

WEST VALE ENGINEERING PRODUCTS LIMITED.

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE, 1995.

Company No. 1473321 (England and Wales)



WEST VALE ENGINEERING PRODUCTS LIMITED.

COMPANY INFORMATION

DIRECTORS:

I.S. Booth
G. Booth

SECRETARY:

G. Booth

COMPANY NUMBER:

1473321 (England and Wales)

REGISTERED OFFICE:

Wakefield Road Industrial Estate,
Wakefield Road,
Brighouse.
HD6 1QG.

AUDITORS:

Peel, Walker & Company,
11, Victoria Road,
Elland.
HX5 OAE.

WEST VALE ENGINEERING PRODUCTS LIMITED.

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WEST VALE ENGINEERING PRODUCTS LIMITED.

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH JUNE, 1995.

The directors present their report and the financial statements for the year ended 30th June, 1995.

PRINCIPAL ACTIVITIES

The company's principal activity continues to be that of General Engineers.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:

	<u>Number of Shares</u>	
	<u>1995</u>	<u>1994</u>
I.S. Booth	50	50
G. Booth	Nil	Nil

DIRECTORS' RESPONSIBILITIES

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Peel, Walker & Company, will be proposed for reappointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the Board on the 20th February, 1996 taking advantage of special exemptions available to small companies.

SIGNED ON BEHALF OF THE BOARD OF DIRECTORS.

Geonci Booth

G. Booth
SECRETARY

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
WEST VALE ENGINEERING PRODUCTS LIMITED.**

We have audited the accounts on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

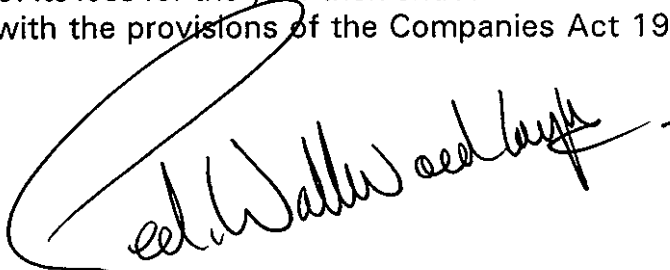
BASIS OF OPINION

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 accounts. It also includes an assessment of the significant estimates and judgements by the directors in the preparation of the accounts 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 accounts 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 accounts.

OPINION

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 30th June, 1995 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

A large, stylized handwritten signature in dark ink, likely belonging to a partner or director of the auditing firm, is written over the 'OPINION' section. The signature is cursive and appears to read 'Peel, Walker & Co'.

PEEL, WALKER & COMPANY,
Registered Auditors and Chartered Accountants,
11, Victoria Road,
Elland.
HX5 OAE.

21st February, 1996.

WEST VALE ENGINEERING PRODUCTS LIMITED.

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH JUNE, 1995.

	<u>Note</u>	<u>1995</u>	<u>1994</u>
TURNOVER	2	642,671	780,394
Cost of Sales		(462,965)	(567,650)
GROSS PROFIT		179,706	212,744
NET OPERATING EXPENSES			
Distribution Costs		(8,763)	(7,918)
Administrative Expenses		(229,191)	(259,092)
OPERATING LOSS	3	(58,248)	(54,266)
Investment Income		25,215	20,992
Interest Payable		(28,104)	(30,480)
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION		(61,137)	(63,754)
Taxation	4	-	14,908
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION RETAINED FOR THE YEAR		<u>£ (61,137)</u>	<u>£ (48,846)</u>

Movements in reserves are shown in the notes to the financial statements.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1995 or 1994 other than the loss for the year.

The notes on pages 5 to 8 form part of these financial statements.

WEST VALE ENGINEERING PRODUCTS LIMITED.

BALANCE SHEET AS ON 30TH JUNE, 1995.

	<u>Note</u>	<u>1995</u>	<u>1994</u>
FIXED ASSETS			
Tangible Assets	5	791,446	842,746
CURRENT ASSETS			
Stocks		148,684	103,702
Debtors	6	199,683	242,640
Cash at bank and in hand		166	164
		<u>348,533</u>	<u>346,506</u>
CREDITORS: Amounts falling due within one year	7	<u>(371,224)</u>	<u>(330,354)</u>
NET CURRENT (LIABILITIES)/ASSETS		<u>(22,691)</u>	<u>16,152</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>768,755</u>	<u>858,898</u>
CREDITORS: Amounts falling due after more than one year	8	<u>(170,133)</u>	<u>(199,139)</u>
		<u>£ 598,622</u>	<u>£ 659,759</u>
CAPITAL AND RESERVES			
Called Up Share Capital	9	100	100
Revaluation Reserve	10	338,801	338,801
Profit and Loss Account	11	259,721	320,858
TOTAL SHAREHOLDERS' FUNDS	12	<u>£ 598,622</u>	<u>£ 659,759</u>

The directors have taken advantage in the preparation of these financial statements of special exemptions provided by Part I of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.

The financial statements were approved by the Board of Directors on the 20th February, 1996 and signed on its behalf.

.....*Ian S. Booth*.....

.....*Gloria Booth*..... Directors.

The notes on pages 5 to 8 form part of these financial statements.

WEST VALE ENGINEERING PRODUCTS LIMITED.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE, 1995.

1 ACCOUNTING POLICIES

1.1 BASIS OF PREPARATION OF ACCOUNTS

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors' report and which is continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, over their expected useful lives on the following bases:

Freehold Land & Buildings	- 1% straight line basis
Office Equipment	- 15% reducing balance basis
Plant & Equipment	- 15% reducing balance basis
Motor Vehicles	- 25% reducing balance basis

1.4 LEASING AND HIRE PURCHASE

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 OPERATING LEASES

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

1.6 STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs.

1.7 RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off in the year that it is incurred.

1.8 DEFERRED TAXATION

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.9 PENSIONS

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

2 **TURNOVER**

During the year the company exported 0% of its turnover (1994 1%).

