



Financial statements Malvern Tubular Components Limited

For the Year Ended 31 March 2011



Company No. 00370553

Company information

Company registration number	00370553
Registered office	Spring Lane Malvern Link Malvern Worcester WR14 1DA
Directors	P Lee D Edwards M Welburn
Secretary	M Greensmith
Bankers	Bank of Scotland 125 Colmore row Birmingham B3 3SF
Solicitors	Orme, Dyke & Yates National Westminster Bank Chambers The Homend Ledbury HR8 1AB
Auditor	Grant Thornton UK LLP Chartered Accountants Registered Auditor Enterprise House 115 Edmund Street Birmingham B3 2HJ

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2011

Principal activities and business review

The principal activity of the company during the year was the manufacture of tubular components

The business made good progress in the year with turnover up 81% on the previous year, delivering a profit after taxation of £422,339. In addition, the business committed to significant investment in plant and equipment through the latter part of the financial year which will position it well for further growth

Results and dividends

The profit for the year, after taxation, amounted to £422,339 (2010 loss £6,194)

Particulars of dividends paid are detailed in note 8 to the financial statements

Financial risk management objectives and policies

The company's principal financial instruments comprise an invoice discounting facility, hire purchase agreements and cash. The main purpose of these financial instruments is to raise finance for the group'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 year under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are interest rate risk, foreign currency risk, commodity price risk, credit risk, and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below

Interest rate risk

The company's policy is to manage its interest cost using a mix of fixed and variable rate debt. The company exposure to interest rate fluctuations on its borrowings is managed by the use of both fixed and floating facilities. The company finances specific large plant acquisitions via hire purchase contracts

Foreign currency risk

The company operates substantially within the United Kingdom although it does make some purchases from abroad. The company does not hedge any transactions, and foreign exchange differences on retranslation of foreign currency assets and liabilities are taken to the profit and loss account of the company

Commodity price risk

The company's exposure to the price of steel is high, therefore selling prices are monitored regularly to reduce the impact of such risk and opportunities to reduce manufacturing costs are explored constantly

Credit risk

The company trades with only recognised, creditworthy third parties. It is 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

Report of the directors (continued)

Liquidity risk

The company's objective is to maintain a balance between continuity of funding and flexibility through the use of cash, an invoice discounting facility and hire purchase agreements

Directors

The directors who served the company during the year were as follows

A F McClean (resigned 31 March 2011)
M I Welburn
D Edwards
P Lee

Directors' responsibilities statement

The directors are responsible for preparing 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 financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 and 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 estimates that are reasonable and prudent
- 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.

In so far as each of the directors is aware

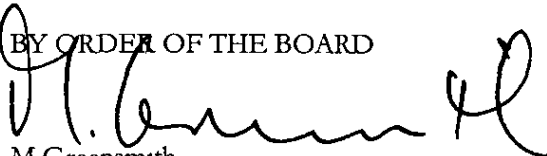
- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information

Report of the directors (continued)

Auditor

A resolution to re-appoint Grant Thornton UK LLP as auditor for the ensuing year will be proposed at the annual general meeting in accordance with section 485 of the Companies Act 2006

BY ORDER OF THE BOARD




M Greensmith

Secretary

Date 21 September 2011

Company no 00370553





Report of the independent auditor to the members of Malvern Tubular Components Limited

We have audited the financial statements of Malvern Tubular Components Limited for the year ended 31 March 2011 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 24. 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 auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 4, 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 (APB'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 APB's website at www.frc.org.uk/apb/scope/private.cfm.

