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**W & R LEWIS LIMITED**  
**FINANCIAL STATEMENTS**  
for the fifty-two weeks ended  
27 October 2002

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a true copy of  
the original*

*WRS*



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**W & R LEWIS LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR THE FIFTY-TWO WEEKS ENDED 27 OCTOBER 2002**

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*The following pages do not form part of the statutory accounts:*

Detailed trading and profit and loss account	Appendix 1
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## **W & R LEWIS LIMITED**

### **Directors**

F W Wood (Chairman)  
N R Carrick  
E D W Phillips  
D Robinson

### **DIRECTORS' REPORT**

The directors submit their annual report and the audited financial statements of the company for the fifty-two weeks ended 27 October 2002 ("the year").

#### **Business review**

The principal activity of the company continues to be:

1. Importers and manufacturers of fibre rope products;
2. Manufacturers of net products;
3. Manufacturers, suppliers and testers of lifting gear.

The trading results for the year are shown in the profit and loss account on page 5.

The directors do not recommend the payment of a dividend.

The business assets and liabilities of the Company were transferred to a fellow group subsidiary on the 25 October 2002 for a consideration of net asset value.

#### **Directors**

The membership of the Board is shown above. All served on the Board throughout the year. Mr W A Watson retired as a Director on the 2 April 2002.

#### **Directors' shareholdings**

None of the directors has any beneficial interest in the share capital of the company. The interests of Messrs F W Wood and N R Carrick in the share capital of Cosalt plc, the ultimate parent company, are disclosed by that company.

The interests of the other directors in the ordinary share capital of Cosalt plc are as follows:

	At 27 October 2002	At 28 October 2001
E D W Phillips	873	873

These holdings include shares issued under the Cosalt plc Employees' Profit Sharing Scheme.

# W & R LEWIS LIMITED

## DIRECTORS' REPORT

(continued)

Mr E D W Phillips also held options to purchase Cosalt plc ordinary shares under the various Cosalt plc Executive Share Option Schemes as follows:-

At 28 October 2001	Granted during year	Exercised during year	Lapsed during year	At 27 October 2002	Exercise price (p)	Dates from which exercisable	Expiry date
11,000	-	-	-	11,000	222.50	26.04.04*	25.04.11
-	1,908	-	-	1,908	289.50	28.06.05*	27.06.12
-	12,092	-	-	12,092	289.50	28.06.05*	27.06.09
11,000	14,000			25,000			

\* Performance criteria must be met before exercise permitted.

The market price of Cosalt plc ordinary shares at 27 October 2002 was 280.5p and the range during the year was 209.0p to 305.0p.

### Fixed assets

The movement in tangible fixed assets are set out in note 8 to the financial statements. In note 16 additional information is provided on assets used by the company which are subject to lease agreements.

### Adoption of FRS 19

The new accounting standard, FRS 19: Deferred taxation, has been adopted in the period. The adoption of FRS19 has not resulted in any change in the deferred taxation position previously reported and hence no prior year adjustment has been recorded.

By order of the Board



A J Robson  
Secretary  
Fish Dock Road  
GRIMSBY

19 August 2003

**W & R LEWIS LIMITED****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 at the end of the year, 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 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 the going concern basis unless it is inappropriate to assume 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 a 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.

**REPORT OF THE INDEPENDENT AUDITORS, KPMG AUDIT PLC TO THE  
MEMBERS OF W & R LEWIS LIMITED**

We have audited the financial statements on pages 5 to 14.

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 3, 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 27 October 2002, and of its profit for the fifty-two weeks then ended, and have been properly prepared in accordance with the Companies Act 1985.

*KPMG Audit Plc*  
KPMG Audit Plc  
Chartered Accountants  
Registered Auditor  
Leeds

19 August 2003

**W & R LEWIS LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE FIFTY-TWO WEEKS ENDED 27 OCTOBER 2002**

		year ended 27 October 2002	74 weeks ended 28 October 2001
	Note	£	£
<b>Turnover</b>	2	<u>2,112,053</u>	<u>3,104,331</u>
<b>Operating profit</b>	3	37,093	64,814
Interest payable and similar charges	4	—	<u>301</u>
<b>Profit on ordinary activities before taxation</b>		37,093	64,513
Taxation	6	<u>11,626</u>	<u>18,964</u>
<b>Profit for the financial year/period</b>	14	<u>25,467</u>	<u>45,549</u>

All operations are classed as discontinued.

