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**CTP Silleck Davall
Limited (formerly
Silleck Davall Limited)**

Report and Accounts

31 March 1998

Registered No. 3088344



DIRECTORS' REPORT

Directors: P J Young (Chairman)
R M Chalkley (Managing Director)
R N Easdale
D W Adam
J A Revill
D M Smoley, ACA
I Williamson

Secretary: D M Smoley, ACA

Registered office: Dafen Industrial Park, Llanelli, Carmarthenshire, SA14 8LX

The directors present their report and accounts for the 15 months ended 31 March 1998.

RESULTS AND DIVIDENDS

The loss for the period amounts to £71,080 and is dealt with as shown in the profit and loss account.

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The activities of the company consist of the manufacture of moulded plastic components.

On 20 March 1997 the company was acquired from EIS Group plc by Carclo Engineering Group plc.

The business continues to produce precision technical injection mouldings for the automotive and electronics industries, mainly located in South Wales and Southern England. Press size ranges from 25 to 550 tonnes. The business has reduced its focus on speaker box assembly.

YEAR 2000 AND EURO

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and thus require modification or replacement to accommodate the Year 2000.

We have carried out a review of both our computer installations and systems and other business automation facilities to determine those which are not Year 2000 compliant. This review also considered the impact on our business of Year 2000 related failures by our significant suppliers and customers.

Our computer facilities are either compliant or will shortly be upgraded to achieve compliance, current year and outstanding expenditure for which is not material.

Given the complexity of the problem, it is not possible to guarantee that no Year 2000 problems will remain because some level of failure may still occur. However, we believe that the company will achieve an acceptable state of readiness.

Where appropriate the company is upgrading its systems in order to conduct trading in the euro following its introduction on 1 January 1999. The associated costs are not expected to be material.

CHANGE OF NAME

On 22 October 1997 the company changed its name from Silleck Davall Limited to CTP Silleck Davall Limited.

DIRECTORS' REPORT

DIRECTORS AND THEIR INTERESTS

The directors of the company during the period ended 31 March 1998 were those listed above, together with P J K Haslehurst and J J Hobbs who resigned on 20 March 1997. P J Young, D W Adam and J A Revill were appointed on 20 March 1997. R N Easdale was appointed on 14 March 1997, D M Smoley was appointed on 5 March 1998 and I Williamson was appointed on 22 June 1998.

The only directors' interests notifiable under the terms of the Companies Act 1985 were those listed below:

Carclo Engineering Group PLC

	31 March 1998	Holdings of ordinary shares of 5p each 31 December 1996 (or date of appointment if later)
P J Young	30,000	30,000
D M Smoley	1,000	1,000

	As at 31 December 1996 (or date of appointment if after)	Granted during period	Exercised or surrendered during period	Options to purchase ordinary shares of 5p each As at 31 March 1998
P J Young	46,000	-	-	46,000
	-	6,250	-	6,250*
R N Easdale	-	10,000	-	10,000
R M Chalkley	-	3,750	-	3,750*
J A Revill	33,000	10,000	(33,000)	10,000
	-	6,250	-	6,250*
D M Smoley	10,000	-	-	10,000

* options granted under Carclo Sharesave Option Scheme 1997.

AUDITORS

A resolution to reappoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



D M Smoley
Secretary

21 December 1998

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year 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, subject to any material departures disclosed and explained in the accounts; 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 to 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.

REPORT OF THE AUDITORS

to the members of CTP Silleck Davall Limited (formerley Silleck Davall Limited)

We have audited the accounts on pages 5 to 13 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and on the basis of the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

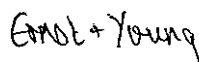
Basis of opinion

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 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 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 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 state of affairs of the company at 31 March 1998 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young
Registered Auditor
Leeds

31 December 1998

CTP Silleck Davall Limited

PROFIT AND LOSS ACCOUNT for the 15 months ended 31 March 1998

	Notes	15 months ended 31 March 1998 £	Period ended 31 December 1996 £
TURNOVER	3	4,008,250	1,646,479
OPERATING (LOSS)/PROFIT	4	(108,273)	26,853
Net interest payable	5	18,417	14,925
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(126,690)	11,928
Taxation	8	(55,610)	18,122
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION AND DEFICIT FOR THE FINANCIAL PERIOD		(71,080)	(6,194)

There are no recognised gains or losses other than the loss after taxation of £71,080 (1996 - £6,194 loss).

