

PRECISION ENGINEERING PLASTICS LIMITED
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999



PRECISION ENGINEERING PLASTICS LIMITED

COMPANY INFORMATION

Directors

P W Bollinghaus
B W Piepenstock
P Doheny
M Cox

Secretary

Hill Street Registrars Limited

Company number

2000951

Registered office

Unit 4B Truimph Industrial Estate, Tariff Road
London
N17 OEB

Auditors

Simmons Gainsford
7/10 Chandos Street
Cavendish Square
London
W1M 9DE

Business address

Unit 4B Truimph Industrial Estate, Tariff Road
London
N17 OEB

Bankers

Royal Bank of Scotland Plc
354 Station Road, Harrow
Middlesex
HA1 2XZ

PRECISION ENGINEERING PLASTICS LIMITED

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PRECISION ENGINEERING PLASTICS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

The directors present their report and financial statements for the year ended 30 June 1999.

Principal activities

The principal activity of the company continued to be that of the manufacture of precision plastic mouldings.

Directors

The following directors have held office since 1 July 1998:

P W Bollinghaus
B W Piepenstock
P Doheny
M Cox

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

	Ordinary of £1 each	
	30 June 1999	1 July 1998
P W Bollinghaus	-	-
B W Piepenstock	-	-
P Doheny	4,500	4,500
M Cox	4,500	4,500

	Ordinary of 10p each	
	30 June 1999	1 July 1998
P W Bollinghaus	-	-
B W Piepenstock	-	-
P Doheny	13,700	-
M Cox	1,567	-

The directors do not have any other interest in the Company other than as shown in the accounts of the ultimate holding company, Contactum Limited.

Year 2000 compliance

The year 2000 issue, which stems from computer programs written using two rather than four digits to define the applicable year, could result in processing faults on the change of the century and produce a wide range of consequences.

The company has recognised the potential disruption and cost to the business of the Year 2000 issue and has already begun the implementation of a software upgrade in its internal accounting and administrative systems. The costs associated with this will be recognised in the year in which the expenditure is incurred.

The Year 2000 issue does create risks for us from third parties with whom we deal on financial and business transactions. However, we cannot be certain of avoiding disruption to the business in areas where we do not have a direct relationship.

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Simmons Gainsford be reappointed as auditors of the company will be put to the Annual General Meeting.

PRECISION ENGINEERING PLASTICS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 30 JUNE 1999

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 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.

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

SIGNED ON BEHALF OF
HILL STREET REGISTRARS
LIMITED.....*[Signature]*
SECRETARY

Hill Street Registrars Limited

Secretary

..25/4/2000..

PRECISION ENGINEERING PLASTICS LIMITED

AUDITORS' REPORT

TO THE SHAREHOLDERS OF PRECISION ENGINEERING PLASTICS LIMITED

We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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.

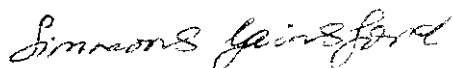
Basis of opinion

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.

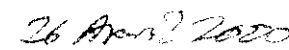
Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Simmons Gainsford

Chartered Accountants
Registered Auditor


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7/10 Chandos Street
Cavendish Square
London
W1M 9DE

PRECISION ENGINEERING PLASTICS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1999 £	1998 £
Turnover		1,887,396	1,599,544
Cost of sales		(1,340,968)	(1,070,792)
Gross profit		<u>546,428</u>	<u>528,752</u>
Administrative expenses		(472,196)	(448,106)
Other operating income		4,000	-
Operating profit	2	<u>78,232</u>	<u>80,646</u>
Other interest receivable and similar income	3	357	21
Interest payable and similar charges	4	(2,826)	(8,061)
Profit on ordinary activities before taxation		<u>75,763</u>	<u>72,606</u>
Tax on profit on ordinary activities	5	2,419	(28,919)
Profit on ordinary activities after taxation	12	<u><u>78,182</u></u>	<u><u>43,687</u></u>

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

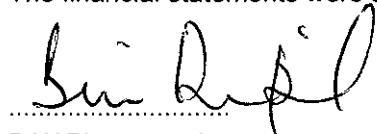
PRECISION ENGINEERING PLASTICS LIMITED

BALANCE SHEET AS AT 30 JUNE 1999

	Notes	1999 £	£	1998 £	£
Fixed assets					
Tangible assets	6		161,502		171,635
Current assets					
Stocks		78,094		87,753	
Debtors	7	258,127		238,777	
Cash at bank and in hand		2,656		100	
		<u>338,877</u>		<u>326,630</u>	
Creditors: amounts falling due within one year	8	<u>(363,175)</u>		<u>(433,867)</u>	
Net current liabilities			(24,298)		(107,237)
Total assets less current liabilities			<u>137,204</u>		<u>64,398</u>
Provisions for liabilities and charges	9		(600)		(20,019)
			<u>136,604</u>		<u>44,379</u>
Capital and reserves					
Called up share capital	11	102,133		100,000	
Share premium account	12	11,909		-	
Profit and loss account	12	22,562		(55,621)	
Shareholders' funds - equity interests	13	<u>136,604</u>		<u>44,379</u>	

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 25/4/2000.



B W Piepenstock
Director

PRECISION ENGINEERING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from the requirement to produce a cashflow statement on the grounds that it is a small company.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Leasehold	Straight line over the life of the lease
Plant and machinery	20% Straight line
Fixtures, fittings & equipment	20% Straight line
Motor vehicles	25% Straight line

1.5 Leasing

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6 Stock

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

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with SSAP 24.

