

Registered No: 3825252

**PRECISION CONCEPTS LIMITED AND ITS  
SUBSIDIARY COMPANIES**

**ANNUAL REPORT AND CONSOLIDATED  
FINANCIAL STATEMENTS FOR THE  
YEAR ENDED 31 DECEMBER 2004**



# **PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES**

## **Annual report and consolidated financial statements for the year ended 31 December 2004**

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# **PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES**

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## **Directors and advisers**

### **Executive directors**

C A G Sander (Chairman)

S Sander

### **Secretary and registered office**

S Sander

Drws-y-Fro

439 Gower Road

Killay

SWANSEA

SA2 7AN

### **Auditors**

PricewaterhouseCoopers LLP

Princess House

Princess Way

SWANSEA

SA1 5LH

### **Solicitors**

Peter Williams & Company

93 Walter Road

SWANSEA

SA1 5QA

### **Bankers**

Lloyds TSB Bank plc

Black Horse House

Phoenix Way

Swansea Enterprise Park

SWANSEA

SA7 9EQ

**Directors' report  
for the year ended 31 December 2004**

The directors present their report and the audited financial statements for the year ended 31 December 2004. The group trades under the names of PBM, PBM Roof, DQS and Cogent Passenger Seating.

**Principal activities**

The principal activity of the company is that of an investment holding company which provides management services to its subsidiary companies. The principal activities of the group companies during the financial year were the supply of plastic building materials, insulated glass products, the design and manufacture of passenger seating and rental of freehold land and buildings.

**Review of business and future developments**

Both the level of business and the year end financial position were disappointing, but based on a review of the operations of the group, the directors expect that the present level of activity and profitability will increase in the foreseeable future.

**Results and dividends**

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

The directors recommend the payment of dividends of £16,875 on the participating redeemable preference shares in respect of the year ended 31 December 2004 (2003: £16,875).

**Changes in tangible fixed assets**

The movements in tangible fixed assets during the financial year are set out in note 11 to the financial statements.

**Directors**

The directors of the company at 31 December 2004, and for the whole of the year then ended, were:

C A G Sander (Chairman)  
S Sander

# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## Directors' interests in shares of the company

The interests of the directors of the company in the shares of the company at 31 December 2004 and 31 December 2003 were as follows:

	Number of ordinary shares of £1 each	
	2004	2003
C A G Sander	16,050	16,050
S Sander	4,950	4,950

## Directors' interests in contracts

With the exception of the matters set out in note 28 to the financial statements, none of the directors had a material interest in any contract of significance to which the company or its subsidiary companies was a party during the financial year.

## Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group and of the profit or loss and total recognised gains or losses of the group for that year. The directors are required to prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company and the group will continue in business.

The directors confirm that suitable accounting policies have been used and applied consistently. They also confirm that reasonable and prudent judgements and estimates have been made, in preparing the financial statements for the year ended 31 December 2004 and that applicable accounting standards have been followed.

The directors are responsible for keeping proper accounting records that disclose with reasonable accuracy at any time the financial position of the company and the group and 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## Employees

The group's policy is to consult and discuss with employees, through meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitude and abilities.

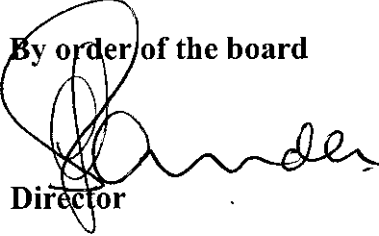
# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## Auditors

A resolution to reappoint PricewaterhouseCoopers LLP as auditors to the company will be proposed at the annual general meeting. PricewaterhouseCoopers LLP have indicated their willingness to continue in office.

By order of the board

A handwritten signature in black ink, appearing to be 'S. M. D.', written over the text 'By order of the board'.

Director

**Independent auditors' report to the members of  
PRECISION CONCEPTS LIMITED**

We have audited the financial statements which comprise the consolidated profit and loss account, the consolidated balance sheet, the company balance sheet, the consolidated cash flow statement and the related notes which have been prepared under the historical cost convention (as modified to include the revaluation of freehold land and buildings) and the accounting policies set out in the statement of accounting policies.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards issued by the Auditing Practices Board. This report, including the opinion, has been prepared for and only for the company's members as a body in accordance with Section 235 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

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 require for our audit or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the annual report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. The other information comprises only the directors' report.

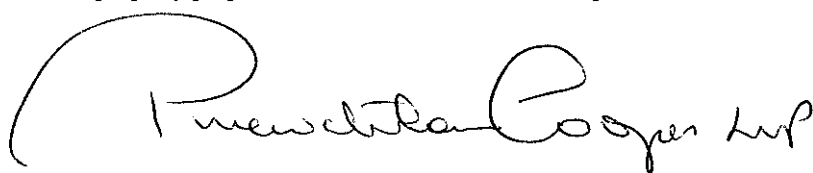
**Basis of audit opinion**

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 affairs of the company and the group at 31 December 2004 and of the group's loss and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A large, stylized handwritten signature in black ink, appearing to read 'P. M. Cooper Ltd'.

