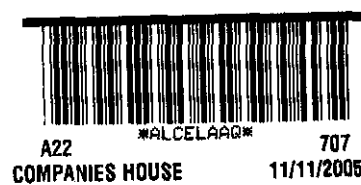


**THE WINGHAM ENGINEERING  
COMPANY LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2005



# THE WINGHAM ENGINEERING COMPANY LIMITED

## FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2005

---

Company registration number: 29196

Registered office: Unit 8  
Building 2  
Sandwich Industrial Estate  
Sandwich  
Kent  
CT13 9LY

Administrative office: Unit 8  
Building 2  
Sandwich Industrial Estate  
Sandwich  
Kent  
CT13 9LY

Directors: M McGuirk  
G A Ravenscroft  
M G Hart  
R Wilcox

Secretary: M G Hart

Bankers: Barclays Bank PLC  
9 St Georges Street  
Canterbury  
Kent  
CT1 2JX

Auditors: Grant Thornton UK LLP  
Registered Auditors  
Chartered Accountants  
Grant Thornton House  
Melton Street  
Euston Square  
London  
NW1 2EP

# **THE WINGHAM ENGINEERING COMPANY LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 28 FEBRUARY 2005

---

<b>INDEX</b>	<b>PAGE</b>
Report of the directors	1 – 2
Report of the independent auditors	3 – 4
Principal accounting policies	5
Profit and loss account	6
Balance sheet	7
Notes to the financial statements	8 – 13

# THE WINGHAM ENGINEERING COMPANY LIMITED

## REPORT OF THE DIRECTORS

---

The directors present their report together with the audited financial statements for the year ended 28 February 2005.

### Principal activity

The principal activities remained unchanged and comprised property management, plant hire and repair, and the sale of relocateable steel buildings.

### Business review

The financial results are set out in the profit and loss account. The retained profit for the financial year of £39,813 (2004: £145,626) has been carried forward.

### Dividends

The directors recommend a payment in full of the dividend on the 7% £10 preference shares however, the holders of 2,574 of the 7% £10 preference shares and the 448,568 1% non-cumulative second preference shares of 25p have waived their entitlement to a dividend. Therefore a dividend amounting to £645 (2004: £645) has been proposed.

No dividend on the ordinary shares has been declared (2004: £nil).

### Directors

The present membership of the Board is set out below. All served on the Board throughout the year. The table below shows their interests in the 7% preference shares of £10 each.

	Share interests	
	28 February 2005	1 March 2004
M McGuirk	10	10
G A Ravenscroft	10	10
M G Hart	10	10
R Wilcox	-	-

No director held any interest in the ordinary or 1% second preference share capital of the company at any time during the year. M McGuirk, G A Ravenscroft and M G Hart are directors of the parent company. Their interests in the share capital of the parent company are disclosed in the directors' report of that company. No right to subscribe for shares in or debentures of the company was granted or exercised by the directors.

# THE WINGHAM ENGINEERING COMPANY LIMITED

## REPORT OF THE DIRECTORS

---

### **Directors' responsibilities for the financial statements**

United Kingdom 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
- 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, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

Grant Thornton UK LLP offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
M G Hart  
Secretary

7<sup>th</sup> 17 AUGUST 2005

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE WINGHAM ENGINEERING COMPANY LIMITED**

We have audited the financial statements of The Wingham Engineering Company Limited for the year ended 28 February 2005 which comprise the principal accounting policies, the profit and loss account, the balance sheet, the statement of total recognised gains and losses, and notes 1 to 17. These financial statements have been prepared under 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 auditor's 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**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 group is not disclosed.

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF  
THE WINGHAM ENGINEERING COMPANY LIMITED**

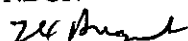
**Opinion**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 28 February 2005 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**LONDON**



**2005**

# **THE WINGHAM ENGINEERING COMPANY LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

---

### **BASIS OF PREPARATION**

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain properties, and in accordance with applicable United Kingdom accounting standards.

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 not to prepare a cash flow statement on the grounds that the ultimate parent undertaking produces a consolidated cash flow statement.

The principal accounting policies of the company have remained unchanged from the previous year.

