

RIGIBORE LIMITED
FINANCIAL STATEMENTS
30TH JUNE 1998

Registered number: 01465509

Lang Bennetts
Chartered Accountants
Cornwall



RIGIBORE LIMITED
FINANCIAL STATEMENTS
for the year ended 30th June 1998

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
Production account	Appendix 2

RIGIBORE LIMITED**COMPANY INFORMATION****30th June 1998**

NUMBER	01465509
DIRECTORS	R. Bassett Mrs. R. Bassett A. Bassett J. B. Williams T. I. Negus
SECRETARY	J. B. Williams
REGISTERED OFFICE	5 Guildford Industrial Estate Hayle Cornwall
BANKERS	Barclays Bank plc Penryn Street Redruth Cornwall Canadian Imperial Bank of Commerce Commerce Court Toronto Ontario
AUDITORS	Lang Bennetts Chartered Accountants 36 Lemon Street Truro Cornwall

RIGIBORE LIMITED**DIRECTORS' REPORT****30th June 1998**

The directors present their report and the audited financial statements for the year ended 30th June 1998.

Principal activity

The principal activity of the company is the manufacture of tooling equipment.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £351,064.

Despite static sales in the European and American markets the overall increase in sales turnover and trading profits re-affirm the directors' confidence in the long term future of the company and its products.

The company has developed innovative new products which, the directors are confident, will strengthen and secure the company's position in its field for the foreseeable future.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows:

	30th June 1998 Ordinary shares	1st July 1997 Ordinary shares
R. Bassett	-	-
Mrs. R. Bassett	-	-
A. Bassett	-	-
J. B. Williams	-	-
T. I. Negus	-	-

continued

RIGIBORE LIMITED

DIRECTORS' REPORT
(continued)

30th June 1998

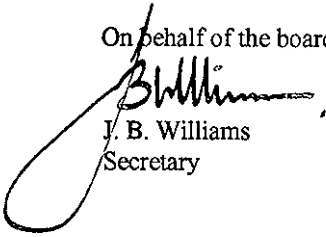
Auditors

Lang Bennetts have agreed to offer themselves for re-appointment as auditors of the company.

5 Guildford Industrial Estate
Hayle
Cornwall

19th October 1998

On behalf of the board



J. B. Williams
Secretary

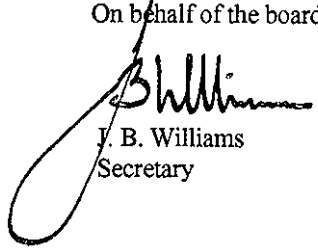
RIGIBORE LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

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 of the company for that period. 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 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.

On behalf of the board



J. B. Williams
Secretary

5 Guildford Industrial Estate
Hayle
Cornwall

19th October 1998

RIGIBORE LIMITED**AUDITORS' REPORT****Auditors' report to the members of****Rigibore Limited**

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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 error or other irregularity. 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 30th June 1998 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Lang Bennetts
Registered Auditors
Chartered Accountants

36 Lemon Street
Truro
Cornwall

19th October 1998

RIGIBORE LIMITED
PROFIT AND LOSS ACCOUNT
for the year ended 30th June 1998

	Note	1998 £	1997 £
Turnover	2	1,439,781	1,320,526
Changes in stocks of finished goods and work in progress		14,039	(38,530)
Other operating income		29,153	34,885
Own work capitalised		36,224	27,500
		<hr/> 1,519,197	<hr/> 1,344,381
Raw materials and consumables		(402,082)	(350,792)
Other external charges		(53,307)	(38,804)
Staff costs	4	(515,201)	(469,453)
Depreciation	3	(162,387)	(144,337)
Other operating charges		(322,254)	(285,227)
Operating profit	3	<hr/> 63,966	<hr/> 55,768
Interest payable	5	(33,430)	(36,904)
Profit on ordinary activities before taxation		<hr/> 30,536	<hr/> 18,864
Taxation	6	<hr/> 7,684	<hr/> 22,838
Profit on ordinary activities after taxation		<hr/> 38,220	<hr/> 41,702
retained for the year	16	<hr/> <hr/>	<hr/> <hr/>

Movements in reserves are shown in note 16.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.

