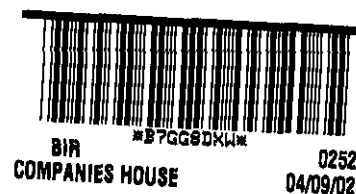


**MALVERN TUBULAR  
COMPONENTS LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 MARCH 2002



# MALVERN TUBULAR COMPONENTS LIMITED

## FINANCIAL STATEMENTS

For the year ended 31 March 2002

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Company registration number: 00370553

Registered office: Spring Lane  
Malvern Link  
Malvern  
Worcester  
WR14 1DA

Directors: R Allsop  
N Silverthorne  
S J Allsop  
W E Benson  
A McClean

Secretary: M Greensmith

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

Auditors: Grant Thornton  
Registered auditors  
Chartered accountants  
Enterprise House  
115 Edmund Street  
Birmingham  
B3 2HJ

# **MALVERN TUBULAR COMPONENTS LIMITED**

## **FINANCIAL STATEMENTS**

For the year ended 31 March 2002

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# MALVERN TUBULAR COMPONENTS LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 31 March 2002.

### Principal activities

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

### Business review

The year ended March 2002 has been one of the most turbulent in recent times. Whilst turnover has held up well, volatility of orders, political events and introduction of new work has affected margins. Currently, a stringent review of operating efficiency, a programme of improved margins, and a committed approach are making their affect. Some international customers are still on low volumes but given the nature of the markets we supply, we consider this a temporary situation.

There was a loss for the year after taxation amounting to £38,130 (2001: profit £51,725). The directors do not recommend payment of a dividend.

### Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 31 March 2002 and 1 April 2001, were as follows:

	Ordinary shares	
	31 March 2002	1 April 2001
R Allsop	-	-
N Silverthorne	-	-
S J Allsop	-	-
W E Benson	-	-
A McClean	-	-

None of the directors have 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.

### Directors' responsibilities for the financial statements

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 and of the profit or loss of the company for that period. 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
- 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

# MALVERN TUBULAR COMPONENTS LIMITED

## REPORT OF THE DIRECTORS

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### Auditors

Ernst & Young LLP resigned as auditors on 18 April 2002 and Grant Thornton were appointed in their place.

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



R. ALLSOP

Director

Date

5<sup>th</sup> August 2002.

**REPORT OF THE INDEPENDENT AUDITORS 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 2002 on pages 4 to 14 which comprise the principal accounting policies, the profit and loss account, the balance sheet and notes 1 to 19. These financial statements have been prepared under the accounting policies set out therein.

**Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the directors' report and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of the director's responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom auditing standards.

*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.*

We read other information contained in the directors' report, and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

**Basis of opinion**

We conducted our audit in accordance with United Kingdom 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 31 March 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

BIRMINGHAM

Date

*28th June 2002*

# **MALVERN TUBULAR COMPONENTS LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

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

The principal accounting policies of the company have remained unchanged from the previous period and are set out below.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **TANGIBLE FIXED ASSETS AND DEPRECIATION**

Depreciation is calculated to write down the cost less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

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

### **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 tax is provided for 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.

### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

### **CONTRIBUTIONS TO PENSION FUNDS**

The company operates a group 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.

### **LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

## **MALVERN TUBULAR COMPONENTS LIMITED**

### **PRINCIPAL ACCOUNTING POLICIES**

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### **RELATED PARTY DISCLOSURES**

The company has taken advantage of the exemption conferred by Financial Reporting Standard 8 (Related Party Disclosures) not to disclose related party transactions as its parent company Tricorn Group plc produces consolidated financial statements.



# MALVERN TUBULAR COMPONENTS LIMITED

## PROFIT AND LOSS ACCOUNT

For the year ended 31 March 2002

	Note	2002 £	2001 £
Turnover	1	4,232,918	4,146,299
Cost of sales		(2,856,889)	(2,643,678)
Gross profit		1,376,029	1,502,621
Distribution costs		(141,581)	(133,991)
Administrative expenses		(1,300,798)	(1,216,743)
Operating (loss)/profit		(66,350)	151,887
Interest payable and similar charges	3	(24,571)	(10,138)
(Loss)/profit on ordinary activities before taxation	1	(90,921)	141,749
Tax on (loss)/profit on ordinary activities	4	52,791	(90,024)
(Loss)/profit transferred from/to reserves	13	(38,130)	51,725

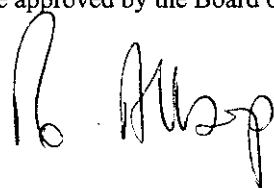
There were no recognised gains or losses other than the loss for the financial year.

