

Aldridge Fabrications Limited

Report and Financial Statements

Year Ended

30 June 2001



BDO Stoy Hayw
Chartered Accountants



Aldridge Fabrications Limited

Annual report and financial statements for the year ended 30 June 2001

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Directors

D W Neville
R Jackson

Secretary and registered office

C Uncles, Ring Road, Chase Terrace, West Midlands, WS7 8JQ

Company number

2028134

Auditors

BDO Stoy Hayward, Tameway Tower, PO Box 30
Bridge Street, Walsall
West Midlands, WS1 1QX

Aldridge Fabrications Limited

Report of the directors for the year ended 30 June 2001

The directors present their report together with the audited financial statements for the year ended 30 June 2001.

Results and dividends

The profit and loss account is set out on page 6 and shows the profit for the year.

Principal activities, review of business and future developments

The company's principal activity during the year was that of a manufacturer of steel fabrications and material handling equipment and general engineers.

The results for the year and the financial position at the year end are considered satisfactory by the directors who expect continued growth in the foreseeable future

Market value of land and buildings

The directors are of the opinion that the market value of the company's interests in land and buildings is significantly in excess of book value, but have not incurred the expense of obtaining a professional valuation.

Directors

The directors of the company during the year were:

	Ordinary shares of £1 each	
	30 June 2001	30 June 2000
D W Neville	-	-
R Jackson	-	-

Mr D W Neville and Mr R Jackson were also directors of the ultimate parent company, A F Holdings Limited. Their interests in the shares of the ultimate parent company are shown in that company's financial statements.

Aldridge Fabrications Limited

Report of the directors for the year ended 30 June 2001 (*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 year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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; and
- 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 re-appoint them will be proposed at the annual general meeting.

On behalf of the board

D W Neville



Director

16 April 2002

Aldridge Fabrications Limited

Report of the independent auditors

To the shareholders of Aldridge Fabrications Limited

We have audited the financial statements of Aldridge Fabrications Limited for the year ended 30 June 2001 on pages 6 to 19 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities

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.

Aldridge Fabrications Limited

Report of the independent auditors (Continued)

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 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward

BDO STOY HAYWARD

*Chartered Accountants
and Registered Auditors*

Walsall

16 April 2002.

Aldridge Fabrications Limited**Profit and loss account for the year ended 30 June 2001**

	Note	2001 £	2000 £
Turnover	2	12,157,788	13,354,773
Cost of sales		10,384,149	11,560,356
		<hr/>	<hr/>
Gross profit		1,773,639	1,794,417
Distribution costs		475,771	489,981
Administrative expenses		941,866	885,937
		<hr/>	<hr/>
Operating profit	3	356,002	418,499
Interest payable and similar charges	4	(104,454)	(47,939)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		251,548	370,560
Taxation on profit on ordinary activities	7	53,000	74,169
		<hr/>	<hr/>
Profit on ordinary activities after taxation for the year		198,548	296,391
Dividends	8	23,976	23,976
		<hr/>	<hr/>
Retained profit for the financial year	17	174,572	272,415
		<hr/>	<hr/>

All amounts relate to continuing activities.

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

The notes on pages 9 to 19 form part of these financial statements.

Aldridge Fabrications Limited

Note of historical cost profits and losses for the year ended 30 June 2001

	Note	2001 £	2000 £
Reported profit on ordinary activities before taxation		251,548	370,560
Difference between actual and historical cost depreciation charge		1,790	1,790
		<u> </u>	<u> </u>
Historical cost profit on ordinary activities before taxation		253,338	372,350
		<u> </u>	<u> </u>
Retained historical cost profit for the year after taxation and dividends		229,162	274,205
		<u> </u>	<u> </u>

The notes on pages 9 to 19 form part of these financial statements.

