

**Encon Manufacturing Limited**

**Directors' report and financial  
statements**

**Registered number 2337090**

**31 August 2004**



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## Directors' report

The directors present their annual report and the audited financial statements for the year ended 31 August 2004.

### Principal activities and business review

The company has not traded during the year.

### Dividends

No dividend was paid during the year (2003: £97,500).

### Directors and directors' interests

The directors who held office during the year were as follows:

J Smellie  
A Kirkbright  
PA Kirk  
ID McKerracher

PA Kirk, J Smellie and ID McKerracher are directors of the ultimate parent company, Encon Limited, and are therefore not required to disclose their interests in group companies in the financial statements of this company.

The beneficial interests of the other director in the share capital of group companies as recorded in the register of directors interests were:

	31 August 2004	31 August 2003
<b>Encon Limited</b>		
A Kirkbright - Deferred ordinary shares of 1p each	21,964	21,964

By order of the board

PA Kirk  
Director



Brunswick House  
1 Deighton Close  
Wetherby  
LS22 7GZ

1 February 2005

## **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 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; 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.



1 The Embankment  
Neville Street  
Leeds LS1 4DW

## **Report of the independent auditors to the members of Encon Manufacturing Limited**

We have audited the financial statements on pages 4 to 7.

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 and 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**

The directors are responsible for preparing the directors' report and, as described on page 2, the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

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.

### **Basis of audit 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 31 August 2004 and of its result for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**KPMG LLP**  
*Chartered Accountants*  
*Registered Auditor*

1 February 2005

**Profit and loss account**  
*for the year ended 31 August 2004*

*Note*

	2004 £	2003 £
<b>Profit for the financial year</b>	-	-
Dividend paid	-	(97,500)
	<hr/>	<hr/>
<b>Retained loss for the financial year</b>	-	(97,500)
	<hr/>	<hr/>

The financial statements have been prepared on an unmodified historical cost basis.

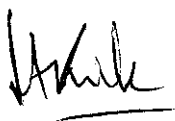
A statement of movements on reserves is given in note 6.

## Balance sheet

at 31 August 2004

	Note	2004	2003
		£	£
<b>Current assets</b>			
Debtors	3	47,584	47,584
		<u>47,584</u>	<u>47,584</u>
<b>Creditors: amounts falling due within one year</b>	4	(47,582)	(47,582)
		<u></u>	<u></u>
<b>Net current assets</b>		2	2
		<u></u>	<u></u>
<b>Net assets</b>		2	2
		<u></u>	<u></u>
<b>Capital and reserves</b>			
Called up share capital	5	2	2
Profit and loss account	6	-	-
		<u></u>	<u></u>
<b>Equity shareholders' funds</b>		2	2
		<u></u>	<u></u>

These financial statements were approved by the board of directors on 1 February 2005 and were signed on its behalf by:



**PA Kirk**  
 Director

## Notes

*(forming part of the financial statements)*

### 1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements.

#### *Basis of preparation*

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

#### *Taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### *Cash flow statement*

Under Financial Reporting Standard No 1 (Revised 1996), the company is exempt from the requirement to prepare a cash flow statement on the grounds that it is wholly owned subsidiary undertaking.

### 2 Remuneration of directors and staff costs

No director received any emoluments in respect of his services to the company during the year (2003: £Nil).

The company has no other employees.

### 3 Debtors

	2004 £	2003 £
Amounts owed by parent and fellow subsidiary undertakings	<u>47,584</u>	<u>47,584</u>

### 4 Creditors: amounts falling due within one year

	2004 £	2003 £
Amounts owed to parent and fellow subsidiary undertakings	<u>47,582</u>	<u>47,582</u>



## Notes (continued)

### 5 Called up share capital

	2004 £	2003 £
<i>Authorised</i>		
Ordinary shares of £1 each	100	100
	<hr/>	<hr/>
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	2	2
	<hr/>	<hr/>

### 6 Profit and loss account

	2004 £	2003 £
At beginning of year	-	97,500
Loss for the financial year	-	(97,500)
	<hr/>	<hr/>
At end of year	-	-
	<hr/>	<hr/>

### 7 Contingent liabilities

The company has given unlimited guarantees, secured by a fixed and floating charge over all the assets of the company, in respect of bank borrowings by certain other group undertakings in the Encon group. At 31 August 2004 the potential liability was £38,096,000 (2003: £37,217,000).

### 8 Parent undertaking and ultimate parent company

Encon Limited, which is registered in England and Wales, is the ultimate parent company of Encon Manufacturing Limited. It is also the parent undertaking of the largest group of undertakings for which group financial statements are drawn up and in which Encon Manufacturing Limited is included. This is also the smallest group of undertakings for which consolidated financial statements are prepared and in which the company is included.

Group financial statements of Encon Limited for the period ended 31 August 2004 will be filed with the Registrar of Companies, Crown Way, Maindy, Cardiff, CF4 3UZ (from whom copies will then be available to the public).