### **GROUP ACCOUNTS**

The company is exempt by virtue of section 228 of the Companies Act 1985 from the requirement to prepare group accounts on the grounds that it is a wholly owned subsidiary of another body corporate registered in England and Wales. These financial statements present information about the company as an individual undertaking and not about its group.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

In accordance with Statement of Standard Accounting Practice No 19, investment properties are stated at their open market value and no depreciation is charged thereon. In the opinion of the directors it is necessary to adopt this accounting policy to enable the financial statements to show a true and fair view. It is not practicable to quantify the depreciation which would otherwise have been charged.

Depreciation is provided on the net cost of other fixed assets at rates and on bases designed to write off the assets over their estimated useful lives. The following rates and bases have been applied:

Plant and machinery	2% per month on cost
Fixtures, fittings and equipment	25% per annum on cost

### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represent a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease. All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date.



# THE WINGHAM ENGINEERING COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 28 FEBRUARY 2005

	Note	2005 £	2004 £
<b>Turnover</b>	1	<b>1,679,216</b>	1,926,942
Cost of sales		<u>(1,125,381)</u>	<u>(1,318,144)</u>
<b>Gross profit</b>		<b>553,835</b>	608,798
Other operating charges		<u>(496,258)</u>	<u>(445,637)</u>
<b>Operating profit</b>		<b>57,577</b>	163,161
Interest payable	3	<u>(9,994)</u>	<u>(9,765)</u>
<b>Profit on ordinary activities before taxation</b>	2	<b>47,583</b>	153,396
Tax on profit on ordinary activities	5	<u>(7,125)</u>	<u>(7,125)</u>
<b>Profit for the financial year</b>		<b>40,458</b>	146,271
Dividends	6	<u>(645)</u>	<u>(645)</u>
<b>Retained profit for the financial year</b>		<u><b>39,813</b></u>	<u>145,626</u>
<b>STATEMENT OF RETAINED EARNINGS</b>			
Retained profits at 1 March 2004		<b>386,513</b>	240,887
Retained profit for the financial year		<u><b>39,813</b></u>	<u>145,626</u>
<b>Retained profits at 28 February 2005</b>		<u><b>426,326</b></u>	<u>386,513</u>

All transactions arose from continuing operations.

There were no recognised gains or losses other than the profit for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

# THE WINGHAM ENGINEERING COMPANY LIMITED

BALANCE SHEET AT 28 FEBRUARY 2005

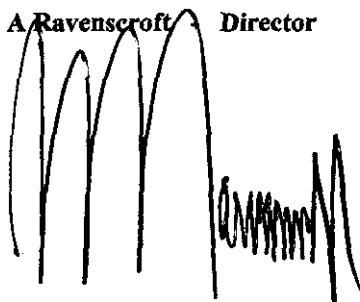
	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	7	263,401	337,600
Investment	8	5,000	5,000
		<u>268,401</u>	<u>342,600</u>
<b>Current assets</b>			
Stocks	9	176,415	260,451
Debtors	10	425,330	207,612
Cash at bank and in hand		1,231	240,706
		<u>602,976</u>	<u>708,769</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(248,341)</u>	<u>(438,468)</u>
<b>Net current assets</b>		<u>354,635</u>	<u>270,301</u>
<b>Total assets less current liabilities</b>		<u>623,036</u>	<u>612,901</u>
<b>Creditors: amounts falling due after more than one year</b>	12	<u>(27,190)</u>	<u>(56,868)</u>
		<u>595,846</u>	<u>556,033</u>
<b>Capital and reserves</b>			
Called up share capital	13	169,520	169,520
Profit and loss account		426,326	386,513
<b>Shareholders' funds</b>	14	<u>595,846</u>	<u>556,033</u>
Equity shareholders' funds		448,754	408,941
Non-equity shareholders' funds		147,092	147,092
		<u>595,846</u>	<u>556,033</u>

The financial statements were approved by the Board of Directors on

9/8/05

2005.

G A Ravenscroft Director



The accompanying accounting policies and notes form an integral part of these financial statements.

# THE WINGHAM ENGINEERING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2005

### 1 TURNOVER

Turnover comprises amounts invoiced in respect of goods and services supplied during the year, excluding value added tax. All turnover arose within the United Kingdom.

