

Malvern Tubular Components Limited
Financial statements
For the year ended 31 March 2004

Grant Thornton 



Company No. 00370553

Company information

Company registration number

00370553

Registered office

Spring Lane
Malvern Link
Malvern
Worcester
WR14 1DA

Directors

R Allsop
N Silverthorne
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
Chartered Accountants
Registered Auditors
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 2004.

Principal activities and business review

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

There was a profit for the year after taxation amounting to £229,322 (2003: loss of £520,088).

Results and dividends

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

Directors

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

R Allsop
N Silverthorne
W E Benson
A McClean

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

Directors' responsibilities

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 at the end of the year and of the profit or loss for the year then ended. 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.

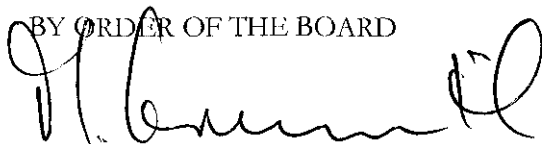
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 1 July 2004 the Grant Thornton partnership will transfer its business to a limited liability partnership, Grant Thornton UK LLP, and the directors have agreed to extend the audit appointment to Grant Thornton UK LLP with effect from 1 July 2004 in accordance with Section 26(5) of the Companies Act 1989.


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

BY ORDER OF THE BOARD



M Greensmith
Secretary

30/6/04



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 2004 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 23. These financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. 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 auditors' 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

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

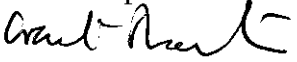
Basis of opinion

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 affairs of the company as at 31 March 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.


GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
BIRMINGHAM

30/6/04

Principal accounting policies

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) 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

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

Research and development

Research and development expenditure is written off in the year in which it is incurred.

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% - 25%
Motor Vehicles	- 20%

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.

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account on a straight line basis, and the capital element which reduces the outstanding obligation for future instalments.

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.

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

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.

Profit and loss account

	Note	2004 £	2003 £
Turnover	1	4,238,269	3,540,505
Cost of sales		2,656,187	2,822,147
Gross profit		1,582,082	718,358
Other operating charges	2	1,272,430	1,300,477
Operating profit/(loss)	3	309,652	(582,119)
Interest payable and similar charges	6	54,258	33,869
Profit/(loss) on ordinary activities before taxation		255,394	(615,988)
Tax on profit/(loss) on ordinary activities	7	26,072	(95,900)
Retained profit/(loss) for the financial year	18	229,322	(520,088)

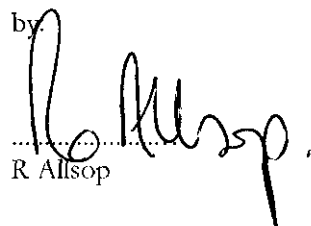
All of the activities of the company are classed as continuing.

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

Balance sheet

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	8	<u>592,880</u>	<u>733,276</u>
Current assets			
Stocks	9	479,546	588,196
Debtors	10	1,476,059	938,436
Cash at bank and in hand		276,142	45,328
		<u>2,231,747</u>	<u>1,571,960</u>
Creditors: amounts falling due within one year	11	<u>2,468,900</u>	<u>2,144,452</u>
Net current liabilities		<u>(237,153)</u>	<u>(572,492)</u>
Total assets less current liabilities		<u>355,727</u>	<u>160,784</u>
Creditors: amounts falling due after more than one year	12	61,524	95,903
		<u>294,203</u>	<u>64,881</u>
Capital and reserves			
Called-up equity share capital	17	19,510	19,510
Profit and loss account	18	274,693	45,371
Shareholders' funds	19	<u>294,203</u>	<u>64,881</u>

These financial statements were approved by the directors on 30 June 2004 and are signed on their behalf by


R Allsop

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 is given below:

	2004 £	2003 £
United Kingdom	<u>4,238,269</u>	<u>3,540,505</u>

2 Other operating charges

	2004 £	2003 £
Distribution costs	–	90,680
Administrative expenses	<u>1,272,430</u>	<u>1,209,797</u>
	<u>1,272,430</u>	<u>1,300,477</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2004 £	2003 £
Directors' emoluments	157,402	176,417
Research and development expenditure written off	–	130,667
Depreciation of owned fixed assets	99,494	118,982
Depreciation of assets held under finance leases and hire purchase agreements	59,097	55,033
(Profit)/Loss on disposal of fixed assets	(1,111)	47
Auditors' remuneration:		
Audit fees	9,000	8,000
Taxation fees	3,000	3,000
Operating lease costs:		
Land and buildings	58,347	64,500
Plant and equipment	1,803	–
Vehicles	3,584	–
Net loss on foreign currency translation	<u>1,959</u>	<u>1,856</u>

4 Directors and employees

The average number of persons employed by the company during the financial year, including the directors, amounted to 92 (2003 - 94).

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	1,534,247	1,420,111
Social security costs	138,539	119,492
Other pension costs	31,006	34,315
	<u>1,703,792</u>	<u>1,573,918</u>

5 Directors

Remuneration in respect of directors was as follows:

	2004 £	2003 £
Emoluments receivable	157,402	176,417
Value of company pension contributions to money purchase schemes	8,645	10,709
	<u>166,047</u>	<u>187,126</u>

The number of directors who are accruing benefits under company pension schemes was as follows:

	2004 No	2003 No
Money purchase schemes	<u>3</u>	<u>4</u>

6 Interest payable and similar charges

	2004 £	2003 £
Interest payable on bank borrowing	36,434	9,575
Finance charges	17,824	20,363
Other similar charges payable	—	3,931
	<u>54,258</u>	<u>33,869</u>

7 Taxation on ordinary activities

(a) Analysis of charge in the year

	2004 £	2003 £
Current tax:		
UK Corporation tax based on the results for the year at 30% (2003 - 30%)	—	(39,200)
Under provision in prior year	<u>26,072</u>	<u>—</u>
Total current tax	<u>26,072</u>	<u>(39,200)</u>
Deferred tax:		
Decrease in deferred tax provision	—	(56,700)
Tax on profit/(loss) on ordinary activities	<u>26,072</u>	<u>(95,900)</u>

(b) Factors affecting current tax charge

The tax assessed on the profit/(loss) on ordinary activities for the year is lower than the standard rate of corporation tax in the UK of 30% (2003 - 30%).

	2004 £	2003 £
Profit/(loss) on ordinary activities before taxation	<u>255,394</u>	<u>(615,988)</u>
Profit/(loss) on ordinary activities by rate of tax	76,618	(184,796)
Utilisation of tax losses	(76,618)	184,796
Credit in respect of research and development	—	(39,200)
Adjustments to tax charge in respect of previous periods	<u>26,072</u>	<u>—</u>
Total current tax (note 7(a))	<u>26,072</u>	<u>(39,200)</u>

8 Tangible fixed assets

	Plant & Machinery £	Motor Vehicles £	Total £
Cost			
At 1 April 2003	2,397,909	110,137	2,508,046
Additions	46,186	15,500	61,686
Disposals	—	(25,247)	(25,247)
Transfers	(58,294)	—	(58,294)
At 31 March 2004	<u>2,385,801</u>	<u>100,390</u>	<u>2,486,191</u>
Depreciation			
At 1 April 2003	1,711,945	62,825	1,774,770
Charge for the year	141,247	17,344	158,591
On disposals	—	(19,351)	(19,351)
Transfers	(20,699)	—	(20,699)
At 31 March 2004	<u>1,832,493</u>	<u>60,818</u>	<u>1,893,311</u>
Net book value			
At 31 March 2004	<u>553,308</u>	<u>39,572</u>	<u>592,880</u>
At 31 March 2003	<u>685,964</u>	<u>47,312</u>	<u>733,276</u>

Included within the net book value of £592,880 is £294,863 (2003 - £338,460) relating to assets held under finance leases. The depreciation charged to the financial statements in the year in respect of such assets amounted to £59,097 (2003 - £55,033).

