

---

**LAMBERT ENGINEERING LIMITED**

---

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED  
31 DECEMBER 2004**



# **LAMBERT ENGINEERING LIMITED**

---

## **CONTENTS**

---

	Page
<b>Directors' report</b>	1 - 2
<b>Auditors' report</b>	3
<b>Profit and loss account</b>	4
<b>Balance sheet</b>	5
<b>Cash flow statement</b>	6
<b>Notes to the abbreviated accounts</b>	7 - 15

## LAMBERT ENGINEERING LIMITED

### DIRECTORS' REPORT For the year ended 31 December 2004

The directors present their report and the financial statements for the year ended 31 December 2004.

#### STATEMENT OF 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 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 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 financial statements 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.

#### PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The company's principal activity during the year was that of the design, manufacture and installation of special purpose machinery for the processing and manufacturing industries and the manufacture of spare parts for such machinery.

Whilst turnover has increased, margins and net profitability have been affected by a combination of competition from Eastern Europe and increased overheads. The company remains optimistic in its ability to offer global customers challenging and innovative manufacturing solutions and remains well placed for the next stage of our expansion. As always the directors recognise and value the continued contribution of all employees.

#### RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £324,870 (2003 - £536,490).

A dividend of £125,000 (2003 - £500,000) was paid during the year. The profit of (£199,870 (2003 - £36,490)) has been transferred to reserves.

#### DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1 each	
	<u>31/12/04</u>	<u>1/1/04</u>
Mr M A Williams	-	-
Mr R E Wheelwright	-	-
Mr B D Morley	-	-
Mr I P Hampton	-	-

**LAMBERT ENGINEERING LIMITED**

---

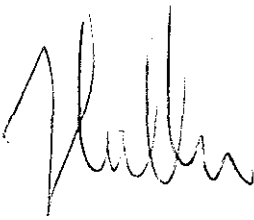
**DIRECTORS' REPORT**  
**For the year ended 31 December 2004**

---

**AUDITORS**

The auditors, Leslie Bray & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 22 September 2005 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'M A Williams', is written over a light blue horizontal line.

**Mr M A Williams**  
Director

## LAMBERT ENGINEERING LIMITED

---

### INDEPENDENT AUDITORS' REPORT TO LAMBERT ENGINEERING LIMITED Under section 247B of the Companies Act 1985

---

We have examined the abbreviated accounts of Lambert Engineering Limited for the year ended 31 December 2004 set out on pages 4 to 15, together with the financial statements of the company for the year ended 31 December 2004 prepared under section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with s.247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special 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, for our work, for this report, or for the opinions we have formed.

#### RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

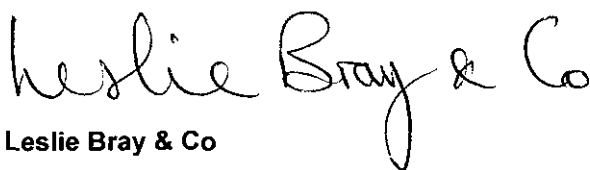
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

#### BASIS OF AUDIT OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

#### OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246 A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 15 are properly prepared in accordance with those provisions.



**Leslie Bray & Co**

Chartered Accountants  
Registered Auditors

23 Market Place  
Wetherby  
West Yorkshire  
LS22 6LQ

23 September 2005

**LAMBERT ENGINEERING LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT**  
For the year ended 31 December 2004

	Note	2004 £	2003 £
<b>GROSS PROFIT</b>		<b>3,486,033</b>	<b>3,324,447</b>
Administrative expenses		<u>(3,091,848)</u>	<u>(2,651,912)</u>
<b>OPERATING PROFIT</b>	2	<b>394,185</b>	<b>672,535</b>
Interest receivable	5	<b>68,843</b>	<b>42,107</b>
Interest payable	6	<u>(58)</u>	<u>(832)</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>462,970</b>	<b>713,810</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	7	<u>(138,100)</u>	<u>(177,320)</u>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>324,870</b>	<b>536,490</b>
<b>DIVIDENDS</b> - On equity shares	8	<u>(125,000)</u>	<u>(500,000)</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		<b>199,870</b>	<b>36,490</b>
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<u><b>6,602,345</b></u>	<u><b>6,565,855</b></u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><u><b>£ 6,802,215</b></u></u>	<u><u><b>£ 6,602,345</b></u></u>

All amounts relate to continuing operations.

There were no recognised gains and losses for 2004 or 2003 other than those included in the profit and loss account.


The notes on pages 7 to 15 form part of these financial statements.

