

362615

W R R Pedley & Co. Limited

Report and Financial Statements

Year Ended

31 March 2003

IBDO

BDO Stoy Hayward
Chartered Accountants



W.R R Pedley & Co. Limited

Annual report and financial statements for the year ended 31 March 2003

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Directors

C M Carver
A J Sheppard
D C Foster
Mrs C M Stokes
Mrs D S Carver
B A Rollason
M J Plant

Secretary and registered office

D C Foster, Ann Street, Willenhall, West Midlands, WV13 1EW

Company number

362615

Auditors

BDO Stoy Hayward, Beneficial Building, 28 Paradise Circus Queensway, Birmingham, B1 2BJ

W R R Pedley & Co. Limited

Report of the directors for the year ended 31 March 2003

The directors present their report together with the audited financial statements for the year ended 31 March 2003.

Results and dividends

The profit and loss account is set out on page 5 and shows the profit for the year.

The directors recommend the payment of a final dividend of 0.30p per ordinary share. This, when taken with the interim dividend of 0.10p per share paid on 17 September 2002, gives a total dividend of 0.40p per share for the year ended 31 March 2003.

Principal activities, review of business and future developments

The company's principal activity continues to be the manufacture of metal pressings, welding assemblies, cut length and manipulate tubing.

On 8 April 2002 the company acquired the whole of the issued share capital of Hallen Engineering Limited, whose principal activity is the manufacture and marketing of tubular components.

The directors are pleased with the results of the group and continue to focus on the continued viability of the businesses.

Charitable and political contributions

During the year the company made charitable contributions of £516. There were no political contributions.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

		Redeemable Preference Shares of £1 each		Ordinary Shares of £1 each	
		31 March 2003	1 April 2002	31 March 2003	1 April 2002
C M Carver	Managing Director	16,095	16,095	50,000	50,000
A J Sheppard		-	-	-	-
D C Foster		5,000	5,000	12,500	12,500
Mrs C M Stokes		10,000	10,000	-	-
Mrs D S Carver		3,905	3,905	-	-
B A Rollason		-	-	-	-
M J Plant		-	-	-	-

Mrs C M Stokes and D C Foster are trustees of 25,000 £1 ordinary shares held in trust

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. 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; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board


D C Foster

Secretary

16 May 2003

To the shareholders of W R R Pedley & Co. Limited

We have audited the financial statements of W R R Pedley & Co. Limited for the year ended 31 March 2003 on pages 5 to 19 which have been prepared under the accounting policies set out on page 8 to 9.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom 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 company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned 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.

Opinion

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

BDO Stoy Hayward.

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors
Birmingham*

16 May 2003

Profit and loss account for the year ended 31 March 2003

	Note	2003 £	2002 £
Turnover	2	3,545,132	2,705,576
Cost of sales		2,378,476	1,809,438
Gross profit		1,166,656	896,138
Distribution costs		76,745	40,321
Administrative expenses		819,597	714,271
Operating profit	3	270,314	141,546
Income from shares in group undertakings		80,000	-
Other interest receivable and similar income		2,220	16,855
Interest payable and similar charges	6	(48,168)	-
Profit on ordinary activities before taxation		304,366	158,401
Taxation on profit on ordinary activities	7	102,659	34,474
Profit on ordinary activities after taxation		201,707	123,927
Dividends (including non-equity)	8	45,000	30,000
Retained profit		156,707	93,927
Retained profit brought forward		1,919,391	1,825,464
Retained profit carried forward		2,076,098	1,919,391

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

The notes on pages 8 to 19 form part of these financial statements.

