

TARGET FASTENINGS LIMITED

2009921

REPORT & ACCOUNTS

YEAR ENDED 30TH JUNE 1998



TARGET FASTENINGS LIMITED

Incorporation Details

Incorporated : 14th April 1986
Company Number : 2009921

Directors

C.A. Bury Esq
Mrs W. Winson
R.S. Hall Esq

Company Secretary

Mrs W. Winson

Registered Office

60 High Street
Chobham
Surrey GU24 8AA

Trading Address

Holpur House
5 Albert Road
Crowthorne
Berkshire RG11 7LT

Bankers

National Westminster Bank plc
45 Park Street
Camberley
Surrey GU15 3XQ

Registered Auditors

Kew, Ford & Co
60 High Street
Chobham
Surrey GU24 8AA

TARGET FASTENINGS LIMITED

REPORT OF THE DIRECTORS

The Directors have pleasure in presenting the Annual Report, together with audited accounts for the year ended 30th June 1998.

BUSINESS REVIEW

On 9th July 1997, Target Fastenings Limited became a wholly owned subsidiary of Target Group Holdings Limited, a Company registered in England and Wales.

For the first three months of the year, the Company's principal activity continued to be that of distributors of Industrial Fastenings and Building Fixings. On 1st October 1997 the Company transferred its Building Fixings trade to a fellow subsidiary.

The Directors consider the results to be satisfactory.

RESULTS & DIVIDENDS

	<u>1998</u>	<u>1997</u>
Turnover (Note 2)	£ 693,375	£ 1,198,084
(Loss)/Profit before Taxation	(24,585)	89,137
Taxation (Note 5)	3,252	(23,872)
(Loss)/Profit for Year	£ (21,333)	£ 65,265

The Directors recommend that the loss be set against Revenue Reserves.

No dividends are recommended.

FUTURE DEVELOPMENTS

The Directors aim to continue those policies which have proved of benefit to the Company and to return the Company to trading profitably.

DIRECTORS

The Directors who served during the year, were:-

C.A. Bury Esq (Chairman)
Mrs W. Winson
R.S. Hall Esq

The interests (all of which are beneficial) of the Directors in the Share Capital of the Company as recorded by the Register of Directors' Interests were:

	<u>At 30.06.98</u>	<u>At 30.06.97</u>
C.A. Bury Esq	-	25
Mrs W. Winson	-	25
R.S. Hall Esq	-	25

See note 15 for details of Ultimate Holding Company and Directors' Interests.

TARGET FASTENINGS LIMITED

REPORT OF THE DIRECTORS

TAX STATUS

This is a close Company as defined by the Income and Corporation Taxes Act, 1988.

DIRECTORS' RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial period 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, the Directors are required to:

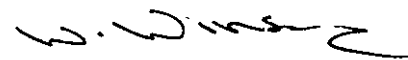
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume 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

A resolution in accordance with Section 384, of the Companies Act 1985, for the re-appointment of Messrs. Kew, Ford & Co. as auditors of the Company is to be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD



MRS W. WINSON
SECRETARY

Dated This 10th Day of December 1998

REPORT OF THE AUDITORS
TO THE MEMBERS OF
TARGET FASTENINGS LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

As described on page 2, the Company's 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.

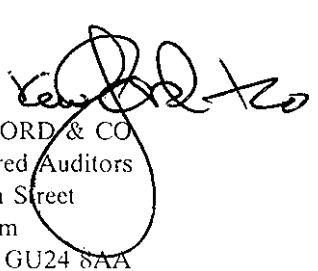
Basis of opinion

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 or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 30th June 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



