

BM MAGNETICS (UK) LIMITED

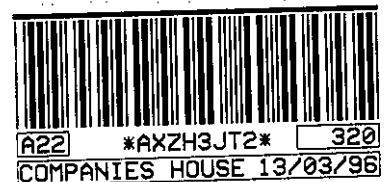
DIRECTORS' REPORT AND FINANCIAL STATEMENTS

for the year from
1 January 1995 to 31 December 1995

Company number : 2328648

BENTLEY JENNISON

CHARTERED ACCOUNTANTS
AND REGISTERED AUDITORS



BM MAGNETICS (UK) LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
for the year ended 31 December 1995

Directors M T Armstrong
G H Bakker

Secretary M T Armstrong

Registered office Chapel House
Westmead Drive
Westlea
Swindon SN5 7UW

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BM MAGNETICS (UK) LIMITED**DIRECTORS' REPORT**

The directors present their report and the audited financial statements for the year ended 31 December 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 the import and distribution of magnetic products.

BM MAGNETICS (UK) LIMITED
DIRECTORS' REPORT (continued)

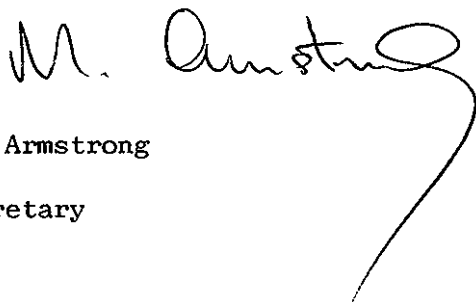
DIRECTORS

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
M T Armstrong	49	49
G H Bakker	-	-

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 23 January 1995 and signed on its behalf by:



M T Armstrong

Secretary

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
BM MAGNETICS (UK) 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 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.

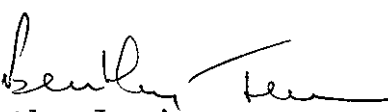
BASIS OF OPINION

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 December 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

23 January 1995

Chapel House
Westmead Drive
Westlea
Swindon SN5 7UW

BM MAGNETICS (UK) LIMITED

Profit and loss account for the year ended 31 December 1995

	Notes	1995 £	1994 £
TURNOVER	2	586,730	547,848
Cost of sales		(402,195)	(356,334)
GROSS PROFIT		184,535	191,514
Distribution costs		(10,028)	(8,110)
Administrative expenses		(138,089)	(135,338)
Other operating income		1,100	660
OPERATING PROFIT	3	37,518	48,726
Interest receivable and similar income	4	3,173	2,282
Interest payable and similar charges	5	(1,044)	(1,006)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		39,647	50,002
Tax on profit on ordinary activities	6	(10,627)	(12,758)
PROFIT FOR THE FINANCIAL YEAR		29,020	37,244
RETAINED PROFIT BROUGHT FORWARD		102,540	65,296
RETAINED SURPLUS CARRIED FORWARD		131,560	102,540

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.

BM MAGNETICS (UK) LIMITED
Balance sheet at 31 December 1995

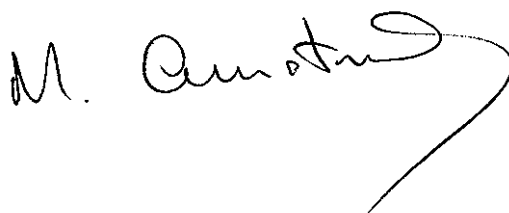
	Notes	£	1995 £	1994 £
FIXED ASSETS				
Tangible assets	7		41,538	25,189
CURRENT ASSETS				
Stocks	8	75,627		63,847
Debtors	9	164,827		208,139
Cash at bank and in hand		90,449		108,317
		330,903		380,303
CREDITORS : Amounts falling due within one year	10	(228,777)		(302,852)
NET CURRENT ASSETS			102,126	77,451
TOTAL ASSETS LESS CURRENT LIABILITIES			143,664	102,640
CREDITORS : Amounts falling due after more than one year	11		(12,004)	-
NET ASSETS			131,660	102,640
CAPITAL AND RESERVES				
Called up share capital	12		100	100
Profit and loss account			131,560	102,540
SHAREHOLDERS' FUNDS	16		131,660	102,640

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 23 January 1995 and signed on its behalf by:

M T Armstrong

Director



BM MAGNETICS (UK) LIMITED

Notes to the financial statements for the year ended 31 December 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:

Motor vehicles	25% Reducing balance
Plant & equipment	25 - 100% Reducing balance
Fixtures & fittings	25% Reducing balance

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.

Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates and the exchange differences are included in the profit and loss account.