The company has no recognised gains or losses other than the profits for the years disclosed above; accordingly, a statement of recognised gains and losses has not been included in these financial statements.

The notes on pages 7 to 14 form part of these financial statements.

**W & R LEWIS LIMITED**  
**BALANCE SHEET - 27 OCTOBER 2002**

	Note	27 October 2002		28 October 2001	
		£	£	£	£
<b>Fixed Assets</b>					
Intangible assets	7	-	-	4,709	
Tangible fixed assets	8	-	-	58,285	
Investments	9		<u>99</u>	<u>99</u>	
			99	63,093	
<b>Current Assets</b>					
Stocks	10	-	-	260,301	
Debtors	11	673,084	-	504,452	
Bank and cash balances		<u>-</u>	-	<u>139,030</u>	
		673,084		903,783	
<b>Creditors</b>					
Amounts falling due within one year	12	<u>-</u>	-	<u>319,160</u>	
<b>Net current assets</b>			<u>673,084</u>	<u>584,623</u>	
<b>Net Assets</b>			<u>673,183</u>	<u>647,716</u>	
<b>Capital and reserves</b>					
Called up share capital	13	22,000	22,000	22,000	
Capital redemption reserve	14	2,035	2,035	2,035	
Profit and loss account	14	<u>649,148</u>	<u>649,148</u>	<u>623,681</u>	
<b>Equity shareholders' funds</b>	14	<u>673,183</u>	<u>673,183</u>	<u>647,716</u>	

Approved by the Board on 19 August 2003

N R Carrick – Director



The notes on pages 7 to 14 form part of these financial statements.



## W & R LEWIS LIMITED

### NOTES ON FINANCIAL STATEMENTS - 27 OCTOBER 2002

#### 1 Accounting policies

##### Basis of accounting

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

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No.1 on the grounds that it is a wholly owned subsidiary undertaking of a parent undertaking which publishes a consolidated cash flow statement.

##### Depreciation

Tangible fixed assets are depreciated on a straight line basis at annual rates which vary depending on the type of asset but which are generally:

Leasehold property improvements	Over life of lease
Plant and machinery	5-20%
Motor vehicles	20-25%

##### Intangible fixed assets

Patents and licences purchased by the company are capitalised at their cost and amortised to nil by equal annual instalments over their useful economic lives, generally their respective unexpired years, of between 2 and 7 years.

##### Leased assets

Assets which are financed by leasing agreements transferring substantially all the risks and rewards of ownership (finance leases) are capitalised and depreciated over their useful lives. The liability to the leasing company is included in creditors. Leasing payments are treated as consisting of capital and interest elements and the interest is charged to profit and loss account. All other payments under lease agreements are charged in full to profit and loss account.

##### Stocks

Stocks are stated at the lower of cost, including an appropriate proportion of production overheads, and net realisable value.

##### Deferred 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. Deferred taxation is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS19.

##### Pension costs

Contributions to the group's defined benefit pension schemes are charges to the profit and loss account so as to spread the cost of pensions over employees' service lives.

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable, in accordance with the rules of the scheme.

##### Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction, or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currency are translated using the rate of exchange ruling at the balance sheet date, and the gains or losses on translation are included in the profit and loss account.

## W &amp; R LEWIS LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27 OCTOBER 2002

(continued)

**2 Turnover**

Turnover represents the goods and services, excluding value added tax, invoiced to customers arising from the principal activities as disclosed in the Directors' Report. All turnover originated in the United Kingdom.

