

Bowers Metrology (UK) Limited

Report and Accounts

30 September 2001

Registered No. 02951538



Bowers Metrology (UK) Limited

Registered No. 02951538

DIRECTORS

W Fletcher
S D Millington
S P White
D J Wolstenholme

SECRETARY

W Fletcher

AUDITORS

Ernst & Young LLP
P O Box 61
Cloth Hall Court
14 King Street
Leeds
LS1 2JN

BANKERS

HSBC Bank plc
38 High Street
Exeter
EX4 3LP

SOLICITORS

Davenport Lyons
1 Old Burlington Street
London
W1X 2NL

REGISTERED OFFICE

Atlas Way
Atlas North
Sheffield
S4 7QQ

Bowers Metrology (UK) Limited

DIRECTORS' REPORT

The directors present their report and accounts for the year ended 30 September 2001.

PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The company's principal activity during the year continued to be the distribution of precision measuring equipment.

RESULTS AND DIVIDENDS

The operating profit for the year amounted to £138,000 (2000 : £136,000). The profit for the year after interest and taxation amounted to £139,000 (2000 : 133,000). No dividend was paid during the year (2000: £180,000).

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year were as follows:

W Fletcher
A Lisanti (resigned 26 April 2002)
S P White
D J Wolstenholme
S Millington (appointed 17 April 2001)

Bowers Metrology (UK) Limited is a wholly owned subsidiary of Bowers Group plc.

None of the directors have any interests in the shares of the company.

ADMINISTRATIVE ORGANISATION

Bowers Metrology Limited acts on behalf of the company for the purpose of invoicing customers, collecting debts, and paying creditors and expenses.

EVENTS SINCE THE BALANCE SHEET DATE

On 6 September 2002 the entire issued share capital of the company's immediate parent undertaking, Bowers Group plc, was acquired by Megapro Tools Inc, a company incorporated in the United States of America.

By order of the board



W Fletcher
Secretary

22 October 2002

Bowers Metrology (UK) Limited

STATEMENTS OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts 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 accounts 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.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF BOWERS METROLOGY (UK) LIMITED

We have audited the company's financial statements for the year ended 30 September 2001 which comprise the Profit and Loss Account, Balance Sheet, Statement of Total Recognised Gains and Losses and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we required for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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 affairs of the company as at 30 September 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP
Ernst & Young LLP
Registered Auditor
Leeds

24 October 2002

Bowers Metrology (UK) Limited

PROFIT AND LOSS ACCOUNT

for the year ended 30 September 2001

	<i>Notes</i>	<i>2001</i> <i>£'000</i>	<i>2000</i> <i>£'000</i>
TURNOVER	2	2,778	2,751
Operating expenses	3	2,640	2,615
OPERATING PROFIT	4	138	136
Interest receivable		1	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		139	136
Tax on profit on ordinary activities	7	-	3
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		139	133
Dividends payable	8	-	180
PROFIT/(LOSS) FOR THE FINANCIAL YEAR		139	(47)

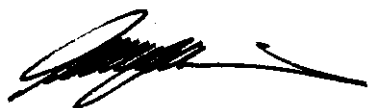
Movements in reserves are set out in note 15 to the accounts. The accompanying notes are an integral part of this profit and loss account.

There are no recognised gains and losses other than the profit for the financial year.

Bowers Metrology (UK) Limited

BALANCE SHEET at 30 September 2001

	<i>Notes</i>	<i>2001 £'000</i>	<i>2000 £'000</i>
FIXED ASSETS			
Tangible assets	9	5	13
CURRENT ASSETS			
Stocks	10	666	505
Debtors	11	69	11
		735	516
CREDITORS: amounts falling due within one year	12	397	325
NET CURRENT ASSETS		338	191
NET ASSETS		343	204
CAPITAL AND RESERVES			
Called up share capital (£2)	14	-	-
Profit and loss account	15	343	204
SHAREHOLDERS' FUNDS - EQUITY INTERESTS		343	204



D J Wolstenholme
Director

22 October 2002

Bowers Metrology (UK) Limited

NOTES TO THE ACCOUNTS at 30 September 2001

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable accounting standards.

