

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Directors' report and financial statements

for the year ended 31 December 2003



Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Company information

Directors	F Ellis ACMA J Huggins
Secretary	F Ellis ACMA
Company number	03230321
Registered office	Standard Works Station Road Reddish Stockport SK5 6ND
Auditors	Hurst & Company Accountants LLP Lancashire Gate 21 Tiviot Dale Stockport SK1 1TD
Business address	Standard Works Station Road Reddish Stockport SK5 6ND
Bankers	National Westminster Bank plc PO Box 546 100 Barbirolli Square Manchester M60 2FT
Solicitors	Halliwell Landau St. James's Court Brown Street Manchester M2 2JF

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

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Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Directors' report
for the year ended 31 December 2003

The directors present their report and the financial statements for the year ended 31 December 2003.

Change of name

The company passed a special resolution on 1 January 2004 to change its name to Thos Storey Property Limited.

Principal activity and review of the business

The principal activities of the company were the manufacture, sale and distribution of high quality steel fabrications to original equipment manufacturers (OEM'S) in the earth moving, construction, agricultural, materials handling and specialist vehicle sectors.

The company continued the movement of basic fabrications to low cost economies outside of the UK in line with its strategy. The capacity thus created has enabled its continued expansion into higher value complex fabrications, which do not attract unsustainable customer pricing expectations.

All bucket and shovel manufacture requiring just in time delivery was concentrated in the Wolverhampton plant giving it its best year for output since it was acquired in 2000. Rugby continued to win new work.

The sudden increase in steel costs part way through the year after selling price levels had been set resulted in reduced margins during the second half. These have been passed on to customers in 2004.

The laser profiling capacity was increased to reduce reliance on expensive sub contractors making both Stockport and Rugby entirely self-sufficient in these items. This investment along with the revenue costs taken in prototyping several new products should lead to an increase in both volume and margins in 2004.

Results and dividends

The results for the year are set out on page 5 - 6.

The directors have paid an interim dividend amounting to £60,000 and they do not recommend payment of a final dividend.

Post balance sheet events

On 1 January 2004, Thos Storey Fabrications Limited completed a re-organisation of its trading divisions. The trade and net attributable assets and liabilities of these divisions have been de-merged into separate trading companies and the activity of these divisions are classified as 'Discontinued Activities' in the profit and loss account.

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Directors' report
for the year ended 31 December 2003

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	£1 Ordinary shares		£1 Ordinary 'A' shares	
	31/12/03	01/01/03	31/12/03	01/01/03
F Ellis ACMA	50,000	50,000	50	50
J Huggins	50,000	50,000	50	50

Directors' responsibilities

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

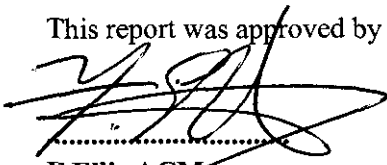
- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the 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.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Hurst & Company Accountants LLP be reappointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the Board on 22 June 2004 and signed on its behalf by


.....
F Ellis ACMA
Secretary

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Independent auditors' report to the shareholders of Thos Storey Property Limited

We have audited the financial statements of Thos Storey Property Limited for the year ended 31 December 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

This report is made solely to the company's shareholders, 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 shareholders 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 shareholders 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 law and United Kingdom 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 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.

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Independent auditors' report to the shareholders of Thos Storey Property Limited continued

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Hurst & Company Accountants LLP
.....

Hurst & Company Accountants LLP
Chartered Accountants &
Registered Auditors
Lancashire Gate
21 Tiviot Dale
Stockport
SK1 1TD

Date: *25 June 2004*
.....

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Profit and loss account
for the year ended 31 December 2003

		Discontinued operations	
		2003	2002
	Notes	£	£
Turnover	2	17,310,539	15,195,061
Cost of sales		(15,931,343)	(13,885,873)
Gross profit		1,379,196	1,309,188
Distribution costs		(409,197)	(311,137)
Administrative expenses		(784,797)	(807,991)
Operating profit	3	185,202	190,060
Exceptional item	3	(47,180)	-
Profit on ordinary activities before interest		138,022	190,060
Other interest receivable and similar income	4	5,652	5,773
Interest payable and similar charges	5	(164,790)	(153,136)
(Loss)/profit on ordinary activities before taxation		(21,116)	42,697
Tax on (loss)/profit on ordinary activities	7	(13,725)	(36,957)
(Loss)/profit on ordinary activities after taxation		(34,841)	5,740
Dividends	8	(60,000)	(65,200)
Loss for the year		<u>(94,841)</u>	<u>(59,460)</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

