

**SALOP DESIGN & ENGINEERING LIMITED**

**ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED  
31 MARCH 2004**



# **SALOP DESIGN & ENGINEERING LIMITED**

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## **COMPANY INFORMATION**

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<b>DIRECTORS</b>	Richard A. Homden Mrs Gillian M. Homden Roger D. Emery John Seaward Richard L. Homden (appointed 27/2/04)
<b>SECRETARY</b>	John Seaward
<b>COMPANY NUMBER</b>	895927
<b>REGISTERED OFFICE</b>	Brixton Way Harlescott Industrial Estate Shrewsbury Shropshire SY1 3LB
<b>AUDITORS</b>	Whittingham Riddell LLP Chartered Accountants & Registered Auditors Belmont House Shrewsbury Business Park Shrewsbury Shropshire SY2 6LG
<b>BANKERS</b>	Barclays Bank Plc Castle Street Shrewsbury Shropshire SY1 2BU
<b>SOLICITORS</b>	Turnball Garrard 24 The Crescent Shrewsbury Shropshire SY1 1TJ

# **SALOP DESIGN & ENGINEERING LIMITED**

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## **CONTENTS**

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	Page
<b>Directors' report</b>	<b>1</b>
<b>Auditors' report</b>	<b>2</b>
<b>Profit and loss account</b>	<b>3</b>
<b>Balance sheet</b>	<b>4</b>
<b>Cash flow statement</b>	<b>5</b>
<b>Notes to the abbreviated accounts</b>	<b>6 - 13</b>

# **SALOP DESIGN & ENGINEERING LIMITED**

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## **DIRECTORS' REPORT** **For the year ended 31 March 2004**

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The directors present their report and the financial statements for the year ended 31 March 2004.

### **STATEMENT OF 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.

### **PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS**

The company's principal activity continues to be that of the manufacture of metal pressings and assemblies and the design and manufacture of press tools.

The results for the year are considered to be satisfactory and the directors consider the future prospects of the company are good.

### **RESULTS AND DIVIDENDS**

The profit for the year, after taxation, amounted to £437,823 (2003 - £160,673) .

The directors recommend a final dividend of 300,000 (2003 - 150,000) .

### **DIRECTORS**

The directors who served during the year were:

Richard A. Homden  
Mrs Gillian M. Homden  
Roger D. Emery  
John Seaward  
Richard L. Homden (appointed 27/2/04)

### **AUDITORS**

During the year Whittingham Riddell acted as auditors to the Company until 18 December 2003. On 18 December 2003, Whittingham Riddell transferred its business to a limited liability partnership, Whittingham Riddell LLP, incorporated under the Limited Liability Partnerships Act 2000. The Directors consented to treating the appointment of Whittingham Riddell as extending to Whittingham Riddell LLP with effect from 18 December 2003. A resolution to re-appoint Whittingham Riddell LLP as the Company's auditors will be proposed at the forthcoming Annual General Meeting.

This report was approved by the board on 13 August 2004 and signed on its behalf.

**John Seaward**  
Secretary



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# **SALOP DESIGN & ENGINEERING LIMITED**

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## **INDEPENDENT AUDITORS' REPORT TO**

### **SALOP DESIGN & ENGINEERING LIMITED Under section 247B of the Companies Act 1985**

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We have examined the abbreviated accounts of Salop Design & Engineering Limited for the year ended 31 March 2004 set out on pages 3 to 13, together with the financial statements of the company for the year ended 31 March 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with s.247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

#### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**


The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

#### **BASIS OF AUDIT OPINION**

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

#### **OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 13 are properly prepared in accordance with those provisions.



