

LIC Components Limited

Directors' report and financial statements

31 December 2007

Registered number 3338448

THURSDAY



A29 *ARHUX4ER* 30/10/2008 501
COMPANIES HOUSE

LIC Components Limited

Directors' report and financial statements

<i>Contents</i>	<i>Page</i>
Directors' report	1
Auditor's report	5
Profit and loss account	7
Balance sheet	8
Notes	9-17

LIC Components Limited

Directors' report

The directors submit their report and the audited financial statements for the year ended 31 December 2007

Principal activity

The principal activity of the company is the manufacture and sale of repetition turned parts. There has been no significant change in the activity during the year.

Business review

Despite a slight deterioration in export volumes and persistently high energy costs, but without the tooling and other costs associated with the major customer's supply-chain reorganisation of the prior year, the company was able to improve raw margins to 49% from 46%. The company closed its defined benefit pension scheme to future accrual early in the year, and substantially completed the process of transferring out members, with a view to winding up the scheme. The associated savings in pension costs, combined with the efficiency benefits of a reorganisation of payroll procedures, reduced overtime and lower depreciation, helped offset the professional costs associated with changes to the pension scheme, allowing the business to return to operating profitability.

The company made a large investment in new plant towards the end of the year, contributing to the increase in trade creditors, and despite increased stocks the business was able to control its working capital requirement and generate cash over the year sufficient to repay its parent company borrowings.

LIC Components Limited

Directors' report *(continued)*

Business review *(continued)*

Details of the results for the year are as follows -

	2007 £	2006 £
Turnover	<u>4,117,262</u>	<u>4,237,438</u>
Profit/(loss) on ordinary activities before taxation	28,394	(114,301)
Taxation	<u>(7,200)</u>	<u>23,791</u>
Retained profit/(loss) for the financial year	<u>21,194</u>	<u>(90,510)</u>

The turnover of £4,117,262 (of which £1,655,370 was exported) all relates to the principal activity noted above

The contribution of both management and employees to these much improved results is both recognised and appreciated

During 2008 the company has experienced an unprecedented twofold increase in raw material prices, however the company has succeeded in passing these increases on, and with the business benefiting from the investments in plant made in 2007 through improved efficiencies, and despite having incurred some further professional costs associated with winding up its defined benefit pension scheme in the first quarter, early indications are of a modest overall improvement in profitability. However, more latterly the outlook has become less certain as turmoil in global financial markets and the associated climate of uncertainty adversely affects demand, and the prospects of recessionary conditions emerge

Notes to key performance indicators

Raw margin is defined as turnover less change in stocks of finished goods and work in progress, less raw materials and consumables, expressed as a percentage of turnover

LIC Components Limited

Directors' report *(continued)*

Financial risk management objectives and policies

The company's principal financial instrument comprises a parent company loan account. The main purpose of this financial instrument is to finance the company's operations. The company has various other financial instruments such as trade debtors and trade creditors, which arise directly from its operations. The company does not enter into derivative transactions. It is, and has been throughout the period under review, the company's policy that no trading in financial instruments shall be undertaken. The main risks arising from the company's financial instruments are credit risk and liquidity risk. The board reviews and agrees policies for managing each of these risks and they are summarised below.

Credit and liquidity risk

The company trades with only recognised, creditworthy third parties. It is the company policy that all customers who wish to trade on credit terms are subject to credit vetting procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the company's exposure to bad debts is not significant. The company closely monitors its parent company loan account and working capital requirements.

Dividend

The directors do not recommend the payment of a dividend for the year (2006 £Nil).

Fixed assets

Details of movements in fixed assets are set out in note 8 to the financial statements.

Directors

The directors who served throughout the year were -

Mr MI Lloyd (chairman)

Mr KG Sedgebear

Mr KG Sedgebear had no interest in the share capital of any group company at any time during the year.

Mr MI Lloyd is also a director of the ultimate holding company and his interest falls to be disclosed in the financial statements of that company.

Taxation status

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

LIC Components Limited

Directors' report *(continued)*

Statement of directors' responsibilities

The directors are responsible for preparing the Directors' Report and the financial statements in accordance with applicable law and regulations. Company law requires the directors to prepare financial statements for each financial period. Under that law the directors have elected to prepare financial statements in accordance with United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice). 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 UK Accounting Standards have been followed, subject to any material departures disclosed and explained in the financial statements, and
- 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

In so far as the directors are aware -

- there is no relevant audit information of which the company's auditors are unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of Grant Thornton UK LLP as auditors of the company is to be proposed at the forthcoming annual general meeting.

