

THE FASTENER WAREHOUSE LIMITED
REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE PERIOD
1ST DECEMBER 2006 TO 31ST DECEMBER 2007

Ormerod Rutter Limited
Registered Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

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THE FASTENER WAREHOUSE LIMITED

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THE FASTENER WAREHOUSE LIMITED

**COMPANY INFORMATION
FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007**

DIRECTORS:

Mr S Atkinson
Mr J W Ellis
Mr M Daker

SECRETARY:

Mrs L D Lammas

REGISTERED OFFICE:

Unit 1 Target Park
Shawbank Road
Lakeside
Redditch
Worcestershire
B98 8YN

REGISTERED NUMBER:

02348825 (England and Wales)

AUDITORS:

Ormerod Rutter Limited
Registered Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

THE FASTENER WAREHOUSE LIMITED

REPORT OF THE DIRECTORS FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007

The directors present their report with the financial statements of the company for the period 1st December 2006 to 31st December 2007

PRINCIPAL ACTIVITY

The principal activity of the company in the period under review was that of the distribution of metal fasteners. During the period the company extended its accounting reference date to 31st December.

REVIEW OF BUSINESS

The results for the period and financial position of the company are as shown in the annexed financial statements.

On the 4th April 2007 the ultimate holding company, PRD Holdings Limited, merged with LS Precision Manufacturing Inc of Houston, Texas, USA.

DIVIDENDS

No dividends will be distributed for the period ended 31st December 2007.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st December 2006 to the date of this report.

Mr S Atkinson
Mr J W Ellis

Other changes in directors holding office are as follows:

Mr M Daker was appointed as a director after 31st December 2007 but prior to the date of this report.

Mr T V Mason and Mr A Stennett ceased to be directors after 31st December 2007 but prior to the date of this report.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

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 the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required by law to 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 these 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,
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements,
- 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.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 234ZA of the Companies Act 1985) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

THE FASTENER WAREHOUSE LIMITED

**REPORT OF THE DIRECTORS
FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007**

AUDITORS

The auditors, Ormerod Rutter Limited, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985

ON BEHALF OF THE BOARD:

A handwritten signature in black ink, appearing to be 'S Atkinson', written over a horizontal line.

Mr S Atkinson - Director

4th March 2008

REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF THE FASTENER WAREHOUSE LIMITED

We have audited the financial statements of The Fastener Warehouse Limited for the period ended 31st December 2007 on pages six to twelve. 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 financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out on page two.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

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 whether in our opinion the information given in the Report of the Directors is consistent with the financial statements.

In addition, we report to you if, in our opinion, 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 other transactions is not disclosed.

We read the Report of the Directors 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 International Standards on Auditing (UK and Ireland) 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.

**REPORT OF THE INDEPENDENT AUDITORS TO THE SHAREHOLDERS OF
THE FASTENER WAREHOUSE LIMITED**

Opinion

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31st December 2007 and of its profit for the period then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Report of the Directors is consistent with the financial statements



Ormerod Rutter Limited
Registered Auditor
The Oakley
Kidderminster Road
Droitwich
Worcestershire
WR9 9AY

18th March 2008

THE FASTENER WAREHOUSE LIMITED

**PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007**

	Notes	Period 1 12 06 to 31 12 07 £	Year Ended 30 11 06 £
TURNOVER		2,405,362	1,983,934
Cost of sales		1,354,999	1,128,174
GROSS PROFIT		1,050,363	855,760
Administrative expenses		1,010,819	753,472
OPERATING PROFIT	3	39,544	102,288
Interest receivable and similar income		1,719	-
		41,263	102,288
Interest payable and similar charges	4	24,250	22,865
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		17,013	79,423
Tax on profit on ordinary activities	5	785	26,659
PROFIT FOR THE FINANCIAL PERIOD AFTER TAXATION		16,228	52,764

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current period or previous year

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current period or previous year

