

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Reports and Abbreviated Financial Statements for the Year Ended 31 December 1997



INDUSTRIAL MACHINERY SUPPLIES LIMITED

Reports and Abbreviated Financial Statements for the Year Ended 31 December 1997

Contents	Pages
Company information	2
Report of the directors	3 - 4
Report of the auditors	5
Profit and loss account	6
Balance sheet	7
Accounting policies	8
Notes to the financial statements	9 - 13

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Company Information

Directors	K E Gee H J L Kappen E W Brongersma
Secretary	K E Gee
Bankers	Barclays Bank Plc Bishop Meadow Road Loughborough LEICESTERSHIRE LE11 ORB
Auditors	Lyon Pilcher Park House 102-108 Above Bar SOUTHAMPTON SO14 7NH
Registered Office	Park House 102-108 Above Bar SOUTHAMPTON SO14 7NH
Company Registration Number	1668906

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Report of the Directors

The directors present their report and the abbreviated financial statements for the year ended 31 December 1997.

Principal Activity

The principal activity of the company is the import and distribution of commercial vehicle components.

Business Review

A summary of the results of the year's trading is given on page 6 of the abbreviated financial statements.

The directors consider the state of the company's affairs to be satisfactory.

Results and dividends

The profit for the year, after taxation was £146,995.

The directors do not recommend the payment of a dividend.

Directors

The directors of the company during the year, together with their beneficial interests in the issued share capital were as follows:

	Ordinary Shares of £1 each	
	31 December 1997	31 December 1996
K E Gee	1,000	1,000
H J L Kappen	-	-
E W Brongersma	-	-

Directors' Responsibilities

Company law requires the directors to prepare financial statements for each financial year which gives a true and fair view of the state of affairs of the company and of the profit and loss of the company for that period. In preparing those financial statements the directors are required to:

- select suitable accounting policies and apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- 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.

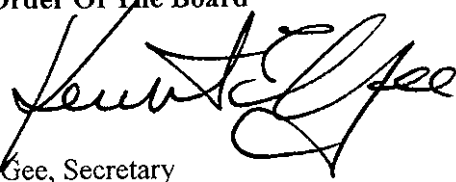
INDUSTRIAL MACHINERY SUPPLIES LIMITED

Report of the Directors (continued)

Auditors

In accordance with Section 385 of the Companies Act 1985 a resolution proposing the re-appointment of Lyon Pilcher as auditors to the company will be put to the Annual General Meeting.

By Order Of The Board

A handwritten signature in black ink, appearing to read 'K E Gee', written over the printed name.

K E Gee, Secretary

Auditors' report to Industrial Machinery Supplies Limited under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages 6 to 13, together with the financial statements of the company for the year ended 31 December 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

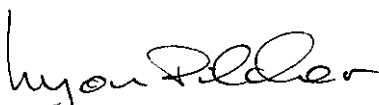
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements 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 consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements 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 full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985 and the abbreviated financial statements on pages 6 to 13 are properly prepared in accordance with that provision.



Lyon Pilcher
Registered Auditors

Southampton

10 July 1998

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Profit and Loss Account for the Year Ended 31 December 1997

	Notes	1997 £	1996 £
Gross profit		1,211,820	946,365
Distribution costs		98,061	75,833
Administrative expenses		720,123	598,433
		818,184	674,266
Operating profit	1	393,636	272,099
Provision against group company loan		110,128	-
Profit on ordinary activities before interest and other income		283,508	272,099
Income from participating interest		50,000	60,352
Interest receivable		8,341	8,977
		341,849	341,428
Interest payable	4	70,094	82,517
Profit on ordinary activities before taxation		271,755	258,911
Taxation	5	124,760	90,272
Retained profit for the year	15	£146,995	£168,639

All amounts relate to continuing activities.

All recognised gains and losses are included in the profit and loss account.

A separate Statement of Movements on Shareholders' Funds is not provided as there are no changes apart from the profit for the year.

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Balance Sheet as at 31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	6	86,296	111,019
Investments	7	-	-
		<hr/> 86,296	<hr/> 111,019
Current assets			
Stocks	8	646,651	617,800
Debtors	9	2,163,995	1,463,025
Cash at bank and in hand		306,329	156,594
		<hr/> 3,116,975	<hr/> 2,237,419
Creditors: amounts falling due within one year	10	(2,061,563)	(1,357,063)
		<hr/> 1,055,412	<hr/> 880,356
Net current assets			
		<hr/> 1,141,708	<hr/> 991,375
Total assets less current liabilities			
Creditors: amounts falling due after more than one year	11	(666,000)	(666,000)
Provisions for liabilities and charges	12	(10,198)	(6,860)
		<hr/> £465,510	<hr/> £318,515
Net assets			
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	15	455,510	308,515
		<hr/> £465,510	<hr/> £318,515
Equity shareholders' funds			

These 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 financial statements were approved by the Board of Directors on: 29 June 1998
and are signed on its behalf by:


E W Brongersma, Director

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Accounting policies

The financial statements have been prepared under the historical cost convention. The company and its subsidiary comprise a medium group. The company has therefore taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group financial statements. The financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by FRS 1 (revised) not to prepare a cash flow statement, as its parent's consolidated financial statements are publicly available.

Turnover

Turnover represents the value, exclusive of Value Added Tax, of goods invoiced in the UK and Eire during the year.

Depreciation

Depreciation is calculated to write off the cost of fixed assets in equal annual instalments over their estimated useful lives, using the following rates:

Plant and equipment	10% - 20%
Office equipment	10% - 33 ¹ / ₃ %
Motor vehicles	25% - 33 ¹ / ₃ %

Stocks

Stocks are stated in the balance sheet at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation arises when items are recognised for tax purposes in periods that differ from the periods in which the items are recognised for accounting purposes. The company provides for deferred taxation at the current rates of tax on timing differences except where it can be reasonably demonstrated that no corporation tax liabilities will arise.

