

Company Number: 988708

Warwick Ward (Machinery) Limited

Financial Statements

for the year ended 30th September 1999



Chartered Accountants

Pegasus House, 463a Glossop Road, Sheffield S10 2QD Telephone (0114) 266 7141

Registered Office

Blacker Hill Sidings
Blacker Hill
Barnsley
S74 0RE

Directors

W. Ward
Mrs S. M. Ward
T. Ward
A. Ward
M. Ward

Secretary

Mrs S. M. Ward

Auditors

Hawsons
Pegasus House
463a Glossop Road
Sheffield
S10 2QD

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The directors submit their report together with the audited financial statements for the year ended 30th September 1999.

Directors' Statement

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the loss for that year. In preparing those financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and to enable them to ensure 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.

Results and Dividends

The loss on the ordinary activities of the company before taxation amounted to £208,858. After deducting taxation, the loss of £181,358 has been transferred from reserves.

The directors do not recommend a dividend.

Principal Activity and Business Review

The principal activity of the company and its subsidiary continues to be that of dealing in plant and machinery.

The directors consider the results of the company and its subsidiary for the year to be satisfactory and are cautiously optimistic for the future.

Directors and their Interests

The directors who served throughout the year are listed on the company information page. Their beneficial interests in the share capital of the company were as follows:

	Ordinary shares of £1 each	
	1999 No.	1998 No.
W. Ward, Mrs S. M. Ward and T. Ward as trustees	8,650	8,650
A. Ward	450	450
M. Ward	450	450

W. Ward, Mrs. S. M. Ward and T. Ward had no interest in the shares of the company at any time during the financial year.

6,150 ordinary shares of £1 each are held by The W. Ward Voluntary Settlement and 2,500 ordinary shares of £1 each are held by the Mrs. S. M. Ward Voluntary Settlement. A partner at Hawsons, the company's auditors, is a trustee of both these settlements. The partner concerned is not involved in the audit of the company's financial statements.

T. Ward retires by rotation but, being eligible, seeks re-election.

Year 2000 Compliance

As is well known, many computer and digital storage systems express dates using only the last two digits of the year and will thus require modification or replacement to accommodate the Year 2000 and beyond in order to avoid malfunctions and resulting widespread commercial disruption. This is a complex and pervasive issue. The operation of our business depends not only on our own computer systems, but also to some degree on those of our suppliers and customers. This could expose us to further risk in the event that there is a failure by other parties to remedy their own Year 2000 issues.

The company has assessed the risks to the business resulting from the date change to the Year 2000. The directors consider that there is a low risk of problems for the company and do not expect costs to be significant in ensuring Year 2000 compliance.

Auditors

The Auditors, Hawsons Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:

X *S. M. Ward* X

Mrs S. M. Ward, Secretary

27th July 2000

on the Financial Statements for the year ended 30th September 1999

We have audited the financial statements on pages 4 to 12 prepared following the accounting policies set out on page 7.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 30th September 1999 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hawsons.

**Hawsons
Chartered Accountants
and Registered Auditors**

Pegasus House
463a Glossop Road
Sheffield
S10 2QD

27th July 2000

Warwick Ward (Machinery) Limited

Profit and Loss Account

for the year ended 30th September 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Turnover	2		3,175,877		4,026,697
Changes in stocks of finished goods and work in progress			(276,533)		(118,756)
			2,899,344		3,907,941
Raw materials and consumables		(1,676,804)		(2,305,162)	
Other external charges		(183,856)		(207,063)	
Staff costs	4	(732,417)		(899,419)	
Depreciation and amortisation		(54,430)		(44,692)	
Other operating charges		(216,520)		(184,871)	
			(2,864,027)		(3,641,207)
Operating profit	3	-	35,317		266,734
Exceptional items:					
Exceptional bad debt provision	5		(254,855)		-
(Loss)/Profit on ordinary activities before interest			(219,538)		266,734
Interest receivable			10,680		13,512
(Loss)/Profit on ordinary activities before taxation			(208,858)		280,246
Taxation	6		27,500		(71,117)
(Loss)/Profit on ordinary activities after taxation			(181,358)		209,129
Retained (loss)/profit for the Year	13		(181,358)		209,129
Retained profit brought forward			2,099,101		1,889,972
Retained profit carried forward			1,917,743		2,099,101

All amounts relate to continuing activities.

There have been no recognised gains or losses other than the results for the financial year and all profits or losses have been accounted for on an historical cost basis.