**Chartered Accountants and Registered Auditors**  
Swansea, 23 December 2005

# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## Consolidated profit and loss account for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
Turnover	2	33,177	39,947
Cost of sales		(28,385)	(33,379)
<b>Gross profit</b>		<b>4,792</b>	<b>6,568</b>
Net operating expenses	3	(5,662)	(5,695)
<b>Operating (loss)/profit</b>		<b>(870)</b>	<b>873</b>
Profit on disposal of fixed asset investments	12	39	19
Profit on disposal of subsidiary company	12	-	2
Interest receivable and similar income		15	83
Interest payable and similar charges	5	(358)	(307)
<b>(Loss)/profit on ordinary activities before taxation</b>	2, 6	<b>(1,174)</b>	<b>670</b>
Tax on (loss)/profit on ordinary activities	7	200	(220)
<b>(Loss)/profit on ordinary activities after taxation</b>		<b>(974)</b>	<b>450</b>
Equity minority interests	23	266	(44)
<b>(Loss)/profit for the financial year</b>		<b>(708)</b>	<b>406</b>
Dividends including non equity	9	(17)	(17)
<b>Retained (loss)/profit for the financial year</b>	21,22	<b>(725)</b>	<b>389</b>

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

The turnover and operating loss for the financial year are derived from the continuing operations of the company and the group.



# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## Note of historical cost profits and losses

	2004 £'000	2003 £'000
Reported (loss)/profit on ordinary activities before taxation	(1,174)	670
Difference between historical cost depreciation charge and the actual depreciation charge of the year, calculated on the revalued amount	5	5
Historical cost (loss)/profit on ordinary activities before taxation	(1,169)	675
Historical cost (loss)/profit for the year retained after taxation, minority interests and dividends	(720)	394

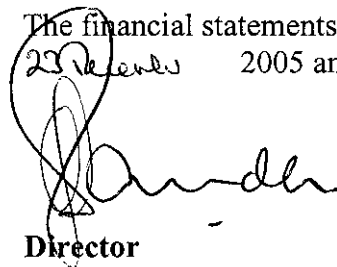
# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## Consolidated balance sheet at 31 December 2004

	Notes	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Intangible assets	10	821	871
Tangible assets	11	1,752	1,665
Investments	12	378	352
		<b>2,951</b>	<b>2,888</b>
<b>Current assets</b>			
Stocks	13	3,237	3,392
Current asset investments	14	18	-
Debtors	15	5,446	7,583
Cash at bank and in hand		132	73
		<b>8,833</b>	<b>11,048</b>
<b>Creditors: amounts falling due within one year</b>	16	<b>(9,978)</b>	<b>(11,242)</b>
<b>Net current liabilities</b>		<b>(1,145)</b>	<b>(194)</b>
<b>Total assets less current liabilities</b>		<b>1,806</b>	<b>2,694</b>
<b>Creditors: amounts falling due after more than one year</b>	17	<b>(537)</b>	<b>(405)</b>
<b>Provisions for liabilities and charges</b>	18	<b>(73)</b>	<b>(102)</b>
<b>Net assets</b>		<b>1,196</b>	<b>2,187</b>
<b>Capital and reserves</b>			
Called up share capital	19	246	246
Share premium account	20	829	829
Profit and loss account	21	(150)	575
<b>Total shareholders' funds</b>	22	<b>925</b>	<b>1,650</b>
Equity minority interest	23	271	537
		<b>1,196</b>	<b>2,187</b>
Equity shareholders' funds		971	1,962
Non-equity shareholders' funds	19	225	225
		<b>1,196</b>	<b>2,187</b>

The financial statements on pages 6 to 29 were approved by the board of directors on 23 March 2005 and were signed on its behalf by:



**Director**

# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## Company balance sheet at 31 December 2004

	Notes	2004 £'000	2003 £'000
<b>Fixed assets</b>			
Investments	12	1,447	1,447
<b>Current assets</b>			
<b>Creditors: amounts falling due within one year</b>	16	(300)	(288)
<b>Net current liabilities</b>		(300)	(288)
Total assets less current liabilities		1,147	1,159
<b>Creditors: amounts falling due in more than one year</b>	17	(35)	(71)
<b>Net assets</b>		1,112	1,088
<b>Capital and reserves</b>			
Called up share capital	19	246	246
Share premium account	20	829	829
Profit and loss account	21	37	13
<b>Total shareholders' funds</b>	22	1,112	1,088
Equity shareholders' funds		887	863
Non-equity shareholders' funds	19	225	225
		1,112	1,088

The financial statements on pages 6 to 29 were approved by the board of directors on  
23 February 2005 and were signed on its behalf by:

  
Director

# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## Consolidated cash flow statement for the year ended 31 December 2004

