

GODIVA BEARINGS (SOUTHERN) LIMITED

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 JANUARY 1998

COMPANY NO: 01293580



GODIVA BEARINGS (SOUTHERN) LIMITED

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FOR THE YEAR ENDED 31 JANUARY 1998

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GODIVA BEARINGS (SOUTHERN) LIMITED
ABBREVIATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 January 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company acts as distributors, dealers and wholesalers of bearings and other products to the UK engineering industry.

The directors consider the results for the year to be satisfactory.

DIVIDEND AND TRANSFER TO RESERVES

The directors have paid interim dividends amounting to £540,000, and they do not recommend payment of a final dividend.

It is proposed that the retained profit of £481,792 is transferred to reserves.

DIRECTORS AND THEIR INTERESTS

The directors at the balance sheet date and their interests in the company at that date and at the beginning of the year, were as follows:

		<u>Number of shares</u>	
		<u>1998</u>	<u>1997</u>
	<u>Class of share</u>		
I.D. Cuthill (Chairman)	Ordinary shares	6	6
P. Cuthill	Ordinary shares	6	6
D.N. Harrow	Ordinary shares	-	-
M. Burd	Ordinary shares	-	-
P.L. Sewell	Ordinary shares	-	-

GODIVA BEARINGS (SOUTHERN) LIMITED
ABBREVIATED FINANCIAL STATEMENTS

REPORT OF THE DIRECTORS (Continued)

DIRECTOR'S RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the 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 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.

CHARITABLE CONTRIBUTIONS

During the year the company made various charitable contributions totalling £1,300.

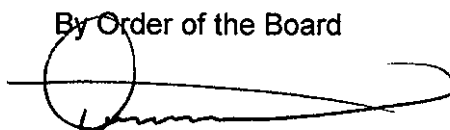
CLOSE COMPANY

The company is a close company as defined by the Income and Corporation Taxes Act 1988.

AUDITORS

The auditors, Price Waterhouse, have expressed their willingness to continue in office and a resolution concerning their reappointment will be proposed at the Annual General Meeting.

By Order of the Board



D. Harrow

Managing Director
Date: 19 May 1998

Price Waterhouse



AUDITORS' REPORT TO THE MEMBERS OF GODIVA BEARINGS (SOUTHERN) LIMITED

We have audited the financial statements on pages 4 to 15, together with the financial statements of the company for the year ended 31 January 1998 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts 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 accounts and that the abbreviated accounts 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 accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with that provision.

Price Waterhouse

Chartered Accountants and
Registered Auditors
19 May 1998

GODIVA BEARINGS (SOUTHERN) LIMITED
ABBREVIATED FINANCIAL STATEMENTS

PROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST JANUARY 1998

	Notes	1998 £	1997 £
GROSS PROFIT		3,408,512	3,394,354
Administrative expenses		(1,818,794)	(1,568,617)
Other operating income		<u>6,380</u>	<u>33,820</u>
OPERATING PROFIT - Continuing Operations	2	1,596,098	1,859,557
Interest receivable	3	673	487
Interest payable	4	<u>(94,882)</u>	<u>(114,065)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		1,501,889	1,745,979
Tax on profit on ordinary activities	7	<u>(480,097)</u>	<u>(618,824)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		1,021,792	1,127,155
Dividends	8	<u>(540,000)</u>	<u>(570,000)</u>
RETAINED PROFIT FOR THE YEAR	16	<u>481,792</u>	<u>557,155</u>

The company has no recognised gains or losses other than those dealt with in the profit and loss account.

The notes on pages 7 to 15 form part of these financial statements.

GODIVA BEARINGS (SOUTHERN) LIMITED
ABBREVIATED FINANCIAL STATEMENTS

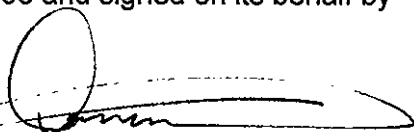
BALANCE SHEET AS AT 31ST JANUARY 1998

	Notes	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible fixed assets	9		428,937		473,501
CURRENT ASSETS					
Stock	10	4,024,150		3,793,068	
Debtors	11	2,408,807		2,396,796	
Cash at bank and in hand		<u>1,221</u>		<u>160</u>	
		6,434,178		6,190,024	
CREDITORS: Amounts falling due within one year	12	<u>(3,254,134)</u>		<u>(3,500,671)</u>	
NET CURRENT ASSETS			3,180,044		2,689,353
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>3,608,981</u>		<u>3,162,854</u>
CREDITORS: Amounts falling due after more than one year	13		<u>(236,322)</u>		<u>(271,987)</u>
NET ASSETS			<u>3,372,659</u>		<u>2,890,867</u>
CAPITAL AND RESERVES					
Called up share capital	15		12		12
Profit and loss account	16		<u>3,372,647</u>		<u>2,890,855</u>
EQUITY SHAREHOLDERS' FUNDS			<u>3,372,659</u>		<u>2,890,867</u>