Foreign currencies

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

Pension costs

The company makes payments to individual employees personal pension schemes. Contributions payable to the schemes are charged to the profit and loss account in the period to which they relate.

Operating leases

Annual rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the term of the lease.

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 1997

1 Operating profit

	1997 £	1996 £
Operating profit is stated after charging/(crediting):		
Depreciation of tangible fixed assets	41,066	46,757
Auditors' remuneration	8,500	8,500
Operating lease rentals – land and building	75,127	69,557
Profit on sale of fixed assets	-	(2,203)
Foreign currency gains	(48,624)	-
	<u> </u>	<u> </u>

2 Staff costs

Staff costs consist of:

	1997 £	1996 £
Wages and salaries	348,631	293,318
Social security costs	36,941	25,928
Other pension costs	18,209	12,971
Medical insurance	3,464	3,187
	<u>£407,245</u>	<u>£335,404</u>

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

	Number	Number
Sales	5	6
Administration	10	7
Warehouse	3	3
Technical	3	2
	<u>21</u>	<u>18</u>

3 Directors

Directors' emoluments consist of:

	1997 £	1996 £
Emoluments	64,435	59,836
Contributions towards defined contributions pension schemes	6,072	5,441
	<u>£70,507</u>	<u>£65,277</u>

One director was a member of the company's defined contribution pension scheme (1996: one).

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 1997

4 Interest payable

	1997	1996
Interest payable to parent company	<u>£70,094</u>	<u>£82,517</u>

5 Taxation

	1997 £	1996 £
UK Corporation tax	124,786	90,290
Transfer to deferred taxation	-	(1,750)
(Over)/under provision in respect of prior years	(26)	1,732
	<u>£124,760</u>	<u>£90,272</u>

6 Tangible fixed assets

	Motor Vehicles £	Plant and Equipment £	Office Equipment £	Total £
Cost				
At 1 January 1997	133,975	71,158	162,330	367,463
Additions in year	19,475	-	8,823	28,298
Disposals	-	-	(378)	(378)
	<u>153,450</u>	<u>71,158</u>	<u>170,775</u>	<u>395,383</u>
Depreciation				
At 1 January 1997	89,467	48,589	118,388	256,444
Provided	32,423	4,250	15,970	52,643
	<u>121,890</u>	<u>52,839</u>	<u>134,358</u>	<u>309,087</u>
Net Book Value				
At 31 December 1997	<u>£31,560</u>	<u>£18,319</u>	<u>£36,417</u>	<u>£86,296</u>
At 31 December 1996	<u>£44,508</u>	<u>£22,569</u>	<u>£43,942</u>	<u>£111,019</u>

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 1997

7 Fixed asset investments

	1997 £	1996 £
Unlisted investments:		
Shares in subsidiary At 31 December 1997 and 31 December 1996	1	1
Provision against investment At 31 December 1997 and 31 December 1996	(1)	(1)
	<u>£-</u>	<u>£-</u>

The company owns 100% of the share capital of ICS Black Box (UK) Limited a company incorporated in England.

8 Stocks

	1997	1996
Finished goods for resale	<u>£646,651</u>	<u>£617,800</u>

9 Debtors

	1997 £	1996 £
Trade debtors	1,892,828	1,124,273
Other debtors	67,843	106,782
Due from group companies	174,613	194,710
Prepayments	28,711	31,864
Taxation recoverable	-	5,396
	<u>£2,163,995</u>	<u>£1,463,025</u>

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 1997

10 Creditors: Amounts falling due within one year

	1997 £	1996 £
Trade creditors	801,263	366,388
Social security and other taxes	310,491	202,188
Due to holding company	830,551	693,515
Accruals and deferred income	39,679	26,438
Due to other group companies	862	-
	<hr/>	<hr/>
	1,982,846	1,288,529
Corporation tax	78,717	68,534
	<hr/>	<hr/>
	<u>£2,061,563</u>	<u>£1,357,063</u>

11 Creditors: Amounts falling due after more than one year

	1997	1996
Due to the parent company	<u>£666,000</u>	<u>£666,000</u>

12 Provision for liabilities and charges

	1997	1996
Provision for warranty claims	<u>£10,198</u>	<u>£6,860</u>

13 Deferred taxation

There was no deferred tax provided or unprovided at either 31 December 1997 or 31 December 1996.

14 Called up share capital

	1997	1996
Authorised: 10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>
Allotted, issued and fully paid: 10,000 ordinary shares of £1 each	<u>£10,000</u>	<u>£10,000</u>

INDUSTRIAL MACHINERY SUPPLIES LIMITED

Notes to the Financial Statements for the Year Ended 31 December 1997

15 Profit and loss account

	1997 £	1996 £
Retained profit at 1 January 1997	308,515	139,876
Profit for the year	146,995	168,639
	<hr/>	<hr/>
Retained profit at 31 December 1997	£455,510	£308,515
	<hr/>	<hr/>

16 Commitments

	1997	1996
Capital expenditure		
Contracted but not provided	£ -	£ -
	<hr/>	<hr/>
Pension		
Pension contributions payable at the balance sheet date	£ -	£796
	<hr/>	<hr/>

Operating leases

As at 31 December 1997, the company had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings	
	1997	1996
Operating leases which expire after more than five years	£75,127	£69,557
	<hr/>	<hr/>

17 Contingent liability

The company's assets are pledged as guarantee against its ultimate holding company's liabilities.

18 Immediate and ultimate holding company

The company's immediate and ultimate holding company is Pon Holdings BV, a company incorporated in the Netherlands.