

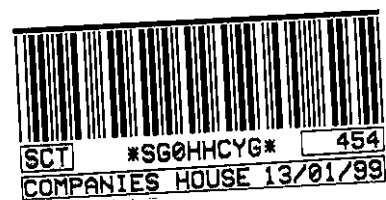
ALEXANDER POLLOCK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 1998

CO NO. SC47145



ALEXANDER POLLOCK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1998

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|                   |   |
|-------------------|---|
| Registration no   | SC47145   |
| Registered office | 21 Bankhead Drive<br>Sighthill Industrial Estate<br>Edinburgh<br>EH11 4DP |
| Directors         | J Stewart BSc (Hons) Chem Tech<br>Mrs A H J Stewart                       |
| Secretary         | Wright, Johnston & Mackenzie  |
| Bankers           | Bank of Scotland  |
| Solicitors        | Wright, Johnston & Mackenzie  |
| Auditors          | Grant Thornton<br>Registered Auditors<br>Chartered Accountants            |

ALEXANDER POLLOCK LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 1998

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## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 31 March 1998.

**Principal activities**

The company is principally engaged in toolmaking, diecasting and engraving.

**Directors**

The present membership of the Board is set out below. Both directors served on the Board throughout the year.

The interests of the directors in the shares of the company at 1 April 1997 and at 31 March 1998 were as follows:

|                        | 1998 and 1997<br>Ordinary Shares |
|------------------------|----------------------------------|
| J Stewart - Beneficial | 13,771                           |
| - Non-beneficial       | 6,480                            |
| Mrs A H J Stewart      | -                                |
|                        | =====                            |

**Directors' responsibilities for the financial statements**

Company law requires the directors to prepare financial statements 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 financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Fixed assets**

The directors are of the opinion that, in aggregate, the market value of land and buildings exceeds the book value of the assets.


**Auditors**

Grant Thornton offer themselves for re-appointment as auditors in accordance with section 385 of the Companies Act 1985.

**Small company exemptions**

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD



WRIGHT, JOHNSTON & MACKENZIE  
Secretary

17 September 1998

ALEXANDER POLLOCK LIMITED

We have audited the financial statements on pages 4 to 12 which have been prepared in accordance with the Financial Reporting Standards for Smaller Entities and under the accounting policies set out on pages 4 and 5.

Respective responsibilities of directors and auditors

As described on page 1 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

EDINBURGH

17 September 1998

PRINCIPAL ACCOUNTING POLICIES

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

**Turnover**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

**Depreciation**

Depreciation is calculated to write down the cost of all tangible fixed assets, other than heritable land, by equal annual instalments over their expected useful lives. The periods generally applicable are:

|   |            |
|---|------------|
| Heritable buildings   | - 50 years |
| Plant and equipment, motor vehicles<br>and furniture and fittings | - 5 years  |

**Government grants**

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Government grants of a revenue nature are credited to the profit and loss account in the same period as the related expenditure.

**Stock**

Stock is stated at the lower of cost and net realisable value.

**Deferred taxation**

Deferred tax is provided for using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

**Leased assets**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

Contribution to pension funds

Defined Contribution Scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.



ALEXANDER POLLOCK LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MARCH 1998

|   | Note | 1998<br>£       | 1997<br>£      |
|---|------|-----------------|----------------|
| Turnover  | 1    | 649,719         | 594,005        |
| Cost of sales   |      | 384,904         | 375,917        |
| Gross profit  |      | <u>264,815</u>  | <u>218,088</u> |
| Other operating income and charges                      | 1    | 246,345         | 225,999        |
| Operating profit/(loss)                                 |      | <u>18,470</u>   | <u>(7,911)</u> |
| Net interest  | 2    | <u>(10,290)</u> | <u>(3,322)</u> |
| Profit/(loss) on ordinary activities<br>before taxation | 1    | 8,180           | (11,233)       |
| Taxation on profit/(loss)<br>on ordinary activities     | 4    | 393             | 4,230          |
| Profit/(loss) for the financial year                    | 13   | <u>8,573</u>    | <u>(7,003)</u> |
| Dividends paid  |      | 5,000           | -              |
| Profit/(loss) transferred to reserves                   |      | <u>3,573</u>    | <u>(7,003)</u> |
|   |      | =====           | =====          |

The accompanying accounting policies and notes form an integral part of these financial statements.

