

Presspart Manufacturing Limited

Accounts 31 December 1999
together with directors' and auditors' reports

Registered number: 995387



Directors' report

For the year ended 31 December 1999

The directors present their annual report on the affairs of the company, together with the accounts and auditors' report, for the year ended 31 December 1999.

Principal activity and business review

The principal activity of the company continues to be the manufacture of deep drawn pressings.

The turnover and profit on ordinary activities before taxation for the year were £17,583,000 (1998 - £19,492,000) and £2,100,000 (1998 - £3,154,000) respectively.

Results and dividends

	£'000
Retained profit at 1 January 1999	18,213
Retained profit for the year	1,467
Amortisation of revaluation surplus	197
Retained profit at 31 December 1999	<u>19,877</u>

The directors do not recommend the payment of a dividend.

Directors and their interests

The directors of the company who served during the year were as follows:

J.R. Ainsworth
S.J. Wilkinson
T.S. Pattinson
M.A. Eaves
B. Jelbert
I. Edwards
A. Macaulay (appointed 1 January 1999)

The interests of the directors, who held office at 31 December 1999, in the shares of the parent company are as shown below:

	Ordinary shares of 1p each 1999	Ordinary shares of 1p each 1998
T.S. Pattinson	11,905	11,905
S.J. Wilkinson	<u>17,858</u>	<u>17,858</u>

Directors' report (continued)

Directors and their interests (continued)

The interests of the other directors, who held office at 31 December 1999, in the shares of the parent company are disclosed in the accounts of that company. The directors do not have any other interests required to be disclosed under Schedule 7 of the Companies Act 1985.

Directors' responsibilities

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, 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; and
- prepare the accounts 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 enable them to ensure that the accounts 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.

Year 2000

During the year the company has successfully implemented its year 2000 plan with the associated costs of this work being charged to the profit and loss account as incurred.

No problems have come to light since the balance sheet date.

Creditors payment policy

The company's policy, which is also applied by the group, is to settle terms of payment with suppliers when agreeing the terms of each transaction, ensure that suppliers are made aware of the terms of payment and abide by the terms of payment. Trade creditors of the group at 31 December 1999 were equivalent to 127 days (1998 - 99) days' purchases based on the average daily amount invoiced by supplies during the year.

Directors' report (continued)

Auditors

The directors will place a resolution before the annual general meeting to appoint Arthur Andersen as auditors for the ensuing year.

Whitebirk Estate
Blackburn
Lancashire
BB1 5RF

By order of the Board,



B. Jelbert
Secretary

3 May 2000

To the Shareholders of Presspart Manufacturing Limited:

We have audited the accounts on pages 5 to 19 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 7 to 9.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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 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 circumstances of the company, 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 company's state of affairs at 31 December 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Arthur Andersen

Chartered Accountants and Registered Auditors

Bank House
9 Charlotte Street
Manchester
M1 4EU

3 May 2000

Profit and loss account

For the year ended 31 December 1999

	Note	1999 £'000	1998 £'000
Turnover	2	17,583	19,492
Cost of sales		(14,203)	(14,944)
Gross profit		3,380	4,548
Other operating expenses	3	(2,025)	(2,040)
Operating profit		1,355	2,508
Investment income	4	759	680
Interest payable and similar charges	5	(14)	(34)
Profit on ordinary activities before taxation	6	2,100	3,154
Tax on profit on ordinary activities	8	(633)	(1,044)
Profit for the financial year		1,467	2,110

A statement of movement on reserves is given in note 18. All activity has arisen from continuing operations. There were no recognised gains or losses in either the current or prior year other than the profit for the financial year.

The accompanying notes are an integral part of this profit and loss account.

Note of historical cost profits and losses

For the year ended 31 December 1999

	1999 £'000	1998 £'000
Profit on ordinary activities before taxation	2,100	3,154
Difference between the historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	197	252
Historical cost profit on ordinary activities before taxation	2,297	3,406
Historical cost profit for the year retained after taxation and dividends	1,664	2,362

The accompanying notes are an integral part of this statement.

