

# **Redman Fittings Limited**

Financial statements

For the year ended 31 March 2005

Grant Thornton 



RID  
COMPANIES HOUSE

\*R0XUA00T\*

0058

618105

**Company No. 3857707**

## Company information

<b>Company registration number</b>	3857707
<b>Registered office</b>	Spring Lane Malvern Link Malvern Worcestershire WR14 1DA
<b>Directors</b>	R Allsop N Silverthorne
<b>Secretary</b>	M Greensmith
<b>Bankers</b>	National Westminster Bank plc 30 Church Street Malvern Worcestershire WR14 2AD
<b>Solicitors</b>	Orme, Dyke & Yates National Westminster Bank Chambers The Homend Ledbury HR8 1AB
<b>Auditors</b>	Grant Thornton UK LLP Chartered Accountants Registered Auditors Enterprise House 115 Edmund Street Birmingham B3 2HJ

## Index

<b>Report of the directors</b>	3 - 4
<b>Report of the independent auditors</b>	5 - 6
<b>Principal accounting policies</b>	7 - 8
<b>Profit and loss account</b>	9
<b>Balance sheet</b>	10
<b>Notes to the financial statements</b>	11 - 16

## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 March 2005.

### **Principal activities and business review**

The principal activity of the company during the year was marketing and distribution of pipe joining systems.

There was a loss for the year after taxation amounting to £171,224 (2004: £180,912).

### **Results and dividends**

The trading results for the year and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

### **Research and development**

During the year the company has incurred development costs to enable the product to be adapted for uses within the water industry.

### **Directors**

The directors who served the company during the year were as follows:

R Allsop  
N Silverthorne

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company.

### **Directors' responsibilities**

United Kingdom 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 at the end of the year and of the profit or loss for the year then ended. In preparing those financial statements, the directors are required to:

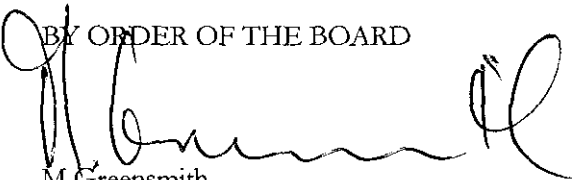
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**Auditors**


A resolution to re-appoint Grant Thornton UK LLP as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD

  
M Greensmith

Secretary

Date: 13/6/05



## Report of the independent auditors to the members of Redman Fittings Limited

*We have audited the financial statements of Redman Fittings Limited for the year ended 31 March 2005 which comprise the principal accounting policies, profit and loss account, balance sheet and notes 1 to 20. 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 report of the directors and the financial statements in accordance with 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 report of the directors 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 report of the directors and consider whether it is consistent with the audited financial statements. 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.

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 members of Redman Fittings Limited (continued)

## **Opinion**

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 March 2005 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON UK LLP  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS**

**BIRMINGHAM**  
**Date: 13/6/05**

## Principal accounting policies

### **Basis of accounting**

The financial statements have been prepared under the historical cost convention.

As at 31 March 2004 the company had a deficiency of net assets amounting to £645,983, but its ultimate parent company, Tricorn Group plc, has given an undertaking to the directors of the company that it has no present intention to require the repayment of amounts due to Tricorn Group plc for the next twelve months and that it will continue to support its daily operation and finances. The financial statements have therefore been prepared on a going concern basis.

### **Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is consolidated within Tricorn Group plc's financial statements.

### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year.

### **Research and development**

Research and development expenditure is written off in the year in which it is incurred.

### **Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery                      -    10% - 25%

### **Stocks**

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

### **Work in progress**

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account on a straight line basis.



**Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

**Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

## Profit and loss account

	Note	2005 £	2004 £
Turnover	1	460,008	325,317
Cost of sales		336,186	203,584
Gross profit		123,822	121,733
Other operating charges	2	292,266	312,089
<b>Operating loss</b>	3	<b>(168,444)</b>	(190,356)
Interest payable and similar charges	5	2,780	2,289
<b>Loss on ordinary activities before taxation</b>		<b>(171,224)</b>	(192,645)
Tax on loss on ordinary activities	6	—	(11,733)
<b>Loss for the financial year</b>	15	<b>(171,224)</b>	(180,912)

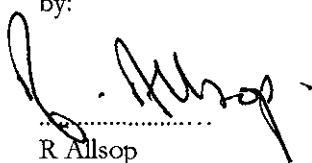
All of the activities of the company are classed as continuing.

