
LAMBERT ENGINEERING HOLDINGS LIMITED

ABBREVIATED ACCOUNTS

**FOR THE YEAR ENDED
31 DECEMBER 2003**



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LAMBERT ENGINEERING HOLDINGS LIMITED

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DIRECTORS' REPORT
For the year ended 31 December 2003

The directors present their report and the financial statements for the year ended 31 December 2003.

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 holding company has not traded during the year and is not expected to trade in foreseeable future. The group's largest trading subsidiary is Lambert Engineering Limited. Its principal activity during the year was that of design, manufacture and installation of special purpose machinery for the processing and manufacture industries and the manufacture of spare parts for such machinery.

Turnover for the year has been affected by the high level of sterling and customers' positions in their relevant development cycles. The company continues its reputation for responding to customers' challenges in providing innovative solutions. The excellent relationships already existing together with those developed with new customers provide a firm platform for the next period of our expansion. Further capital investment in plant and buildings in association with the continued development of our employees is providing a solid base for the future. As ever the directors recognise and value the continued contribution of all employees.

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £640,583 (2002 - £1,779,489) .

A dividend of £830,000 was paid on the ordinary shares, leaving losses of (£189,417).

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>31/12/03</u>	<u>1/1/03</u>
Mr M A Williams	-	-
Mr R E Wheelwright	-	-
Mr B D Morley	-	-
Mr I P Hampton	-	-

DIRECTORS' REPORT
For the year ended 31 December 2003

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 26 April 2004 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'M A Williams', with a small 'X' mark to its left.

Mr M A Williams
Director

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

We have examined the abbreviated accounts of Lambert Engineering Holdings Limited for the year ended 31 December 2003 set out on pages 4 to 13, together with the financial statements of the company for the year ended 31 December 2003 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

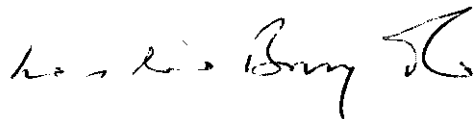
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of 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 13 are properly prepared in accordance with those provisions.



Leslie Bray & Co

Chartered Accountants
Registered Auditors

23 Market Place
Wetherby
West Yorkshire
LS22 6LQ

27 April 2004

LAMBERT ENGINEERING HOLDINGS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT
For the year ended 31 December 2003

	Note	2003 £	2002 £
Administrative expenses		(18,266)	(18,262)
OPERATING PROFIT	2	105,234	55,238
Income from investments in related companies		500,000	1,800,000
Profit on disposal of investments		132,000	-
Interest receivable	4	72	15,711
Interest payable	5	(94,549)	(91,460)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		642,757	1,779,489
TAX ON PROFIT ON ORDINARY ACTIVITIES	6	(2,174)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		640,583	1,779,489
DIVIDENDS - On equity shares	7	(830,000)	(1,800,000)
RETAINED LOSS FOR THE FINANCIAL YEAR		(189,417)	(20,511)
RETAINED PROFIT BROUGHT FORWARD		3,421,280	3,441,791
RETAINED PROFIT CARRIED FORWARD		£ 3,231,863	£ 3,421,280

All amounts relate to continuing operations.

There were no recognised gains and losses for 2003 or 2002 other than those included in the profit and loss account.

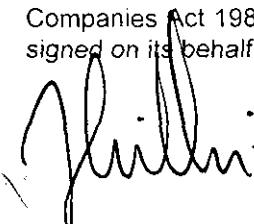
The notes on pages 7 to 13 form part of these financial statements.

LAMBERT ENGINEERING HOLDINGS LIMITED

ABBREVIATED BALANCE SHEET
As at 31 December 2003

	Note	£	2003 £	£	2002 £
FIXED ASSETS					
Tangible fixed assets	8		983,162		1,001,354
Investments	9		5,376,500		5,496,500
			<u>6,359,662</u>		<u>6,497,854</u>
CURRENT ASSETS					
Debtors	10	1,860,000		1,860,000	
Cash at bank		48,034		65,718	
			<u>1,908,034</u>		<u>1,925,718</u>
CREDITORS: amounts falling due within one year	11	(1,143,133)		(1,009,592)	
NET CURRENT ASSETS			<u>764,901</u>		<u>916,126</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>7,124,563</u>		<u>7,413,980</u>
CREDITORS: amounts falling due after more than one year	12		(3,892,500)		(3,992,500)
NET ASSETS			<u>£ 3,232,063</u>		<u>£ 3,421,480</u>
CAPITAL AND RESERVES					
Called up share capital	13		200		200
Profit and loss account			3,231,863		3,421,280
SHAREHOLDERS' FUNDS - All Equity	14		<u>£ 3,232,063</u>		<u>£ 3,421,480</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 26 April 2004 and signed on its behalf.