# MALVERN TUBULAR COMPONENTS LIMITED

## BALANCE SHEET AT 31 MARCH 2002

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	5	848,669	762,277
<b>Current assets</b>			
Stocks	6	712,698	626,377
Debtors	7	1,016,270	1,016,291
Cash at bank and in hand		37	149,570
		<u>1,729,005</u>	<u>1,792,238</u>
<b>Creditors: amounts falling due within one year</b>	8	<u>(1,754,411)</u>	<u>(1,709,335)</u>
<b>Net current (liabilities)/assets</b>		<u>(25,406)</u>	<u>82,903</u>
<b>Total assets less current liabilities</b>		<u>823,263</u>	<u>845,180</u>
<b>Creditors: amounts falling due after more than one year</b>	9	(181,594)	(158,544)
<b>Provisions for liabilities and charges</b>	10	<u>(56,700)</u>	<u>(63,537)</u>
		<u>584,969</u>	<u>623,099</u>
<b>Capital and reserves</b>			
Called up share capital	12	19,510	19,510
Profit and loss account	13	565,459	603,589
<b>Shareholders' funds</b>	14	<u>584,969</u>	<u>623,099</u>

The financial statements were approved by the Board of Directors on



Director

28<sup>th</sup> June 2002

R ALLSOP

The accompanying accounting policies and notes form an integral part of these financial statements.

# MALVERN TUBULAR COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 1 TURNOVER AND (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The turnover and loss before taxation are attributable to the principal activity.

The (loss)/profit on ordinary activities is stated after:

	2002 £	2001 £
Auditors' remuneration:		
Audit services	8,000	9,000
Non-audit services	2,750	3,000
Depreciation of tangible fixed assets:		
- owned assets	133,407	140,943
- assets held under finance leases and hire purchase contracts	45,180	34,160
Operating lease rentals - land and buildings	64,500	41,892
Loss on disposal of fixed assets	2,454	795

### 2 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

	2002 £	2001 £
Wages and salaries	1,712,629	1,564,040
Social security costs	146,480	138,164
Other pension costs	32,242	28,964
	<u>1,891,351</u>	<u>1,731,168</u>

The average number of employees of the company during the year were as follows:

	2002 Number	2001 Number
Production	90	84
Sales, distribution and administration	19	19
	<u>109</u>	<u>103</u>

Remuneration in respect of directors was as follows:

	2002 £	2001 £
Emoluments	165,036	145,441
Pension contributions	10,315	8,558
	<u>175,351</u>	<u>153,999</u>

During the year 4 directors (2001: 4) participated in money purchase pension schemes.

# MALVERN TUBULAR COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 3 INTEREST PAYABLE AND SIMILAR CHARGES

	2002 £	2001 £
Finance charges in respect of finance leases	19,787	9,936
Bank overdraft	4,187	23
Other interest charges	597	179
	<u>24,571</u>	<u>10,138</u>

### 4 TAX ON (LOSS)/PROFIT ON ORDINARY ACTIVITIES

#### (a) Analysis of charge in period

	2002 £	2001 £
<i>Current tax:</i>		
UK corporation tax on profits of the period	(12,949)	-
Adjustments in respect of the previous periods	(33,005)	79402
<i>Total current tax (note 4 (b))</i>	<u>(45,954)</u>	<u>79402</u>
<i>Deferred tax:</i>		
Origination and reversal of timing differences	(6,837)	10,622
	<u>(52,791)</u>	<u>90,024</u>
Tax on (loss)/profit on ordinary activities		

#### (b) Factors affecting tax charge for the period

The tax assessed for the period is lower than the standard rate of corporation tax in the UK (30 per cent). The differences are explained below:

	2002 £	2001 £
(Loss)/profit on ordinary activities before tax	<u>(90,921)</u>	<u>141,749</u>
(Loss)/profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2001: 30%)	(27,276)	42,525
<i>Effect of:</i>		
Expenses not deductible for tax purposes	-	(29,058)
Capital allowances for period in excess of depreciation	-	6,170
Utilisation of tax losses	27,276	-
Adjustments to tax charge in respect of prior period	(33,005)	79,402
Credit in respect of research and development	(12,949)	-
Group relief received in the period	-	(19,637)
<i>Current tax charge for period (note 4(a))</i>	<u>(45,954)</u>	<u>79,402</u>

