities before taxation		(465,965)	(365,602)
Tax on loss on ordinary activities	5	-	55,202
Loss on ordinary activities after taxation		(465,965)	(310,400)
Dividends	6	(57,993)	(70,000)
Retained loss for the year	16	(523,958)	(380,400)

PEERS HARDY(UK) LIMITED

ABBREVIATED BALANCE SHEET
AS AT 31 DECEMBER 2000

	Notes	2000 £	2000 £	1999 £	1999 £
Fixed assets					
Intangible assets	7		175,405		361,926
Tangible assets	8		411,707		493,584
Investments	9		865		3,765
			587,977		859,275
Current assets					
Stocks	10	1,476,082		1,573,324	
Debtors	11	2,213,540		2,884,339	
Cash at bank and in hand		934,130		392,469	
		4,623,752		4,850,132	
Creditors: amounts falling due within one year	12	(3,690,653)		(3,638,117)	
Net current assets			933,099		1,212,015
Total assets less current liabilities			1,521,076		2,071,290
Creditors: amounts falling due after more than one year	13		(46,529)		(111,892)
			1,474,547		1,959,398
Capital and reserves					
Called up share capital	15		100,000		100,000
Revaluation reserve	16		39,107		-
Profit and loss account	16		1,335,440		1,859,398
Shareholders' funds	17		1,474,547		1,959,398

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies.

The financial statements were approved by the Board on 29 October 2001

J E Story
Director

PEERS HARDY(UK) LIMITED

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000

		2000 £		1999 £
Net cash inflow/(outflow) from operating activities		412,353		(535,986)
Returns on investments and servicing of finance				
Interest received	14,029		20,609	
Interest paid	(158,469)		(28,171)	
Net cash outflow for returns on investments and servicing of finance		(144,440)		(7,562)
Taxation		(121,495)		(250,000)
Capital expenditure and financial investment				
Payments to acquire intangible assets	-		(361,926)	
Payments to acquire tangible assets	(82,312)		(100,007)	
Receipts from sales of tangible assets	60,251		69,921	
Receipts from sales of investments	2,900		-	
Net cash outflow for capital expenditure		(19,161)		(392,012)
Acquisitions and disposals				
Purchase of subsidiary undertakings (net of cash acquired)	-		(111,121)	
Net cash outflow for acquisitions and disposals		-		(111,121)
Equity dividends paid		(57,993)		(70,000)
Net cash inflow/(outflow) before management of liquid resources and financing		69,264		(1,366,681)
Financing				
Capital element of hire purchase contracts	(91,551)		(86,283)	
Net cash outflow from financing		(91,551)		(86,283)
Decrease in cash in the year		(22,287)		(1,452,964)

PEERS HARDY(UK) LIMITED

NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2000

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

	2000	1999
	£	£
Operating loss	(321,525)	(242,319)
Depreciation of tangible assets	133,311	161,395
Amortisation of intangible assets	225,628	-
Loss on disposal of tangible assets	6,585	29,361
Decrease in stocks	97,242	299,184
Decrease/(increase) in debtors	669,974	(855,694)
(Decrease)/Increase in creditors within one year	(398,862)	72,087
Net cash inflow/(outflow) from operating activities	412,353	(535,986)

2 Analysis of net debt

	1 January 2000	Cash flow	Other non-cash changes	31 December 2000
	£	£	£	£
Net cash:				
Cash at bank and in hand	392,469	541,661	-	934,130
Bank overdrafts	(266,985)	(563,948)	-	(830,933)
	125,484	(22,287)	-	103,197
Debt:				
Finance leases	(188,624)	55,593	-	(133,031)
Net debt	(63,140)	33,306	-	(29,834)

3 Reconciliation of net cash flow to movement in net debt

	2000	1999
	£	£
Decrease in cash in the year	(22,287)	(1,452,964)
Cash outflow/(inflow) from decrease/(increase) in debt and lease financing	55,593	(75,002)
Movement in net debt in the year	33,306	(1,527,966)
Opening net (debt)/funds	(63,140)	1,464,826
Closing net debt	(29,834)	(63,140)

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

The accounts are prepared on a going concern basis which assumes the continuing financial support of the company's bankers.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Goodwill

Acquired goodwill is written off in equal annual instalments over its estimated useful economic life.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Over period of lease(10 years)
Fixtures, fittings & equipment	33% reducing balance
Motor vehicles	15% to 50% reducing balance as appropriate

1.5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.7 Stock

Stock is valued at the lower of cost and net realisable value.

