

LIC Components Limited

Directors' report and financial statements

31 December 2004

Registered number 3338448



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 2004.

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

The company carried out a restructuring of its manufacturing operation early in the year and the resulting improvements in efficiency and costs, which enabled it to retain and grow its business with a major customer now wholly located in Germany following the closure of that company's remaining UK plant, gave rise to the welcome return to profitability reported for the year under review and achieved despite having to cope with a rapid rise in raw material prices.

The contribution of management and employees towards these results is recognised and appreciated.

The outlook for 2005 is encouraging, with the company continuing to weather the pressure from overseas competitors who continue to exploit their advantage from a persistently overvalued pound and other competitive disadvantages that UK based manufacturers are forced to endure. The directors are optimistic that, providing this recovery in volumes is not checked by any significant impact from the continuing threat from lower cost overseas competitors, the improvement in the company's performance will be maintained.

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

	2004 £	2003 £
Turnover	<u>4,083,233</u>	<u>3,629,757</u>
Profit/(loss) on ordinary activities before taxation	74,821	(126,250)
Taxation	<u>19,878</u>	<u>25,387</u>
Retained profit/(loss) for the financial year	<u>94,699</u>	<u>(100,863)</u>

The turnover of £4,083,233 (of which £1,541,198 was exported) all relates to the principal activity noted above.

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Directors' report *(continued)*

Dividend

The directors do not recommend the payment of a dividend for the year (2003: £Nil). It is proposed that the retained profit of £94,699 be transferred to reserves.

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

Company law requires the directors to prepare financial statements for each financial period 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on a 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 have a general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

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 27 October 2005 and signed on its behalf by:-



CJ Ball
Company secretary

Summerhill Works
Powell Street
Birmingham
B1 3DH

Grant Thornton

Enterprise House
115 Edmund Street
Birmingham
B3 2HJ

Independent auditors' report to the members of LIC Components Limited

We have audited the financial statements of LIC Components Limited for the year ending 31 December 2004 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 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 Annual Report and the financial statements in accordance with applicable United Kingdom law and Accounting Standards 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 United Kingdom Auditing Standards.

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 if, in our opinion, the Directors' Report is not consistent with the financial statements, 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. This other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

Basis of 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 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 auditors' report to the members of LIC Components Limited
(continued)

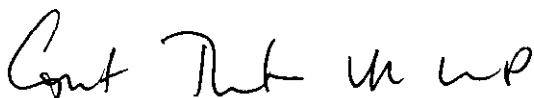
Basis of opinion (continued)

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 as to the adequacy of disclosure in the financial statements

As explained in note 17, the financial statements do not contain the disclosures relating to the company's pension scheme required under the transitional arrangements under Financial Reporting Standard 17 Retirement Benefits. As no information is available to us in respect of assets and liabilities of the scheme at 31 December 2004, we have been unable to quantify the omissions.

Except for the absence of this disclosure, in our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 December 2004 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Grant Thornton UK LLP
Chartered Accountants
Registered Auditors

27 October 2005
Birmingham

LIC Components Limited

Profit and loss account

for the year ended 31 December 2004

	Note	2004	2003
		£	£
Turnover	2	4,083,233	3,629,757
Change in stocks of finished goods and work in progress		74,620	120,348
Raw materials and consumables		(1,788,187)	(1,551,003)
Other external charges		(417,154)	(383,429)
		<u>(2,130,721)</u>	<u>(1,814,084)</u>
		1,952,512	1,815,673
Staff costs - ongoing	3	(1,658,266)	(1,776,717)
Staff costs - exceptional redundancy costs		(52,465)	-
Depreciation and other amounts written off tangible and intangible assets		(166,970)	(165,342)
		<u>(1,877,701)</u>	<u>(1,942,059)</u>
Operating profit/(loss)		74,811	(126,386)
Net interest receivable	4	10	136
		<u>10</u>	<u>136</u>
Profit/(loss) on ordinary activities before taxation	5	74,821	(126,250)
Taxation on profit/loss on ordinary activities	7	19,878	25,387
		<u>19,878</u>	<u>25,387</u>
Retained profit/(loss) for the financial year	15	94,699	(100,863)

