

Financial Statements

Currie & Warner Limited

For the year ended 31 December 2012



Registered number: 128554

Company Information

Directors	Mr MI Lloyd (chairman) Mrs ME Lloyd Mr KG Sedgebear Mr T Fox (appointed 6 April 2013)
Company secretary	Mr MS Lloyd
Registered number	128554
Registered office	Summer Hill Works Powell Street Birmingham B1 3DH
Independent auditor	Grant Thornton UK LLP Chartered Accountants & Statutory Auditor Colmore Plaza 20 Colmore Circus Birmingham B4 6AT

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Directors' Report

For the year ended 31 December 2012

The directors present their report and the financial statements for the year ended 31 December 2012

Principal activity

The principal activity of the company is the manufacture and sale of brass repetition turned parts. There has been no significant change in the activity during the year.

Business review

The company experienced a further increase in output from its new production facilities during the year contributing to an overall 7% increase in turnover. However, persistently high brass prices combined with increased energy costs and the strength of Sterling against the Euro led to a fall in raw margins to 43% from 46% in the prior year, which combined with increased direct labour numbers and overtime led to a disappointing fall in operating profits. Despite continuing investment in its new production facilities and additional repayment of parent company borrowing, the business maintained very strong net current assets of £3.7m with an improved quick ratio of 2.8.

The contribution of both management and employees to the results for the year is both recognised and appreciated.

The outlook for demand during 2013 shows some further improvement, and despite persistently high brass prices the business is expected to deliver increased operating profits.

Notes to key performance indicators

Raw margin is defined as turnover less change in stocks of finished goods and work in progress, less raw materials and consumables, expressed as a percentage of turnover.

Quick ratio is defined as the proportion by which current assets less stock exceeds current liabilities.

Results and dividends

The profit for the year, after taxation, amounted to £116,275 (2011 - £163,924).

The directors do not recommend the payment of a dividend for the year (2011 - £nil).

Directors' Report

For the year ended 31 December 2012

Financial risk management objectives and policies

The company's principal financial instruments comprise balances due to its parent company and cash and short-term deposits. The main purpose of these financial instruments is to finance the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risk arising from the company's financial instruments is credit risk. The board reviews and agrees policy for managing this risk and this is summarised below.

Credit risk

The company trades with only recognised, creditworthy third parties. It is the company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant.

Directors

The directors who served the company were

Mr M Lloyd (chairman)
Mrs M Lloyd
Mr K G Sedgebear
Mr T Fox (appointed 6 April 2013)

Directors' responsibilities statement

The directors are responsible for preparing the directors' report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they 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 period. In preparing these financial statements, the directors are required to

- select suitable accounting policies and then apply them consistently,
- make judgments and accounting estimates that are reasonable and prudent,
- state whether applicable UK 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 presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. 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.

Directors' Report

For the year ended 31 December 2012

Provision of information to auditor

Each of the persons who are directors at the time when this directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditor is unaware, and
- that director has taken all the steps that ought to have been taken as a director in order to be aware of any relevant audit information and to establish that the company's auditor is aware of that information

Auditor

The auditor, Grant Thornton UK LLP, will be proposed for reappointment in accordance with section 485 of the Companies Act 2006

This report was approved by the board on 13 September 2013 and signed on its behalf



Mr MS Lloyd
Secretary



Independent Auditor's Report to the Members of Currie & Warner Limited

We have audited the financial statements of Currie & Warner Limited for the year ended 31 December 2012, which comprise the profit and loss account, the balance sheet and the related notes. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice).

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. 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 auditor

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

A description of the scope of an audit of financial statements is provided on the Auditing Practices Board's website at www.frc.org.uk/apb/scope/private.cfm.

Basis for qualified opinion on financial statements

As more fully explained in note 18 to the financial statements, the financial statements do not contain disclosures required under FRS 17 "Retirement Benefits" relating to the group's multi-employer pension scheme, in which the company participates. As no information is available to us in respect of assets and liabilities of the scheme at 31 December 2012 we have been unable to quantify the omissions. Whilst there is no direct relationship with the FRS 17 valuation, we are aware that at the last actuarial valuation prepared as at 5 April 2010 the scheme has a surplus of assets over liabilities amounting to £80,000, and on 4 April 2013 the group made an additional contribution of £600,000 to ensure the scheme remained adequately funded. In our opinion a disclosure should be made for an asset or liability in accordance with FRS 17.

