

Nicholsons Sealing Technologies Limited

Report and Accounts

31 March 2004



Registered number
00188150

Nicholsons Sealing Technologies Limited

Company Information

Directors

T P Nicholson, Snr
Mrs E M Carr
Mrs M M Smith
Mrs J E M Knights
Mrs G M Dunn
J J Nicholson
Mrs H M Green
N P Green
D B Gledhill
W G Maxwell

Secretary

Mrs J E M Knights

Auditors

Laverick Walton & Co
Unit B8 Marquis Court
Team Valley
Gateshead
Tyne & Wear
NE11 0RU

Registered office

Hamsterley
Newcastle Upon Tyne
NE17 7SX

Registered number

00188150

Nicholsons Sealing Technologies Limited

Directors' Report

The directors present their report and accounts for the year ended 31 March 2004.

Principal activities and review of the business

The company's principal activity during the year continued to be that of engineers. Turnover increased during the year and as a consequence the company returned to profitability. Orders have increased substantially since the year end and the directors consider the company is in a good position to take advantage of future opportunities.

Results and dividends

The profit for the year, after taxation, amounted to £58,888 (2003 loss £226,929). The directors do not recommend the payment of a dividend for the year ended 31 March 2004 (2003: £Nil).

Future developments

The directors aim to improve the management policies which in turn should give rise to increasing profitability.

Directors

The directors who served during the year and their interests in the share capital of the company were as follows:

		£1 Ordinary shares	
		2004	2003
T P Nicholson, Snr		-	-
Mrs E M Carr		275	275
Mrs M M Smith		670	670
Mrs J E M Knights		854	820
Mrs G M Dunn		852	820
J J Nicholson		852	820
Mrs H M Green		852	820
J R Q N Smith	(resigned 12/09/03)	566	566
N P Green	(appointed 1/11/03)	-	-
W G Maxwell	(appointed 1/11/03)	-	-
D B Gledhill	(appointed 26/6/03)	-	-

Political and charitable donations

During the year, the company made a political contribution of £Nil and various charitable contributions totalling £545.

Auditors

A resolution to reappoint Laverick Walton & Co as auditors will be put to the members at the Annual General Meeting.

This report was approved by the board on 6 July 2004.



J J Nicholson
Director

Nicholsons Sealing Technologies Limited

Statement of Directors' Responsibilities

Company law requires the directors to prepare accounts 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 for that period. In preparing those accounts, the directors are required to:

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

The directors are responsible for maintaining 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 accounts 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.

Nicholsons Sealing Technologies Limited

Independent auditors' report to the shareholders of Nicholsons Sealing Technologies Limited

We have audited the accounts of Nicholsons Sealing Technologies Limited for the year ended 31 March 2004 which comprise pages 5 to 17. These accounts have been prepared under the historical cost convention and 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

As described in the Statement of Directors' Responsibilities the company's directors are responsible for the preparation of the accounts in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the accounts in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the accounts 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 accounts, 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 the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31 March 2004 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Laverick Walton & Co.
Laverick Walton & Co
Registered auditors

Unit B8 Marquis Court
Team Valley
Gateshead
Tyne & Wear
NE11 0RU

6 July 2004

Nicholsons Sealing Technologies Limited
Profit and Loss Account
for the year ended 31 March 2004

	Notes	2004 £	2003 £
Turnover	2	3,845,140	2,478,932
Cost of sales		(1,604,787)	(1,484,416)
Gross profit		2,240,353	994,516
Distribution costs		(57,279)	(56,422)
Administrative expenses		(2,120,317)	(1,729,660)
Other operating income		-	475,000
Operating profit/(loss)	3	62,757	(316,566)
Income from investments		-	3,360
Loss on sale of fixed assets		(23,016)	(1,930)
Interest receivable	6	810	9,479
Interest payable	7	(2,996)	(6,594)
Profit/(loss) on ordinary activities before taxation		37,555	(312,251)
Tax on profit/(loss) on ordinary activities	8	21,333	85,322
Profit/(loss) for the financial year		58,888	(226,929)
Retained profit/(loss) for the financial year	19	<u>58,888</u>	<u>(226,929)</u>

Continuing operations

The company merged the trade of Nicholsons Aircraft Seals Limited with its own continuing operations following the acquisition of that company on 1 October 2002. None of the company's activities were discontinued during the above two financial years.

Statement of total recognised gains and losses

The company has no recognised gains or losses other than the profit/(loss) for the above two financial years.