	Discontinued operations	
	2003	2002
Statement of total recognised gains and losses		
	£	£
(Loss)/profit on ordinary activities after taxation	(34,841)	5,740
Unrealised movement on revaluation of property	196,000	-
Total recognised gains relating to the year	<u>161,159</u>	<u>5,740</u>
Note of historical cost profits and losses		
(Loss)/profit on ordinary activities before taxation	(21,116)	42,697
Realisation of property revaluation gains from previous years	-	12,070
Difference between an historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	<u>4,159</u>	<u>4,159</u>
Historical cost (loss)/profit on ordinary activities before taxation	<u>(16,957)</u>	<u>58,926</u>
Historic cost loss for the year retained after taxation and dividends	<u>(90,682)</u>	<u>(43,231)</u>

The notes on pages 10 to 25 form an integral part of these financial statements.

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Balance sheet
as at 31 December 2003

		2003		2002	
	Notes	£	£	£	£
Fixed assets					
Intangible assets:					
Positive goodwill	9	122,795		143,255	
Negative goodwill	9	(104,942)		(170,738)	
			17,853		(27,483)
Tangible assets	10		3,220,237		2,826,128
Investments	11		1		1
			<u>3,238,091</u>		<u>2,798,646</u>
Current assets					
Stocks	12	1,304,043		1,297,461	
Debtors	13				
falling due after more than one year		98,193		98,193	
falling due within one year		2,532,474		2,261,302	
Cash at bank and in hand		42,565		278,387	
		<u>3,977,275</u>		<u>3,935,343</u>	
Creditors: amounts falling due within one year	14	(4,449,763)		(3,956,110)	
Net current liabilities			<u>(472,488)</u>		<u>(20,767)</u>
Total assets less current liabilities			2,765,603		2,777,879
Creditors: amounts falling due after more than one year	15		(886,116)		(1,020,372)
Provisions for liabilities and charges	16		<u>(49,509)</u>		<u>(28,688)</u>
Net assets			<u><u>1,829,978</u></u>		<u><u>1,728,819</u></u>

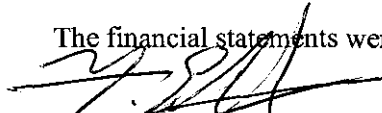
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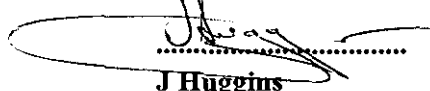
Thos Storey Property Limited
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Balance sheet
as at 31 December 2003

	Notes	2003 £	2002 £
Capital and reserves			
Called up share capital	18	100,100	100,100
Revaluation reserve	19	751,220	555,220
Other reserves	19	473,542	484,816
Profit and loss account	19	505,116	588,683
Equity shareholders' funds	20	<u>1,829,978</u>	<u>1,728,819</u>

The financial statements were approved by the Board on 22/6/04 and signed on its behalf by


.....
F Ellis ACMA
Director


.....
J Huggins
Director

The notes on pages 10 to 25 form an integral part of these financial statements.

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Cash flow statement
for the year ended 31 December 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		185,202	190,060
Depreciation		192,041	288,557
(Increase) in stocks		(6,582)	(453,662)
(Increase) in debtors		(260,626)	522,542
Increase in creditors		509,982	333,226
Redundancy costs		(47,180)	-
Net cash inflow from operating activities		<u>572,837</u>	<u>880,723</u>
Cash flow statement			
Net cash inflow from operating activities		572,837	880,723
Returns on investments and servicing of finance	26	(159,138)	(147,363)
Taxation	26	(3,450)	(5,484)
Capital expenditure	26	(122,070)	(81,272)
		288,179	646,604
Equity dividends paid		(60,000)	(65,200)
		228,179	581,404
Financing	26	(409,847)	(391,821)
Decrease in cash in the year		<u>(181,668)</u>	<u>189,583</u>
Reconciliation of net cash flow to movement in net debt (Note 27)			
Decrease in cash in the year		(181,668)	189,583
Cash outflow from increase in debts and lease financing		409,847	391,821
Change in net funds resulting from cash flows		228,179	581,404
New finance leases and hire purchase contracts		(313,416)	(145,643)
Movement in net debt in the year		(85,237)	435,761
Net debt at 1 January 2003		(1,420,317)	(1,856,078)
Net debt at 31 December 2003		<u>(1,505,554)</u>	<u>(1,420,317)</u>

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Notes to the financial statements
for the year ended 31 December 2003

1. Accounting policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets .

The company has consistently applied all relevant accounting standards.