Balance sheet

31 December 1999

	Note	1999 £'000	1998 £'000
Fixed assets			
Tangible assets	10	8,392	7,829
Investments	11	1,690	1,690
		<u>10,082</u>	<u>9,519</u>
Current assets			
Stocks	12	1,613	2,014
Debtors due within one year	13	2,131	1,953
Debtors due after more than one year	13	6,485	6,996
Cash at bank and in hand		5,405	4,334
		<u>15,634</u>	<u>15,297</u>
Creditors: Amounts falling due within one year	14	<u>(3,879)</u>	<u>(4,579)</u>
Net current assets		<u>11,755</u>	<u>10,718</u>
Total assets less current liabilities		<u>21,837</u>	<u>20,237</u>
Creditors: Amounts falling due after more than one year	15	(144)	(20)
Provisions for liabilities and charges	16	<u>(997)</u>	<u>(988)</u>
Net assets		<u>20,696</u>	<u>19,229</u>
Capital and reserves			
Called-up share capital	17	25	25
Revaluation reserve	18	794	991
Profit and loss account	18	19,877	18,213
Equity shareholders' funds		<u>20,696</u>	<u>19,229</u>

Signed on behalf of the Board



B. Jelbert

Director

3 May 2000

The accompanying notes are an integral part of this balance sheet.

Notes to accounts

31 December 1999

1 Accounting policies

The principal accounting policies, all of which have been applied consistently throughout the year and the preceding year, are set out below.

a) *Basis of accounting.*

The accounts are prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

b) *Tangible fixed assets*

Land and buildings and plant and machinery are shown at original historical cost or subsequent valuation less accumulated depreciation. Other fixed assets are shown at cost less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value, of each asset on a straight-line basis over its expected useful life, as follows:

Freehold buildings	2.5% per annum
Plant and machinery	7.5% per annum
Tooling	33% - 50% per annum
Fixtures and fittings	10% per annum
Computer	20% - 25% per annum
Motor vehicles	15% per annum

c) *Consolidation*

In accordance with section 228 of the Companies Act 1985, no group accounts have been prepared as the company is a wholly-owned subsidiary undertaking of Presspart Group Limited, which has drawn up group accounts.

d) *Investments*

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

e) *Stocks*

Stocks are stated at the lower of cost and net realisable value. Raw materials are stated at purchase cost on a first-in, first-out basis. For finished goods and goods for resale, the cost includes materials, direct labour and an attributable proportion of manufacturing overheads based on normal levels of activity. Net realisable value is based on estimated selling price, less further costs expected to be incurred to completion and disposal. Provision is made for obsolete, slow-moving or defective items where appropriate.

Notes to accounts (continued)

1 Accounting policies (continued)

f) Taxation

Corporation tax is provided on taxable profits at the current rate.

Deferred tax is provided using the liability method on all timing differences only to the extent that they are expected to reverse in the future without being replaced, except that the deferred tax effects of timing differences arising from pensions and other post-retirement benefits are always recognised in full.

g) Turnover

Turnover represents amounts receivable for goods and services provided in the normal course of business, net of trade discounts, VAT and other sales related taxes.

h) Pension costs

The company provides pensions to employees through a defined benefit pension scheme operated by the parent company, Presspart Group Limited. The amount charged to the profit and loss account is the estimated regular cost of providing the benefits accrued in the period, adjusted to reflect variations from that cost. The regular cost is calculated so that it represents a substantially level percentage of current and future pensionable payroll. Variations from regular cost are charged or credited to the profit and loss account so as to represent a constant percentage of pensionable payroll. The assets of the scheme are held separately from those of the company in trustee administered funds. Differences between amounts charged to the profit and loss account and amounts funded are shown as either provisions or prepayments in the balance sheet, if material.

i) Foreign currency

Transactions denominated in foreign currencies are recorded at the rate of exchange at the date of the transaction, or if hedged at the forward contract rate. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are reported at the rates of exchange prevailing at the year end (or, where appropriate, at the forward contract rate). Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is included as an exchange gain or loss in the profit and loss account.

Notes to accounts (continued)

1 Accounting policies (continued)

j) Leases

Assets held under finance leases, which confer rights and obligations similar to those attached to owned assets, are capitalised as tangible fixed assets and are depreciated over the shorter of the lease terms and their useful lives. The capital elements of future lease obligations are recorded as liabilities, while the interest elements are charged to the profit and loss account over the period of the leases to produce a constant rate of charge on the balance of capital repayments outstanding.