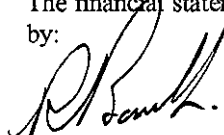
RIGIBORE LIMITED

BALANCE SHEET

at 30th June 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Intangible assets	7		82,058		64,863
Tangible assets	8		779,261		819,894
			<u>861,319</u>		<u>884,757</u>
Current assets					
Stocks	9	278,747		264,708	
Debtors	10	739,510		512,844	
Cash at bank and in hand		2,475		138,842	
			<u>1,020,732</u>		<u>916,394</u>
Creditors: amounts falling due within one year	11	(963,775)		(856,194)	
Net current assets			<u>56,957</u>		<u>60,200</u>
Total assets less current liabilities			<u>918,276</u>		<u>944,957</u>
Creditors: amounts falling due after more than one year	12		(567,212)		(632,113)
			<u>351,064</u>		<u>312,844</u>
Capital and reserves					
Called up share capital	15		450,000		450,000
Profit and loss account	16		(98,936)		(137,156)
Total shareholders' funds	14		<u>351,064</u>		<u>312,844</u>

The financial statements on pages 5 to 16 were approved by the board of directors on 19th October 1998 and signed on its behalf by:



R. Bassett
Director

RIGIBORE LIMITED
CASH FLOW STATEMENT
for the year ended 30th June 1998

	Note	£	1998	£	£	1997	£
Net cash inflow from operating activities	18			78,320		(55,424)	
Returns on investments and servicing of finance							
Hire purchase interest				(33,430)		(36,904)	
Taxation							
Group relief				7,684		22,838	
Capital expenditure and financial investment							
Purchase of intangible fixed assets			(62,931)		(68,367)		
Purchase of tangible fixed assets			(115,451)		(68,334)		
Sale of intangible fixed assets			23,152		-		
Sale of tangible fixed assets			16,281		17,673		
				(138,949)		(119,028)	
				(86,375)		(188,518)	
Financing							
Hire purchase contracts				(41,699)		201,574	
(Decrease)/increase in cash				(128,074)		13,056	

RIGIBORE LIMITED**NOTES ON FINANCIAL STATEMENTS****30th June 1998****1 Accounting policies****Basis of accounting**

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

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost less any residual value over their estimated useful lives as follows:

Plant and machinery	15% per annum reducing balance method
Motor vehicles	25% per annum reducing balance method
Fixtures and fittings	15% per annum reducing balance method
Computers and electronic equipment	25% per annum straight line method
Development costs	over the estimated useful lives of the projects
Patents	20% per annum straight line method
Licences	20% per annum straight line method

Leases and hire purchase contracts

Tangible fixed assets acquired under hire purchase contracts are capitalised at the date of inception of each contract. The total finance charges are allocated over the period of the contract in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Research and development

Expenditure on research and development incurred in the year other than on fixed assets is charged against profit. Expenditure on scientific developments is capitalised and written off over the estimated useful lives of the relevant projects.

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pensions - defined contribution scheme

Contributions are paid to the parent company which operates a group scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the group scheme.

RIGIBORE LIMITED

NOTES ON FINANCIAL STATEMENTS

30th June 1998

1 Accounting policies continued

Foreign currency translation

Assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the year end. All exchange differences are dealt with through the profit and loss account.

2 Turnover

The turnover for the year was derived from the company's principal activity.

The analysis of turnover by geographical area is as follows:

	1998 £	1997 £
Geographically		
United Kingdom	556,199	546,507
United States of America	347,211	369,639
Other countries	536,371	404,380
	<u>1,439,781</u>	<u>1,320,526</u>

3 Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Profit on sale of assets	<u>213</u>	<u>8,153</u>
and after charging		
Staff costs (note 4)	515,201	469,453
Auditors' remuneration	3,500	4,500
Operating leases		
Rent	27,144	27,144
Loss on scrapping of development expenditure	<u>28,152</u>	<u>-</u>
Depreciation of tangible fixed assets (note 8)		
owned assets	59,677	60,793
assets subject to hire purchase	80,339	81,911
Amortisation of intangible fixed assets (note 7)	22,584	9,786
	<u>162,600</u>	<u>152,490</u>

RIGIBORE LIMITED

NOTES ON FINANCIAL STATEMENTS

30th June 1998

4 Directors and employees

	1998 £	1997 £
Staff costs including directors' emoluments		
Wages and salaries	436,340	420,330
Social security costs	69,505	36,343
Pension costs	9,356	12,780
	<u>515,201</u>	<u>469,453</u>
 Average monthly number employed including executive directors:	 Number	 Number
Production staff	23	21
Office and management	10	10
	<u>33</u>	<u>31</u>
 Directors	 £	 £
Emoluments	53,622	42,520
Company contributions to money purchase pension schemes	724	717
	<u>54,346</u>	<u>43,237</u>

Defined contribution pension scheme

The company operates a defined contribution scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,356 (1997 £12,780). There were no contributions payable to the fund at 30th June 1998 (1997 nil).