**LAMBERT ENGINEERING LIMITED**

**ABBREVIATED BALANCE SHEET**  
**As at 31 December 2004**

	Note	£	2004	£	£	2003	£
<b>FIXED ASSETS</b>							
Intangible fixed assets	9			13,000			13,000
Tangible fixed assets	10			1,109,770			1,071,087
Investments	11			3,700,500			3,700,500
				<u>4,823,270</u>			<u>4,784,587</u>
<b>CURRENT ASSETS</b>							
Stocks	12	1,217,207			799,488		
Debtors	13	1,986,640			1,592,822		
Cash at bank and in hand		2,113,617			1,202,834		
				<u>5,317,464</u>			<u>3,595,144</u>
<b>CREDITORS:</b> amounts falling due within one year	14	(3,238,519)			(1,677,386)		
<b>NET CURRENT ASSETS</b>				<u>2,078,945</u>			<u>1,917,758</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>				<u>£ 6,902,215</u>			<u>£ 6,702,345</u>
<b>CAPITAL AND RESERVES</b>							
Called up share capital	15			100,000			100,000
Profit and loss account				6,802,215			6,602,345
<b>SHAREHOLDERS' FUNDS - All Equity</b>	16			<u>£ 6,902,215</u>			<u>£ 6,702,345</u>

The abbreviated accounts, which have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to medium-sized companies, were approved by the board on 22 September 2005 and signed on its behalf.



**Mr M A Williams**  
Director

The notes on pages 7 to 15 form part of these financial statements.

**LAMBERT ENGINEERING LIMITED**

**ABBREVIATED CASH FLOW STATEMENT**  
For the year ended 31 December 2004

	Note	2004 £	2003 £
Net cash flow from operating activities	17	1,456,172	859,403
Returns on investments and servicing of finance	18	68,785	41,275
Taxation		(229,947)	(269,936)
Capital expenditure and financial investment	18	(259,227)	(203,268)
Equity dividends paid		(125,000)	(500,000)
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>£ 910,783</b>	<b>£ (72,526)</b>

**RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 19)**  
For the year ended 31 December 2004

	2004 £	2003 £
Increase/(Decrease) in cash in the year	910,783	(72,526)
<b>MOVEMENT IN NET DEBT IN THE YEAR</b>	<b>910,783</b>	<b>(72,526)</b>
Net funds at 1 January 2004	1,202,834	1,275,360
<b>NET FUNDS AT 31 DECEMBER 2004</b>	<b>£ 2,113,617</b>	<b>£ 1,202,834</b>

The notes on pages 7 to 15 form part of these financial statements.



---

**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 2004**

---

**1. ACCOUNTING POLICIES**

**1.1 Basis of preparation of financial statements**

The full financial statements, from which these abbreviated accounts have been extracted, have been prepared under the historical cost convention and are prepared in accordance with applicable accounting standards.

**1.2 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of Value Added Tax and trade discounts.

**1.3 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is not charged on freehold land. Depreciation on other tangible fixed assets is provided at rates calculated to write off the cost of those assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold land and buildings	-	2%	straight line
Plant and equipment	-	20%	straight line
Motor vehicles	-	25%	reducing balance
Fixtures & fittings	-	20%	reducing balance
Leases	-		Remaining life of lease

**1.4 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account on the straight line basis over the lease term.

**1.5 Stocks and work in progress**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.6 Deferred taxation**

Provision is made in full for all taxation deferred in respect of timing differences that have originated but not reversed by the balance sheet date, except for gains on disposal of fixed assets which will be rolled over into replacement assets. No provision is made for taxation on permanent differences.

Deferred tax assets are recognised to the extent that it is more likely than not that they will be recovered.

**1.7 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 ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**1.8 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**1.9 Investments**

Investments are stated at cost or valuation, less any provision for a permanent diminution in value.

**LAMBERT ENGINEERING LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2004

**2. OPERATING PROFIT**

The operating profit is stated after charging:

	2004 £	2003 £
Depreciation of tangible fixed assets:		
- owned by the company	226,214	215,363
Auditors' remuneration	15,004	16,000
Contract hire:		
- cars	66,935	59,369
	<u>          </u>	<u>          </u>

**3. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	2004 £	2003 £
Wages and salaries	3,331,237	3,004,937
Social security costs	349,824	326,373
Other pension costs	181,165	164,742
	<u>£ 3,862,226</u>	<u>£ 3,496,052</u>

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

	2004 No.	2003 No.
Office and Management	42	38
Direct Labour	73	59
Sales	9	8
	<u>124</u>	<u>105</u>

**4. DIRECTORS' REMUNERATION**

	2004 £	2003 £
Emoluments	£ 390,107	£ 367,054
	<u>          </u>	<u>          </u>

