

W R R PEDLEY & CO LIMITED

**DIRECTORS' REPORT
AND
FINANCIAL STATEMENTS**

**YEAR ENDED
31 MARCH 1999**

Registered Number: 362615



BDO STOY HAYWARD

Beneficial Building, 28 Paradise Circus, Queensway, Birmingham B1 2BJ

W R R PEDLEY & CO LIMITED

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999**

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Directors	J Glennon C M Carver A J Sheppard D C Foster Mrs C M Stokes Mrs D S Carver B Rollason M J Plant	Chairman Managing Director
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Secretary	D C Foster
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Registered office	Ann Street Willenhall West Midlands WV13 1EW
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Registered number	362615
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Auditors	BDO Stoy Hayward Beneficial Building 28 Paradise Circus Queensway Birmingham B1 2BJ
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W R R PEDLEY & CO LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31 MARCH 1999

The Directors submit their report together with the audited financial statements for the year ended 31 March 1999.

Results and dividends

The trading profit for the year before taxation was £234,286.

The Directors recommend a dividend of £20,000 on the redeemable preference shareholdings and a dividend of £20,000 on the ordinary shareholdings in these accounts. Of the ordinary dividend, £10,000 has been waived.

Principal activities, review of business and future developments

The principal activity of the company continues to be the manufacture of metal pressings.

The Directors consider that the results show that the company has sustained growth in turnover which with the maintained profit margins and control of overheads has produced a further growth in net profit.

There have been no events since the balance sheet date which materially affect the position of the company.

Freehold land and buildings

In the opinion of the Directors the market value of the freehold property at 31 March 1999 was in excess of the book value shown in the financial statements.

Having regard to present economic conditions it is impracticable to evaluate a precise difference.

Year 2000

The company is working to address the computer problems generally referred to as 'Year 2000'. A review is being made of all existing hardware and software, and guarantees are also being sought that all new equipment being purchased is Year 2000 compliant.

Directors

The Directors of the company and their beneficial interests in the share capital of the company were as follows:

	Redeemable preference Shares of £1 each		Ordinary Shares of £1 each	
	31.3.99	31.3.98	31.3.99	31.3.98
J Glennon - Chairman	-	-	-	-
C M Carver - Managing Director	16,095	16,095	50,000	50,000
R J Parker (Resigned 31 December 1998)	-	-	-	-
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 Rollason (Appointed 1 January 1999)	-	-	-	-
M J Plant (Appointed 1 January 1999)	-	-	-	-

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

W R R PEDLEY & CO LIMITED

**REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)**

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 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 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 reappoint them will be proposed at the annual general meeting.

By order of the board



D C FOSTER
Company Secretary

14 May 1999

W R R PEDLEY & CO LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1999**

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Turnover	2	3,079,961	2,728,882
Cost of sales		2,457,876	2,142,822
		<hr/>	<hr/>
Gross profit		622,085	586,060
Distribution and administrative expenses	3	407,028	416,254
		<hr/>	<hr/>
Operating profit		215,057	169,806
Interest receivable		19,229	23,548
		<hr/>	<hr/>
Profit on ordinary activities before taxation		234,286	193,354
Taxation	5	49,734	14,128
		<hr/>	<hr/>
Profit for the financial year		184,552	179,226
Dividends	6	30,000	33,600
		<hr/>	<hr/>
Retained profit for the year	13	154,552	145,626
		<hr/>	<hr/>

All amounts relate to continuing activities.

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

The notes on pages 6 to 12 form part of these financial statements

W R R PEDLEY & CO LIMITED

**BALANCE SHEET
AT 31 MARCH 1999**

	<u>Notes</u>	<u>£</u>	<u>1999</u> <u>£</u>	<u>£</u>	<u>1998</u> <u>£</u>
Fixed assets					
Tangible assets	7		1,034,536		805,726
Current assets					
Stocks	8	221,680		205,036	
Debtors	9	795,805		746,766	
Cash at bank and in hand		195,879		368,626	
Creditors falling due within one year	10	1,213,364 413,342		1,320,428 459,548	
Net current assets			800,022		860,880
Total assets less current liabilities			1,834,558		1,666,606
Provisions for liabilities and charges	11		85,000		71,600
			1,749,558		1,595,006
Capital and reserves					
Equity					
Called up ordinary share capital	12		100,000		100,000
Reserves	13		21,950		21,950
Profit and loss account	13		1,587,608		1,433,056
			1,709,558		1,555,006
Non Equity					
Called up redeemable preference share capital	12		40,000		40,000
Total shareholders' funds	14		1,749,558		1,595,006

These financial statements were approved by the board on 14 May 1999


C M CARVER DIRECTOR

The notes on pages 6 to 12 form part of these financial statements

W R R PEDLEY & CO LIMITED**CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 1999**

