F&B PROFILES LIMITED

Report and Accounts

31 March 2001

ERNST & YOUNG

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COMPANIES HOUSE
0759
18/06/01

Registered No 2185821

DIRECTORS
M P Harvey
R F Avery
J S Laycock

SECRETARY
Mrs L Harvey

AUDITORS
Ernst & Young LLP
One Bridewell Street
Bristol
BS1 2AA

BANKERS
Bank of Scotland
21 Prince Street
Bristol
BS99 7JG

SOLICITORS
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Narrow Quay House
Prince Street
Bristol
BS1 4AH

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Unit 1
6-8 Dixon Road
Brislington
Bristol
BS4 5QW

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DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 March 2001.

RESULTS AND DIVIDENDS

The profit for the year, before taxation and dividends receivable, amounted to £692,058 (2000 - £626,893). A dividend of £250,000 was received from the subsidiary undertaking and an interim dividend of £1,065,000 was paid during the year in order to create distributable reserves in the parent undertaking. The directors do not recommend the payment of a final dividend.

PRINCIPAL ACTIVITY

The principal activity of the company is to supply profile and plasma cut steel and stainless steel plate, engineering steels, cutting tools and fasteners to engineering companies in the South West of Britain.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

Sales in the year to 31 March 2001 increased by 8% and profit before the receipt of dividends by 10%.

Organic growth was achieved by the management finding new opportunities despite the weak state of the engineering industry.

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DIRECTORS AND THEIR INTERESTS

The directors at 31 March 2001, none of whom had any interests in the share capital of the company during the year, were as noted on page 1.

M P Harvey, R F Avery and J S Laycock are also directors of the ultimate parent undertaking, F&B Profiles (Holdings) Limited, and their interests in the shares of that company are disclosed in the accounts of F&B Profiles (Holdings) Limited.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

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; and
- 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.

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the company's auditors, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the Board

Director

Date 9.8.01

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REPORT OF THE AUDITORS
to the shareholders of F&B Profiles Limited

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention as modified by the revaluation of freehold land and buildings and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by Statute, the Auditing Practices Board and by our profession's ethical guidance.

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 made 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 affairs of the company as at 31 March 2001 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Ernst & Young LLP

Registered Auditor
Bristol

Date 16/8/01

PROFIT AND LOSS ACCOUNT
for the year ended 31 March 2001

	Notes	2001 £	2000 £
TURNOVER	2	14,255,226	13,180,607
Cost of sales		(10,794,295)	(9,927,275)
GROSS PROFIT		3,460,931	3,253,332
Administrative expenses		(2,757,433)	(2,566,639)
OPERATING PROFIT	3	703,498	686,693
Interest receivable		141	222
Dividend receivable		250,000	-
Interest payable and similar charges	6	(11,581)	(60,022)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		942,058	626,893
Tax on profit on ordinary activities	7	(162,071)	(139,569)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		779,987	487,324
Dividends	8	(1,065,000)	-
(LOSS)/PROFIT RETAINED FOR THE FINANCIAL YEAR	18	(285,013)	487,324

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
for the year ended 31 March 2001

	2001 £	2000 £
Profit for the financial year	779,987	487,324
Unrealised surplus on revaluation of freehold land and buildings	-	141,344
TOTAL RECOGNISED GAINS AND LOSSES RELATING TO THE YEAR	779,987	628,668

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BALANCE SHEET
at 31 March 2001

	Notes	2001	2000
		£	£
FIXED ASSETS			
Tangible assets	9	1,327,457	1,326,619
Investments	10	190,000	190,000
		1,517,457	1,516,619
CURRENT ASSETS			
Stocks	11	1,372,105	1,450,497
Debtors	12	7,194,588	3,219,581
Cash at bank and in hand		-	1,333,641
		8,566,693	6,003,719
CREDITORS: amounts falling due within one year	13	6,838,503	4,798,580
NET CURRENT ASSETS		1,728,190	1,205,139
TOTAL ASSETS LESS CURRENT LIABILITIES		3,245,647	2,721,758
CREDITORS: amounts falling due after more than one year	14	2,598,870	1,789,968
		646,777	931,790
CAPITAL AND RESERVES			
Called up share capital	17	456	456
Capital redemption reserve	18	544	544
Revaluation reserve	18	139,287	141,344
Profit and loss account	18	506,490	789,446
EQUITY SHAREHOLDERS' FUNDS		646,777	931,790

Date 9.8.01 - Director

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NOTES TO THE ACCOUNTS
for the year ended 31 March 2001

1. ACCOUNTING POLICIES

Basis of preparation
The accounts are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

Goodwill
Purchased goodwill is amortised through the profit and loss account over the directors' estimate of its useful life of 10 years.

Investments
Investments in subsidiary undertakings are included in the accounts valued at the lower of cost and the directors' estimate of net realisable value.