CTP Silleck Davall Limited


BALANCE SHEET

at 31 March 1998

	Notes	31 March 1998 £	31 December 1996 £
FIXED ASSETS			
Tangible assets	9	1,625,324	1,182,252
CURRENT ASSETS			
Stocks	10	315,466	288,027
Debtors	11	1,110,011	1,020,969
Cash at bank and in hand		238	27,857
		1,425,715	1,336,853
CREDITORS: amounts falling due within one year	12	1,549,391	1,151,734
NET CURRENT (LIABILITIES)/ASSETS		(123,676)	185,119
TOTAL ASSETS LESS CURRENT LIABILITIES		1,501,648	1,367,371
CREDITORS: amounts falling due after one year	13	477,274	1,322,441
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	101,648	51,122
		922,726	(6,192)
CAPITAL AND RESERVES			
Called up share capital	15	1,000,000	2
Reserves	16	(77,274)	(6,194)
EQUITY SHAREHOLDERS' FUNDS		922,726	(6,192)

R M Chalkley)
) Directors
 D M Smoley)

21 December 1998



NOTES TO THE ACCOUNTS

at 31 March 1998

1. **PROFIT AND LOSS ACCOUNT FORMAT**

The company previously prepared the profit and loss account in accordance with Format 1 (Schedule 8, Part 1, Companies Act 1985). Following the change in ownership, the company has adopted the Format 2 profit and loss account in order to ensure consistency with fellow group companies.

2. **ACCOUNTING POLICIES**

Accounting convention

The accounts are prepared under the historical cost convention, as modified by the revaluation of land and buildings, and in accordance with applicable accounting standards.

Related party transactions

The company has taken advantage of the exemption in Financial Reporting Standard 8 from disclosing transactions with related parties that are part of Carclo Engineering Group PLC.

Leased assets

Rentals in respect of operating leases are charged to the profit and loss account as incurred.

Depreciation

Land and buildings are shown at cost or valuation. Other fixed assets are shown at cost, any related government grants being deducted from the cost.

Previously government grants were recognised in the profit and loss account so as to match them with the expenditure to which they were intended to contribute. There is no effect on opening reserves of this change in accounting policy. The opening cost of plant and machinery in note 9 has been reduced by £106,200, being the balance of the government grant at 1 January 1997. A corresponding adjustment has been made to the creditors comparative in note 12.

Freehold land is not depreciated.

Depreciation is provided, at annual rates calculated to write off the cost or valuation after deducting government grants, on all fixed assets on a straight line basis over their expected useful lives as follows:-

Fixtures and fittings	10 - 20%
Plant and machinery	10 - 25%
Freehold buildings	2%

Stocks

Stocks are stated at the lower of cost and net realisable value, with due allowance for any obsolete or slow moving items. In the case of finished goods and work in progress cost comprises direct materials, direct labour and an appropriate proportion of manufacturing overhead expenses.

Research and development

Expenditure on research and development is written off in the year in which it is incurred.

Deferred taxation

Provision is made for deferred taxation using the liability method where it is considered that such a liability may become payable in the future.

Pensions

The company contributes to group pension schemes which are defined benefit schemes and fully funded. Contributions to the schemes are charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives with the company. The effect of any experience surpluses is retained within the accounts of the ultimate parent company.

NOTES TO THE ACCOUNTS

at 31 March 1998

2. ACCOUNTING POLICIES (continued)

Foreign currencies

Normal trading activities denominated in foreign currencies are recorded in sterling at actual exchange rates at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are translated at the rates of exchange prevailing at the year end, except where they are covered by forward contracts in which case the rate appropriate to the forward contract is used.