Opinion on financial statements

In our opinion the financial statements

- give a true and fair view of the state of the company's affairs as at 31 March 2011 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.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Report of the Directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Report of the independent auditor to the members of Malvern Tubular Components Limited (continued)

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

Grant Thornton UK LLP

David Munton
Senior Statutory Auditor
for and on behalf of Grant Thornton UK LLP,
Statutory Auditor, Chartered Accountants
Birmingham
Date *28 September 2011*

Principal accounting policies

Basis of accounting

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

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the financial statements on the grounds that the company is consolidated within Tricorn Group plc's financial statements

Turnover

Turnover is the total amount receivable by the company recognised on delivery of goods supplied and the date when services are provided, excluding VAT and trade discounts

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Plant & machinery	- 10% - 33% straight line
Motor vehicles	- 20% straight line

A review for impairment of fixed assets is carried out where events or changes in circumstances indicate that the carrying amount of those fixed assets may not be recoverable

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease

Principal accounting policies (continued)

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more, tax, with the following exceptions:

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Monetary assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Financial instruments

Financial liabilities and equity instruments are classified according to the substance of the contractual arrangements entered into. An equity instrument is any contract that evidences a residual interest in the assets of the entity after deducting all of its financial liabilities.

Where the contractual obligations of financial instruments (including share capital) are equivalent to a similar debt instrument, those financial instruments are classed as financial liabilities. Financial liabilities are presented as such in the balance sheet. Finance costs and gains or losses relating to financial liabilities are included in the profit and loss account. Finance costs are calculated so as to produce a constant rate of return on the outstanding liability.

Where the contractual terms of share capital do not have any terms meeting the definition of a financial liability then this is classed as an equity instrument. Dividends and distributions relating to equity instruments are debited direct to equity. Financial assets are recognised in the balance sheet at the lower of cost and net realisable value. Provision is made for diminution in value where appropriate. Interest payable/receivable is accrued and charged/credited to the profit and loss account in the year to which it relates.

Profit and loss account

	Note	2011 £	2010 £
Turnover	1	8,792,257	4,848,530
Cost of sales		(4,958,145)	(2,658,366)
Gross profit		<u>3,834,112</u>	<u>2,190,164</u>
Other operating charges	2	(3,189,270)	(2,138,900)
Operating profit	3	<u>644,842</u>	<u>51,264</u>
Interest receivable and other income		400	7
Interest payable and similar charges	6	(58,218)	(46,199)
Profit on ordinary activities before taxation		<u>587,024</u>	<u>5,072</u>
Tax on profit on ordinary activities	7	(164,685)	(11,266)
Profit/(loss) for the financial year	19	<u><u>422,339</u></u>	<u><u>(6,194)</u></u>

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

Balance sheet

	Note	2011 £	2010 £
Fixed assets			
Tangible assets	9	<u>478,914</u>	<u>428,091</u>
Current assets			
Stocks	10	<u>1,341,457</u>	<u>1,365,337</u>
Debtors	11	<u>2,800,527</u>	<u>1,933,112</u>
Cash at bank and in hand		<u>224,162</u>	<u>143,156</u>
		<u>4,366,146</u>	<u>3,441,605</u>
Creditors: amounts falling due within one year	12	<u>(3,498,585)</u>	<u>(2,932,259)</u>
Net current assets		<u>867,561</u>	<u>509,346</u>
Total assets less current liabilities		<u>1,346,475</u>	<u>937,437</u>
Creditors amounts falling due after more than one year	13	<u>(534)</u>	<u>(7,263)</u>
		<u>1,345,941</u>	<u>930,174</u>
Provisions for liabilities			
Deferred taxation	15	<u>(16,195)</u>	<u>(22,767)</u>
		<u>1,329,746</u>	<u>907,407</u>
Capital and reserves			
Called-up equity share capital	18	<u>19,510</u>	<u>19,510</u>
Profit and loss account	19	<u>1,310,236</u>	<u>887,897</u>
Equity shareholders' funds	20	<u>1,329,746</u>	<u>907,407</u>

These financial statements were approved by the directors on 21 ^{September} ~~May~~ 2011 and are signed on their behalf by



P Lee
 Director
 Company number 00370553

Notes to the financial statements

1 Turnover

The turnover and profit before tax are attributable to the one principal activity of the company
 An analysis of turnover by origin is given below