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 2004

	Note	2004		2003	
		£	£	£	£
Fixed assets					
Tangible assets	8		356,721		502,100
Current assets					
Stocks	9	549,664		441,619	
Debtors	10	794,243		631,002	
Cash at bank and in hand		165		8,543	
			<u>1,344,072</u>		<u>1,081,164</u>
Creditors: amounts falling due within one year	11	<u>(439,882)</u>		<u>(538,841)</u>	
Net current assets			<u>904,190</u>		<u>542,323</u>
Total assets less current liabilities			<u>1,260,911</u>		<u>1,044,423</u>
Financed by:					
Creditors: amounts falling due after more than one year	12		379,000		231,000
Provisions for liabilities and charges	13		35,585		61,796
Capital and reserves					
Called up share capital	14	10,000		10,000	
Profit and loss account	15	836,326		741,627	
Shareholders' funds			<u>846,326</u>		<u>751,627</u>
			<u>1,260,911</u>		<u>1,044,423</u>

Shareholders' funds are wholly attributable to equity interests.

These financial statements were approved by the board of directors on 27 October 2005 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 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 a defined benefit pension scheme covering the majority of its permanent employees. Contributions to the defined benefit pension scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' service lives with the company.

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.

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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:-

	2004 £	2003 £
United Kingdom	2,542,035	2,718,444
Rest of Europe	1,541,198	911,313
	<u>4,083,233</u>	<u>3,629,757</u>

3 Staff numbers and costs

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

	2004 Number	2003 Number
Management	6	6
Administration and sales	9	13
Production	69	80
	<u>84</u>	<u>99</u>

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

	£	£
Wages and salaries	1,463,618	1,568,643
Social security costs	109,166	115,584
Other pension costs	85,482	92,490
	<u>1,658,266</u>	<u>1,776,717</u>

4 Net interest receivable/(payable)

	2004 £	2003 £
Interest receivable	10	158
Bank loans and overdraft repayable within 5 years	-	(22)
	<u>10</u>	<u>136</u>

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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:-

	2004	2003
	£	£
(Profit)/loss on sale of fixed assets	(233)	-
Auditors' remuneration	4,000	4,700
Operating lease rentals	133,024	132,967
Depreciation	166,970	165,342

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. No other director was accruing retirement benefits under a defined benefits pension scheme (2003: none).

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Notes (continued)

7 Taxation on profit/(loss) on ordinary activities

	2004 £	2003 £
Corporation tax based on the adjusted profit for the year at 19% (2003: <i>adjusted loss carried back at 19.25%</i>)	6,333	(5,380)
Deferred taxation	<u>(26,211)</u>	<u>(20,007)</u>
	<u>(19,878)</u>	<u>(25,387)</u>

Factors affecting current tax charge/(credit) for the year

The tax assessed for the year is lower than (2003: *higher than*) the standard rate of corporation tax in the UK being 30% (2003: 30%). The differences are explained below:-

Profit/(loss) on ordinary activities before taxation	<u>74,821</u>	<u>(126,250)</u>
Corporation tax on above at the standard UK rate of 30% (2003: 30%).	22,446	(37,875)
Effects of:-		
Expenses not deductible for tax purposes	1	84
Capital allowances less than depreciation	26,281	20,008
Profits on sale of tangible fixed assets	(70)	-
Utilisation of tax losses	(38,658)	-
Small companies rate	(3,667)	-
Losses surrendered as group relief	-	9,397
Small companies rate on losses carried back	-	3,006
Current tax charge/(credit) for the year	<u>6,333</u>	<u>(5,380)</u>

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Notes (continued)