# MALVERN TUBULAR COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 5 TANGIBLE FIXED ASSETS

	Plant and machinery £	Motor vehicles £	Total £
Cost			
At 1 April 2001	2,160,214	106,187	2,266,401
Additions	240,203	47,345	287,548
Disposals	(17,080)	(27,910)	(44,990)
Transfers to group undertakings	-	(15,485)	(15,485)
At 31 March 2002	2,383,337	110,137	2,493,474
Depreciation			
At 1 April 2001	1,454,001	50,123	1,504,124
Provided in the year	160,143	18,444	178,587
Eliminated on disposals	(12,658)	(18,118)	(30,776)
Transfers to group undertakings	-	(7,130)	(7,130)
At 31 March 2002	1,601,486	43,319	1,644,805
Net book amount at 31 March 2002	<b>781,851</b>	<b>66,818</b>	<b>848,669</b>
Net book amount at 31 March 2001	706,213	56,064	762,277

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

	Plant and machinery £
Net book amount at 31 March 2002	<b>382,982</b>
Net book amount at 31 March 2001	328,482
Depreciation provided during year	45,180

# MALVERN TUBULAR COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 6 STOCKS

	2002 £	2001 £
Raw materials	357,018	274,756
Short-term work in progress	101,438	125,375
Finished goods and goods for resale	254,242	226,246
	<u>712,698</u>	<u>626,377</u>

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

### 7 DEBTORS

	2002 £	2001 £
Trade debtors	719,414	878,231
Amounts due from ultimate parent undertaking	-	53,194
Amounts due from fellow subsidiary undertakings	224,252	28,732
Other debtors	432	624
Taxation recoverable	12,949	-
Prepayments and accrued income	59,223	55,510
	<u>1,016,270</u>	<u>1,016,291</u>

### 8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2002 £	2001 £
Bank loans and overdrafts	198,259	-
Trade creditors	333,375	567,620
Amounts due to ultimate parent undertaking	183,088	-
Amounts owed to parent undertaking	670,000	670,000
Amounts due to fellow subsidiary undertaking	19,224	32,925
Group relief payable	-	45,917
Corporation tax	-	19,017
Social security and other taxes	159,596	154,452
Other creditors	18,891	21,301
Accruals and deferred income	76,348	120,930
Amounts due under finance leases	95,630	77,173
	<u>1,754,411</u>	<u>1,709,335</u>

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

# MALVERN TUBULAR COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 9 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2002 £	2001 £
Amounts due under finance leases	<u>181,594</u>	<u>158,544</u>
Borrowings are repayable as follows:	2002 £	2001 £
Within one year		
Bank and other borrowings	198,259	-
Finance leases	95,630	77,173
After one and within two years		
Finance leases	93,071	158,544
After two and within five years		
Finance leases	88,523	-
	<u>475,483</u>	<u>235,717</u>

### 10 PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred taxation £
At 1 April	63,537
Provided during the year	(6,837)
At 31 March 2002	<u>56,700</u>

### 11 DEFERRED TAXATION

Deferred taxation provided for in full, in the financial statements is set out below.

	Amount provided 2002 £	2001 £
Accelerated capital allowances	87,000	75,277
Other timing differences	(1,200)	(11,740)
	85,800	63,537
Less:		
Trading losses	(29,100)	-
	<u>56,700</u>	<u>63,537</u>

# MALVERN TUBULAR COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

### 12 SHARE CAPITAL

	2002 £	2001 £
Authorised 20,000 ordinary shares at £1 each	<u>20,000</u>	<u>20,000</u>
Allotted, called up and fully paid 19,510 ordinary shares at £1 each	<u>19,510</u>	<u>19,510</u>

### 13 RESERVES

	Profit and loss account £
At 1 April	603,589
Retained loss for the year	<u>(38,130)</u>
At 31 March 2002	<u>565,459</u>

### 14 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2002 £	2001 £
(Loss)/profit for the financial year	<u>(38,130)</u>	<u>51,725</u>
Net (decrease) / increase in shareholders' funds	<u>(38,130)</u>	<u>51,725</u>
Shareholders' funds at 1 April	<u>623,099</u>	<u>571,374</u>
Shareholders' funds at 31 March	<u>584,969</u>	<u>623,099</u>



# MALVERN TUBULAR COMPONENTS LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 March 2002

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### 15 LEASING COMMITMENTS

Operating lease payments amounting to £57,000 (2001: £64,500) are due within one year. The leases to which these amounts relate expire as follows:

	2002 Land and buildings £	2001 Land and buildings £
In one year or less	27,000	-
Between one and five years	30,000	64,500
	<u>57,000</u>	<u>64,500</u>

### 16 CAPITAL COMMITMENTS

The company had no capital commitments at 31 March 2002 or 31 March 2001.

### 17 CONTINGENT LIABILITIES

There were no contingent liabilities at 31 March 2002 or 31 March 2001 except in respect of deferred taxation.

### 18 PENSIONS

Defined Contribution Scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The unpaid contributions outstanding at the year end, included in other creditors are £2,414 (2001: £1,432).

### 19 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.