	2011 £	2010 £
United Kingdom	<u>8,792,257</u>	<u>4,848,530</u>

2 Other operating charges

	2011 £	2010 £
Distribution costs	824,162	434,664
Administrative expenses	<u>2,365,108</u>	<u>1,704,236</u>
	<u>3,189,270</u>	<u>2,138,900</u>

3 Operating profit

Operating profit is stated after charging

	2011 £	2010 £
Depreciation of owned fixed assets	105,103	128,695
Depreciation of assets held under hire purchase agreements	21,553	21,563
Auditor's remuneration		
Audit fees	11,500	10,000
Taxation fees	2,500	2,200
Operating lease costs		
Plant and equipment	20,316	53,742
Property	<u>193,000</u>	<u>162,000</u>

4 Employees

The average number of persons employed by the company during the financial year, including directors, amount to

	2011 No	2010 No
Production staff	96	65
Sales staff	1	1
Administrative staff	4	5
	<u>101</u>	<u>71</u>

The aggregate payroll costs of the above were

	2011 £	2010 £
Wages and salaries	1,932,822	1,125,682
Social security costs	181,631	111,990
Other pension costs	19,746	29,789
	<u>2,134,199</u>	<u>1,267,461</u>

5 Directors

During the year ended 31 March 2010 and 2011, all directors were remunerated through Tricorn Group plc

6 Interest payable and similar charges

	2011 £	2010 £
Interest payable on invoice discounting facility	21,084	5,935
Finance charges	2,334	5,264
Interest payable to group undertakings	34,800	35,000
	<u>58,218</u>	<u>46,199</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2011 £	2010 £
Current tax		
In respect of the year		
UK corporation tax based on the results for the year at 28% (2010 28%)	171,257	-
Prior period adjustment	-	20,851
Total current tax	<u>171,257</u>	<u>20,851</u>
Deferred tax		
Origination and reversal of timing differences (note 15)	(6,572)	(9,585)
Tax on profit on ordinary activities	<u>164,685</u>	<u>11,266</u>

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is different to the standard rate of corporation tax in the UK of 28% (2010 28%)

	2011 £	2010 £
Profit on ordinary activities before taxation	<u>587,024</u>	<u>5,072</u>
Profit on ordinary activities by rate of tax	164,367	1,420
Adjustment to tax charge in respect of prior period	-	20,851
Expenses not deductible for tax purposes	918	5,405
Capital allowances (in excess of)/below depreciation	(1,588)	11,184
Short term timing differences	7,560	(21,156)
Group relief claimed	-	3,147
Total current tax (note 7(a))	<u>171,257</u>	<u>20,851</u>

8 Dividends

Dividends on shares classed as equity

	2011 £	2010 £
Paid during the year		
Equity dividends on ordinary shares	<u>-</u>	<u>250,000</u>

9 Tangible fixed assets

	Plant & machinery £	Motor vehicles £	Total £
Cost			
At 1 April 2010	3,046,376	39,550	3,085,926
Additions	177,479	-	177,479
Disposals	-	(27,750)	(27,750)
At 31 March 2011	<u>3,223,855</u>	<u>11,800</u>	<u>3,235,655</u>
Depreciation			
At 1 April 2010	2,618,285	39,550	2,657,835
Charge for the year	126,656	-	126,656
On disposals	-	(27,750)	(27,750)
At 31 March 2011	<u>2,744,941</u>	<u>11,800</u>	<u>2,756,741</u>
Net book value			
At 31 March 2011	<u>478,914</u>	<u>-</u>	<u>478,914</u>
At 31 March 2010	<u>428,091</u>	<u>-</u>	<u>428,091</u>

Included within the net book value of £478,914 (2010 £428,091) is £83,078 (2010 £104,631) relating to assets held under hire purchase agreements. The depreciation charged to the financial statements in the year in respect of such assets amounted to £21,553 (2010 £21,563).

