

ROWECORD ENGINEERING LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1996

Company Number 923182



ROWECORD ENGINEERING LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1996

Directors: B.F. Hoppe  
J.C. Blackwell  
A.F. Hoppe  
I.D. Hoppe  
D.J.A. Dale  
D.M. Drane (resigned 31 August 1996)

Secretary: A.J. Bigley

Registered Office: Neptune Works  
Uskway  
Newport  
South Wales  
NP9 2SS

Auditors: Mullens & Robinson  
Chartered Accountants and  
Registered Auditors  
Aberafan House  
Aberafan Centre  
Port Talbot  
SA13 1BU

Bankers: Midland Bank Plc  
1 Bridge Street  
Newport  
South Wales  
NP9 4UT

ROWECORD ENGINEERING LIMITED  
REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1996

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ROWECORD ENGINEERING LIMITED

DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 June 1996.

PRINCIPAL ACTIVITY

The principal activity of the company is structural steel fabrication, design, detailing and erection.

REVIEW OF THE BUSINESS AND FUTURE DEVELOPMENTS

The UK Construction Industry has shown signs of improvement during the current year.

We have increased our turnover marginally with our profit also improving.

European Fabricators are still a threat to the heavy end of our market with prices remaining depressed.

Continual investment in new plant, computers and works access is ongoing.

Staff training is continuing and we anticipate attaining Investors In People status during 1997.

The workload for the coming year is extremely good and we look forward to an increase in turnover with improved profits.

RESULTS AND DIVIDEND

The profit before taxation was £668,246 (1995 £528,053). The profit after taxation was £425,660 (1995 £360,834). The directors recommend that the profit be dealt with by the payment of a dividend of £2 per share amounting to £400,000, leaving £25,660 to be transferred to the amount of retained profit carried forward.

FIXED ASSETS

In the opinion of the directors, the market value of the leasehold properties is not significantly different from the net book value.

DIRECTORS

The directors who served during the year were as follows:

B.F. Hoppe  
J.C. Blackwell  
A.F. Hoppe  
I.D. Hoppe

Mr D.J.A. Dale and Mr D.M. Drane were appointed directors on 6 October 1995.

Mr D.M. Drane resigned as a director on 31 August 1996.

None of the directors has any interest in the shares of the company.

B.F. Hoppe, J.C. Blackwell, A.F. Hoppe and I.D. Hoppe are also directors of Rowecord Holdings Limited and their shareholdings are disclosed in the directors' report of that company.

## ROWECORD ENGINEERING LIMITED

## DIRECTORS' REPORT (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;
- state whether applicable accounting standards have been followed subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on a 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.

**EMPLOYEES**

The directors recognise the importance of good communications and relations with employees, and management is encouraged to adopt such employee consultations as is appropriate.

It is company policy that disabled persons shall be considered for employment, career development and promotion on the basis of their aptitudes and abilities in common with all employees.

**HEALTH AND SAFETY**

It is the policy throughout the company to ensure that health and safety standards are maintained at a high level by careful attention to good working practices.

**CHARITABLE DONATIONS**

Charitable donations during the year amounted to £2,144 (1995 £3,184).

**AUDITORS**

The auditors, Mullens & Robinson, have indicated their willingness to accept reappointment under Section 385(2) of the Companies Act 1985.

On behalf of the board on 20 January 1997.



B.F. Hoppe  
Chairman

## AUDITORS' REPORT

## TO THE MEMBERS OF ROWECORD ENGINEERING LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and 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 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 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 30 June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Mullens & Robinson  
Chartered Accountants and  
Registered Auditors  
Aberafan House  
Aberafan Centre  
Port Talbot  
SA13 1BU

20 January 1997

ROWECORD ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 JUNE 1996

	Note	1996 £	1995 £
TURNOVER	1	18,075,818	16,751,310
Cost of sales		<u>15,767,230</u>	<u>15,077,172</u>
GROSS PROFIT		<u>2,308,588</u>	<u>1,674,138</u>
Distribution costs		81,164	64,581
Administrative expenses		1,916,937	1,382,133
Other operating income		<u>( 238,561)</u>	<u>( 257,321)</u>
		<u>1,759,540</u>	<u>1,189,393</u>
OPERATING PROFIT	2	549,048	484,745
Interest receivable (net)	3	<u>119,198</u>	<u>43,308</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		668,246	528,053
Taxation	4	<u>242,586</u>	<u>167,219</u>
PROFIT FOR THE FINANCIAL YEAR	12	425,660	360,834
Dividend		<u>400,000</u>	<u>200,000</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		25,660	160,834
Retained profit at 1 July 1995		<u>5,240,038</u>	<u>5,079,204</u>
Retained profit at 30 June 1996		<u>5,265,698</u> =====	<u>5,240,038</u> =====

The only recognised gain for the year is the profit for the year of £425,660 (1995 £360,834).