Rentals under operating leases are charged to the profit and loss account on a straight-line basis over the lease term, even if the payments are not made on such a basis.

k) Revaluation reserve

Surpluses arising on the revaluation of individual fixed assets are credited to a non-distributable revaluation reserve. Revaluation deficits in excess of the amount of prior revaluation surpluses on the same asset are charged to the profit and loss account. Where depreciation charges are increased following a revaluation, an amount equal to the increase is transferred annually from the revaluation reserve to the profit and loss reserve. On the disposal of a revalued fixed asset, any remaining revaluation surplus corresponding to the item is also transferred to the profit and loss reserve.

l) Cash flow statement

As permitted by Financial Reporting Standard Number 1 (Revised), the company has not produced a cash flow statement as it is a wholly owned subsidiary undertaking of Presspart Group Limited, which has produced a group cash flow statement in its accounts.

2 Segmental information

The geographical analysis of turnover by destination is as follows:

	1999 £'000	1998 £'000
United Kingdom	8,226	9,111
Rest of Europe	7,745	8,323
The Americas	689	1,248
Other	923	810
	<hr/> 17,583 <hr/>	<hr/> 19,492 <hr/>

Notes to accounts (continued)

3 Other operating expenses

	1999 £'000	1998 £'000
Distribution costs	720	832
Administrative and selling expenses	1,305	1,208
	<u>2,025</u>	<u>2,040</u>

4 Investment income

	1999 £'000	1998 £'000
Other interest receivable and similar income	3	4
Interest on loans to fellow group undertakings	713	676
Exchange gains on revaluation of loans to fellow group undertakings	43	-
	<u>759</u>	<u>680</u>

5 Interest payable and similar charges

	1999 £'000	1998 £'000
Other interest payable	1	1
Finance charges payable under finance leases	13	15
Exchange losses on revaluation of loans to fellow group undertakings	-	18
	<u>14</u>	<u>34</u>

Notes to accounts (continued)

6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging (crediting):

	1999 £'000	1998 £'000
Depreciation and amounts written off tangible fixed assets		
- owned	882	709
- held under finance leases	16	34
Exceptional items	(320)	-
Operating lease rentals		
- land and buildings	24	24
- other	123	125
Auditors' remuneration		
- audit services	25	25
- non-audit services	6	16
Staff costs (note 7)	<u>5,682</u>	<u>5,484</u>

7 Staff costs

Particulars of employees (including directors) are as shown below:

	1999 £'000	1998 £'000
Employee costs during the year amounted to:		
Wages and salaries	4,797	4,605
Social security costs	426	426
Other pension costs	459	453
	<u>5,682</u>	<u>5,484</u>

The average monthly number of persons employed by the company during the year was as follows:

	1999 Number	1998 Number
Production	196	201
Selling and distribution	19	19
Administration	21	21
	<u>236</u>	<u>241</u>

Notes to accounts (continued)

7 Staff costs (continued)

Directors' remuneration:

The remuneration of the directors was as follows:

	1999 £'000	1998 £'000
Emoluments	<u>396</u>	<u>334</u>

Pensions

The number of directors who were members of pension schemes was as follows:

	1999 Number	1998 Number
Defined contribution scheme	1	1
Defined benefit scheme	<u>6</u>	<u>5</u>

Highest paid director

The above amounts for remuneration include the following in respect of the highest paid director:

	1999 £'000	1998 £'000
Emoluments	<u>124</u>	<u>101</u>

The accrued pension entitlement under the company's defined benefit scheme of the highest paid director at 31 December 1999 was £Nil (1998 - £Nil).

8 Tax on profit on ordinary activities

The tax charge comprises:

	1999 £'000	1998 £'000
UK corporation tax	-	64
Group relief	603	923
Deferred tax	9	29
Adjustment in respect of prior years		
- corporation tax	21	-
- deferred tax	-	28
	<u>633</u>	<u>1,044</u>

Notes to accounts (continued)

9 Dividends paid and proposed

There were no dividends paid or proposed in either financial year.