Warwick Ward (Machinery) Limited

Balance Sheet

as at 30th September 1999

	Notes	1999 £	1999 £	1998 £	1998 £
Fixed Assets					
Tangible fixed assets	7		276,764		312,358
Investments	8		124,916		124,916
			<u>401,680</u>		<u>437,274</u>
Current Assets					
Stock	9	730,966		1,007,499	
Debtors	10	323,744		661,044	
Cash at bank and in hand		662,434		496,616	
		<u>1,717,144</u>		<u>2,165,159</u>	
Creditors:					
Amounts falling due within one year	11	(191,081)		(493,332)	
Net Current Assets			<u>1,526,063</u>		<u>1,671,827</u>
Total Assets Less Current Liabilities			<u>1,927,743</u>		<u>2,109,101</u>
Capital and Reserves					
Called up share capital	12		10,000		10,000
Profit and loss account	13		1,917,743		2,099,101
Equity Shareholders' Funds	14		<u>1,927,743</u>		<u>2,109,101</u>

These accounts were approved by the board on 27th July 2000.

X  X

T. Ward

X  X

Mrs S. M. Ward
Directors

Warwick Ward (Machinery) Limited**Cash Flow Statement****for the year ended 30th September 1999**

	Notes	1999 £	1998 £
Cash Flow from Operating Activities	15	254,207	435,682
Returns on Investments and Servicing of Finance	16	10,947	11,631
Taxation		(80,500)	(28,117)
Capital Expenditure and Financial Investment	16	(18,836)	(37,126)
Increase in Cash in the year	17	<u>165,818</u>	<u>382,070</u>
Reconciliation of net cash flow to movement in net funds			
Increase in Cash in the year		165,818	382,070
Net funds at 1st October 1998		<u>496,616</u>	<u>114,546</u>
Net funds at 30th September 1999	17	<u>662,434</u>	<u>496,616</u>

1 Principal Accounting Policies

Accounting Convention

The financial statements have been prepared under the historical cost convention.

Turnover

Turnover represents sales provided excluding value added tax.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets over their expected useful lives. The rates generally applicable are:

Freehold land and buildings	2% straight line
Plant and machinery	20% straight line
Motor vehicles	20% straight line
Fixtures and fittings	20% straight line

Stocks

Stocks are stated at the lower of cost and net realisable value.

Foreign Currencies

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All differences on exchange are dealt with through the profit and loss account.

Contribution to Pension Funds

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Group accounts

The company has taken advantage of the exemption conferred by Section 248 of the Companies Act 1985 from the requirement to prepare group accounts.

2 Turnover

Turnover and profit on ordinary activities before taxation are all in respect of sales from continuing operations.

The geographical analysis of turnover is as follows:

	1999 £	1998 £
United Kingdom	1,624,998	2,128,995
Europe	598,883	1,032,250
Other	951,996	865,452
	<u>3,175,877</u>	<u>4,026,697</u>

3 Operating profit

	1999 £	1998 £
Operating profit is stated after charging or crediting:		
Amounts payable to the auditors in respect of audit services	3,200	3,000
Depreciation - owned assets	54,930	52,692
(Profit) on disposal of fixed assets	(500)	(8,000)
Loss on foreign exchange	14,969	4,531
	<u>14,969</u>	<u>4,531</u>

4 Directors and Employees

Staff costs during the year were as follows:

	1999 £	1998 £
Wages and salaries	646,028	786,233
Social security costs	62,147	81,706
Other pension costs	24,242	31,480
	<u>732,417</u>	<u>899,419</u>

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

	1999 Number	1998 Number
Administration	9	8
Production	17	18
	<u>26</u>	<u>26</u>

Remuneration in respect of directors was as follows:

	1999 £	1998 £
Aggregate amount of emoluments paid in respect of qualifying services	356,258	479,077
Aggregate value of company contributions to money purchase pension schemes	24,242	31,480
	<u>380,500</u>	<u>510,557</u>

Other directors disclosures in respect of qualifying services:

	1999 Number	1998 Number
The number of directors to whom retirement benefits are accruing under money purchase pension schemes	5	5

Highest paid director disclosures in respect of qualifying services:

	1999 £	1998 £
Aggregate emoluments	125,366	181,611
Aggregate value of company contributions to money purchase pension schemes	5,000	5,000

5 Exceptional item

At the year end the company has provided £254,855 against amounts due from its Spanish subsidiary, Warwick Ward Iberica SL.