KEW FORD & CO
Registered Auditors
60 High Street
Chobham
Surrey GU24 8AA

Dated This 18th Day of December 1998

TARGET FASTENINGS LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1998

	<u>1998</u>	<u>1997</u>
	£	£
Turnover - (Note 2)		
Continuing Operations	530,819	596,730
Discontinued Operations	162,556	601,354
	693,375	1,198,084
Cost of Sales	(355,271)	(649,330)
GROSS PROFIT	338,104	548,754
Administrative Expenses	(365,247)	(479,079)
Operating Profit/(Loss) (Note 2)		
Continuing Operations	(25,139)	84,899
Discontinued Operations	(2,004)	(15,224)
	(27,143)	69,675
Interest Receivable and Similar Income	2,558	1,962
Commission Receivable	-	17,500
(Loss)/Profit on Ordinary Activities before Taxation	(24,585)	89,137
Taxation on Profit on Ordinary Activities (Note 5)	3,252	(23,872)
(Loss)/Profit for the Financial Year	(21,333)	65,265
Retained Profit Brought Forward	239,240	173,975
RETAINED PROFIT CARRIED FORWARD	£ 217,907	£ 239,240

There are no recognised gains and losses other than the profit for the financial year.

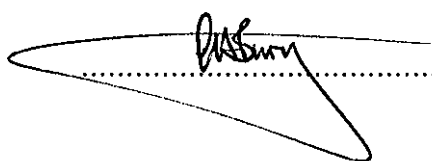
TARGET FASTENINGS LIMITED

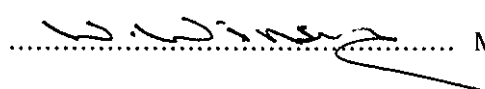
BALANCE SHEET AT 30TH JUNE 1998

	<u>1998</u>	<u>1997</u>
	£	£
TANGIBLE FIXED ASSETS (Note 6)	43,450	85,432
 <u>CURRENT ASSETS</u>		
Stocks (Note 1d & 7)	79,388	94,595
Debtors (Note 8)	181,350	232,310
Cash at Bank and In Hand	41,807	95,521
	<u>302,545</u>	<u>422,426</u>
 <u>CREDITORS</u>		
Amounts falling due within one year (Note 9)	<u>125,645</u>	<u>252,118</u>
 NET CURRENT ASSETS	<u>176,900</u>	<u>170,308</u>
 TOTAL ASSETS LESS CURRENT LIABILITIES	<u>220,350</u>	<u>255,740</u>
 <u>CREDITORS</u>		
Amounts falling due after more than one year (Note 10)	<u>(2,343)</u>	<u>(16,400)</u>
	<u>£ 218,007</u>	<u>£ 239,340</u>
 <u>CAPITAL & RESERVES</u>		
Share Capital - Equity (Note 11)	100	100
Profit & Loss Account	<u>217,907</u>	<u>239,240</u>
 Shareholders Funds (Note 13)	<u>£ 218,007</u>	<u>£ 239,340</u>

Approved & Agreed by the Directors

This 10th Day of December 1998

..... C. BURY ESQ

..... MRS W. WINSON

TARGET FASTENINGS LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1998

1. **ACCOUNTING POLICIES**

(a) **Basis of Accounting**

The financial statements have been prepared with applicable Accounting Standards under the Historical Cost Convention.

(b) **Turnover**

Turnover is the total amount receivable by the Company for goods supplied and services provided, net of sales discounts, excluding Value Added Tax.

(c) **Depreciation**

Depreciation is calculated so as to write off the cost of tangible fixed assets over their estimated useful economic lives, as follows:-

Motor Vehicles	: Between 25%-33⅓% of written down value
Fixtures, Fittings & Equipment	: 4-7 Years
Leasehold Premises	: Over the life of the Lease

(d) **Stocks - Items for Resale**

These are valued on a "first in, first out" basis at the lower of cost and net realisable value.

(e) **Deferred Taxation**

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected, with reasonable probability, to continue in the foreseeable future.

(f) **Pension Costs**

Pension costs relate to contributions made to a Defined Contributions Pension Scheme.