	Notes	2004 £'000	2003 £'000
<b>Net cash inflow from continuing operating activities (reconciliation to operating profit on page 11 )</b>		<b>1,291</b>	<b>87</b>
<b>Returns on investments and servicing of finance</b>			
Interest receivable and similar income		15	83
Interest paid		(352)	(302)
Interest element of finance lease payments		(6)	(5)
Dividends paid on non-equity shares		(17)	(17)
<b>Net cash outflow from returns on investments and servicing of finance</b>		<b>(360)</b>	<b>(241)</b>
<b>United Kingdom corporation tax</b>			
United Kingdom taxation paid		9	(150)
<b>Capital expenditure and financial investment</b>			
Purchase of tangible fixed assets		(356)	(315)
Purchase of fixed asset investments		(1,296)	(237)
Sale of fixed asset investments		1,291	119
<b>Net cash outflow for capital expenditure and financial investment</b>		<b>(361)</b>	<b>(433)</b>
<b>Equity dividends paid</b>		<b>-</b>	<b>(8)</b>
<b>Net cash inflow/(outflow) before financing</b>		<b>579</b>	<b>(745)</b>
<b>Financing</b>			
Loan notes repaid		(36)	(42)
Directors loans repaid		(224)	(119)
Invoice discounting		(230)	1,044
Capital element of finance lease payments		(45)	(10)
Mortgage repayments		(237)	(71)
New mortgage		445	-
New bank loan		7	-
<b>Net cash (outflow)inflow from financing</b>		<b>(320)</b>	<b>802</b>
<b>Increase in net cash</b>		<b>259</b>	<b>57</b>
<b>Reconciliation to net (debt)</b>			
Increase in net cash		259	57
Increase/(decrease) in net debt in year		320	(802)
New finance leases	27	(60)	(171)
Movement in net debt	27	519	(916)
Opening net debt	27	(4,378)	(3,462)
<b>Closing net debt</b>	<b>27</b>	<b>(3,859)</b>	<b>(4,378)</b>

**Reconciliation of operating profit to net cash inflow  
from operating activities**

	2004 £'000	2003 £'000
Operating (loss)/profit	(870)	873
Depreciation of tangible fixed assets	329	320
Amortisation of intangible fixed assets	50	50
Provision against value of listed investments	-	1
Decrease in stocks	155	421
Decrease in debtors	2,137	414
(Decrease) in creditors	(510)	(2,051)
Increase in provision to liabilities and charges	-	59
<b>Net cash inflow from continuing operating activities (page 10)</b>	<b>1,291</b>	<b>87</b>

**Notes to the financial statements  
for the year ended 31 December 2004**

**1 Accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important group 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, as modified to include the valuation of freehold properties.

**Basis of consolidation**

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2004. The results of subsidiaries acquired during the financial year and the previous financial year are included in the consolidated profit and loss account for the period from when the acquisition took place. The results of subsidiaries disposed of during the financial year are included in the consolidated profit and loss account for the period up to when the disposal took place. Intra-group transactions and balances are eliminated fully on consolidation.

On acquisition of a subsidiary all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post-acquisition profit and loss account.

**Fixed asset investments**

Fixed asset investments are stated at the lower of cost and market value less any provision for impairment.

**Intangible fixed assets**

Goodwill represents the acquisition costs (including professional costs) less the value of the underlying net assets acquired. Goodwill is stated at cost and will be amortised over a period of 20 years, a period representing its useful economic life.

**Tangible fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition, except for freehold land and buildings which are included at a valuation.

**Depreciation**

Depreciation is calculated to write off the cost or valuation of tangible fixed assets on a reducing balance basis, except for freehold land and buildings, over the expected useful economic lives of the assets concerned. The principal annual rates of depreciation used for this purpose, are set out below:

Freehold buildings	2% (straight line)
Plant and machinery, fixtures and fittings	10 - 50%
Improvements to short leasehold premises	Over period of the lease
Commercial vehicles	25 - 33 $\frac{1}{3}$ %

**Stocks**

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a first in, first out basis. In the case of manufactured products, cost includes all direct expenditure and production overheads based upon a normal level of activity. Net realisable value is the price at which the stock can be realised in the normal course of business after allowing for the costs of realisation and, where appropriate, the cost of conversion from its existing state to a finished condition. Provision is made for obsolete, slow-moving and defective stocks.

**Deferred taxation**

Provision for deferred taxation is made in respect of all material timing differences that have originated but not reversed by the balance sheet date. Timing differences represent differences between gains and losses recognised for tax purposes in periods different from those in which they are recognised in financial statements. No deferred tax is recognised on permanent differences between the company's taxable gains and losses and its results as stated in the financial statements. Deferred tax assets and liabilities are included without discounting.

**Finance and operating leases**

Assets held under finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the term of the lease and the expected useful economic life of the tangible fixed asset. The obligations to pay future rentals is included in creditors net of finance charges allocated to future periods. The finance charge element of rentals is calculated on the reducing balance of capital outstanding and charged to the appropriate accounting period through the profit and loss account.

Costs in respect of operating leases are charged on a straight line basis over the lease term and income arising is credited on a receivable basis to the profit and loss account.

**Foreign currencies**

Assets and liabilities at the balance sheet date denominated in a foreign currency have been converted into sterling at exchange rates ruling at the balance sheet date, or where settlement of foreign currency liabilities are by way of forward trading arrangements, the liabilities will be translated at the exchange rate relating to those trading arrangements. All foreign exchange differences are taken to the profit and loss account in the financial period in which they arise.

# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## Research and development

Expenditure on research and development is written off as incurred.

## Warranty claims

Provision is made for the estimated liability on all products under warranty for which claims have been received.

## Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods despatched and services rendered during the financial year

## Pensions

A subsidiary company operates defined contribution pension schemes whose assets are held in separate trustee administered funds. Contributions to the defined contribution scheme are charged to the profit and loss account as they become payable, in accordance with the rules of the scheme.