The notes form part of these financial statements

THE FASTENER WAREHOUSE LIMITED

**BALANCE SHEET
31ST DECEMBER 2007**

	Notes	2007 £	£	2006 £	£
FIXED ASSETS					
Tangible assets	6		28,001		36,702
CURRENT ASSETS					
Stocks	7	274,191		306,420	
Debtors	8	574,698		618,342	
Cash in hand		226		198	
		<u>849,115</u>		<u>924,960</u>	
CREDITORS					
Amounts falling due within one year	9	<u>757,882</u>		<u>858,656</u>	
NET CURRENT ASSETS			<u>91,233</u>		<u>66,304</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>119,234</u>		<u>103,006</u>
CAPITAL AND RESERVES					
Called up share capital	13		40		40
Profit and loss account	14		<u>119,194</u>		<u>102,966</u>
SHAREHOLDERS' FUNDS	18		<u>119,234</u>		<u>103,006</u>

The financial statements were approved by the Board of Directors on 4th March 2008 and were signed on its behalf by



Mr S Atkinson - Director

The notes form part of these financial statements

THE FASTENER WAREHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007

1 ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life

Leasehold property	- over period of lease
Plant and machinery	- 20% on cost
Motor vehicles	- 25% on cost
Computer equipment	- 25% on cost

Stocks

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

Deferred tax

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date. Deferred tax assets are provided, only to the extent that, in the opinion of the directors, they are expected to be fully recoverable in the foreseeable future

2 STAFF COSTS

	Period 1 12 06 to 31 12 07 £	Year Ended 30 11 06 £
Wages and salaries	401,584	331,195
Social security costs	34,881	27,342
	<u>436,465</u>	<u>358,537</u>

The average monthly number of employees during the period was as follows

	Period 1 12 06 to 31 12 07	Year Ended 30 11 06
Administration and works	<u>20</u>	<u>20</u>

THE FASTENER WAREHOUSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007**

3 OPERATING PROFIT

The operating profit is stated after charging

	Period 1 12 06 to 31 12 07 £	Year Ended 30 11 06 £
Depreciation - owned assets	10,756	20,717
Auditors' remuneration	4,800	4,800
	<u> </u>	<u> </u>
Directors' emoluments	43,718	38,927
	<u> </u>	<u> </u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	Period 1 12 06 to 31 12 07 £	Year Ended 30 11 06 £
Bank interest	24,250	22,865
	<u> </u>	<u> </u>

5 TAXATION

Analysis of the tax charge

The tax charge on the profit on ordinary activities for the period was as follows

	Period 1 12 06 to 31 12 07 £	Year Ended 30 11 06 £
Deferred tax	785	26,659
	<u> </u>	<u> </u>
Tax on profit on ordinary activities	785	26,659
	<u> </u>	<u> </u>

THE FASTENER WAREHOUSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007**

6 TANGIBLE FIXED ASSETS

	Leasehold property £	Plant and machinery £	Motor vehicles £	Computer equipment £	Totals £
COST					
At 1st December 2006	21,683	78,313	4,545	18,379	122,920
Additions	-	540	-	1,515	2,055
At 31st December 2007	21,683	78,853	4,545	19,894	124,975
DEPRECIATION					
At 1st December 2006	6,178	69,293	3,441	7,306	86,218
Charge for period	1,703	4,277	1,104	3,672	10,756
At 31st December 2007	7,881	73,570	4,545	10,978	96,974
NET BOOK VALUE					
At 31st December 2007	13,802	5,283	-	8,916	28,001
At 30th November 2006	15,505	9,020	1,104	11,073	36,702

7 STOCKS

	2007 £	2006 £
Stocks	274,191	306,420

8 DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Trade debtors	520,550	467,429
Amounts owed by group undertakings	-	96,025
Deferred tax asset	41,431	42,216
Prepayments and accrued income	12,717	12,672
	574,698	618,342

9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2007 £	2006 £
Bank loans and overdrafts (see note 10)	340,085	376,088
Trade creditors	328,851	328,995
Amounts owed to group undertakings	26,826	61,349
Social security and other taxes	9,296	8,850
VAT	44,907	14,920
Other creditors	-	5,188
Accruals and deferred income	7,917	63,266
	757,882	858,656

