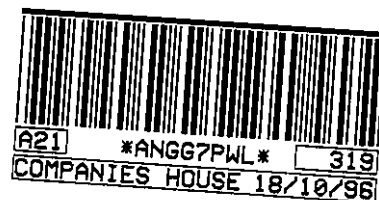


**Gamet Bearings Limited**  
(formerly Gamet Products Limited)

**Directors' report and financial statements**

**31 March 1996**

Registered number 528206



# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Directors' report and financial statements

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# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Directors' report

The directors present their report to the members together with the audited financial statements for the year ended 31 March 1996.

### Principal activity and business review

The principal activity of the company was the manufacture of precision taper roller bearings and high quality rotating assemblies.

On 1 April 1995 the company's business, goodwill, assets and liabilities were transferred to 600 UK Limited, a fellow undertaking. There was neither a profit or loss on the transfer. Following the divisionalisation of the business the company did not trade during the year.

### Results and dividend

The profit retained for the year was £Nil (1995: £173,649). The directors do not recommend the payment of a dividend (1995: £Nil).

### Change of name

On 7 September 1995 the company changed the name under which it operates to Gamet Bearings Limited.

### Directors and directors' interests

The directors who held office during the year were as follows:

R Rushbrooke  
GP Shrimpton  
AR Sweeten (appointed 16 February 1996)

The interests of the directors who held office at the end of the financial year are shown below. In all cases the interests are in the ordinary shares of The 600 Group PLC, the ultimate holding company.

Mr Sweeten is also a director of The 600 Group PLC and his interests are disclosed in the financial statements of that company.

# Gamet Bearings Limited

(formerly Gamet Products Limited)

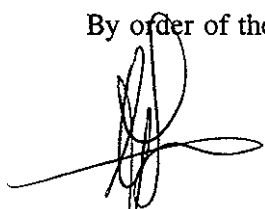
## Directors' report *(continued)*

The following options to subscribe for shares have been granted to directors under The 600 Group Executive and Savings-Related Share Option schemes.

	31 March 1995	Exercised	Granted	31 March 1996
R Rushbrooke	*4,054	-	*12,937	*16,991
	120,000	20,000	30,000	130,000
GP Shrimpton	*4,054	-	*1,382	*5,436

\*Options granted under the Savings Related Share Option Scheme.

By order of the board



GP Shrimpton  
Secretary

Witan Court  
284 Witan Gate  
Milton Keynes  
MK9 1EJ

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Statement of directors' 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 affairs of the company and of the profit or loss 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



Norfolk House  
499 Silbury Boulevard  
Central Milton Keynes  
MK9 2HA

## Auditors' report to the members of Gamet Bearings Limited

We have audited the financial statements on pages 5 to 15.

### *Respective responsibilities of directors and auditors*

As described on page 3 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 as at 31 March 1996 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*KPMG*

Chartered Accountants  
Registered Auditors

*10 October 1996*

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Profit and loss account

for the year ended 31 March 1996

	Note	Discontinued operations	
		1996	1995
		£	£
Turnover	2	-	1,591,448
Cost of sales		-	(1,186,806)
<b>Gross profit</b>		-	404,642
Distribution costs		-	(58,140)
Administrative expenses		-	(170,460)
Other operating income		-	99
<b>Operating profit</b>		-	176,141
Interest receivable and similar income	6	-	140
Interest payable and similar charges	7	-	(2,632)
<b>Profit on ordinary activities before taxation and after taxation</b>	3-7	-	173,649
<b>Profit for the financial year</b>		-	173,649
Retained profit/(loss) brought forward		170,426	(3,223)
<b>Retained profit carried forward</b>		170,426	170,426

The company has no recognised gains or losses in the current or preceding year other than those included in the profit and loss account above.

A statement of the movements in reserves is in note 14.

# Gamet Bearings Limited

(formerly Gamet Products Limited)