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

Goodwill is the difference between the amount paid on the acquisition of a business and the aggregate fair values of its separate net assets. Positive goodwill is capitalised and amortised over 10 years, being the directors' estimate of its estimated economic life. Negative goodwill is capitalised and is amortised through the profit and loss account over the lives of the tangible fixed assets which is estimated at 5 years.

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost or valuation less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over fifty years
Plant and machinery	-	5 - 50% on cost
Fixtures, fittings and equipment	-	5 - 33.33% on cost
Motor vehicles	-	10 - 20% on cost

Where useful economic life is revised, depreciation will be charged over the remaining useful economic life.

1.5. Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce constant periodic rates of charge on the net obligations outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.6. Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Thos Storey Property Limited
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Notes to the financial statements
for the year ended 31 December 2003

..... continued

1.7. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value. Cost includes materials and direct labour appropriate to the relevant stage of production, plus variable production overheads. Net realisable value is based on estimated selling price less future costs to completion and disposal. Certain finished goods are valued at selling price less an appropriate profit margin.

1.8. Pensions

The company operates a defined contribution pension scheme for directors. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These contributions are invested separately from the company's assets.

1.9. Deferred taxation

In accordance with FRS 19, deferred taxation is provided using the full provision method for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the financial statements and their recognition for corporation tax purposes.

Deferred tax assets are only recognised to the extent that they are regarded as recoverable.

Deferred tax has been calculated at the current rate of tax being the best estimate of the rate which is likely to be applicable when it is anticipated that the timing difference will reverse.

1.10. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Notes to the financial statements
for the year ended 31 December 2003

..... continued

3. Operating profit	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off intangible assets	(45,336)	(45,340)
Depreciation and other amounts written off tangible assets	284,039	338,813
Loss on foreign currencies	5,745	(3,521)
Operating lease rentals		
- Plant and machinery	80,410	32,849
- Land and buildings	172,830	177,062
- Motor vehicles	45,503	31,998
Auditors' remuneration	18,200	16,400
	<u> </u>	<u> </u>
and after crediting:		
Profit on disposal of tangible fixed assets	46,662	4,916
	<u> </u>	<u> </u>
Exceptional item		
Redundancy costs	47,180	-
	<u> </u>	<u> </u>
 4. Interest receivable and similar income	 2003	 2002
	£	£
Other interest	5,652	5,773
	<u> </u>	<u> </u>
 5. Interest payable and similar charges	 2003	 2002
	£	£
On loans and overdrafts	108,964	94,712
Hire purchase interest	55,759	58,410
On overdue tax	67	14
	<u> </u>	<u> </u>
	164,790	153,136
	<u> </u>	<u> </u>

Thos Storey Property Limited
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Notes to the financial statements
for the year ended 31 December 2003

..... continued

6. Employees

Number of employees	2003	2002
The average monthly numbers of employees (including the directors) during the year were:		
Manufacturing	240	233
Management / Administration	42	46
	<u>282</u>	<u>279</u>

Employment costs	2003	2002
	£	£
Wages and salaries	5,328,987	5,052,024
Social security costs	504,278	457,824
	<u>5,833,265</u>	<u>5,509,848</u>

6.1. Directors' emoluments	2003	2002
	£	£
Remuneration and other emoluments	<u>216,359</u>	<u>213,894</u>

	Number	Number
Number of directors to whom retirement benefits are accruing under a money purchase scheme	<u>2</u>	<u>2</u>

Highest paid director	£	£
Amounts included above:		
Emoluments and other benefits	<u>108,386</u>	<u>109,007</u>

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Notes to the financial statements
for the year ended 31 December 2003

..... continued

7. Tax on (loss)/profit on ordinary activities

Analysis of charge in period	2003	2002
	£	£
Current tax		
UK corporation tax	(10,546)	8,523
Adjustments in respect of previous periods	3,450	5,484
	<u>(7,096)</u>	<u>14,007</u>
Total current tax charge	<u>(7,096)</u>	<u>14,007</u>
Deferred tax		
Timing differences, origination and reversal	20,821	22,950
Total deferred tax	<u>20,821</u>	<u>22,950</u>
Tax on (loss)/profit on ordinary activities	<u>13,725</u>	<u>36,957</u>

Factors affecting tax charge for period

The tax assessed for the period is higher than the standard rate of corporation tax in the UK (19 per cent). The differences are explained below:

