

**THE WINGHAM ENGINEERING
COMPANY LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

29 FEBRUARY 2004



THE WINGHAM ENGINEERING COMPANY LIMITED

FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 2004

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 29 FEBRUARY 2004

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THE WINGHAM ENGINEERING COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 29 February 2004.

Principal activity

The principal activities remained unchanged and comprised general engineering, property management, plant hire and repair.

Business review

The financial results are set out in the profit and loss account. The retained profit for the financial year of £145,626 (2003: loss £936,966) and other recognised gains of £nil (2002: £842,626) have 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 (2003: £645) has been proposed.

No dividend on the ordinary shares has been declared (2003: £1,035,000).

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	
	29 February 2004	1 March 2003
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

On 1 July 2004, the Grant Thornton partnership transferred its business to a limited liability partnership, Grant Thornton UK LLP. Under section 26(5) of the Companies Act 1989, the directors consented to extend the audit appointment to Grant Thornton UK LLP from 1 July 2004.

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

06.08.2004

**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 29 February 2004 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 29 February 2004 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

20 August **2004**

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 29 FEBRUARY 2004

	Note	2004 £	2003 £
Turnover	1	1,926,942	1,836,036
Cost of sales		<u>(1,318,144)</u>	<u>(1,190,299)</u>
Gross profit		608,798	645,737
Other operating charges		<u>(445,637)</u>	<u>(529,536)</u>
Operating profit		163,161	116,201
Interest payable	3	<u>(9,765)</u>	<u>(9,343)</u>
Profit on ordinary activities before taxation	2	153,396	106,858
Tax on profit on ordinary activities	5	<u>(7,125)</u>	<u>(8,179)</u>
Profit for the financial year		146,271	98,679
Dividends	6	<u>(645)</u>	<u>(1,035,645)</u>
Retained profit/(loss) for the financial year		<u>145,626</u>	<u>(936,966)</u>
STATEMENT OF RETAINED EARNINGS			
Retained profits at 1 March 2003		240,887	335,227
Retained profit/(loss) for the financial year		145,626	(936,966)
Other recognised gains and losses		<u>-</u>	<u>842,626</u>
Retained profits at 29 February 2004		<u>386,513</u>	<u>240,887</u>

All transactions arose from continuing operations.

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

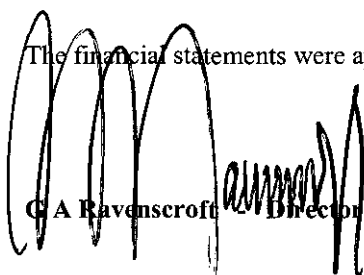
THE WINGHAM ENGINEERING COMPANY LIMITED

BALANCE SHEET AT 29 FEBRUARY 2004

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	7	337,600	302,081
Investment	8	5,000	5,000
		<u>342,600</u>	<u>307,081</u>
Current assets			
Stocks	9	260,451	320,198
Debtors	10	207,612	283,708
Cash at bank and in hand		240,706	51,187
		<u>708,769</u>	<u>655,093</u>
Creditors: amounts falling due within one year	11	<u>(438,468)</u>	<u>(493,220)</u>
Net current assets		<u>270,301</u>	<u>161,873</u>
Total assets less current liabilities		<u>612,901</u>	<u>468,954</u>
Creditors: amounts falling due after more than one year	12	<u>(56,868)</u>	<u>(58,547)</u>
		<u>556,033</u>	<u>410,407</u>
Capital and reserves			
Called up share capital	13	169,520	169,520
Profit and loss account		<u>386,513</u>	<u>240,887</u>
Shareholders' funds	14	<u>556,033</u>	<u>410,407</u>
Equity shareholders' funds		408,941	263,315
Non-equity shareholders' funds		<u>147,092</u>	<u>147,092</u>
		<u>556,033</u>	<u>410,407</u>

The financial statements were approved by the Board of Directors on

06/08/2004


G A Ravenscroft Director

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

THE WINGHAM ENGINEERING COMPANY LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 29 FEBRUARY 2004

	2004 £	2003 £
Retained profit/(loss) for the financial year	145,626	(936,966)
Realised profit on disposal of investment property	-	842,626
Total recognised gains and losses for the year	<u>145,626</u>	<u>(94,340)</u>

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 29 FEBRUARY 2004

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.

	2004 £	2003 £
An analysis by activity is:		
General engineering	1,054,007	884,404
Property management income	27,409	35,531
Plant hire and repairs	845,526	916,101
	<u>1,926,942</u>	<u>1,836,036</u>

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2004 £	2003 £
Auditors' remuneration:		
Audit services	10,550	10,197
Non-audit services	1,000	1,000
Depreciation:		
Tangible fixed assets owned	44,774	46,039
Tangible fixed assets held under finance leases	54,562	61,976
Hire of plant and machinery under operating leases	113,665	82,601
(Profit)/loss on disposal of tangible fixed assets	<u>(22,478)</u>	<u>2,867</u>

3 INTEREST PAYABLE

	2004 £	2003 £
Finance charges in respect of finance leases	<u>9,765</u>	<u>9,343</u>

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2004 £	2003 £
Wages and salaries	307,535	290,994
Social security costs	33,401	27,513
Pension costs	24,900	9,803
	<u>365,836</u>	<u>328,310</u>