10 Stocks

	2011 £	2010 £
Raw materials	971,762	1,033,948
Work in progress	99,095	78,691
Finished goods	270,600	252,698
	<u>1,341,457</u>	<u>1,365,337</u>

11 Debtors

	2011 £	2010 £
Trade debtors	1,805,332	1,210,220
Amounts owed by group undertakings	690,791	579,406
Other debtors	237,047	102,750
Prepayments and accrued income	67,357	40,736
	<u>2,800,527</u>	<u>1,933,112</u>

12 Creditors: amounts falling due within one year

	2011 £	2010 £
Invoice discounting facility	611,588	553,617
Amounts due under hire purchase agreements	6,719	17,260
Trade creditors	714,871	422,650
Amounts owed to group undertakings	1,342,179	1,504,499
Corporation tax	171,307	19,707
Other taxation and social security	170,753	165,078
Other creditors	27,687	22,396
Accruals and deferred income	453,481	227,052
	<u>3,498,585</u>	<u>2,932,259</u>

The invoice discounting facility is secured by a fixed charge over the trade debtors to which it relates

13 Creditors: amounts falling due after more than one year

	2011 £	2010 £
Amounts due under hire purchase agreements	534	7,263
	<u>534</u>	<u>7,263</u>

14 Commitments hire purchase agreements

Future commitments under hire purchase agreements are as follows

	2011 £	2010 £
Amounts payable within 1 year	6,719	17,260
Amounts payable between 2 to 5 years	534	7,263
	<u>7,253</u>	<u>24,523</u>

The hire purchase agreements are secured against the assets to which they relate

15 Deferred taxation

The movement in the deferred taxation provision during the year was

	2011 £	2010 £
Provision brought forward	22,767	32,352
Profit and loss account movement arising during the year	(6,572)	(9,585)
Provision carried forward	<u>16,195</u>	<u>22,767</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of

	2011 £	2010 £
Excess of taxation allowances over depreciation on fixed assets	23,822	23,116
Other timing differences	(7,627)	(349)
	<u>16,195</u>	<u>22,767</u>

16 Leasing commitments

At 31 March 2011 the company had annual commitments under non-cancellable operating leases as set out below

	2011		2010	
	Land & buildings £	Other items £	Land & buildings £	Other items £
Operating leases which expire				
Within 2 to 5 years	37,000	16,742	37,000	16,742
After more than 5 years	168,000	-	168,000	-
	<u>205,000</u>	<u>16,742</u>	<u>205,000</u>	<u>16,742</u>

17 Related party transactions

As a wholly owned subsidiary of Tricorn Group plc, the company is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions within the group headed by that company

18 Share capital

Authorised share capital

	2011 £	2010 £
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid

	2011		2010	
	No	£	No	£
Ordinary shares of £1 each	<u>19,510</u>	<u>19,510</u>	<u>19,510</u>	<u>19,510</u>

19 Profit and loss account

	2011	2010
	£	£
Balance brought forward	887,897	1,144,091
Profit/(loss) for the financial year	422,339	(6,194)
Dividends paid (note 8)	-	(250,000)
Balance carried forward	<u>1,310,236</u>	<u>887,897</u>

20 Reconciliation of movements in equity shareholders' funds

	2011	2010
	£	£
Profit/(loss) for the financial year	422,339	(6,194)
Dividends paid (note 8)	-	(250,000)
Opening shareholders' funds	907,407	1,163,601
Closing shareholders' funds	<u>1,329,746</u>	<u>907,407</u>

21 Pensions

The company operated a defined contribution scheme throughout the year. The company has made contributions of £20,946 (2010 £29,789) on behalf of its employees.

22 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2011 or 31 March 2010.

23 Capital commitments

The directors have confirmed that there were £277k of capital commitments at 31 March 2011 (31 March 2010 £nil).

24 Ultimate parent company

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.