3 **OPERATING (LOSS)**

The operating (loss) is stated after charging:

	<u>1995</u>	<u>1994</u>
Depreciation of tangible fixed assets		
- owned by the company	35,422	38,821
- held under finance leases	7,721	15,062
Directors' remuneration	42,520	44,417
Auditors' remuneration	3,200	3,200
Finance lease charges	596	695
Operating Leases:		
Hire of Plant & Machinery	6,803	6,803
Others	2,470	(3,009)

4 **TAXATION**

UK Current year taxation

UK Corporation Tax at 25% (1994 25%)

-

-

Prior years

UK Corporation Tax

-

(14,908)

-

£ (14,908)

If provision were made for deferred taxation on the basis of the full potential liability, the tax charge would increase by £50,343 (1994 £37,590) due to accelerated capital allowances.

5 **TANGIBLE FIXED ASSETS**

	<u>Land & Buildings</u>	<u>Plant & Machinery etc.</u>	<u>Total</u>
Cost or Valuation			
1st July, 1994	630,149	597,456	1,227,605
Additions	-	9,429	9,429
Disposals	-	(34,016)	(34,016)
30th June, 1995	<u>£ 630,149</u>	<u>£ 572,869</u>	<u>£ 1,203,018</u>
Depreciation			
1st July, 1994	18,779	366,080	384,859
Charge for year	6,301	36,842	43,143
Disposals	-	(16,430)	(16,430)
30th June, 1995	<u>£ 25,080</u>	<u>£ 386,492</u>	<u>£ 411,572</u>
NET BOOK AMOUNT			
30th June, 1995	£ 605,069	£ 186,377	£ 791,446
1st July, 1994	£ 611,370	£ 231,376	£ 842,746

Included in Plant and Machinery above are assets held under finance leases or hire purchase contracts amounting to £23,157 (1994 £71,649). Land and Buildings were revalued during 1990 by Messrs. Brearley-Greens on an open market basis. The cost or valuation of Freehold Land and Buildings upon which depreciation is charged amounted to £630,149 (1994 £630,149).

The historical cost of Freehold Land and Buildings included above at a valuation of £600,000 was £213,543 (1994 £213,543). The aggregate depreciation thereon would have been £8,540 (1993 £4,271). The potential tax liability which would arise if the land and buildings were sold at their valuation would be £66,092.

6	DEBTORS	1995	1994
	Due within one year		
	Trade debtors	190,042	210,632
	Corporation Tax	-	14,908
	Prepayments and accrued income	9,641	17,100
		<u>£ 199,683</u>	<u>£ 242,640</u>
7	CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
	Bank loans and overdrafts (secured)	194,265	109,816
	Obligations under finance leases and hire purchase contracts (secured)	10,484	33,168
	Trade creditors	122,288	89,991
	Other taxation and social security	24,054	28,234
	Accruals and deferred income	20,133	69,145
		<u>£ 371,224</u>	<u>£ 330,354</u>
8	CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
	Bank loans (secured)	80,579	104,480
	Net obligations under finance leases and hire purchase contracts (secured)	10,672	23,485
	Debts due after more than one year	91,251	127,965
	Loan from associated company	78,882	71,174
		<u>£ 170,133</u>	<u>£ 199,139</u>
	Debts due after more than one year		
	Repayable between 1 - 2 years	31,324	36,286
	Repayable between 2 - 5 years	59,927	91,679
		<u>£ 91,251</u>	<u>£ 127,965</u>
9	CALLED UP SHARE CAPITAL		
	Authorised		
	10,000 Ordinary Shares of £1 each	<u>£ 10,000</u>	<u>£ 10,000</u>
	Allotted, Called Up and Fully Paid		
	100 Ordinary Shares of £1 each	<u>£ 100</u>	<u>£ 100</u>
10	REVALUATION RESERVE		
	At 1st July, 1994 and 30th June, 1995	<u>£ 338,801</u>	<u>£ 338,801</u>

11	PROFIT AND LOSS ACCOUNT	<u>1995</u>	<u>1994</u>
	Balance at 1st July, 1994	320,858	369,704
	Retained (Loss) for the year	(61,137)	(48,846)
	Balance at 30th June, 1995	<u>£ 259,721</u>	<u>£ 320,858</u>
12	RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS FUNDS		
	(Loss) for the financial year after taxation	(61,137)	(48,846)
	Opening Shareholders Funds at 1st July, 1994	<u>659,759</u>	<u>610,913</u>
	Closing Shareholders Funds at 30th June, 1995	<u>£ 598,622</u>	<u>£ 659,759</u>

13 COMMITMENTS

a) Capital Commitments

At 30th June, 1995 capital expenditure commitments were as follows:

Contracted for but not provided in the accounts	Nil	Nil
Authorised by the directors but not contracted for	Nil	Nil

b) Pension Commitments

The company operates a defined contribution pension scheme on behalf of its directors and certain employees. The assets of the scheme are held separately from those of the company in a fully insured fund. The annual commitment under this scheme is for contributions of £9,888 (1994 £11,321).

c) Lease Commitments - Operating Leases

At 30th June, 1995 the company had annual commitments of £2,470 (1994 £2,526) under non-cancellable operating leases which expire within two to five years.

14 ASSOCIATED COMPANY

50% of the company's Issued Share Capital is held by West Vale Engineering Company Limited, which is registered in England and Wales. This holding is held solely for investment purposes, with no control being effected over the company's operations.