W R R Pedley & Co. Limited

Balance sheet at 31 March 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	9		1,075,460		1,096,884
Fixed asset investments	10		1,297,321		-
			<u>2,372,781</u>		<u>1,096,884</u>
Current assets					
Stocks	11	376,907		345,569	
Debtors	12	664,170		862,042	
Cash at bank and in hand		442,017		317,949	
		<u>1,483,094</u>		<u>1,525,560</u>	
Creditors: amounts falling due within one year	13	1,466,827		441,103	
Net current assets			<u>16,267</u>		<u>1,084,457</u>
Total assets less current liabilities			<u>2,389,048</u>		<u>2,181,341</u>
Provision for liabilities and charges	14		151,000		100,000
			<u>2,238,048</u>		<u>2,081,341</u>
Capital and reserves					
Called up share capital	15		140,000		140,000
Capital redemption reserve			21,950		21,950
Profit and loss account			2,076,098		1,919,391
Shareholders' funds	16		<u>2,238,048</u>		<u>2,081,341</u>

Included within shareholders' funds is an amount of £40,000 (2002 - £40,000) in respect of non-equity interests.

The financial statements were approved by the Board on 16 May 2003.

C M Carver
Director



The notes on pages 8 to 19 form part of these financial statements.

Cash flow statement for the year ended 31 March 2003

	Note	2003 £	2002 £
Net cash inflow/(outflow) from operating activities	19	1,280,634	(176,597)
Returns on investments and servicing of finance	20	14,052	(3,145)
Taxation	20	(27,659)	(31,360)
Capital expenditure and financial investment	20	(1,377,959)	(100,114)
Equity dividends paid		(15,000)	(2,000)
Cash outflow before financing		(125,932)	(313,216)
Financing	20	250,000	-
Increase/(decrease) in cash	21	124,068	(313,216)

The notes on pages 8 to 19 form part of these financial statements.

1 Accounting policies

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

The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt from the requirement to prepare consolidated financial statements by virtue of section 248 of the Companies Act 1985 as the group it heads qualifies as a medium-sized group. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, except for freehold land, over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- 2% per annum on cost
Plant and machinery	- 10% per annum on written down value
Motor vehicles	- 20% per annum on cost
Fixtures and fittings	- 10% per annum on written down value
Computer equipment	- 33% per annum on cost

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Foreign currency

Foreign currency transactions are translated into sterling at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

1 Accounting policies (*continued*)*Deferred taxation*

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date, except that:

- deferred tax is not recognised on timing differences arising on revalued properties unless the company has entered into a binding sale agreement and is not proposing to take advantage of rollover relief; and
- the recognition of deferred tax assets is limited to the extent that the company anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

	2003 £	2002 £
This is arrived at after charging/(crediting):		
Depreciation of tangible fixed assets	101,833	98,496
Loss/(profit) on disposal of tangible fixed assets	231	(1,216)
Auditors remuneration	4,700	4,700
Pension contributions	7,351	7,392
	<u> </u>	<u> </u>

4 Employees

Staff costs (including directors) consist of:

	2003 £	2002 £
Wages and salaries	1,204,140	1,003,629
Social security costs	99,964	83,791
Other pension costs	7,351	7,392
	<u>1,311,455</u>	<u>1,094,812</u>

The average number of employees (including directors) during the year was 86 (2002 - 73).

5 Directors' remuneration

	2003 £	2002 £
Directors' emoluments	163,475	160,543
Non-executive directors' emoluments	12,942	18,845
	<u>176,417</u>	<u>179,388</u>
Company contributions to money purchase pension schemes	4,821	4,821
	<u>4,821</u>	<u>4,821</u>

There were 3 directors in the company's defined contribution pension scheme during the year (2002 - 3).

6 Interest payable and similar charges

	2003 £	2002 £
Bank loans and overdrafts	18,597	-
Other interest payable	29,571	-
	<u>48,168</u>	<u>-</u>

7 Taxation on profit on ordinary activities

	2003 £	2002 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	51,500	27,500
Adjustment in respect of previous periods	159	(26)
	<hr/>	<hr/>
Total current tax	51,659	27,474
<i>Deferred tax</i>		
Origination and reversal of timing differences	51,000	7,000
	<hr/>	<hr/>
Taxation on profit on ordinary activities	102,659	34,474
	<hr/>	<hr/>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	304,366	158,401
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 20%)	91,310	31,680
<i>Effect of:</i>		
Expenses not deductible for tax purposes	1,935	1,522
Capital allowances for period in excess of depreciation	(3,181)	(5,543)
Marginal relief	(14,569)	-
Group dividends received	(24,000)	-
Adjustment to tax charge in respect of previous periods	159	(26)
Other	5	(159)
	<hr/>	<hr/>
Current tax charge for period	51,659	27,474
	<hr/>	<hr/>

