

Malvern Tubular Components Limited

Report and Accounts

31 March 2001

Registered No: 370553

ERNST & YOUNG



DIRECTORS

R Allsop (Chairman)
N Silverthorne (Managing Director)
S J Allsop
W E Benson
A McClean

SECRETARY

M Greensmith

AUDITORS

Ernst & Young LLP
One Colmore Row
Birmingham
B3 2DB

BANKERS

National Westminster Bank plc
30 Church Street
Malvern
Worcestershire
WR14 2AD

SOLICITORS

Messrs Halliwell Landau
St James Court
Brown Street
Manchester
M2 2JF

Orme, Dyke & Yates
National Westminster Bank Chambers
The Homend
Ledbury
HR8 1AB

REGISTERED OFFICE

Spring Lane
Malvern
Worcestershire
WR14 1DA

Malvern Tubular Components Limited

DIRECTORS' REPORT

The directors present their annual report and audited financial statements of the company for the year ended 31 March 2001.

PRINCIPAL ACTIVITY

The principal activity of the company continues to be the manufacture of tubular components.

REVIEW OF THE BUSINESS

The company has continued to perform satisfactorily.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £51,725 (2000: £144,972). The directors do not recommend a dividend. The retained profit has been transferred to reserves.

FUTURE DEVELOPMENTS

The directors consider that the company is well placed to benefit from the investment in people and equipment which has been made in recent years.

DIRECTORS AND THEIR INTERESTS

The directors during the year are shown below.

R Allsop
N Silverthorne
S J Allsop
W E Benson
A McClean (appointed 13 November 2000)

None of the directors has any interest in the share capital of the company. Directors' interests in the share capital of the parent company, are shown in that company's accounts.

CREDITOR PAYMENT POLICY

It is the company's policy that payments to suppliers are made in accordance with those terms and conditions agreed between the company and its suppliers, provided that all trading terms and conditions have been complied with.

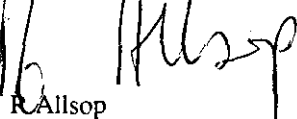
At 31 March 2001 the company had an average of 91 days purchases outstanding in third party trade creditors.

DIRECTORS' REPORT

AUDITORS

On 28 June 2001, Ernst & Young, the Company's auditor, transferred its entire business to Ernst & Young LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. The directors consented to treating the appointment of Ernst & Young as extending to Ernst & Young LLP with effect from 28 June 2001. A resolution to re-appoint Ernst & Young LLP as the Company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board



R Allsop
Director

27 September 2001

Malvern Tubular Components Limited

STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts 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 period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors confirm that the accounts comply with the above requirements.

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 accounts 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.

REPORT OF THE AUDITORS to the shareholders of Malvern Tubular Components Limited

We have audited the accounts on pages 6 to 14, which have been prepared under the historical cost convention and the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

Basis of 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 March 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Ernst & Young LLP
Registered Auditor
Birmingham

27 September 2001

Malvern Tubular Components Limited

PROFIT AND LOSS ACCOUNT for the year ended 31 March 2001

	Notes	2001 £	2000 £
TURNOVER	2	4,146,299	3,791,301
Cost of sales		2,643,678	2,309,259
GROSS PROFIT		<u>1,502,621</u>	<u>1,482,042</u>
Distribution costs		133,991	69,131
Administrative expenses		1,216,743	1,150,441
		<u>151,887</u>	<u>262,470</u>
Other operating income		-	5,324
OPERATING PROFIT	3	<u>151,887</u>	<u>267,794</u>
Interest payable	6	(10,138)	(21,257)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>141,749</u>	<u>246,537</u>
Tax on profit on ordinary activities	7	90,024	101,565
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		<u>51,725</u>	<u>144,972</u>
Dividends	8	-	-
PROFIT RETAINED FOR THE FINANCIAL YEAR	16	<u>51,725</u>	<u>144,972</u>

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £51,725 in the year ended 31 March 2001 and £144,972 in the year ended 31 March 2000.