Mr M A Williams
Director

The notes on pages 7 to 13 form part of these financial statements.

LAMBERT ENGINEERING HOLDINGS LIMITED

ABBREVIATED CASH FLOW STATEMENT
For the year ended 31 December 2003

	Note	2003 £	2002 £
Net cash flow from operating activities	15	123,426	(1,616,570)
Returns on investments and servicing of finance	16	445,682	1,724,251
Acquisitions and disposals	16	252,000	-
Equity dividends paid		(830,000)	(1,800,000)
CASH OUTFLOW BEFORE FINANCING		(8,892)	(1,692,319)
Financing	16	-	800,000
DECREASE IN CASH IN THE YEAR		£ (8,892)	£ (892,319)

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT (NOTE 17)
For the year ended 31 December 2003

	2003 £	2002 £
Decrease in cash in the period	(8,892)	(892,319)
Cash inflow from decrease in debt and lease financing	-	(800,000)
MOVEMENT IN NET DEBT IN THE YEAR	(8,892)	(1,692,319)
Net (debt)/funds at 1 January 2003	(1,243,074)	449,245
NET DEBT AT 31 DECEMBER 2003	£ (1,251,966)	£ (1,243,074)

The notes on pages 7 to 13 form part of these financial statements.

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

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.

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

1.2 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
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1.3 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.

1.4 Investments

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

2. OPERATING PROFIT

The operating profit is stated after charging:

	2003	2002
	£	£
Depreciation of tangible fixed assets:		
- owned by the company	18,192	18,192
	<u> </u>	<u> </u>

During the year, no director received any emoluments (2002 - £nil).

3. STAFF COSTS

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

	2003	2002
	No.	No.
Directors	4	4
	<u> </u>	<u> </u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

4. INTEREST RECEIVABLE

	2003 £	2002 £
Other interest receivable	£ 72	£ 15,711

5. INTEREST PAYABLE

	2003 £	2002 £
On bank loans and overdrafts	54,390	27,411
On other loans	40,159	64,049
	£ 94,549	£ 91,460

6. TAXATION

	2003 £	2002 £
UK corporation tax on profits of the year	£ 2,174	£ -

Factors affecting tax charge for year

The tax assessed for the year is lower than the standard rate of corporation tax in the UK (19%). The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	642,757	1,779,489
Profit on ordinary activities multiplied by the relevant standard rate of corporation tax in the UK of 19% (2002 - Nil)	122,124	-
Effects of:		
Marginal relief	(40)	-
Capital allowances for period in excess of depreciation	170	-
Dividends received	(95,000)	-
Capital gain covered by substantial shareholder relief	(25,080)	-
Current tax charge for year (see note above)	£ 2,174	£ -

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

7. DIVIDENDS

	2003 £	2002 £
On equity shares		
Total dividends paid	<u>£ 830,000</u>	<u>£ 1,800,000</u>

8. TANGIBLE FIXED ASSETS

	Freehold land and buildings £
Cost	
At 1 January 2003 and 31 December 2003	<u>1,037,738</u>
Depreciation	
At 1 January 2003	36,384
Charge for the year	18,192
At 31 December 2003	<u>54,576</u>
Net book value	
At 31 December 2003	<u>£ 983,162</u>
At 31 December 2002	<u>£ 1,001,354</u>

Included in freehold land and buildings is freehold land at valuation of £128,133, (2002 - £128,133) which is not depreciated.

9. FIXED ASSET INVESTMENTS

	Shares in group under- takings £	Total £
Cost		
At 1 January 2003	5,496,500	5,496,500
Disposals	(120,000)	(120,000)
At 31 December 2003	<u>£ 5,376,500</u>	<u>£ 5,376,500</u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

Subsidiary undertaking

The following was a subsidiary undertaking of the company:

Lambert Engineering Limited 100%

The aggregate of the share capital and reserves as at 31 December 2003 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows:

	Aggregate of share capital and reserves £	Profit/(loss) £
Lambert Engineering Limited	6,702,345	36,490

During the year K C Precision Engineering Limited was disposed of resulting in a profit of £132,000.