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

Plant and machinery	over 7 years
Motor vehicles	over 4 years
Office equipment	over 7 years
Fork lift trucks	over 5 years
Freehold property	over 50 years
Leasehold property	over term of the lease
Computers	over 4 years

Stocks
Stocks are stated at the lower of purchase cost on a first-in, first-out basis and net realisable value. Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation
Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Foreign currencies
Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Leasing commitments
Rental costs under operating leases are charged to profit and loss account in equal annual amounts over the periods of the leases.

Pensions
The group contributes to a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

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NOTES TO THE ACCOUNTS
for the year ended 31 March 2001

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties and is wholly attributable to the continuing principal activity of the company.

An analysis of turnover by geographical market is given below:

	2001 £	*2000* £
United Kingdom	14,154,757	13,134,035
Rest of Europe	24,535	-
Other	75,934	46,572
	14,255,226	13,180,607

3. OPERATING PROFIT

a) This is stated after charging/(crediting):

	2001 £	*2000* £
Auditors' remuneration	12,000	13,950
Depreciation of owned fixed assets	198,721	169,222
Depreciation of assets held under finance leases and hire purchase contracts	61,231	65,978
Profit on sale of fixed assets	(11,757)	(3,159)
Operating lease rentals - land and buildings	160,668	141,719
- other	10,426	28,421

4. DIRECTORS' EMOLUMENTS

	2001 £	*2000* £
Emoluments	93,515	89,832
Company contributions paid to money purchase pension schemes	10,396	10,396

	2001 *No*	*2000* *No*
Members of money purchase pension schemes	1	1

5. STAFF COSTS

	2001 £	*2000* £
Wages and salaries	2,564,809	2,276,103
Social security costs	236,454	204,744
Other pension costs	25,478	25,750
	2,826,741	2,506,597

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NOTES TO THE ACCOUNTS
for the year ended 31 March 2001

5. STAFF COSTS (continued)

The average number of employees during the year was as follows:

	2001	2000
	No.	No.
Production	77	68
Administration	69	66
	146	134

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2001	2000
	£	£
Invoice discounting fees	-	47,469
Finance charges payable under finance leases and hire purchase contracts	11,581	12,553
	11,581	60,022

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
UK corporation tax	161,000	139,569
Corporation tax under provided in previous years	1,071	-
	162,071	139,569

8. DIVIDENDS

	2001	2000
	£	£
Equity dividends:		
Interim paid	1,065,000	-

9. TANGIBLE FIXED ASSETS

	Freehold property	Leasehold property	Motor vehicles	Office equipment	Fork lift trucks	Plant and machinery	Total
	£	£	£	£	£	£	£
Cost or valuation:							
At 1 April 2000	450,000	430,182	405,912	298,581	90,376	814,968	2,490,019
Additions	7,260	48,744	36,407	40,060	6,000	141,587	280,058
Disposals	-	-	(62,391)	(9,661)	-	(4,500)	(76,552)
At 31 March 2001	457,260	478,926	379,928	328,980	96,376	952,055	2,693,525
Depreciation:							
At 1 April 2000	-	83,990	245,265	175,430	75,829	582,886	1,163,400
Provided during year	9,086	22,297	74,742	47,801	7,394	98,632	259,952
Disposals	-	-	(50,422)	(6,437)	-	(425)	(57,284)
At 31 March 2001	9,086	106,287	269,585	216,794	83,223	681,093	1,366,068
Net book value:							
At 31 March 2001	448,174	372,639	110,343	112,186	13,153	270,962	1,327,457
At 31 March 2000	450,000	346,192	160,647	123,151	14,547	232,082	1,326,619

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9. TANGIBLE FIXED ASSETS (continued)

The freehold land and buildings were valued at their open market value for loan security purposes, in accordance with the Appraisal and Valuation Manual of The Royal Institution of Chartered Surveyors, on 27 January 2000 by Osmond Tricks, Consultant Surveyors. This valuation has been incorporated in the accounts. The directors have elected to adopt the transitional rules of the Financial Reporting Standard Number 15 and retain the freehold land and buildings as its historic valuation and not adopt a policy of revaluations going forward.

On the historical cost basis, freehold land and buildings would have been included as follows:

	£
Cost:	
At 1 April 2000	351,454
At 31 March 2001	358,714
Cumulative depreciation based on cost:	
At 1 April 2000	42,798
At 31 March 2001	49,827

The net book value of fixed assets held under hire purchase agreements is as follows:

	2001 £	*2000* £
Plant, machinery and office equipment	121,592	82,794
Motor vehicles	63,243	120,810
	184,835	203,604

10. INVESTMENTS

	Subsidiary undertaking £
Cost:	
At 1 April 2000 and 31 March 2001	190,000

The wholly owned subsidiary undertaking is Whites Material Handling Limited, a manufacturer and distributor of specialist attachments for the construction and agricultural industry.