|   | Note | £        | 1998<br>£      | 1997<br>£      |
|---|------|----------|----------------|----------------|
| <b>Fixed assets</b>                                     |      |          |                |                |
| Tangible assets   | 5    |          | 244,477        | 250,077        |
| <b>Current assets</b>                                   |      |          |                |                |
| Stock   | 6    | 26,809   |                | 27,241         |
| Debtors   | 7    | 133,456  |                | 100,870        |
| Cash at bank and in hand                                |      | 361      |                | 4,802          |
|   |      |          | <u>160,626</u> | <u>132,913</u> |
| Creditors: amounts falling due within one year          | 8    | (94,340) |                | (88,151)       |
|   |      |          | <u>66,286</u>  | <u>44,762</u>  |
| Net current assets                                      |      |          |                |                |
|   |      |          | 310,763        | 294,839        |
| <b>Total assets less current liabilities</b>            |      |          |                |                |
| Creditors: amounts falling due after more than one year | 9    |          | (114,893)      | (102,542)      |
| Provisions for liabilities and charges                  | 10   |          | (9,300)        | (9,300)        |
|   |      |          | <u>186,570</u> | <u>182,997</u> |
|   |      |          | =====          | =====          |
| <b>Capital and reserves</b>                             |      |          |                |                |
| Called up share capital                                 | 12   |          | 27,000         | 27,000         |
| Profit and loss account                                 | 13   |          | 159,570        | 155,997        |
|   |      |          | <u>186,570</u> | <u>182,997</u> |
|   |      |          | =====          | =====          |
| Equity shareholders' funds                              |      |          |                |                |

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act relating to small companies and with the Financial Reporting for Smaller Entities.

The financial statements were approved by the Board of Directors on 17 September 1998.

.....  
J STEWART

DIRECTOR

The accompanying accounting policies and notes form an integral part of these financial statements.

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**1 Turnover and profit on ordinary activities before taxation**

Turnover attributable to geographical markets outside the United Kingdom amounted to 6.6% (1997: 5%).

The profit/(loss) on ordinary activities is stated after (crediting)/charging:

|   | 1998    | 1997    |
|---|---------|---------|
|   | £       | £       |
| Auditors' remuneration                                      | 3,000   | 2,900   |
| Depreciation - tangible fixed assets, owned                 | 42,446  | 42,265  |
| - tangible fixed assets, held under hire purchase contracts | 24,324  | 12,271  |
| Government grants credited                                  | (5,500) | (5,500) |
| Pension costs   | 4,670   | 3,970   |
|   | =====   | =====   |

**Other operating income and charges**

|                         | 1998           | 1997           |
|-------------------------|----------------|----------------|
|                         | £              | £              |
| Plant expenses          | 109,570        | 84,657         |
| Distribution costs      | 18,930         | 17,616         |
| Administrative expenses | 123,345        | 129,226        |
| Other operating income  | (5,500)        | (5,500)        |
|                         | <u>246,345</u> | <u>225,999</u> |
|                         | =====          | =====          |

**2 Net interest**

|  | 1998          | 1997         |
|--|---------------|--------------|
|  | £             | £            |
| Other interest payable and similar charges   | 10,408        | 4,286        |
| Other interest receivable and similar income | (118)         | (964)        |
|  | <u>10,290</u> | <u>3,322</u> |
|  | =====         | =====        |

**3 Directors**

|                         | 1998          | 1997          |
|-------------------------|---------------|---------------|
|                         | £             | £             |
| Directors' remuneration | 37,814        | 37,204        |
| Pension contributions   | 1,242         | 1,155         |
|                         | <u>39,056</u> | <u>38,359</u> |
|                         | =====         | =====         |

During the year one director (1997 - one director) participated in money purchase pension scheme.

FOR THE YEAR ENDED 31 MARCH 1998

## 4 Tax on profit/(loss) on ordinary activities

The tax change represents:

|                 | 1998 | 1997 |
|-----------------|------|------|
|                 | £    | £    |
| Corporation tax | -    | -    |
| Deferred tax    | -    | -    |

Adjustments in respect of prior year:

|                 |            |              |
|-----------------|------------|--------------|
| Corporation tax | 393        | 4,230        |
|                 | <u>393</u> | <u>4,230</u> |
|                 | =====      | =====        |

Unrelieved tax losses of £4,556 remain available to offset against future taxable trading profits.

## 5 Tangible fixed assets

|                                     | Total<br>£     | Heritable<br>land &<br>buildings<br>£ | Plant &<br>machinery<br>£ |
|-------------------------------------|----------------|---------------------------------------|---------------------------|
| Cost                                |                |                                       |                           |
| At 1 April 1997                     | 635,893        | 106,083                               | 529,810                   |
| Additions                           | 61,170         | -                                     | 61,170                    |
|                                     | <u>697,063</u> | <u>106,083</u>                        | <u>590,980</u>            |
| At 31 March 1998                    |                |                                       |                           |
| Depreciation                        |                |                                       |                           |
| At 1 April 1997                     | 385,816        | 36,464                                | 349,352                   |
| Provided in the<br>year             | 66,770         | 2,055                                 | 64,715                    |
|                                     | <u>452,586</u> | <u>38,519</u>                         | <u>414,067</u>            |
| At 31 March 1998                    |                |                                       |                           |
| Net book amount<br>at 31 March 1998 | 244,477        | 67,564                                | 176,913                   |
|                                     | =====          | =====                                 | =====                     |
| Net book amount<br>at 31 March 1997 | 250,077        | 69,619                                | 180,458                   |
|                                     | =====          | =====                                 | =====                     |

The figures stated above include assets held under hire purchase contracts as follows:

|                                   | Plant &<br>equipment<br>£ |
|-----------------------------------|---------------------------|
| Net book amount at 31 March 1998  | 72,754                    |
|                                   | =====                     |
| Net book amount at 31 March 1997  | 36,813                    |
|                                   | =====                     |
| Depreciation provided in the year | 24,324                    |
|                                   | =====                     |

The gross amount of land and buildings on which depreciation is being provided is £102,752 (1997 - £102,752).