## 2 Turnover and profit on ordinary activities before taxation

### Turnover

	2004 £'000	2003 £'000
<b>Class of business (United Kingdom only)</b>		
Supply of plastic building materials and insulated glass products	30,904	37,694
Design and manufacture of passenger seating	2,181	2,145
Other	92	108
	<b>33,177</b>	<b>39,947</b>

### (Loss)/profit on ordinary activities before taxation

	2004 £'000	2003 £'000
<b>Class of business (United Kingdom only)</b>		
Supply of plastic building materials and insulated glass products	(1,341)	524
Design and manufacture of passenger seating	(43)	134
Other	210	12
	<b>(1,174)</b>	<b>670</b>



# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## 3 Net operating expenses

	2004 £'000	2003 £'000
Distribution costs	3,475	3,074
Administrative expenses	2,187	2,621
	<b>5,662</b>	<b>5,695</b>

## 4 Employee information

(a) The average weekly number of persons (including executive directors) employed by the group during the financial year was:

	Group 2004 Number	Group 2003 Number
Directors	10	9
Selling and distribution	218	186
Production	50	98
Administration	29	22
	<b>307</b>	<b>315</b>

	2004 £'000	2003 £'000
<b>Staff costs (for the above persons):</b>		
Wages and salaries	5,358	5,411
Social security costs	467	474
Other pension costs (see note 26)	21	25
	<b>5,846</b>	<b>5,910</b>

## (b) Directors' remuneration

The directors' remuneration payable to the directors of the company include the following amounts:

	2004 £'000	2003 £'000
Aggregate emoluments	135	144
Chairman and highest paid director	135	144

## 5 Interest payable and similar charges

	2004 £'000	2003 £'000
Interest payable on directors' loan	9	24
Interest payable on bank loans and overdrafts	315	255
Interest payable on Building Society mortgage	22	17
Interest payable on loan notes	4	6
Interest payable on finance leases	8	5
	<b>358</b>	<b>307</b>

# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

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## 6 (Loss)/profit on ordinary activities before taxation

	2004 £'000	2003 £'000
Profit on ordinary activities before taxation is stated after charging/(crediting):		
Amortisation of intangible fixed assets	50	50
Depreciation of tangible fixed assets	275	290
Depreciation of tangible fixed assets held under finance leases	54	30
Auditors' remuneration (company £1,000)	36	35
Hire of plant and machinery - operating leases	553	618
Hire of other assets - operating leases	815	868
(Profit) on disposal of shares and options	(39)	(19)
Provision to write down listed shares to market value	11	1
Profit on disposal of subsidiary company	-	(2)
Dividends receivable from listed securities	(11)	(6)

Fees paid to the auditors for non-audit services to the group in the UK were £18,000 (2003: £18,000) (company: £Nil).

## 7 Tax on (loss)/profit on ordinary activities

	2004 £'000	2003 £'000
<b>Current</b>		
United Kingdom corporation tax on (loss)/profit	(159)	220
Adjustment in respect of prior periods	(12)	(9)
<b>Total current tax (credit)/charge</b>	<b>(171)</b>	<b>211</b>
<b>Deferred</b>		
Origination and reversal of timing differences	(7)	(9)
Adjustment in respect of prior periods	(22)	18
<b>Total deferred tax (credit)/charge (see note 18)</b>	<b>(29)</b>	<b>9</b>
<b>Tax on (loss)/profit on ordinary activities</b>	<b>(200)</b>	<b>220</b>

The tax for the period is lower (2003: higher) than the standard rate of corporation tax applying in the United Kingdom (30%). The differences are explained below:

	2004 £'000	2003 £'000
Profit on ordinary activities before tax	(1,174)	670
Profit on ordinary activities at the UK tax rate of 30% (2003: 30%)	(352)	201
Effects of:		
Expenses not deductible for tax purposes	46	56
Accelerated capital allowances and other timing differences	10	(28)
Tax at marginal rates	-	(9)
Losses not recognised	137	-
Adjustments to tax charge in respect of previous periods	(12)	(9)
<b>Total current tax (credit)/charge</b>	<b>(171)</b>	<b>211</b>

## **8 Profit for the financial year**

Profits amounting to £24,129 (2003: £10,317) have been taken account of in arriving at the consolidated profit attributable to the shareholders of Precision Concepts Limited, which has been dealt with in the financial statements of the company. Precision Concepts Limited has taken advantage of the legal dispensation allowing it not to publish a separate profit and loss account.

## **9 Dividends**

	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Dividends payable to minority shareholders (see below)	-	-
Dividends payable on participating redeemable preference shares - non-equity	17	17
	<b>17</b>	<b>17</b>

The minority shareholders and the group have agreed to waive dividends payable by a subsidiary company that they were entitled to in respect of the year ended 31 December 2004 (2003: £Nil).

## **10 Intangible fixed assets**

### **Group**

	<b>Purchased goodwill £'000</b>	<b>Total £'000</b>
<b>Cost</b>		
<b>At 1 January 2004 and 31 December 2004</b>	<b>997</b>	<b>997</b>
<b>Amortisation</b>		
At 1 January 2004	126	126
Charge for the year	50	50
<b>At 31 December 2004</b>	<b>176</b>	<b>176</b>
<b>Net book amount</b>		
<b>At 31 December 2004</b>	<b>821</b>	<b>821</b>
At 31 December 2003	871	871

The purchased goodwill arising on the acquisition of subsidiary companies during previous financial years is being amortised on a straight line basis over 20 years. This period is the period over which the directors estimate that the values of the underlying businesses acquired are expected to exceed the value of the underlying assets of each of the subsidiary companies.