11. STOCKS

	2001 £	*2000* £
Raw materials and consumables	103,983	124,823
Finished goods and goods for resale	1,268,122	1,325,674
	1,372,105	1,450,497

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NOTES TO THE ACCOUNTS
for the year ended 31 March 2001

12. DEBTORS

	2001 £	2000 £
Trade debtors	3,042,241	2,757,445
Amounts due from parent undertaking	4,059,499	-
Amounts due from subsidiary undertaking	34,643	419,045
Other debtors and prepayments	58,205	43,091
	7,194,588	3,219,581

13. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Bank loans (note 15)	270,000	-
Bank overdraft	1,833,131	-
Obligations under finance leases and hire purchase contracts (note 16)	62,094	72,400
Trade creditors	2,120,916	2,338,944
Amounts due to fellow subsidiary undertaking	1,589,910	1,589,910
Amounts due to parent undertaking	-	112,488
Current corporation tax	161,000	139,569
Other taxes and social security costs	447,835	291,813
Accruals and deferred income	353,617	253,456
	6,838,503	4,798,580

14. CREDITORS: amounts falling due after more than one year

	2001 £	2000 £
Bank loans (note 15)	795,000	-
Loan from parent undertaking	1,722,576	1,722,576
Obligations under finance leases and hire purchase contracts (note 16)	81,294	67,392
	2,598,870	1,789,968

15. LOANS

	2001 £	2000 £
Wholly repayable within five years:		
Bank loan	525,000	-
Not wholly repayable within five years:		
Bank loan repayable in quarterly instalments bearing interest at 2% above Bank of Scotland base rate	540,000	-
	1,065,000	-
Less: included in creditors: amounts falling due within one year	(270,000)	-
Amount due after more than one year	795,000	-

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15. LOANS (continued)

	2001	*2000*
	£	£
Amounts repayable:		
In one year or less	270,000	-
Between one and two years	270,000	-
Between two and five years	285,000	-
In five years or more	240,000	-
	1,065,000	-

The bank loans and overdrafts are secured by a first legal charge over the properties at Unit 10-12 and Unit 6-8 Dixon Road, Brislington, Bristol and by an "all monies" debenture incorporating a fixed and floating charge over the group's assets. In addition, the bank holds a letter of Cross Guarantee between F&B Profiles (Holdings) Limited and its subsidiary undertakings.

16. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2001	*2000*
	£	£
Amounts payable:		
Within one year	71,816	83,790
In two to five years	96,564	76,860
	168,380	160,650
Less: finance charges allocated to future periods	24,992	20,858
	143,388	139,792
Current obligations (note 13)	62,094	72,400
Non-current obligations (note 14)	81,294	67,392
	143,388	139,792

Changes in finance leases and hire purchase contracts during the year are as follows:

	£
At 1 April 2000	139,792
Inception of new contracts	87,688
Capital element of repayments in the year	(84,092)
At 31 March 2001	143,388

17. SHARE CAPITAL

	Authorised		*Allotted, called up and fully paid*	
	2001	*2000*	*2001*	*2000*
	£	£	£	£
Ordinary shares of £1 each	1,000	1,000	456	456

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NOTES TO THE ACCOUNTS
for the year ended 31 March 2001

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	Called up share capital £	*Capital redemption reserve* £	*Revaluation reserve* £	*Profit and loss account* £	*Total 2001* £	*Total 2000* £
At 1 April	456	544	141,344	789,446	931,790	303,122
Retained (loss)/profit for the year	-	-	-	(285,013)	(285,013)	487,324
Surplus on revaluation of freehold land and buildings	-	-	-	-	-	141,344
Transfer	-	-	(2,057)	2,057	-	-
At 31 March	456	544	139,287	506,490	646,777	931,790

19. FINANCIAL COMMITMENTS

At 31 March 2001 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		*Other*	
	2001 £	*2000* £	*2001* £	*2000* £
Operating leases which expire:				
Within two to five years	33,950	72,049	6,831	7,066
In over five years	131,250	89,400	-	-
	165,200	161,449	6,831	7,066

20. CONTINGENT LIABILITIES

The company has given a cross guarantee in respect of the bank borrowings of the group. The total borrowings guaranteed by this company at 31 March 2001 were £75,295.

21. RELATED PARTY TRANSACTIONS

a) The company has taken advantage of the exemption given by FRS 8 to subsidiary undertakings, 90% or more of whose voting rights are controlled within the group, by not disclosing information on related party transactions with entities that are part of the group, or investees of the group qualifying as related parties.

b) During the year the company paid £78,500 rent to the pension fund of J S Laycock, a director of the company (2000 - £78,276).

22. ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking is F & B Profiles (Holdings) Limited, a company registered in England and Wales. The accounts of the parent undertaking can be obtained from Companies House.

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