1.8 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

1.9 Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

PRECISION ENGINEERING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

2	Operating profit	1999	1998
		£	£
	Operating profit is stated after charging:		
	Depreciation of tangible assets	73,693	74,085
	Operating lease rentals	66,574	66,574
	Auditors' remuneration	7,500	4,500
	Directors' emoluments	99,198	94,954
	and after crediting:		
	Government grants	4,000	-
		<u> </u>	<u> </u>
3	Other interest receivable and similar income	1999	1998
		£	£
	Other interest	357	21
		<u> </u>	<u> </u>
4	Interest payable	1999	1998
		£	£
	On bank loans and overdrafts	2,826	8,061
		<u> </u>	<u> </u>
5	Taxation	1999	1998
		£	£
	U.K. current year taxation		
	U.K. corporation tax at 21% (1998 - 21%)	17,000	8,900
	Deferred taxation	(19,419)	20,019
		<u> </u>	<u> </u>
		(2,419)	28,919
		<u> </u>	<u> </u>

PRECISION ENGINEERING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

6 Tangible fixed assets

	Land and buildings Leasehold	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 1998	49,210	810,277	38,222	30,846	928,555
Additions	-	38,801	2,411	23,368	64,580
Disposals	-	-	-	(16,336)	(16,336)
At 30 June 1999	49,210	849,078	40,633	37,878	976,799
Depreciation					
At 1 July 1998	44,412	654,532	31,213	26,762	756,919
On disposals	-	-	-	(15,315)	(15,315)
Charge for the year	1,476	59,562	3,750	8,905	73,693
At 30 June 1999	45,888	714,094	34,963	20,352	815,297
Net book value					
At 30 June 1999	3,322	134,984	5,670	17,526	161,502
At 30 June 1998	4,798	155,744	7,009	4,084	171,635

7 Debtors

	1999 £	1998 £
Trade debtors	229,635	195,215
Other debtors	28,492	43,562
	258,127	238,777

PRECISION ENGINEERING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

8 Creditors: amounts falling due within one year	1999 £	1998 £
Bank loans and overdrafts	-	50,719
Trade creditors	209,825	298,672
Amounts owed to group undertakings and undertakings in which the company has a participating interest	49,298	16,853
Taxation and social security	45,692	27,064
Other creditors	58,360	40,559
	<u>363,175</u>	<u>433,867</u>

The bank overdraft is secured.

9 Provisions for liabilities and charges	Deferred taxation £
Balance at 1 July 1998 and at 30 June 1999	<u>600</u>

Deferred tax is provided at 20% (1998 - 21%) analysed over the following timing differences:

	Fully provided 1999 £	1998 £
Accelerated capital allowances	<u>600</u>	<u>20,019</u>

10 Pension costs

The company operates defined contribution pension schemes for certain of its employees. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost charge represents contributions paid by the company to the funds and amounted to £6,748 (1998 - £1,511).

PRECISION ENGINEERING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

11 Share capital	1999 £	1998 £
Authorised		
200,000 Ordinary of £1 each	200,000	100,000
1,000,000 Ordinary of 10p each	100,000	-
	<u>300,000</u>	<u>100,000</u>
Allotted, called up and fully paid		
100,000 Ordinary of £1 each	100,000	100,000
21,330 Ordinary of 10p each	2,133	-
	<u>102,133</u>	<u>100,000</u>

On 29 May 1999 the authorised share capital of the Company was increased by £200,000 by the creation of an additional 100,000 ordinary shares of £1 each and additional 1,000,000 shares of £0.10p each.

The rights attaching to the two classes of shares shall be as follows:

- 1). On a poll the holders of £1 shares shall be entitled to one vote for every share held but the holders of the 10p shares shall be entitled to one vote for every 10 shares held.
- 2). On a declaration of dividend or return of capital the dividend paid or payable to the shareholders of the Company or the entitlement to capital shall be divided in such a manner that the holders of each £1 share are entitled to 10 times the dividend per share that the holders of each 10p share are entitled to.

12 Statement of movements on reserves

	Share premium account £	Profit and loss account £
Balance at 1 July 1998	-	(55,620)
Retained profit for the year	-	78,182
Premium on shares issued during the year	11,909	-
Balance at 30 June 1999	<u>11,909</u>	<u>22,562</u>

PRECISION ENGINEERING PLASTICS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 1999

13 Reconciliation of movements in shareholders' funds	1999 £	1998 £
Profit for the financial year	78,182	43,687
Proceeds from issue of shares	14,042	-
Net addition to shareholders' funds	92,224	43,687
Opening shareholders' funds	44,379	692
Closing shareholders' funds	136,604	44,379

14 Financial commitments

At 30 June 1999 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1999 £	1998 £
Expiry date:		
Within one year	66,574	66,574

15 Control

The ultimate parent company is Contactum Limited, a company registered in England and Wales. The accounts of Contactum Limited can be obtained from Victoria Works, Edgware Road, Cricklewood, London NW2 6LF.

16 Related party transactions

During the year the company had sales of £465,916 (1998 £413,456) and incurred a charge for management services of £10,641 (1998 £12,166) from its ultimate holding company, Contactum Limited. In addition the company made purchases of £18,922 (1998 £42,471) from Bevenden Moulds And Tools Limited. Bevenden Moulds and Tools Limited is a subsidiary of Contactum Limited.