

Companies House Copy

W. H. FLUIDPOWER LIMITED

Report and Financial Statements

30 September 1999

**Deloitte & Touche
Hill House
1 Little New Street
London EC4A 3TR**



DIRECTORS' REPORT

The directors present their report and the audited financial statements for the year ended 30 September 1999.

PRINCIPAL ACTIVITY AND BUSINESS REVIEW

The company's principal activity is the distribution of hydraulic and pneumatic products. After a very strong start to the year the demand from some customers fell back. The directors look forward to improved performances in the future.

RESULTS AND DIVIDENDS

The profit for the year after taxation was £40,992 (1998 - £21,308). The directors recommend that no dividend be paid for the year (1998 - £nil).

DIRECTORS AND THEIR INTERESTS

The directors of the company during the year, none of whom had a beneficial interest in the share capital of the company, other than as nominees, were as follows:

W J Aiken	(appointed 1 February 1999)
P N Curson	(resigned 31 January 1999)
I T Lacey	
P J Munnelly	
W B Homan-Russell	
J K M Riley	(appointed 18 November 1999)
J L Boyd	(as alternate to W J Aiken; ceased on 7 September 1999)

W B Homan-Russell is a director of the company's parent company, Component Industries Limited, and details of his interests in the shares of group companies are shown in that company's accounts.

W J Aiken is a director of the company's ultimate parent company, SEP Industrial Holdings, and details of his interests in the shares of group companies are shown in that company's accounts.

The other directors who held office at 30 September 1999 and their immediate families had the following beneficial interests in the shares of other group companies:

In SEP Industrial Holdings plc at the beginning and end of the financial year.

	Number of 5p ordinary shares	
	30 September 1999	30 September 1998
I T Lacey	262,460	25,410
P J Munnelly	-	28,850

On 14 September 1999 I T Lacey and P J Munnelly acquired beneficial interests in 34,500 and 26,500 respectively ordinary shares of 10p each in its capital of the company's parent company, Component Industries Limited, pursuant to its exercise of options. On the same day, SEP Industrial Holdings plc acquired these shares in consideration for the allotment and issue of 454,346 and 348,990 respectively ordinary shares of 5p each in the capital of SEP Industrial Holdings plc.

DIRECTORS' REPORT (continued)

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution for the reappointment of Deloitte & Touche as auditors of the company will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board



W B Homan-Russell

Secretary

19th October 2000

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 as at the end of the financial year 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;
- 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' REPORT TO THE MEMBERS OF

W. H. FLUIDPOWER LIMITED

We have audited the financial statements on pages 5 to 13 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 3 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 company's state of affairs at 30 September 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Chartered Accountants and
Registered Auditors
25 October 2000

PROFIT AND LOSS ACCOUNT
Year ended 30 September 1999

	Note	1999 £	1998 £
TURNOVER	1	1,901,060	1,398,976
Cost of sales		(1,187,776)	(910,456)
Gross profit		<u>713,284</u>	<u>488,520</u>
Administrative expenses		(687,473)	(444,388)
OPERATING PROFIT	2	<u>25,811</u>	<u>44,132</u>
Interest payable and similar charges	4	(7,435)	(208)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>18,376</u>	<u>43,924</u>
Tax credit/(charge) on profit on ordinary activities	5	22,616	(22,616)
Retained profit for the financial year	12	<u><u>40,992</u></u>	<u><u>21,308</u></u>

All activities derive from continuing operations of the company.

There are no recognised gains and losses for the current or preceding year other than as stated in the profit and loss account. Accordingly no statement of total recognised gains and losses is given.

BALANCE SHEET
30 September 1999

	Note	1999 £	1998 £
FIXED ASSETS			
Tangible assets	6	68,796	75,611
CURRENT ASSETS			
Stocks	7	310,343	280,803
Debtors	8	352,474	562,463
Cash at bank and in hand		132,197	21,374
		795,014	864,640
CREDITORS: amounts falling due within one year	9	(493,036)	(601,469)
NET CURRENT ASSETS		301,978	263,171
TOTAL ASSETS LESS CURRENT LIABILITIES		370,774	338,782
PROVISIONS FOR LIABILITIES AND CHARGES	10	-	(9,000)
NET ASSETS		370,774	329,782
CAPITAL AND RESERVES			
Called up share capital	11	135,025	135,025
Profit and loss account	12	235,749	194,757
SHAREHOLDERS' FUNDS		370,774	329,782

The amount of shareholders' funds attributable to equity interest was £250,774 (1998 - £209,782) and to non equity interests was £120,000 (1998 - £120,000).

