

Company Registration No 86564 (England and Wales)

THE PHOENIX ENGINEERING COMPANY LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 SEPTEMBER 2007

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THE PHOENIX ENGINEERING COMPANY LIMITED

COMPANY INFORMATION

Directors	T P Jennings MBE Mrs B R M Jennings T J Jennings S C P Jennings
Secretary	T J Jennings
Company number	86564
Registered office	Combe Street Chard Somerset TA20 1JE
Auditors	Albert Goodman Mary Street House Mary Street Taunton Somerset TA1 3NW
Bankers	Bank of Scotland 600 Gorgie Road Edinburgh EH11 3XP
Solicitors	Clarke Willmott Blackbrook Gate Taunton Somerset TA1 2PG

THE PHOENIX ENGINEERING COMPANY LIMITED

CONTENTS

	Page
Directors' report	1 - 2
Statement of directors' responsibilities	3
Independent auditors' report	4 - 5
Profit and loss account	6
Balance sheet	7
Cash flow statement	8
Notes to the cash flow statement	9
Notes to the financial statements	10 - 19

THE PHOENIX ENGINEERING COMPANY LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 30 SEPTEMBER 2007

The directors present their report and financial statements for the year ended 30 September 2007

Principal activities and review of the business

The principal activity of the company continues to be the manufacture and sale of road surfacing equipment

The results for the company show a pre tax profit of £608,000 (2006 £424,000) for the year and sales of £6,173,000 (£6,160,000) In net profit % terms this equates to 9.84% (2006 6.89%)

The company has net current assets of £3,090,000 (2006 £2,677,000)

Principal Risks and Uncertainties

As with any business, The Phoenix Engineering Company Limited faces a number of risks and uncertainties in the course of its day to day operations. By effectively identifying and managing these risks their impact on the business is reduced.

Overseas sales - 50% of sales are made to foreign countries, some of which are considered high risk in debt collection. Letters of credit held by the bank for high risk sales combined with the company's vast experience in dealing in these countries effectively manages this risk.

Regulatory compliance - our business is subject to extensive laws and regulations principally relating to manufacturing and health and safety.

1) Manufacturing - machines which are sold in the EU must carry a 'CE' mark. This is a mark of quality, without which sales to the EU would be impossible, is reviewed every year to ensure the company meets the requirements.

2) Health and Safety - Factories are inherently dangerous places. It is important to ensure that the company has appropriate and adequate systems in place to reduce the risk as far as practicable. The company maintains all the relevant health and safety records and manuals to comply with this.

Results and dividends

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

The directors do not recommend payment of a final dividend.

Future developments

The directors are happy with the current level of performance and wish to maintain this in the future.

Directors

The following directors have held office since 1 October 2006:

T P Jennings MBE
Mrs B R M Jennings
T J Jennings
S C P Jennings

In accordance with the company's Articles of Association, T J Jennings retires by rotation and, being eligible, offers himself for re-election.

THE PHOENIX ENGINEERING COMPANY LIMITED

DIRECTORS' REPORT (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £1 each	
	30 September 2007	1 October 2006
T P Jennings MBE	-	-
Mrs B R M Jennings	-	-
T J Jennings	-	-
S C P Jennings	-	-

All the above are directors of the parent undertaking, Jennings Industries Limited. Their interests in that company's share capital are disclosed in its financial statements.

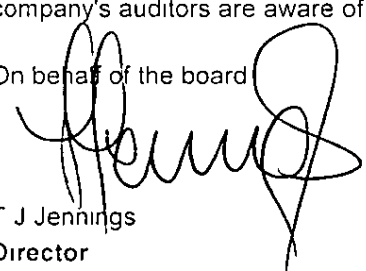
Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Albert Goodman be reappointed as auditors of the company will be put to the Annual General Meeting.

Statement of disclosure to auditor

So far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware. Additionally, the directors have taken all the necessary steps that they ought to have taken as directors in order to make themselves aware of all relevant audit information and to establish that the company's auditors are aware of that information.

On behalf of the board



T J Jennings

Director

8 July 2008

THE PHOENIX ENGINEERING COMPANY LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 30 SEPTEMBER 2007

The directors are responsible for preparing the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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,
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

THE PHOENIX ENGINEERING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF THE PHOENIX ENGINEERING COMPANY LIMITED

We have audited the financial statements of The Phoenix Engineering Company Limited for the year ended 30 September 2007 set out on pages 6 to 19. 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 auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

The directors' responsibilities for preparing the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, 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 other transactions 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 International Standards on Auditing (UK and Ireland) issued by the Auditing Practices Board, except that the scope of our work was limited as explained below. 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. However, the evidence available to us was limited because the company did not obtain the necessary information from the Scheme Actuary on the pension liability on the defined benefit scheme. There were no other satisfactory audit procedures that we could adopt to confirm the pension liability. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

THE PHOENIX ENGINEERING COMPANY LIMITED

INDEPENDENT AUDITORS' REPORT (CONTINUED)

TO THE SHAREHOLDERS OF THE PHOENIX ENGINEERING COMPANY LIMITED

Qualified opinion arising from disagreement about accounting treatment

In our opinion, the financial statements should disclose the following matter. The company operates a defined benefit pension scheme as set out in note 11 to the financial statements.

