

1932877

**MONARCH BEARINGS INTERNATIONAL LIMITED**

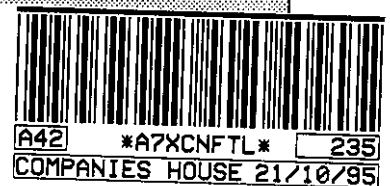
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**

for the year from  
1 April 1994 to 31 March 1995

Company number : 193287

**BENTLEY JENNISON**

**CHARTERED ACCOUNTANTS  
AND REGISTERED AUDITORS**



**MONARCH BEARINGS INTERNATIONAL LIMITED**  
**DIRECTORS' REPORT AND FINANCIAL STATEMENTS**  
**for the year ended 31 March 1995**

**Directors**                      N J Syner  
                                     D M Phillips

**Secretary**                     D M Phillips

**Registered office**            Accounting House  
                                     4 Priory Road  
                                     Kenilworth  
                                     CV8 1LL

---

**CONTENTS**

Pages	1 - 2	Directors' report including statement of directors' responsibilities
	3	Auditors' report
	4	Profit and loss account
	5	Balance sheet
	6 - 13	Notes to the financial statements

---

The following pages do not form part of  
the statutory financial statements:

14 - 15    Detailed profit and loss account

**MONARCH BEARINGS INTERNATIONAL LIMITED****DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 March 1995.

**DIRECTORS RESPONSIBILITIES**

The directors are required by company law to prepare financial statements which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for the period ending on that date. 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.
- prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are also 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 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.

**PRINCIPAL ACTIVITIES**

The principal activity of the company in the year under review continued to be that of wholesale distribution of bearings and similar products.

On 14 June 1995 the company, together with other companies under common control, was acquired by ABEC Group Limited as part of the arrangements for a management buy-out.

## MONARCH BEARINGS INTERNATIONAL LIMITED

## DIRECTORS' REPORT (continued)

## DIRECTORS

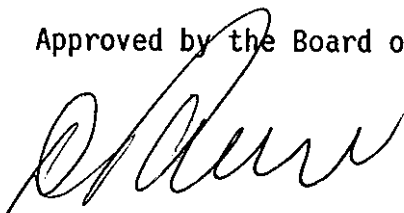
The directors who held office during the year and their beneficial interest in the shares of the company were as follows :

Ordinary shares of £1 each	1995	1994
S Newey	20	20
J Bickley	20	20
S Sidwell	20	20
N J Syner	20	15

On 14 June 1995 S.Newey, J.Bickley, and S.Sidwell resigned and D M Phillips was appointed a director.

This report has been prepared taking advantage of the exemptions conferred by Part II of Schedule 8 of the Companies Act 1985.

Approved by the Board on 17 August 1995 and signed on its behalf by:



D M Phillips

Secretary

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF  
MONARCH BEARINGS INTERNATIONAL LIMITED**

We have audited the financial statements on pages 4 to 13 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 in the directors' report, 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.

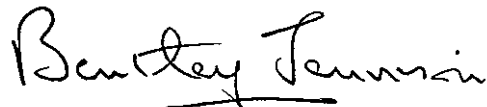
**BASIS OF OPINION**

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 at 31 March 1995 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 as applicable to small companies.



**Bentley Jennison  
Chartered Accountants  
and Registered Auditors**

**15-20 St Paul's Square  
Birmingham  
B3 1QT**

**17 August 1995**

## MONARCH BEARINGS INTERNATIONAL LIMITED

## Profit and loss account for the year ended 31 March 1995

	Notes	1995 £	1994 £
TURNOVER	2	1,293,318	535,274
Cost of sales		(884,549)	(294,107)
GROSS PROFIT		408,769	241,167
Distribution costs		(38,219)	(27,148)
Administrative expenses		(218,935)	(167,194)
OPERATING PROFIT	3	151,615	46,825
Interest payable and similar charges	4	(3,275)	(7,001)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		148,340	39,824
Tax on profit on ordinary activities	5	(55,000)	(11,993)
PROFIT FOR THE FINANCIAL YEAR		93,340	27,831
Dividends	6	(4,000)	-
RETAINED PROFIT FOR THE YEAR		89,340	27,831
RETAINED PROFIT BROUGHT FORWARD		123,510	95,679
RETAINED PROFIT CARRIED FORWARD		212,850	123,510

All of the company's operations are classed as continuing.