	2003	2002
	£	£
(Loss)/profit on ordinary activities before taxation	<u>(21,116)</u>	<u>42,697</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 19% (31 December 2002 : 19%)	(4,012)	8,112
Effects of:		
Expenses not deductible for tax purposes (primarily goodwill amortisation)	(7,851)	(9,182)
Capital allowances for period in excess of depreciation	(20,821)	(27,247)
Utilisation of tax losses	22,138	36,840
Adjustments to tax charge in respect of previous periods	<u>(3,450)</u>	<u>(5,484)</u>
Current tax charge for period	<u>(7,096)</u>	<u>14,007</u>

8. Dividends

	2003	2002
	£	£
Dividends on equity shares:		
£1 Ordinary 'A' shares - interim paid	<u>60,000</u>	<u>65,200</u>

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Notes to the financial statements
for the year ended 31 December 2003

..... continued

9. Intangible fixed assets	Positive Goodwill £	Negative Goodwill £	Total £
Cost			
At 1 January 2003	204,639	(324,271)	(119,632)
At 31 December 2003	<u>204,639</u>	<u>(324,271)</u>	<u>(119,632)</u>
Provision for diminution in value			
At 1 January 2003	61,384	(153,533)	(92,149)
Charge for year	<u>20,460</u>	<u>(65,796)</u>	<u>(45,336)</u>
At 31 December 2003	<u>81,844</u>	<u>(219,329)</u>	<u>(137,485)</u>
Net book values			
At 31 December 2003	<u>122,795</u>	<u>(104,942)</u>	<u>17,853</u>
At 31 December 2002	<u>143,255</u>	<u>(170,738)</u>	<u>(27,483)</u>

Negative goodwill arose on the acquisition of the trade and assets of Walton Fabrications on the 5 September 2000. Positive goodwill arose on the acquisition of Lloyds UK Limited in 1999.

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Notes to the financial statements
for the year ended 31 December 2003

..... continued

10. Tangible fixed assets	Land and buildings freehold £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1 January 2003	1,201,039	2,651,046	256,435	55,961	4,164,481
Additions	-	483,304	6,310	-	489,614
Revaluation	100,000	-	-	-	100,000
Disposals	-	(164,751)	-	(700)	(165,451)
At 31 December 2003	<u>1,301,039</u>	<u>2,969,599</u>	<u>262,745</u>	<u>55,261</u>	<u>4,588,644</u>
Depreciation					
At 1 January 2003	96,812	1,058,091	164,534	18,916	1,338,353
Revaluation	(96,000)	-	-	-	(96,000)
On disposals	-	(157,285)	-	(700)	(157,985)
Charge for the year	223	240,282	36,552	6,982	284,039
At 31 December 2003	<u>1,035</u>	<u>1,141,088</u>	<u>201,086</u>	<u>25,198</u>	<u>1,368,407</u>
Net book values					
At 31 December 2003	<u>1,300,004</u>	<u>1,828,511</u>	<u>61,659</u>	<u>30,063</u>	<u>3,220,237</u>
At 31 December 2002	<u>1,104,227</u>	<u>1,592,955</u>	<u>91,901</u>	<u>37,045</u>	<u>2,826,128</u>

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Notes to the financial statements
for the year ended 31 December 2003

..... continued

Included above are assets held under finance leases or hire purchase contracts as follows:

Asset description	2003		2002	
	Net book value £	Depreciation charge £	Net book value £	Depreciation charge £
Plant and machinery	1,102,117	107,463	887,645	101,540

Tangible fixed assets included at a valuation would have been included on a historical cost basis at:

	2003 £	2002 £
Cost	34,004	34,004
Depreciation	6,800	6,120
Net book value	27,204	27,884

The company's freehold land and buildings were revalued to open market value of £1,300,000 on 30 October 2003 by Lambert Smith Hampton. The directors approve this value of the land and buildings.

