



H. A. LIGHT (MULTIFORMS) LIMITED

Report and Financial Statements

31 August 1995



**Touche Ross & Co.
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**



REPORT AND FINANCIAL STATEMENTS 1995

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DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the 17 months ended 31 August 1995.

ACTIVITIES

The principal activities of the company continue to be the manufacture of wire form and precision pressings from ferrous and non-ferrous wire strip using the latest progression tooling and multi-slide methods.

REVIEW OF DEVELOPMENTS

On 27 January 1995, the company's parent, H A Light Limited, was acquired by Rical Limited. The financial year end was subsequently changed to coincide with the ultimate parent company.

FUTURE PROSPECTS

The company is expected to continue to trade profitably in the coming year.

DIVIDENDS AND TRANSFER TO RESERVES

After dividends, the retained loss of £913,430 (Year ended 31 March 1994 - profit of £185,768) has been transferred to reserves. Dividends of £961,130 were paid during the period prior to the acquisition by Rical Limited. The directors recommend the payment of a final dividend of £350,000.

FIXED ASSETS

Movements in tangible fixed assets are shown in note 7 of the financial statements.

DIRECTORS AND THEIR INTERESTS

The following persons served as directors:

B P Head (appointed 27 January 1995)
M T Edwards (appointed 27 January 1995)
H P Light (resigned 27 January 1995)
P B Light (resigned 27 January 1995)
R E W Farr (resigned 27 January 1995)

Mr M T Edwards had no interest in the shares of the company or any other group company during the period.

The interests of Mr B P Head in the shares of the ultimate parent company are disclosed in the directors' report of that company.

DIRECTORS' REPORT

AUDITORS

Touche Ross & Co. were appointed auditors during the period. Touche Ross & Co., have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



M T EDWARDS

Director

STATEMENT OF 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 as at the end of the financial period 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
- state whether applicable accounting standards have been followed
- 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. 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.



Chartered Accountants

Touche Ross & Co.
Colmore Gate
2 Colmore Row
Birmingham B3 2BN

Telephone: National 0121 200 2211
International + 44 121 200 2211
Fax (Gp. 3): 0121 236 1513

AUDITORS' REPORT TO THE MEMBERS OF

H. A. LIGHT (MULTIFORMS) LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 August 1995 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985.

Touche Ross & Co.

Chartered Accountants and Registered Auditors

30 January 1996



PROFIT AND LOSS ACCOUNT
17 months ended 31 August 1995

	Note	17 months ended 31 August 1995 £	Year ended 31 March 1994 £
TURNOVER		4,747,657	2,579,845
Cost of sales		(3,647,231)	(2,046,446)
Gross profit		1,100,426	533,399
Distribution costs		113,264	67,816
Administrative expenses		283,886	165,537
		(397,150)	(233,353)
OPERATING PROFIT		703,276	300,046
Interest payable and similar charges	4	(16,632)	(14,397)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	686,644	285,649
Tax on profit on ordinary activities	5	(288,944)	(99,881)
PROFIT FOR THE FINANCIAL PERIOD		397,700	185,768
Dividends paid and proposed	6	(1,311,130)	-
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL PERIOD	13	(913,430)	185,768

All activities derive from continuing operations.

The prior year profit and loss account comparative totals have been restated from format 2 to format 1 to be consistent with the format required by the new ultimate parent company.

There are no recognised gains and losses other than the profit for the financial period. Accordingly, no statement of total recognised gains and losses is given.

BALANCE SHEET
31 August 1995

	Note	31 August 1995		31 March 1994	
		£	£	£	£
FIXED ASSETS					
Tangible assets	7		540,326		976,426
CURRENT ASSETS					
Stocks	8	377,710		309,742	
Debtors	9	896,205		712,145	
Cash at bank and in hand		5,833		558,201	
		<u>1,279,748</u>		<u>1,580,088</u>	
CREDITORS: amounts falling due within one year	10	<u>(1,226,631)</u>		<u>(1,111,641)</u>	
NET CURRENT ASSETS			<u>53,117</u>		<u>468,447</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			593,443		1,444,873
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	11		<u>(70,000)</u>		<u>(8,000)</u>
			<u>523,443</u>		<u>1,436,873</u>
CAPITAL AND RESERVES					
Called up share capital	12		100		100
Revaluation reserve	13		-		241,803
Profit and loss account	13		<u>523,343</u>		<u>1,194,970</u>
EQUITY SHAREHOLDERS' FUNDS	14		<u>523,443</u>		<u>1,436,873</u>