The provisions of Financial Reporting Standard 17 Retirement Benefits require that the company's liability to fund the deficit in the pension scheme be provided in the financial statements. The directors do not consider that the cost of obtaining the necessary information from the Actuary in order to calculate the liability in accordance with the Financial Reporting Standard 17 Retirement Benefits is warranted and therefore the liability has not been provided. At 1 September 2005 the liability, net of deferred tax, was £109,900.

In our opinion the company should make provision for the pension liability which would reduce net assets at 30 September 2007.

Except for the unquantified adjustment referred to in the paragraph above, in our opinion:

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 30 September 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements.



Albert Goodman
Chartered Accountants
Registered Auditor

9 July 2008

Mary Street House
Mary Street
Taunton
Somerset
TA1 3NW

THE PHOENIX ENGINEERING COMPANY LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	Notes	2007 £	2006 £
Turnover	2	6,173,328	6,160,237
Cost of sales		(4,020,797)	(4,191,458)
Gross profit		2,152,531	1,968,779
Administrative expenses		(1,634,568)	(1,628,463)
Other operating income		120	240
Operating profit	3	518,083	340,556
Investment income	4	279	197
Other interest receivable and similar income	4	89,809	83,631
Profit on ordinary activities before taxation		608,171	424,384
Tax on profit on ordinary activities	5	(182,848)	(123,246)
Profit for the year	14	425,323	301,138

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

THE PHOENIX ENGINEERING COMPANY LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2007

	Notes	2007 £	£	2006 £	£
Fixed assets					
Tangible assets	6	69,167		58,882	
Investments	7	9,013		6,808	
		<u>78,180</u>		<u>65,690</u>	
Current assets					
Stocks	8	930,374		826,420	
Debtors	9	809,111		762,527	
Cash at bank and in hand		2,253,025		2,112,670	
		<u>3,992,510</u>		<u>3,701,617</u>	
Creditors amounts falling due within one year	10	(902,458)		(1,024,398)	
Net current assets		<u>3,090,052</u>		<u>2,677,219</u>	
Total assets less current liabilities		<u>3,168,232</u>		<u>2,742,909</u>	
		<u>3,168,232</u>		<u>2,742,909</u>	
Capital and reserves					
Called up share capital	13	9,452		9,452	
Other reserves	14	548		548	
Profit and loss account	14	3,158,232		2,732,909	
Shareholders' funds	15	<u>3,168,232</u>		<u>2,742,909</u>	

Approved by the Board and authorised for issue on 8 July 2008

T J Jennings
Director

S C P Jennings
Director

THE PHOENIX ENGINEERING COMPANY LIMITED

**CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 SEPTEMBER 2007**

	2007	2006
£	£	£
Net cash inflow from operating activities	210,954	1,234,186
Returns on investments and servicing of finance		
Interest received	89,809	83,631
Dividends received	279	197
Net cash inflow for returns on investments and servicing of finance	90,088	83,828
Taxation	(126,422)	(121,360)
Capital expenditure and financial investment		
Payments to acquire tangible assets	(33,586)	(27,662)
Payments to acquire investments	(2,205)	(1,208)
Receipts from sales of tangible assets	1,526	-
Net cash outflow for capital expenditure	(34,265)	(28,870)
Net cash inflow before management of liquid resources and financing	140,355	1 167,784
Increase in cash in the year	140,355	1,167,784

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 30 SEPTEMBER 2007

1 Reconciliation of operating profit to net cash inflow from operating activities	2007	2006
	£	£
Operating profit	518,083	340,556
Depreciation of tangible assets	23,260	30,242
(Profit)/loss on disposal of tangible assets	(1,485)	4
(Increase)/decrease in stocks	(103,954)	174,480
(Increase)/decrease in debtors	(48,630)	736,371
Decrease in creditors within one year	(176,320)	(47,467)
Net cash inflow from operating activities	210,954	1,234,186

2 Analysis of net funds	1 October 2006	Cash flow	Other non-cash changes	30 September 2007
	£	£	£	£
Net cash				
Cash at bank and in hand	2,112,670	140,355	-	2,253,025
Net funds	2,112,670	140,355	-	2,253,025