6 Tax on (Loss)/Profit on Ordinary Activities

	1999 £	1998 £
Based on the (loss)/profit for the year:		
U.K. Corporation tax at 21% (1998 27%)	(27,500)	80,500
Prior year adjustments - corporation tax	-	(9,383)
	<u>(27,500)</u>	<u>71,117</u>

7 Tangible Fixed Assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost					
At 1st October 1998	233,375	55,739	227,977	48,767	565,858
Additions	495	-	27,500	2,341	30,336
Disposals	-	-	(22,000)	-	(22,000)
At 30th September 1999	<u>233,870</u>	<u>55,739</u>	<u>233,477</u>	<u>51,108</u>	<u>574,194</u>
Depreciation					
At 1st October 1998	64,338	52,744	98,108	38,310	253,500
Charged for the year	4,674	983	44,709	4,564	54,930
Eliminated on disposal	-	-	(11,000)	-	(11,000)
At 30th September 1999	<u>69,012</u>	<u>53,727</u>	<u>131,817</u>	<u>42,874</u>	<u>297,430</u>
Net Book Value					
At 30th September 1999	<u>164,858</u>	<u>2,012</u>	<u>101,660</u>	<u>8,234</u>	<u>276,764</u>
At 30th September 1998	<u>169,037</u>	<u>2,995</u>	<u>129,869</u>	<u>10,457</u>	<u>312,358</u>

8 Fixed Asset Investments

	Shares in Group Undertakings £
Cost and net book value	
At beginning and end of year	<u>124,916</u>

The investment represents 75% of the ordinary share capital of Warwick Ward Iberica SL, a company incorporated in Spain. This company carries on the business of plant and machinery dealers.

Warwick Ward Iberica SL has a year end of 31st December. The management accounts for Warwick Ward Iberica SL for the nine months ended 30th September 1999 show a profit for the period of £77,361 and reserves and share capital of £122,813.

Notes to the Financial Statements

for the year ended 30th September 1999

9	Stocks	1999	1998
		£	£
	Goods for resale	730,966	1,007,499
10	Debtors	1999	1998
		£	£
	Trade debtors	200,787	158,940
	Amounts owed by group undertakings	70,335	481,419
	Corporation tax recoverable	27,500	-
	Other debtors	23,124	18,448
	Prepayments and accrued income	1,998	2,237
		323,744	661,044
11	Creditors: Amounts falling due within one year	1999	1998
		£	£
	Trade creditors	124,301	142,961
	Corporation tax	-	80,500
	Other taxes and social security	28,294	31,260
	Accruals and deferred income	38,486	238,611
		191,081	493,332
12	Share Capital		
	Authorised	1999	1998
		£	£
	10,000 Ordinary shares of £1 each (1998: 10,000)	10,000	10,000
	Allotted, called up and fully paid	1999	1998
		£	£
	10,000 Ordinary shares of £1 each (1998: 10,000)	10,000	10,000
13	Reserves		Profit and
			Loss
			Account
			£
	At 1st October 1998		2,099,101
	Loss for the year		(181,358)
	At 30th September 1999		1,917,743

Notes to the Financial Statements

for the year ended 30th September 1999

14	Reconciliation of the Movement in Shareholders' Funds	1999	1998
		£	£
	(Loss)/Profit for the financial year	(181,358)	209,129
	(Decrease)/Increase in shareholders' funds	(181,358)	209,129
	Opening shareholders' funds	2,109,101	1,899,972
	Closing shareholders' funds	1,927,743	2,109,101
15	Reconciliation of Operating Profit to Operating Cash Flows	1999	1998
		£	£
	Operating profit	35,317	266,734
	Depreciation charges	54,930	52,692
	(Profit) on disposal of fixed assets	(500)	(8,000)
	Decrease in stocks	276,533	118,756
	Decrease in debtors	109,678	160,129
	(Decrease) in creditors	(221,751)	(154,629)
	Net Cash Inflow from Operating Activities	254,207	435,682
16	Analysis of Cash Flows for Headings Netted in the Cash Flow Statement		
	Returns on Investments and Servicing of Finance	1999	1998
		£	£
	Interest received	10,947	11,631
	Net Cash Inflow for Returns on Investments and Servicing of Finance	10,947	11,631
	Capital Expenditure and Financial Investment	1999	1998
		£	£
	Purchase of tangible fixed assets	(30,336)	(50,126)
	Proceeds from the sale of fixed assets	11,500	13,000
	Net Cash (Outflow) for Capital Expenditure and Financial Investment	(18,836)	(37,126)
17	Analysis of changes in net funds		
		At 1st October 1998	Cash flows September 1999
		£	£
	Cash in hand and at bank	496,616	165,818
			662,434

18 Pensions - Defined Contribution Scheme

The company operates a defined contribution pension scheme, the assets of which are held in separate trustee administered fund.

19 Related Party Transactions

Details of related party transactions occurring during the year are as follows:

Name of Related Party	Nature of Relationship	Transaction Details	Amount	Balance
			£	£
Warwick Ward Iberica SL	75% owned subsidiary	Sales to subsidiary	222,516	70,335

The balance due from Warwick Ward Iberica SL is net of a provision of £254,855 (see Note 5).

20 Ultimate controlling party

The company has no ultimate controlling party.