(g) **Cashflow Statement**

A cashflow statement has not been prepared in accordance with FRS1 on the basis that the Company is entitled to the exemption conferred on small Companies.

TARGET FASTENINGS LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1998

2. TURNOVER AND OPERATING (LOSS)/PROFIT

The turnover and operating (loss)/profit for the year were derived from the Company's principal activities, that of distributors of industrial fastenings and building fixings, and arose wholly in the UK. On 1st October 1997 the Company transferred its building fixings trade to a fellow subsidiary.

	<u>1998</u>		
	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
	£	£	£
Turnover	530,819	162,556	693,375
Cost of Sales	(256,279)	(98,992)	(355,271)
Gross Profit	274,540	63,564	338,104
Administrative Expenses	(299,680)	(65,567)	(365,247)
Operating (Loss)/Profit	<u>£ (25,140)</u>	<u>£ (2,003)</u>	<u>£ (27,143)</u>

	<u>1997</u>		
	<u>Continuing Operations</u>	<u>Discontinued Operations</u>	<u>Total</u>
	£	£	£
Turnover	596,730	601,354	1,198,084
Cost of Sales	(254,428)	(394,902)	(649,330)
Gross Profit	342,302	206,452	548,754
Administrative Expenses	(257,403)	(221,676)	(479,079)
Operating (Loss)/Profit	<u>£ 84,899</u>	<u>£ (15,224)</u>	<u>£ 69,675</u>

Operating Loss/Profit before taxation is stated after charging or crediting the following:-

	<u>1998</u>	<u>1997</u>
	£	£
Interest Receivable	<u>2,558</u>	<u>1,962</u>
Rent	22,771	29,773
Lease of Plant & Machinery	7,329	4,811
Depreciation - owned asset	18,502	16,175
Depreciation - asset under HP Agreements	17,393	13,200
Auditors' Remuneration	5,156	5,214
Directors' Emoluments	27,916	100,822
Pension Contributions	<u>34,622</u>	<u>27,410</u>

TARGET FASTENINGS LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1998

3. **STAFF NUMBERS & COSTS**

The aggregate payroll costs were as follows:-

	<u>1998</u>	<u>1997</u>
	£	£
Salaries	127,942	210,051
Social Security Costs	11,906	22,690
Other Pension Costs	34,629	27,410
	<u>£ 174,477</u>	<u>£ 260,151</u>

The average number of persons employed by the Company (including Directors) during the year was as follows:-

	<u>1998</u>	<u>1997</u>
Administration & Sales	<u>7</u>	<u>9</u>

4. **DIRECTORS' EMOLUMENTS**

Excluding pension contributions, the emoluments of the Chairman, who is the highest paid Director, were £12,500 (1997 - £42,000). The emoluments of the other Directors were within the following range:

	<u>1998</u>	<u>1997</u>
£5,001 - £10,000	2	-
£20,001 - £25,000	-	1
£30,001 - £35,000	-	1
	<u>—</u>	<u>—</u>

5. **TAXATION**

	<u>1998</u>	<u>1997</u>
	£	£
UK Current Year Taxation		
Corporation Tax refundable/(charged)	2,732	(24,742)
Overprovision Prior Year	520	-
Deferred Tax	-	870
	<u>£ 3,252</u>	<u>£ (23,872)</u>

TARGET FASTENINGS LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1998

6. **TANGIBLE FIXED ASSETS**

	Motor Vehicles	Fixtures, Fittings & Equipment	Leasehold Premises	Total
<u>Cost</u>	£	£	£	£
As at 01.07.97	77,378	94,370	1,050	172,798
Additions	-	8,390	-	8,390
Disposal	(17,555)	-	-	(17,555)
Transfer to fellow subsidiary	(16,940)	-	-	(16,940)
As at 30.06.97	42,883	102,760	1,050	146,693
<u>Depreciation</u>				
As at 01.07.97	42,081	44,635	650	87,366
Charge	6,283	25,344	75	31,702
Disposal	(8,668)	-	-	(8,668)
Transfer to fellow subsidiary	(7,157)	-	-	(7,157)
As at 30.06.97	32,539	69,979	725	103,243
<u>Net Book Value</u>				
As at 30.06.98	£ 10,344	£ 32,781	£ 325	£ 43,450
As at 30.06.97	£ 35,297	£ 49,735	£ 400	£ 85,432