8 Dividends

	2003 £	2002 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of £0.10p (2002 - £Nil) per share	5,000	-
Final proposed of £0.30p (2002 - £0.10p) per share	20,000	10,000
	<u>25,000</u>	<u>10,000</u>
<i>Non equity shares</i>		
Redeemable preference shares		
Accrued final dividend of 50p (2002 - 50p) per share	20,000	20,000
	<u>45,000</u>	<u>30,000</u>

Certain shareholders agreed to waive part of their entitlement to the ordinary dividends.

9 Tangible fixed assets

	Freehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
<i>Cost</i>					
At 1 April 2002	601,446	1,278,198	97,445	211,124	2,188,213
Additions	4,060	34,970	14,900	26,710	80,640
Disposals	-	(3,772)	-	(710)	(4,482)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	605,506	1,309,396	112,345	237,124	2,264,371
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 April 2002	138,903	747,802	48,316	156,308	1,091,329
Provided for the year	11,512	56,194	22,467	11,660	101,833
Disposals	-	(3,542)	-	(709)	(4,251)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	150,415	800,454	70,783	167,259	1,188,911
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2003	455,091	508,942	41,562	69,865	1,075,460
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2002	462,543	530,396	49,129	54,816	1,096,884
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in freehold land and buildings is land of £30,000 (2002 - £30,000) that is not depreciated.

10 Fixed asset investments

	Group undertakings £
<i>Cost or valuation</i>	
Additions and at 31 March 2003	1,297,321
<i>Net book value</i>	
At 31 March 2003	1,297,321
At 31 March 2002	-

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Class of share capital held	Proportion of share capital held	Nature of business
<i>Subsidiary undertakings</i>			
Hallen Engineering Limited	Ordinary	100%	The manufacture and marketing of tubular components.
HS105 Limited	Ordinary	100%	Dormant

As at 31 March 2003 Hallen Engineering Limited had capital and reserves of £612,453 and made a profit after tax for the year of £63,647.

As at 31 March 2003 HS105 Limited had capital and reserves of £2.

11 Stocks

	2003 £	2002 £
Raw materials and consumables	167,692	171,763
Work in progress	147,035	136,254
Finished goods and goods for resale	52,469	30,560
Consumables	9,711	6,992
	376,907	345,569

There is no material difference between the replacement cost of stocks and the amounts stated above.

12 Debtors

	2003 £	2002 £
Trade debtors	656,298	843,123
Prepayments and accrued income	7,872	18,919
	<u>664,170</u>	<u>862,042</u>

All amounts shown under debtors fall due for payment within one year.

13 Creditors: amounts falling due within one year

	2003 £	2002 £
Bank loan (secured)	250,000	-
Trade creditors	333,159	301,416
Amounts owed to group undertakings	30,099	-
Corporation tax	51,500	27,500
Other taxation and social security	37,253	40,330
Proposed dividends	40,000	30,000
Other creditors	647,719	488
Accruals and deferred income	77,097	41,369
	<u>1,466,827</u>	<u>441,103</u>

The secured bank loan was fully repaid on 7 April 2003.

14 Provision for liabilities and charges

	Deferred taxation £
At 1 April 2002	100,000
Charged to profit and loss account	51,000
	<hr/>
At 31 March 2003	151,000
	<hr/>
<i>Deferred taxation</i>	
	<div style="display: flex; justify-content: space-between;"> 2003 £ 2002 £ </div>
Accelerated capital allowances	<div style="display: flex; justify-content: space-between;"> 151,000 100,000 </div>
	<div style="display: flex; justify-content: space-between;"> <hr/> <hr/> </div>

15 Share capital

	2003 £	Authorised 2002 £	Allotted, called up and fully paid 2003 £	2002 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	100,000	100,000	100,000	100,000
<i>Non-equity share capital</i>				
Redeemable preference shares of £1 each	40,000	40,000	40,000	40,000
	<hr/>	<hr/>	<hr/>	<hr/>
	140,000	140,000	140,000	140,000
	<hr/>	<hr/>	<hr/>	<hr/>

Dividends

The profits of the company available for distribution shall be applied as follows:

(a) First, in paying a fixed cumulative preferential dividend of 50p per share to the holders of the redeemable preference shares.