# **11 Tangible fixed assets**

## **Group**

	Freehold land & buildings £'000	Investment properties £000	Plant, machinery, fixtures & fittings £'000	Improvements to short leasehold premises £'000	Commercial vehicles £'000	Total £'000
<b>Cost or valuation (see below)</b>						
At 1 January 2004	430	-	2,247	286	17	2,980
Additions	-	238	178	-	-	416
<b>At 31 December 2004</b>	<b>430</b>	<b>238</b>	<b>2,425</b>	<b>286</b>	<b>17</b>	<b>3,396</b>
<b>Depreciation</b>						
At 1 January 2004	37	-	1,051	213	14	1,315
Charge for the year	8	-	288	32	1	329
<b>At 31 December 2004</b>	<b>45</b>	<b>-</b>	<b>1,339</b>	<b>245</b>	<b>15</b>	<b>1,644</b>
<b>Net book amount</b>						
<b>At 31 December 2004</b>	<b>385</b>	<b>238</b>	<b>1,086</b>	<b>41</b>	<b>2</b>	<b>1,752</b>
At 31 December 2003	393	-	1,196	73	3	1,665

Included in the net book amount of the group tangible fixed assets are assets held under finance leases with a net book amount of £176,546 (2003: £132,262). The depreciation charge on these assets for the financial period was £54,003 (2003: £29,788).

The freehold land and buildings are included in the financial statements of the group at open market valuations undertaken by Hirons, Morgan & Yapp, Property Advisors and Consultants, at 28 February 2000 in accordance with the RICS Appraisal and Valuation Manual. The directors are not aware of any material change in the valuation since it was undertaken and therefore the valuation has not been updated during 2004.

The historical cost and related depreciation of the freehold land and buildings are set out below:

	<b>Group £'000</b>
<b>Cost</b>	
<b>At 1 January 2004 and 31 December 2004</b>	<b>196</b>
<b>Depreciation</b>	
At 1 January 2004	100
Charge for the year	4
<b>At 31 December 2004</b>	<b>104</b>
<b>Net book amount</b>	
<b>At 31 December 2004</b>	<b>92</b>
At 31 December 2003	96

Company tangible fixed assets amounted to £Nil (2003: £Nil).

# PRECISION CONCEPTS LIMITED AND ITS SUBSIDIARY COMPANIES

19

## 12 Fixed asset investments

	2004 £'000	2003 £'000
<b>Company</b>		
Shares in subsidiary undertakings (see (a) below)	1,447	1,447
	£'000	£'000
<b>Group</b>		
Shares in listed companies (see (b) below)	378	352

(a) Details of the shares in the subsidiary companies which are all operated in Great Britain and are all incorporated in England and Wales are as follows:

Name of subsidiary company	Shares held	Proportion of nominal value of issued shares held	Activity
Saint Gerard Holdings plc	Ordinary £1 shares	100%	Rental of freehold land and buildings and the supply of management services
Plastic Building Materials Limited	'A' Ordinary £1 shares	80%	Supply of plastic building materials
Double Quick Supplyline Limited	Ordinary £1 shares	80%	Supply of plastic building materials and insulated glass products
Cogent Passenger Seating Limited	Ordinary £1 shares	100%	Manufacturer and supply of passenger seating for coaches
PBM Roof Systems Limited	Ordinary £1 shares	100%	Fabrication, manufacture and supply of conservatory roofs

The group's 80% shareholding in Plastic Building Materials Limited is held by Saint Gerard Holdings plc. Double Quick Supplyline Limited and PBM Roof Systems Limited are wholly owned subsidiary companies of Plastic Building Materials Limited. These subsidiary companies trade under the names of PBM and DQS.

The group disposed of its investment in Cogent Passenger Seating Limited in May 2005 for £360,000 plus deferred consideration of £250,000 payable in equal instalments over 5 years.

**12 Fixed asset investments (continued)**

- (b) Shares in listed companies comprise equity shares with a cost of £388,786 (2003: £410,038). These shares are listed on the London Stock Exchange and had a market value of £377,783 at 31 December 2004 (2003: £351,688). The movement in shares in listed companies is as follows.

	£'000
At 1 January 2004	352
Additions	1,296
Disposals	(1,259)
Provisions	(11)
At 31 December 2004	378

During the financial year the company realised gains of £39,000 (2003: gains of £18,625) on disposal of shares and options in listed company shares.

**13 Stocks**

	Group 2004 £'000	Group 2003 £'000
Raw materials and consumables	154	160
Finished goods and stocks for resale	3,083	3,232
	3,237	3,392

**14 Current asset investments**

	Group 2004 £000	Group 2003 £000
Shares in listed companies	18	-

The shares in listed companies comprises equity shares with a cost of £18,271 (2003: £Nil). These shares are held on the London Stock Exchange and had a market value of £26,307 (2003: £Nil) at 31 December 2004. The movement of shares in listed companies is as follows:

	£000
Net additions in the financial year	18
At 31 December 2004	18

**15 Debtors**

	Group	Group
	2004	2003
	£000	£000
<b>Amounts falling due within one year</b>		
Trade debtors (see below)	5,001	5,980
Prepayments and accrued income	410	299
Other debtors	35	1,304
	<b>5,446</b>	<b>7,583</b>

Subsidiary companies of the group have entered into contracts that provide invoice discounting facilities in respect of trade debts. An amount of £3,304,000 (2003: £3,534,000) provided to the subsidiary companies in respect of these debts is included in other creditors (see note 16). The invoice discounting company holds a fixed and floating charge over the book debts and assets of the subsidiary companies and the group.