Nicholsons Sealing Technologies Limited
Balance Sheet
as at 31 March 2004

	Notes	2004 £	2003 £
Fixed assets			
Tangible assets	9	774,275	787,648
Investments	10	2,004,465	1,971,710
		2,778,740	2,759,358
Current assets			
Stocks	11	645,126	462,226
Debtors	12	1,129,169	1,001,216
Cash at bank and in hand		14,731	153,251
		1,789,026	1,616,693
Creditors: amounts falling due within one year	13	(556,742)	(419,631)
Net current assets		1,232,284	1,197,062
Total assets less current liabilities		4,011,024	3,956,420
Creditors: amounts falling due after more than one year	14	(1,900,761)	(1,883,388)
Provisions for liabilities and charges			
Deferred taxation	16	(40,989)	(62,646)
		<u>2,069,274</u>	<u>2,010,386</u>
Capital and reserves			
Called up share capital	17	6,832	6,832
Share premium	18	1,576,405	1,576,405
Profit and loss account	19	486,037	427,149
Shareholders' funds:			
Equity		2,069,274	2,010,386
	20	<u>2,069,274</u>	<u>2,010,386</u>



J J Nicholson
Director

Approved by the board on 6 July 2004

Nicholsons Sealing Technologies Limited
Cash Flow Statement
for the year ended 31 March 2004

	Notes	2004 £	2003 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit/(loss)		62,757	(316,565)
Depreciation charges		123,395	118,880
Increase in stocks		(182,900)	(254,126)
Increase in debtors		(127,953)	(621,892)
Increase in creditors		118,132	831,460
Net cash outflow from operating activities		<u>(6,569)</u>	<u>(242,243)</u>
CASH FLOW STATEMENT			
Net cash outflow from operating activities		(6,569)	(242,243)
Returns on investments and servicing of finance	21	(2,186)	6,244
Taxation		(324)	(16,982)
Capital expenditure	21	(165,793) (174,872)	(655,185) (908,166)
Financing	21	36,352	13,886
Decrease in cash		<u>(138,520)</u>	<u>(894,280)</u>
Reconciliation of net cash flow to movement in net debt			
Decrease in cash in the period		(138,520)	(894,280)
Increase in debt and lease financing		(36,352)	(13,886)
Change in net debt	22	(174,872)	(908,166)
Net funds at 1 April		114,569	1,022,735
(Net debt)/net funds at 31 March		<u>(60,303)</u>	<u>114,569</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

1 Accounting policies

Accounting convention

The accounts have been prepared under the historical cost convention and in accordance with applicable accounting standards.

Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life, as follows:

Freehold buildings	2% per annum on straight line basis
Plant and equipment	15% per annum on reducing balance basis
Furniture and fittings	15% per annum on reducing balance basis
Computer equipment	20% per annum on straight line basis
Motor vehicles	25% per annum on reducing balance basis

Stocks and work in progress

Stock is valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Work in progress is valued at direct cost plus an appropriate addition for overheads.

Deferred taxation

Full provision is made for deferred taxation resulting from timing differences between the recognition of gains and losses in the accounts and their recognition for tax purposes.

Deferred tax is calculated at the tax rates which are expected to apply in the periods when the timing differences will reverse, and discounted to reflect the time value of money.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts, which are those where substantially all the risks and rewards of ownership of the asset have passed to the company, are capitalised in the balance sheet and depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

Accounting policies (cont)

Research, development and patent expenditure

Expenditure is written off in the year in which it is incurred.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 Turnover

Turnover represents the invoiced value of goods and services supplied by the company, net of value added tax and trade discounts.

Turnover is attributable to one continuing activity.

Analysis by geographical market:	2004 £	2003 £
United Kingdom	2,812,574	1,735,279
Europe	257,501	263,055
North America	733,093	446,250
Middle and Far East	11,921	7,033
Australia/Asia etc.	30,051	27,315
	<u>3,845,140</u>	<u>2,478,932</u>

3 Operating profit

This is stated after charging:

	2004 £	2003 £
Depreciation of owned fixed assets	104,297	116,335
Depreciation of assets held under finance leases and hire purchase contracts	19,098	2,544
Operating lease rentals - plant and machinery	16,501	20,929
Operating lease rentals - motor vehicles	6,292	14,047
Auditors' remuneration	5,000	5,000
Directors remuneration (incl. pension contributions)	<u>407,077</u>	<u>382,736</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