3 Reconciliation of net cash flow to movement in net funds	2007	2006
	£	£
Increase in cash in the year	140,355	1,167,784
Movement in net funds in the year	140,355	1,167,784
Opening net funds	2,112,670	944,886
Closing net funds	2,253,025	2,112,670

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2007

1 Accounting policies

1 1 Accounting convention

The financial statements are prepared under the historical cost convention

1 2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1 3 Turnover

Turnover comprises the invoiced value of sales to customers, exclusive of VAT

1 4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Plant and machinery	3 to 7 years on a straight line basis
Motor vehicles	2 to 4 years on a straight line basis

Additions to patterns, drawings and loose tools are not capitalised but are dealt with on a renewals basis

1 5 Leasing

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

1 7 Stock and work in progress

Finished goods, stocks and work in progress are valued at the lower of cost and net realisable value. Raw materials are valued at cost, subject to an allowance for obsolescence where appropriate

1 8 Pensions

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings. Any difference between the charge to the profit and loss account and the contributions paid to the scheme is shown as an asset or liability in the balance sheet

1 9 Deferred taxation

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future

1 10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

1 11 Warranties for Products

Provision is made for the estimated liability on all products still under warranty where the company is aware that claims will be made

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2007

2 Turnover

The directors have not disclosed an analysis of turnover by class of business and geographical market because they consider that disclosure of this information would be seriously prejudicial to the company's interests

3 Operating profit

	2007	2006
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	23,260	30,242
Loss on disposal of tangible assets	-	4
Loss on foreign exchange transactions	26,254	-
Operating lease rentals		
- Plant and machinery	11,472	12,598
Auditors' remuneration (including expenses and benefits in kind)	7,000	7,000
and after crediting		
Profit on disposal of tangible assets	(1,485)	-
Profit on foreign exchange transactions	-	(5 463)
	<u> </u>	<u> </u>

4 Investment income

	2007	2006
	£	£
Income from fixed asset investments	279	197
Bank interest	25,283	23,922
Other interest	64,526	59,709
	<u> </u>	<u> </u>
	90,088	83,828
	<u> </u>	<u> </u>

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2007

5	Taxation	2007 £	2006 £
	Domestic current year tax		
	U K corporation tax	180,802	126,422
	Adjustment for prior years	-	(428)
	Current tax charge	180,802	125,994
	Deferred tax		
	Deferred tax charge/credit current year	2,046	(2,748)
		182,848	123,246
	Factors affecting the tax charge for the year		
	Profit on ordinary activities before taxation	608,171	424,384
	Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 30.00% (2006 - 29.54%)	182,451	125,363
	Effects of		
	Non deductible expenses	480	469
	Depreciation add back	6,533	8,934
	Capital allowances	(8,715)	(8,315)
	Adjustments to previous periods	-	(428)
	Dividends and distributions received	(84)	(58)
	Other tax adjustments	137	29
		(1,649)	631
	Current tax charge	180,802	125,994

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2007

6 Tangible fixed assets

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 October 2006	466,681	108,766	575,447
Additions	33,586	-	33,586
Disposals	(17,695)	(22,835)	(40,530)
At 30 September 2007	482,572	85,931	568,503
Depreciation			
At 1 October 2006	439,224	77,341	516,565
On disposals	(17,679)	(22,810)	(40,489)
Charge for the year	11,760	11,500	23,260
At 30 September 2007	433,305	66,031	499,336
Net book value			
At 30 September 2007	49,267	19,900	69,167
At 30 September 2006	27,457	31,425	58,882

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2007

7 Fixed asset investments

	Listed investments £
Cost	
At 1 October 2006	6,808
Additions	2,205
	<hr/>
At 30 September 2007	9,013
	<hr/>
Net book value	
At 30 September 2007	9,013
	<hr/>
At 30 September 2006	6,808
	<hr/>
	Market value £
At 30 September 2007	8,347
	<hr/>
At 30 September 2006	7,396
	<hr/>

8 Stocks and work in progress	2007 £	2006 £
Raw materials and consumables	817,271	639,808
Work in progress	70,803	57,800
Finished goods and goods for resale	42,300	128,812
	<hr/>	<hr/>
	930,374	826,420
	<hr/>	<hr/>

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)
FOR THE YEAR ENDED 30 SEPTEMBER 2007

9 Debtors	2007 £	2006 £
Trade debtors	636,324	599,521
Amounts owed by parent and fellow subsidiary undertakings	17,806	17,806
Other debtors	125,613	116,849
Prepayments and accrued income	27,839	24,776
Deferred tax asset (see note 11)	1,529	3,575
	<u>809,111</u>	<u>762,527</u>

