2183821

F&B Profiles Limited

Report and Financial Statements

31 March 2003

ERNST & YOUNG



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 2003.

Results and dividends

The profit for the year, after taxation amounted to £341,229 (2002 - £336,828). Interim dividends totalling £188,000 were paid during the year. The directors do not recommend payment of a final dividend.

Principal activity

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

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.

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 2003, none of whom had any direct 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.

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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 M. P. Harvey

Date 29.7.03

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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 2003 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.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

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 2003 and of its 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 1 August 2003

Profit and loss account

for the year ended 31 March 2003

	Notes	2003 £	2002 £
Turnover	2	16,126,637	14,363,393
Cost of sales		(12,259,168)	(10,935,339)
Gross profit		3,867,469	3,428,054
Administrative expenses		(3,223,989)	(2,720,065)
Operating profit	3	643,480	707,989
Interest receivable		142	111
Interest payable and similar charges	6	(182,587)	(229,625)
Profit on ordinary activities before taxation		461,035	478,475
Tax on profit on ordinary activities	7	(119,806)	(141,647)
Profit on ordinary activities after taxation		341,229	336,828
Dividends	8	(188,000)	-
Profit retained for the financial year	18	153,229	336,828

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Statement of total recognised gains and losses

for the year ended 31 March 2003

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £341,229 in the year ended 31 March 2003 and £336,828 in the year ended 31 March 2002.

Balance sheet

at 31 March 2003

	Notes	2003	2002
		£	£
Fixed assets			
Tangible assets	9	1,841,950	1,520,901
Investments	10	190,000	190,000
		2,031,950	1,710,901
Current assets			
Stocks	11	1,501,906	1,596,460
Debtors	12	8,126,032	7,500,428
		9,627,938	9,096,888
Creditors: amounts falling due within one year	13	8,145,371	7,427,091
Net current assets		1,482,567	1,669,797
Total assets less current liabilities		3,514,517	3,380,698
Creditors: amounts falling due after more than one year	14	2,377,683	2,397,093
		1,136,834	983,605
Capital and reserves			
Called up share capital	17	456	456
Capital redemption reserve	18	544	544
Revaluation reserve	18	135,173	137,230
Profit and loss account	18	1,000,661	845,375
Equity shareholders' funds		1,136,834	983,605

M.P. Harvey - Director

Date 29.7.03

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Notes to the financial statements

at 31 March 2003

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.

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.

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Notes to the financial statements

at 31 March 2003

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 and hire purchase commitments

Assets held under finance leases, which are leases where substantially all the risks and rewards of ownership of the asset have passed to the company, and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The capital elements of future obligations under the leases and hire purchase contracts are included as liabilities in the balance sheet.

The interest elements of the rental obligations are charged in the profit and loss account over the periods of the leases and hire purchase contracts and represent a constant proportion of the balance of capital repayments outstanding.

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:

	2003	*2002*
	£	£
United Kingdom	15,650,504	14,221,733
Rest of Europe	168,098	54,188
Other	308,035	87,472
	16,126,637	14,363,393

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Notes to the financial statements

at 31 March 2003

3. Operating profit

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

	2003 £	*2002* £
Auditors' remuneration	11,958	12,000
Depreciation of owned fixed assets	169,354	183,255
Depreciation of assets held under finance leases and hire purchase contracts	96,830	53,204
(Profit)/loss on sale of fixed assets	(13,367)	1,002
Operating lease rentals - land and buildings	244,993	167,350
- other	7,490	6,996
Foreign exchange (gain)/loss	(20,914)	-

4. Directors' emoluments

	2003 £	*2002* £
Emoluments	117,501	119,684
Company contributions paid to money purchase pension schemes	13,996	10,396

	2003 *No.*	*2002* *No.*
Members of money purchase pension schemes	1	1

5. Staff costs

	2003 £	*2002* £
Wages and salaries	3,194,587	2,772,339
Social security costs	289,230	243,596
Other pension costs	31,395	26,194
	3,515,212	3,042,129

The average number of employees during the year was as follows:	*2003* *No.*	*2002* *No.*
Production	83	78
Administration	70	70
	153	148

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Notes to the financial statements

at 31 March 2003

6. Interest payable and similar charges

	2003	2002
	£	£
Bank loans and overdrafts	160,400	218,426
Finance charges payable under finance leases and hire purchase contracts	22,187	11,199
	182,587	229,625

7. Tax

a) Tax on profit on ordinary activities

The tax charge is made up as follows:

	2003	2002
	£	£
UK corporation tax	118,128	138,000
Corporation tax under provided in previous years	1,678	3,647
Total current tax (note 7 (b))	119,806	141,647

b) Factors affecting current tax charge

The tax assessed for the period is lower than the standard rate of corporation tax in the UK of 30% (2002 - 30%). The differences are explained below:

	2003	2002
	£	£
Profit on ordinary activities before tax	461,035	478,475
Profit on ordinary activities multiplied by standard rate of tax in the UK of 30% (2002 – 30%)	138,311	143,542
Effects of:		
Expenses not deductible for tax purposes	15,093	7,392
Capital allowances for period less than depreciation	(22,216)	(4,078)
Marginal rate relief	(8,706)	(6,435)
Other short term timing differences	(4,354)	(2,421)
Adjustment to tax charge in respect of previous periods	1,678	3,647
Total current tax (note 7 (a))	119,806	141,647

c) Factors that may affect future tax charges

Future tax charges may be increased by the recognition or reversal of an unrecognised deferred tax liability of £1,792 (2002 - £24,777 asset).

