

218 5821

F&B PROFILES LIMITED

Report and Financial Statements

31 March 2002

 ERNST & YOUNG



F&B Profiles Limited

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

Burges Salmon

Narrow Quay House

Prince Street

Bristol

BS1 4AH

REGISTERED OFFICE

Unit 1

6-8 Dixon Road

Brislington

Bristol

BS4 5QW

DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 March 2002.

RESULTS AND DIVIDENDS

The profit for the year, before interest and taxation amounted to £707,989 (2001 - £703,498). The company paid bank interest of £229,625 during the year. In previous years the bank loans were direct to the parent undertaking and so the interest charge was borne by that company. The directors do not recommend payment of a 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

In spite of the very weak state of the engineering industry the company managed to achieve an increase in sales and profitability.

During the year the company made an investment of £1/2 million in laser cutting equipment. Initial demand for the product has far exceeded expectations.

The directors are confident they can achieve an increase in sales and profitability in the current year.

DIRECTORS AND THEIR INTERESTS

The directors at 31 March 2002, 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 its financial statements.

DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE FINANCIAL STATEMENTS

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 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.

F&B Profiles Limited

DIRECTORS' REPORT

AUDITORS

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

31.7.02

INDEPENDENT AUDITORS' REPORT
to the members of F&B Profiles Limited

We have audited the company's financial statements for the year ended 31 March 2002 which comprise the Profit and Loss Account, Statement of Total Recognised Gains and Losses, Balance Sheet and the related notes 1 to 21. These financial statements have been prepared on the basis of the accounting policies set out therein.

Respective responsibilities of directors and auditors

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the financial statements in accordance with applicable United Kingdom law and accounting standards.

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.

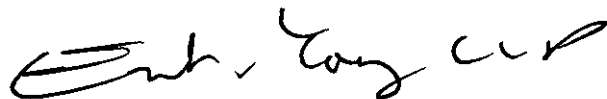
Basis of audit opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2002 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Registered Auditor
Bristol

Date



F&B Profiles Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2002

	Notes	2002 £	2001 £
TURNOVER	2	14,363,393	14,255,226
Cost of sales		(10,935,339)	(10,794,295)
GROSS PROFIT		<u>3,428,054</u>	<u>3,460,931</u>
Administrative expenses		(2,720,065)	(2,757,433)
OPERATING PROFIT	3	<u>707,989</u>	<u>703,498</u>
Interest receivable		111	141
Dividend receivable		-	250,000
Interest payable and similar charges	6	(229,625)	(11,581)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>478,475</u>	<u>942,058</u>
Tax on profit on ordinary activities	7	(141,647)	(162,071)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>336,828</u>	<u>779,987</u>
Dividends	8	-	(1,065,000)
PROFIT/(LOSS) RETAINED FOR THE FINANCIAL YEAR	18	<u><u>336,828</u></u>	<u><u>(285,013)</u></u>

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES for the year ended 31 March 2002

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £336,828 in the year ended 31 March 2002 and £779,987 in the year ended 31 March 2001.

F&B Profiles Limited

BALANCE SHEET

at 31 March 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	9	1,520,901	1,327,457
Investments	10	190,000	190,000
		<u>1,710,901</u>	<u>1,517,457</u>
CURRENT ASSETS			
Stocks	11	1,596,460	1,372,105
Debtors	12	7,500,428	7,194,588
		<u>9,096,888</u>	<u>8,566,693</u>
CREDITORS: amounts falling due within one year	13	7,427,091	6,838,503
NET CURRENT ASSETS		<u>1,669,797</u>	<u>1,728,190</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>3,380,698</u>	<u>3,245,647</u>
CREDITORS: amounts falling due after more than one year	14	2,397,093	2,598,870
		<u>983,605</u>	<u>646,777</u>
CAPITAL AND RESERVES			
Called up share capital	17	456	456
Capital redemption reserve	18	544	544
Revaluation reserve	18	137,230	139,287
Profit and loss account	18	845,375	506,490
EQUITY SHAREHOLDERS' FUNDS		<u>983,605</u>	<u>646,777</u>

 - Director

Date

31.7.02

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2002

1. ACCOUNTING POLICIES

Basis of preparation

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

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 financial statements 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 recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or right to pay less or to receive more, tax, with the following exceptions:

- Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, or gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.
- Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

NOTES TO THE FINANCIAL STATEMENTS
at 31 March 2002

1. ACCOUNTING POLICIES (continued)

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.