	<u>Notes</u>	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Cash inflow/(outflow) from operating activities	18	184,709	51,209
Returns on investments and servicing of finance			
Interest received		19,229	23,548
Taxation		(38,702)	(4,060)
Capital expenditure and financial investments	19	(317,983)	(160,812)
Non-equity dividends paid		(20,000)	(20,000)
		<u> </u>	<u> </u>
Cash inflow/(outflow) before use of liquid resources and financing		(172,747)	(110,115)
Management of liquid resources	20	(101,162)	277,204
		<u> </u>	<u> </u>
Increase/(decrease) in cash	21	(273,909)	167,089
		<u> </u>	<u> </u>

The notes on pages 6 to 12 form part of these financial statements

W R R PEDLEY & CO LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999

1. Accounting policies

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

Turnover

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

Stocks

Stocks are stated at the lower of cost and estimated net realisable value. In the case of work in progress and finished goods, cost includes direct labour and the appropriate proportion of production overheads.

Depreciation

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

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

Deferred taxation

Deferred taxation is provided in full to meet the liability which has been deferred by reason of the differences between the methods of writing down tangible fixed assets for taxation and accounting purposes at the ruling rate of corporation tax.

Pension costs

Contributions made by the company to the defined contribution pension scheme on behalf of employees are charged to the Profit and Loss Account in the year in which they become payable.

Contributions made by the company to the Directors personal pension plans are charged to the profit and loss account in the year to which they relate.

2. Turnover

Turnover is wholly attributable to the principal activity within the United Kingdom.

3. Distribution and administrative expenses

	1999 £	1998 £
Distribution costs and administrative expenses	407,028	416,254
Distribution costs include:		
Depreciation on motor vehicles	17,584	14,250
Administrative expenses include:		
Depreciation - freehold buildings	11,027	6,590
- plant and machinery	50,307	48,987
- fixtures, fittings and computer equipment	7,416	11,793
Auditors remuneration	4,600	4,600
Loss/(profit) on sale of fixed assets	2,838	(6,455)
Pension costs	7,350	20,690

W R R PEDLEY & CO LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

4. Employees

	<u>1999</u> <u>Number</u>	<u>1998</u> <u>Number</u>
The average number of employees, including Directors during the year was as follows:		
Management and administration	18	18
Production	64	58
	<hr/>	<hr/>
Total	82	76
	<hr/>	<hr/>
Staff costs consist of:		
	<u>£</u>	<u>£</u>
Wages and salaries	1,079,198	941,931
Social security costs	97,501	79,887
Other pension costs	13,351	26,685
	<hr/>	<hr/>
	1,190,050	1,048,503
	<hr/>	<hr/>
Directors emoluments, including benefits in kind, consist of:		
Remuneration for managements services	96,514	165,963
Fees for non-executive services	29,592	32,515
Pension costs	7,351	7,822
	<hr/>	<hr/>
	133,457	206,300
	<hr/>	<hr/>

W R R PEDLEY & CO LIMITED

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)

5. Taxation

1999	1998
£	£

The charge for taxation comprises:

Corporation tax at the appropriate rate on the assessable profits for the year	45,000	35,568
Transfer to/(from) deferred taxation	5,000	(20,000)
Adjustment on previous years	(266)	(1,440)
	<hr/>	<hr/>
	49,734	14,128

6. Dividends

Proposed final dividend of 50p per redeemable preference share	20,000	20,000
Proposed final dividend of 20p per ordinary share	20,000	27,200
<u>Less</u> waived	(10,000)	(13,600)
	<hr/>	<hr/>
	30,000	33,600

7. Tangible assets

	Freehold Land & Buildings £	Plant & Machinery £	Fixtures, Fittings & Computer Equipment £	Motor Vehicles £	Total £
Cost					
At beginning of year	359,569	980,484	178,809	79,222	1,598,084
Additions	221,777	61,766	7,715	34,924	326,182
Disposals	-	(1,103)	-	(26,224)	(27,327)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	581,346	1,041,147	186,524	87,922	1,896,939
Depreciation					
At beginning of year	94,015	536,188	124,879	37,275	792,357
Provided for the year	11,027	50,307	7,416	17,584	86,334
On Disposals	-	(1,016)	-	(15,272)	(16,288)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	105,042	585,479	132,295	39,587	862,403
Net book values					
At 31 March 1999	476,304	455,668	54,229	48,335	1,034,536
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book values					
At 31 March 1998	265,554	444,296	53,930	41,946	805,726
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

W R R PEDLEY & CO LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)**

8. Stocks	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Raw materials	87,533	85,923
Work in progress and finished goods	109,024	99,347
Bought out items	19,962	14,783
	<hr/>	<hr/>
Consumables	216,519	200,053
	5,161	4,983
	<hr/>	<hr/>
	221,680	205,036
	<hr/>	<hr/>

There is no material difference between the replacement cost and the values given to goods in stock.

