

BERWIN RUBBER COMPANY LIMITED  
REGISTERED NUMBER 524814

FINANCIAL STATEMENTS

31ST JULY 2003



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## **BERWIN RUBBER COMPANY LIMITED**

### **DIRECTORS' REPORT**

The directors submit their report and accounts for the year ended 31st July 2003.

#### **Review of the business**

The principal activity of the company continued to be the compounding of rubber, PVC and other elastomeric alloys.

The profit for the year, after taxation, was £512,183 giving accumulated profits of £2,740,281. After the ordinary dividend of £400,000, retained profits carried forward are £2,340,281.

The persistent pressure on prices and margins mentioned in last year's report has continued. However, the company's long-term policy of investment in the business has produced more efficiencies. As a result, the board are pleased to report an improvement in profits and expect this to be sustained in the current year.

#### **Donations**

The company made charitable donations of £3,000 in the year.

#### **Directors**

The directors throughout the year were G. Williams, D. Hukin, S. Lawton, S. Hukin and M. Smith.

G. Williams and D. Hukin are directors of the ultimate parent company, Berwin Group Limited, and their interests in shares are shown in the parent company's own accounts. The other directors have no interests in the share capital of the company or any other group company.

#### **Auditors**

A resolution to re-appoint Nasmith Coutts & Co. will be put to the members at the Annual General Meeting.

On behalf of the Board

**D. Hukin**  
Director



Broadway  
Globe Lane Industrial Estate  
Dukinfield  
Cheshire SK16 4UJ

29th January 2004

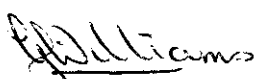
**BERWIN RUBBER COMPANY LIMITED**

**BALANCE SHEET**

**31ST JULY 2003**

	<u>Notes</u>	<u>2003</u>	<u>2002</u>
		£	£
<b>Net assets employed -</b>			
<b>Fixed assets</b>			
Tangible assets	2	3,238,958	3,310,437
Investments in subsidiaries	3	200	200
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	4	1,016,783	1,452,962
Debtors	5	4,739,682	4,690,693
Bank and cash		3,526	31,361
		<hr/>	<hr/>
		5,759,991	6,175,016
<b>Creditors: Amounts falling due within one year</b>	6	5,431,442	6,036,405
		<hr/>	<hr/>
<b>Net current assets</b>		328,549	138,611
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		<b>£3,567,707</b>	<b>£3,449,248</b>
		<hr/>	<hr/>
<b>Financed by -</b>			
<b>Creditors: Amounts falling due after more than one year</b>	6	1,055,426	1,119,150
<b>Provisions for liabilities and charges</b>	7	150,000	80,000
<b>Capital and reserves</b>			
Called up share capital	8	22,000	22,000
Profit and loss account		2,340,281	2,228,098
		<hr/>	<hr/>
<b>Shareholders' funds</b>	9	2,362,281	2,250,098
		<hr/>	<hr/>
		<b>£3,567,707</b>	<b>£3,449,248</b>
		<hr/>	<hr/>

The financial statements on pages 2 to 9 were approved by the board of directors on 29th January 2004.

  
**G. Williams - Chairman**

**BERWIN RUBBER COMPANY LIMITED**

**PROFIT AND LOSS ACCOUNT**

**YEAR ENDED 31ST JULY 2003**

	<u>Notes</u>	<u>2003</u>		<u>2002</u>	
		£	£	£	£
<b>Turnover</b>			20,095,797		21,551,642
Change in stocks of finished goods and work in progress		224		71,347	
Raw materials and consumables		13,441,037		14,854,241	
Other external charges		1,949,471		1,974,775	
		<hr/>		<hr/>	
		15,390,732		16,900,363	
Staff costs	10	3,431,056		3,550,414	
Depreciation		496,230	19,318,018	490,677	20,941,454
		<hr/>		<hr/>	
<b>Operating profit</b>	11		777,779		610,188
Dividends received			292		-
Interest	12		(20,888)		(27,841)
			<hr/>		<hr/>
<b>Profit before taxation</b>			757,183		582,347
Tax on profit on ordinary activities	13		(245,000)		(165,000)
			<hr/>		<hr/>
<b>Profit after taxation</b>			512,183		417,347
Retained profit brought forward			2,228,098		2,160,751
			<hr/>		<hr/>
Accumulated profits			2,740,281		2,578,098
Dividends	14		(400,000)		(350,000)
			<hr/>		<hr/>
<b>Retained profit carried forward</b>			<u>£2,340,281</u>		<u>£2,228,098</u>

**Continuing operations**

None of the company's activities were acquired or discontinued during these two financial years.

**Total recognised gains and losses**

The company had no recognised gains or losses other than the above profits.