Fixtures Fittings & Equipment included an asset cost of £28,114 (1997 - £28,114) and accumulated depreciation of £13,200 (1997 - £1,171) being purchased under a Hire Purchase Agreement.

7. **STOCKS**

	<u>1998</u>	<u>1997</u>
	£	£
Goods held for re-sale	£ 79,388	£ 94,595

8. **DEBTORS**

	<u>1998</u>	<u>1997</u>
	£	£
Trade Debtors	108,579	221,453
Other Debtors	13,951	133
Prepayments	29,876	10,724
Due from Group Companies	28,944	-
	£ 181,350	£ 232,310

TARGET FASTENINGS LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1998

9. **CREDITORS**

Amounts falling due
within one year:

	<u>1998</u>	<u>1997</u>
		£
Trade Creditors	67,483	121,318
Hire Purchase	14,057	16,234
Corporation Tax	-	24,742
Taxation & Social Security	15,046	39,485
Accruals	8,463	33,924
Directors' Current Accounts	20,596	16,415
	<u>£ 125,645</u>	<u>£ 252,118</u>

10. **CREDITORS**

Amounts falling due
after more than one year:

	<u>1998</u>	<u>1997</u>
Hire Purchase	<u>£ 2,343</u>	<u>£ 16,400</u>

11. **SHARE CAPITAL**

	<u>1998</u>	<u>1997</u>
<u>Equity Shares</u>		
Authorised Ordinary Shares of £1 Each	<u>£ 1,000</u>	<u>£ 1,000</u>
Issued & Fully Paid Ordinary Shares of £1 Each	<u>£ 100</u>	<u>£ 100</u>

12. **COMMITMENTS UNDER OPERATING LEASES**

The future annual minimum lease payments to which the Company is committed
as at 30th June 1998.

	<u>Land & Buildings</u>	<u>Others</u>
Lease expires after more than one year but within five years	<u>£ 23,343</u>	<u>£ 3,502</u>

TARGET FASTENINGS LIMITED

NOTES TO THE ACCOUNTS

AT 30TH JUNE 1998

13. **RECONCILIATION OF SHAREHOLDERS FUNDS**

	<u>1998</u>	<u>1997</u>
	£	£
(Loss)/Profit for the Financial Year	(21,333)	65,265
Opening Shareholders Funds	239,340	174,075
Closing Shareholders Funds	£ 218,007	£ 239,340

14. **CAPITAL COMMITMENTS & CONTINGENT LIABILITIES**

There were no capital commitments as at 30th June 1998.

The Company is currently in dispute with a former supplier with regard to an alleged breach of contract and alleged libel. The Company has made a claim for £300,000 against its former supplier, and its former supplier has made a counter claim.

The Directors are confident that the Company's claim will be successful and that the counter claim will fail.

15. **ULTIMATE HOLDING COMPANY**

On 9th July 1997, the Company became a wholly owned subsidiary of Target Group Holdings Limited, a Company registered in England & Wales.

In the opinion of the Directors, Target Group Holdings Limited is the Ultimate Holding Company of the Company.

On the same date, the Directors of Target Fastenings Limited each acquired 25% of the issued and allotted share capital of Target Group Holdings Limited. There were no changes in the ownership of the share capital of Target Group Holdings Limited between 9th July 1997 and 10th December 1998.

16. **INCOME FROM GROUP COMPANIES**

During the year, the Company sold goods totalling £13,744 (net) to a fellow subsidiary.