3. TURNOVER

Turnover is the net invoiced value of goods and services provided by the company exclusive of VAT.

Turnover is attributable to the company's principal activity.

By geographical area

	<i>15 months ended 31 March 1998 £</i>	<i>Period ended 31 December 1996 £</i>
United Kingdom	4,004,796	1,646,479
Rest of Europe	3,454	-
	<u>4,008,250</u>	<u>1,646,479</u>

4. OPERATING PROFIT

Operating profit is arrived at as follows:

	<i>15 months ended 31 March 1998 £</i>	<i>Period ended 31 December 1996 £</i>
Turnover	4,008,250	1,646,479
Increase in stocks of finished goods and work in progress	63,353	91,110
	<u>4,071,603</u>	<u>1,737,589</u>
Raw materials and consumables	2,898,818	1,101,519
Employee costs (note 6)	680,696	346,943
Depreciation	168,567	97,338
Auditors' remuneration	7,000	3,000
Operating lease rentals - other	30,511	-
Management charge	30,000	-
Other operating charges	364,284	161,936
	<u>4,179,876</u>	<u>1,710,736</u>
	<u>(108,273)</u>	<u>26,853</u>

CTP Silleck Davall Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

5. NET INTEREST PAYABLE

	<i>15 months ended 31 March 1998 £</i>	<i>Period ended 31 December 1996 £</i>
On bank loans and overdraft	27,466	14,925
On loan to parent company	(9,049)	-
	<u>18,417</u>	<u>14,925</u>

6. EMPLOYEE COSTS

Employee costs during the period amounted to:

	<i>15 months ended 31 March 1998 £</i>	<i>Period ended 31 December 1996 £</i>
Wages and salaries	606,008	329,447
Social security costs	44,895	10,746
Pension costs	29,793	6,750
	<u>680,696</u>	<u>346,943</u>

The average monthly number of persons employed by the company during the year was 39 (1996 - 28).

The employee costs shown above include the following remuneration in respect of the directors:

	<i>15 months ended 31 March 1998 £</i>	<i>Period ended 31 December 1996 £</i>
Emoluments	35,250	-

D W Adam and I Williamson are also directors of the holding company and fellow subsidiaries. P J Young and J A Revill are also directors of fellow subsidiaries. These directors received total remuneration of £448,916, all of which was paid by the holding company. The directors do not believe that it is practicable to apportion this amount between their services as directors of the company and their services as directors of the holding and fellow subsidiary companies.

The number of directors who were eligible to receive retirement benefits under the group defined benefit pension schemes at 31 March 1998 was 6 (1996 - nil).

7. PENSIONS

Contributions to the pension scheme are determined by qualified actuaries on the basis of triennial valuations. The most recent valuation was as at 1 April 1995 and the details of these actuarial valuations are disclosed in the accounts of the parent company.

CTP Silleck Davall Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

8. TAXATION

The charge based on the profit for the year comprises:

	<i>15 months ended 31 March 1998 £</i>	<i>Period ended 31 December 1996 £</i>
Corporation tax at 31% (1996 - 33%)	(18,740)	-
Group relief	-	(33,000)
Deferred taxation	52,827	51,122
Adjustment relating to prior year	(89,697)	-
	<u>(55,610)</u>	<u>18,122</u>

9. TANGIBLE FIXED ASSETS

	<i>Freehold land and buildings £</i>	<i>Plant and machinery £</i>	<i>Total £</i>
Cost or valuation:			
At 1 January 1997	537,425	802,432	1,339,857
Additions	-	622,157	622,157
Disposals	-	(11,938)	(11,938)
At 31 March 1998	<u>537,425</u>	<u>1,412,651</u>	<u>1,950,076</u>
Depreciation:			
At 1 January 1997	72,009	85,596	157,605
Provided during the year	23,416	145,151	168,567
Disposals	-	(1,420)	(1,420)
At 31 March 1998	<u>95,425</u>	<u>229,327</u>	<u>324,752</u>
Net book value:			
At 31 March 1998	<u>442,000</u>	<u>1,183,324</u>	<u>1,625,324</u>
At 31 December 1996	<u>465,416</u>	<u>716,836</u>	<u>1,182,252</u>

Included in freehold land and buildings is land valued at £50,000, which is not depreciated.