4 Directors' emoluments	2004	2003
	£	£
For management services	376,967	364,576
Company contributions to money purchase pension schemes	30,110	18,160
	<u>407,077</u>	<u>382,736</u>
Highest paid director: Emoluments	<u>59,372</u>	<u>59,165</u>
5 Staff costs	2004	2003
	£	£
Wages and salaries	2,194,693	1,868,051
Social security costs	204,089	159,007
Other pension costs	104,592	103,183
	<u>2,503,374</u>	<u>2,130,241</u>
Average number of employees during the year	Number	Number
Production	68	59
Sales and distribution	12	11
Administration etc.	35	33
	<u>115</u>	<u>103</u>
6 Interest receivable	2004	2003
	£	£
Building society deposit	-	844
Bank deposit account	810	8,635
	<u>810</u>	<u>9,479</u>
7 Interest payable	2004	2003
	£	£
Bank loans and overdrafts	-	15
Finance charges payable under finance leases and hire purchase contracts	2,996	6,579
	<u>2,996</u>	<u>6,594</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

8 Taxation	2004	2003
	£	£
Analysis of charge in period		
Current tax:		
UK corporation tax on profits of the period	-	(17,128)
Tax deducted at source - building society interest received		169
Adjustments in respect of previous periods	324	1,544
	324	(15,415)
Deferred tax:		
Origination and reversal of timing differences	(21,657)	(69,907)
Tax on loss on ordinary activities	<u>(21,333)</u>	<u>(85,322)</u>

Factors affecting tax charge for period

The differences between the tax assessed for the period and the standard rate of corporation tax are explained as follows:

	2004	2003
	£	£
Profit/(loss) on ordinary activities before tax	<u>37,555</u>	<u>(312,251)</u>
Standard rate of corporation tax in the UK	19%	20%
	£	£
Profit/(loss) on ordinary activities multiplied by the standard rate of corporation tax	7,135	(62,450)
Effects of:		
Expenses not deductible for tax purposes	7,333	6,996
Tax losses carried forward for future relief	24,531	38,999
Tax losses brought forward and offset against profits	(38,999)	-
Tax deducted at source - building society interest received	-	169
Tax adjustment re dividends received	-	(673)
Adjustments to tax charge in respect of previous periods	324	1,544
Current tax charge for period	<u>324</u>	<u>(15,415)</u>

Factors that may affect future tax charges

The tax charge for the year suffered by £1,549 (2003: £1,748) as a result of the disallowance of entertaining, a proportion of car leasing expenditure and other minor items.

The company has losses of £129,113 available to carry forward for offset against future profits.

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

9 Tangible fixed assets

	Freehold land and buildings £	Plant and equipment	Furniture and fittings £	Computer equipment	Motor vehicles £	Total £
Cost						
At 1 April 2003	345,890	1,038,174	26,259	367,564	142,643	1,920,530
Additions	-	133,730	1,019	3,867	14,423	153,039
Disposals	-	(97,858)	-	-	-	(97,858)
At 31 March 2004	345,890	1,074,046	27,278	371,431	157,066	1,975,711
Depreciation						
At 1 April 2003	119,609	644,472	11,530	312,947	44,324	1,132,882
Charge for the year	7,667	68,356	2,234	17,724	27,414	123,395
On disposals	-	(54,841)	-	-	-	(54,841)
At 31 March 2004	127,276	657,987	13,764	330,671	71,738	1,201,436
Net book value						
At 31 March 2004	218,614	416,059	13,514	40,760	85,328	774,275
At 31 March 2003	226,281	393,702	14,729	54,617	98,319	787,648

	2004 £	2003 £
Net book value of plant and machinery included above held under finance leases and hire purchase contracts	89,742	43,102

10 Investments

	Investments in subsidiary undertakings £	Other investments £	Total £
Cost			
At 1 April 2003	1,872,215	99,495	1,971,710
Additions	7,905	24,850	32,755
At 31 March 2004	1,880,120	124,345	2,004,465

The company holds 20% or more of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Nicholsons Aircraft Seals Ltd	England and Wales	Ordinary	100
Own shares held		2004 £	2003 £
271 £1 ordinary shares		124,345	99,495

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

11 Stocks	2004	2003
	£	£
Raw materials and consumables	320,548	334,059
Finished goods and work in progress	324,578	128,167
	<u>645,126</u>	<u>462,226</u>

The difference between purchase price or production cost of stocks and their replacement cost is not material.

12 Debtors	2004	2003
	£	£
Trade debtors	1,048,886	837,374
Other debtors	-	56,823
Prepayments and accrued income	80,283	107,019
	<u>1,129,169</u>	<u>1,001,216</u>

13 Creditors: amounts falling due within one year	2004	2003
	£	£
Obligations under finance lease and hire purchase contracts	33,013	14,034
Trade creditors	285,934	223,155
Other taxes and social security costs	119,806	88,970
Other creditors	22,939	13,619
Accruals and deferred income	95,050	79,853
	<u>556,742</u>	<u>419,631</u>