These financial statements were approved by the Board of Directors on 19th October 2000.

Signed on behalf of the Board of Directors



W J Aiken

Director

NOTES TO THE ACCOUNTS
Year ended 30 September 1999**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of certain fixed assets.

Turnover

Turnover represents amounts receivable for goods and services provided in the UK, net of trade discounts, VAT and other sales related taxes. All turnover is derived from the principal activity of the company.

Tangible fixed assets

Tangible fixed assets are stated at cost or valuation, less depreciation. Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life. The annual depreciation rates are as follows:

Motor vehicles	-	33% reducing balance
Furniture and equipment	-	15-25% straight line

Leasing and hire purchase commitments

Assets obtained under hire purchase and leases which result in the transfer to the company of substantially all the risks and rewards of ownership (finance leases) are capitalised as tangible fixed assets at the estimated present value of underlying lease payments and are depreciated in accordance with the above policy. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments is charged to the profit and loss account over the period of the lease or hire purchase contracts in order to produce a constant periodic rate of charge on the outstanding balance of the net obligation in each period.

Rentals paid under other leases (operating leases) are charged against income on a straight line basis over the lease term.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost means purchase price calculated on an average cost basis.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Provision is made for deferred taxation under the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes, except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

Pension costs

The company operates defined contribution pension schemes for certain employees. The assets of the schemes are held separately from those of the company. The company makes contributions which are charged to the profit and loss account in the year in which they become payable.

NOTES TO THE ACCOUNTS

Year ended 30 September 1999

1. ACCOUNTING POLICIES (continued)

Cash flow statement

A cash flow statement has not been prepared as the company is a wholly owned subsidiary undertaking and its ultimate holding company publishes consolidated financial statements including a cash flow statement.

2. OPERATING PROFIT

	1999 £	1998 £
Operating profit is stated after charging/(crediting):		
Depreciation and amounts written off fixed assets:		
- owned	23,060	12,637
- held under hire purchase contracts	-	1,602
Profit on disposal of fixed assets	(1,353)	(3,500)
Other operating lease rentals		
- plant and machinery	11,200	17,084
- other	74,795	31,110
Auditors' remuneration	8,400	8,400

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

The average monthly number of persons (including executive directors) employed by the company during the year was:

	1999 No.	1998 No.
Distribution	5	5
Sales	8	9
Administration	6	4
	<u>19</u>	<u>18</u>
	£	£
Employment costs:		
Wages and salaries	311,885	213,162
Social security costs	24,643	23,685
Other pension costs	11,974	10,139
	<u>348,502</u>	<u>246,986</u>

NOTES TO THE ACCOUNTS

Year ended 30 September 1999

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES (continued)

Directors' remuneration

Directors' remuneration was paid in respect of directors of the company as follows:

	1999 £	1998 £
Emoluments	67,419	56,486
Pension contributions to defined contribution scheme	4,162	3,315
	<u>71,581</u>	<u>59,801</u>

Two of the directors are members of defined contribution scheme (1998 - 2).

4. INTEREST PAYABLE AND SIMILAR CHARGES

	1999 £	1998 £
Bank loans and overdrafts	7,158	24
Hire purchase contracts	277	184
	<u>7,435</u>	<u>208</u>

5. TAX (CREDIT)/CHARGE ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
UK corporation tax at 31% (1998: 31%)	-	13,616
Deferred taxation	(9,000)	9,000
	<u>(9,000)</u>	<u>22,616</u>
Adjustment in respect of prior periods	(13,616)	-
	<u>(22,616)</u>	<u>22,616</u>

There is no current year tax charge as any profits will be fully relieved by current period losses available from other group companies for which no consideration is given.

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

6. TANGIBLE FIXED ASSETS

	Motor vehicles £	Furniture and equipment £	Total £
Cost			
At 1 October 1998	7,313	107,422	114,735
Additions	-	19,032	19,032
Disposals	(7,313)	(10,267)	(17,580)
At 30 September 1999	-	116,187	116,187
Accumulated depreciation			
At 1 October 1998	7,313	31,811	39,124
Charge for the year	-	23,060	23,060
Disposals	(7,313)	(7,480)	(14,793)
At 30 September 1999	-	47,391	47,391
Net book value			
At 30 September 1999	-	68,796	68,796
At 30 September 1998	-	75,611	75,611

The net book value of assets held under hire purchase contracts included above is £nil (1998 - £1,602).