**16 Creditors: amounts falling due within one year**

	Group		Company	
	2004	2003	2004	2003
	£'000	£'000	£'000	£'000
Building society mortgage (see note 17 (c) )	60	10	-	-
Bank loan (see note 17(d) below)	3	-	-	-
Bank overdraft (see (a) below)	-	200	-	-
Trade creditors	4,479	5,393	-	-
Corporation tax	45	207	18	8
Other taxation and social security	674	560	-	-
Accruals and deferred income	1,222	904	-	47
Other creditors (see note 15)	3,408	3,666	56	-
Obligations under finance leases (see note 17 (b))	47	38	-	-
Due to directors (see (b) below)	3	227	-	-
Loan notes due (see note 17 (a) )	37	37	37	37
Amount due to subsidiary companies (see (b) below)	-	-	189	196
	<b>9,978</b>	<b>11,242</b>	<b>300</b>	<b>288</b>

- (a) A subsidiary company's bankers hold a charge over a leasehold property which is occupied by a subsidiary company and a subsidiary company's bankers hold a letter of set off against cash at bank balances of the subsidiary company. In addition, the subsidiary company's bankers hold a letter of set off against cash and bank balances of its parent company.
- (b) The amount due to subsidiary companies and due to the directors is unsecured and has no fixed term for its repayment. During the financial year the directors have charged a subsidiary company £9,000 (2003: £24,300) of interest payable on the directors loan outstanding and due from the subsidiary company.
- (c) The minority shareholders of a subsidiary company have agreed to waive dividends payable by a subsidiary company that they were entitled to in respect of the year ended 31 December 2004 (2003: £Nil).

**17 Creditors: amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
Loan notes due to former shareholder of a subsidiary company (see (a) below)	35	71	35	71
Bank loan (see (d) below)	4	-	-	-
Obligations under finance leases (see (b) below)	139	133	-	-
Mortgage (see (c) below)	359	201	-	-
	<b>537</b>	<b>405</b>	<b>35</b>	<b>71</b>

(a) The company entered into an agreement with a shareholder of Saint Gerard Holdings plc in 2001 to acquire their ordinary shares. The shares were acquired in exchange for the issue of loan notes of £220,000 on which interest of 5% is payable. These loan notes are due for repayment by the company in six monthly instalments of £18,333 with effect from July 2001 and the annual payments were due as follows:

Year ended	£
31 December 2001	18,333
31 December 2002	36,666
31 December 2004	36,666
31 December 2004	36,666
31 December 2005	36,666
31 December 2006	36,666
31 December 2007	18,337
	<b>220,000</b>

The company may elect to redeem an amount exceeding £18,333 per instalment and shall be entitled to set off the amount of such excess against future instalments. At 31 December 2004, the company has repaid £19,994 (2003: £19,994) ahead of the above schedule of repayments.

**(b) Obligations under finance leases**

	<b>Group</b>	<b>Group</b>
	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>
Due within one year	47	38
Between one and two years	50	32
Between two to five years	89	101
	<b>186</b>	<b>171</b>

(c) The building society mortgage bears interest at a variable rate of 6.59% and is being repaid in monthly instalments of £2,314. The mortgage is due for repayment in July 2020 and is secured against the freehold property owned by a subsidiary company.



## 17 Creditors: amounts falling due after more than one year

(d) The bank loan is secured over the assets of a subsidiary company and is repayable by monthly instalments over a 24 month period and bears interest at 2.5% above Barclays Bank base rate. The annual amounts payable are as follows:

	<b>Group 2004 £'000</b>	<b>Group 2003 £'000</b>
In one year or less	3	-
Between one and two years	4	-
	<b>7</b>	<b>-</b>

## 18 Provisions for liabilities and charges

	<b>2004 £'000</b>	<b>2003 £'000</b>
Deferred tax (note a)	14	43
Other (note b)	59	59
	<b>73</b>	<b>102</b>

### (a) Deferred tax

At 1 January 2004	43	34
Transfer to profit and loss account	(29)	9
At 31 December 2004	<b>14</b>	<b>43</b>

The deferred tax provision comprises:

	<b>Group</b>			
	<b>Amount provided</b>		<b>Amount unprovided</b>	
	<b>2004</b>	<b>2003</b>	<b>2004</b>	<b>2003</b>
	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>	<b>£'000</b>
<b>Group</b>				
Accelerated capital allowances	51	52	-	-
Short term timing differences	(15)	(9)	-	-
Losses	(22)	-	-	-
Potential gain on revaluation	-	-	25	28
	<b>14</b>	<b>43</b>	<b>25</b>	<b>28</b>

There is no provision required for deferred taxation in the company.

### Factors that may affect future tax charges

Based on current capital investment plans, the group expects to continue to be able to claim capital allowances in excess of depreciation in future years.

## **18 Provisions for liabilities and charges (continued)**

No provision has been made for deferred tax on gains recognised on revaluing property to its market value or on the sale of properties where potentially taxable gains have been rolled over into replacement assets. Such tax would become payable only if the property were sold without it being possible to claim rollover relief. The total amount unprovided for is £25,000 (2003: £28,000). At present it is not envisaged that any such tax will become payable in the foreseeable future.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws substantively enacted at the balance sheet date.