These financial statements were approved by the Board of Directors on
Signed on behalf of the Board of Directors

25th January 1996

B P HEAD

M T EDWARDS
Directors

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NOTE OF HISTORICAL COST PROFITS AND LOSSES
17 months ended 31 August 1995

	17 months ended 31 August 1995 £	Year ended 31 March 1994 £
Profit on ordinary activities before taxation	686,644	285,649
Realisation of property valuation gains of prior years	241,803	-
Historical cost profit on ordinary activities before taxation	<u>928,447</u>	<u>285,649</u>
Historical cost (loss)/profit for the period after taxation and dividends	<u>(671,627)</u>	<u>185,768</u>

There are no other material differences between profits on a historical cost basis and reported basis.

NOTES TO THE ACCOUNTS
Period ended 31 August 1995

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

Fixed assets

Depreciation is provided on all tangible fixed assets, except freehold land, at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life, as follows:

Buildings	2% straight line
Plant and equipment	10% straight line
Computer	20% straight line
Motor vehicles	25% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes all expenditure incurred in the normal course of business in bringing the stocks to their present location and condition, including an appropriate proportion of production overheads.

Deferred taxation

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.

Turnover

Turnover comprises the invoiced value of sales exclusive of value added tax.

Government grants

Capital based government grants are shown as deferred income and are credited to the profit and loss account over the estimated useful economic lives of the assets to which they relate.

Government grants which are not capital based are credited to the profit and loss account in the year which they are received.

Pension contributions

The expected cost of providing pensions, as calculated periodically by professional qualified actuaries, is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

NOTES TO THE ACCOUNTS
Period ended 31 August 1995

2. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The directors are employed by the ultimate parent company and are remunerated by that company.

	17 months ended 31 August 1995	Year ended 31 March 1994
	No	No
Average number of persons employed		
Production	54	53
Sales, distribution and administration	8	8
	<u>62</u>	<u>61</u>
	£	£
Staff costs during the period		
Wages and salaries	1,121,950	719,232
Social security costs	80,014	68,624
Other pension costs	28,025	23,392
	<u>1,229,989</u>	<u>811,248</u>

3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	17 months ended 31 August 1995	Year ended 31 March 1994
	£	£
The profit before taxation is after charging:		
Depreciation on owned assets	161,303	102,309
Hire of plant and machinery	1,793	1,795
Auditors' remuneration		
Audit services	8,000	3,350
Non-audit services	-	-
	<u></u>	<u></u>

4. INTEREST PAYABLE AND SIMILAR CHARGES

	17 months ended 31 August 1995	Year ended 31 March 1994
	£	£
Bank overdraft	<u>16,632</u>	<u>14,397</u>

NOTES TO THE ACCOUNTS
Period ended 31 August 1995

5. TAX ON PROFIT ON ORDINARY ACTIVITIES

Taxation based on the profit for the period provided at 33% (1994 - 33%) comprises:

	17 months ended 31 August 1995 £	Year ended 31 March 1994 £
Corporation tax	226,944	95,000
Deferred taxation	4,000	6,000
	<u>230,944</u>	<u>101,000</u>
Adjustments in respect of prior years:		
Corporation tax	-	(1,119)
Deferred taxation	58,000	-
	<u>288,944</u>	<u>99,881</u>

6. DIVIDENDS

	17 months ended 31 August 1995 £	Year ended 31 March 1994 £
Interim paid	961,130	-
Final proposed	350,000	-
	<u>1,311,130</u>	<u>-</u>

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and equipment £	Total £
Cost or valuation			
At 1 April 1994	538,796	1,094,082	1,632,878
Additions	-	221,191	221,191
Inter group transfer	(538,796)	(11,010)	(549,806)
	<u>-</u>	<u>1,304,263</u>	<u>1,304,263</u>
At 31 August 1995			
Accumulated depreciation			
At 1 April 1994	30,957	625,495	656,452
Charge for the period	11,851	149,452	161,303
Inter group transfer	(42,808)	(11,010)	(53,818)
	<u>-</u>	<u>763,937</u>	<u>763,937</u>
At 31 August 1995			
Net book value			
At 31 August 1995	<u>-</u>	<u>540,326</u>	<u>540,326</u>
At 31 March 1994	<u>507,839</u>	<u>468,587</u>	<u>976,426</u>

NOTES TO THE ACCOUNTS
Period ended 31 August 1995

7. TANGIBLE FIXED ASSETS (continued)

Land and buildings were valued on 6 January 1995. The valuation was at open market value on the basis of existing use by Grimley, International Property Advisers.