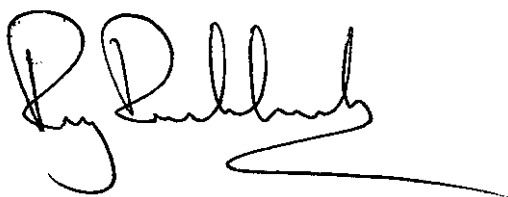
## Balance sheet

at 31 March 1996

	Note	1996		1995	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		-	488,592	
<b>Current assets</b>					
Stocks	10	-	509,305		
Debtors (including £Nil (1995: £312,000) of debtors due after more than one year)	11	1,445,161	659,122		
Cash at bank and in hand		-	151,598		
		<u>1,445,161</u>	<u>1,320,025</u>		
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,061,511)</u>	<u>(1,424,967)</u>		
<b>Net current assets/(liabilities)</b>			<u>383,650</u>		<u>(104,942)</u>
<b>Net assets</b>			<u><u>383,650</u></u>		<u><u>383,650</u></u>
<b>Capital and reserves</b>					
Called up share capital	13	1,000	1,000		
Revaluation reserve	14	-	212,224		
Other reserve	14	212,224	-		
Profit and loss account	14	170,426	170,426		
		<u>383,650</u>	<u>383,650</u>		
<b>Shareholders' funds</b>	15	<u><u>383,650</u></u>	<u><u>383,650</u></u>		

These financial statements were approved by the board of directors on 20/8/96 and were signed on its behalf by:

R Rushbrooke  
Director





# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules, modified to include the revaluation of land and buildings.

#### *Cash flow statement*

Under Financial Reporting Standard 1, the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is a wholly-owned subsidiary undertaking of The 600 Group PLC and its cash flows are included within the consolidated cash flow statement of that company.

#### *Depreciation*

Depreciation is provided to write off the cost (or amount of the valuation of fixed assets) less the residual value on a straight line basis over the estimated useful lives of the assets concerned.

Freehold buildings	-	2%
Plant and machinery	-	10%
Fixtures & fittings	-	10%
Motor vehicles	-	20%

High utilisation plant at increased rates varying according to experience.

Jigs and tooling acquired for major production runs are written off in equal amounts over the first three years of production

No depreciation is provided on freehold land.

#### *Foreign currencies*

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

#### *Leases*

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account on a straight line basis over the life of the lease.

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes (continued)

### Stocks

Stock and work in progress are valued at the lower of the estimated and net realisable value after making due allowance for obsolete and slow moving items. The estimated value of company manufactured products consists of direct materials and direct labour with the addition of an appropriate proportion of production overheads. Where appropriate, advance payments received and receivable are deducted from stock.

### Taxation

Provision for corporation tax on the results of the company is made in the accounts of the ultimate holding company.

The ultimate holding company also makes provision under the liability method for deferred taxation relating to the company arising from accelerated capital allowances on capital expenditure and other timing differences to the extent that it is probable that a liability will crystallise in the foreseeable future.

### Turnover

Turnover represents amounts invoiced by the company in respect of goods sold and services rendered excluding value added tax and after deducting discounts allowed and credit notes issued.

## 2 Segmental information

The analysis of turnover by geographical area is as follows:

	1996	1995
	£	£
United Kingdom	-	1,062,269
European Economic Community	-	154,012
Other European countries	-	132,892
Africa	-	36,089
North America	-	54,451
Central and South America	-	31,081
Middle East	-	5,868
Far East	-	107,944
Australia, New Zealand and Pacific Islands	-	6,842
	<hr/>	<hr/>
	-	1,591,448
	<hr/>	<hr/>

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes (continued)

### 3 Profit on ordinary activities before taxation

	1996 £	1995 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Auditors' remuneration:		
Audit	-	3,400
Depreciation and other amounts written off tangible fixed assets:		
Owned	-	77,056
Leased	-	9,307
Finance charges payable in respect of finance leases on plant and machinery	-	2,632
Research & development	-	15,297
	<hr/>	<hr/>
<i>after crediting</i>		
Exchange gains	-	5,376
Profit on sale of fixed assets	-	99
	<hr/>	<hr/>

### 4 Remuneration of directors

	1996 £	1995 £
Directors' emoluments:		
Remuneration as executives	-	31,308
Benefits in kind	-	5,763
	<hr/>	<hr/>
	-	37,071
	<hr/>	<hr/>

The emoluments, excluding pension contributions, of the chairman were £Nil (1995 :£Nil) and those of the highest paid director were £Nil (1995 :£37,071).