10. DEBTORS

	31 December 2003 £	31 December 2002 £
Due after more than one year		
Amounts owed by group undertakings	£ 1,860,000	£ 1,860,000

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

11. CREDITORS:

Amounts falling due within one year

	31 December 2003 £	31 December 2002 £
Loan stock	100,000	-
Bank loans and overdrafts	1,000,000	1,008,792
Corporation tax	2,174	-
Accruals and deferred income	40,959	800
	<u>£ 1,143,133</u>	<u>£ 1,009,592</u>

The bank loan is a revolving loan capable of renewal for a period of less than 365 days, is subject to interest at 1.75% over base rate and is secured on the freehold buildings.

12. CREDITORS:

Amounts falling due after more than one year

	31 December 2003 £	31 December 2002 £
Loan stock	200,000	300,000
Amounts owed to group undertakings	3,692,500	3,692,500
	<u>£ 3,892,500</u>	<u>£ 3,992,500</u>

Included within the above are amounts falling due as follows:

	31 December 2003 £	31 December 2002 £
Between two and five years		
Loan stock	<u>£ 200,000</u>	<u>£ 300,000</u>

13. SHARE CAPITAL

	31 December 2003 £	31 December 2002 £
Authorised		
1,000 Ordinary shares of £1 each	<u>£ 1,000</u>	<u>£ 1,000</u>
Allotted, called up and fully paid		
200 Ordinary shares of £1 each	<u>£ 200</u>	<u>£ 200</u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

14. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2003 £	2002 £
Profit for the year	640,583	1,779,489
Dividends	(830,000)	(1,800,000)
	<u>(189,417)</u>	<u>(20,511)</u>
Opening shareholders' funds	3,421,480	3,441,991
Closing shareholders' funds	<u>£ 3,232,063</u>	<u>£ 3,421,480</u>

15. NET CASH FLOW FROM OPERATING ACTIVITIES

Operating profit	105,234	55,238
Depreciation of tangible fixed assets	18,192	18,192
Increase in debtors	-	(1,690,000)
NET CASH INFLOW/(OUTFLOW) FROM OPERATIONS	<u>£ 123,426</u>	<u>£ (1,616,570)</u>

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

RETURNS ON INVESTMENTS AND SERVICING OF FINANCE

Interest received	72	15,711
Interest paid	(54,390)	(91,460)
Income from investments in related companies	500,000	1,800,000
NET CASH INFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	<u>£ 445,682</u>	<u>£ 1,724,251</u>

ACQUISITIONS AND DISPOSALS

Sale of fixed asset investments	<u>£ 252,000</u>	<u>£ -</u>
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FINANCING

New secured loans	-	1,000,000
Repayment of debenture loans	-	(200,000)
NET CASH INFLOW FROM FINANCING	<u>£ -</u>	<u>£ 800,000</u>

NOTES TO THE ABBREVIATED ACCOUNTS
For the year ended 31 December 2003

17. ANALYSIS OF CHANGES IN NET DEBT

	1 January 2003 £	Cash flow £	Other non-cash changes £	31 December 2003 £
Cash at bank and in hand:	65,718	(17,684)	-	48,034
Bank overdraft	(8,792)	8,792	-	-
	<u>56,926</u>	<u>(8,892)</u>	<u>-</u>	<u>48,034</u>
DEBT :				
Debts due within one year	(1,000,000)	-	(100,000)	(1,100,000)
Debts falling due after more than one year	(300,000)	-	100,000	(200,000)
	<u></u>	<u></u>	<u></u>	<u></u>
NET DEBT	<u>£ (1,243,074)</u>	<u>£ (8,892)</u>	<u>£ -</u>	<u>£ (1,251,966)</u>

18. CONTINGENT LIABILITIES

The company has entered into a cross guarantee with Lambert Engineering Limited and Lambert Engineering Group Limited. The borrowings subject to this guarantee at 31 December 2003 amounted to £1,000,000 (2002 - £1,008,792).

19. RELATED PARTY TRANSACTIONS

Creditors include loan stock of £300,000 (2002 - £300,000) issued to an ex director Mr P H Wainman and his family interests.

20. ULTIMATE PARENT UNDERTAKING

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

21. 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 Holdings Limited and Lambert Engineering Group Limited.