	2005 £	2004 £
An analysis by activity is:		
General engineering	843,473	1,054,007
Property management income	24,463	27,409
Plant hire and repairs	811,280	845,526
	<u>1,679,216</u>	<u>1,926,942</u>

### 2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities before taxation is stated after charging/(crediting):

	2005 £	2004 £
Auditors' remuneration:		
Audit services	11,240	10,550
Non-audit services	1,000	1,000
Depreciation:		
Tangible fixed assets owned	54,074	44,774
Tangible fixed assets held under finance leases	49,619	54,562
Hire of plant and machinery under operating leases	79,166	113,665
Profit on disposal of tangible fixed assets	<u>(15,168)</u>	<u>(22,478)</u>

### 3 INTEREST PAYABLE

	2005 £	2004 £
Finance charges in respect of finance leases	<u>9,994</u>	<u>9,765</u>

### 4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2005 £	2004 £
Wages and salaries	285,939	307,535
Social security costs	39,755	33,401
Pension costs	24,941	24,900
	<u>350,635</u>	<u>365,836</u>

# THE WINGHAM ENGINEERING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2005

### DIRECTORS AND EMPLOYEES (CONTINUED)

The average number of employees of the company during the year was:

	2005 Number	2004 Number
Management and administration	6	6
Production	12	13
	<u>18</u>	<u>19</u>

Remuneration in respect of directors was as follows:

	2005 £	2004 £
Emoluments	<u>45,556</u>	<u>46,647</u>

During the year 1 director (2004: 1) participated in a defined benefit pension scheme operated by a group undertaking, Ramac Holdings (Trading) Limited. The company incurred a cost of £23,650 (2004: £23,650) in respect of pension contributions payable on behalf of the director.

### 5 TAX ON PROFIT ON ORDINARY ACTIVITIES

The tax charge is based on the profit for the year and represents:

	2005 £	2004 £
United Kingdom corporation tax at 30% (2004: 19%)	<u>7,125</u>	<u>7,125</u>
Profit on ordinary activities before taxation	47,583	153,396
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30%	14,275	46,019
Change of tax rates	(4,125)	(4,125)
Expenses not deductible for tax purposes	-	831
Excess of depreciation over capital allowances	4,942	3,079
Profit on disposal of assets	-	(6,745)
Losses claimed under group relief	<u>(7,967)</u>	<u>(31,934)</u>
	<u>7,125</u>	<u>7,125</u>

A deferred tax asset of £9,863 (2004: £4,921) has not been recognised in these financial statements.

# THE WINGHAM ENGINEERING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2005

### 6 DIVIDENDS

	2005 £	2004 £
Preference dividends at 7% proposed	<u>645</u>	<u>645</u>

Dividends on 2,574 £10 preference shares and 448,568 1% non-cumulative second preference shares of 25p have been waived.

### 7 TANGIBLE FIXED ASSETS

	Freehold investment properties £	Plant and machinery £	Fixtures, fittings and equipment £	Total £
Cost or valuation				
At 1 March 2004	86,775	541,271	277,145	905,191
Additions	-	13,550	20,269	33,819
Disposals	-	(18,274)	(34,137)	(52,411)
At 28 February 2005	<u>86,775</u>	<u>536,547</u>	<u>263,277</u>	<u>886,599</u>
Depreciation				
At 1 March 2004	-	361,068	206,523	567,591
Provided in the year	-	68,849	34,844	103,693
Disposals	-	(16,450)	(31,636)	(48,086)
At 28 February 2005	<u>-</u>	<u>413,467</u>	<u>209,731</u>	<u>623,198</u>
Net book amount at 28 February 2005	<u>86,775</u>	<u>123,080</u>	<u>53,546</u>	<u>263,401</u>
Net book amount at 29 February 2004	<u>86,775</u>	<u>180,203</u>	<u>70,622</u>	<u>337,600</u>

Included within plant, machinery and fixtures, fittings and equipment at 28 February 2005 are assets held under finance lease agreements with a net book value of £93,145 (2004: £167,715). The depreciation charged on these assets during the year was £49,619 (2004: £54,562).

### 8 INVESTMENT

	2005 £	2004 £
Investment in subsidiary	<u>5,000</u>	<u>5,000</u>

The investment represents a 100% shareholding in Oaks Plant Hire Limited, a dormant company registered in England and Wales.