Cash flow statement

The company is a wholly owned subsidiary undertaking of Bowers Group plc, a company registered in England. The immediate parent undertaking of Bowers Group plc, USI Mayfair Limited, prepares consolidated accounts which include a consolidated cash flow statement dealing with the cash flows of the group. Bowers Metrology (UK) Limited is therefore not required to prepare a cash flow statement for inclusion in its own accounts.

Depreciation

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost or valuation, less estimated residual value based on prices prevailing at the date of acquisition or revaluation, of each asset evenly over its expected useful life, as follows:

Plant and machinery	-	over 5 years
Motor vehicles	-	over 4 years

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows:

Raw materials, consumables and goods for resale	-	purchase cost on a first-in, first-out basis
Work in progress and finished goods	-	cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences, including those relating to pensions, which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. Advance corporation tax which is expected to be recoverable in the future is deducted from the deferred taxation balance.

Deferred taxation assets are only recognised if recovery without replacement by equivalent debit balances is reasonably certain.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Bowers Metrology (UK) Limited

NOTES TO THE ACCOUNTS

at 30 September 2001

1. ACCOUNTING POLICIES (continued)

Leasing and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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

Pensions

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties.

Turnover is attributable to one continuing activity, the distribution of precision measuring equipment.

An analysis of turnover by geographical market is given below:

	2001 £'000	2000 £'000
Europe	2,765	2,677
Australasia	1	11
Asia	9	47
North America	3	16
	<u>2,778</u>	<u>2,751</u>

3. OPERATING EXPENSES

	2001 £'000	2000 £'000
Change in stocks of finished goods and work in progress	(161)	36
Raw material and consumables	1,630	1,549
Staff costs (note 6)	493	475
Depreciation of tangible fixed assets	8	10
Other operating charges	670	545
	<u>2,640</u>	<u>2,615</u>

Bowers Metrology (UK) Limited

NOTES TO THE ACCOUNTS

at 30 September 2001

4. OPERATING PROFIT

This is stated after charging:

	2001 £'000	2000 £'000
Depreciation of owned fixed assets	8	10
Auditors' remuneration	4	3
Operating lease rentals - motor vehicles	46	32
- land and buildings	62	41
	<u>120</u>	<u>86</u>

5. DIRECTORS' EMOLUMENTS

	2001 £'000	2000 £'000
Emoluments	75	49
	<u>75</u>	<u>49</u>

Company contributions paid to money purchase pension schemes

13	-
<u>13</u>	<u>-</u>

	2001 No.	2000 No.
Members of money purchase pension schemes	2	-
	<u>2</u>	<u>-</u>

6. STAFF COSTS

	2001 £'000	2000 £'000
Wages and salaries	432	441
Social security costs	47	28
Other pension costs	14	6
	<u>493</u>	<u>475</u>

The monthly average number of employees during the year was as follows:

	2001 No.	2000 No.
Office and management	13	13
	<u>13</u>	<u>13</u>

Bowers Metrology (UK) Limited

NOTES TO THE ACCOUNTS

at 30 September 2001

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001 £'000	2000 £'000
UK corporation tax in relation to prior years	-	3

The corporation tax payable for the year has been reduced by £59,000 (2000: £44,000) as a result of group relief surrendered by fellow subsidiary undertakings for which no payment will be made.

