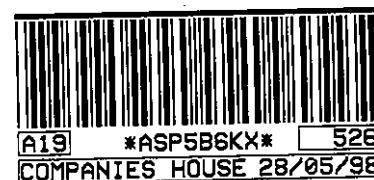


Kingdoor Products Limited

Annual report for the year ended 31 August 1997

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Company information

Directors

A E Coyne

J McGorrigan

D Smith

Registered Auditors

Coopers & Lybrand

Abacus Court

6 Minshull Street

Manchester

M1 3ED

Secretary and registered office

P H Brindley

Hammond Avenue

Whitehill Industrial Estate

Reddish

Stockport

Cheshire

SK4 1PQ

Bankers

Bank of Scotland

110 St Vincent Street

Glasgow

G2 5EJ

**Directors' report
for the year ended 31 August 1997**

The directors present their report and the audited financial statements for the year ended 31 August 1997.

Principal activities

The profit and loss account for the year is set out on page 6.

The company's principal activity during the year was the manufacture and distribution of domestic garage doors and industrial door accessories.

Review of business

The company produced a profit before taxation of £117,608 for the year ended 31 August 1997, compared with a loss before taxation of £321,255 for the year ended 31 August 1996.

The company has made considerable steps from the difficulties experienced last year. The company is confident of continuing profitability in the coming year. The company is now well positioned to increase its market share.

The directors would like to thank all the employees of the company for their dedication and efforts during the year.

Dividends

The directors agreed and paid an interim dividend of £50,000 during the year ended 31 August 1997 (1996: £Nil). The directors also agreed and proposed a final dividend of £272,000 (1996: £Nil).

Directors

The directors of the company at 31 August 1997, all of whom have been directors for the whole of the year ended on that date, are listed on page 1.

Directors' interests in shares of the company

No director held any interest in the shares of the company during the year.

The interests of the directors in the shares of group companies were as follows:

	Ordinary shares of 10p in Stratagem PLC	
	1997	1996
A E Coyne	7,827	7,827
J McGorrigan	2,881	2,881

Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 August 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records and for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Employment of disabled persons

The company supports the employment of disabled people whenever possible through recruitment, by retention of those who become disabled during their employment and generally through training, career development and promotion.

Auditors

A resolution to reappoint Coopers & Lybrand as auditors will be proposed at the annual general meeting.

By order of the board



P H Brindley
Company secretary
27 October 1997

Report of the auditors to the members of Kingdoor Products Limited

We have audited the financial statements on pages 5 to 13.

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.

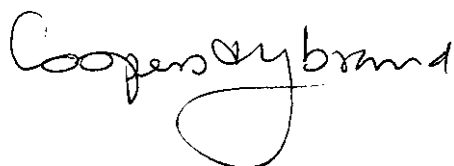
Basis of opinion

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 at 31 August 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to read 'Coopers & Lybrand', with a large, stylized loop at the end.

Coopers & Lybrand

Chartered Accountants and Registered Auditors
Manchester
28 October 1997

Profit and loss account for the year ended 31 August 1997

	Notes	1997 £	1996 £
Turnover	1	3,514,928	3,010,471
Cost of sales		<u>(2,794,339)</u>	<u>(2,374,183)</u>
Gross profit		720,589	636,288
Administrative expenses		<u>(602,981)</u>	<u>(957,543)</u>
Profit/(loss) on ordinary activities before taxation	4	117,608	(321,255)
Tax on profit on ordinary activities	5	<u>(36,000)</u>	<u>75,500</u>
Profit/(loss) for the financial year		81,608	(245,755)
Dividends	6	<u>(322,000)</u>	-
Transfer from reserves	14	<u><u>(240,392)</u></u>	<u><u>(245,755)</u></u>

All results are derived from continuing operations.

The company has no recognised gains and losses other than those included in the results above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the profit for the financial year stated above, and their historical cost equivalents.