Qualified opinion on financial statements

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements:

- give a true and fair view of the state of the company's affairs as at 31 December 2012 and of its profit for the year then ended,
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, and
- have been prepared in accordance with the requirements of the Companies Act 2006.



Independent Auditor's Report to the Members of Currie & Warner Limited

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us, or
- the financial statements are not in agreement with the accounting records and returns, or
- certain disclosures of directors' remuneration specified by law are not made, or
- we have not received all the information and explanations we require for our audit

A handwritten signature in black ink, appearing to read "Gat Th in up", which is a stylized or possibly misread version of "Grant Thornton in up".

David White (Senior Statutory Auditor)
for and on behalf of
Grant Thornton UK LLP
Chartered Accountants
Statutory Auditor
Birmingham

13 September 2013

Profit and Loss Account

For the year ended 31 December 2012

	Note	2012 £	2011 £
Turnover	2	6,018,225	5,627,690
Change in stocks of finished goods and work in progress		(96,564)	238,746
Raw materials and consumables		(3,338,960)	(3,281,124)
Other external charges		(586,797)	(608,062)
Staff costs	3	(1,759,820)	(1,686,553)
Depreciation and amortisation		(115,084)	(68,117)
Operating profit	5	121,000	222,580
Interest receivable and similar income	6	6,351	10,068
Interest payable and similar charges	7	-	(3)
Profit on ordinary activities before taxation		127,351	232,645
Tax on profit on ordinary activities	8	(11,076)	(68,721)
Profit for the financial year	16	116,275	163,924

All amounts relate to continuing operations

There were no recognised gains and losses for 2012 or 2011 other than those included in the profit and loss account

The notes on pages 8 to 16 form part of these financial statements

Balance Sheet

As at 31 December 2012

	Note	£	2012 £	£	2011 £
Fixed assets					
Tangible assets	9		482,566		402,782
Current assets					
Stocks	10	1,792,520		2,028,317	
Debtors	11	1,459,153		1,427,776	
Cash at bank and in hand		1,508,060		2,160,672	
		<u>4,759,733</u>		<u>5,616,765</u>	
Creditors amounts falling due within one year	12	<u>(1,055,709)</u>		<u>(1,736,929)</u>	
Net current assets			<u>3,704,024</u>		<u>3,879,836</u>
Total assets less current liabilities			<u>4,186,590</u>		<u>4,282,618</u>
Creditors amounts falling due after more than one year	13		<u>(900,184)</u>		<u>(1,105,008)</u>
Provisions for liabilities					
Deferred tax	14		<u>(22,696)</u>		<u>(30,175)</u>
Net assets			<u><u>3,263,710</u></u>		<u><u>3,147,435</u></u>
Capital and reserves					
Called up share capital	15		32,215		32,215
Profit and loss account	16		<u>3,231,495</u>		<u>3,115,220</u>
Shareholders' funds	17		<u><u>3,263,710</u></u>		<u><u>3,147,435</u></u>

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 13 September 2013



Mr MI Lloyd
Director



Mrs ME Lloyd
Director

The notes on pages 8 to 16 form part of these financial statements

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies

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

1.1 Basis of preparation of financial statements

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

1.2 Turnover

Turnover comprises revenue recognised by the company in respect of goods supplied less returns, exclusive of Value Added Tax

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets over their expected useful lives on the following bases

Plant and machinery	-	Between 5 and 15 years
Fixtures, fittings, tooling and equipment	-	Between 4 and 10 years
Motor vehicles	-	Between 3 and 5 years

Additions to fixed assets during the accounting period are depreciated at an appropriate proportion of the annual rate attributable to that category of asset

1.4 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost in relation to finished goods and work in progress includes attributable production overheads

1.5 Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

1.6 Pensions

The company participates in a group defined contribution scheme covering certain of its permanent employees. Contributions to the defined contribution scheme are charged to the profit and loss account in the year they are incurred

1.7 Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Any amounts receivable or payable at the balance sheet date are converted at the rate then ruling and any differences are taken to the profit and loss account

Notes to the Financial Statements

For the year ended 31 December 2012

1. Accounting Policies (continued)

18 Operating leases

Payments under operating leases are charged to revenue in the financial period in which they are incurred