## BERWIN RUBBER COMPANY LIMITED

### NOTES TO THE ACCOUNTS

#### 1. ACCOUNTING POLICIES

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The principal accounting policies, which have been consistently applied, are set out below.

a) Basis of accounting

The company's accounts have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

b) Consolidation

Consolidated accounts have not been prepared because the subsidiary companies did not trade during the year. Consolidated accounts have been prepared by Berwin Group Limited, registered in England and Wales, which is regarded by the directors as the ultimate parent company.

c) Turnover

Turnover is derived from ordinary activities and stated net of VAT and trade discounts.

d) Depreciation

Fixed assets are shown at cost less accumulated depreciation. Depreciation has been calculated to write off the cost over their estimated useful lives as follows:

Buildings	- up to 35 years	- straight line
Plant and equipment	- 3 to 12 years	- straight line
Motor vehicles	- 25%	- reducing balance

e) Leased assets

Assets obtained under finance leases are included in the balance sheet at cost less depreciation and the obligations related to finance leases are included, as appropriate, under creditors due within or after one year. The interest element of the finance leases is charged to profit and loss account.

The cost of operating leases is charged as incurred.

f) Stocks

Stocks are valued at the lower of cost or net realisable value. Cost includes all relevant production overheads.

g) Pensions

The company operates a defined contribution scheme which is externally administered. Contributions are charged to profit and loss account as they become due.

h) Deferred tax

Deferred tax is provided in full on timing differences between gains and losses in the financial statements and their recognition in the tax computations.

31ST JULY 2003

2. **TANGIBLE FIXED ASSETS**

	Land and Buildings Long Leasehold	Plant and Vehicles		Total
Cost -	£	Leased £	Owned £	£
At 1st August 2002	1,979,262	1,267,841	5,790,644	9,037,747
Additions	-	-	424,751	424,751
Disposals	-	-	(489,496)	(489,496)
At 31st July 2003	1,979,262	1,267,841	5,725,899	8,973,002
Depreciation -				
At 1st August 2002	804,232	839,906	4,083,172	5,727,310
Charge for the year	65,400	85,520	345,310	496,230
On disposals	-	-	(489,496)	(489,496)
At 31st July 2003	869,632	925,426	3,938,986	5,734,044
Net Book Value - At 31st July 2003	1,109,630	342,415	1,786,913	3,238,958
At 1st August 2002	1,175,030	427,935	1,707,472	3,310,437

3. **INVESTMENTS IN SUBSIDIARIES**

	2003 £	2002 £
Wholly-owned subsidiaries -		
Shares at cost	200	200

The subsidiaries, which are incorporated in England and Wales, are:

Berwin Management Services Limited - Dormant  
Berwin Plastics Limited - Dormant

4. **STOCKS**

	2003 £	2002 £
The main categories are:		
Raw materials and consumables	843,355	1,279,310
Finished goods and work-in-progress	173,428	173,652
	1,016,783	1,452,962

# BERWIN RUBBER COMPANY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 5. DEBTORS

	<u>2003</u>	<u>2002</u>
	£	£
Trade debtors	4,479,188	4,576,547
Amounts due from group company	118,466	-
Other debtors	20,396	1,944
Prepayments	121,632	112,202
	<hr/>	<hr/>
	4,739,682	4,690,693
	<hr/>	<hr/>

### 6. CREDITORS

	<u>2003</u>	<u>2002</u>
	£	£
Amounts falling due within one year:		
Lease obligations	63,624	104,487
Trade creditors	3,462,060	3,625,744
Amounts due to group companies	1,139,127	1,600,699
Corporation tax	215,910	162,184
Social security and other taxes	363,196	366,699
Accruals and deferred income	187,525	176,592
	<hr/>	<hr/>
	5,431,442	6,036,405
	<hr/>	<hr/>
Amounts falling due after more than one year:		
Lease obligations	55,426	119,150
Parent company loan	1,000,000	1,000,000
	<hr/>	<hr/>
	1,055,426	1,119,150
	<hr/>	<hr/>

Lease obligations are all due within five years.

During the year G. Williams and D. Hukin loaned £300,000 to the company which was repaid. Interest is payable at Barclays Bank base rate.

### 7. PROVISIONS FOR LIABILITIES AND CHARGES

	<u>2003</u>
	£
Deferred taxation:	
Accelerated capital allowances -	
At 1st August 2002	120,000
Charged to profit and loss account (note 13)	70,000
	<hr/>
	190,000
Other timing differences at - 1st August 2002 and 31st July 2003	(40,000)
	<hr/>
At 31st July 2003	150,000
	<hr/>

**31ST JULY 2003**

**8. CALLED UP SHARE CAPITAL**

	Authorised		Issued and fully paid	
	2003 Number	2002 Number	2003 £	2002 £
Shares of £1 each:				
Equity share - 'A' Ordinary	100	100	100	100
- 'B' Ordinary	1,900	1,900	1,900	1,900
	2,000	2,000	2,000	2,000
Non-equity shares - Deferred	20,000	20,000	20,000	20,000
	22,000	22,000	22,000	22,000

All voting rights lie with the 'A' ordinary shares. In all other respects the ordinary shares rank equally and are entitled to all the shareholders' funds.

