

# **LIC Components Limited**

## **Directors' report and financial statements**

**31 December 2008**

Registered number 3338448

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# LIC Components Limited

## Directors' report and financial statements

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# LIC Components Limited

## Directors' report

The directors submit their report and the audited financial statements for the year ended 31 December 2008.

### 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 experiencing falling demand towards the end of the year as turmoil in global financial markets and the associated climate of uncertainty intensified into recession, and despite unprecedented increases in raw material prices, combined with further increases in energy and oil prices, the company was able to improve efficiencies following the investments in plant made in 2007 and maintain similar levels of turnover and raw margins of 48% compared to 49% in the prior year. The company wound up its defined benefit pension scheme early in the year, incurring some further professional costs, however these were much reduced on the prior year, and this combined with reduced depreciation led to a modest improvement in operating profitability.

The increased value of stock, extended customer payment terms, and the reduction in trade creditors, in large part following payment for the large investment in plant made at the end of 2007, combined to increase working capital requirements funded by parent company borrowings.

# LIC Components Limited

## Directors' report *(continued)*

### Business review *(continued)*

Details of the results for the year are as follows:-

	2008 £	2007 £
Turnover	<u>4,160,008</u>	<u>4,117,262</u>
Profit on ordinary activities before taxation	43,833	28,394
Taxation	<u>(10,954)</u>	<u>(7,200)</u>
Retained profit for the financial year	<u>32,879</u>	<u>21,194</u>

The turnover of £4,160,008 (of which £1,889,972 was exported) all relates to the principal activity noted above.

The contribution of both management and employees to these results during difficult trading conditions is both recognised and appreciated.

The outlook for 2009 remains difficult, as severe recessionary conditions continue to affect manufacturing worldwide and suppress demand. The directors are optimistic that the more competitive Pound will allow the company to benefit from a recovery in export demand, although this is not expected to come soon enough to prevent a substantial fall in turnover, and although the company has introduced flexible working arrangements in order to control costs, the business expects to trade significantly below breakeven, in part due to its decision to maintain its investment in skilled labour in anticipation of an export-led recovery leading to a return to profitability in the final quarter.

### *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 (2007: £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 485 of the Companies Act 2006, 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 23 October 2009 and signed on its behalf by:-



**MS Lloyd**  
Company secretary  
LIC Components Limited  
Registered number 3338448

Summer Hill 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 2008 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)*

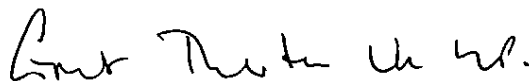
*Basis of opinion (continued)*

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.

*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 31 December 2008 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*

23 October 2009  
Birmingham



# LIC Components Limited

## Profit and loss account

for the year ended 31 December 2008

	Note	2008	2007
		£	£
<b>Turnover</b>	2	4,160,008	4,117,262
Change in stocks of finished goods and work in progress		54,100	67,156
Raw materials and consumables		(2,212,791)	(2,173,586)
Other external charges		(412,725)	(426,704)
		<u>(2,571,416)</u>	<u>(2,533,134)</u>
		1,588,592	1,584,128
Staff costs	3	(1,504,123)	(1,488,320)
Depreciation and other amounts written off tangible and intangible assets		<u>(40,738)</u>	<u>(67,687)</u>
<b>Operating profit</b>		43,731	28,121
Net interest receivable	4	<u>102</u>	<u>273</u>
<b>Profit on ordinary activities before taxation</b>	5	43,833	28,394
Taxation on profit on ordinary activities	7	<u>(10,954)</u>	<u>(7,200)</u>
<b>Retained profit for the financial year</b>	15	<u>32,879</u>	<u>21,194</u>

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

All turnover and operating profit arises from continuing activities.

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

# LIC Components Limited

## Balance sheet

at 31 December 2008

	Note	2008	2007
		£	£
<b>Fixed assets</b>			
Tangible assets	8	173,060	196,795
<b>Current assets</b>			
Stocks	9	546,947	487,753
Debtors	10	649,131	891,987
Cash at bank and in hand		198	121
		<u>1,196,276</u>	<u>1,379,861</u>
<b>Creditors: amounts falling due within one year</b>	11	<u>(419,003)</u>	<u>(852,247)</u>
<b>Net current assets</b>		<u>777,273</u>	<u>527,614</u>
<b>Total assets less current liabilities</b>		<u>950,333</u>	<u>724,409</u>
<b>Financed by:</b>			
<b>Creditors: amounts falling due after more than one year</b>	12	193,045	-
<b>Capital and reserves</b>			
Called up share capital	14	10,000	10,000
Profit and loss account	15	<u>747,288</u>	<u>714,409</u>
<b>Shareholders' funds</b>	15	<u>757,288</u>	<u>724,409</u>
		<u>950,333</u>	<u>724,409</u>

Shareholders' funds are wholly attributable to equity interests.