Balance sheet at 31 August 1997

	Notes	1997 £	1996
Fixed assets			
Tangible assets	7	244,311	247,042
Current assets			
Stocks	8	918,660	520,031
Debtors	9	1,099,157	797,820
Cash at bank and in hand		2,007	102,087
		2,019,824	1,419,938
Creditors: amounts falling due within one year	10	1,527,673	684,126
Net current assets		492,151	735,812
Total assets less current liabilities		736,462	982,854
Provision for liabilities and charges			
Deferred taxation	11	3,500	9,500
Net assets		732,962	973,354
Capital and reserves			
Called up share capital	13	5,000	5,000
Profit and loss account	14	727,962	968,354
Equity shareholders' funds	15	732,962	973,354

The financial statements on pages 5 to 13 were approved by the board of directors on 27 October 1997 and were signed on its behalf by:



A E Coyne
Director

**Notes to the financial statements
for the year ended 31 August 1997****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Tangible fixed assets

The cost of fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

Fixtures and fittings	20%
Computers	25%
Plant and machinery	15%

Stocks

Stocks, being goods for resale, are valued at the lower of cost and net realisable value. Cost is determined on a weighted average basis. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

Deferred taxation

Deferred taxation is calculated using the liability method and provision is made for all material timing differences which are not expected to continue in the foreseeable future.

Pensions

The group offers contributory pension schemes to provide retirement benefits based upon final salaries for all staff and works employees. Pension costs are charged to the profit and loss account so as to spread the cost of providing pensions over the service lives of employees in accordance with the recommendation of an independent actuary. Particulars of the most recent actuarial valuation of the group's schemes are contained in the financial statements of Stratagem Group PLC.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied. All turnover arises in the United Kingdom and the Republic of Ireland.

Cash flow

The company is a wholly owned subsidiary of Stratagem Group PLC and the cash flows of the company are included in the consolidated group cash flow of Stratagem Group PLC. Consequently, the company is exempt under the terms of Financial Reporting Standard No 1 from publishing a cash flow statement.

2 Directors' emoluments

	1997 £	1996 £
Aggregate emoluments and benefits in kind	27,139	82,755

Retirement benefits are accruing to one director under a defined benefit scheme.

3 Employee information

The average monthly number of persons (including directors) employed by the company during the year was:

	1997 Number	1996 Number
Management, supervisory and office staff	20	27
Sales and manufacturing staff	26	29
	46	56
	£	£
Staff costs (for the above persons)		
Wages and salaries	526,480	633,300
Social security costs	38,716	42,014
Pension costs (see note 12)	21,805	26,652
	587,001	701,966

4 Profit on ordinary activities before taxation

	1997 £	1996 £
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Depreciation charge for the year:		
Tangible owned fixed assets	81,512	76,120
Auditors' remuneration for audit	7,000	5,500
Auditors' remuneration for other services	-	-
Group management charges	1,000	18,000
Group consultancy income	(179,000)	-
	<u> </u>	<u> </u>

5 Tax on profit on ordinary activities

The tax charge/(credit) comprises:

	1997 £	1996 £
United Kingdom corporation tax at 31% (1996: 33%):		
Current	45,000	-
Deferred	(6,000)	(1,500)
Over provision in respect of prior years:		
Current	(3,000)	(74,000)
	<u> </u>	<u> </u>
	36,000	(75,500)
	<u> </u>	<u> </u>

In accordance with group policy, payment is not made for group relief.

6 Dividends

	1997 £	1996 £
Dividends on equity shares:		
Interim dividends paid of £10 per share (1996: £Nil)	50,000	-
Final dividend proposed of £50 per share (1996: £Nil)	272,000	-
	<u> </u>	<u> </u>
	322,000	-
	<u> </u>	<u> </u>

7 Tangible fixed assets

	Plant and equipment £	Computer £	Total £
Cost			
At 1 September 1996	681,931	178,436	860,367
Additions	27,126	48,716	75,842
Intra-group transfers	-	10,898	10,898
Disposals	-	(4,028)	(4,028)
At 31 August 1997	709,057	234,022	943,079
Depreciation			
At 1 September 1996	491,039	122,286	613,325
Charge for year	51,924	29,588	81,512
Intra-group transfers	-	5,265	5,265
Disposals	-	(1,334)	(1,334)
At 31 August 1997	542,963	155,805	698,768
Net book value			
At 31 August 1997	166,094	78,217	244,311
Net book value			
At 31 August 1996	190,892	56,150	247,042