5 Interest payable

	1998 £	1997 £
Hire purchase interest	<u>33,430</u>	<u>36,904</u>

6 Taxation

	1998 £	1997 £
Group relief	<u>(7,684)</u>	<u>(22,838)</u>

NOTES ON FINANCIAL STATEMENTS

30th June 1998

7 Intangible fixed assets

	Development Costs £	Patents and Licences £	Total £
Cost			
1st July 1997	63,316	23,747	87,063
Additions	67,629	302	67,931
Disposals	(23,771)	(8,891)	(32,662)
30th June 1998	107,174	15,158	122,332
Amortisation			
1st July 1997	6,875	15,325	22,200
Charge for the year	20,322	2,262	22,584
Disposals	-	(4,510)	(4,510)
30th June 1998	27,197	13,077	40,274
Net book amount			
30th June 1998	79,977	2,081	82,058
30th June 1997	56,441	8,422	64,863

RIGIBORE LIMITED

NOTES ON FINANCIAL STATEMENTS

30th June 1998

8 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Total £
1st July 1997	42,865	1,332,016	148,515	1,523,396
Additions	15,326	81,321	18,804	115,451
Disposals	(12,475)	(36,930)	(1,762)	(51,167)
Inter-company transfers	(12,090)	-	-	(12,090)
30th June 1998	33,626	1,376,407	165,557	1,575,590
Depreciation				
1st July 1997	30,319	587,816	85,367	703,502
Charge for year	1,363	111,414	27,239	140,016
Disposals	(6,334)	(32,444)	(1,102)	(39,880)
Inter-company transfers	(7,309)	-	-	(7,309)
30th June 1998	18,039	666,786	111,504	796,329
Net book amount				
30th June 1998	15,587	709,621	54,053	779,261
30th June 1997	12,546	744,200	63,148	819,894

The net book amount of fixed assets includes £533,887 (1997 £540,140) in respect of assets held under hire purchase contracts, the depreciation of which is shown in note 3.

9 Stocks

	1998 £	1997 £
Work in progress	75,263	89,607
Finished goods	203,484	175,101
	278,747	264,708

10 Debtors

	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	266,322	207,798
Amounts owed by group undertakings	460,152	300,778
Prepayments and accrued income	13,036	4,268
	739,510	512,844

RIGIBORE LIMITED

NOTES ON FINANCIAL STATEMENTS

30th June 1998

11 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank overdraft	50,414	58,707
Trade creditors	95,649	74,488
Amounts owed to group undertakings	629,896	567,658
Other taxation and social security	19,409	12,046
Accruals and deferred income	29,824	27,914
Obligations under hire purchase contracts - note 12	138,583	115,381
	<u>963,775</u>	<u>856,194</u>

The bank borrowings are secured by a debenture on the assets of the company.

12 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Other creditors	300,000	300,000
Obligations under hire purchase contracts	267,212	332,113
	<u>567,212</u>	<u>632,113</u>

Obligations under hire purchase contracts

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 11	138,583	115,381
In the second to fifth years	267,212	332,113
	<u>405,795</u>	<u>447,494</u>

13 Deferred taxation

	1998		1997	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by accelerated capital allowances	<u>104,766</u>	<u>-</u>	<u>79,514</u>	<u>-</u>

The potential liability is based on a corporation tax rate of 31% (1997 33%).

RIGIBORE LIMITED

NOTES ON FINANCIAL STATEMENTS

30th June 1998

14 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year representing a Net addition to shareholders' funds	38,220	41,702
Opening shareholders' funds	312,844	271,142
Closing shareholders' funds	<u>351,064</u>	<u>312,844</u>

15 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>	<u>450,000</u>

16 Profit and loss account

	1998 £
1st July 1997	(137,156)
Retained profit for the year	<u>38,220</u>
30th June 1998	<u>(98,936)</u>

17 Ultimate parent undertaking

The company's ultimate holding company at the balance sheet date was Bassett Group Limited a company incorporated in England.

RIGIBORE LIMITED

NOTES ON FINANCIAL STATEMENTS

30th June 1998

18 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1998 £	1997 £
Operating profit	63,966	55,768
Depreciation charges	140,016	142,704
Amortisation	22,584	9,786
Profit on sale of fixed assets	(213)	(8,153)
(Increase)/decrease in stocks	(14,039)	38,530
Increase in debtors	(226,666)	(23,857)
Increase in creditors	92,672	(270,202)
Net cash inflow from operating activities	78,320	(55,424)

19 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	At end of year £
Cash in hand, at bank	138,842	(136,367)	2,475
Overdrafts	(58,707)	8,293	(50,414)
		<u>(128,074)</u>	
Hire purchase contracts	(447,494)	41,699	(405,795)
		<u>41,699</u>	
Total	(367,359)	(86,375)	(453,734)

Reconciliation of net cash flow to movement in net debt

	1998 £	1997 £
(Decrease)/increase in cash in the year	(128,074)	13,056
Cash outflow/(inflow) from decrease/(increase) in debt and hire purchase contracts	41,699	(201,574)
Change in net debt resulting from cash flows	(86,375)	(188,518)
Net debt at 1st July 1997	(367,359)	(178,841)
Net debt at 30th June 1998	(453,734)	(367,359)

RIGIBORE LIMITED
NOTES ON FINANCIAL STATEMENTS
30th June 1998

20 Capital commitments

As at 30th June 1998 the company's capital commitments amounted to £24,809 (1997 nil).