These financial statements were approved by the board of directors on 23 October 2009 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***

The company operates defined contribution pension schemes covering certain of its permanent employees. Contributions to the defined contribution pension schemes are 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:-

	2008 £	2007 £
United Kingdom	2,270,036	2,461,892
Rest of Europe	1,889,972	1,655,370
	<u>4,160,008</u>	<u>4,117,262</u>

### 3 Staff numbers and costs

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

	2008 Number	2007 Number
Management	6	6
Administration and sales	3	4
Production	65	65
	<u>74</u>	<u>75</u>

The aggregate payroll costs of these persons were as follows:-

	£	£
Wages and salaries	1,383,898	1,353,409
Social security costs	120,225	113,046
Other pension costs	-	21,865
	<u>1,504,123</u>	<u>1,488,320</u>

### 4 Net interest receivable/(payable)

	2008 £	2007 £
Interest receivable	162	188
Bank loans and overdraft repayable within 5 years	(60)	(33)
Other interest	-	118
	<u>102</u>	<u>273</u>

# LIC Components Limited

## Notes (continued)

### 5 Profit on ordinary activities before taxation

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

	2008 £	2007 £
Profit on sale of fixed assets	(2,000)	(3,500)
Auditors' remuneration	4,625	4,300
Operating lease rentals:		
Hire of plant and machinery	-	3,025
Other	127,000	113,916
Depreciation	40,738	67,687
Foreign currency exchange losses	1,632	3,012

### 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 on ordinary activities

	2008 £	2007 £
Corporation tax based on the adjusted profit for the year at 20.75% (2007: adjusted profit at 19.75%)	6,045	2,586
Deferred taxation	4,909	4,614
	<u>10,954</u>	<u>7,200</u>

#### Factors affecting current tax charge for the year

The tax assessed for the year is lower than (2007: lower than) the standard rate of corporation tax in the UK being 28% (2007: 30%). The differences are explained below:-

Profit on ordinary activities before taxation	<u>43,833</u>	<u>28,394</u>
Corporation tax on above at the standard UK rate of 28% (2007: 30%).	12,273	8,518
Effects of:-		
Expenses not deductible for tax purposes	5	23
Capital allowances greater than depreciation	(3,562)	(3,564)
Profits on sale of tangible fixed assets	(560)	(1,050)
Small companies rate	(2,111)	(1,341)
Current tax charge for the year	<u>6,045</u>	<u>2,586</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	1,598,700	57,565	25,900	1,682,165
Additions	6,723	10,280	-	17,003
Disposals	(5,000)	-	-	(5,000)
<b>At end of year</b>	<b>1,600,423</b>	<b>67,845</b>	<b>25,900</b>	<b>1,694,168</b>
<i>Depreciation</i>				
At beginning of year	1,412,016	49,392	23,962	1,485,370
Charge for the year	33,953	4,847	1,938	40,738
Eliminated on disposals	(5,000)	-	-	(5,000)
<b>At end of year</b>	<b>1,440,969</b>	<b>54,239</b>	<b>25,900</b>	<b>1,521,108</b>
<i>Net book value</i>				
<b>At 31 December 2008</b>	<b>159,454</b>	<b>13,606</b>	<b>-</b>	<b>173,060</b>
At 31 December 2007	186,684	8,173	1,938	196,795

### Capital commitments

The company had no contractual commitments for capital expenditure at 31 December 2008 (2007: £Nil).

### 9 Stocks

	2008 £	2007 £
Raw materials	122,893	117,799
Work in progress	424,054	369,954
	<b>546,947</b>	<b>487,753</b>

# LIC Components Limited

## Notes (continued)

### 10 Debtors

	2008 £	2007 £
Trade debtors	554,079	676,054
Amounts due from group undertakings - parent	-	76,000
Amounts due from group undertakings - fellow subsidiary	22,286	16,664
Other debtors	16,679	42,511
Prepayments	56,087	80,758
	<u>649,131</u>	<u>891,987</u>

### 11 Creditors: amounts falling due within one year

	2008 £	2007 £
Bank overdraft	25,588	126,627
Trade creditors	298,275	548,056
Amounts due to group undertakings - parent	-	35,000
Amounts due to group undertakings - fellow subsidiary	10,167	8,690
Other creditors including taxation and social security	34,663	54,711
Accruals	50,310	79,163
	<u>419,003</u>	<u>852,247</u>

Other creditors including taxation and social security comprise:-

Social security and PAYE	31,467	33,488
Corporation tax	-	2,586
Other creditors	3,196	18,637
	<u>34,663</u>	<u>54,711</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

	2008 £	2007 £
Amounts due to group undertakings - parent	<u>193,045</u>	<u>-</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	11,793
Profit and loss charge for year	(4,909)
	<u>          </u>
<b>Asset at end of year</b>	<b><u>6,884</u></b>

The deferred taxation asset is included within other debtors.

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

	2008		2007	
	Provided	Unprovided	Provided	Unprovided
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	<u>6,884</u>	<u>-</u>	<u>11,793</u>	<u>-</u>
Deferred taxation assets	<u><u>6,884</u></u>	<u><u>-</u></u>	<u><u>11,793</u></u>	<u><u>-</u></u>

### 14 Called up share capital

	2008	2007
	£	£
<b>Authorised:</b>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Allotted:</b>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<b>Called up and paid:</b>		
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	714,409	724,409
Retained profit for the financial year	-	32,879	32,879
<b>At end of year</b>	<b>10,000</b>	<b>747,288</b>	<b>757,288</b>

### 16 Lease commitments

Annual commitments under operating leases are as follows:-

	2008 £	2007 £
Land and buildings		
Expiring in over five years	<u>127,000</u>	<u>127,000</u>

### 17 Pension contributions

The company's defined benefit pension scheme, which was closed to future accrual, was wound up on 12 March 2008 with no asset or liability accruing to the company.

The company operates pension schemes in respect of a number of its employees. The schemes are of the defined contribution type, 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 2008 (2007: £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:-

	2008 £	2007 £
Sales of products to fellow subsidiaries	294,242	138,246
Charges for management and property services provided by parent company	<u>35,000</u>	<u>35,000</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 Summer Hill Works, Powell Street, Birmingham, B1 3DH.