(b) No dividend shall be paid to the holders of the ordinary shares until the redeemable preference share dividend has been paid in full, thereafter the balance of any profits which are to be distributed will be paid to the holders of the ordinary shares.

Priority on winding up

On a return of assets on liquidation or capital reduction or otherwise, the assets of the company remaining after the payments of its liabilities shall be applied as follows:

15 Share capital (*continued*)

(a) First, in paying the holders of the redeemable preference shares £1 per share, together with any sum equal to any arrears or accruals of the redeemable preference share dividend calculated down to the date of return of capital.

(b) The balance of such assets shall be distributed among the holders of the ordinary shares.

Redemption

The redeemable preference shares are redeemable by the company at £1 per share, together with any arrears or accruals of the redeemable preference share dividend, on or before 1 August 2017.

Voting rights

The holders of the redeemable preference shares shall be entitled to receive notice of all general meetings but shall not by reason of such holding be entitled to vote thereat. All ordinary shareholders have one vote for every £1 nominal value of ordinary shares held.

16 Reconciliation of movements in shareholders' funds

	2003 £	2002 £
Profit for the year	201,707	123,927
Dividends	(45,000)	(30,000)
	<hr/> 156,707	<hr/> 93,927
Opening shareholders' funds	2,081,341	1,987,414
	<hr/>	<hr/>
Closing shareholders' funds	<u>2,238,048</u>	<u>2,081,341</u>

17 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge amounted to £7,351 (2002 - £7,392). Contributions totalling £713 (2002 - £386) were payable to the fund at the year end and are included in creditors.

18 Related party disclosures

During the year in the normal course of business the company purchased goods to the value of £10,473 from its subsidiary undertaking, Hallen Engineering Limited. Hallen Engineering Limited also paid interest of £29,571 on behalf of W R R Pedley & Co Limited. At 31 March 2003 W R R Pedley & Co Limited owed Hallen Engineering Limited £30,099.

19 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities

	2003 £	2002 £
Operating profit	270,314	141,546
Depreciation of tangible fixed assets	101,833	98,496
Loss/(profit) on sale of tangible fixed assets	231	(1,216)
Increase in stocks	(31,338)	(87,725)
Decrease/(increase) in debtors	197,872	(419,462)
Increase in creditors	741,722	91,764
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	1,280,634	(176,597)
	<hr/>	<hr/>

20 Analysis of cash flows for headings netted in the cash flow statement

	2003 £	2002 £
Returns on investment and servicing of finance		
Interest received	2,220	16,855
Interest paid: other	(48,168)	-
Group dividends received	80,000	-
Dividend paid: non equity	(20,000)	(20,000)
	<hr/>	<hr/>
	14,052	(3,145)
	<hr/>	<hr/>
Taxation		
Corporation tax paid	(27,659)	(31,360)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Payments to acquire tangible fixed assets	(80,640)	(111,314)
Payments to acquire fixed asset investments	(1,297,319)	-
Receipts from sale of tangible fixed assets	-	11,200
	<hr/>	<hr/>
	(1,377,959)	(100,114)
	<hr/>	<hr/>
Financing		
New loans	250,000	-
	<hr/>	<hr/>

21 Reconciliation of net cash flow to movement in net funds

	2003 £	2002 £
Increase/(decrease) in cash	124,068	(313,216)
Cash inflow from changes in debt	(250,000)	-
Movement in net funds	(125,932)	(313,216)
Opening net funds	317,949	631,165
Closing net funds	192,017	317,949

22 Analysis of net funds

	At 1 April 2002 £	Cash flow £	At 31 March 2003 £
Cash at bank and in hand	317,949	124,068	442,017
Debt due within one year	-	(250,000)	(250,000)
Total	317,949	(125,932)	192,017