

Keighley Laboratories Group Limited

**Directors Report and Accounts
for the year ended 31 March 2003**

***Kilner Johnson Associates
Chartered Accountants and Registered Auditors
Cleckheaton***



A05
COMPANIES HOUSE

ACSNUCKS

0681
03/12/03

Keighley Laboratories Group Limited

Report and Accounts for the year ended 31 March 2003

Contents

	Page
Company information	1
Directors' report	2
Independent auditors' report	3
Profit and loss account	4
Balance sheet	5
Cash flow statement	6
Notes to the accounts	7 - 14

The following pages do not form part of the statutory accounts

Trading and profit and loss account	15 - 16
-------------------------------------	---------

Keighley Laboratories Group Limited

Company Information for the year ended 31 March 2003

Directors P S Hewitt FCA
K Blower I Eng AMIM M Inst NDT
Mrs J L Hewitt

Secretary P S Hewitt FCA

Registered office Croft House
South Street
Keighley
West Yorkshire
BD21 1EG

Registered number 2165899
(England & Wales)

Auditors Kilner Johnson Associates
Network House
West 26
Cleckheaton
West Yorkshire
BD19 4TT

Solicitors Gordons
14 Piccadilly
Bradford
West Yorkshire
BD1 3LX

Bankers National Westminster Bank Plc
63 North Street
Keighley
West Yorkshire
BD21 3SB

Keighley Laboratories Group Limited

Directors' Report

The directors present their report and accounts for the year ended 31 March 2003.

Principal activities and review of the business

The company's principal activity during the year continued to be the provision of management and technical services and the holding of trade investments. The company's operating subsidiary is engaged in providing metallurgical laboratory and heat treatment services.

Results and dividends

The profit for the year, after taxation, amounted to £21,972. The directors do not recommend a final ordinary dividend, making the total of ordinary dividends £3300 for the year which leaves a profit of £18,672 to be retained.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

	£1 "A" Ordinary shares		£1 Ordinary shares	
	2003	2002	2003	2002
P S Hewitt FCA	-	-	48,236	48,236
K Blower I Eng AMIM M Inst NDT	-	-	5,871	5,871
Mrs J L Hewitt	-	-	-	-

In accordance with the Articles of Association, Mr P S Hewitt retires by rotation and offers himself for re-election.

Directors' responsibilities

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 for that period. In preparing those accounts, the directors are required to:

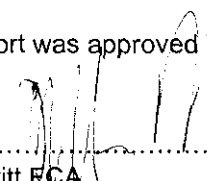
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for maintaining proper accounting records 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.

Auditors

A resolution to reappoint Kilner Johnson Associates as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 21 July 2003.


.....
P S Hewitt FCA
Director

Keighley Laboratories Group Limited

Independent auditors' report to the shareholders of Keighley Laboratories Group Limited

We have audited the accounts of Keighley Laboratories Group Limited for the year ended 31 March 2003 which comprise pages 4 to 14. These accounts have been prepared under the historical cost convention and 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 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 described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

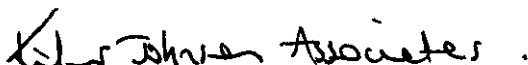
Basis of audit opinion

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 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 the company's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Kilner Johnson Associates

Registered auditors
Cleckheaton

21 July 2003

Keighley Laboratories Group Limited

Profit and Loss Account for the year ended 31 March 2003

	Notes	2003 £	2002 £
Turnover	2	200,000	260,000
Administrative expenses		(174,502)	(199,385)
Other operating income		-	161,750
Operating profit	3	<u>25,498</u>	<u>222,365</u>
Interest receivable		12	2,415
Interest payable	6	(3,538)	(9,367)
Profit on ordinary activities before taxation		<u>21,972</u>	<u>215,413</u>
Tax on profit on ordinary activities	7	-	(10,183)
Profit for the financial year		<u>21,972</u>	<u>205,230</u>
Dividends:			
ordinary dividend on non-equity shares	8	(3,300)	(3,300)
Retained profit for the financial year	16	<u>18,672</u>	<u>201,930</u>

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

Keighley Laboratories Group Limited

Balance Sheet as at 31 March 2003

	Notes	2003 £	2002 £
Fixed assets			
Tangible assets	9	23,000	29,822
Investments	10	459,342	459,342
		<u>482,342</u>	<u>489,164</u>
Current assets			
Debtors	11	117,461	179,227
Cash at bank and in hand		-	181
		<u>117,461</u>	<u>179,408</u>
Creditors: amounts falling due within one year	12	(143,013)	(179,801)
Net current liabilities		<u>(25,552)</u>	<u>(393)</u>
Total assets less current liabilities		<u>456,790</u>	<u>488,771</u>
Creditors: amounts falling due after more than one year	13	(24,450)	(75,103)
		<u>432,340</u>	<u>413,668</u>
Capital and reserves			
Called up share capital	15	100,000	100,000
Profit and loss account	16	332,340	313,668
Shareholders' funds:			
Equity		399,340	380,668
Non-equity		33,000	33,000
	17	<u>432,340</u>	<u>413,668</u>

