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Galaxy Fasteners Limited

Report and Financial Statements

Period Ended

31 December 2003

IBDO

BDO Stoy Hayward
Chartered Accountants



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Galaxy Fasteners Limited

Report and financial statements for the period ended 31 December 2003

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Directors

K Harrison
TJ Murphy
WS Woof
RD Goddard

Secretary and registered office

WS Woof, Edmundson House, Tatton House, Knutsford, Cheshire WA16 6AY

Company number

2963719

Auditors

BDO Stoy Hayward LLP, Mander House, Wolverhampton, West Midlands, WV1 3NF

Bankers

Bank of Scotland, 21 Prince Street, Bristol, BS99 7JG

Galaxy Fasteners Limited

Report of the directors for the period ended 31 December 2003

The directors present their report together with the audited financial statements for the period ended 31 December 2003.

Results and dividends

The profit and loss account is set out on page 5 and shows the loss for the period.

Principal activities, review of business and future developments

During the period, the company's principal activity was that of stockholder and distributor of self-tapping screws.

The company performed as expected during the year and the outlook remains good.

Post balance sheet events

On 1 January 2004, the company's parent company became a subsidiary of Zylo Limited. On 1 July 2004 the company's trade, assets and liabilities were transferred to the company's immediate parent company, SRB Limited (formerly SRB Holdings Limited), and the company ceased trading.

Directors

The directors of the company during the period were:

A Stennett
K Harrison
TJ Murphy

Messrs A Stennett and K Harrison were also directors of the company's parent company at the balance sheet date and their interests in the shares of the parent company are disclosed in that company's register of directors interests. Mr TJ Murphy did not have a share interest in group companies at the balance sheet date.

Mr A Stennett resigned as a director on 1 January 2004 and Messrs WS Woof and RD Goddard were appointed on that date.

Galaxy Fasteners Limited

Report of the directors for the period ended 31 December 2003 (*Continued*)

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial period 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; and
- 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.

Auditors

On 31 December 2003, BDO Stoy Hayward, the company's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. BDO Stoy Hayward LLP will not be seeking re-election at the next annual general meeting.

By order of the board

WS Woof


Secretary

28 October 2004

Galaxy Fasteners Limited

Report of the independent auditors

To the shareholders of Galaxy Fasteners Limited

We have audited the financial statements of Galaxy Fasteners Limited for the period ended 31 December 2003 on pages 5 to 17 which have been prepared under the accounting policies set out on pages 7 to 8.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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.

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 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.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

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.

Galaxy Fasteners Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Moy Hayward LLP

BDO STOY HAYWARD LLP

*Chartered Accountants
and Registered Auditors
Wolverhampton*

28 October 2004

Galaxy Fasteners Limited

Profit and loss account for the 13 months ended 31 December 2003

	Note	13 months ended 31 December 2003 £	Year ended 30 November 2002 £
Turnover	2	4,332,229	3,211,435
Raw materials and consumables		3,082,262	2,315,758
Other external charges		399,940	287,425
Staff costs	4	438,954	404,513
Depreciation and other amounts written off fixed assets		41,235	36,986
Other operating charges		331,823	287,357
		<hr/>	<hr/>
Operating profit/(loss)	3	38,015	(120,604)
Interest payable and similar charges	6	(129,010)	(107,191)
		<hr/>	<hr/>
Loss on ordinary activities before taxation		(90,995)	(227,795)
Taxation on loss on ordinary activities	7	5,319	66,500
		<hr/>	<hr/>
Loss on ordinary activities after taxation		(85,676)	(161,295)
Accumulated loss brought forward		(437,430)	(276,135)
		<hr/>	<hr/>
Accumulated loss carried forward		(523,106)	(437,430)
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current period and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current period and prior year apart from the loss for the period/year.

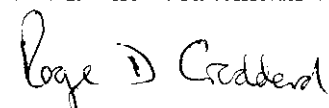
The notes on pages 7 to 17 form part of these financial statements.

Galaxy Fasteners Limited

Balance sheet at 31 December 2003

	Note	31 December 2003 £	31 December 2003 £	30 November 2002 £	30 November 2002 £
Fixed assets					
Tangible assets	8		89,495		130,730
Current assets					
Stocks	9	1,114,331		1,006,339	
Debtors	10	1,321,342		1,243,392	
Cash at bank and in hand		184		417	
		<u>2,435,857</u>		<u>2,250,148</u>	
Creditors: amounts falling due within one year	11	<u>3,033,159</u>		<u>2,788,891</u>	
Net current liabilities			<u>(597,302)</u>		<u>(538,743)</u>
Total assets less current liabilities			<u>(507,807)</u>		<u>(408,013)</u>
Creditors: amounts falling due after more than one year	12	14,299		22,617	
Provision for liabilities and charges	13	-		5,800	
		<u>14,299</u>		<u>28,417</u>	
			<u>(522,106)</u>		<u>(436,430)</u>
Capital and reserves					
Called up share capital	14		1,000		1,000
Profit and loss account			(523,106)		(437,430)
Equity shareholders' funds			<u>(522,106)</u>		<u>(436,430)</u>

The financial statements were approved by the Board on 28 October 2004.