Malvern Tubular Components Limited

BALANCE SHEET

at 31 March 2001

	Notes	2001 £	2000 £
FIXED ASSETS			
Tangible assets	9	762,277	627,594
CURRENT ASSETS			
Stocks	10	626,377	504,295
Debtors	11	1,016,291	1,146,139
Cash at bank and in hand		149,570	492
		1,792,238	1,650,926
CREDITORS: amounts falling due within one year	12	1,709,335	1,589,242
NET CURRENT ASSETS		82,903	61,684
TOTAL ASSETS LESS CURRENT LIABILITIES		845,180	689,278
CREDITORS: amounts falling due after more than one year			
Obligations under finance leases and hire purchase contracts	13	158,544	64,989
PROVISION FOR LIABILITIES AND CHARGES			
Deferred taxation	14	63,537	52,915
		623,099	571,374
CAPITAL AND RESERVES			
Called up share capital	15	19,510	19,510
Profit and loss account	16	603,589	551,864
TOTAL SHAREHOLDERS' FUNDS	16	623,099	571,374



R Allsop
Director

27 September 2001

NOTES TO THE ACCOUNTS

at 31 March 2001

1. ACCOUNTING POLICIES

Accounting convention

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

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost in equal annual instalments over the estimated lives of the assets. The rates of depreciation are as follows:

Plant and machinery	-	10% per annum
Computer equipment	-	25% per annum
Fixtures, fittings and office equipment	-	20% per annum
Longlife tooling	-	33.3% per annum
Motor vehicles	-	20% per annum

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost represents materials, direct labour and appropriate production overheads.

Deferred taxation

Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations 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.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date.

All differences are taken to the profit and loss account.

Pensions

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

Malvern Tubular Components Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

2. TURNOVER

Turnover, which is stated net of value added tax, is attributable to one continuing activity, that of the manufacture of tubular components and arises mainly within the UK.

3. OPERATING PROFIT

This is stated after charging/(crediting):

	2001 £	2000 £
Operating lease rentals - land and buildings	41,892	34,500
Depreciation of tangible fixed assets:		
- owned assets	140,943	142,599
- assets held under finance leases and hire purchase contracts	34,160	32,906
Auditors' remuneration - audit services	9,000	9,000
- other services	3,000	2,500
Loss/(profit) on disposal of fixed assets	795	(5,075)

4. DIRECTORS' EMOLUMENTS

	2001 £	2000 £
Emoluments	145,441	123,556
Pension contributions	8,558	5,449
	153,999	129,005

The number of directors eligible for money purchase pension schemes is

4 3

5. STAFF COSTS

	2001 £	2000 £
Wages and salaries	1,564,040	1,362,396
Social security costs	138,164	112,344
Other pension costs	28,964	24,378
	1,731,168	1,499,118

The average weekly number of employees during the year was as follows:

	2001 No.	2000 No.
Production	84	78
Sales, distribution and administration	19	17
	103	95

Malvern Tubular Components Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

6. INTEREST PAYABLE

	2001	2000
	£	£
Bank overdraft	23	14,416
Other interest charges	179	25
Finance charges payable under finance leases and hire purchase contracts	9,936	6,816
	<u>10,138</u>	<u>21,257</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2001	2000
	£	£
Corporation tax:		
Based on the profit for the year	-	13,712
Adjustment in respect of prior periods	2,251	-
Amount payable in respect of tax saved by group relief	45,917	69,938
Adjustment in respect of group relief relating to prior periods	31,234	-
	<u>79,402</u>	<u>83,650</u>
Deferred taxation (note 14)	10,622	17,915
	<u>90,024</u>	<u>101,565</u>

8. DIVIDENDS

	2001	2000
	£	£
Dividends on ordinary shares:		
Final proposed	-	-
	<u>-</u>	<u>-</u>

Malvern Tubular Components Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

9. TANGIBLE FIXED ASSETS

	<i>Plant and fixtures £</i>	<i>Motor vehicles £</i>	<i>Total £</i>
Cost:			
At 1 April 2000	1,861,857	109,403	1,971,260
Additions	308,078	12,639	320,717
Disposals	(9,721)	(15,855)	(25,576)
At 31 March 2001	2,160,214	106,187	2,266,401
Depreciation:			
At 1 April 2000	1,304,852	38,814	1,343,666
Provided during the year	154,281	20,822	175,103
Disposals	(5,132)	(9,513)	(14,645)
At 31 March 2001	1,454,001	50,123	1,504,124
Net book value:			
At 31 March 2001	706,213	56,064	762,277
At 1 April 2000	557,005	70,589	627,594

The net book value of the company's fixed assets includes £328,482 (2000: £162,785) in respect of assets held under finance leases and hire purchase contracts.