The emoluments, excluding pension contributions, of the directors were within the following ranges:

			Number of directors	
			1996	1995
£0	-	£ 5,000	3	1
£35,001	-	£40,000	-	1

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes (continued)

### 5 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Number of employees	
	1996	1995
Management and administration	-	3
Production	-	25
Selling and distribution	-	3
	<hr/>	<hr/>
	-	31
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1996	1995
	£	£
Wages and salaries	-	461,090
Social security costs	-	38,201
Other pension costs	-	(126,000)
	<hr/>	<hr/>
	-	373,291
	<hr/>	<hr/>

### 6 Other interest receivable and similar income

	1996	1995
	£	£
Bank interest	-	140
	<hr/>	<hr/>

### 7 Interest payable and similar charges

	1996	1995
	£	£
Finance charges payable in respect of finance leases	-	2,632
	<hr/>	<hr/>

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes (continued)

### 8 Taxation

Under the terms of an agreement dated 30 March 1993, all current and deferred tax, assets and liabilities will be borne by the ultimate holding company. The amounts dealt with under this arrangement are as follows:

	1996 £	1995 £
<b>Profit and loss account</b>		
Corporation tax charge/(credit) for the year at 33% (1995: 33%)		
Prior year	-	96,000
	<hr/>	<hr/>
	-	96,000
	<hr/>	<hr/>
 <b>Deferred taxation - full potential liability</b>		
The capital gain which would arise on the disposal of properties at the value stated in the accounts	-	70,000
Advance corporation tax recoverable	-	(40,000)
	<hr/>	<hr/>
	-	30,000
	<hr/>	<hr/>

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes (continued)

### 9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost or valuation</i>					
At 1 April 1995	300,000	1,474,624	7,368	15,025	1,797,017
Disposals	(300,000)	(1,474,624)	(7,368)	(15,025)	(1,797,017)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1996	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation and diminution in value</i>					
At 1 April 1995	3,500	1,287,276	6,631	11,018	1,308,425
Disposals	(3,500)	(1,287,276)	(6,631)	(11,018)	(1,308,425)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1996	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 1996	-	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 1995	296,500	187,348	737	4,007	488,592
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

### 10 Stocks

	1996 £	1995 £
Raw materials and consumables	-	39,491
Work in progress	-	363,906
Finished goods and goods for resale	-	105,908
	<hr/>	<hr/>
	-	509,305
	<hr/>	<hr/>

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes (continued)

### 11 Debtors

	1996	1995
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	-	97,756
Amounts owed by parent and fellow subsidiary undertakings	1,445,161	193,696
Other debtors	-	40,436
Prepayments and accrued income	-	15,234
	<u>1,445,161</u>	<u>347,122</u>
<b>Amounts falling due after more than one year</b>		
Prepayments and accrued income	-	312,000
	<u>1,445,161</u>	<u>659,122</u>

### 12 Creditors: amounts falling due within one year

	1996	1995
	£	£
Trade creditors	-	256,370
Amounts owed to parent and fellow subsidiary undertakings	1,061,511	1,086,405
Other creditors including taxation and social security:		
Other taxes	-	4,428
Social security	-	4,590
Other creditors	-	5,758
Accruals and deferred income	-	67,416
	<u>1,061,511</u>	<u>1,424,967</u>

# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes (continued)

### 13 Called up share capital

	1996 £	1995 £
<i>Authorised, allotted, called up and fully paid</i>		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

### 14 Reserves

	Profit & loss account £	Other reserve £	Revaluation reserve £
At 1 April 1995	170,426	-	212,224
Transfer between reserves	<u>-</u>	<u>212,224</u>	<u>(212,224)</u>
At 31 March 1996	<u>170,426</u>	<u>212,224</u>	<u>-</u>

The revaluation reserve was transferred to other reserves on 1 April 1995 as a result of the divisionalisation. The other reserve will remain undistributable until such time as the inter-company debtor is settled.

### 15 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year	<u>-</u>	<u>173,649</u>
Net increase in shareholders' funds	-	173,649
Opening shareholders' funds	<u>383,650</u>	<u>210,001</u>
Closing shareholders' funds	<u>383,650</u>	<u>383,650</u>

### 16 Contingent liabilities

	1996 £	1995 £
Joint and several liability under: group bank overdraft cross guarantee	<u>9,892,945</u>	<u>12,415,539</u>



# Gamet Bearings Limited

(formerly Gamet Products Limited)

## Notes *(continued)*

### 17 Commitments

Capital commitments at the end of the financial year for which no provision has been made.

	1996	1995
	£	£
Authorised but not contracted	-	100,000

### 18 Ultimate parent company

The company is a subsidiary undertaking of The 600 Group PLC incorporated in Great Britain and registered in England and Wales. This was both the smallest and largest group in which the accounts of Gamet Products Limited have been consolidated.

A copy of the consolidated accounts for the group may be obtained from:

The 600 Group PLC  
Witan Court  
284 Witan Gate  
Milton Keynes  
MK9 1EJ