

**THE WINGHAM ENGINEERING
COMPANY LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

28 FEBRUARY 2002



THE WINGHAM ENGINEERING COMPANY LIMITED

FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2002

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
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 2002

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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 28 February 2002.

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 £2,045 (2001: £33,462) has been added to the retained profits brought forward.

Post balance sheet events

On 2 April 2002 the group was restructured to separate investment activities from trading activities.

The effect of the reorganisation on the company was for investment properties of £1,121,775 net book value to be transferred outside the group. The transfer was made at net book value.

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 (2001: £645) has been proposed.

The directors recommend the payment of a dividend for the year on the ordinary shares of £260,000 (2001: £350,000).

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	
	28 February 2002	1 March 2001
M McGuirk	10	10
G A Ravenscroft	10	10
M G Hart	10	10
R Wilcox (appointed 1 March 2001)	-	-

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:

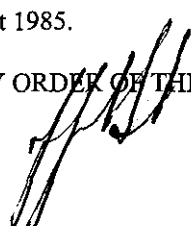
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements
- prepare the 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 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
24 July 2002

**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 2002 which comprise the principal accounting policies, the profit and loss account, the balance sheet, and notes 1 to 18. These financial statements have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the directors' report and the financial statement 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 group'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**

Qualified opinion arising from disagreement about accounting treatment

As disclosed in note 7, one of the company's investment properties has not been professionally revalued within the last five years, as required by SSAP 19 "Accounting for investment properties". As a result, this property continues to be carried at its last valuation, and the financial statements do not reflect any increase or decrease in the values arising in the subsequent period. In the absence of such a valuation, we are unable to quantify the degree of over or understatement of the valuation and the corresponding over or understatement of the revaluation reserve.

Except for the non-revaluation of this property in accordance with SSAP 19 referred to above, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 28 February 2002 and of the profit for the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

**LONDON
24 July 2002**

THE WINGHAM ENGINEERING COMPANY LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared under the historical cost convention and in accordance with United Kingdom applicable accounting standards.

The principal accounting policies of the company have remained unchanged from the previous year except for deferred taxation due to the implementation of Financial Reporting Standard No 19 and are set out below.

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. Surpluses and deficits on the revaluation of investment properties are transferred to the revaluation reserve.

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 2002

	Note	2002 £	2001 £
Turnover	1	1,727,714	2,111,030
Cost of sales		<u>(1,042,760)</u>	<u>(1,336,778)</u>
Gross profit		684,954	774,252
Other operating charges		<u>(406,021)</u>	<u>(374,847)</u>
Operating profit		278,933	399,405
Interest payable	3	<u>(6,243)</u>	<u>(5,298)</u>
Profit on ordinary activities before taxation	2	272,690	394,107
Tax on profit on ordinary activities	5	<u>(10,000)</u>	<u>(10,000)</u>
Profit for the financial year		262,690	384,107
Dividends	6	<u>(260,645)</u>	<u>(350,645)</u>
Retained profit for the financial year		<u>2,045</u>	<u>33,462</u>
STATEMENT OF RETAINED EARNINGS			
Retained profits at 1 March 2001		333,182	299,720
Retained profit for the financial year		<u>2,045</u>	<u>33,462</u>
Retained profits at 28 February 2002		<u>335,227</u>	<u>333,182</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.

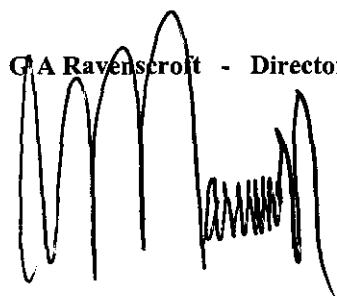
THE WINGHAM ENGINEERING COMPANY LIMITED

BALANCE SHEET AT 28 FEBRUARY 2002

	Note	2002 £	2001 £
Fixed assets			
Tangible assets	7	<u>1,380,996</u>	<u>1,304,303</u>
Current assets			
Stocks	8	349,880	243,761
Debtors	9	446,300	267,175
Cash at bank and in hand		<u>89,251</u>	<u>74,899</u>
		885,431	585,835
Creditors: amounts falling due within one year	10	<u>(845,672)</u>	<u>(511,900)</u>
Net current assets		39,759	73,935
Total assets less current liabilities		1,420,755	1,378,238
Creditors: amounts falling due after more than one year	11	<u>(73,382)</u>	<u>(32,910)</u>
		1,347,373	1,345,328
Capital and reserves			
Called up share capital	12	169,520	169,520
Revaluation reserve	13	842,626	842,626
Profit and loss account		<u>335,227</u>	<u>333,182</u>
Shareholders' funds (including non-equity interests)	14	1,347,373	1,345,328

The financial statements were approved by the Board of Directors on 24 July 2002

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 2002

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.