Cash flow statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from preparing a cash flow statement on the grounds that it is a wholly owned subsidiary of a company preparing consolidated group financial statements that are publicly available.

Group financial statements

The Report and Financial statements present information about the company as an individual undertaking and not about its group. The company is exempt from the requirement to prepare group financial statements by virtue of Section 228 of the Companies Act 1985.

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:

	2002	2001
	£	£
United Kingdom	14,221,733	14,154,757
Rest of Europe	54,188	24,535
Other	87,472	75,934
	<u>14,363,393</u>	<u>14,255,226</u>

3. OPERATING PROFIT

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

	2002	2001
	£	£
Auditors' remuneration	12,500	12,000
Depreciation of owned fixed assets	183,255	198,721
Depreciation of assets held under finance leases and hire purchase contracts	53,204	61,231
Loss/(profit) on sale of fixed assets	1,002	(11,757)
Operating lease rentals - land and buildings	167,350	160,668
- other	6,996	10,426
	<u> </u>	<u> </u>

F&B Profiles Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2002

4. DIRECTORS' EMOLUMENTS

	2002	2001
	£	£
Emoluments	119,684	93,515
Company contributions paid to money purchase pension schemes	10,396	10,396

	2002	2001
	No.	No.
Members of money purchase pension schemes	1	1

5. STAFF COSTS

	2002	2001
	£	£
Wages and salaries	2,772,339	2,564,809
Social security costs	243,596	236,454
Other pension costs	26,194	25,478
	3,042,129	2,826,741

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

	2002	2001
	No.	No.
Production	78	77
Administration	70	69
	148	146

6. INTEREST PAYABLE AND SIMILAR CHARGES

	2002	2001
	£	£
Bank loans and overdrafts	218,426	-
Finance charges payable under finance leases and hire purchase contracts	11,199	11,581
	229,625	11,581

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2002	2001
	£	£
UK corporation tax	138,000	161,000
Corporation tax under provided in previous years	3,647	1,071
	141,647	162,071

F&B Profiles Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2002

7. TAX ON PROFIT ON ORDINARY ACTIVITIES (continued)

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2002 £	2001 £
Profit on ordinary activities before tax	478,475	942,058
Profit on ordinary activities multiplied by standard rate of tax in the UK of 30%	143,542	282,617
Effects of:		
Expenses not deductible for tax purposes	7,392	6,068
UK dividend income not taxable	-	(75,000)
Capital allowances for period (less than)/in excess of depreciation	(4,078)	16,478
Group relief not paid for	-	(69,163)
Marginal rate relief	(6,435)	-
Other short term timing differences	(2,421)	-
Adjustment to tax charge in respect of previous periods	3,647	1,071
Current tax charge for period	141,647	162,071

8. DIVIDENDS

	2002 £	2001 £
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 2001	457,260	478,926	379,928	328,980	96,376	952,055	2,693,525
Additions	2,395	13,632	79,806	31,108	34,280	290,605	451,826
Disposals	-	-	(73,495)	(18,696)	-	(36,745)	(128,936)
At 31 March 2002	459,655	492,558	386,239	341,392	130,656	1,205,915	3,016,415
Depreciation:							
At 1 April 2001	9,086	106,287	269,585	216,794	83,223	681,093	1,366,068
Provided during year	9,176	27,550	60,006	40,091	6,578	93,058	236,459
Disposals	-	-	(61,312)	(14,935)	-	(30,766)	(107,013)
At 31 March 2002	18,262	133,837	268,279	241,950	89,801	743,385	1,495,514
Net book value:							
At 31 March 2002	441,393	358,721	117,960	99,442	40,855	462,530	1,520,901
At 31 March 2001	448,174	372,639	110,343	112,186	13,153	270,962	1,327,457

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2002

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 financial statements. 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 2001	358,714
	<u> </u>
At 31 March 2002	361,109
	<u> </u>
Cumulative depreciation based on cost:	
At 1 April 2001	49,827
	<u> </u>
At 31 March 2002	56,946
	<u> </u>