There were no acquisitions and no discontinued operations in the year.

The notes on page 6 to 10 form part of these financial statements.

## ROWECORD ENGINEERING LIMITED

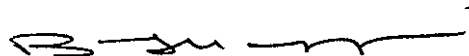
BALANCE SHEET  
AT 30 JUNE 1996

	Note	1996 £	1995 £
<b>FIXED ASSETS</b>			
Tangible assets	5	1,281,127	1,305,448
Investment	6	<u>2,000</u>	<u>2,000</u>
		<u>1,283,127</u>	<u>1,307,448</u>
<b>CURRENT ASSETS</b>			
Stocks and work in progress	7	2,517,600	2,579,741
Debtors	8	3,715,909	5,786,033
Cash at bank and in hand		<u>2,285,826</u>	<u>2,011,359</u>
		8,519,335	10,377,133
<b>CREDITORS</b>			
Amounts falling due within one year	9	<u>3,878,098</u>	<u>5,823,377</u>
<b>NET CURRENT ASSETS</b>		<u>4,641,237</u>	<u>4,553,756</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		5,924,364	5,861,204
<b>CREDITORS</b>			
Amounts falling due after more than one year	10	<u>450,000</u>	<u>412,500</u>
<b>NET ASSETS</b>		<u>5,474,364</u>	<u>5,448,704</u>
		=====	=====
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	200,000	200,000
Capital redemption reserve		8,666	8,666
Profit and loss account		<u>5,265,698</u>	<u>5,240,038</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<u>5,474,364</u>	<u>5,448,704</u>
		=====	=====

The notes on pages 6 to 10 form part of these financial statements.

Approved by the board on 20 January 1997.

B.F. Hoppe



Directors

A.F. Hoppe





## ROWECORD ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 JUNE 1996

## COMPLIANCE WITH ACCOUNTING STANDARDS

The financial statements have been prepared in accordance with applicable accounting standards. There were no material departures from these standards.

## 1. ACCOUNTING POLICIES

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and also have been consistently applied within the same financial statements.

**Basis of accounting**

The financial statements have been prepared under the historical cost convention.

The effect of events relating to the year ended 30 June 1996 which occurred before the date of approval of the financial statements by the board of directors have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30 June 1996 and the results for the year ended on that date.

**Turnover**

Turnover is the net amount invoiced during the year adjusted for work in progress.

**Tangible fixed assets**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided in equal annual instalments at the following rates:

Plant and machinery	10%
Vehicles	20%
Office furniture and fittings	15%
Computer equipment	25%

Depreciation is provided on leasehold land and buildings over the unexpired term of the lease or 50 years, whichever is the shorter.

**Investment**

Investment is stated at cost.

**Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost inclusive of appropriate overheads and estimated realisable value.

**Taxation**

The charge for taxation is based on the profit for the year. Provision is made for deferred taxation using the liability method to the extent that such taxation is expected to become payable within the foreseeable future.

**Leased assets**

Operating lease rentals are charged to the profit and loss account as incurred.

**Pensions**

The company operates defined contribution pension schemes. The amount charged to the profit and loss account is the amount payable during the year.

**Grant**

The grant is credited to the profit and loss account over ten years.

## ROWECORD ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 3. INTEREST RECEIVABLE (NET)

	1996 £	1995 £
Bank interest receivable	131,885	43,390
Less: Interest payable on bank loan and overdraft	<u>12,687</u>	<u>82</u>
	<u>119,198</u>	<u>43,308</u>
	=====	=====

## 4. TAXATION

Corporation tax at 33% (1995 25%)	237,760	167,219
Underprovision in respect of prior year	<u>4,826</u>	<u>-</u>
	<u>242,586</u>	<u>167,219</u>
	=====	=====

The taxation charge for the year was increased by £19,816 (1995 £1,690) in respect of the excess of depreciation over capital allowances on which deferred tax has not been provided.

## Deferred taxation

No provision has been made for deferred tax because no liability is expected to crystallise in the foreseeable future in view of the planned capital expenditure levels.