THE FASTENER WAREHOUSE LIMITED

**NOTES TO THE FINANCIAL STATEMENTS - continued
FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007**

10 LOANS

An analysis of the maturity of loans is given below

	2007	2006
	£	£
Amounts falling due within one year or on demand		
Bank overdrafts	<u>340,085</u>	<u>376,088</u>

11 SECURED DEBTS

The following secured debts are included within creditors

	2007	2006
	£	£
Bank overdrafts	<u>340,085</u>	<u>376,088</u>

A Debenture in favour of the Royal Bank of Scotland over the whole assets of the company was registered 25th August 2004 This is secured by a fixed and floating charge created on 1st September 2004

12 DEFERRED TAX

	£
Balance at 1st December 2006	(42,216)
Accelerated capital allowances	(5,852)
Losses	<u>6,637</u>
Balance at 31st December 2007	<u>(41,431)</u>

13 CALLED UP SHARE CAPITAL

Authorised Number	Class	Nominal value	2007	2006
			£	£
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

Allotted, issued and fully paid Number	Class	Nominal value	2007	2006
			£	£
40	Ordinary	£1	<u>40</u>	<u>40</u>

14 RESERVES

	Profit and loss account £
At 1st December 2006	102,966
Profit for the period	<u>16,228</u>
At 31st December 2007	<u>119,194</u>

THE FASTENER WAREHOUSE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - continued FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007

15 ULTIMATE PARENT COMPANY

The ultimate parent company at 31st December 2007 was LS Precision Manufacturing Inc, a company incorporated in the United States of America. The ultimate parent company is now TFN Holdings Limited, a company incorporated in England & Wales.

16 CONTINGENT LIABILITIES

The company has provided an unlimited cross guarantee in respect of the bank borrowings of The Fastener Network Limited group of companies.

17 RELATED PARTY DISCLOSURES

During the period the company incurred management charges from The Fastener Network Limited of £279,000 (2006 £145,643).

All transactions were undertaken under normal commercial trading terms.

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007 £	2006 £
Profit for the financial period	16,228	52,764
Net addition to shareholders' funds	16,228	52,764
Opening shareholders' funds	103,006	50,242
Closing shareholders' funds	<u>119,234</u>	<u>103,006</u>

THE FASTENER WAREHOUSE LIMITED

**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE PERIOD 1ST DECEMBER 2006 TO 31ST DECEMBER 2007**

	Period		Year Ended	
	1 12 06 to 31 12 07		30 11 06	
	£	£	£	£
Sales		2,405,362		1,983,934
Cost of sales				
Purchases		1,354,999		1,128,174
GROSS PROFIT		1,050,363		855,760
Other income				
Bank interest receivable		1,719		-
		1,052,082		855,760
Expenditure				
Directors' salaries	43,718		38,927	
Directors' social security	4,827		4,342	
Wages, salaries and NIC	357,866		292,268	
Social security	30,054		23,000	
Rent and rates	55,361		46,715	
Insurances	26,012		12,226	
Light and heat	6,678		6,111	
Telephone and postage	5,570		5,771	
Printing and stationery	28,378		16,025	
Motor and travel expenses	57,936		66,545	
Repairs and renewals	2,822		4,646	
Carriage	27,686		26,113	
Computer costs	21,795		15,242	
Sundry expenses	14,172		5,003	
Management charges	279,000		145,643	
Legal and professional fees	3,173		5,778	
Auditors' remuneration	4,800		4,800	
Entertainment	1,839		682	
Bad debts	16,138		5,039	
Depreciation of tangible fixed assets	10,757		20,716	
		998,582		745,592
		53,500		110,168
Finance costs				
Bank charges	12,237		7,880	
Bank interest	24,250		22,865	
		36,487		30,745
NET PROFIT		17,013		79,423

This page does not form part of the statutory financial statements