**Whittingham Riddell LLP**  
Chartered Accountants  
Registered Auditors

Belmont House  
Shrewsbury Business Park  
Shrewsbury  
Shropshire  
SY2 6LG

13 August 2004

# SALOP DESIGN & ENGINEERING LIMITED

## ABBREVIATED PROFIT AND LOSS ACCOUNT For the year ended 31 March 2004

	Note	2004 £	2003 £
<b>GROSS PROFIT</b>		<b>2,402,299</b>	<b>2,063,855</b>
Selling and distribution costs		(291,438)	(365,263)
Administrative expenses		(1,469,733)	(1,457,956)
<b>OPERATING PROFIT</b>	2	<b>641,128</b>	<b>240,636</b>
Interest receivable		20,765	18,049
Interest payable	5	(36,414)	(45,605)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>625,479</b>	<b>213,080</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	6	<b>(187,656)</b>	<b>(52,407)</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>437,823</b>	<b>160,673</b>
<b>DIVIDENDS</b> - On equity shares	7	<b>(300,000)</b>	<b>(150,000)</b>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>137,823</b>	<b>10,673</b>
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<b>2,381,495</b>	<b>2,370,822</b>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b>2,519,318</b>	<b>2,381,495</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 other than those included in the profit and loss account.

The notes on pages 6 to 13 form part of these financial statements.

# SALOP DESIGN & ENGINEERING LIMITED

## ABBREVIATED BALANCE SHEET As at 31 March 2004

	Note	2004 £	2003 £
<b>FIXED ASSETS</b>			
Tangible fixed assets	8	2,250,716	2,510,293
<b>CURRENT ASSETS</b>			
Stocks	9	954,713	1,144,512
Debtors	10	2,735,105	2,945,703
Cash at bank and in hand		476,748	199,875
		<u>4,166,566</u>	<u>4,290,090</u>
<b>CREDITORS: amounts falling due within one year</b>	11	<u>(2,597,664)</u>	<u>(2,694,888)</u>
<b>NET CURRENT ASSETS</b>		<u>1,568,902</u>	<u>1,595,202</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>3,819,618</u>	<u>4,105,495</u>
<b>CREDITORS: amounts falling due after more than one year</b>	12	(800,000)	(1,200,000)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	13	(480,200)	(503,900)
<b>NET ASSETS</b>		<u><u>2,539,418</u></u>	<u><u>2,401,595</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	14	20,100	20,100
Profit and loss account		2,519,318	2,381,495
<b>SHAREHOLDERS' FUNDS - All Equity</b>	15	<u><u>2,539,418</u></u>	<u><u>2,401,595</u></u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 13 August 2004 and signed on its behalf.

Richard A. Homden  
Director



The notes on pages 6 to 13 form part of these financial statements.

# SALOP DESIGN & ENGINEERING LIMITED

## ABBREVIATED CASH FLOW STATEMENT For the year ended 31 March 2004

	Note	2004 £	2003 £
Net cash flow from operating activities	16	676,133	282,203
Returns on investments and servicing of finance	17	(15,649)	(27,556)
Taxation		(42,356)	(59,007)
Capital expenditure and financial investment	17	(41,255)	(250,850)
Equity dividends paid		(300,000)	(150,000)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<u><u>276,873</u></u>	<u><u>(205,210)</u></u>

## RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 18) For the year ended 31 March 2004

	2004 £	2003 £
Increase/(Decrease) in cash in the year	276,873	(205,210)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<u>276,873</u>	<u>(205,210)</u>
Net funds at 1 April 2003	199,875	405,085
<b>NET FUNDS AT 31 MARCH 2004</b>	<u><u>476,748</u></u>	<u><u>199,875</u></u>

The notes on pages 6 to 13 form part of these financial statements.



# **SALOP DESIGN & ENGINEERING LIMITED**

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## **NOTES TO THE ABBREVIATED ACCOUNTS** **For the year ended 31 March 2004**

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### **1. ACCOUNTING POLICIES**

#### **1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

#### **1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

#### **1.3 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 of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & Machinery	-	7.5-25% reducing balance
Motor Vehicles	-	33.33% reducing balance

#### **1.4 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

#### **1.5 Stocks and work in progress**

*Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.*

#### **1.6 Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

#### **1.7 Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

#### **1.8 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

# SALOP DESIGN & ENGINEERING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 March 2004

### 2. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	2004	2003
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	300,843	317,780
Auditors' remuneration	5,125	6,350
Difference on foreign exchange	8,909	(329)
	<u>314,877</u>	<u>323,801</u>

### 3. STAFF COSTS

Staff costs, including directors' remuneration, were as follows:

	2004	2003
	£	£
Wages and salaries	2,507,456	2,895,531
Social security costs	243,317	251,253
Other pension costs	67,100	69,850
	<u>2,817,873</u>	<u>3,216,634</u>

The average monthly number of employees, including directors, during the year was as follows:

	2004	2003
Production	116	143
Administration	24	29
	<u>140</u>	<u>172</u>

### 4. DIRECTORS' REMUNERATION

	2004	2003
	£	£
Emoluments	334,088	271,046
Company pension contributions to money purchase pension schemes	64,625	61,325

During the year retirement benefits were accruing to 4 directors (2003 - 3) in respect of money purchase pension schemes.

The highest paid director received remuneration of £86,643 (2003 - £69,734).

The value of the company's contributions paid to a money purchase pension scheme in respect of the highest paid director amounted to £12,125 (2003 - £10,000).

# SALOP DESIGN & ENGINEERING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 March 2004

### 5. INTEREST PAYABLE

	2004	2003
	£	£
On loans from group undertakings	<u>36,414</u>	<u>45,605</u>

### 6. TAXATION

	2004	2003
	£	£
<b>Analysis of tax charge in year</b>		
<b>Current tax (see note below)</b>		
UK corporation tax charge on profits of the year	210,000	41,000
Adjustments in respect of prior periods	1,356	2,007
<b>Total current tax</b>	<u>211,356</u>	<u>43,007</u>
<b>Deferred tax</b>		
Origination and reversal of timing differences	(23,700)	9,400
<b>Total deferred tax (see note 13)</b>	<u>(23,700)</u>	<u>9,400</u>
<b>Tax on profit on ordinary activities</b>	<u>187,656</u>	<u>52,407</u>

#### Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004	2003
	£	£
Profit on ordinary activities before tax	<u>625,479</u>	<u>213,080</u>
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2003 - 30)	187,644	63,924
<b>Effects of:</b>		
Capital allowances for period in excess of depreciation	26,677	-
Adjustments to tax charge in respect of prior periods	1,356	2,007
Small companies marginal relief	(1,183)	(15,473)
Other adjustments	(3,138)	(7,451)
<b>Current tax charge for year (see note above)</b>	<u>211,356</u>	<u>43,007</u>

There were no factors that may affect future tax charges.

# SALOP DESIGN & ENGINEERING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 March 2004

### 7. DIVIDENDS

	2004 £	2003 £
<b>On equity shares</b>		
Total dividends proposed	<u>300,000</u>	<u>150,000</u>

### 8. TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Total £
<b>Cost</b>			
At 1 April 2003	4,958,404	115,352	5,073,756
Additions	24,780	20,000	44,780
Disposals	-	(34,500)	(34,500)
At 31 March 2004	<u>4,983,184</u>	<u>100,852</u>	<u>5,084,036</u>
<b>Depreciation</b>			
At 1 April 2003	2,489,427	74,036	2,563,463
Charge for the year	281,546	19,297	300,843
On disposals	-	(30,986)	(30,986)
At 31 March 2004	<u>2,770,973</u>	<u>62,347</u>	<u>2,833,320</u>
<b>Net book value</b>			
At 31 March 2004	<u>2,212,211</u>	<u>38,505</u>	<u>2,250,716</u>
At 31 March 2003	<u>2,468,977</u>	<u>41,316</u>	<u>2,510,293</u>

### 9. STOCKS

	2004 £	2003 £
Raw materials	535,773	430,102
Work in progress	255,206	263,421
Finished goods and goods for resale	163,734	450,989
	<u>954,713</u>	<u>1,144,512</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

# SALOP DESIGN & ENGINEERING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 March 2004

### 10. DEBTORS

	2004 £	2003 £
<b>Due within one year</b>		
Trade debtors	2,705,192	2,914,327
Prepayments and accrued income	29,913	31,376
	<u>2,735,105</u>	<u>2,945,703</u>