8. Dividends

	2003	2002
	£	£
Equity dividends:		
Interim paid	188,000	-

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Notes to the financial statements

at 31 March 2003

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 2002	459,655	492,558	386,239	341,392	130,656	1,205,915	3,016,415
Additions	121,361	63,919	53,426	43,312	8,982	308,725	599,725
Disposals	-	-	(48,456)	(4,312)	(13,934)	(3,000)	(69,702)
At 31 March 2003	581,016	556,477	391,209	380,392	125,704	1,511,640	3,546,438
Depreciation:							
At 1 April 2002	18,262	133,837	268,279	241,950	89,801	743,385	1,495,514
Provided during year	9,737	32,521	51,232	42,390	14,140	116,164	266,184
Disposals	-	-	(41,568)	(1,685)	(12,869)	(1,088)	(57,210)
At 31 March 2003	27,999	166,358	277,943	282,655	91,072	858,461	1,704,488
Net book value:							
At 31 March 2003	553,017	390,119	113,266	97,737	34,632	653,179	1,841,950
At 31 March 2002	441,393	358,721	117,960	99,442	40,855	462,530	1,520,901

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 2002	361,109
At 31 March 2003	482,470
Cumulative depreciation based on cost:	
At 1 April 2002	56,946
At 31 March 2003	64,626

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Notes to the financial statements

at 31 March 2003

9. Tangible fixed assets (continued)

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

	2003	*2002*
	£	£
Fork lifts	25,814	32,405
Plant, machinery and office equipment	522,024	332,975
Motor vehicles	47,054	76,621
	594,892	442,001

10. Investments

	Subsidiary undertaking
	£
Cost:	
At 1 April 2002 and 31 March 2003	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

	2003	*2002*
	£	£
Raw materials and consumables	122,590	118,890
Finished goods and goods for resale	1,379,316	1,477,570
	1,501,906	1,596,460

12. Debtors

	2003	*2002*
	£	£
Trade debtors	3,517,246	3,013,586
Amounts due from parent undertaking	4,078,082	4,107,010
Amounts due from subsidiary undertaking	485,570	324,832
Other debtors and prepayments	45,134	55,000
	8,126,032	7,500,428

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Notes to the financial statements

at 31 March 2003

13. Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loans (note 15)	60,000	60,000
Bank overdraft	2,651,390	2,660,060
Obligations under finance leases and hire purchase contracts (note 16)	186,913	134,074
Trade creditors	2,833,559	2,302,832
Amounts due to fellow subsidiary undertaking	1,589,910	1,589,910
Current corporation tax	118,128	138,000
Other taxes and social security costs	297,772	323,186
Accruals and deferred income	407,699	219,029
	8,145,371	7,427,091

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

	2003 £	2002 £
Bank loans (note 15)	360,000	435,000
Loan from parent undertaking	1,722,576	1,722,576
Obligations under finance leases and hire purchase contracts (note 16)	295,107	239,517
	2,377,683	2,397,093

15. Loans

	2003 £	2002 £
Not wholly repayable within five years:		
Bank loan repayable in quarterly instalments bearing interest at 2% above Bank of Scotland base rate	420,000	495,000
Less: included in creditors: amounts falling due within one year (note 13)	(60,000)	(60,000)
Amount due after more than one year (note 14)	360,000	435,000

	2003 £	2002 £
Amounts repayable:		
In one year or less	60,000	60,000
Between one and two years	60,000	60,000
Between two and five years	180,000	180,000
In five years or more	120,000	195,000
	420,000	495,000

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Notes to the financial statements

at 31 March 2003

15. Loans (continued)

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:

	2003	*2002*
	£	£
Amounts payable:		
Within one year	211,178	154,364
In two to five years	337,114	280,455
	548,292	434,819
Less: finance charges allocated to future periods	(66,272)	(61,228)
	482,020	373,591
Current obligations (note 13)	186,913	134,074
Non-current obligations (note 14)	295,107	239,517
	482,020	373,591

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

	£
At 1 April 2002	373,591
Inception of new contracts	267,350
Capital element of repayments in the year	(158,921)
At 31 March 2003	482,020

17. Share capital

	Authorised		*Allotted, called up and fully paid*	
	2003	*2002*	*2003*	*2002*
	£	£	£	£
Ordinary shares of £1 each	1,000	1,000	456	456

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Notes to the financial statements

at 31 March 2003

18. Reconciliation of shareholders' funds and movements on reserves

	Called up share capital £	*Capital redemption reserve* £	*Revaluation reserve* £	*Profit and loss account* £	*Total 2003* £	*Total 2002* £
At 1 April	456	544	137,230	845,375	983,605	646,777
Retained profit for the year	-	-	-	153,229	153,229	336,828
Transfer	-	-	(2,057)	2,057	-	-
At 31 March	456	544	135,173	1,000,661	1,136,834	983,605

19. Financial commitments

At 31 March 2003 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		*Other*	
	2003 £	*2002* £	*2003* £	*2002* £
Operating leases which expire:				
Within two to five years	55,833	35,100	7,490	7,490
In over five years	199,855	165,805	-	-
	255,688	200,905	7,490	7,490

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 (2002 - £78,500). In addition the company paid £5,240 rent to the wife of R F Avery, a director of the company (2002 - £nil)

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.

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