9 Stocks

	2004 £	2003 £
Raw materials	246,004	251,064
Work in progress	68,585	151,139
Finished goods	164,957	185,993
	<u>479,546</u>	<u>588,196</u>

10 Debtors

	2004 £	2003 £
Trade debtors	843,370	532,279
Amounts owed by group undertakings	538,387	304,560
Corporation tax repayable	12,519	52,149
Other debtors	11,354	1,191
Prepayments and accrued income	70,429	48,257
	<u>1,476,059</u>	<u>938,436</u>

11 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank loans and overdrafts	399,563	244,961
Trade creditors	351,939	330,943
Amounts owed to group undertakings	1,346,876	1,110,935
Other taxation and social security	133,242	130,576
Amounts due under finance leases	64,040	93,312
Other creditors	38,284	23,184
Accruals and deferred income	134,956	210,541
	<u>2,468,900</u>	<u>2,144,452</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2004 £	2003 £
Bank loans and overdrafts	<u>399,563</u>	<u>244,961</u>

Finance leases are secured on the assets to which they relate.

12 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Amounts owed to group undertakings	18,811	—
Amounts due under finance leases	42,713	95,903
	<u>61,524</u>	<u>95,903</u>

13 Commitments under finance leases

Future commitments under finance leases are as follows:

	2004 £	2003 £
Amounts payable within 1 year	64,040	93,312
Amounts payable between 1 and 2 years	42,713	95,903
	<u>106,753</u>	<u>189,215</u>

14 Deferred tax

	2004 £	2003 £
At 1 April 2003	—	56,700
Credit for the year	—	(56,700)
At 31 March 2004	<u>—</u>	<u>—</u>

The amounts of deferred tax provided and unprovided in the financial statements are:

	2004		2003	
	Provided £	Unprovided £	Provided £	Unprovided £
Accelerated capital allowances	28,434	—	56,000	—
Other timing differences	(5,739)	—	(52,000)	—
	<u>22,695</u>	<u>—</u>	<u>4,000</u>	<u>—</u>
Trading losses	(22,695)	(18,518)	(4,000)	(89,000)
	<u>—</u>	<u>(18,518)</u>	<u>—</u>	<u>(89,000)</u>

15 Leasing commitments

At 31 March 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	—	1,243	30,000	1,920
Within 2 to 5 years	30,000	6,427	—	16,494
After more than 5 years	125,000	—	—	—
	<u>155,000</u>	<u>7,670</u>	<u>30,000</u>	<u>18,414</u>

16 Related party transactions

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

17 Share capital

Authorised share capital:

	2004	2003
	£	£
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>19,510</u>	<u>19,510</u>	<u>19,510</u>	<u>19,510</u>

18 Profit and loss account

	2004	2003
	£	£
Balance brought forward	45,371	565,459
Retained profit/(accumulated loss) for the financial year	<u>229,322</u>	<u>(520,088)</u>
Balance carried forward	<u>274,693</u>	<u>45,371</u>

19 Reconciliation of movements in shareholders' funds

	2004	2003
	£	£
Profit/(Loss) for the financial year	229,322	(520,088)
Opening shareholders' equity funds	<u>64,881</u>	<u>584,969</u>
Closing shareholders' equity funds	<u>294,203</u>	<u>64,881</u>

20 Pensions

The company operated a defined contribution scheme throughout the year. The company has made contributions of £31,006 (2002: £34,315) on behalf of its employees.

21 Contingencies

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2004.

22 Capital commitments

The directors have confirmed that there were no capital commitments at 31 March 2004.

23 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.