P S Hewitt FCA

Director

Approved by the board on 21 July 2003

Keighley Laboratories Group Limited

Cash Flow Statement for the year ended 31 March 2003

	Notes	2003 £	2002 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		25,498	222,365
Depreciation charges		6,822	4,288
Decrease/(increase) in debtors		61,766	(177,218)
Decrease in creditors		(35,386)	(229,726)
Net cash inflow/(outflow) from operating activities		58,700	(180,291)
CASH FLOW STATEMENT			
Net cash inflow/(outflow) from operating activities		58,700	(180,291)
Returns on investments and servicing of finance	18	(3,526)	(6,952)
Taxation		-	(8,105)
		55,174	(195,348)
Equity dividends paid		(3,300)	(11,952)
		51,874	(207,300)
Financing	18	(52,055)	(5,993)
Decrease in cash		(181)	(213,293)
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(181)	(213,293)
Decrease in debt and lease financing		52,055	5,993
Change in net debt		51,874	(207,300)
(Net debt)/net funds at 1 April	19	(155,248)	52,052
Net debt at 31 March		(103,374)	(155,248)

Notes to the accounts for the year ended 31 March 2003

1 Accounting policies

Accounting convention

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

Consolidation

Consolidated accounts incorporating the accounts of the company and its subsidiary undertakings have not been prepared as the company has relied upon the exemption from the requirement to prepare consolidated accounts as provided by Section 248 of the Companies Act 1985. The accounts as presented provide information about the company as an individual undertaking only.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Plant, machinery and motor vehicles	10% - 20% on cost
-------------------------------------	-------------------

Investments

Investments held as fixed assets in subsidiary undertakings are stated at cost. Provisions are only made against the cost of these investments when the directors believe there to be a permanent diminution in value.

Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from timing differences between the recognition of gains and losses in the accounts and their recognition in a tax computation. Assets and liabilities are calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse.

Pensions

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

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Turnover is attributable to one continuing activity.

Keighley Laboratories Group Limited

Notes to the accounts for the year ended 31 March 2003

3 Operating profit	2003	2002
	£	£

This is stated after charging:

Depreciation of owned fixed assets	6,822	4,288
Auditors' remuneration	400	225

4 Directors' emoluments	2003	2002
	£	£

Directors' aggregate remuneration	123,322	138,190
-----------------------------------	---------	---------

Number of directors in company pension schemes:	2003	2002
	Number	Number

Money purchase schemes	3	3
------------------------	---	---

5 Staff costs for all employees including executive directors	2003	2002
	£	£

Wages and salaries	124,637	147,885
Social security costs	14,018	15,448
Other pension costs	9,294	9,102
	147,949	172,435

Average number of employees during the year	Number	Number
--	---------------	---------------

Administration	5	5
----------------	---	---

Defined contribution pension scheme

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £9,294 (2002 - £9,102).

6 Interest payable	2003	2002
	£	£

Bank loans and overdrafts	3,538	9,367
---------------------------	-------	-------

Keighley Laboratories Group Limited

Notes to the accounts for the year ended 31 March 2003

7 Taxation	2003 £	2002 £
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	3,623	10,183
Deferred tax:		
Origination and reversal of timing differences	(3,623)	-
 Tax on profit on ordinary activities	 -	 10,183

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2003 £	2002 £
Profit on ordinary activities before tax	21,972	215,413
Standard rate of corporation tax in the UK	30%	30%
	£	£
Profit on ordinary activities multiplied by the standard rate of corporation tax	6,592	64,624
Effects of:		
Expenses not deductible for tax purposes and marginal tax rates	(2,969)	(54,441)
Current tax charge for period	3,623	10,183

8 Non-equity dividends	2003 £	2002 £
Non-equity dividends on "A" ordinary shares - interim	3,300	3,300

Keighley Laboratories Group Limited

Notes to the accounts for the year ended 31 March 2003

9 Tangible fixed assets

	Plant, machinery and motor vehicles £
Cost	
At 1 April 2002	47,327
Disposals	(13,217)
At 31 March 2003	<u>34,110</u>
Depreciation	
At 1 April 2002	17,505
Charge for the year	6,822
On disposals	(13,217)
At 31 March 2003	<u>11,110</u>
Net book value	
At 31 March 2003	<u>23,000</u>
At 31 March 2002	<u>29,822</u>