10 Creditors amounts falling due within one year	2007 £	2006 £
Trade creditors	437,510	641,773
Amounts owed to parent and fellow subsidiary undertakings	14,461	14,461
Corporation tax	180,802	126,422
Other taxes and social security costs	18,770	19,488
Other creditors	166,325	166,202
Accruals and deferred income	84,590	56,052
	<u>902,458</u>	<u>1,024,398</u>

11 Provisions for liabilities

The deferred tax asset (included in debtors, note 9) is made up as follows

	2007 £
Balance at 1 October 2006	(3,575)
Profit and loss account	2,046
	<u>(1,529)</u>
Balance at 30 September 2007	<u>(1,529)</u>

	2007 £	2006 £
Decelerated capital allowances	<u>(1,529)</u>	<u>(3,575)</u>

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

12 Pension costs

The company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the projected unit method. The most recent valuation was at 1 September 2005 and was carried out by a qualified independent actuary. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that the investment returns would be 6.2% per annum, that salary increases would average 3.8% per annum and that present and future pensions would increase at the rate of 3% per annum for pensions accrued prior to 6 April 1997 and 5% for pensions accrued after 6 April 1997.

The pension charge for the year was £111,492 (2006 - £79,471)

The most recent actuarial valuation showed that the market value of the scheme's assets was £1,349,000 and that the actuarial value of those assets represented 90% of the benefits that had accrued to members, after allowing for expected future increases in earnings. The contributions of the company and employees recommended by the actuarial valuation are 19.7% and 6% of earnings respectively.

The major assumptions used by the actuary are set out below

	2005 %
The main financial assumptions are as follows	
Rate of increase in salaries	3.80
Rate of increase in pensions in payment	
- Pensions pre 6 April 1997	3.00
- Pensions post 6 April 1997	2.80
Discount rate	3.70
Inflation assumption	2.80
The long term expected rates of return are as follows	
Equities	6.20

	2005 £
The assets in the scheme are as follows	
Equities	1,349,000
Present value of scheme liabilities	(1,506,000)
Deficit in scheme	(157,000)
Related deferred tax asset	47,100
Net pension liability	(109,900)

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

12 Pension costs

(Continued)

The directors do not consider the cost of obtaining the necessary information annually from the Actuary in order to calculate the liability is warranted and have made no provision for the liability to fund the deficit of the pension scheme. As at 1 September 2005 the liability, net of deferred tax, was £109,000. In our opinion the above disclosures do not cover all of the requirements of the Financial Reporting Standard 17 Retirement Benefits.

13 Share capital	2007 £	2006 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
9,452 Ordinary shares of £1 each	9,452	9,452

14 Statement of movements on reserves

	Other reserves (see below) £	Profit and loss account £
Balance at 1 October 2006	548	2,732,909
Profit for the year	-	425,323
Balance at 30 September 2007	548	3,158,232
Other reserves		
Capital redemption reserve		
Balance at 1 October 2006 & at 30 September 2007	548	

15 Reconciliation of movements in shareholders' funds

	2007 £	2006 £
Profit for the financial year	425,323	301,138
Opening shareholders' funds	2,742,909	2,441,771
Closing shareholders' funds	3,168,232	2,742,909

16 Contingent liabilities

Guarantees given by the company's bankers to third parties amounted to £101,528 (2006 - £94,741)

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

17 Financial commitments

At 30 September 2007 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 2008

	Other 2007 £	2006 £
Operating leases which expire		
Within one year	3,222	-
Between two and five years	-	11,138
	<u>3,222</u>	<u>11,138</u>

18 Directors' emoluments

	2007 £	2006 £
Emoluments for qualifying services	<u>5,261</u>	<u>5,115</u>

19 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2007 Number	2006 Number
Administration	10	10
Production	43	42
	<u>53</u>	<u>52</u>

Employment costs

	2007 £	2006 £
Wages and salaries	942,764	897,939
Other pension costs	78,590	111,492
	<u>1,021,354</u>	<u>1,009,431</u>

20 Control

The ultimate parent undertaking is Jennings Industries Limited, a company registered in England and Wales

The company is ultimately controlled by its directors, through their control of Jennings Industries Limited

THE PHOENIX ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) FOR THE YEAR ENDED 30 SEPTEMBER 2007

21 Related party transactions

The company, paid rent of £90,000 (2006 - £90,000) and paid management charges of £788,000 (2006 - £288,000) to the parent undertaking, Jennings Industries Limited, during the year

The company owed £158,027 (2006 - £158,027) to Blackdown Investments Limited at the year end, a dormant company controlled by directors T J Jennings and S C P Jennings

During the year the company incurred costs of £7,728 (2006 - £5,835) on behalf of a joint venture company operated by Jennings Brothers Inc, a fellow subsidiary of Jennings Industries Limited