The company has no recognised gains or losses other than the results for the year as set out above.

## Balance sheet

	Note	2005 £	2004 £
<b>Fixed assets</b>			
Tangible assets	7	<u>40,788</u>	<u>37,595</u>
<b>Current assets</b>			
Stocks	8	166,726	164,511
Debtors	9	188,845	106,485
Cash at bank and in hand		<u>4,855</u>	<u>283</u>
		<u>360,426</u>	<u>271,279</u>
<b>Creditors: amounts falling due within one year</b>	10	<u>713,803</u>	<u>427,140</u>
<b>Net current liabilities</b>		<u>(353,377)</u>	<u>(155,861)</u>
<b>Total assets less current liabilities</b>		<u>(312,589)</u>	<u>(118,266)</u>
<b>Creditors: amounts falling due after more than one year</b>	11	<u>333,394</u>	<u>356,493</u>
		<u>(645,983)</u>	<u>(474,759)</u>
<b>Capital and reserves</b>			
Called-up equity share capital	14	2	2
Profit and loss account	15	<u>(645,985)</u>	<u>(474,761)</u>
<b>Deficiency</b>	16	<u>(645,983)</u>	<u>(474,759)</u>

These financial statements were approved by the directors on 13/6/05 and are signed on their behalf by:

  
R Allsop

## Notes to the financial statements

### 1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.  
An analysis of turnover is given below:

	2005 £	2004 £
United Kingdom	<u>460,008</u>	<u>325,317</u>

### 2 Other operating charges

	2005 £	2004 £
Distribution costs	75,595	—
Administrative expenses	<u>216,671</u>	<u>312,089</u>
	<u>292,266</u>	<u>312,089</u>

### 3 Operating loss

Operating loss is stated after charging:

	2005 £	2004 £
Research and development expenditure written off	69,304	48,887
Depreciation of owned fixed assets	6,851	—
Depreciation of assets held under finance leases and hire purchase agreements	—	1,260
Loss on disposal of fixed assets	—	4,230
Auditors' remuneration:		
Audit fees	2,500	2,500
Taxation fees	500	500
Operating lease costs:		
Vehicles	<u>9,918</u>	<u>10,001</u>

**4 Directors and employees**

The average number of staff employed by the company during the financial year amounted to:

	<b>2005</b>	2004
	<b>No</b>	No
Number of production staff	<b>4</b>	2
Administrative staff	<b>4</b>	5
	<u><b>8</b></u>	<u>7</u>

The aggregate payroll costs of the above were:

	<b>2005</b>	2004
	<b>£</b>	£
Wages and salaries	<b>145,982</b>	160,603
Social security costs	<b>20,332</b>	17,470
Other pension costs	<b>815</b>	5,044
	<u><b>167,129</b></u>	<u>183,117</u>

**5 Interest payable and similar charges**

	<b>2005</b>	2004
	<b>£</b>	£
Interest payable on bank borrowing	<b>2,671</b>	—
Finance charges	<b>109</b>	2,289
	<u><b>2,780</b></u>	<u>2,289</u>

**6 Taxation on ordinary activities**

(a) Analysis of charge in the year

	<b>2005</b>	2004
	<b>£</b>	£
Current tax:		
UK Corporation tax based on the results for the year at 30% (2004 - 30%)	<b>—</b>	(11,733)
Total current tax	<u><b>—</b></u>	<u>(11,733)</u>

**6 Taxation on ordinary activities (continued)**

(b) Factors affecting current tax charge

The tax assessed on the loss on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2004 - 30%).

