

**Main Tool Company Limited**

Abbreviated accounts  
Registered number SC40330  
30 April 2007

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**KPMG LLP**

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Glasgow  
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United Kingdom

**Independent auditors' report to Main Tool Company Limited under section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 2 to 7 together with the financial statements of Main Tool Company Limited for the year ended 30 April 2007 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in such a 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, for our work, for this report, or for the opinions we have formed.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that section and to report our opinion to you.

**Basis of opinion**

We conducted our work in accordance with Bulletin 2007/3 *The special auditor's report on abbreviated accounts in the United Kingdom* issued by the Auditing Practices Board. In accordance with that bulletin we have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985 and the abbreviated accounts have been properly prepared in accordance with that section.

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

28 September 2007

**Balance sheet**  
*as at 30 April 2007*

	Note	2007	2006
		£	£
<b>Fixed assets</b>			
Tangible assets	2	459,254	462,273
<b>Current assets</b>			
Stocks		444,687	304,137
Debtors		890,573	1,056,215
Cash at bank and in hand		491,397	371,878
		<u>1,826,657</u>	<u>1,732,230</u>
<b>Creditors</b> amounts falling due within one year		<u>(844,160)</u>	<u>(750,455)</u>
<b>Net current assets</b>		<u>982,497</u>	<u>981,775</u>
<b>Total assets less current liabilities</b>		<u>1,441,751</u>	<u>1,444,048</u>
Provisions for liabilities and charges		<u>(15,724)</u>	<u>(16,175)</u>
<b>Net assets excluding pension liability</b>		<u>1,426,027</u>	<u>1,427,873</u>
Pension liability		<u>(189,360)</u>	<u>(166,050)</u>
<b>Net assets</b>		<u>1,236,667</u>	<u>1,261,823</u>
<b>Capital and reserves</b>			
Called up share capital	3	18,600	18,600
Share premium account		1,000	1,000
Capital redemption reserve		12,200	12,200
Other reserves		1,269	1,269
Profit and loss account		1,203,598	1,228,754
<b>Shareholders' funds</b>		<u>1,236,667</u>	<u>1,261,823</u>

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies

These accounts were approved by the board of directors on 14 September 2007 and were signed on its behalf by

*J Smith*

**J Smith**  
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 in accordance with applicable accounting standards and under the historical cost accounting rules

#### ***Fixed assets and depreciation***

Depreciation is provided by the company to write off the cost less the estimated residual value of tangible fixed assets by equal instalments over their estimated useful economic lives, as follows

Freehold buildings	50 years
Plant and machinery	4 – 8 years
Fixtures, fittings, tools and equipment	4 – 10 years

No depreciation is provided on freehold land

#### ***Pensions – defined benefit pension scheme***

The Company operates a pension scheme providing benefits based on final pensionable pay. The assets of the scheme are held separately from those of the Company.

Pension scheme assets are measured using market values. Pension scheme liabilities are measured using a projected unit method and discounted at the current rate of return on a high quality corporate bond of equivalent term and currency to the liability.

The pension scheme surplus (to the extent that it is recoverable) or deficit is recognised in full. The movement in the scheme surplus/deficit is split between operating charges, finance items and, in the statement of total recognised gains and losses, actuarial gains and losses.

#### ***Pensions – defined contribution pension schemes***

The Company contributes to defined contribution pension schemes on behalf of certain employees. The assets of these schemes are held separately from those of the Company in an independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

#### ***Stocks***

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials, the weighted average purchase price is used. For work in progress and finished goods manufactured by the company, cost is taken as production cost, which includes direct labour cost and an appropriate proportion of attributable overheads.

#### ***Taxation***

Deferred tax 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 FRS 19.

#### ***Lease arrangements***

Rentals under operating leases are charged to profit as they fall due under the terms of the agreements.

#### ***Dividends on shares presented within shareholders' funds***

Dividends unpaid at the balance sheet date are only recognised as a liability at that date to the extent that they are appropriately authorised and are no longer at the discretion of the Company. Unpaid dividends that do not meet these criteria are disclosed in the notes to the financial statements.

## Notes (continued)

### 1 Accounting policies (continued)

#### Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year

### 2 Tangible fixed assets

Total  
£

#### Cost

At beginning of year	3,803,464
Additions	157,331
Disposals	(95,446)
	<hr/>
At end of year	3,865,349
	<hr/>

#### Depreciation

At beginning of year	3,341,191
Charge for year	160,350
On disposals	(95,446)
	<hr/>
At end of year	3,406,095
	<hr/>

#### Net book value

At 30 April 2007	459,254
	<hr/>
At 30 April 2006	462,273
	<hr/>

Assets totalling £36,600 (2006 £36,600) are not depreciated

### 3 Called up share capital

2007  
£

2006  
£

#### Authorised

30,000 Ordinary shares of £1 each	30,000	30,000
30,000 'A' Ordinary shares of £1 each	30,000	30,000
	<hr/>	<hr/>
	60,000	60,000
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#### Allotted, called up and fully paid

17,800 Ordinary shares of £1 each	17,800	17,800
800 'A' Ordinary shares of £1 each	800	800
	<hr/>	<hr/>
	18,600	18,600
	<hr/>	<hr/>

## Notes (continued)

### 4 Pension scheme

As explained in the accounting policies set out in note 1, the company operates a pension scheme providing benefits on final pensionable pay. Contributions are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. The most recent valuation was 30 April 2004. The assumptions which have the most significant effect on the results of the valuation are those relating to the rate of return on investments and the rates of increase in salaries and pensions. It was assumed that investment returns would be 7% per annum, that salary increases would average 4.5% per annum and that present and future pensions would increase at the rate of 3.0% per annum.