**5. INTEREST RECEIVABLE**

	2004 £	2003 £
Bank and other interest receivable	£ 68,843	£ 42,107
	<u>          </u>	<u>          </u>

**LAMBERT ENGINEERING LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2004

**6. INTEREST PAYABLE**

	2004 £	2003 £
On bank loans and overdrafts	£ 58	£ 832

**7. TAXATION**

	2004 £	2003 £
UK corporation tax charge on profits of the year	£ 138,100	£ 177,320

**Factors affecting tax charge for year**

The tax assessed for the year is higher than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	2004 £	2003 £
Profit on ordinary activities before tax	£ 462,970	£ 713,810
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 30% (2003 - 30%)	138,891	214,143
<b>Effects of:</b>		
Expenses not deductible for tax purposes	835	(19,507)
Capital allowances for period in excess of depreciation	(615)	(7,269)
Group relief	(13)	(10,047)
Marginal relief	(998)	-
<b>Current tax charge for year</b> (see note above)	£ 138,100	£ 177,320

**8. DIVIDENDS**

	2004 £	2003 £
<b>On equity shares</b>		
Total dividends paid	£ 125,000	£ 500,000

**LAMBERT ENGINEERING LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2004

**9. INTANGIBLE FIXED ASSETS**

	Cherished registration £	Total £
<b>Cost</b>		
At 1 January 2004 and 31 December 2004	<u>13,000</u>	<u>13,000</u>
<b>Amortisation</b>		
At 1 January 2004 and 31 December 2004	<u>-</u>	<u>-</u>
<b>Net book value</b>		
At 31 December 2004	<u>£ 13,000</u>	<u>£ 13,000</u>
At 31 December 2003	<u>£ 13,000</u>	<u>£ 13,000</u>

**10. TANGIBLE FIXED ASSETS**

	Land and buildings £	Plant and machinery £	Motor vehicles £	Furniture, fittings and equipment £	Total £
<b>Cost</b>					
At 1 January 2004	614,528	2,499,849	121,158	796,443	4,031,978
Additions	60,210	146,903	-	57,789	264,902
Disposals	-	(57,242)	-	-	(57,242)
At 31 December 2004	<u>674,738</u>	<u>2,589,510</u>	<u>121,158</u>	<u>854,232</u>	<u>4,239,638</u>
<b>Depreciation</b>					
At 1 January 2004	78,991	2,257,560	57,307	567,033	2,960,891
Charge for the year	19,433	133,379	15,964	57,438	226,214
On disposals	-	(57,237)	-	-	(57,237)
At 31 December 2004	<u>98,424</u>	<u>2,333,702</u>	<u>73,271</u>	<u>624,471</u>	<u>3,129,868</u>
<b>Net book value</b>					
At 31 December 2004	<u>£ 576,314</u>	<u>£ 255,808</u>	<u>£ 47,887</u>	<u>£ 229,761</u>	<u>£ 1,109,770</u>
At 31 December 2003	<u>£ 535,537</u>	<u>£ 242,289</u>	<u>£ 63,851</u>	<u>£ 229,410</u>	<u>£ 1,071,087</u>

Included in land and buildings is freehold land at valuation of £142,706, (cost £142,706) which is not depreciated.

At 31 December 2004, £370,849 and £62,759 included within net book value of land and buildings relates to freehold and short term leasehold land and buildings respectively.

**LAMBERT ENGINEERING LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2004

**11. FIXED ASSET INVESTMENTS**

	Loans to group under- takings £	Total £
<b>Cost</b>		
At 1 January 2004 and 31 December 2004	<b>£ 3,700,500</b>	<b>£ 3,700,500</b>

**12. STOCKS**

	2004 £	2003 £
Raw materials	<b>60,052</b>	33,413
Work in progress	<b>1,157,155</b>	766,075
	<b>£ 1,217,207</b>	£ 799,488

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

**13. DEBTORS**

	31 December 2004 £	31 December 2003 £
<b>Due within one year</b>		
Trade debtors	<b>1,854,955</b>	1,424,295
Other debtors	<b>32,863</b>	82,440
Prepayments and accrued income	<b>98,822</b>	86,087
	<b>£ 1,986,640</b>	£ 1,592,822

**LAMBERT ENGINEERING LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2004

**14. CREDITORS:**  
**Amounts falling due within one year**

	31 December 2004 £	31 December 2003 £
Payments received on account	1,667,683	249,062
Trade creditors	1,000,611	794,844
Corporation tax	35,300	175,000
Social security and other taxes	174,216	176,622
Other creditors	134,136	119,959
Accruals	226,573	161,899
	<u>£ 3,238,519</u>	<u>£ 1,677,386</u>

Barclays Bank have a charge over 12, 13 and 14 Station Road, Tadcaster, which secures the advance payment guarantees. At 31st December 2004 the advance payment guarantees totalled £625,000.