RD Goddard
Director

The notes on pages 7 to 17 form part of these financial statements.

Galaxy Fasteners Limited

Notes forming part of the financial statements for the period ended 31 December 2003

1 Accounting policies

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

The following principal accounting policies have been applied:

Going concern

The financial statements have been prepared on a going concern basis. As detailed in note 19 to the financial statements, the company ceased trading on 1 July 2004 following the transfer of its trade, assets and liabilities to its immediate parent company, SRB Limited, at their net book value at that date.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets evenly over their expected useful lives, at the following annual rates:

Plant & machinery	- 15% reducing balance basis
Fixtures, fittings and office equipment	- 20% reducing balance basis

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on an average price basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except that the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reserved if and when all conditions for retaining those losses have been met.

Deferred tax balances are not discounted.

1 Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a reasonable approximation to a constant periodic rate of charge on the capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the period in which they become payable.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by SRB Limited and the company is included in consolidated financial statements.

Accounting Period

The current period figures relate to the thirteen month period ended 31 December 2003. The comparative information relates to the year ended 30 November 2002.

Galaxy Fasteners Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (*Continued*)

2 Turnover

Turnover is wholly attributable to the principal activity of the company.

The analysis of turnover by geographical market required by paragraph 55 of Schedule 4 of the Companies Act 1985 has not been provided as, in the opinion of the directors, such disclosure would be seriously prejudicial to the interests of the company.

3 Operating profit/(loss)

	13 months ended 31 December 2003 £	Year ended 30 November 2002 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	41,235	36,986
Loss on disposal of tangible fixed assets	-	2,027
Hire of other assets - operating leases	125,983	101,994
Audit services	5,700	4,150
	<u>172,918</u>	<u>145,157</u>

4 Employees

Staff costs (including directors) consist of:

	13 months ended 31 December 2003 £	Year ended 30 November 2002 £
Wages and salaries	397,460	370,812
Social security costs	37,728	30,555
Other pension costs	3,766	3,146
	<u>438,954</u>	<u>404,513</u>

Galaxy Fasteners Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (*Continued*)

4 Employees (*continued*)

The average number of employees (including directors) during the period was as follows:

	13 months ended 31 December 2003 Number	Year ended 30 November 2002 Number
Warehousing and selling	10	10
Management and administration	11	10
	<u>21</u>	<u>20</u>

5 Directors' remuneration

	13 months ended 31 December 2003 £	Year ended 30 November 2002 £
Directors' emoluments	51,943	48,246
Company contributions to money purchase pension schemes	3,144	2,625
	<u>55,087</u>	<u>50,871</u>

There was one director in the company's defined contribution pension scheme during the period (2002 - one).

6 Interest payable and similar charges

	13 months ended 31 December 2003 £	Year ended 30 November 2002 £
Bank overdraft	128,126	106,691
Finance leases and hire purchase contracts	884	500
	<u>129,010</u>	<u>107,191</u>

7 Taxation on loss on ordinary activities

Galaxy Fasteners Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (*Continued*)

7 Taxation on loss on ordinary activities (*continued*)

	13 months ended 31 December 2003 £	Year ended 30 November 2002 £
<i>UK Corporation tax</i>		
Adjustment in respect of previous periods	481	-
Group relief	-	(66,500)
<i>Deferred tax</i>		
Origination and reversal of timing differences	(5,800)	-
	<u>(5,319)</u>	<u>(66,500)</u>
Taxation on loss on ordinary activities	<u>(5,319)</u>	<u>(66,500)</u>

The tax assessed for the period is higher than the standard rate of corporation tax in the UK. The differences are explained below:

	13 months ended 31 December 2003 £	Year ended 30 November 2002 £
Loss on ordinary activities before tax	(90,995)	(227,795)
Loss on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	(27,299)	(68,339)
Effect of:		
Expenses not deductible for tax purposes	1,758	1,916
Capital allowances for period in excess of depreciation	3,800	-
Adjustment to tax charge in respect of previous periods	481	-
Unrelieved tax losses	22,086	-
Other	(345)	(77)
	<u>481</u>	<u>(66,500)</u>
Current tax charge for period	<u>481</u>	<u>(66,500)</u>

Galaxy Fasteners Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (Continued)

8 Tangible fixed assets

	Plant and machinery £	Fixtures, fittings and office equipment £	Total £
<i>Cost</i>			
At 1 December 2002 and 31 December 2003	75,004	131,413	206,417
<i>Depreciation</i>			
At 1 December 2002	18,230	57,457	75,687
Provided for the period	12,188	29,047	41,235
At 31 December 2003	30,418	86,504	116,922
<i>Net book value</i>			
At 31 December 2003	44,586	44,909	89,495
At 30 November 2002	56,774	73,956	130,730

The net book value of fixed asset includes an amount of £22,994 (2002 - 28,033) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the period was £5,040 (2002 - £2,969).