Aldridge Fabrications Limited

Balance sheet at 30 June 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	9		3,081,020		2,968,451
Current assets					
Stocks	11	1,600,198		1,436,945	
Debtors	12	3,122,648		3,054,922	
Cash at bank and in hand		737		2,223	
			4,723,583	4,494,090	
Creditors: amounts falling due within one year	13	3,664,434		3,743,860	
Net current assets			1,059,149		750,230
Total assets less current liabilities			4,140,169		3,718,681
Creditors: amounts falling due after more than one year	14	312,634		78,718	
Provision for liabilities and charges	15	219,000		206,000	
			531,634		284,718
			3,608,535		3,433,963
Capital and reserves					
Called up share capital	16		1,000,000		1,000,000
Revaluation reserve	17		393,985		395,775
Other reserves	17		244,939		244,939
Profit and loss account	17		1,969,611		1,793,249
Equity shareholders' funds			3,608,535		3,433,963

The financial statements were approved by the Board on 16 April 2002

D W Neville
Director

The notes on pages 9 to 19 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of land and buildings and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Consolidated financial statements

The company is exempt under section 228 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as it and its subsidiary undertakings are included by full consolidation in the consolidated financial statements of its parent. These financial statements therefore present information about the company as an individual undertaking and not about its group.

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that at least 90% of the voting rights in the company are controlled within the group headed by A.F. Holdings Limited and the company is included in consolidated financial statements.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales.

Depreciation

Depreciation is provided to write off the cost or valuation of tangible fixed assets evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- 1% straight line
Long Leasehold property	- 1% straight line
Short leasehold property	- 10% straight line
Plant, equipment and vehicles	- 10%-25% reducing balance

No depreciation is provided on land.

Stocks

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

Work in progress and finished goods include appropriate overhead expenses. Payments on account relating to work in progress are deducted from work in progress to the extent of the net cost of each contract.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability will crystallise.

Aldridge Fabrications Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (Continued)

1 Accounting policies (continued)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pensions

The pension costs charged in the accounts represent the contributions payable by the company during the year in accordance with SSAP 24.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating profit

This is arrived at after charging:

	2001 £	2000 £
Depreciation of tangible fixed assets	175,583	161,121
Hire of plant and machinery - operating leases	92,463	84,382
Hire of other assets - operating leases	94,613	38,090
Auditors' remuneration - audit services	12,300	12,250
Remuneration of auditors for non-audit work	11,505	13,900
Release of accruals	-	154,585
	<u> </u>	<u> </u>

Aldridge Fabrications Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (Continued)

4 Interest payable and similar charges

	2001 £	2000 £
Bank loans and overdrafts	86,473	36,329
Finance leases and hire purchase contracts	15,790	9,385
On overdue tax	2,191	2,225
	<u>104,454</u>	<u>47,939</u>

5 Employees

Staff costs (including directors) consist of:

	2001 £	2000 £
Wages and salaries	3,878,714	3,907,255
Social security costs	347,023	380,662
Other pension costs	24,436	34,931
	<u>4,250,173</u>	<u>4,322,848</u>

The average number of employees (including directors) during the year was as follows:

	2001 Number	2000 Number
Production	196	195
Selling and distribution	6	6
Administration	13	14
	<u>215</u>	<u>215</u>

6 Directors' remuneration

	2001 £	2000 £
Directors' emoluments	99,920	97,912
Company contributions to money purchase pension schemes	7,114	8,168
	<u>107,034</u>	<u>106,080</u>

6 Directors' remuneration

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 2 (1999- 2).

Amounts payable to third parties for directors services were £9,259 (2000 - £7,339).

7 Taxation on profit on ordinary activities

	2001 £	2000 £
<i>UK Corporation tax</i>		
<i>Current year</i>		
Current tax on income for the year	40,000	58,000
Transfer to deferred taxation account	13,000	18,000
	<hr/>	<hr/>
	53,000	76,000
<i>Prior years</i>		
UK Corporation tax	-	(1,831)
	<hr/>	<hr/>
	53,000	74,169
	<hr/>	<hr/>

8 Dividends

	2001 £	2000 £
<i>Equity shares</i>		
Ordinary shares		
Interim dividend paid	11,988	11,988
Final dividend proposed	11,988	11,988
	<hr/>	<hr/>
	23,976	23,976
	<hr/>	<hr/>

Aldridge Fabrications Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (Continued)