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

	2002 £	2001 £
Fork lifts	32,405	-
Plant, machinery and office equipment	332,975	121,592
Motor vehicles	76,621	63,243
	<u>442,001</u>	<u>184,835</u>
	<u> </u>	<u> </u>

10. INVESTMENTS

	Subsidiary undertaking £
Cost:	
At 1 April 2001 and 31 March 2002	190,000
	<u> </u>

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

	2002 £	2001 £
Raw materials and consumables	118,890	103,983
Finished goods and goods for resale	1,477,570	1,268,122
	<u>1,596,460</u>	<u>1,372,105</u>
	<u> </u>	<u> </u>

F&B Profiles Limited

NOTES TO THE FINANCIAL STATEMENTS at 31 March 2002

12. DEBTORS

	2002	2001
	£	£
Trade debtors	3,013,586	3,042,241
Amounts due from parent undertaking	4,107,010	4,059,499
Amounts due from subsidiary undertaking	324,832	34,643
Other debtors and prepayments	55,000	58,205
	<u>7,500,428</u>	<u>7,194,588</u>

13. CREDITORS: amounts falling due within one year

	2002	2001
	£	£
Bank loans (note 15)	60,000	270,000
Bank overdraft	2,660,060	1,833,131
Obligations under finance leases and hire purchase contracts (note 16)	134,074	62,094
Trade creditors	2,302,832	2,120,916
Amounts due to fellow subsidiary undertaking	1,589,910	1,589,910
Current corporation tax	138,000	161,000
Other taxes and social security costs	323,186	447,835
Accruals and deferred income	219,029	353,617
	<u>7,427,091</u>	<u>6,838,503</u>

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

	2002	2001
	£	£
Bank loans (note 15)	435,000	795,000
Loan from parent undertaking	1,722,576	1,722,576
Obligations under finance leases and hire purchase contracts (note 16)	239,517	81,294
	<u>2,397,093</u>	<u>2,598,870</u>

15. LOANS

	2002	2001
	£	£
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	495,000	540,000
	<u>495,000</u>	<u>1,065,000</u>
Less: included in creditors: amounts falling due within one year (note 13)	(60,000)	(270,000)
Amount due after more than one year (note 14)	<u>435,000</u>	<u>795,000</u>

F&B Profiles Limited

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2002

15. LOANS (continued)

	2002	2001
	£	£
Amounts repayable:		
In one year or less	60,000	270,000
Between one and two years	60,000	270,000
Between two and five years	180,000	285,000
In five years or more	195,000	240,000
	<u>495,000</u>	<u>1,065,000</u>

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:

	2002	2001
	£	£
Amounts payable:		
Within one year	154,364	71,816
In two to five years	280,455	96,564
	<u>434,819</u>	<u>168,380</u>
Less: finance charges allocated to future periods	61,228	24,992
	<u>373,591</u>	<u>143,388</u>
Current obligations (note 13)	134,074	62,094
Non-current obligations (note 14)	239,517	81,294
	<u>373,591</u>	<u>143,388</u>

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

	£
At 1 April 2001	143,388
Inception of new contracts	320,995
Capital element of repayments in the year	(90,792)
At 31 March 2002	<u>373,591</u>

17. SHARE CAPITAL

	2002	Authorised	Allotted, called up	
	£	2001	2002	2001
	£	£	£	£
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>	<u>456</u>	<u>456</u>

NOTES TO THE FINANCIAL STATEMENTS

at 31 March 2002

18. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Called up share capital</i>	<i>Capital redemption reserve</i>	<i>Revaluation reserve</i>	<i>Profit and loss account</i>	<i>Total 2002</i>	<i>Total 2001</i>
	£	£	£	£	£	£
At 1 April	456	544	139,287	506,490	646,777	931,790
Retained profit/(loss) for the year	-	-	-	336,828	336,828	(285,013)
Transfer	-	-	(2,057)	2,057	-	-
At 31 March	456	544	137,230	845,375	983,605	646,777

19. FINANCIAL COMMITMENTS

At 31 March 2002 the company had annual commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>		<i>Other</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
	£	£	£	£
Operating leases which expire:				
Within two to five years	35,100	33,950	7,490	6,831
In over five years	165,805	131,250	-	-
	200,905	165,200	7,490	6,831

20. 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 (2001 - £78,276).

21. ULTIMATE PARENT UNDERTAKING

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