These accounts have been prepared in accordance with the special provisions of s246A of the Companies Act 1985 relating to medium - sized companies.

The financial statements were approved by the board on 19 May 1998 and signed on its behalf by

D. Harrow



Director

The notes on pages 7 to 15 form part of these financial statements.

GODIVA BEARINGS (SOUTHERN) LIMITED
ABBREVIATED FINANCIAL STATEMENTS

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST JANUARY 1998

	Notes	1998		1997	
		£	£	£	£
NET CASH INFLOW FROM					
OPERATING ACTIVITIES	18		1,358,609		1,106,255
Return on investments and					
servicing of finance:					
Interest received		673		487	
Interest paid		(98,216)		(35,684)	
Interest element of					
finance lease payments		<u>(10,740)</u>		<u>(9,954)</u>	
NET CASH OUTFLOW FROM RETURNS					
ON INVESTMENTS AND SERVICING			(108,283)		(45,151)
OF FINANCE					
Taxation:					
Corporation tax paid			(1,322,947)		(297,500)
Capital expenditure					
Purchase of tangible fixed assets		(48,261)		(464,634)	
Receipts from sale of tangible assets		<u>8,550</u>		<u>46,300</u>	
NET CASH OUTFLOW FROM			(39,711)		(418,334)
CAPITAL EXPENDITURE					
Equity dividends paid			<u>(540,000)</u>		<u>(570,000)</u>
NET CASH OUTFLOW BEFORE FINANCING			(652,332)		(224,730)
Financing:					
Capital element of					
finance lease payments			(46,068)		(31,871)
DECREASE IN CASH	19		<u>(698,400)</u>		<u>(256,601)</u>

The notes on pages 7 to 15 form part of these financial statements.

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS **FOR THE YEAR ENDED 31 JANUARY 1998**

1. ACCOUNTING POLICIES

1.1 BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

1.2 TURNOVER

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year. The turnover and result before taxation is attributable to the principal activity of the company.

1.3 DEPRECIATION

Depreciation is provided using the following rates and bases to reduce by annual instalments the cost, less estimated residual value, of the tangible assets over their estimated useful lives:-

Freehold property	2% Straight Line
Plant and machinery	20% Reducing balance
Fixtures and fittings	15% Reducing balance
Motor vehicles	25% Reducing balance
Computer equipment	50% Reducing balance

1.4 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 disposal.

1.5 DEFERRED TAXATION

Deferred taxation is provided only to the extent that it is probable an actual liability or asset will crystallise in the foreseeable future.

1.6 LEASING AND HIRE PURCHASE

Assets acquired under finance leases or hire purchase contracts are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Finance charges and interest are taken to the profit and loss account in constant proportion to the remaining balance of capital repayments or net obligations outstanding.

Rentals payable under operating leases are taken to the profit and loss account on a straight line basis over the lease term.

1.7 PENSIONS

The company operates a defined contribution scheme on behalf of executive directors. Contributions are charged to the profit and loss account as incurred. These contributions are invested separately from the company's assets.

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 1998

OPERATING PROFIT	1998	1997
	£	£
The operating profit is stated after charging:		
Depreciation:		
Owned assets	43,289	57,198
Leased assets	37,840	44,891
Loss on disposal of fixed assets	3,146	10,772
Auditors' remuneration:		
Audit	22,000	28,500
Other services	37,676	-
Operating lease rentals	93,181	84,435
Exceptional restructuring costs	<u>43,575</u>	<u>-</u>

During the year the company incurred exceptional non-recurring restructuring costs amounting to £43,575 (1997: Nil).