The pension charge for the period was £109,394 (2006 £91,671) in respect of this scheme. Payments of £17,174 (2006 £16,512) were made to personal pension plans.

The most recent actuarial valuation (30 April 2004) showed that the market value of the scheme's assets was £795,000 accrued to members, after allowing for expected future increases in earnings. The contributions of the company are 22.5%–27.5% for May and June 2006 and will then rise to 41%–46%. Employee contributions remain at 0–5% of earnings.

The valuation at 30 April 2004 has been updated by the actuary on an FRS 17 basis as at 30 April 2007.

The major assumptions used in this valuation were:

	2007	2006	2005
Rate of increase in salaries	4.5%	4.5%	4.4%
Rate of increase in pensions in payment	3.0%	2.8%	2.7%
Rate of increase of pensions in deferment	3.2%	3.0%	2.9%
Discount rate	5.5%	5.0%	5.1%
Inflation assumption	3.2%	3.0%	2.9%

The assumptions used by the actuary are the best estimates chosen from a range of possible actuarial assumptions which, due to the timescale covered, may not necessarily be borne out in practice.

#### Scheme assets

The fair value of the scheme's assets, which are not intended to be realised in the short term and may be subject to significant change before they are realised, and the present value of the scheme's liabilities, which are derived from cash flow projections over long periods and thus inherently uncertain, were:

	Value at 30 April 2007 £	Value at 30 April 2006 £	Value at 30 April 2005 £
Equities	502,000	525,000	417,000
Fixed interest securities	214,000	531,000	523,000
Gilts	241,000		
Cash	11,000		
	<hr/>	<hr/>	<hr/>
	968,000	1,056,000	940,000
	<hr/>	<hr/>	<hr/>
Present value of scheme liabilities	1,231,000	1,261,000	1,182,000
Deficit in the scheme – Pension liability	(263,000)	(205,000)	(242,000)
Related deferred tax asset	73,640	38,950	45,980
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Net pension liability	(189,360)	(166,050)	(196,020)
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## Notes (continued)

### 4 Pension scheme (continued)

The expected rates of return on the assets in the scheme were

	Long term rate of return 2007	Long term rate of return 2006	Long term rate of return 2005
Equities	8.2%	8.1%	8.4%
Fixed interest securities	5.5%	5.0%	5.1%
Gilts	4.8%		
Cash	5.25%		

#### Movement in deficit during the year

	2007 £	2006 £
Deficit in scheme at beginning of year	(205,000)	(242,000)
Current service cost	(51,000)	(55,000)
Contributions paid	109,000	92,000
Other finance income	(5,000)	3,000
Actuarial loss	(111,000)	(3,000)
Deficit in the scheme at end of year	(263,000)	(205,000)

#### Analysis of other pension costs charged in arriving at operating profit/loss

	2007 £	2006 £
Current service cost	51,000	66,000

Additional voluntary contributions are not included in the Current Service Cost and neither is the cost of insuring death in service benefits

#### Analysis of amounts included in other finance income/costs

	2007 £	2006 £
Expected return on pension scheme assets	55,000	61,000
Interest on pension scheme liabilities	(60,000)	(58,000)
	(5,000)	3,000

#### Analysis of amount recognised in statement of total recognised gains and losses

	2007 £	2006 £
Actual return less expected return on scheme assets	31,000	81,000
Experience gains and losses arising on scheme liabilities	(69,000)	(14,000)
Changes in assumptions underlying the present value of scheme liabilities	(73,000)	(70,000)
Actuarial loss recognised in statement of total recognised gains and losses	(111,000)	(3,000)



## Notes (continued)

### 4 Pension scheme (continued)

#### History of experience gains and losses

	2007	2006	2005	2004	2003
Difference between the expected and actual return on scheme assets					
Amount (£000)	31	81	7	25	(199)
Percentage of year end scheme assets	3.2%	7.7%	0.7%	2.0%	19.2%
Experience gains and losses on scheme liabilities					
Amount (£000)	(69)	(14)	61	28	(6)
Percentage of year end present value of scheme liabilities	5.7%	1.1%	5.2%	1.9%	0.5%
Total amount recognised in statement of total recognised gains and losses					
Amount (£000)	(111)	(3)	(46)	135	(284)
Percentage of year end present value of scheme liabilities	9.0%	0.2%	3.9%	9.1%	23.9%