1.8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

1 Accounting policies

1.10 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts.

2	**Operating loss**	**2000**	**1999**
		£	**£**
	Operating loss is stated after charging:		
	Amortisation of intangible assets	225,628	-
	Depreciation of tangible assets	133,311	161,395
	Operating lease rentals	84,485	79,904
	Auditors' remuneration	6,800	8,000

3	**Amounts written off investments**	**2000**	**1999**
		£	**£**
	Amounts written off fixed asset investments:		
	- permanent diminution in value	-	115,721

4	**Interest payable**	**2000**	**1999**
		£	**£**
	On bank loans and overdrafts	130,337	15,228
	Hire purchase interest	16,269	12,943
	On overdue tax	11,863	-
		158,469	28,171

5	**Taxation**	**2000**	**1999**
		£	**£**
	Domestic current year taxation		
	U.K. corporation tax	-	(55,202)

6	**Dividends**	**2000**	**1999**
		£	**£**
	Ordinary interim paid	57,993	70,000

PEERS HARDY(UK) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

7 Intangible fixed assets

	Trade marks	Goodwill	Total
	£	£	£
Cost			
At 1 January 2000	-	361,926	361,926
Revaluation	39,107	-	39,107
At 31 December 2000	39,107	361,926	401,033
Amortisation			
At 1 January 2000	-	-	-
Charge for year	-	225,628	225,628
At 31 December 2000	-	225,628	225,628
Net book value			
At 31 December 2000	39,107	136,298	175,405

Trade marks were revalued by the directors at 31 December 2000 at estimated market value.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

8 Tangible fixed assets

	Land and buildings Leasehold	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£
Cost or valuation				
At 1 January 2000	124,840	406,333	393,665	924,838
Additions	10,069	631	107,570	118,270
Disposals	-	-	(141,448)	(141,448)
At 31 December 2000	134,909	406,964	359,787	901,660
Depreciation				
At 1 January 2000	25,000	308,114	98,140	431,254
On disposals	-	-	(74,612)	(74,612)
Charge for the year	13,393	32,932	86,986	133,311
At 31 December 2000	38,393	341,046	110,514	489,953
Net book value				
At 31 December 2000	96,516	65,918	249,273	411,707
At 31 December 1999	99,840	98,219	295,525	493,584

Included above are assets held under finance leases or hire purchase contracts as follows:

	Motor vehicles
	£
Net book values	
At 31 December 2000	225,123
At 31 December 1999	257,380
Depreciation charge for the year	
31 December 2000	67,326
31 December 1999	25,192

9 Fixed asset investments

	Shares in participating interests	Shares in subsidiary undertakings	Total
	£	£	£
Cost or valuation			
At 1 January 2000	7,500	111,986	119,486
Disposals	(7,500)	-	(7,500)
At 31 December 2000	-	111,986	111,986
Provisions for diminution in value			
At 1 January 2000	4,600	111,121	115,721
On disposals	(4,600)	-	(4,600)
At 31 December 2000	-	111,121	111,121
Net book value			
At 31 December 2000	-	865	865
At 31 December 1999	2,900	865	3,765

Holdings of more than 20%
The company holds more than 20% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Horological Industries Limited	Hong Kong	Ordinary	100
KAP USA Inc.	USA	Ordinary	100
KAP Australia Pty Limited	Australia	Ordinary	100
Bridgeway Products Limited	England & Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit for the year
Horological Industries Limited	49,423	(186,785)
KAP USA Inc.	(65,759)	(45,383)
KAP Australia Pty Limited	19,187	18,265
Bridgeway Products Limited	-	-

No information is available on Bridgeway Products Limited as that company was put into receivership.