CTP Silleck Davall Limited

NOTES TO THE ACCOUNTS

at 31 March 1998

10. STOCKS

	<i>31 March 1998</i>	<i>31 December 1996</i>
	£	£
Raw materials	161,003	196,917
Finished goods	154,463	91,110
	<u>315,466</u>	<u>288,027</u>

11. DEBTORS

	<i>31 March 1998</i>	<i>31 December 1996</i>
	£	£
Trade debtors	26,048	-
Amounts owed by group undertakings	988,703	966,914
Group relief receivable	-	33,000
Prepayments	4,000	21,055
Corporation tax repayable	91,260	-
	<u>1,110,011</u>	<u>1,020,969</u>

12. CREDITORS: amounts falling due within one year

	<i>31 March 1998</i>	<i>31 December 1996</i>
	£	£
Bank overdraft and loans	197,218	37,856
Trade creditors	498,775	287,151
Amounts owed to group undertakings	610,229	729,639
Other taxes and social security costs	70,745	55,280
Other creditors	8,423	-
Accruals	164,001	41,808
	<u>1,549,391</u>	<u>1,151,734</u>

13. CREDITORS: amounts falling due after more than one year

	<i>31 March 1998</i>	<i>31 December 1996</i>
	£	£
Bank loans	-	208,215
Medium term loan owed to parent company	477,274	1,114,226
	<u>477,274</u>	<u>1,322,441</u>

NOTICE OF MEETING

14. DEFERRED TAXATION

Deferred taxation is as follows:

	31 March 1998 £	31 December 1996 £
Accelerated capital allowances	101,648	52,147
Other timing differences	-	(1,025)
	<u>101,648</u>	<u>51,122</u>

There is a potential liability in respect of the tax which would arise if the company's revalued property was sold for its revalued amount. This liability is estimated at £42,000 (1996 - £3,000).

15. CALLED UP SHARE CAPITAL

	31 March 1998 £	Authorised 31 December 1996 £	31 March 1998 £	Allotted, called up and fully paid 31 December 1996 £
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000</u>	<u>1,000,000</u>	<u>2</u>

On 8 October 1997 the authorised share capital was increased by £999,000 by the creation of 999,000 ordinary shares of £1 each. On the same date, 999,998 ordinary shares of £1 each, with an aggregate nominal value of £999,998, were issued fully paid for cash of £999,998.

16. RESERVES

	Profit and loss account £
At 1 January 1997	(6,194)
Deficit for the period	(71,080)
At 31 March 1998	<u>(77,274)</u>

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	31 March 1998 £	31 December 1996 £
Loss on ordinary activities after taxation	(71,080)	(6,194)
Issue of new share capital	999,998	-
Net addition to/(reduction in) shareholders' funds	<u>928,918</u>	<u>(6,194)</u>
Opening shareholders' funds	(6,192)	2
Closing shareholders' funds	<u>922,726</u>	<u>(6,192)</u>

NOTICE OF MEETING

18. CAPITAL COMMITMENTS

	<i>31 March 1998</i>	<i>31 December 1996</i>
Contracted	89,000	-

19. OTHER FINANCIAL COMMITMENTS

At 31 March 1998 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>31 March 1998</i>	<i>31 December 1996</i>	<i>31 March 1998</i>	<i>31 December 1996</i>
	£	£	£	£
Operating leases which expire:				
within one year	-	-	5,800	-
within two to five years	21,000	-	-	-
	<u>21,000</u>	<u>-</u>	<u>5,800</u>	<u>-</u>

20. ULTIMATE PARENT COMPANY

The parent company and ultimate controlling party of the group of undertakings for which group accounts are drawn up and of which the company is a member is Carclo Engineering Group PLC.

Copies of Carclo Engineering Group PLC's accounts can be obtained from Carclo House, PO Box 224, Fife Street, Sheffield S9 1YX.