### **(b) Other**

A subsidiary company is in dispute with the Office of Fair Trading (OFT) in respect of a ruling made by the OFT regarding certain of the allegations made in relation to past trading practices. The subsidiary company is vigorously disputing the ruling and the other outstanding allegations, believing that a number of important mitigating factors have not been taken into account. A provision of £59,000 (2003: £59,000) has been made in these financial statements as being the best estimate of the directors of the amount that may be required to settle the allegations.

In the event that the subsidiary company is unsuccessful in these negotiations with the OFT over the ruling and the other allegations, for which no financial penalty has yet been proposed, additional costs may be incurred.

## **19 Called-up share capital**

	2004	2003
<b>Authorised</b>		
21,000 ordinary shares of £1 each	21,000	21,000
225,000 7½% participating redeemable preference shares of £1 each	225,000	225,000
	<b>246,000</b>	<b>246,000</b>
<b>Allotted, called up and fully paid</b>		
21,000 ordinary shares of £1 each	21,000	21,000
225,000 7½% participating redeemable preference shares of £1 each	225,000	225,000
	<b>246,000</b>	<b>246,000</b>

During 2001 the company issued 20,998 ordinary shares of £1 each at par and 225,000 7½% participating redeemable preference shares of £1 each at par in order to acquire the investment in its wholly owned subsidiary company Saint Gerard Holdings plc. The 7½% participating redeemable preference shares, which do not carry voting rights, are redeemable at par and redemption shall take place no later than December 2010. Redemption of the preference shares in whole or in part during the ten year period shall be subject to the parties mutual agreement on that date. Redemption shall take place at ninety days notice by the company of all or part of the preference shares at par. The preference shareholders are entitled to receive dividends of 7½% per annum on the par value of those shares and the dividends are payable monthly. On winding up, the preference shareholders rank above ordinary shareholders and are entitled to receive £1 per share and any dividends accrued but unpaid in respect of their shares. In the event that dividends on the preference shares are in arrears for six months or more, holders of the preference shares become entitled to vote at general meetings of the members.

**20 Share premium account**

	Group and company £'000
At 1 January 2004 and 31 December 2004	829

**21 Reserves**

	Group Profit & loss account £'000	Company Profit & loss account £'000
At 1 January 2004	575	13
Profit for the financial year	(725)	24
<b>At 31 December 2004</b>	<b>(150)</b>	<b>37</b>

**22 Reconciliation of movements in shareholders' funds**

	Group		Company	
	2004 £'000	2003 £'000	2004 £'000	2003 £'000
(Loss)/profit for the year after taxation	(708)	406	41	27
Dividends	(17)	(17)	(17)	(17)
(Loss)/profit for the financial year	(725)	389	24	10
Opening shareholders' funds	1,650	1,261	1,088	1,078
Closing shareholders' funds	925	1,650	1,112	1,088

**23 Minority interests**

	Group 2004 £'000	Group 2003 £'000
At 1 January 2004	537	493
Share of profits of subsidiary companies	(266)	44
<b>At 31 December 2004</b>	<b>271</b>	<b>537</b>

**24 Capital commitments**

A subsidiary company has contracted to purchase a freehold property for £460,000 on which a deposit of £5,000 was paid during the previous financial period. The contract for purchase should be completed in 2006 and the amount of £455,000 has not been recorded as a fixed asset addition at 31 December 2004 and has not been recorded as a liability in the financial statements at 31 December 2004.

The board of directors of a subsidiary company have approved no capital commitments at 31 December 2004 (2003: £60,000) which have been authorised but are not provided in these financial statements.

## 25 Operating lease commitments

At 31 December 2004 the group has lease agreements in respect of properties, vehicles, plant and equipment, for which the payments extend over a number of years. The annual commitments under non-cancellable operating leases are as follows:

	2004		2003	
	Land and buildings £'000	Other £'000	Land and buildings £'000	Other £'000
<b>Group</b>				
Expiring within one year	131	89	-	220
Expiring between one and two years	39	33	125	200
Expiring between two and five years	266	84	258	75
Expiring in over five years	355	-	452	-
	<b>791</b>	<b>206</b>	<b>835</b>	<b>495</b>

## 26 Pensions

The company operates a defined contribution pension scheme whose assets are held in separate trustee administered funds. The pension cost charged in the financial statements for the year ended 31 December 2004 is £21,373 (2003: £25,000). At 31 December 2004 an amount of £2,934 (2003: £3,513) relating to unpaid pension contributions is included in creditors: amounts falling due within one year.

## 27 Increase in debt

	Net debt 31 Dec 2003 £'000	Cash flow £'000	Other non- cash movement £'000	Net debt 31 Dec 2004 £'000
Cash at bank and in hand	73	59	-	132
Bank overdraft	(200)	200	-	-
	(127)	259	-	132
Invoice discounting	(3,534)	230	-	(3,304)
Finance leases	(171)	45	(60)	(186)
Mortgage	(211)	(208)	-	(419)
Bank loan	-	(7)	-	(7)
Loan notes	(108)	36	-	(72)
Due to directors	(227)	224	-	(3)
	<b>(4,378)</b>	<b>579</b>	<b>(60)</b>	<b>(3,859)</b>

## **28 Related party transactions**

The company has taken exemption under FRS 8 from disclosing transactions between Precision Concepts Limited and its 100% wholly owned subsidiaries Saint Gerard Holdings plc, and Cogent Passenger Seating Limited.