9 Tangible fixed assets

	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Total £
<i>Cost or valuation</i>				
At 1 July 2000	902,944	757,995	2,976,163	4,637,102
Additions	12,045	42,690	233,417	288,152
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2001	914,989	800,685	3,209,580	4,925,254
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>				
At 1 July 2000	4,500	14,364	1,649,787	1,668,651
Provided for the year	4,620	11,714	159,249	175,583
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2001	9,120	26,078	1,809,036	1,844,234
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 2001	905,869	774,607	1,400,544	3,081,020
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 2000	898,444	743,631	1,326,376	2,968,451
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of leasehold land and buildings may be further analysed as follows:

	2001 £	2000 £
Long leasehold	712,874	703,486
Short leasehold	61,733	40,145
	<hr/>	<hr/>
	774,607	743,631
	<hr/>	<hr/>

Included in land and buildings is land amounting to £804,975 (2000 - £804,975) which is not depreciated.

The company's freehold and long leasehold land and buildings were revalued on an open market basis in March 1992 for continuation of existing use. The valuation has not been updated as the company has taken advantage of the transitional arrangements of Financial Reporting Standard 15 (Tangible Fixed Assets) to retain the existing book values including those of its unimpaired tangible fixed assets which were previously stated at valuation.

Aldridge Fabrications Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

9 Tangible fixed assets (*continued*)

The historical cost of land and buildings is:

	2001 £	2000 £
Cost	1,351,658	1,296,923
Accumulated depreciation based on historical cost	65,167	50,623
	<hr/>	<hr/>
Historical cost net book value	1,286,491	1,246,300
	<hr/>	<hr/>

The net book value of fixed assets includes an amount of £260,839 (2000 - £149,464) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £26,472 (2000 - £25,696).

10 Fixed asset investments

Subsidiary undertakings, associated undertakings and other investments

The principal undertakings in which the company's interest at the year end is 20% or more are as follows:

	Class of share capital held	%	Nature of business
<i>Subsidiary undertakings</i>			
Finchston Limited	Ordinary	100	Dormant
A.F.M.C Limited	Ordinary	100	Dormant

The figures in respect of subsidiary undertakings have been extracted from audited financial statements for the year ended 30 June 2001 whereas the figures in respect of the quasi-subsidiary undertaking have been extracted from management accounts as at 30 June 2001.

	Aggregate share capital and reserves £	Profit/(loss) for the year £
<i>Subsidiary undertakings</i>		
Finchston Limited	1,597,100	-
A.F.M.C Limited	100	-

Aldridge Fabrications Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

11 Stocks

	2001 £	2000 £
Raw materials and consumables	552,512	630,927
Work in progress	1,047,686	806,018
	<u>1,600,198</u>	<u>1,436,945</u>

12 Debtors

	2001 £	2000 £
Trade debtors	2,404,417	2,429,661
Amounts owed by group undertakings	489,242	489,242
Other debtors	83,414	32,964
Prepayments and accrued income	145,575	103,055
	<u>3,122,648</u>	<u>3,054,922</u>

Amounts owed by group undertakings fall due after more than one year.

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

13 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts	771,991	560,549
Trade creditors	1,975,464	2,430,518
Amounts owed to group undertakings	11,988	11,988
Taxation and social security	583,820	381,860
Corporation tax	97,955	171,811
Obligations under hire purchase contracts	47,923	52,769
Other creditors	6,837	7,761
Accruals and deferred income	168,456	126,604
	<u>3,664,434</u>	<u>3,743,860</u>

Aldridge Fabrications Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (Continued)

13 Creditors: amounts falling due within one year

The bank overdraft is secured by cross guarantees within the group and by a fixed and floating charge over the assets of the company.

The bank loan is secured as shown in note 14.

Some suppliers include in their conditions of sale a clause under which title to the goods is reserved until payment is made.

Included in other creditors is an amount of £6,907 (1999 - £6,907) due to Mr R Jackson and his family.