10. STOCKS

	<i>2001 £</i>	<i>2000 £</i>
Raw materials	274,756	244,603
Work in progress	125,375	117,332
Finished goods and goods for resale	226,246	142,360
	626,377	504,295

The difference between purchase price or production cost of stocks and their replacement cost is not material.

Malvern Tubular Components Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

11. DEBTORS

	2001 £	2000 £
Trade debtors	878,231	931,338
Amounts due from ultimate parent undertaking	53,194	98,787
Amounts due from fellow subsidiary undertakings	28,732	48,671
Other debtors	624	25,216
Prepayments and accrued income	55,510	42,127
	<u>1,016,291</u>	<u>1,146,139</u>

12. CREDITORS: amounts falling due within one year

	2001 £	2000 £
Bank overdraft	-	84,035
Obligations under finance leases and hire purchase contracts (note 13)	77,173	42,905
Trade creditors	567,620	380,609
Corporation tax	19,017	19,017
Other taxes and social security costs	154,452	150,533
Amounts due to parent undertaking	670,000	670,000
Amounts due to fellow subsidiary undertakings	32,925	-
Group relief payable	45,917	121,788
Other creditors	21,301	15,529
Accruals and deferred income	120,930	104,826
	<u>1,709,335</u>	<u>1,589,242</u>

13. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	2001 £	2000 £
Amounts payable:		
within one year	91,782	50,062
between two to five years	193,624	77,511
	<u>285,406</u>	<u>127,573</u>
Less: finance charges allocated to future periods	49,689	19,679
	<u>235,717</u>	<u>107,894</u>

	2001 £	2000 £
Finance leases and hire purchase contracts are analysed as follows:		
Current obligations (note 12)	77,173	42,905
Non-current obligations	158,544	64,989
	<u>235,717</u>	<u>107,894</u>

Finance lease creditors are secured on the assets to which they relate.

Malvern Tubular Components Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

14. PROVISIONS FOR LIABILITIES AND CHARGES

The movements in deferred taxation during the current and previous years are as follows:

	2001 £	2000 £
At 1 April	52,915	35,000
Charge for the year (note 7)	10,622	17,915
At 31 March	<u>63,537</u>	<u>52,915</u>

The amounts of deferred taxation provided and unprovided in the accounts are:

	2001		2000	
	Provided £	Unprovided £	Provided £	Unprovided £
Capital allowances in advance of depreciation	75,277	-	74,277	-
Other timing differences	(11,740)	-	(21,362)	-
	<u>63,537</u>	<u>-</u>	<u>52,915</u>	<u>-</u>

15. CALLED UP SHARE CAPITAL

	Authorised	
	2001 £	2000 £
Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>
	Allotted, called up and fully paid	
	2001 £	2000 £
Ordinary shares of £1 each	<u>19,510</u>	<u>19,510</u>

Malvern Tubular Components Limited

NOTES TO THE ACCOUNTS

at 31 March 2001

16. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENTS ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
At 1 April 1999	19,510	406,892	426,402
Profit for the year	-	144,972	144,972
At 1 April 2000	19,510	551,864	571,374
Profit for the year	-	51,725	51,725
At 31 March 2001	19,510	603,589	623,099

17. OTHER FINANCIAL COMMITMENTS

The company has commitments under non-cancellable operating leases as follows:

	<i>Land and buildings</i>	
	<i>2001 £</i>	<i>2000 £</i>
Operating leases which expire: - in two to five years	64,500	34,500
The company had the following commitments for capital expenditure:		
	<i>2001 £</i>	<i>2000 £</i>
Contracted	6,000	-

18. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 not to disclose transactions with other group companies.

19. PENSION COMMITMENTS

The company operates a grouped defined contribution personal pension scheme for its employees. The unpaid contributions outstanding at the year end, included in other creditors are £1,432.

20. ULTIMATE PARENT UNDERTAKING

The company's ultimate parent undertaking is Tricorn Group Plc, a company incorporated in England and Wales. This is the largest and smallest group of which the company is a member and for which group accounts are prepared. Copies of the group accounts can be obtained from Spring Lane, Malvern, Worcestershire, WR14 1DA. The company's immediate parent undertaking is MTC Holdings Limited, a company incorporated in England and Wales.