**3 Operating profit**

Operating profit has been arrived at after charging/(crediting):

	2002 £	2001 £
Movement in stocks of finished goods and work in progress	260,301	54,523
Raw materials and consumables	1,063,057	1,799,228
Auditors' remuneration - audit fees	12,000	1,035
Plant hire	10,568	2,835
Other external charges	231,103	342,389
Staff costs (note 5)	466,281	799,046
Amortisation of patents	-	1,058
Depreciation on owned assets	<u>31,650</u>	<u>39,403</u>
	<u>2,074,960</u>	<u>3,039,517</u>

## W &amp; R LEWIS LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27 OCTOBER 2002

(continued)

<b>4 Interest payable and similar charges</b>	<b>2002 £</b>	<b>2001 £</b>
Interest on bank borrowings	<u>-</u>	<u>301</u>
<b>5 Directors and employees</b>	<b>2002 £</b>	<b>2001 £</b>
Staff costs:		
Wages and salaries	429,639	689,770
Social security costs	33,723	64,276
Other pension costs	<u>2,919</u>	<u>45,000</u>
	<u>466,281</u>	<u>799,046</u>
Emoluments of the directors of the company were:		
Remuneration for management:	<u>17,840</u>	<u>147,517</u>

	<b>Number</b>	<b>Number</b>
The number of directors accruing benefits under defined benefit pension schemes in respect of qualifying service was:	3	3
The number of directors granted share options in respect of Cosalt plc shares during the year was:	3	3

## W &amp; R LEWIS LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27 OCTOBER 2002

(continued)

## 5 Directors and employees (continued)

	2002	2001
The average number of employees of the company during the year was:		
Management and administration	10	11
Sales and distribution staff	<u>17</u>	<u>17</u>
	<u>27</u>	<u>28</u>

## 6 Taxation

	2002 £	2001 £
The taxation charge based on the profit on ordinary activities is:		
UK corporation tax payable at 30% (2001: 30%)	13,000	22,750
Deferred taxation	<u>(1,374)</u>	<u>(2,872)</u>
	11,626	19,878
Adjustments in respect of prior years:		
Deferred taxation	<u>-</u>	<u>(914)</u>
	<u>11,626</u>	<u>18,964</u>

Factors affecting the current tax charge.

The tax assessed on the profit on ordinary activities for the year is higher (2001: higher) than the standard rate of corporation tax in the UK of 30% (2001: 30%)

The differences are reconciled below:

	2002 £	2001 £
Profit on ordinary activities before tax	<u>37,093</u>	<u>64,513</u>
Tax at current UK Corporation tax rate of 30% (2001: 30%)	11,128	19,354
Effects of:		
Expenses not deductible for tax purposes:		
Amortisation of intangible assets	-	317
Other	498	207
Depreciation in excess of capital allowances	<u>1,374</u>	<u>2,872</u>
Current tax charge for year/period	<u>13,000</u>	<u>22,750</u>

## W &amp; R LEWIS LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27 OCTOBER 2002

(continued)

**7 Intangible Assets**

	<b>Patents &amp; Licences 2002 £</b>
<b>Cost</b>	
At 29 October 2001	5,767
Group transfer	<u>(5,767)</u>
At 27 October 2002	<u>-</u>
<b>Amortisation</b>	
At 29 October 2001	1,058
Group transfer	<u>(1,058)</u>
At 27 October 2002	<u>-</u>
<b>Net book amount</b>	
At 27 October 2002	<u>-</u>
At 29 October 2001	<u>4,709</u>

**8 Tangible fixed assets**

	<b>Plant and machinery £</b>	<b>Motor vehicles £</b>	<b>Total £</b>
<b>Cost</b>			
At 29 October 2001	91,995	85,153	177,148
Group transfers on disposal of business	(91,995)	(31,866)	(123,861)
Disposals	<u>-</u>	<u>(53,287)</u>	<u>(53,287)</u>
At 27 October 2002	<u>-</u>	<u>-</u>	<u>-</u>
<b>Depreciation</b>			
At 29 October 2001	60,696	58,167	118,863
Charged to profit and loss account	11,652	19,998	31,650
Group transfers on disposal of business	(72,348)	(40,378)	(112,726)
Eliminated in respect of disposals	<u>-</u>	<u>(37,787)</u>	<u>(37,787)</u>
At 27 October 2002	<u>-</u>	<u>-</u>	<u>-</u>
<b>Net book values</b>			
At 27 October 2002	<u>-</u>	<u>-</u>	<u>-</u>
At 28 October 2001	<u>31,299</u>	<u>26,986</u>	<u>58,285</u>

## W &amp; R LEWIS LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27 OCTOBER 2002

(continued)