# THE WINGHAM ENGINEERING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2005

### 9 STOCKS

	2005 £	2004 £
Raw materials and consumables	72,635	70,351
Finished goods and goods for resale	103,780	190,100
	<u>176,415</u>	<u>260,451</u>

### 10 DEBTORS

	2005 £	2004 £
Trade debtors	278,365	166,883
Amounts owed by group undertakings	47,601	24,175
Other debtors	94,789	-
Prepayments and accrued income	4,575	16,554
	<u>425,330</u>	<u>207,612</u>

### 11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2005 £	2004 £
Bank overdraft	45,969	-
Trade creditors	52,497	102,947
Amounts owed to group undertakings	23,115	73,251
Corporation tax	7,125	7,125
Other taxation and social security	32,103	24,234
Other creditors	-	100,755
Proposed dividend	645	645
Accruals and deferred income	40,193	46,818
Current portion of finance lease liabilities (note 12)	46,694	82,693
	<u>248,341</u>	<u>438,468</u>

### 12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2005 £	2004 £
Finance leases liabilities	73,884	139,561
Less: amounts falling due within one year (note 11)	(46,694)	(82,693)
Amounts falling due in the second to fifth years	<u>27,190</u>	<u>56,868</u>

All amounts due under finance lease agreements are secured on the assets acquired in the relevant leases.

# THE WINGHAM ENGINEERING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2005

### 13 SHARE CAPITAL

	2005 £	2004 £
Authorised:		
3,495 7% preference shares of £10 each	34,950	34,950
448,568 1% non-cumulative second preference shares of 25p each	112,142	112,142
2,758,168 ordinary shares of 5p each	137,908	137,908
	<u>285,000</u>	<u>285,000</u>
 Allotted, issued and fully paid:		
3,495 7% preference shares of £10 each	34,950	34,950
448,568 1% non-cumulative second preference shares of 25p each	112,142	112,142
448,568 ordinary shares of 5p each	22,428	22,428
	<u>169,520</u>	<u>169,520</u>

The 7% preference shares of £10 each carry the right to receive a cumulative preferential dividend at the rate of 7% per annum in priority to the payment of any dividend on the ordinary shares. They also carry the right, on the winding up of the Company, to receive out of the surplus assets of the Company any arrears or deficiency of cumulative preferential dividend in priority to any distribution amongst the holders of the ordinary shares.

The 1% non-cumulative second preference shares of 25p each carry the right to a fixed non-cumulative preferential dividend at the rate of 1% per annum and the right in a winding up to the return of capital paid, subject to the rights of the holders of preference shares, but to no further participation in the profits or assets of the Company.

### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2005 £	2004 £
Profit for the financial year	40,458	146,271
Dividends	(645)	(645)
Net addition to shareholders' funds	<u>39,813</u>	<u>145,626</u>
Opening shareholders' funds	556,033	410,407
Closing shareholders' funds	<u>595,846</u>	<u>556,033</u>
 Attributable to:		
Equity shareholders	448,754	408,941
 Non-equity shareholders:		
7% preference shares	34,950	34,950
1% non-cumulative second preference shares	112,142	112,142
	<u>595,846</u>	<u>556,033</u>

# THE WINGHAM ENGINEERING COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2005

---

### 15 CAPITAL COMMITMENTS

The company had no capital commitments at 28 February 2005 or 29 February 2004.

### 16 CONTINGENT LIABILITIES

The company has given an unlimited guarantee to secure bank borrowings of group and former group undertakings. At 28 February 2005 these borrowings amounted to £5,903,000 (2004: £5,829,000).

### 17 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

The ultimate controlling party is M McGuirk, a director and majority shareholder of Ramac Holdings (Trading) Limited, the ultimate parent undertaking.

As a wholly owned subsidiary of Ramac Holdings (Trading) Limited, the company is exempt from the requirements of Financial Reporting Standard No 8 to disclose transactions with other members of the group headed by Ramac Holdings (Trading) Limited. Group accounts are available from Companies House.

During the year the company sold a motor vehicle to a relation of M McGuirk (a director of the company) for £2,500 being the book value of the vehicle at the time of the disposal.

During the year the company conducted business with Middlebroad Limited (a company in which M McGuirk is a 35% shareholder) and its subsidiary undertaking and Ramac Group Limited, (a company in which M McGuirk is a 95% shareholder) and its subsidiary undertakings.

At the balance sheet date the following amounts were due to The Wingham Engineering Company Limited:

	2005 £	2004 £
Ramac Group Limited and its subsidiary undertakings	94,789	96,185
Middlebroad Limited and its subsidiary undertaking	-	-
	<u>94,789</u>	<u>96,185</u>

During the year the following sales were made by The Wingham Engineering Company Limited to:

	2005 £	2004 £
Middlebroad Limited and its subsidiary undertaking	<u>1,427</u>	<u>2,513</u>