8 Stocks

	1997 £	1996 £
Goods for resale	918,660	520,031

9 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Trade debtors	766,082	662,334
Other debtors	35,146	2,304
Prepayments	146,730	51,598
Corporation tax	-	79,456
Amounts due from group undertakings	151,199	2,128
	1,099,157	797,820

10 Creditors: amounts falling due within one year

	1997 £	1996 £
Overdraft	139,399	-
Trade creditors	863,839	513,087
Corporation tax	15,000	-
Other taxes and social security	11,400	33,919
Other creditors	253	11
Amounts due to group undertakings	29,541	94,227
Accruals	196,241	42,882
Dividends payable	272,000	-
	<u>1,527,673</u>	<u>684,126</u>

11 Provisions for liabilities and charges**Deferred taxation**

Deferred taxation provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	1997 £	1996 £	1997 £	1996 £
Tax effect of timing differences because of:				
Accelerated capital allowances	<u>3,500</u>	<u>9,500</u>	<u>-</u>	<u>-</u>
Balance at 1 September	9,500	11,000		
Transfer to profit and loss account	<u>(6,000)</u>	<u>(1,500)</u>		
Balance at 31 August	<u>3,500</u>	<u>9,500</u>		

12 Pension and similar obligations

The ultimate parent company, Stratagem Group PLC, operates a funded defined benefits pension scheme. The scheme is funded by contributions from employees and employer. Particulars of the most recent actuarial valuation of the group's schemes are contained in the financial statements of Stratagem Group PLC. Employer contributions of £21,805 (1996: £26,652) in respect of the scheme, were charged against profits during the year. At the year end all contributions had been paid over to the fund administrators.

13 Called up share capital

	1997 £	1996 £
Authorised		
5,000 ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>
Allotted, called up and fully paid		
5,000 ordinary shares of £1 each	5,000	5,000
	<hr/>	<hr/>

14 Profit and loss account

	£
At 1 September 1996	968,354
Transfer to profit and loss account	(240,392)
	<hr/>
At 31 August 1997	727,962
	<hr/>

15 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit/(loss) for the financial year	81,608	(245,755)
Dividends	(322,000)	-
	<hr/>	<hr/>
Net change in shareholders' funds	(240,192)	(245,755)
Opening shareholders' funds	973,354	1,219,109
	<hr/>	<hr/>
Closing shareholders' funds	732,962	973,354
	<hr/>	<hr/>

16 Contingent liabilities

The company is included in a value added tax group election under section 29 of the Value Added Tax Act 1983. It has therefore guaranteed to pay any tax due by other members of the group. At 31 August 1997 tax owing by the group was £829,284 (1996: £883,331).

The company, together with other group undertakings, entered into an agreement with the Bank of Scotland on 6 January 1992, whereby balances with the bank are subject to joint and several guarantees. The net group overdraft at 31 August 1997 subject to this agreement amounted to £4,488,956 (1996: £8,047,037). The bank has a floating charge over all the company's assets and a fixed charge over the company's fixed assets.

17 Related party disclosures

The company is a wholly owned subsidiary of Stratagem Group PLC, which presents consolidated financial statements. In accordance with Financial Reporting Standard No 8, the company is exempt from disclosing transactions with other group companies and investees of the group qualifying as related parties.

18 Ultimate parent company

The immediate parent undertaking is Concord PLC, a company registered in Great Britain. According to the register maintained by the company, Concord PLC has a 100% interest in the equity share capital of Kingdoor Products Limited at 31 August 1997.

The ultimate parent undertaking is Stratagem Group PLC, a company registered in Great Britain. Copies of the group financial statements of Stratagem Group PLC can be obtained from the Registrar of Companies, Companies House, Cardiff, CF4 3UZ

The directors regard Stratagem Group PLC, a company with a diverse range of shareholders, as the ultimate controlling party by virtue of its 100% interest in the equity share capital of the company.