11. Fixed asset investments	Subsidiary undertakings shares £	Total £
Cost		
At 1 January 2003		
At 31 December 2003	1	1
Net book values		
At 31 December 2003	1	1
At 31 December 2002	1	1

Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Notes to the financial statements
for the year ended 31 December 2003

..... continued

11.1. Holdings of 20% or more

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Lloyds UK Limited	England & Wales	Dormant	Ordinary	100%

12. Stocks

	2003	2002
	£	£
Raw materials and consumables	356,569	297,865
Work in progress	882,218	943,021
	<u>1,238,787</u>	<u>1,240,886</u>
Finished goods and goods for resale	65,256	56,575
	<u>1,304,043</u>	<u>1,297,461</u>

13. Debtors

	2003	2002
	£	£
Trade debtors	2,199,326	1,948,301
Amount owed by connected companies	132,028	166,574
Other debtors	84,041	38,072
Prepayments and accrued income	215,272	206,548
	<u>2,630,667</u>	<u>2,359,495</u>

Amounts falling due after more than one year and included in debtors are:

Amounts owed by connected companies	<u>98,193</u>	<u>98,193</u>
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Thos Storey Property Limited
(formerly Thos Storey Fabrications Limited)

Notes to the financial statements
for the year ended 31 December 2003

..... continued

14. Creditors: amounts falling due within one year	2003	2002
	£	£
Bank overdraft	247,736	301,890
Bank loan	108,837	118,985
Amounts due to invoice discounter	-	-
Net obligations under finance leases and hire purchase contracts	305,430	257,457
Trade creditors	2,490,747	2,054,591
Corporation tax	8,524	8,523
Other taxes and social security costs	644,822	639,396
Other creditors	355,279	473,086
Accruals and deferred income	288,388	102,182
	<u>4,449,763</u>	<u>3,956,110</u>

Bank overdrafts amounting to £247,736 (2002 £301,890) are secured by a mortgage debenture dated 27 December 1996, over unscheduled assets.

An amount of £223,778 (2002: £399,193) shown in other creditors is secured by a debenture over book debts.

Bank loans amounting to £552,333 (2002 £644,856) (shown within short term and long term creditors) are secured by a first legal mortgage dated 27 December 1996, over the works at Station Road, Reddish, Stockport, Cheshire.

Chattel mortgages amounting to £20,452 (2002 £57,309) (shown as bank loans within short term and long term creditors) are secured on plant and machinery.

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Notes to the financial statements
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15. Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loan	463,948	583,180
Net obligations under finance leases and hire purchase contracts	422,168	437,192
	<u>886,116</u>	<u>1,020,372</u>
Loans		
Repayable in one year or less, or on demand (Note 14)	108,837	118,985
Repayable between one and two years	92,335	106,719
Repayable between two and five years	196,509	239,377
Repayable in five years or more	175,104	237,084
	<u>572,785</u>	<u>702,165</u>

Included within bank loans are the following:

£416,179 repayable over 10 years. The final repayment falls due in December 2011, with interest payable at 1.75% above the base rate.

£136,154 repayable over 10 years. The final repayment falls due in December 2006, with interest payable at 1.75% above the base rate.

On 1 March 2004, the company negotiated a new facility with its bankers in which the two existing loans detailed above were combined into one new facility of £1,040,000, repayable over 15 years, with interest payable at 1.25% above the base rate. Of this, only £600,000 has currently been drawn down.

£17,985 repayable over 4 years. The final repayment falls due in November 2004, with interest payable at 1.9% above base rate.

£2,467 repayable over 5 years. The final repayment falls due in January 2005, with interest payable at 1.9% above the base rate.

**Net obligations under finance leases
and hire purchase contracts**

Repayable within one year	305,430	257,457
Repayable between one and five years	422,168	437,192
	<u>727,598</u>	<u>694,649</u>

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Net obligations under finance leases and hire purchase are secured on the assets acquired.

16. Provisions for liabilities and charges

	Deferred taxation (Note 17) £	Total £
At 1 January 2003	28,688	28,688
Movements in the year	20,821	20,821
At 31 December 2003	<u>49,509</u>	<u>49,509</u>

17. Provision for deferred taxation

	2003 £	2002 £
Accelerated capital allowances	58,225	44,204
Tax losses carried forward	(8,716)	(15,516)
Undiscounted provision for deferred tax	<u>49,509</u>	<u>28,688</u>
Provision at 1 January 2003	28,688	
Deferred tax charge in profit and loss account	20,821	
Provision at 31 December 2003	<u>49,509</u>	

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18. Share capital	2003 £	2002 £
Authorised		
110,000 £1 Ordinary shares	110,000	110,000
100 £1 Ordinary 'A' shares	100	100
	<u>110,100</u>	<u>110,100</u>
 Allotted, called up and fully paid		
100,000 £1 Ordinary shares	100,000	100,000
100 £1 Ordinary 'A' shares	100	100
	<u>100,100</u>	<u>100,100</u>

The ordinary 'A' shares have the following rights attached:

Capital - the right in a winding-up to a return of the capital paid up thereon in priority to any payment on the ordinary shares but no further right to share in surplus assets.