There were no recognised gains or losses in the year other than those included in the profit and loss account.

## MONARCH BEARINGS INTERNATIONAL LIMITED

## Balance sheet at 31 March 1995

	Notes	£	1995 £	1994 £
<b>FIXED ASSETS</b>				
Tangible assets	7		51,270	39,910
<b>CURRENT ASSETS</b>				
Stocks	8	162,671		99,901
Debtors	9	487,053		181,495
Cash at bank and in hand		-		231
		649,724		281,627
<b>CREDITORS : Amounts falling due within one year</b>	10	(473,928)		(192,865)
<b>NET CURRENT ASSETS</b>			175,796	88,762
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			227,066	128,672
<b>CREDITORS : Amounts falling due after more than one year</b>	11		(14,136)	(5,087)
<b>NET ASSETS</b>			212,930	123,585
<b>CAPITAL AND RESERVES</b>				
Called up share capital	12		80	75
Profit and loss account			212,850	123,510
<b>SHAREHOLDERS' FUNDS</b>	16		212,930	123,585

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those special exemptions as a small company.

Approved by the Board on 17 August 1995 and signed on its behalf by:

N J Syner

D M Phillips

) Directors

**MONARCH BEARINGS INTERNATIONAL LIMITED****Notes to the financial statements for the year ended 31 March 1995****1 ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**Depreciation**

Depreciation is calculated to write off fixed assets over their estimated useful lives as follows:

Leasehold property improvements	over period of lease
Motor vehicles	25%
Plant & equipment	20%
Fixtures & fittings	15%

**Leases and hire purchase contracts**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated in accordance with the company's depreciation policy. The interest element of the rental obligation is charged to the profit and loss account over the period of the lease or hire purchase contract and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to the profit and loss account as incurred.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Net realisable value is based on estimated selling price less further costs to completion and selling costs.

**Deferred taxation**

Provision is made for deferred taxation using the liability method to the extent that it is considered likely that a liability will crystallise in the foreseeable future.

**Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**Foreign currencies**

Profit and loss transactions in foreign currencies are translated into sterling at the rate ruling at the date of payment.

Assets and liabilities denominated in foreign currencies are translated at the closing rates and the exchange differences are included in the profit and loss account.



## MONARCH BEARINGS INTERNATIONAL LIMITED

Notes to the financial statements for the year ended 31 March 1995

**2 TURNOVER**

The company's turnover represents the value, excluding value added tax of goods and services supplied to customers in the United Kingdom during the year.

**3 OPERATING PROFIT**

	1995 £	1994 £
Operating profit is stated after crediting :		
Profit on sale of fixed assets	-	216
after charging:		
Directors' emoluments	40,513	33,472
Auditors remuneration	3,500	2,300
Operating leases		
Hire of other assets	1,197	4,007
Rent	12,000	12,000
Loss on sale of fixed assets	3,387	-
Depreciation of tangible fixed assets (note 7)		
Depreciation of owned assets	4,403	4,586
Depreciation of leased assets	10,334	3,571

**Pension costs**

The company operates a defined contribution scheme and contributions are charged to the profit and loss account as they accrue. The charge for the year was £2,125 (1994 - £2,827).

**4 INTEREST PAYABLE AND SIMILAR CHARGES**

	1995 £	1994 £
Includes finance charges allocated to year:		
HP contracts	1,683	916

## MONARCH BEARINGS INTERNATIONAL LIMITED

Notes to the financial statements for the year ended 31 March 1995

## 5 TAXATION

	1995 £	1994 £
Corporation tax on profit on ordinary activities at 33%(1994 - 30%)	55,000	11,893
Adjustment in respect of previous year	-	100
	<u>55,000</u>	<u>11,993</u>

## 6 DIVIDENDS

	1995 £	1994 £
Declared interim dividend	5,333	-
Interim dividend waived	(1,333)	-
	<u>4,000</u>	<u>-</u>