INTEREST RECEIVABLE	1998	1997
	£	£
Bank and other interest receivable	<u>673</u>	<u>487</u>

INTEREST PAYABLE	1998	1997
	£	£
On bank loans and overdrafts and on loans repayable in full within five years	81,864	22,025
Other interest	2,278	82,086
Hire purchase interest	<u>10,740</u>	<u>9,954</u>
	<u>94,882</u>	<u>114,065</u>

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 1998

DIRECTORS AND EMPLOYEES

	1998	1997
	£	£
Staff costs:		
Wages and salaries	954,213	599,677
Social security costs	73,168	63,856
Other pension costs	81,361	182,277
	<u>1,108,742</u>	<u>845,810</u>

The average weekly number of employees during the year:

	Number	Number
Office and management	10	10
Sales and distribution	15	15
	<u>25</u>	<u>25</u>

Emoluments in respect of directors were:

	£	£
Aggregate emoluments	530,273	259,537
Company contributions paid to money purchase pension schemes	81,361	182,277
	<u>611,634</u>	<u>441,814</u>

Emoluments in respect of the highest paid director were:

	£	£
Aggregate emoluments	196,956	112,025
Company contributions paid to money purchase pension schemes	32,637	32,594
	<u>229,593</u>	<u>144,619</u>

Retirement benefits are accruing to three (1997: two) directors under the defined contribution (money purchase) scheme.

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 1998

PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund.

Contributions payable by the company amounted to £81,361 (1997: £182,277).

All contributions were paid in the year.

The company paid interest due to the pension fund amounting to £15,750 (1997: £47,281).

TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998 £	1997 £
The taxation charge based on the profit for the year comprises:		
UK Corporation tax at 31.33% (1997 - 33%)	<u>480,097</u>	<u>618,824</u>
On a full provisioning basis, the unrecognised deferred tax asset amounts to £26,516 (1997: £8,072)		

DIVIDENDS

	1998 £	1997 £
Equity interests		
Ordinary:-		
Interim dividends paid during year ended 31 January 1998	<u>540,000</u>	<u>570,000</u>

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 1998

TANGIBLE FIXED ASSETS

	Freehold land and buildings	Plant & machinery	Fixtures & fittings	Computer equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost						
At 1 February 1997	175,000	5,960	173,457	47,749	242,819	644,985
Additions	-	25,016	4,931	-	18,314	48,261
Disposals	-	(123)	(3,990)	-	(17,235)	(21,348)
At 31 January 1998	175,000	30,853	174,398	47,749	243,898	671,898
Depreciation						
At 1 February 1997	3,500	2,767	65,662	26,227	73,328	171,484
Charge	3,500	5,634	16,477	10,762	44,756	81,129
Disposals	-	(91)	(1,107)	-	(8,454)	(9,652)
At 31 January 1998	7,000	8,310	81,032	36,989	109,630	242,961
Net book value						
At 31 January 1998	168,000	22,543	93,366	10,760	134,268	428,937
Net book value						
At 31 January 1997	171,500	3,193	107,795	21,522	169,491	473,501

Included above are assets held under finance leases or hire purchase contracts as follows:

	1998	1997
	£	£
Net book values:		
Motor vehicles	106,425	126,329
Fixtures & fittings	13,390	15,753
	<u>119,815</u>	<u>142,082</u>
Depreciation charge for the year:		
Motor vehicles	35,477	42,111
Fixtures & fittings	2,363	2,780
	<u>37,840</u>	<u>44,891</u>

Net obligations under finance leases and hire purchase contracts are secured on the assets acquired.

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 1998

0. STOCKS

	1998 £	1997 £
Finished goods and goods for resale	<u>4,024,150</u>	<u>3,793,068</u>

1. DEBTORS

	1998 £	1997 £
Trade debtors	2,220,346	2,216,588
Other debtors	13,642	15,112
Advance corporation tax	135,000	142,500
Prepayments and accrued income	<u>39,819</u>	<u>22,596</u>
	<u>2,408,807</u>	<u>2,396,796</u>

2. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank overdrafts	1,171,853	472,392
Trade creditors	893,580	1,200,606
Corporation tax	502,626	1,352,976
Other taxes and social security costs	183,177	141,945
Net obligations under finance leases and hire purchase contracts	48,171	41,945
Directors' current accounts	9,233	9,295
Accruals	<u>445,494</u>	<u>281,512</u>
	<u>3,254,134</u>	<u>3,500,671</u>

The bank overdraft is secured on the debtors of the company.

3. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Net obligations under finance leases and hire purchase contracts	78,822	114,487
Other creditors	<u>157,500</u>	<u>157,500</u>
	<u>236,322</u>	<u>271,987</u>

Other creditors relates to a loan from the company self administered pension scheme repayable in May 2001. Interest is being charged at 10% p.a. on a monthly basis.