**9 Investments**

	£
Cost and net book value	
At 28 October 2001 and 27 October 2002	<u>99</u>

**10 Stocks**

	2002 £	2001 £
Finished goods	<u>-</u>	<u>260,301</u>

**11 Debtors**

	2002 £	2001 £
Amounts falling due within one year:		
Trade debtors	-	466,143
Amounts due from fellow subsidiary undertakings	673,084	25,108
Deferred taxation	-	3,786
Prepayments and accrued income	<u>-</u>	<u>9,415</u>
	<u>673,084</u>	<u>504,452</u>

**12 Creditors**

	2002 £	2001 £
Amounts falling due within one year:		
Trade creditors	-	207,119
Amounts owed to fellow subsidiary undertakings	-	37,841
Corporation tax	-	22,750
Other taxation	-	31,605
Accruals and deferred income	<u>-</u>	<u>19,845</u>
	<u>-</u>	<u>319,160</u>

## W &amp; R LEWIS LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27 OCTOBER 2002

(continued)

<b>13 Called up share capital</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
Authorised:		
14,000 'A' ordinary shares of £1 each	14,000	14,000
8,000 'B' ordinary shares of £1 each	8,000	8,000
3,000 ordinary shares of £1 each	<u>3,000</u>	<u>3,000</u>
	<u>25,000</u>	<u>25,000</u>
Issued and fully paid:		
14,000 'A' ordinary shares of £1 each	14,000	14,000
8,000 'B' ordinary shares of £1 each	<u>8,000</u>	<u>8,000</u>
	<u>22,000</u>	<u>22,000</u>

<b>14 Reserves</b>	<b>2002</b>	<b>2001</b>
	<b>£</b>	<b>£</b>
a) Reconciliation of movements in equity shareholders' funds		
Profit for the financial year	25,467	45,549
Opening equity shareholders' funds	<u>647,716</u>	<u>602,167</u>
Closing equity shareholders' funds	<u>673,183</u>	<u>647,716</u>
b) Profit and loss account		
	<b>Capital redemption reserve £</b>	<b>Profit and loss account £</b>
		<b>Total £</b>
Balance at 28 October 2001	2,035	623,681
Profit for the year	<u>-</u>	<u>25,467</u>
Balance at 27 October 2002	<u>2,035</u>	<u>649,148</u>

**15 Deferred taxation**

	<b>Accelerated capital allowances</b>
At 28 October 2001	(3,786)
Deferred taxation	(1,374)
Group transfer on disposal of business	<u>5,160</u>
At 27 October 2002	<u>-</u>

## W &amp; R LEWIS LIMITED

## NOTES ON FINANCIAL STATEMENTS - 27 OCTOBER 2002

(continued)

**16 Leasing obligations**

	2002	2001
Annual commitments due under non-cancellable operating leases are:		
Land and buildings leases which expire:		
Between two and five years	<u>-</u>	<u>38,380</u>
Plant leases which expire:		
Within one year	<u>-</u>	<u>4,252</u>

**17 Pension commitments**

The company is part of the Cosalt plc group which operates several pension schemes, the major one being of the defined benefit type, and the assets of these schemes are held in separate trustee administered funds. This scheme was closed to new entrants on 25 July 2001 and replaced by a defined contribution scheme.

The Group has continued to account for pensions in accordance with Statement of Standard Accounting Practice 24 (SSAP24) and the disclosures required by that standard are included in the Group financial statements.

A new pension cost accounting standard, Financial Reporting Standard 17 (FRS17) was issued in November 2000, although mandatory full implementation has been deferred. Prior to this implementation transitional disclosure rules apply.

Contributions of £nil (2001: £45,000) were made to the company's defined contribution scheme during the year and are charged to the profit and loss account as they become payable.

**18 Related party transactions**

The company has taken advantage of the exemption from disclosing related party transactions with other group companies, as permitted by Financial Reporting Standard No. 8 as the consolidated financial statements in which the company is included are publicly available.

**19 Ultimate parent company and parent undertaking of larger group**

The company is a subsidiary undertaking of Cosalt plc which is the ultimate parent company, incorporated in England. The consolidated accounts of this company are available to the public and may be obtained from Fish Dock Road, Grimsby, DN31 3NW.