	2002 £	2001 £
An analysis by activity is:		
General engineering	687,838	1,190,640
Property management income	169,578	163,685
Plant hire and repairs	870,298	756,705
	<u>1,727,714</u>	<u>2,111,030</u>

2 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

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

	2002 £	2001 £
Auditors' remuneration:		
Audit services	10,438	9,873
Non-audit services	1,000	1,000
Depreciation:		
Tangible fixed assets owned	50,139	55,713
Tangible fixed assets held under finance leases and hire purchase contracts	46,243	28,693
Hire of plant and machinery under operating leases	118,675	111,091
Profit on disposal of tangible fixed assets	<u>(16,105)</u>	<u>(2,536)</u>

3 INTEREST PAYABLE

	2002 £	2001 £
Finance charges in respect of finance leases	<u>6,243</u>	<u>5,298</u>

4 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	253,134	244,183
Social security costs	23,209	20,515
	<u>276,343</u>	<u>264,698</u>

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2002

DIRECTORS AND EMPLOYEES (CONTINUED)

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

	2002 Number	2001 Number
Management and administration	6	6
Production	12	12
	<u>18</u>	<u>18</u>

Remuneration in respect of directors was as follows:

	2002 £	2001 £
Emoluments	<u>36,162</u>	<u>-</u>

During the year one director (2001: nil) participated in a defined benefit pension scheme operated by the parent undertaking, Ramac Holdings Limited. The parent undertaking incurred a cost of £9,600 (2001: £nil) 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:

	2002 £	2001 £
United Kingdom corporation tax at 20% (2001:20%)	<u>10,000</u>	<u>10,000</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the United Kingdom of 30%	81,807	118,232
Change of tax rates	(5,000)	(5,000)
Excess of depreciation over capital allowances	3,983	4,236
Profit on disposal of assets	(4,832)	(761)
Utilisation of group relief	<u>(65,959)</u>	<u>(106,717)</u>
	<u>10,000</u>	<u>10,000</u>

No account has been taken of the deferred tax asset of £5,493 (2001: £6,058) in these financial statements.

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2002

6 DIVIDENDS

	2002 £	2001 £
Equity dividends proposed of 58.0p (2001: 78.0p) per ordinary share of 5p each	260,000	350,000
Preference dividends at 7% proposed	645	645
	<u>260,645</u>	<u>350,645</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 2001	1,121,775	468,934	240,936	1,831,645
Additions	-	92,728	82,870	175,598
Disposals	-	(50,525)	(51,704)	(102,229)
At 28 February 2002	<u>1,121,775</u>	<u>511,137</u>	<u>272,102</u>	<u>1,905,014</u>
Depreciation				
At 1 March 2001	-	375,635	151,707	527,342
Provided in the year	-	41,448	54,934	96,382
Disposals	-	(48,004)	(51,702)	(99,706)
At 28 February 2002	-	<u>369,079</u>	<u>154,939</u>	<u>524,018</u>
Net book amount at 28 February 2002	<u>1,121,775</u>	<u>142,058</u>	<u>117,163</u>	<u>1,380,996</u>
Net book amount at 28 February 2001	<u>1,121,775</u>	<u>93,299</u>	<u>89,229</u>	<u>1,304,303</u>

Included within plant, machinery and fixtures, fittings and equipment at 28 February 2002 are assets held under finance lease agreements with a net book value of £146,731 (2001: £63,750). The depreciation charged on these assets during the year was £46,243 (2001: £28,693).

One of the investment properties is stated at open market value as valued by Cluttons, Chartered Surveyors, as at July 1996. If land and buildings had not been revalued they would have been stated at a cost of £296,733 (2001: £296,733).

If the investment properties were sold at their revalued amounts at the balance sheet date, there would be a corporation tax liability of approximately £116,000 (2001: £116,000).

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2002

8 STOCKS

	2002 £	2001 £
Raw materials and consumables	59,700	64,290
Finished goods and goods for resale	290,180	179,471
	<u>349,880</u>	<u>243,761</u>

9 DEBTORS

	2002 £	2001 £
Trade debtors	419,462	253,208
Amounts owed by other group undertakings	6,475	5,772
Other debtors	-	1,950
Prepayments and accrued income	20,363	6,245
	<u>446,300</u>	<u>267,175</u>

10 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Trade creditors	185,739	124,087
Amounts owed to group undertakings	416,361	249,852
Corporation tax	10,000	10,000
Other taxation and social security	31,212	26,605
Proposed dividend	645	644
Accruals and deferred income	143,667	76,711
Current portion of finance lease liabilities (note 11)	58,048	24,001
	<u>845,672</u>	<u>511,900</u>

11 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Finance leases liabilities	131,430	56,911
Less: amounts falling due within one year (note 10)	(58,048)	(24,001)
Amounts falling due in the second to fifth years	<u>73,382</u>	<u>32,910</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 2002

12 SHARE CAPITAL

	2002 £	2001 £
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.

13 REVALUATION RESERVE

	£
At 1 March 2001 and 28 February 2002	<u>842,626</u>

THE WINGHAM ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 28 FEBRUARY 2002

14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
Profit for the financial year	262,690	384,107
Dividends	(260,645)	(350,645)
Net addition to shareholders' funds	2,045	33,462
Opening shareholders' funds	1,345,328	1,311,866
Closing shareholders' funds	1,347,373	1,345,328
Attributable to:		
Equity shareholders	1,200,281	1,198,236
Non-equity shareholders:		
7% preference shares	34,950	34,950
1% non-cumulative second preference shares	112,142	112,142
	1,347,373	1,345,328

15 LEASING COMMITMENTS

The company has entered into commitments in respect of finance leases commencing after the balance sheet date amounting to £29,500 (2001: £nil).

16 CAPITAL COMMITMENTS

The company had no capital commitments at 28 February 2002 or 28 February 2001.

17 CONTINGENT LIABILITIES

The company has given an unlimited guarantee to secure bank borrowings of group undertakings. At 28 February 2002 these borrowings amounted to £1,921,000 (2001: £1,620,000).

18 TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

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

As a wholly owned subsidiary of Ramac Holdings 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 Limited. Group accounts are available from Companies House.