### 11. CREDITORS: Amounts falling due within one year

	2004 £	2003 £
Trade creditors	1,532,858	1,920,205
Amounts owed to group undertakings	67,765	11,545
Corporation tax	210,000	41,000
Social security and other taxes	323,414	266,775
Proposed dividend	300,000	300,000
Accruals and deferred income	163,627	155,363
	<u>2,597,664</u>	<u>2,694,888</u>

### 12. CREDITORS: Amounts falling due after more than one year

	2004 £	2003 £
Amounts owed to group undertakings	<u>800,000</u>	<u>1,200,000</u>

### 13. DEFERRED TAXATION

	2004 £	2003 £
At 1 April 2003 and 31 March 2004	<u>480,200</u>	<u>503,900</u>

The deferred tax provision is made up as follows:

	2004 £	2003 £
Accelerated capital allowances	480,200	503,900
	<u>480,200</u>	<u>503,900</u>

# SALOP DESIGN & ENGINEERING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 March 2004

### 14. SHARE CAPITAL

	2004 £	2003 £
<i>Authorised, allotted, called up and fully paid</i>		
20,100 ordinary shares of £1 each	<u>20,100</u>	<u>20,100</u>

### 15. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2004 £	2003 £
Profit for the year	437,823	160,673
Dividends	(300,000)	(150,000)
	<u>137,823</u>	<u>10,673</u>
Opening shareholders' funds	2,401,595	2,390,922
Closing shareholders' funds	<u>2,539,418</u>	<u>2,401,595</u>

### 16. NET CASH FLOW FROM OPERATING ACTIVITIES

	2004 £	2003 £
Operating profit	641,128	240,636
Depreciation of tangible fixed assets	300,843	317,780
(Profit)/loss on disposal of tangible fixed assets	(11)	2,545
Decrease/(increase) in stocks	189,799	(243,353)
Decrease/(increase) in debtors	210,597	(146,030)
Decrease in creditors	(322,443)	(92,273)
(Decrease)/increase in amounts owed to group undertakings	(343,780)	202,898
<b>NET CASH INFLOW FROM OPERATIONS</b>	<u>676,133</u>	<u>282,203</u>

### 17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	2004 £	2003 £
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Interest received	20,765	18,049
Interest paid	(36,414)	(45,605)
<b>NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<u>(15,649)</u>	<u>(27,556)</u>

# SALOP DESIGN & ENGINEERING LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 March 2004

### 17. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT (continued)

	2004 £	2003 £
<b>CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT</b>		
Purchase of tangible fixed assets	(44,780)	(256,540)
Sale of tangible fixed assets	3,525	5,690
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<u>(41,255)</u>	<u>(250,850)</u>

### 18. ANALYSIS OF CHANGES IN NET DEBT

	1 April 2003 £	Cash flow £	Other non-cash changes £	31 March 2004 £
Cash at bank and in hand:	199,875	276,873	-	476,748
<b>NET FUNDS</b>	<u>199,875</u>	<u>276,873</u>	<u>-</u>	<u>476,748</u>

### 19. PENSION COMMITMENTS

The company operates a defined contributions pension scheme for the benefits of directors and senior 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 and amounted to £67,100 (2003: £69,850).

### 20. OPERATING LEASE COMMITMENTS

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as follows:

	2004 £	2003 £
<b>Expiry date:</b>		
Between 2 and 5 years	<u>24,138</u>	<u>25,274</u>

## **SALOP DESIGN & ENGINEERING LIMITED**

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### **NOTES TO THE ABBREVIATED ACCOUNTS** **For the year ended 31 March 2004**

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#### **21. RELATED PARTY TRANSACTIONS**

During the year the company paid rent of £165,000 (2003: £150,417), management charges of £200,000 (2003: £140,000) and loan interest of £36,414 (2003: £45,605) to its holding company, R A Homden Limited. At 31 March 2004 the company owed £1,167,765 to R A Homden Limited (2003: £1,511,545), including dividends payable and loan interest due.

Mr R.A. Homden is a director of Salop Haulage Limited, which provides transport services of £274,582 (2003: 259,769) to the company on normal commercial terms. At the year end the balance due to Salop Haulage Limited was £50,503 (2003: 55,341).

#### **22. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The ultimate holding company is R A Homden Limited, which is a company registered in the UK.