The following related party transactions were between Precision Concepts Limited Group companies and Plastic Building Materials Limited, which is 80% owned by the Precision Concepts Limited Group. Transactions have been eliminated on consolidation, where applicable.

Precision Concepts Limited has received an interest free, unsecured loan of £33,750 (2003: £16,875) from Plastic Building Materials Limited.

The Business Loan Company Limited, a former subsidiary company, has charged management charges of £Nil (2003: £56,272) to Saint Gerard Holdings plc, its former parent company, in respect of the year ended 31 December 2004.

The Business Loan Company Limited has charged management charges of £Nil (2003: £17,780) to Cogent Passenger Seating Limited, a fellow subsidiary company, in respect of the year ended 31 December 2004.

Plastic Building Materials Limited paid management charges of £143,000 (2003: £141,000) to Saint Gerard Holdings plc. The balance owed to Saint Gerard Holdings plc by Plastic Building Materials Limited at 31 December 2004 amounted to £239,000 (2003: £279,000)

Plastic Building Materials paid management charges of £60,862 (2003: £10,500) to Cogent Passenger Seating Limited. The amount owed to Cogent Passenger Seating Limited by Plastic Building Materials Limited at 31 December 2004 was £411 (2003: £Nil)

### **Related party transactions outside of the group:**

CAG Sander, a director of the company has entered into guarantees in respect of the amounts owed by subsidiary companies and the group to an invoice discounting company which at 31 December 2004 amounted to £3,304,000 (2003: £3,534,000) and which is included in other creditors.

Cogent Passenger Seating Limited has incurred charges of £1,504 (2003: £501) from Pauline Kotschy Recruitment, a business owned by the wife of R B Pownall, a director of the subsidiary company. At 31 December 2004, £Nil (2003: £585) is owed to Pauline Kotschy Recruitment which is included in trade creditors.

At 31 December 2004 an unsecured amount of £3,027 (2003: £226,733) is included in creditors in Saint Gerard Holdings plc in respect of amounts due to C A G Sander which falls due for repayment within one year. The director C A G Sander has charged the subsidiary company interest of £9,000 on the loan in respect of the year ended 31 December 2004 (2003: £24,300).

**28 Related party transactions (continued)**

Details of the share appreciation unit schemes for A R Jones is reflected in note 29. D L Maybank was a member of the scheme until he resigned as/ a director of the company on 21 July 2004.

During the year, PBM Roof Systems Limited, the subsidiary company, was charged £9,518 (2003: £Nil) by Cogent Passenger Seating Limited, a fellow subsidiary company, which is outstanding at the balance sheet date (2003: £Nil).

During the financial year, Double Quick Supplyline Limited, the subsidiary company, made unsecured interest free loans of £50,000 (2003: £Nil) to Cogent Passenger Seating Limited, a fellow subsidiary company. The amount is included in debtors: amounts falling due within one year.

During the financial year the group made purchases from the following companies owned by the Heywood Williams Group plc, a minority shareholder of Plastic Building Materials Limited, and the amounts due to the suppliers are included in creditors: amounts falling due within one year.

	2004		2003	
	Purchases £'000	Due to supplier £'000	Purchases £'000	Due to supplier £'000
HW Plastics Limited	3,014	704	5,069	1,363
Spectus Systems Limited	66	-	456	73
Door Panels plc	8	-	15	1
Windowware Limited	4	2	5	-
Coldseal Limited	5	-	-	-

At 31 December 2004 the group was due £Nil (2003: £1,358,000) of discounts receivable and rebates from H W Plastics Limited. These amounts are included within debtors amounts falling due within one year.

During the financial year the group made sales to the following companies owned by the Heywood Williams Group plc and the balances due from these customers are included in trade debtors at 31 December 2004:

	2004		2003	
	Sales £'000	Due to supplier £'000	Sales £'000	Due to supplier £'000
Coldseal Limited	1	-	876	253
HW Fabrications Limited	-	-	23	-
Windowware Limited	2	1	9	2
HW Architectural Limited	1	-	1	-
HW Plastics Limited	143	20	-	-

**29 Contingent liabilities**

The company has entered into a cross guarantee with its subsidiary companies in respect of an invoice discounting facility (see note 15). At 31 December 2004 the amount due by the subsidiary companies was £3,304,000 (2003: £3,534,000) and this is included in other creditors at 31 December 2004.

*A R Jones is a beneficiary of a subsidiary company's share appreciation scheme that was adopted by a subsidiary company in November 2000. Mr Jones is entitled to a bonus up to a maximum of 4½% of the market value of the subsidiary company, if the subsidiary company is sold to an acquiring company or person or floated as a listed company on the Stock Exchange. The amount of the bonus cannot be quantified until any of the aforementioned events take place. The number of share appreciation units that are granted is based on an agreed formula and is dependent upon the performance of the subsidiary companies. At 31 December 2004 the number of units that have been granted to each of the beneficiaries are 6,720 (2003: 6,720) out of a maximum available number of units of 12,606 which can be granted to each individual over a period of 10 years from November 2000. The option price payable by the beneficiaries are 10p per share appreciation unit which will be deducted in determining the bonus due if any of the aforementioned events should take place.*

The bankers of Saint Gerard Holdings plc hold a letter of set off against cash at bank balances in respect of the bank overdraft of a subsidiary company.

**30 Ultimate control**

CAG Sander is the ultimate controlling party of the company by virtue of his 76.43% shareholding in the company.