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

10 Stocks	**2000**	**1999**
	£	**£**
Finished goods and goods for resale	1,476,082	1,573,324

11 Debtors	**2000**	**1999**
	£	**£**
Trade debtors	1,859,762	2,472,699
Amounts owed by subsidiary undertakings	242,705	150,467
Corporation tax	54,377	55,202
Other debtors	2,019	149,862
Prepayments and accrued income	54,677	56,109
	2,213,540	2,884,339

12 Creditors: amounts falling due within one year	**2000**	**1999**
	£	**£**
Bank loans and overdrafts	830,933	266,985
Net obligations under hire purchase contracts	86,502	76,732
Trade creditors	2,390,904	2,942,119
Corporation tax	-	122,320
Other taxes and social security costs	214,274	72,258
Other creditors	6,397	8,762
Accruals and deferred income	161,643	148,941
	3,690,653	3,638,117

The bank overdraft is secured by a fixed and floating charge over the company's assets.

13 Creditors: amounts falling due after more than one year	**2000**	**1999**
	£	**£**
Net obligations under hire purchase contracts	46,529	111,892
Net obligations under hire purchase contracts		
Repayable within one year	86,502	76,732
Repayable between one and five years	46,529	111,892
	133,031	188,624
Included in liabilities falling due within one year	(86,502)	(76,732)
	46,529	111,892

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

14 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. The pension cost charge represents contributions payable by the company to the fund and amounted to £51,780 (1999 - £38,090).

15 Share capital

	2000	1999
	£	£
Authorised		
8,600,000 'A' ordinary shares of 10p each	860,000	860,000
1,400,000 'B' ordinary shares of 10p each	140,000	140,000
	1,000,000	1,000,000
Allotted, called up and fully paid		
860,000 'A' ordinary shares of 10p each	86,000	86,000
140,000 'B' ordinary shares of 10p each	14,000	14,000
	100,000	100,000

16 Statement of movements on reserves

	Revaluation reserve	Profit and loss account
	£	£
Balance at 1 January 2000	-	1,859,398
Retained loss for the year	-	(523,958)
Revaluation during the year	39,107	-
Balance at 31 December 2000	39,107	1,335,440

17 Reconciliation of movements in shareholders' funds

	2000	1999
	£	£
Loss for the financial year	(465,965)	(310,400)
Dividends	(57,993)	(70,000)
	(523,958)	(380,400)
Other recognised gains and losses	39,107	-
Net depletion in shareholders' funds	(484,851)	(380,400)
Opening shareholders' funds	1,959,398	2,339,798
Closing shareholders' funds	1,474,547	1,959,398

18 Financial commitments

At 31 December 2000 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2000	1999	2000	1999
	£	£	£	£
Expiry date:				
Between two and five years	-	-	3,443	3,443
In over five years	75,600	75,600	-	-
	75,600	75,600	3,443	3,443

19 Directors' emoluments

	2000	1999
	£	£
Emoluments for qualifying services	211,557	192,739
Company pension contributions to money purchase schemes	47,611	38,090
	259,168	230,829

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 3 (1999 - 4).

Emoluments disclosed above include the following amounts paid to the highest paid director:

	2000	1999
Emoluments for qualifying services	85,849	74,834
Company pension contributions to money purchase schemes	4,024	4,333

20 Transactions with directors

The following directors had interest free loans during the year. The movement on these loans are as follows:

	Amount outstanding		Maximum
	2000	1999	in year
	£	£	£
Director's current account (debit bal)	-	64,552	65,114
Director's current account (debit bal)	-	49,706	53,655
K J Nock	-	940	940

NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2000

21 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2000 Number	1999 Number
Distribution	50	51
Administration	13	14
Sales	20	20
	83	85

Employment costs

	2000 £	1999 £
Wages and salaries	1,246,248	1,253,711
Social security costs	106,922	120,434
Other pension costs	51,780	38,090
	1,404,950	1,412,235