This report was approved by the board of directors on 29 October 2008 and signed on its behalf by -



MS Lloyd
Company secretary

Summerhill Works
Powell Street
Birmingham
B1 3DH



Enterprise House
115 Edmund Street
Birmingham
B3 2HJ

Independent auditor's report to the members of LIC Components Limited

We have audited the financial statements of LIC Components Limited for the year ended 31 December 2007 which comprise the profit and loss account, balance sheet and notes 1 to 19. 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 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

The directors' responsibilities for preparing the Directors' Report and the financial statements in accordance with United Kingdom law and Accounting Standards (United Kingdom Generally Accepted Accounting Practice) 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 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 Directors' Report 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 Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of 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.

Independent auditor's report to the members of LIC Components Limited
(continued)

Basis of opinion (continued)

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.

Qualified opinion arising from disagreement about accounting treatment

As more fully explained in note 17 to the financial statements, having wound up the scheme on 12 March 2008 with no liability to members beyond contributions payable in the current year, there would be no asset or liability as at 31 December 2007 on the adoption in full of FRS 17 "Retirement Benefits". Although there would be no net effect on the balance sheet as at 31 December 2007, in our opinion the profit and loss account should recognise the profits and matching losses in accordance with FRS 17, and also the balance sheet does not reflect the FRS 17 valuation as at 31 December 2006. As no FRS 17 valuation is available to us we have been unable to quantify the omissions.

Except for the balance sheet as at 31 December 2006 not reflecting the FRS 17 valuation, not recognising the profits and losses referred to in the preceding paragraph and the absence of any disclosures under FRS 17, 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 31 December 2007 and of its profit for the year then ended,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements



Grant Thornton UK LLP
Chartered Accountants
Registered Auditors

29 October 2008
Birmingham

LIC Components Limited

Profit and loss account

for the year ended 31 December 2007

	Note	2007	2006
		£	£
Turnover	2	4,117,262	4,237,438
Change in stocks of finished goods and work in progress		67,156	(89,794)
Raw materials and consumables		(2,173,586)	(2,184,057)
Other external charges		(426,704)	(339,064)
		<u>(2,533,134)</u>	<u>(2,612,915)</u>
		1,584,128	1,624,523
Staff costs	3	(1,488,320)	(1,598,029)
Depreciation and other amounts written off tangible and intangible assets		<u>(67,687)</u>	<u>(140,868)</u>
Operating profit/(loss)		28,121	(114,374)
Net interest receivable	4	<u>273</u>	<u>73</u>
Profit/(loss) on ordinary activities before taxation	5	28,394	(114,301)
Taxation on profit/loss on ordinary activities	7	<u>(7,200)</u>	<u>23,791</u>
Retained profit/(loss) for the financial year	15	<u>21,194</u>	<u>(90,510)</u>

The movements on reserves and in shareholders' funds are set out in note 15

All turnover and operating profit/(loss) arises from continuing activities

The company has no recognised gains or losses in either the current or preceding year other than the profits/(losses) for those years

LIC Components Limited

Balance sheet

at 31 December 2007

	Note	2007	2006
		£	£
Fixed assets			
Tangible assets	8	196,795	127,988
Current assets			
Stocks	9	487,753	378,311
Debtors	10	891,987	713,845
Cash at bank and in hand		121	191
		<u>1,379,861</u>	<u>1,092,347</u>
Creditors: amounts falling due within one year	11	<u>(852,247)</u>	<u>(394,120)</u>
Net current assets		<u>527,614</u>	<u>698,227</u>
Total assets less current liabilities		<u>724,409</u>	<u>826,215</u>
Financed by:			
Creditors: amounts falling due after more than one year	12	-	123,000
Capital and reserves			
Called up share capital	14	10,000	10,000
Profit and loss account	15	<u>714,409</u>	<u>693,215</u>
Shareholders' funds	15	<u>724,409</u>	<u>703,215</u>
		<u>724,409</u>	<u>826,215</u>

Shareholders' funds are wholly attributable to equity interests

These financial statements were approved by the board of directors on 29 October 2008 and were signed on its behalf by -



MI Lloyd
Director

LIC Components Limited

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been used in dealing with items which are considered material in relation to the company's financial statements

Basis of accounting

The financial statements have been prepared under the historical cost accounting rules and in accordance with applicable United Kingdom Accounting Standards

Depreciation

Depreciation is calculated so as to write off the cost of tangible fixed assets in equal annual instalments over their estimated useful lives as follows -

Plant and machinery	Between 5 and 15 years
Motor vehicles	Between 3 and 5 years
Fixtures, fittings, tooling and equipment	Between 4 and 10 years

Additions to fixed assets during the accounting period are depreciated at 50% of the annual rate attributable to that category of asset

Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost in relation to finished goods and work in progress includes attributable production overheads

Deferred taxation

Deferred tax is recognised on all timing differences where the transactions or events that give the company an obligation to pay more tax in the future, or a right to pay less tax in the future, have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance sheet date

Pensions

As more fully explained in note 17 to the financial statements, the company operated a defined benefit pension scheme until 31 March 2007, during which period contributions were charged to the profit and loss account so as to spread the cost of pensions over employees' service lives with the company. From 31 March 2007 the company has operated defined contribution pension schemes covering certain of its permanent employees, contributions being charged to the profit and loss account in the year in which they are incurred

Foreign currency

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transactions. Any amounts receivable or payable at the balance sheet date are converted at the rate then ruling and any differences are taken to the profit and loss account

Operating leases

Payments under operating leases are charged to revenue in the financial period in which they are incurred

Cash flow statement

The company has taken advantage of the exemption from preparing a cash flow statement conferred by FRS 1 on the grounds that it is entitled to the exemptions available in Section 246 to 247 of the Companies Act 1985 (amended) for Small Companies

LIC Components Limited

Notes (continued)

2 Turnover

Turnover represents invoiced sales less returns, excluding VAT, in respect of goods sold. The analysis of turnover by geographical area is as follows -

	2007 £	2006 £
United Kingdom	2,461,892	2,386,025
Rest of Europe	1,655,370	1,851,413
	<u>4,117,262</u>	<u>4,237,438</u>

3 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year was as follows -

	2007 Number	2006 Number
Management	6	6
Administration and sales	4	4
Production	65	66
	<u>75</u>	<u>76</u>

The aggregate payroll costs of these persons were as follows -

	£	£
Wages and salaries	1,353,409	1,410,519
Social security costs	113,046	103,899
Other pension costs	21,865	83,611
	<u>1,488,320</u>	<u>1,598,029</u>

4 Net interest receivable/(payable)

	2007 £	2006 £
Interest receivable	188	139
Bank loans and overdraft repayable within 5 years	(33)	(66)
Other interest	118	-
	<u>273</u>	<u>73</u>

LIC Components Limited

Notes (continued)

5 Profit or loss on ordinary activities before taxation

Profit or loss on ordinary activities before taxation is stated after charging/(crediting) the following -

	2007 £	2006 £
Profit on sale of fixed assets	(3,500)	(674)
Auditors' remuneration	4,300	4,500
Operating lease rentals		
Hire of plant and machinery	3,025	972
Other	113,916	78,563
Depreciation	67,687	140,868
Foreign currency exchange losses	3,012	-
	<u> </u>	<u> </u>

6 Directors' emoluments

The chairman and one other director are paid by other group companies and their emoluments are shown in the financial statements of those companies

LIC Components Limited

Notes (continued)

7 Taxation on profit/(loss) on ordinary activities

	2007 £	2006 £
Corporation tax based on the adjusted profit for the year at 19.75% (2006 adjusted loss at 0%)	2,586	-
Deferred taxation	4,614	(23,791)
	<u>7,200</u>	<u>(23,791)</u>

Factors affecting current tax charge for the year

The tax assessed for the year is lower than (2006 higher than) the standard rate of corporation tax in the UK being 30% (2006 30%). The differences are explained below -

Profit/(loss) on ordinary activities before taxation	28,394	(114,301)
Corporation tax on above at the standard UK rate of 30% (2006 30%)	8,518	(34,290)
Effects of -		
Expenses not deductible for tax purposes	23	133
Capital allowances (greater)/less than depreciation	(3,564)	23,992
Profits on sale of tangible fixed assets	(1,050)	(202)
Small companies rate	(1,341)	-
Losses surrendered as group relief	-	10,367
Current tax charge for the year	<u>2,586</u>	<u>-</u>

LIC Components Limited

Notes (continued)

8 Tangible assets

	Plant and machinery	Fixtures, fittings, tooling and equipment	Motor vehicles	Total
<i>Cost</i>	£	£	£	£
At beginning of year	1,465,811	53,960	51,565	1,571,336
Additions	132,889	3,605	-	136,494
Disposals	-	-	(25,665)	(25,665)
At end of year	1,598,700	57,565	25,900	1,682,165
<i>Depreciation</i>				
At beginning of year	1,351,982	45,614	45,752	1,443,348
Charge for the year	60,034	3,778	3,875	67,687
Eliminated on disposals	-	-	(25,665)	(25,665)
At end of year	1,412,016	49,392	23,962	1,485,370
<i>Net book value</i>				
At 31 December 2007	186,684	8,173	1,938	196,795
At 31 December 2006	113,829	8,346	5,813	127,988