**MONARCH BEARINGS INTERNATIONAL LIMITED**

Notes to the financial statements for the year ended 31 March 1995

**7 TANGIBLE FIXED ASSETS**

	Leasehold property improvements £	Plant and machinery etc. £	Total £
<b>Cost</b>			
At 1 April 1994	9,772	71,809	81,581
Additions	-	31,534	31,534
Disposals	-	(21,355)	(21,355)
At 31 March 1995	<u>9,772</u>	<u>81,988</u>	<u>91,760</u>
<b>Depreciation</b>			
At 1 April 1994	-	41,671	41,671
Charge for the year	1,954	12,783	14,737
Disposals	-	(15,918)	(15,918)
At 31 March 1995	<u>1,954</u>	<u>38,536</u>	<u>40,490</u>
<b>Net book value</b>			
At 31 March 1995	<u>7,818</u>	<u>43,452</u>	<u>51,270</u>
At 31 March 1994	<u>9,772</u>	<u>30,138</u>	<u>39,910</u>

The net book value of fixed assets includes £30,999(1994 - £10,663) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

**8 STOCKS**

	1995 £	1994 £
Stocks	162,671	99,901
	<u>162,671</u>	<u>99,901</u>

## MONARCH BEARINGS INTERNATIONAL LIMITED

Notes to the financial statements for the year ended 31 March 1995

## 9 DEBTORS

	1995 £	1994 £
Amounts falling due within one year		
Trade debtors	484,630	179,811
Other debtors	2,423	1,684
	<u>487,053</u>	<u>181,495</u>

Included within trade debtors is an amount of £58,391 (1994 £72,285 ) due from companies under common control of the directors.

## 10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £	1994 £
Bank overdraft	37,500	95,676
Trade creditors	338,327	63,392
Other creditors	30,398	16,355
Corporation tax	54,000	11,893
Obligations under finance leases and hire purchase contracts	13,703	5,549
	<u>473,928</u>	<u>192,865</u>

Included within trade creditors is an amount of £7,515 (1994 £5,279 ) and within other creditors is an amount of £0 (1994 £1,615 ) due to companies under common control of the directors.

The bank borrowing is secured.

## MONARCH BEARINGS INTERNATIONAL LIMITED

Notes to the financial statements for the year ended 31 March 1995

11 CREDITORS: AMOUNTS FALLING DUE  
AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Obligations under finance leases and hire purchase contracts	<u>14,136</u>	<u>5,087</u>

Obligations under finance leases and hire purchase contracts are repayable  
as follows:

	1995 £	1994 £
Between one and five years	<u>14,136</u>	<u>5,087</u>

## 12 CALLED UP SHARE CAPITAL

	1995		1994	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	<u>80</u>	<u>80</u>	<u>75</u>	<u>75</u>

The company issued 5 £1 ordinary shares at par during the year to  
equalize the shareholdings.

**MONARCH BEARINGS INTERNATIONAL LIMITED**

**Notes to the financial statements for the year ended 31 March 1995**

**13 FINANCIAL COMMITMENTS**

**Capital commitments**

There were no capital commitments at the balance sheet date.

**Operating lease commitments**

At 31 March 1995 the company had annual commitments under non-cancellable operating leases as follows:

	1995 £	1994 £
<b>Land and buildings</b>		
Expiring within two to five years	12,000	12,000
<b>Other</b>		
Leases expiring within one year	185	-
Expiring within two to five years	-	2,220
	<u>12,185</u>	<u>14,220</u>

**14 POST BALANCE SHEET EVENTS**

On 14 June 1995 the company, as part of the arrangements for a management buy-out, became a wholly owned subsidiary of ABEC Group Limited.

As part of these arrangements the company became party to a series of cross guarantees with the parent company and fellow subsidiaries. At that date the potential liability was £273,852.

**15 TRANSACTIONS INVOLVING DIRECTORS**

During the year the company made purchases and sales from and to companies under common control of the directors. These transactions were undertaken at arms length.

## MONARCH BEARINGS INTERNATIONAL LIMITED

Notes to the financial statements for the year ended 31 March 1995

## 16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial year	93,340	27,831
Dividends	(4,000)	-
	<u>89,340</u>	<u>27,831</u>
New share capital subscribed	5	-
Net addition to shareholders' funds	<u>89,345</u>	<u>27,831</u>
Opening shareholders' funds	123,585	95,754
Closing shareholders' funds	<u><u>212,930</u></u>	<u><u>123,585</u></u>