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 2004

DIRECTORS AND EMPLOYEES (CONTINUED)

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

	2004 Number	2003 Number
Management and administration	6	6
Production	13	13
	<u>19</u>	<u>19</u>

Remuneration in respect of directors was as follows:

	2004 £	2003 £
Emoluments	<u>46,647</u>	<u>40,786</u>

During the year 1 director (2003: 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 (2003: £9,600) 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:

	2004 £	2003 £
United Kingdom corporation tax at 19% (2003: 19%)	<u>7,125</u>	<u>8,179</u>
Profit on ordinary activities before taxation	153,396	106,858
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30%	46,019	32,057
Change of tax rates	(4,126)	(4,678)
Expenses not deductible for tax purposes	831	-
Excess of depreciation over capital allowances	3,078	10,224
(Profit)/loss on disposal of assets	(6,743)	860
Losses claimed under group relief	<u>(31,934)</u>	<u>(30,284)</u>
	<u>7,125</u>	<u>8,179</u>

A deferred tax liability of £4,921 (2003: £7,756) has not been recognised in these financial statements.

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 2004

6 DIVIDENDS

	2004 £	2003 £
Equity dividends paid of nil p (2003: 230p) per ordinary share of 5p each	-	1,035,000
Preference dividends at 7% proposed	645	645
	<u>645</u>	<u>1,035,645</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 2003	86,775	525,032	272,102	883,909
Additions	-	91,489	45,165	136,654
Disposals	-	(75,250)	(40,122)	(115,372)
At 29 February 2004	<u>86,775</u>	<u>541,271</u>	<u>277,145</u>	<u>905,191</u>
Depreciation				
At 1 March 2003	-	370,866	210,962	581,828
Provided in the year	-	63,654	35,682	99,336
Disposals	-	(73,452)	(40,121)	(113,573)
At 29 February 2004	<u>-</u>	<u>361,068</u>	<u>206,523</u>	<u>567,591</u>
Net book amount at 29 February 2004	<u>86,775</u>	<u>180,203</u>	<u>70,622</u>	<u>337,600</u>
Net book amount at 28 February 2003	<u>86,775</u>	<u>154,166</u>	<u>61,140</u>	<u>302,081</u>

Included within plant, machinery and fixtures, fittings and equipment at 29 February 2004 are assets held under finance lease agreements with a net book value of £167,715 (2003: £126,228). The depreciation charged on these assets during the year was £54,562 (2003: £61,976).

8 INVESTMENT

	2004 £	2003 £
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 29 FEBRUARY 2004

9 STOCKS

	2004 £	2003 £
Raw materials and consumables	70,351	61,396
Finished goods and goods for resale	190,100	258,802
	<u>260,451</u>	<u>320,198</u>

10 DEBTORS

	2004 £	2003 £
Trade debtors	166,883	253,731
Amounts owed by group undertakings	24,175	9,234
Prepayments and accrued income	16,554	20,743
	<u>207,612</u>	<u>283,708</u>

11 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2004 £	2003 £
Trade creditors	102,947	128,805
Amounts owed to group undertakings	73,251	103,008
Other creditors	100,755	140,752
Corporation tax	7,125	8,179
Other taxation and social security	24,234	25,346
Proposed dividend	645	645
Accruals and deferred income	46,818	20,597
Current portion of finance lease liabilities (note 12)	82,693	65,888
	<u>438,468</u>	<u>493,220</u>

12 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2004 £	2003 £
Finance leases liabilities	139,561	124,435
Less: amounts falling due within one year (note 11)	<u>(82,693)</u>	<u>(65,888)</u>
Amounts falling due in the second to fifth years	<u>56,868</u>	<u>58,547</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 29 FEBRUARY 2004

13 SHARE CAPITAL

	2004 £	2003 £
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

	2004 £	2003 £
Profit for the financial year	146,271	98,679
Dividends	(645)	(1,035,645)
Net addition/(reduction) to shareholders' funds	<u>145,626</u>	<u>(936,966)</u>
Opening shareholders' funds	<u>410,407</u>	<u>1,347,373</u>
Closing shareholders' funds	<u>556,033</u>	<u>410,407</u>
Attributable to:		
Equity shareholders	408,941	263,315
Non-equity shareholders:		
7% preference shares	34,950	34,950
1% non-cumulative second preference shares	<u>112,142</u>	<u>112,142</u>
	<u>556,033</u>	<u>410,407</u>

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 29 FEBRUARY 2004

15 CAPITAL COMMITMENTS

The company had no capital commitments at 29 February 2004 or 28 February 2003.

16 CONTINGENT LIABILITIES

The company has given an unlimited guarantee to secure bank borrowings of group and former group undertakings. At 29 February 2004 these borrowings amounted to £5,829,000 (2003: £7,080,000).

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 conducted business with Middlebroad Limited (a company in which M McGuirk is a 35% shareholder) and its subsidiary undertakings and Ramac Group Limited, previously Energyformat 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 from The Wingham Engineering Company Limited:

	2004 £
Ramac Group Limited and its subsidiary undertakings	<u>96,185</u>

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

	2004 £
Middlebroad Limited and its subsidiary undertakings	<u>2,513</u>