7. STOCKS

	1999 £	1998 £
Finished goods and goods for resale	310,343	280,803

8. DEBTORS

	1999 £	1998 £
Trade debtors	334,144	528,438
Amounts owed by group undertakings	222	-
Taxation recoverable	-	10,437
Prepayments and accrued income	18,108	23,588
	352,474	562,463

NOTES TO THE ACCOUNTS

Year ended 30 September 1999

9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1999 £	1998 £
Obligations under hire purchase contracts	-	1,098
Trade creditors	222,286	356,477
Amounts owed to group undertakings	150,063	59,941
Corporation tax	-	48,741
Other taxes and social security	47,853	26,806
Accruals and deferred income	72,834	108,406
	<u>493,036</u>	<u>601,469</u>

The obligations under hire purchase contracts are secured on the assets being purchased.

10. PROVISIONS FOR LIABILITIES AND CHARGES

	1999 £	1998 £
Accelerated capital allowances	<u>-</u>	<u>9,000</u>
The movement on deferred taxation comprises:		
		£
Deferred taxation		
1 October 1998		9,000
Transferred to profit and loss account		<u>(9,000)</u>
30 September 1999		<u>-</u>

There is no unprovided deferred taxation (1998 - £nil).

11. CALLED UP SHARE CAPITAL

	1999 £	1998 £
Authorised:		
300,000 ordinary shares of 5p each	15,000	15,000
1,000 non-voting ordinary shares of 5p each	50	50
120,000 preference shares of £1 each	120,000	120,000
	<u>135,050</u>	<u>135,050</u>
Called up, allotted and fully paid:		
300,000 ordinary shares of 5p each	15,000	15,000
503 non-voting ordinary shares of 5p each	25	25
120,000 preference shares of £1 each	120,000	120,000
	<u>135,025</u>	<u>135,025</u>

The preference shares are non-voting and do not confer any right to participate in a dividend. On a winding up they are entitled to a repayment of £1 a share in preference to the ordinary shareholders. They are redeemable at any time by the company with a redemption price of £1 per share.

NOTES TO THE ACCOUNTS
Year ended 30 September 1999

12. PROFIT AND LOSS ACCOUNT

	£
1 October 1998	194,757
Retained profit for the year	40,992
	<hr/>
30 September 1999	235,749
	<hr/>

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit for the financial year	40,992	21,308
	<hr/>	<hr/>
Net increase in shareholders' funds	40,992	21,308
Opening shareholders' funds	329,782	308,474
	<hr/>	<hr/>
Closing shareholders' funds	370,774	329,782
	<hr/>	<hr/>

14. COMMITMENTS UNDER OPERATING LEASES

At 30 September 1999 the company had annual commitments under non-cancellable operating leases as follows:

	1999		1998	
	Land and buildings £	Other £	Land and buildings £	Other £
Leases which expire:				
Within one year	-	14,329	-	34,800
Within two to five years	-	48,565	-	-
After five years	11,901	-	22,020	-
	<hr/>	<hr/>	<hr/>	<hr/>
	11,901	62,894	22,020	34,800
	<hr/>	<hr/>	<hr/>	<hr/>

15. CONTINGENT LIABILITIES

The company has guaranteed the bank borrowings of various other subsidiary undertakings. At 30 September 1999, such borrowings amounted to £4,825,000 (1998 - £4,969,785).

NOTES TO THE ACCOUNTS

Year ended 30 September 1999

16. RELATED PARTY DISCLOSURES

In preparing these financial statements, the directors have taken advantage of the exemptions available under paragraph 3(c) of the Financial Reporting Standard No 8, Related Party Disclosures.

17. ULTIMATE PARENT COMPANY AND CONTROLLING PARTY

The directors regard SEP Industrial Holdings plc, as the company's ultimate parent undertaking and controlling party.

This company is the largest group of undertakings for which the group financial statements are prepared and of which the company is a wholly owned member. Copies of the financial statements of SEP Industrial Holdings plc may be obtained from the Company Secretary, SEP Industrial Holdings plc, The Tanners, 75 Meadrow, Godalming, Surrey, GU7 3HS.