8. DIVIDENDS

	2001 £'000	2000 £'000
Dividend paid of nil per share (2000: £90,000)	-	180

9. TANGIBLE FIXED ASSETS

	<i>Plant and machinery £'000</i>
Cost:	
At 1 October 2000 and 30 September 2001	74
Depreciation:	
At 1 October 2000	61
Provided during the year	8
At 30 September 2001	69
Net book value:	
At 30 September 2001	5
At 30 September 2000	13

10. STOCKS

	2001 £'000	2000 £'000
Finished goods and goods for resale	666	505

Bowers Metrology (UK) Limited

NOTES TO THE ACCOUNTS

at 30 September 2001

11. DEBTORS

	2001 £'000	2000 £'000
Amounts owed by fellow subsidiary undertakings	69	-
Corporation tax repayable	-	11
	<u>69</u>	<u>11</u>

12. CREDITORS: amounts falling due within one year

	2001 £'000	2000 £'000
Amounts due to fellow subsidiary undertakings	395	311
Group relief payable	2	14
	<u>397</u>	<u>325</u>

13. DEFERRED TAXATION

	2001 No.	Provided 2000 No.	2001 £	Not Provided 2000 £
Capital allowances in advance of depreciation	-	-	(10)	(4)
Timing differences relating to current assets and liabilities	-	-	(23)	(8)
	<u>-</u>	<u>-</u>	<u>(33)</u>	<u>(12)</u>

14. SHARE CAPITAL

	2001 No.	Authorised 2000 No.	2001 £	Authorised 2000 £
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

	2001 £	Allotted, called up and fully paid 2000 £
Ordinary shares of £1 each	2	2

Bowers Metrology (UK) Limited

NOTES TO THE ACCOUNTS

at 30 September 2001

15. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	2001 £'000	2000 £'000
At 1 October 2000	204	251
Profit for the year	139	133
	<hr/> 343	<hr/> 384
Dividends payable	-	(180)
	<hr/> 343	<hr/> 204
At 30 September 2001	<hr/> <hr/> 343	<hr/> <hr/> 204

16. OTHER FINANCIAL COMMITMENTS

At 30 September 2001 the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land and buildings</i> 2001 £'000	<i>Other</i> 2001 £'000	<i>Land and buildings</i> 2000 £'000	<i>Other</i> 2000 £'000
Operating leases which expire:				
Within one year	-	-	-	5
In two to five years	60	49	60	33
	<hr/> 60	<hr/> 49	<hr/> 60	<hr/> 38
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

17. CONTINGENT LIABILITY

The bank overdrafts of Bowers Metrology (UK) Limited have been secured by a mortgage with the HSBC Bank plc, incorporating fixed and floating charges over the whole of the undertaking and assets of the company.

The company, together with the members of the Bowers Group plc, and certain other fellow UK subsidiary undertakings within the US Industries group, has entered into a cross guarantee with HSBC Bank plc to guarantee the bank overdrafts of these undertakings. At 30 September 2001 the extent of this guarantee was £14,342,000 (2000 : £11,374,000).

In addition, the principal members of the banking syndicate providing facilities to the ultimate parent company of Bowers Group plc, US Industries Inc, have charges on the share capital of Bowers Group plc and its trading subsidiaries. These charges are subordinated to those of the HSBC Bank plc.

18. RELATED PARTIES

The company has taken advantage of the exemption under Financial Reporting Standard No.8 not to disclose transactions with other group companies.

Bowers Metrology (UK) Limited

NOTES TO THE ACCOUNTS

at 30 September 2001

19. PENSIONS

During the year the company continued to operate money purchase pension schemes with defined contribution levels covering the majority of its employees, including directors. Contributions to the schemes are independently administered by insurance companies.

The pension cost charge represents contributions payable by the company to the schemes and amounted to £14,000 (September 2000: £6,000).

20. PARENT UNDERTAKING AND CONTROLLING PARTY

The ultimate parent undertaking of the largest group of undertakings for which group accounts are drawn up and of which the company is a member is US Industries Inc., a company registered in the United States of America.

The parent undertaking of the smallest group for which group accounts are prepared is USI Mayfair Ltd, a company registered in the United Kingdom.

21. EVENTS SINCE THE BALANCE SHEET DATE

On 6 September 2002 the entire issued share capital of the company's immediate parent undertaking, Bowers Group plc, was acquired by Megapro Tools Inc, a company incorporated in the United States of America.