Keighley Laboratories Group Limited

Notes to the accounts for the year ended 31 March 2003

10 Investments

	Other investments £	
Cost		
At 1 April 2002		459,342
At 31 March 2003		<u>459,342</u>
Other investments	2003 £	2002 £
Unlisted investments	<u>459,342</u>	<u>459,342</u>

The above unlisted investments are as follows:

	Aggregate of capital and reserves	Percentage held	2003 £	2002 £
Keighley Laboratories Limited				
1,000 Founders' shares and				
5,470 Ordinary shares	1,392,421	100%	459,340	459,340
Keighley Special Products Limited				
2 Ordinary shares	2	100%	2	2
			<u>459,342</u>	<u>459,342</u>

Keighley Laboratories Limited is registered in England and Wales and its principal activities are those of consulting metallurgists, analytical chemists, testing engineers and heat treatment specialists. Its loss for the year ended 31 March 2003, after allowing for taxation recovery, was £77,921. Keighley Special Products Limited has never traded.

11 Debtors	2003 £	2002 £
Amounts owed by group undertakings and undertakings in which the company has a participating interest	115,277	177,460
Other debtors	<u>2,184</u>	<u>1,767</u>
	<u>117,461</u>	<u>179,227</u>

Keighley Laboratories Group Limited

Notes to the accounts for the year ended 31 March 2003

12 Creditors: amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	78,924	80,326
Amounts owed to group undertakings and undertakings in which the company has a participating interest	2	2
Other creditors	64,087	99,473
	<u>143,013</u>	<u>179,801</u>
 13 Creditors: amounts falling due after one year	 2003	 2002
	£	£
Bank loans	<u>24,450</u>	<u>75,103</u>
 14 Loans	 2003	 2002
	£	£
Analysis of maturity of debt:		
Within one year or on demand	78,924	80,326
Between two and five years	24,450	75,103
	<u>103,374</u>	<u>155,429</u>

The bank loan is secured by fixed and floating charges over the company's assets. It is repayable by monthly instalments of £4,222 at an interest rate 2.5% above the bank's base rate.

Keighley Laboratories Group Limited

Notes to the accounts for the year ended 31 March 2003

15 Share capital			2003 £	2002 £
Authorised:				
Ordinary shares of £1 each			67,000	67,000
"A" ordinary shares of £1 each			33,000	33,000
			<u>100,000</u>	<u>100,000</u>
			2003 £	2002 £
Allotted, called up and fully paid:				
Ordinary shares of £1 each			67,000	67,000
"A" ordinary shares of £1 each			33,000	33,000
			<u>100,000</u>	<u>100,000</u>

The holders of the "A" ordinary shares have the following rights:

- i) The right to receive a fixed cumulative dividend of 10p per share per annum.
- ii) The right to receive a participating dividend of 7% of the group's profit less the fixed cumulative dividend.
- iii) On a winding up, the "A" ordinary shares have the right to receive £1 per share plus all arrears of dividends, before any capital is distributed to ordinary shareholders.

16 Profit and loss account			2003 £	2002 £
At 1 April			313,668	111,738
Retained profit			18,672	201,930
At 31 March			<u>332,340</u>	<u>313,668</u>

17 Reconciliation of movement in shareholders' funds			2003 £	2002 £
At 1 April			413,668	211,738
Profit for the financial year			21,972	205,230
Dividends			(3,300)	(3,300)
At 31 March			<u>432,340</u>	<u>413,668</u>

Keighley Laboratories Group Limited

Notes to the accounts for the year ended 31 March 2003

18 Gross cash flows	2003 £	2002 £
Returns on investments and servicing of finance		
Interest received	12	2,415
Interest paid	(3,538)	(9,367)
	<u>(3,526)</u>	<u>(6,952)</u>
Financing		
Loan repayments	<u>(52,055)</u>	<u>(5,993)</u>

19 Analysis of changes in net debt

	At 1 Apr 2002 £	Cash flows £	Non-cash changes £	At 31 Mar 2003 £
Cash at bank and in hand	181	(181)		-
Debt due within 1 year	(80,326)	1,402		(78,924)
Debt due after 1 year	(75,103)	50,653		(24,450)
Total	<u>(155,248)</u>	<u>51,874</u>	<u>-</u>	<u>(103,374)</u>

20 Related parties

For the whole of the year the company has been under the control of P S Hewitt, director and shareholder.

During the year the company provided Keighley Laboratories Limited, a subsidiary undertaking of the company, with management services amounting to £200,000 (2002 - £260,000).