9 Stocks

	31 December 2003 £	30 November 2002 £
Goods for resale	1,114,331	1,006,339

There is no material difference between the replacement cost of stocks and the amounts stated above.

Galaxy Fasteners Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (*Continued*)

10 Debtors

	31 December 2003 £	30 November 2002 £
Trade debtors	1,014,391	941,368
Amounts owed by group undertakings	274,592	181,490
Corporation tax recoverable	-	66,500
Other debtors	1,482	8,672
Prepayments and accrued income	30,877	45,362
	<u>1,321,342</u>	<u>1,243,392</u>

All amounts shown under debtors fall due for payment within one year.

11 Creditors: amounts falling due within one year

	31 December 2003 £	30 November 2002 £
Bank overdraft (secured)	2,616,525	2,155,386
Trade creditors	288,222	442,398
Amounts owed to group undertakings	32,783	30,887
Taxation and social security	36,035	72,380
Obligations under finance lease and hire purchase contracts	7,129	7,129
Other creditors	359	1,108
Accruals and deferred income	52,106	79,603
	<u>3,033,159</u>	<u>2,788,891</u>

The bank overdraft is secured by a fixed and floating charge over the assets of the company.

Galaxy Fasteners Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (*Continued*)

12 Creditors: amounts falling due after more than one year

	31 December 2003 £	30 November 2002 £
Obligations under finance lease and hire purchase contracts	14,299	22,617
Maturity of debt:		
	Finance leases 31 December 2003 £	Finance leases 30 November 2002 £
In one year or less, or on demand	7,129	7,129
In more than one year but not more than two years	7,130	7,130
In more than two years but not more than five years	7,169	15,487
	14,299	22,617

13 Provision for liabilities and charges

	Deferred taxation £
At 1 December 2002	5,800
Credited to profit and loss account	(5,800)
At 31 December 2003	-

Galaxy Fasteners Limited

Notes forming part of the financial statements for the period ended 31 December 2003 (*Continued*)

13 Provision for liabilities and charges (*continued*)

Deferred taxation

	31 December 2003 £	30 November 2002 £
Accelerated capital allowances	-	5,800

14 Share capital

	31 December 2003 £	Authorised 30 November 2002 £	Allotted, called up and fully paid 31 December 2003 £	30 November 2002 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000

15 Contingent liabilities

The company has provided an unlimited cross guarantee in respect of the bank borrowings of the SRB Limited group of companies. At 31 December 2003, the company's potential liability amounted to £2,052,599 (2002 - £1,982,267). The company will not be called upon to honour this guarantee as the unlimited cross guarantee has been cancelled since the balance sheet date.

16 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £3,766 (2002 - £3,146). There were no outstanding or prepaid contributions at the beginning of the financial period. At the end of the financial period there were outstanding contributions of £1,171 (2002 - £Nil).

17 Commitments under operating leases

The company had annual commitments under non-cancellable operating leases as set out below:

	31 December 2003	31 December 2003	30 November 2002	30 November 2002
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Within one year	-	7,285	-	-
In two to five years	-	25,605	-	32,890
After five years	60,000	-	60,000	-
	<u>60,000</u>	<u>32,890</u>	<u>60,000</u>	<u>32,890</u>

18 Related party disclosures

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 "Related party disclosures" not to disclose transactions with members of the group headed by SRB Limited on the grounds that at least 90% of the voting rights in the company are controlled within that group and the company is included in consolidated financial statements.

18 Related party disclosures (continued)*Related party transactions and balances*

Related party	Sales to related party £	Purchases from related party £	Rent payable £	Amounts owed by related party £	Amounts owed to related party £
2003					
PRD Holdings Limited group of companies	4,830	(140)	-	521	-
AST Holdings Limited group of companies	117,551	(312)	-	36,825	-
AS Pension Scheme	-	-	(79,228)	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
2002					
PRD Holdings Limited group of companies	2,703	(1,731)	-	594	-
AST Holdings Limited group of companies	93,555	-	-	30,382	-
AS Pension Scheme	-	-	(55,833)	-	-
Nordiska Bult Holdings AB group	-	(172)	-	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>

The company leases property from the AS Pension Scheme. The current rent is £60,000.

A Stennett, a director of the company, has a material interest in AST Holdings Limited group of companies, PRD Holdings Limited group of companies and Nordiska Bult Holdings AB. He is a trustee and member of the AS Pension Scheme.

19 Post balance sheet events

On 1 January 2004, the company's parent company became a subsidiary of Zylo Limited. On 1 July 2004 the company's trade, assets and liabilities were transferred to the company's immediate parent company, SRB Limited, and the company ceased trading.

20 Ultimate parent company and parent undertaking of larger group

The company is a subsidiary of SRB Limited (formerly SRB Holdings Limited), which is a subsidiary of Zylo Limited, a wholly-owned subsidiary of Marlowe Holdings Limited. The ultimate parent company is Blackfriars Corporation, an American corporation incorporated in the State of Delaware.