19 Cash flow statement

The company, being a subsidiary undertaking where 90% or more of the voting rights are controlled within the group whose consolidated financial statements are publicly available, is exempt from the requirement to draw up a cash flow statement in accordance with FRS 1

2. Turnover

The analysis of turnover by geographical area is as follows

	2012	2011
	£	£
United Kingdom	3,387,635	2,654,337
Rest of Europe	2,180,132	2,074,651
North America	444,098	866,164
Far East and Australia	6,360	32,538
	<u>6,018,225</u>	<u>5,627,690</u>

Notes to the Financial Statements

For the year ended 31 December 2012

3. Staff costs

Staff costs, including directors' remuneration, were as follows

	2012	2011
	£	£
Wages and salaries	1,581,064	1,491,180
Social security costs	144,601	126,280
Other pension costs	34,155	69,093
	<u>1,759,820</u>	<u>1,686,553</u>

The average monthly number of employees, including the directors, during the year was as follows

	2012	2011
	No	No
Management	7	7
Administration and sales	7	8
Production	59	55
	<u>73</u>	<u>70</u>

4. Directors' remuneration

	2012	2011
	£	£
Emoluments	<u>77,952</u>	<u>103,552</u>
Company pension contributions	<u>3,422</u>	<u>9,987</u>

During the year retirement benefits were accruing to one director in respect of defined contribution pension schemes from 6 April 2012, and to one director in respect of defined benefit pension schemes up to 5 April 2012 (2011 - two directors in respect of defined benefit pension schemes)

The chairman and one other director are paid by other group companies and their emoluments are shown in the financial statements of those companies

Notes to the Financial Statements

For the year ended 31 December 2012

5. Operating profit

The operating profit is stated after charging

	2012	2011
	£	£
Depreciation of tangible fixed assets		
- owned by the company	115,084	68,117
Auditor's remuneration	6,150	6,000
Operating lease rentals		
- plant and machinery	190	157
other operating leases	86,000	86,000
Difference on foreign exchange	70,552	51,191
	<u>171,976</u>	<u>191,465</u>

6. Interest receivable

	2012	2011
	£	£
Bank interest	6,276	10,033
Other interest receivable	75	35
	<u>6,351</u>	<u>10,068</u>

7. Interest payable

	2012	2011
	£	£
Bank interest	-	3
	<u>-</u>	<u>3</u>

8. Taxation

	2012	2011
	£	£
Analysis of tax charge in the year		
Current tax (see note below)		
UK corporation tax charge on profit for the year	18,555	31,778
Adjustments in respect of prior periods	-	10,500
Total current tax	<u>18,555</u>	<u>42,278</u>
Deferred tax (see note 14)		
Origination and reversal of timing differences	(7,479)	26,443
Tax on profit on ordinary activities	<u>11,076</u>	<u>68,721</u>

Notes to the Financial Statements

For the year ended 31 December 2012

8. Taxation (continued)

Factors affecting tax charge for the year

The tax assessed for the year is lower than (2011 - lower than) the standard rate of corporation tax in the UK of 24% (2011 - 26%). The differences are explained below

	2012 £	2011 £
Profit on ordinary activities before tax	<u>127,351</u>	<u>232,645</u>
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 24% (2011 - 26%)	30,564	60,488
Effects of		
Expenses not deductible for tax purposes	135	169
Capital allowances less/(greater) than depreciation	3,248	(28,773)
Utilisation of tax losses	(13,934)	
Losses on disposal of tangible fixed assets	-	1,185
Adjustments to tax charge in respect of prior periods	-	10,500
Change in standard UK rate	415	627
Marginal relief	(1,873)	(1,918)
Current tax charge for the year (see note above)	<u>18,555</u>	<u>42,278</u>

Notes to the Financial Statements

For the year ended 31 December 2012

9. Tangible fixed assets

	Plant and machinery £	Fixtures, fittings, tooling and equipment £	Motor vehicles £	Total £
Cost				
At 1 January 2012	3,934,513	514,138	130,587	4,579,238
Additions	185,070	9,798	-	194,868
At 31 December 2012	4,119,583	523,936	130,587	4,774,106
Depreciation				
At 1 January 2012	3,655,016	456,286	65,154	4,176,456
Charge for the year	83,093	11,752	20,239	115,084
At 31 December 2012	3,738,109	468,038	85,393	4,291,540
Net book value				
At 31 December 2012	381,474	55,898	45,194	482,566
At 31 December 2011	279,497	57,852	65,433	402,782