Voting - there is no right to receive notice of any general meeting or to attend and vote thereon.

Dividends - the 'A' shares shall carry the right to a dividend at the rate to be declared by the directors from time to time.

19. Equity Reserves	Revaluation reserve £	Profit and loss account £	Special reserve £	Total £
At 1 January 2003	555,220	588,683	484,816	1,628,719
Transfer of realised profit	-	11,274		11,274
Revaluation of property	196,000			196,000
Loss for the year		(94,841)		(94,841)
Other movements	-	-	(11,274)	(11,274)
At 31 December 2003	<u>751,220</u>	<u>505,116</u>	<u>473,542</u>	<u>1,729,878</u>

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Notes to the financial statements
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20. Reconciliation of movements in shareholders' funds	2003	2002
	£	£
(Loss)/profit for the year	(34,841)	5,740
Dividends	(60,000)	(65,200)
	(94,841)	(59,460)
Other recognised gains or losses	196,000	-
Net addition to shareholders' funds	101,159	(59,460)
Opening shareholders' funds	1,728,819	1,788,279
Closing shareholders' funds	<u>1,829,978</u>	<u>1,728,819</u>

21. Financial commitments

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

	Land and buildings		Other	
	2003	2002	2003	2002
	£	£	£	£
Expiry date:				
Within one year	96,000	96,000	-	4,323
Between one and five years	75,000	75,000	109,586	104,805
	<u>171,000</u>	<u>171,000</u>	<u>109,586</u>	<u>109,128</u>

22. Capital commitments	2003	2002
	£	£
Details of capital commitments at the accounting date are as follows:		
Contracted for but not provided in the financial statements	<u>6,850</u>	<u>4,795</u>

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Notes to the financial statements
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23. Related party transactions

The directors consider that the following related party transactions require disclosure:

(A) Personal guarantees were given by the directors, F Ellis and J Huggins, in respect of borrowing facilities.

(B) Amounts due from related undertakings totalling £132,028 (2002 £166,574) of which £33,835 (2002 £68,381) falls due within one year and £98,193 (2002 £98,193) falls due after one year, relates to amounts due from Lloyds International Limited, a company registered in England and Wales (company number 2647069). Lloyds International Limited is a company under the control of the directors of Thos. Storey Fabrications Limited. The balance has arisen through loans from Thos. Storey Fabrications Limited. Interest is charged at 2.5% over base rate and there are no fixed repayment dates associated with the balance. Lloyds International Limited has paid £5,652 interest on this loan during the year (2002: £5,650).

24. Controlling interest

The company is under the joint control of the two directors, Mr F Ellis and Mr J Huggins.

25. Post balance sheet events

On 1 January 2004, Thos Storey Fabrications Limited completed a re-organisation of its trading divisions. The trade and net attributable assets and liabilities of these divisions have been de-merged into separate trading companies and the activity of these divisions are classified as 'Discontinued Activities' in the profit and loss account.

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Notes to the financial statements
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26. Gross cash flows

	2003	2002
	£	£
Returns on investments and servicing of finance		
Interest received	5,652	5,773
Interest paid	(164,790)	(153,136)
	<u>(159,138)</u>	<u>(147,363)</u>
Taxation		
Corporation tax paid	<u>(3,450)</u>	<u>(5,484)</u>
Capital expenditure		
Payments to acquire tangible assets	(176,198)	(128,313)
Receipts from sales of tangible assets	54,128	47,041
	<u>(122,070)</u>	<u>(81,272)</u>
Financing		
Repayment of long term bank loan	(129,380)	(139,706)
Capital element of finance leases and hire purchase contracts	(280,467)	(252,115)
	<u>(409,847)</u>	<u>(391,821)</u>

27. Analysis of changes in net debt

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	278,387	(235,822)		42,565
Overdrafts	(301,890)	54,154		(247,736)
	<u>(23,503)</u>	<u>(181,668)</u>		<u>(205,171)</u>
Debt due within one year	(118,985)	129,380	(119,232)	(108,837)
Debt due after one year	(583,180)	-	119,232	(463,948)
Finance leases and hire purchase contracts	(694,649)	280,467	(313,416)	(727,598)
	<u>(1,396,814)</u>	<u>409,847</u>	<u>(313,416)</u>	<u>(1,300,383)</u>
Net debt	<u>(1,420,317)</u>	<u>228,179</u>	<u>(313,416)</u>	<u>(1,505,554)</u>