**15. SHARE CAPITAL**

	31 December 2004 £	31 December 2003 £
<b>Authorised, allotted, called up and fully paid</b>		
100,000 Ordinary shares of £1 each	<u>£ 100,000</u>	<u>£ 100,000</u>

**16. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS**

	2004 £	2003 £
Profit for the year	324,870	536,490
Dividends	(125,000)	(500,000)
	<u>199,870</u>	<u>36,490</u>
Opening shareholders' funds	6,702,345	6,665,855
Closing shareholders' funds	<u>£ 6,902,215</u>	<u>£ 6,702,345</u>

**LAMBERT ENGINEERING LIMITED**

**NOTES TO THE ABBREVIATED ACCOUNTS**  
For the year ended 31 December 2004

**17. NET CASH FLOW FROM OPERATING ACTIVITIES**

Operating profit	394,185	672,535
Depreciation of tangible fixed assets	226,214	215,363
Profit on disposal of tangible fixed assets	(5,670)	(77,561)
Increase in stocks	(417,719)	(215,312)
(Increase)/decrease in debtors	(441,671)	514,137
Decrease in amounts owed by group undertakings	-	50,000
Increase/(decrease) in creditors	1,700,833	(299,759)
<b>NET CASH INFLOW FROM OPERATIONS</b>	<b>£ 1,456,172</b>	<b>£ 859,403</b>

**18. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT**

**RETURNS ON INVESTMENTS AND SERVICING OF FINANCE**

Interest received	68,843	42,107
Interest paid	(58)	(832)
<b>NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>	<b>£ 68,785</b>	<b>£ 41,275</b>

**CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT**

Purchase of tangible fixed assets	(264,902)	(284,268)
Sale of tangible fixed assets	5,675	81,000
<b>NET CASH OUTFLOW FROM CAPITAL EXPENDITURE</b>	<b>£ (259,227)</b>	<b>£ (203,268)</b>

**19. ANALYSIS OF CHANGES IN NET DEBT**

	1 January 2004 £	Cash flow £	Other non-cash changes £	31 December 2004 £
Cash at bank and in hand:	1,202,834	910,783	-	2,113,617
<b>NET FUNDS</b>	<b>£ 1,202,834</b>	<b>£ 910,783</b>	<b>£ -</b>	<b>£ 2,113,617</b>

## LAMBERT ENGINEERING LIMITED

### NOTES TO THE ABBREVIATED ACCOUNTS For the year ended 31 December 2004

#### 20. CONTINGENT LIABILITIES

The Company has entered into a cross guarantee with Lambert Engineering Holdings Limited and Lambert Engineering Group Limited. The borrowings subject to this guarantee at 31 December 2004 amounted to £1,000,000 (2003 - £1,000,000). These borrowings relate to a legal charge on the premises at Leathley Road, Leeds held by Lambert Engineering Holdings Limited.

#### 21. CAPITAL COMMITMENTS

At 31 December 2004 the company had capital commitments as follows:

	31 December 2004 £	31 December 2003 £
Contracted for but not provided in these financial statements	£ -	£ 40,000

#### 22. PENSION COMMITMENTS

The company operates a defined contribution pension scheme on behalf of its directors and certain employees. The assets of the scheme are held separately from those of the company in an independently administered fund. The annual commitment under this scheme is for the contributions of £181,165 (2003 - £164,742).

#### 23. ULTIMATE PARENT UNDERTAKING

The holding company of Lambert Engineering Limited is Lambert Engineering Group Limited, a company incorporated in England.

#### 24. CONTROLLING PARTY

Mr M A Williams, Mr R E Wheelwright, Mr B D Morley and Mr I P Hampton are directors of both Lambert Engineering Limited and Lambert Engineering Group Limited and own all the shares in Lambert Engineering Group Limited.



**LAMBERT ENGINEERING LIMITED**

---

**NOTES TO THE ABBREVIATED ACCOUNTS**  
**For the year ended 31 December 2004**

---

**25. TRANSACTIONS WITH DIRECTORS**

At the year end, a loan to one of the directors of the company totalled £23,022 (2003 - £23,022). The maximum loan during the year was £23,022.