The full potential liability calculated at 33% (1995 33%) is

Accelerated capital allowances	169,891	153,616
Other	<u>( 51,220)</u>	<u>( 34,448)</u>
	<u>118,671</u>	<u>119,168</u>
	=====	=====

## 5. TANGIBLE FIXED ASSETS

	Leasehold land and buildings £	Plant and machinery £	Vehicles £	Fixtures, fittings & equipment £	Total £
<b>Cost</b>					
At 1 July 1995	194,420	1,764,251	314,888	216,141	2,489,700
Additions	32,507	61,219	112,060	72,567	278,353
Disposals	-	( 58,563)	( 64,496)	-	(123,059)
At 30 June 1996	<u>226,927</u>	<u>1,766,907</u>	<u>362,452</u>	<u>288,708</u>	<u>2,644,994</u>
<b>Depreciation</b>					
At 1 July 1995	39,502	805,977	184,370	154,403	1,184,252
Provided	14,819	166,312	42,368	40,026	263,525
On disposals	-	( 56,699)	( 27,211)	-	( 83,910)
At 30 June 1996	<u>54,321</u>	<u>915,590</u>	<u>199,527</u>	<u>194,429</u>	<u>1,363,867</u>
<b>Net book value</b>					
At 30 June 1996	<u>172,606</u>	<u>851,317</u>	<u>162,925</u>	<u>94,279</u>	<u>1,281,127</u>
	=====	=====	=====	=====	=====
At 30 June 1995	<u>154,918</u>	<u>958,274</u>	<u>130,518</u>	<u>61,738</u>	<u>1,305,448</u>
	=====	=====	=====	=====	=====

## ROWECORD ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 5. TANGIBLE FIXED ASSETS (CONTINUED)

The net book value of leasehold land and buildings comprises:

	1996 £	1995 £
Leasehold over 50 years	131,881	112,302
Other leaseholds	<u>40,725</u>	<u>42,616</u>
	<u>172,606</u>	<u>154,918</u>
	=====	=====

## 6. INVESTMENT

Cost		
At 1 July 1995 and at 30 June 1996	2,000	2,000
	=====	=====

## 7. STOCKS AND WORK IN PROGRESS

Stocks of materials and consumable stores	237,481	140,855
Work in progress	<u>2,280,119</u>	<u>2,438,886</u>
	<u>2,517,600</u>	<u>2,579,741</u>
	=====	=====

## 8. DEBTORS

Amounts falling due within one year		
Trade debtors	2,515,583	3,797,369
Amounts owed by group undertakings	1,132,847	1,958,270
Advance corporation tax	25,000	-
Other debtors	3,027	17,190
Prepayments and accrued income	<u>39,452</u>	<u>13,204</u>
	<u>3,715,909</u>	<u>5,786,033</u>
	=====	=====

## 9. CREDITORS

Amounts falling due within one year		
Amounts billed in advance	191,656	1,777,194
Trade creditors	2,268,674	2,604,436
Amounts owed to group undertakings	231,388	224,657
Corporation tax	237,760	154,719
Advance corporation tax	25,000	-
Other taxation and social security	354,455	732,277
Other creditors	-	5,000
Accruals and deferred income	169,165	125,094
Proposed dividend	<u>400,000</u>	<u>200,000</u>
	<u>3,878,098</u>	<u>5,823,377</u>
	=====	=====

## ROWECORD ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

## 10. CREDITORS

	1996 £	1995 £
Amounts falling due after more than one year		
Bank loan repayable between two and five years	300,000	300,000
Accruals and deferred income - grant	<u>150,000</u>	<u>112,500</u>
	<u>450,000</u>	<u>412,500</u>
	=====	=====

## 11. CALLED UP SHARE CAPITAL

Authorised, allotted, called up and fully paid 200,000 Ordinary shares of £1 each	200,000	200,000
	=====	=====

## 12. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Profit for the financial year	425,660	360,834
Dividend	<u>(400,000)</u>	<u>(200,000)</u>
Net addition to shareholders' funds	25,660	160,834
Opening shareholders' funds	<u>5,448,704</u>	<u>5,287,870</u>
Closing shareholders' funds	<u>5,474,364</u>	<u>5,448,704</u>
	=====	=====

## 13. CONTINGENT LIABILITIES

There are contingent liabilities in respect of agreements entered into in the normal course of trade.

## 14. PENSION COMMITMENTS

The company has defined contribution pension schemes for certain of its employees and directors. These are funded by premiums to an insurance company which considers that the payments made and to be made are adequate to fulfil the obligations under the schemes. The profit and loss account charge is shown in Note 2.

## 15. OPERATING LEASE COMMITMENTS

The amounts payable under operating leases for land and buildings which fall due in the next financial year are analysed according to the period in which each lease expires as follows:-

	1996 £	1995 £
Within one year	9,093	3,806
After five years	<u>14,315</u>	<u>14,250</u>
	=====	=====

## 16. ULTIMATE HOLDING COMPANY

The ultimate holding company is Rowecord Holdings Limited, a company incorporated in Great Britain and registered in England and Wales.