10 Tangible fixed assets

a) The movement in the year was as follows:

	Freehold land and buildings £'000	Plant, machinery and tooling £'000	Fixtures and fittings £'000	Computers £'000	Motor vehicles £'000	Total £'000
Cost or valuation						
Beginning of year	1,657	11,088	515	486	27	13,773
Additions	92	1,011	185	172	-	1,460
Disposals	-	(11)	(6)	(24)	-	(41)
Transfers from other group undertakings	-	19	-	-	-	19
Transfers to other group undertakings	-	(45)	-	-	-	(45)
End of year	1,749	12,062	694	634	27	15,166
Depreciation						
Beginning of year	233	5,018	298	385	10	5,944
Charge	33	762	55	45	3	898
Disposals	-	(10)	(6)	(24)	-	(40)
Transfers to other group undertakings	-	(28)	-	-	-	(28)
End of year	266	5,742	347	406	13	6,774
Net book value						
Beginning of year	1,424	6,070	217	101	17	7,829
End of year	1,483	6,320	347	228	14	8,392
Leased assets included in the above:						
Net book value						
Beginning of year	-	221	-	22	-	243
End of year	-	213	-	-	-	213

Freehold land amounting to £400,000 (1998 - £400,000) has not been depreciated.

Included in plant, machinery and tooling are assets in the course of construction of £Nil (1998 - £425,000) which are not being depreciated.

Notes to accounts (continued)

10 Tangible fixed assets (continued)

b) Basis of valuation

Certain items of plant and machinery are shown at valuation, with subsequent additions at cost. The valuation was carried out by a professional firm of Chartered Surveyors in 1988.

Land and buildings are shown at valuation, with subsequent additions at cost. The valuation was performed in 1991 on an existing use basis by Weatherall, Green and Smith, Chartered Surveyors.

If stated under historical cost principles, the comparable amounts for the total of tangible fixed assets at 31 December 1999 would be:

	1999 £'000	1998 £'000
Cost	12,513	11,389
Accumulated depreciation	(4,915)	(4,551)
Net book value	<u>7,598</u>	<u>6,838</u>

11 Fixed asset investments

The following is included in the net book value of fixed asset investments:

	1999 £'000	1998 £'000
Subsidiary undertaking	<u>1,690</u>	<u>1,690</u>

At 31 December 1999 the company owned 100% of the ordinary share capital of Presspart Inc., a company incorporated in North Carolina, USA. The principal activity of Presspart Inc. is the manufacture of deep drawn pressings.

12 Stocks

	1999 £'000	1998 £'000
Raw materials and consumables	545	939
Finished goods and goods for resale	<u>1,068</u>	<u>1,075</u>
	<u>1,613</u>	<u>2,014</u>

Notes to accounts (continued)

13 Debtors

The following amounts are included in the net book value of debtors:

	1999 £'000	1998 £'000
Amounts falling due within one year:		
Trade debtors	1,848	1,821
Other debtors	66	21
Corporation tax recoverable	73	12
Prepayments and accrued income	144	99
	<u>2,131</u>	<u>1,953</u>
Amounts falling due after more than one year:		
Amounts owed by group undertakings	6,485	6,996
	<u>8,616</u>	<u>8,949</u>

14 Creditors: Amounts falling due within one year

The following amounts are included in creditors falling due within one year:

	1999 £'000	1998 £'000
Obligations under finance leases and hire purchase contracts	48	76
Trade creditors	1,948	1,691
Amounts owed to group undertaking	603	923
Bills of exchange payable	587	864
Other creditors		
- UK corporation tax payable	-	64
- social security and PAYE	145	159
- VAT	138	183
Accruals and deferred income	410	619
	<u>3,879</u>	<u>4,579</u>

Notes to accounts (continued)

15 Creditors: Amounts falling due after more than one year

The following amounts are included in creditors falling due after more than one year:

	1999 £'000	1998 £'000
Obligations under finance leases and hire purchase contracts	<u>144</u>	<u>20</u>
Obligations under finance leases and hire purchase contracts:		
	1999 £'000	1998 £'000
Amounts payable:		
- Due within 1 year	61	80
- Due within 2-5 years	163	22
- Less finance charges allocated to future periods	<u>(32)</u>	<u>(6)</u>
	<u>192</u>	<u>96</u>