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1998

|   |                             |               |               |
|---|-----------------------------|---------------|---------------|
| 6 | Stock                       | 1998          | 1997          |
|   |                             | £             | £             |
|   | Raw materials               | 13,359        | 14,614        |
|   | Short term work in progress | 13,450        | 12,627        |
|   |                             | <u>26,809</u> | <u>27,241</u> |
|   |                             | =====         | =====         |

|   |                                |                |                |
|---|--------------------------------|----------------|----------------|
| 7 | Debtors                        | 1998           | 1997           |
|   |                                | £              | £              |
|   | Trade debtors                  | 126,167        | 89,352         |
|   | Prepayments and accrued income | 844            | 1,050          |
|   | Pension contributions          | 5,195          | 4,685          |
|   | Corporation tax                | 1,250          | 5,783          |
|   |                                | <u>133,456</u> | <u>100,870</u> |
|   |                                | =====          | =====          |

|   |  |               |               |
|---|--|---------------|---------------|
| 8 | Creditors: amounts falling due within one year | 1998          | 1997          |
|   |  | £             | £             |
|   | Bank loan and overdraft                        | 25,597        | 18,571        |
|   | Trade creditors                                | 23,484        | 30,670        |
|   | Social security and other taxes                | 15,225        | 12,916        |
|   | Director's loan                                | -             | 40            |
|   | Accruals                                       | 3,624         | 8,128         |
|   | Deferred income: government grants             | 5,500         | 5,500         |
|   | Amounts due under hire purchase contracts      | 20,910        | 10,845        |
|   | Pension contributions                          | -             | 1,481         |
|   |  | <u>94,340</u> | <u>88,151</u> |
|   |  | =====         | =====         |

The bank loan and overdraft are secured by a standard security over the company's land and buildings, and a bond and floating charge over all of the assets of the company.

|   |   |                |                |
|---|---|----------------|----------------|
| 9 | Creditors: amounts falling due after more than one year | 1998           | 1997           |
|   |   | £              | £              |
|   | Bank loan   | 50,945         | 58,316         |
|   | Deferred income: government grants                      | 8,000          | 13,500         |
|   | Amounts due under hire purchase contracts               | 55,948         | 30,726         |
|   |   | <u>114,893</u> | <u>102,542</u> |
|   |   | =====          | =====          |

Included within bank loan is an amount of £15,901 which is due in more than five years.

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 31 MARCH 1998

| 10 | Provisions for liabilities and charges | Deferred<br>Taxation<br>(Note 11)<br>£ |
|----|--|--|
|    | At 1 April 1997                        | 9,300                                  |
|    | Provided during year                   | -                                      |
|    | At 31 March 1998                       | 9,300                                  |
|    |  | =====                                  |

## 11 Deferred taxation

Deferred taxation provided for and not provided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 21%.

|                                | Amount provided |       | Amount unprovided |       |
|--------------------------------|-----------------|-------|-------------------|-------|
|                                | 1998            | 1997  | 1998              | 1997  |
|                                | £               | £     | £                 | £     |
| Accelerated capital allowances | 9,300           | 9,300 | -                 | -     |
|                                | =====           | ===== | =====             | ===== |

## 12 Called up share capital

|                            | 1998 and 1997<br>Authorised<br>£ | 1998 and 1997<br>Allotted, called<br>up and fully paid<br>£ |
|----------------------------|----------------------------------|---|
| Ordinary shares of £1 each | 40,000                           | 27,000  |
|                            | =====                            | =====   |

## 13 Reserves

|                     | Profit & loss<br>account<br>£ |
|---------------------|-------------------------------|
| At 1 April 1997     | 155,997                       |
| Profit for the year | 3,573                         |
| At 31 March 1998    | 159,570                       |
|                     | =====                         |

## 14 Contingent liabilities

There were no contingent liabilities at 31 March 1998 or at 31 March 1997, except in respect of deferred taxation (see note 11).

15 Pensions

Defined contribution scheme

The company operates a defined contribution pension scheme for the benefit of one of the directors, and senior employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

16 Leasing commitments

Operating lease payments amounting to £1,287 (1997 - £1,287) are due within one year. The commitments to make the payments included in this sum expire between 2 and 5 years.

17 Controlling party

The controlling party is Mr J Stewart, who beneficially owns 51% of the shares.