14 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loans	206,250	40,000
Obligations under finance lease and hire purchase contracts	106,384	38,718
	<u>312,634</u>	<u>78,718</u>

Maturity of debt:

	Finance Leases		Other debt		Total	
	2001 £	2000 £	2001 £	2000 £	2001 £	2000 £
In one year or less, or on demand	47,923	52,769	771,991	560,549	819,914	613,318
In more than one year but not more than two years	38,046	38,718	25,000	40,000	63,046	78,718
In more than two years but not more than five years	38,045	-	75,000	-	113,045	-
In more than five years	30,293	-	106,250	-	136,543	-
	<u>154,307</u>	<u>91,487</u>	<u>978,241</u>	<u>600,549</u>	<u>1,132,548</u>	<u>692,036</u>

Aldridge Fabrications Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (*Continued*)

14 Creditors: amounts falling due after more than one year (*Continued*)

The bank loans are secured by cross guarantees within the group and by a fixed and floating charge over the assets of the group.

The loan is repayable by equal quarterly instalments of £6,250 with interest being charged at 2% above the LIBOR rate.

15 Provision for liabilities and charges

	Deferred taxation
	£
At 30 June 2000	206,000
Charged to profit and loss account	13,000
	<hr/>
At 30 June 2001	219,000
	<hr/>
Deferred taxation	

	2001 £	Unprovided 2000 £	2001 £	Provided 2000 £
Accelerated capital allowances	178,000	144,000	219,000	206,000
	<hr/>	<hr/>	<hr/>	<hr/>

16 Share capital

	2001 £	Authorised 2000 £	Allotted, called up and fully paid 2001 £	2000 £
<i>Equity share capital</i>				
1,000,000 Ordinary shares of £1 each	1,000,000	1,000,000	1,000,000	1,000,000
	<hr/>	<hr/>	<hr/>	<hr/>

Aldridge Fabrications Limited

Notes forming part of the financial statements for the year ended 30 June 2001 (Continued)

17 Reserves

	Revaluation reserve £	Other reserves £	Profit and loss account £
At 1 July 2000	395,775	244,939	1,793,249
Profit for the year	-	-	174,572
Transfers	(1,790)	-	1,790
	<hr/>	<hr/>	<hr/>
At 30 June 2001	393,985	244,939	1,969,611
	<hr/>	<hr/>	<hr/>

18 Reconciliation of movements in shareholders' funds

	2001 £	2000 £
Profit for the year	198,548	296,391
Dividends	(23,976)	(23,976)
	<hr/>	<hr/>
	174,572	272,415
Opening shareholders' funds	3,433,963	3,161,548
	<hr/>	<hr/>
Closing shareholders' funds	3,608,535	3,433,963
	<hr/>	<hr/>

19 Contingent liabilities

The company has guaranteed the bank indebtedness of its group undertakings and has provided its bankers with a fixed and floating charge over its long leasehold and freehold properties and book debts, securing the indebtedness of itself and those undertakings, the net amount of which at 30 June 2001 was £Nil (2000 - £Nil).

20 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £24,436 (2000 - £34,931).

21 Commitments under operating leases

As at 30 June 2001, the company had annual commitments under non-cancellable operating leases as set out below:

	2001		2000	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	50,706	-	20,217
In two to five years	20,140	29,284	-	70,059
After five years	74,632	-	43,772	-
	<u>94,772</u>	<u>79,990</u>	<u>43,772</u>	<u>90,276</u>

Included in the amount due in over five years is £23,000 which is subject to an exit clause in the third year.

22 Related party disclosures

Related party transactions and balances

The chief buyer of the company is a director and shareholder of Saddlers Court Machining Co. Limited and wives of a director and senior manager are also shareholders. During the year the company has invoiced sales of £60,680 (2000 - £18,759) to, made purchases of £229,304 (2000 - £297,298) from, and recharged payroll costs of £92,722 (2000 - £72,396) to, Saddlers Court Machining Co. Limited.

At the end of the year a debtor balance of £80,858 was due from Saddlers Court Machining Co. Limited (2000 - a £41,565 creditor balance was outstanding).

Loans and transactions concerning directors and officers of the company

Included in other debtors is a loan of £347 (2000 - £316) which is due from Mr D W Neville, a director of the company and a shareholder in the ultimate parent company AF Holdings Limited. The maximum amount outstanding during the year in respect of this loan amounted to £634.

23 Ultimate parent company and parent undertaking of larger group

The ultimate parent company is AF Holdings Limited, which prepares group financial statements. The directors are of the opinion that there is no controlling party of the parent company.