9. Debtors

Trade debtors	790,494	738,132
Prepayments	5,311	8,634
	<hr/>	<hr/>
	795,805	746,766
	<hr/>	<hr/>

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

10. Creditors falling due within one year

Trade creditors	285,808	296,147
Other creditors	42	26,185
Taxation and social security	28,892	37,648
Accruals	32,000	27,000
	<hr/>	<hr/>
	346,742	386,980
Proposed dividends	30,000	33,600
Corporation tax	36,600	30,568
Advance corporation tax	-	8,400
	<hr/>	<hr/>
	413,342	459,548
	<hr/>	<hr/>

11. Provisions for liabilities and charges

	<u>1999</u> <u>Unprovided</u> <u>£</u>	<u>Provided</u> <u>£</u>	<u>1998</u> <u>Unprovided</u> <u>£</u>	<u>Provided</u> <u>£</u>
Deferred taxation in respect of:				
Accelerated capital allowances	-	85,000	-	80,000
Less: advanced corporation tax recoverable	-	-	-	(8,400)
	<hr/>	<hr/>	<hr/>	<hr/>
	-	85,000	-	71,600
	<hr/>	<hr/>	<hr/>	<hr/>

W R R PEDLEY & CO LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)**

12. Called up share capital	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Authorised, allotted and fully paid:		
Equity		
Ordinary shares of £1 each	100,000	100,000
Non-equity		
Redeemable preference shares of £1 each	40,000	40,000
	<u>140,000</u>	<u>140,000</u>

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 in 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:

- (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 amongst the holders of the ordinary shares.

Redemption

The redeemable preference shares are redeemable by the company at £1 per share, together with any arrears 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 in nominal value of ordinary shares held.

W R R PEDLEY & CO LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)**

13. Reserves	Capital Redemption Reserve £	Profit and Loss Account £
Balance at 31 March 1998	21,950	1,433,056
Retained profit for year	-	154,552
	<hr/>	<hr/>
Balance at 31 March 1999	21,950	1,587,608
	<hr/>	<hr/>
14. Shareholders' funds	<u>1999</u> £	<u>1998</u> £
Profit for the financial year	184,552	179,226
Dividends - ordinary shares	(10,000)	(13,600)
- redeemable preference shares	(20,000)	(20,000)
	<hr/>	<hr/>
Net movement on shareholders' funds	154,552	145,626
Opening shareholders' funds	1,595,006	1,449,380
	<hr/>	<hr/>
Net assets	1,749,558	1,595,006
	<hr/>	<hr/>
15. Capital commitments		
Contracted for	Nil	215,000
	<hr/>	<hr/>

16. Contingent liabilities

The company has a contingent liability of £250 in respect of a guarantee to HM Customs & Excise for deferred VAT.

17. Pensions

The company operates a defined contribution pension scheme for its employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund.

Also, the company made contributions to the Directors and senior staff personal pension plans amounting to £7,350 (1998: £20,690). At 31 March 1999 the company had prepaid contributions amounting to £Nil (1998: £Nil).

W R R PEDLEY & CO LIMITED

**NOTES FORMING PART OF THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1999 (CONTINUED)**

**18. Reconciliation of operating profit to net cash inflow
from operating activities**

	<u>1999</u> £	<u>1998</u> £
Operating profit/(loss)	215,057	169,806
Depreciation charges	86,334	81,620
Loss/(profit) on disposal of fixed assets	2,838	(6,455)
(Increase)/decrease in stocks	(16,644)	(64,609)
(Increase)/decrease in debtors	(49,039)	(278,219)
(Decrease)/increase in creditors	(53,837)	149,066

Net cash inflow from operating activities

184,709 51,209

19. Capital expenditure and financial investments

Purchase of tangible fixed assets	(326,183)	(177,213)
Sale of tangible fixed assets	8,200	16,401
	<u>(317,983)</u>	<u>(160,812)</u>

20. Analysis of net funds

	<u>At 1 April 1998</u> £	<u>Cash Flow</u> £	<u>At 31 March 1999</u> £
Cash at bank and in hand	168,626	(273,909)	(105,283)
Money market investment	200,000	101,162	301,162
	<u>368,626</u>	<u>(172,747)</u>	<u>195,879</u>

**21. Reconciliation of net cash flow to
movement in net funds**

	<u>1999</u> £	<u>1998</u> £
Increase/(decrease) in cash in year	(273,909)	167,089
Cash movement in liquid resources	101,162	(277,204)
	<u>(172,747)</u>	<u>(110,115)</u>
Change in net funds resulting from cash flow	(172,747)	(110,115)
Net funds at 1 April 1998	368,626	478,741
	<u>195,879</u>	<u>368,626</u>
Net funds at 31 March 1999		

W R R PEDLEY & CO LIMITED

REPORT OF THE AUDITORS

To the shareholders of W R R Pedley & Co Limited

We have audited the financial statements on pages 3 to 12 which have been prepared under the accounting policies set out on page 6.

Respective responsibilities of Directors and Auditors

As described on page 2 the company's Directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with 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 misstatements, 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 1999 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

14 May 1999



BDO STOY HAYWARD
Chartered Accountants and Registered Auditors
Birmingham B1 2BJ