8 Tangible assets

	Plant and machinery	Fixtures, fittings, tooling and equipment	Motor vehicles	Total
<i>Cost</i>	£	£	£	£
At beginning of year	1,408,211	38,800	65,721	1,512,732
Additions	-	6,758	15,500	22,258
Disposals	(2,000)	-	(10,711)	(12,711)
At end of year	1,406,211	45,558	70,510	1,522,279
<i>Depreciation</i>				
At beginning of year	922,089	38,800	49,743	1,010,632
Charge for the year	157,716	926	8,328	166,970
Eliminated on disposals	(1,333)	-	(10,711)	(12,044)
At end of year	1,078,472	39,726	47,360	1,165,558
<i>Net book value</i>				
At 31 December 2004	327,739	5,832	23,150	356,721
At 31 December 2003	486,122	-	15,978	502,100

Capital commitments

The company had no contractual commitments for capital expenditure at 31 December 2004 (2003: £Nil).

9 Stocks

	2004 £	2003 £
Raw materials	124,513	91,088
Work in progress	425,151	350,531
	549,664	441,619

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Notes (continued)

10 Debtors

	2004 £	2003 £
Trade debtors	684,056	548,138
Amounts due from group undertakings - fellow subsidiary	51,866	25,688
Prepayments	58,321	57,176
	<u>794,243</u>	<u>631,002</u>

11 Creditors: amounts falling due within one year

	2004 £	2003 £
Bank overdraft	1,805	-
Trade creditors	280,258	246,213
Amounts due to group undertakings - fellow subsidiary	24,523	59,802
Other creditors including taxation and social security	75,175	138,331
Accruals	58,121	94,495
	<u>439,882</u>	<u>538,841</u>

Other creditors including taxation and social security comprise:-

Social security and PAYE	37,298	37,063
Corporation tax	953	(5,380)
VAT	(15,363)	20,078
Other creditors	52,287	86,570
	<u>75,175</u>	<u>138,331</u>

12 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Amounts due to group undertakings - parent	<u>379,000</u>	<u>231,000</u>

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

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Notes (continued)

13 Provisions for liabilities and charges

The amounts provided for deferred taxation and the full potential liability, calculated on the liability method at a corporation tax rate of 30% (2003: 30%) are set out below:-

	2004		2003	
	Amount provided	Amount not provided	Amount provided	Amount not provided
	£	£	£	£
Difference between accumulated depreciation and amortisation and capital allowances	<u>35,585</u>	<u>-</u>	<u>61,796</u>	<u>-</u>

14 Called up share capital

	2004 £	2003 £
<i>Authorised:</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Allotted:</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>
<i>Called up and paid:</i>		
Ordinary shares of £1 each	<u>10,000</u>	<u>10,000</u>

15 Reserves and reconciliation of movements in shareholders' funds

	Share capital £	Profit and loss account £	Total £
At beginning of year	10,000	741,627	751,627
Retained profit for the financial year	<u>-</u>	<u>94,699</u>	<u>94,699</u>
At end of year	<u>10,000</u>	<u>836,326</u>	<u>846,326</u>

LIC Components Limited

Notes (continued)

16 Lease commitments

Annual commitments under operating leases are as follows:-

	2004 £	2003 £
Land and buildings		
Expiring in over five years	<u>120,000</u>	<u>120,000</u>

17 Pension contributions

The company participates in a group pension scheme providing benefits for its employees which are 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 are administered by trustees and are held separately from the group. The contributions for the scheme have been determined by a qualified actuary using the projected unit method.

The most recent formal actuarial valuation was at 5 April 2003. The principal assumption was that long term investment returns will be 2.5% per annum above the general rate of increase in earnings. The market value of the assets at the valuation date was more than adequate to cover the benefits that had accrued to members, after allowing for expected future increases in earnings.

The group/company has not obtained and disclosed the value of the assets and liabilities of the scheme at 31 December 2004 in accordance with Financial Reporting Standard 17 Retirement Benefits.

There were no contributions prepaid or outstanding at 31 December 2004 (2003: £Nil).

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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:-

	2004 £	2003 £
Purchases of raw materials from fellow subsidiaries	3,626	131,835
Sales of products to fellow subsidiaries	235,508	115,148
Charges for management and property services provided by parent company	20,000	-

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.