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 1998

4. NET OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

1998	1997
£	£

The company's net obligations under finance leases
and hire purchase contracts are repayable as follows:

In one year, or less or on demand	59,078	52,276
Between one and two years	75,341	49,939
Between two and five years	7,950	79,520
	<u>142,369</u>	<u>181,735</u>
Finance charges and interest allocated to future accounting periods	<u>(15,376)</u>	<u>(25,303)</u>
	126,993	156,432
Included in current liabilities	<u>(48,171)</u>	<u>(41,945)</u>
	<u>78,822</u>	<u>114,487</u>

5. SHARE CAPITAL

1998	1997
£	£

Authorised

Equity interests

100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>
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Allotted, called up and fully paid

Equity interests

12 Ordinary shares of £1 each	<u>12</u>	<u>12</u>
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6. PROFIT AND LOSS ACCOUNT

1998	1997
£	£

Retained profits at 1 February 1997	2,890,855	2,333,700
Retained profits for the year	<u>481,792</u>	<u>557,155</u>
Retained profits at 31 January 1998	<u>3,372,647</u>	<u>2,890,855</u>

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 1998

7. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

	1998 £	1997 £
Profit for the financial year	1,021,792	1,127,155
Dividends	(540,000)	(570,000)
Net addition to shareholders' funds	481,792	557,155
Shareholders' funds at 1 February	2,890,867	2,333,712
Shareholders' funds at 31 January	<u>3,372,659</u>	<u>2,890,867</u>
Represented by:-		
Equity interests	<u>3,372,659</u>	<u>2,890,867</u>

8. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1998 £	1997 £
Operating profit	1,596,098	1,859,557
Depreciation	81,129	102,089
Loss on disposal of fixed assets	3,146	10,772
Increase in stock	(231,082)	(1,287,869)
Increase in debtors	(129,511)	(141,517)
Increase in creditors	38,829	563,223
Net cash inflow from operating activities	<u>1,358,609</u>	<u>1,106,255</u>

9. ANALYSIS OF CHANGES IN NET DEBT AND RECONCILIATION TO NET CASH FLOW

	1998 £	1997 £
Cash at bank and in hand at 1 February	160	52,920
Cash at bank and in hand at 31 January	<u>1,221</u>	<u>160</u>
Net cash inflow / (outflow)	<u>1,061</u>	<u>(52,760)</u>
Bank overdraft at 1 February	(472,392)	(268,551)
Bank overdraft at 31 January	<u>(1,171,853)</u>	<u>(472,392)</u>
Net cash outflow	<u>(699,461)</u>	<u>(203,841)</u>
Total net cash outflow / movement in net debt	<u>(698,400)</u>	<u>(256,601)</u>

GODIVA BEARINGS (SOUTHERN) LIMITED

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR YEAR ENDED 31 JANUARY 1998

10. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR

	Share Capital £	Finance Leases £
At 1 February 1997	12	156,432
Inception of finance leases		16,629
Cash outflow from financing		(46,068)
At 31 January 1998	<u>12</u>	<u>126,993</u>

11. REVENUE COMMITMENTS

The amounts payable in the next year in respect of operating leases are shown below, analysed according to the expiry date of the leases.

	Land and buildings		Other	
	1998 £	1997 £	1998 £	1997 £
Expiry date:				
Within one year	-	-	-	4,523
Between one and five years	-	-	7,677	-
After five years	<u>87,302</u>	<u>87,302</u>	<u>1,400</u>	<u>1,400</u>
	<u>87,302</u>	<u>87,302</u>	<u>9,077</u>	<u>5,923</u>

12. CONTINGENT LIABILITIES

The company's bankers have provided a VAT deferrment bond with recourse to the company. The potential liability to the bank amounts to £20,000.

13. RELATED PARTY TRANSACTIONS

The company is controlled by the chairman, I.D. Cuthill, and the sales director, P. Cuthill, who have equal interests in the company. These directors have provided a joint and several guarantee for £500,000 in respect of the company's overdraft.

14. POST BALANCE SHEET EVENTS

1) The company disposed of its freehold land and buildings in March 1998. This resulted in a profit on disposal of £27,000.

2) Subsequent to the year end the company underwent a restructuring in which the company became the wholly owned subsidiary of Godiva Bearings Limited, a company controlled by I.D. Cuthill and P. Cuthill.