Pensions

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

2 TURNOVER

The company's turnover represents the value, excluding value added tax of goods and services supplied to customers during the year. 0.79% of the company's turnover related to exports (1994 - 0.55%).

BM MAGNETICS (UK) LIMITED

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

3 OPERATING PROFIT

	1995 £	1994 £
Operating profit is stated after charging/(crediting) :		
Directors' emoluments	60,550	62,420
Auditors remuneration	1,895	1,100
Operating leases		
Hire of other assets	570	493
Profit on sale of fixed assets	(4,578)	-
Foreign currency exchange loss/(gain)	9,222	(22)
Depreciation of tangible fixed assets (note 7)		
Owned assets	6,566	5,826
Leased assets	3,100	2,599
	<u> </u>	<u> </u>

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 £3,700 (1994 - £3,720).

4 INTEREST RECEIVABLE AND SIMILAR INCOME

	1995 £	1994 £
Interest received	<u>3,173</u>	<u>2,282</u>

5 INTEREST PAYABLE AND SIMILAR CHARGES

	1995 £	1994 £
Includes finance charges allocated to year:		
Finance leases and HP contracts	<u>1,044</u>	<u>932</u>

6 TAXATION

	1995 £	1994 £
Corporation tax on profit on ordinary activities at 25%(1994 - 25%)	<u>10,627</u>	<u>12,758</u>
	<u>10,627</u>	<u>12,758</u>

BM MAGNETICS (UK) LIMITED

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

7 TANGIBLE FIXED ASSETS

	Motor vehicles	Plant and machinery	Fixtures and fittings	Total
Cost	£	£	£	£
1 January 1995	18,480	16,242	12,131	46,853
Additions	27,443	5,000	165	32,608
Disposals	(18,480)	-	(170)	(18,650)
31 December 1995	<u>27,443</u>	<u>21,242</u>	<u>12,126</u>	<u>60,811</u>
Depreciation				
1 January 1995	10,684	3,701	7,280	21,665
Charge for year	4,304	4,124	1,238	9,666
Disposals	(11,888)	-	(170)	(12,058)
31 December 1995	<u>3,100</u>	<u>7,825</u>	<u>8,348</u>	<u>19,273</u>
Net book value				
31 December 1995	<u>24,343</u>	<u>13,417</u>	<u>3,778</u>	<u>41,538</u>
31 December 1994	<u>7,796</u>	<u>15,552</u>	<u>1,841</u>	<u>25,189</u>

The net book amount of fixed assets includes £24,343 (1994 £7,796) 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 £
Stock	<u>75,627</u>	<u>63,847</u>

BM MAGNETICS (UK) LIMITED

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

9 DEBTORS

	1995 £	1994 £
Amounts falling due within one year :		
Trade debtors	162,945	206,114
Other debtors	1,882	2,025
	<u>164,827</u>	<u>208,139</u>

10 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	1995 £	1994 £
Trade creditors	13,735	27,322
Amounts owed to parent undertakings	165,975	185,749
Other tax and social security	33,615	69,397
Other creditors	1,691	2,381
Corporation tax	10,627	12,758
Obligations under finance leases and hire purchase contracts	3,134	5,245
	<u>228,777</u>	<u>302,852</u>

11 CREDITORS: AMOUNTS FALLING DUE
AFTER MORE THAN ONE YEAR

	1995 £	1994 £
Obligations under finance leases and hire purchase contracts	<u>12,004</u>	<u>-</u>

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

	1995 £	1994 £
Between one and five years	<u>12,004</u>	<u>-</u>

BM MAGNETICS (UK) LIMITED

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

12 CALLED UP SHARE CAPITAL

	1995		1994	
	Number of shares	£	Number of shares	£
Authorised				
Equity shares				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
Allotted called up and fully paid				
Equity shares				
Ordinary shares of £1 each	<u>100</u>	<u>100</u>	<u>100</u>	<u>100</u>

13 FINANCIAL COMMITMENTS

Capital commitments

There were no capital commitments at the balance sheet date.

Operating lease commitments

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

	1995 £	1994 £
Land and buildings		
Expiring after five years	<u>13,000</u>	<u>-</u>

14 CONTINGENT LIABILITIES

Under forward exchange contracts the company is committed to pay £109,564 during 1996.

15 ULTIMATE HOLDING COMPANY

The company's ultimate parent undertaking at the balance sheet date was Bakker Madava BV, a company registered in The Netherlands.

BM MAGNETICS (UK) LIMITED

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

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995 £	1994 £
Profit for the financial year	29,020	37,244
Dividends	-	-
Net addition to shareholders' funds	<u>29,020</u>	<u>37,244</u>
Opening shareholders' funds	102,640	65,396
Closing shareholders' funds	<u><u>131,660</u></u>	<u><u>102,640</u></u>