	2005 £	2004 £
Loss on ordinary activities before taxation	<u>(171,224)</u>	<u>(192,645)</u>
Loss on ordinary activities by rate of tax	(51,367)	(57,793)
Expenses not deductible for tax purposes	12,064	—
Capital allowances for period in excess of depreciation	(4,953)	—
Deferred tax asset not provided for	—	57,793
Utilisation of tax losses	11,992	—
Credit in respect of research and development expenditure	—	(11,733)
Group relief surrendered	<u>32,264</u>	<u>—</u>
Total current tax (note 6(a))	<u>—</u>	<u>(11,733)</u>

**7 Tangible fixed assets**

	Plant & Machinery £
Cost	
At 1 April 2004	58,294
Additions	<u>10,044</u>
At 31 March 2005	<u>68,338</u>
Depreciation	
At 1 April 2004	20,699
Charge for the year	<u>6,851</u>
At 31 March 2005	<u>27,550</u>
Net book value	
At 31 March 2005	<u>40,788</u>
At 31 March 2004	<u>37,595</u>

**8 Stocks**

	2005 £	2004 £
Raw materials	97,048	38,982
Work in progress	28,959	47,038
Finished goods	40,719	78,491
	<u>166,726</u>	<u>164,511</u>

**9 Debtors**

	2005	2004
	£	£
Trade debtors	187,594	63,512
Corporation tax repayable	—	11,733
Other debtors	2	9,969
Prepayments and accrued income	1,249	21,271
	<u>188,845</u>	<u>106,485</u>

**10 Creditors: amounts falling due within one year**

	2005	2004
	£	£
Bank overdrafts	36,005	45,803
Trade creditors	25,981	31,998
Amounts owed to group undertakings	569,814	322,728
Other taxation and social security	19,271	3,231
Other creditors	148	—
Accruals and deferred income	62,584	23,380
	<u>713,803</u>	<u>427,140</u>

Bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company.

**11 Creditors: amounts falling due after more than one year**

	2005	2004
	£	£
Amounts owed to group undertakings	<u>333,394</u>	<u>356,493</u>

**12 Leasing commitments**

At 31 March 2005 the company had annual commitments under non-cancellable operating leases as set out below.

	<b>Assets Other Than Land &amp; Buildings</b>	
	2005	2004
	£	£
Operating leases which expire:		
Within 2 to 5 years	<u>9,918</u>	<u>13,304</u>

**13 Related party transactions**

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

**14 Share capital**

Authorised share capital:

	2005	2004
	£	£
500 A Ordinary shares of £1 each	500	500
500 B Ordinary shares of £1 each	500	500
	<u>1,000</u>	<u>1,000</u>

Allotted, called up and fully paid:

	2005		2004	
	No	£	No	£
A Ordinary shares of £1 each	1	1	1	1
B Ordinary shares of £1 each	1	1	1	1
	<u>2</u>	<u>2</u>	<u>2</u>	<u>2</u>

**15 Profit and loss account**

	2005	2004
	£	£
Balance brought forward	(474,761)	(293,849)
Accumulated loss for the financial year	(171,224)	(180,912)
Balance carried forward	<u>(645,985)</u>	<u>(474,761)</u>

**16 Reconciliation of movements in shareholders' funds**

	2005	2004
	£	£
Loss for the financial year	(171,224)	(180,912)
Opening shareholders' equity deficit	(474,759)	(293,847)
Closing shareholders' equity deficit	<u>(645,983)</u>	<u>(474,759)</u>

**17 Pensions**

The company operated a defined contribution scheme throughout the year. The company has made contributions of £815 on behalf of its employees.

**18 Contingencies**

The directors have confirmed that there were no contingent liabilities which should be disclosed at 31 March 2005 and 31 March 2004.

**19 Capital commitments**

The directors have confirmed that there were no capital commitments at 31 March 2005 and 31 March 2004.



**20 Ultimate parent company**

The company's immediate and parent undertaking is Tricorn Group plc, a company incorporated in England and Wales. This is the largest and smallest group of which the company is a member and for which group accounts are prepared. Copies of the group accounts can be obtained from Spring Lane, Malvern Link, Malvern, Worcestershire, WR14 1DA.