The company had no capital commitments at 31 December 2012 (2011 £nil)

10. Stocks

	2012 £	2011 £
Raw materials	806,840	946,073
Work in progress	142,683	169,891
Finished goods	842,997	912,353
	1,792,520	2,028,317

Notes to the Financial Statements

For the year ended 31 December 2012

11. Debtors

	2012	2011
	£	£
Trade debtors	995,823	1,125,618
Amounts owed by fellow subsidiaries	381,648	265,543
Other debtors	63,084	12,233
Prepayments and accrued income	18,598	24,382
	<u>1,459,153</u>	<u>1,427,776</u>

12. Creditors: Amounts falling due within one year

	2012	2011
	£	£
Trade creditors	653,839	1,350,756
Amounts owed to fellow subsidiaries	44,839	25,677
Corporation tax	18,555	31,778
Social security and other taxes	170,533	117,442
Other creditors	5,566	3,459
Accruals and deferred income	162,377	207,817
	<u>1,055,709</u>	<u>1,736,929</u>

13. Creditors: Amounts falling due after more than one year

	2012	2011
	£	£
Amounts owed to parent	<u>900,184</u>	<u>1,105,008</u>

14. Deferred taxation

	2012	2011
	£	£
Liability at the beginning of year	30,175	3,732
(Released during)/charge for year	(7,479)	26,443
At end of year	<u>22,696</u>	<u>30,175</u>

Notes to the Financial Statements

For the year ended 31 December 2012

14. Deferred taxation (continued)

The provision for deferred taxation is made up as follows

	2012 £	2011 £
Difference between accumulated depreciation and amortisation and capital allowances	(22,696)	(30,175)

15. Share capital

	2012 £	2011 £
Authorised		
33,000 ordinary shares of £1 each	33,000	33,000
Allotted, called up and fully paid		
32,215 ordinary shares of £1 each	32,215	32,215

16. Reserves

	Profit and loss account £
At 1 January 2012	3,115,220
Profit for the year	116,275
At 31 December 2012	3,231,495

17. Reconciliation of movement in shareholders' funds

	2012 £	2011 £
Opening shareholders' funds	3,147,435	2,983,511
Profit for the financial year	116,275	163,924
Closing shareholders' funds	3,263,710	3,147,435

Notes to the Financial Statements

For the year ended 31 December 2012

18. Pension commitments

The company participates in a group defined benefit pension scheme which on 5 April 2012 was closed to new entrants and future accrual of benefits. The assets of the scheme are administered by trustees and are held separately from the group. The company is unable to identify its share of the assets and liabilities of the group pension scheme, and has therefore followed the provisions for multi employer schemes within Financial Reporting Standard 17 "Retirement Benefits" and not provided for an asset or liability. The company has not obtained and disclosed an asset or liability at 31 December 2012 in accordance with FRS 17. Whilst there is no direct relationship with the FRS 17 valuation, at the last actuarial valuation prepared as at 5 April 2010 the scheme has a surplus of assets over liabilities amounting to £80,000, and on 4 April 2013 the group made an additional contribution of £600,000 to ensure the scheme remained adequately funded.

The principal assumption used in the actuarial valuation was that long term investment returns will be 3% per annum above the general rate of increase in earnings.

The company also participates in a group defined contribution scheme, for which the liability is limited to the annual contributions payable. There were no contributions prepaid or outstanding at 31 December 2012 (2011: £nil).

19. Related party transactions

The aggregate value of transactions made during the year in the normal course of business between the company and group undertakings, were as follows:

	2012	2011
	£	£
Purchases of raw materials from fellow subsidiaries	8,538	8
Sales of products to fellow subsidiaries	2,508,082	1,621,781
Charges for management and property services provided by parent company	126,000	121,000
Charges for management and property services provided by fellow subsidiaries	20,000	20,000

Balances due from and to group undertakings are disclosed within the debtors and creditors notes above.

20. Parent company

The ultimate parent company is Currie & Warner (Holdings) Limited, incorporated in Great Britain and registered in England and Wales.

The results of the company are incorporated into the consolidated financial statements of Currie & Warner (Holdings) Limited. Copies of these financial statements can be obtained from Summer Hill Works, Powell Street, Birmingham, B1 3DH.