On 31 August 1995, the land and buildings were transferred to the parent company, H A Light Limited, at net book value.

Fixed and floating charges exist over all assets present and future, including book debts.

8. STOCKS

	31 August 1995	31 March 1994
	£	£
Raw materials and consumables	61,724	49,940
Work in progress	81,420	68,674
Finished goods and goods for resale	234,566	191,128
	<u>377,710</u>	<u>309,742</u>

9. DEBTORS

	31 August 1995	31 March 1994
	£	£
Trade debtors	607,104	670,143
Amounts due from fellow subsidiaries	6,909	-
Prepayments and accrued income	41,910	42,002
Advance corporation tax recoverable	240,282	-
	<u>896,205</u>	<u>712,145</u>

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	31 August 1995	31 March 1994
	£	£
Trade creditors	278,399	351,346
Amounts due to:		
Parent undertaking	604,594	432,869
Fellow subsidiary undertakings	9,871	122,541
Corporation tax	228,501	95,000
Other taxes and social security costs	86,309	84,003
Accruals and deferred income	18,957	25,882
	<u>1,226,631</u>	<u>1,111,641</u>

NOTES TO THE ACCOUNTS
Period ended 31 August 1995

11. PROVISION FOR LIABILITIES AND CHARGES

	£
Deferred taxation	
Balance at 1 April 1994	8,000
Charge to profit and loss account	4,000
Prior year adjustment	58,000
	<u>70,000</u>
Balance at 31 August 1995	<u>70,000</u>

The amounts of deferred taxation, for which provision has been made in the financial statements, are:

	31 August 1995 £	31 March 1994 £
Capital allowances in excess of depreciation	<u>70,000</u>	<u>8,000</u>

The amount of unprovided deferred taxation, wholly in respect of capital allowances timing differences, is £46,000 (31 March 1994 - £102,000).

12. SHARE CAPITAL

	31 August 1995 £	31 March 1994 £
Authorised, called up, allotted and fully paid Ordinary shares of £1 each	<u>100</u>	<u>100</u>

13. RESERVES

	Revaluation reserve £	Profit and loss account £
Balance at 1 April 1994	241,803	1,194,970
Profit for the financial period	-	397,700
Dividends paid and proposed in the financial period	-	(1,311,130)
Transfer of land and buildings	(241,803)	241,803
	<u>-</u>	<u>241,803</u>
Balance at 31 August 1995	<u>-</u>	<u>523,343</u>

NOTES TO THE ACCOUNTS

Period ended 31 August 1995

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 August 1995 £	31 March 1994 £
Profit for the financial period	397,700	185,768
Dividends paid and proposed in the financial period	(1,311,130)	-
Net (deduction from)/addition to shareholders' funds	(913,430)	185,768
Opening shareholders' funds	1,436,873	1,251,105
Closing shareholders' funds	<u>523,443</u>	<u>1,436,873</u>

15. PENSION SCHEME

The parent company operates a defined benefit pension scheme for group employees. The assets of the scheme are held in a separate trustee administered fund. Further details are given in the financial statements of the ultimate parent company.

16. CONTINGENT LIABILITY

The company has given unlimited guarantees in respect of the H A Light group of companies to secure bank borrowings. At 31 August 1995, the company's maximum potential liability under the guarantee was £4,642,857 (31 March 1994 - £487,000).

17. ULTIMATE PARENT COMPANY

The ultimate parent company is Rical Limited, a company registered in England and Wales. A copy of the financial statements of Rical Limited can be obtained from The Registrar of Companies, Companies House, Crown Way, Maindy, Cardiff CF4 3UZ.