16 Provisions for liabilities and charges

Provisions for liabilities and charges comprise the following:

	1999 £'000	1998 £'000
Deferred taxation	<u>997</u>	<u>988</u>

The movement on the provision for deferred taxation during the year was as follows:

	1999 £'000	1998 £'000
Beginning of year	988	931
Adjustment in respect of prior year	-	29
Charged to profit and loss account	<u>9</u>	<u>28</u>
End of year	<u>997</u>	<u>988</u>

Notes to accounts (continued)

16 Provisions for liabilities and charges (continued)

Deferred taxation provided was as follows:

	1999 £'000	1998 £'000
Accelerated capital allowances	985	976
Short term timing differences	12	12
	<u>997</u>	<u>988</u>

No deferred taxation has been provided by the company in the current year in respect of the revaluation reserve since the directors consider that no liability to taxation will arise in the foreseeable future. There was no other unprovided deferred taxation at either year end.

17 Called-up share capital

	1999 £'000	1998 £'000
<i>Authorised, allotted, called up and fully paid</i>		
25,000 ordinary shares of £1 each	<u>25</u>	<u>25</u>

18 Reserves

Of total reserves shown in the balance sheet, the following amounts are regarded as distributable or otherwise:

	1999 £'000	1998 £'000
Non-distributable		
- Revaluation reserve	794	991
Distributable		
- Profit and loss account	<u>19,877</u>	<u>18,213</u>
	<u>20,671</u>	<u>19,204</u>

Notes to accounts (continued)

18 Reserves (continued)

The movement on reserves during the year was:

	Revaluation reserve £'000	Profit and loss account £'000	Total £'000
Beginning of year	991	18,213	19,204
Retained profit for the year	-	1,467	1,467
Amortisation of revaluation surplus	(197)	197	-
End of year	<u>794</u>	<u>19,877</u>	<u>20,671</u>

19 Reconciliation of movement in shareholders' funds

The movement in shareholders' funds was as follows:

	1999 £'000	1998 £'000
Profit for the financial year	1,467	2,110
Net addition to shareholders' funds	<u>1,467</u>	<u>2,110</u>
Opening shareholders' funds	19,229	17,119
Closing shareholders' funds	<u>20,696</u>	<u>19,229</u>

20 Guarantees and other financial commitments

a) Capital commitments

At the end of the year there were £20,000 capital commitments (1998 - £Nil).

b) Lease commitments

The minimum annual rentals under operating leases are as follows:

	Property 1999 £'000	Plant and machinery 1999 £'000	Property 1998 £'000	Plant and machinery 1998 £'000
Operating leases which expire:				
- within 1 year	-	23	-	16
- within 2 - 5 years	-	106	-	91
- after 5 years	24	-	23	-
	<u>24</u>	<u>129</u>	<u>23</u>	<u>107</u>

20 Guarantees and other financial commitments (continued)

c) Pension arrangements

The qualifying employees of the company are members of a defined benefit scheme arrangement operated by the parent company, Presspart Group Limited. The assets are held independently of the group in trustee administered funds.

The details of the latest actuarial valuation are disclosed in the accounts of the parent company, Presspart Group Limited.

The current year pension cost of £459,000 (1998 - £453,000) represents the regular cost of pensionable payroll less variations from this regular cost arising from the pension surplus. The surplus is being spread over the average remaining service lives of the relevant employees.

d) Other commitments

Commitments under outstanding forward foreign exchange contracts amount to £204,000 (1998 - £755,000).

21 Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard No. 8 not to disclose details of transactions with group undertakings where 90% or more of the voting rights are controlled within the group.

22 Ultimate parent company

The company is a subsidiary undertaking of Presspart Group Limited. The only group of which Presspart Manufacturing Limited is a member and for which group accounts are drawn up is that headed by Presspart Group Limited, whose principal place of business is at Whitebirk Estate, Blackburn, Lancashire, BB1 5RF. The consolidated accounts of the group are available to the public and may be obtained from The Registrar of Companies, Companies House, Crown Way, Cardiff, CF4 3UZ.