Capital commitments

The company had no contractual commitments for capital expenditure at 31 December 2007 (2006 £Nil)

9 Stocks

	2007 £	2006 £
Raw materials	117,799	75,513
Work in progress	369,954	302,798
	487,753	378,311

LIC Components Limited

Notes (continued)

10 Debtors

	2007 £	2006 £
Trade debtors	676,054	600,529
Amounts due from group undertakings - parent	76,000	-
Amounts due from group undertakings - fellow subsidiary	16,664	38,437
Other debtors	42,511	20,714
Prepayments	80,758	54,165
	<u>891,987</u>	<u>713,845</u>

11 Creditors: amounts falling due within one year

	2007 £	2006 £
Bank overdraft	126,627	52,545
Trade creditors	548,056	226,361
Amounts due to group undertakings - parent	35,000	-
Amounts due to group undertakings - fellow subsidiary	8,690	4,376
Other creditors including taxation and social security	54,711	51,795
Accruals	79,163	59,043
	<u>852,247</u>	<u>394,120</u>

Other creditors including taxation and social security comprise -

Social security and PAYE	33,488	33,690
Corporation tax	2,586	-
Other creditors	18,637	18,105
	<u>54,711</u>	<u>51,795</u>

The immediate parent company has a fixed and floating charge over the assets of the company

12 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Amounts due to group undertakings - parent	-	123,000
	<u>-</u>	<u>123,000</u>

The immediate parent company has a fixed and floating charge over the assets of the company

LIC Components Limited

Notes (continued)

13 Deferred taxation

	£
Asset at beginning of year	16,407
Profit and loss charge for year	<u>(4,614)</u>
Asset at end of year	<u>11,793</u>

The deferred taxation asset is included within other debtors

The amounts of deferred taxation provided and unprovided are set out below -

	2007		2006	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	<u>11,793</u>	-	<u>16,407</u>	-
Deferred taxation assets	<u>11,793</u>	<u>-</u>	<u>16,407</u>	<u>-</u>

14 Called up share capital

	2007 £	2006 £
Authorised.		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted:		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
Called up and paid:		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

LIC Components Limited

Notes (continued)

15 Reserves and reconciliation of movements in shareholders' funds

	Share capital	Profit and loss account	Total
	£	£	£
At beginning of year	10,000	693,215	703,215
Retained profit for the financial year	-	21,194	21,194
	<u>10,000</u>	<u>714,409</u>	<u>724,409</u>
At end of year	10,000	714,409	724,409

16 Lease commitments

Annual commitments under operating leases are as follows -

	2007 £	2006 £
Land and buildings		
Expiring in over five years	<u>127,000</u>	<u>120,000</u>

17 Pension contributions

Up to 31 March 2007 the company participated in a group pension scheme providing benefits for its employees based on final pensionable earnings, contributions being charged to the profit and loss account so as to spread the cost of pensions over the employees' working lives. The assets of the scheme were administered by trustees and were held separately from the group. The contributions for the scheme were determined by a qualified actuary using the projected unit method.

On 31 March 2007 the scheme closed to future accrual, and by 31 December 2007 the majority of members had transferred out of the scheme. The remaining assets and liabilities of the scheme transferred out on 22 February 2008, and on 12 March 2008 the scheme wound up. The company's liability throughout this period was limited to the contributions paid up to 31 March 2007, and therefore no assets or liabilities were reportable under Financial Reporting Standard 17 "Retirement Benefits" as at 31 December 2007. The company has not recognised any profits or losses in accordance with FRS 17 as there would be no net effect, nor has it made disclosures in accordance with FRS 17. From 31 March 2007 the company has operated defined contribution pension schemes in respect of a number of its employees, the assets of which are held separately from those of the company. The company's liability is limited to the annual contributions payable.

There were no contributions prepaid or outstanding at 31 December 2007 (2006 £Nil)

LIC Components Limited

Notes (continued)

18 Related party transactions

The aggregate value of transactions made during the year in the normal course of business between the company and group undertakings, were as follows -

	2007 £	2006 £
Sales of products to fellow subsidiaries	138,246	121,041
Charges for management and property services provided by parent company	<u>35,000</u>	<u>20,000</u>

Balances due from and to group undertakings are disclosed within the debtors and creditors notes above

19 Parent companies

The immediate parent company is Glenson (Holdings) Limited and the ultimate parent company is Currie & Warner (Holdings) Limited, both of which are incorporated in Great Britain and registered in England and Wales

The results of the company are incorporated into the consolidated financial statements of Currie & Warner (Holdings) Limited. Copies of these financial statements can be obtained from Summerhill Works, Powell Street, Birmingham, B1 3DH