The deferred shares have significantly restricted rights, to dividends and capital, which would amount to nil.

**9. SHAREHOLDERS' FUNDS**

	2003 £	2002 £
At 1st August 2002	2,250,098	2,182,751
Profit for the year	512,183	417,347
Dividends	(400,000)	(350,000)
At 31st July 2003	2,362,281	2,250,098

**10. STAFF COSTS**

	2003 £	2002 £
The aggregate payroll costs were:		
Wages and salaries	3,087,135	3,194,897
Social security costs	283,669	290,033
Other pension costs	60,252	65,484
	3,431,056	3,550,414

	2003	2002
The average number of people employed each month was:		
Office and management	26	26
Production and sales	122	126
	148	152

# BERWIN RUBBER COMPANY LIMITED

## NOTES TO THE ACCOUNTS (CONTINUED)

### 11. OPERATING PROFIT

	<u>2003</u>	<u>2002</u>
	£	£
The operating profit is stated after charging:		
Directors' emoluments - Management remuneration	330,345	350,820
- Pension contributions	18,712	18,703
Auditors' remuneration	14,000	14,000
Hire of plant and machinery	63,255	71,990

### 12. INTEREST

	<u>2003</u>	<u>2002</u>
	£	£
Bank loans and overdrafts wholly repayable within five years	5,016	6,234
Directors' loans	3,501	4,637
Finance leases	12,371	17,205
Interest receivable	-	(235)
	<hr/>	<hr/>
	20,888	27,841
	<hr/>	<hr/>

### 13. TAXATION

	<u>2003</u>	<u>2002</u>
	£	£
<b>Analysis of charge for the year -</b>		
Current tax - UK corporation tax on profit for the year	210,000	130,000
Deferred tax	35,000	35,000
	<hr/>	<hr/>
	245,000	165,000
Prior years - Corporation tax	(35,000)	-
Deferred tax	35,000	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	245,000	165,000
	<hr/>	<hr/>
<b>Factors affecting the tax charge for the year:-</b>		
The tax charge for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:-		
Profit on ordinary activities before taxation	757,183	582,347
	<hr/>	<hr/>
Tax on profits @ 30%	227,155	174,704
Effects of:		
Differences between tax capital allowances and depreciation	(26,000)	(43,386)
Non-deductible expenditure	3,100	507
Marginal rates of tax	-	(7,765)
Accounts provision rounding	5,745	5,940
	<hr/>	<hr/>
Current tax on income	210,000	130,000
	<hr/>	<hr/>

**14. DIVIDENDS**

A dividend of £400,000 (2002 £350,000) was paid for the year.

**15. DIRECTORS' EMOLUMENTS**

	<u>2003</u>	<u>2002</u>
	£	£
The following amounts are included in respect of the highest paid director		
Emoluments	77,898	74,617
Pension contributions	3,637	3,637

The directors are accruing pension benefits under a money purchase scheme.

**16. CAPITAL COMMITMENTS**

Amounts contracted for but not provided in the accounts amounted to £425,924 (2002 £26,150).

**17. OPERATING LEASES**

		<u>2003</u>		<u>2002</u>
		Other	Land and	Other
	Land and	£	Buildings	£
	Buildings		£	
	£			
Annual commitments under				
Operating leases expiring:				
Between one and five years	-	31,370	-	31,691
After five years	66,000	11,088	59,500	11,642

**18. CONTINGENT LIABILITIES**

All group companies have given cross guarantees and charged their assets to the group's bankers as security for facilities which at 31st July 2003 amounted to £596,429 (2002 £200,000).

**19. ULTIMATE PARENT COMPANY AND CONTROL**

The directors consider the ultimate parent company to be Berwin Group Limited, which is also the immediate controlling party.

**20. STATEMENT OF DIRECTORS' RESPONSIBILITIES**

The purpose of this statement is to distinguish the directors' responsibilities for the financial statements from those of the auditors as stated in their report.

The directors are responsible for preparing financial statements which comply with the provisions of the Companies Act 1985 and give a true and fair view of the state of affairs of the company at the end of each financial year and of the profit or loss of the company for the period to that date.

In preparing the financial statements the directors are required to adopt suitable accounting policies and 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 accounts, and prepare the accounts on the going concern basis, unless it is inappropriate to presume the company will continue in business.

The directors are also responsible for maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the company, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

## INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF

### BERWIN RUBBER COMPANY LIMITED

We have audited the financial statements on pages 2 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 4.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

As described in the Statement of Directors' Responsibilities on page 9 the company's directors' are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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.

#### **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 affairs of the company at 31st July 2003 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Nasmith Coutts & Co*

**NASMITH COUTTS & CO.**

Chartered Accountants  
and  
Registered Auditors

75 Mosley Street,  
Manchester M2 3HR.

29th January 2004