14 Creditors: amounts falling due after one year	2004	2003
	£	£
Obligations under finance lease and hire purchase contracts	42,021	24,648
Amounts owed to group undertakings and undertakings in which the company has a participating interest	1,858,740	1,858,740
	<u>1,900,761</u>	<u>1,883,388</u>

15 Obligations under finance leases and hire purchase contracts	2004	2003
	£	£
Amounts payable:		
Within one year	33,013	14,034
Within two to five years	42,021	24,648
	<u>75,034</u>	<u>38,682</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

16 Deferred taxation	2004	2003
	£	£
Accelerated capital allowances	65,520	121,724
Tax losses carried forward	(24,531)	(59,078)
Undiscounted provision for deferred tax	40,989	62,646
	2004	2003
	£	£
At 1 April	62,646	106,173
Transferred from Nicholsons Aircraft Seals Ltd on merger	-	26,380
Deferred tax charge in profit and loss account	(21,657)	(69,907)
At 31 March	<u>40,989</u>	<u>62,646</u>
17 Share capital	2004	2003
	£	£
Authorised:		
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
	2004	2003
	£	£
Allotted, called up and fully paid:		
6,832 Ordinary shares of £1 each	<u>6,832</u>	<u>6,832</u>
Movement in share capital	2004	2003
	£	£
At 1 April	6,832	1,741
Shares issued	-	5,091
At 31 March	<u>6,832</u>	<u>6,832</u>
18 Share premium	2004	2003
	£	£
At 1 April	1,576,405	693
Shares issued	-	1,575,712
At 31 March	<u>1,576,405</u>	<u>1,576,405</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

19 Profit and loss account	2004	2003
	£	£
At 1 April	427,149	654,078
Retained profit/(loss)	58,888	(226,929)
At 31 March	<u>486,037</u>	<u>427,149</u>

20 Reconciliation of movement in shareholders' funds	2004	2003
	£	£
At 1 April	2,010,386	656,512
Profit/(loss) for the financial year	58,888	(226,929)
Shares issued	-	1,580,803
At 31 March	<u>2,069,274</u>	<u>2,010,386</u>

21 Gross cash flows	2004	2003
	£	£
Returns on investments and servicing of finance		
Dividends received	-	3,360
Interest received	810	9,478
Interest element of finance lease rental payments	(2,996)	(6,594)
	<u>(2,186)</u>	<u>6,244</u>
Capital expenditure		
Payments to acquire tangible fixed assets	(153,039)	(130,147)
Payments to acquire investments	(32,755)	(563,038)
Receipts from sales of tangible fixed assets	20,001	38,000
	<u>(165,793)</u>	<u>(655,185)</u>
Financing		
Capital element of finance lease rental payments	<u>36,352</u>	<u>13,886</u>

22 Analysis of changes in net debt	At 1 Apr 2003	Cash flows	Non-cash changes	At 31 Mar 2004
	£	£	£	£
Cash at bank and in hand	153,251	(138,520)		14,731
Finance leases	(38,682)	(36,352)		(75,034)
Total	<u>114,569</u>	<u>(174,872)</u>	-	<u>(60,303)</u>

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

23 Pension commitments

The company operates defined contribution pension schemes on behalf of certain directors and employees. The assets of the pension scheme are held separately from those of the company in independently administered funds. The pension cost represents contributions payable by the company to the fund and amounted to £104,592 (2003 - £103,183). Contributions amounting to £10,535 (2003: £10,367) were payable at the year end and are shown under other creditors due within one year.

24 Other financial commitments

At the year end the company had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings 2004 £	Land and buildings 2003 £	Other 2004 £	Other 2003 £
Operating leases which expire:				
within one year	-	-	32,093	-
within two to five years	-	-	6,559	29,572
	-	-	38,652	29,572

25 Contingent liabilities

The company has given an unlimited guarantee to Barclays Bank Plc for liabilities incurred by Nicholson Aircraft Seals Limited with the said bank. At 31 March 2004 that company had borrowings of £Nil (2003: £Nil)

26 Related parties

The directors of this company were in the year ended 31 March 2003 significant shareholders of Nicholson Aircraft Seals limited, which is supplied with services etc. on normal commercial terms by Nicholson Sealing Technologies Limited. The total charge for the year ended 31 March 2003 amounted to £475,000.

The company also charged Nicholson Aircraft Seals Limited for the year ended 31 March 2003 £2,000 in respect of the hire of machine operators. This was also on normal commercial terms.

27 Controlling party

The company is controlled by the directors and their immediate families.

Nicholsons Sealing Technologies Limited
Notes to the Accounts
for the year ended 31 March 2004

28 Subsidiary

The company is a parent company to Nicholsons Aircraft Seals Limited. This company is dormant.

29 Group accounts

These financial statements present information about Nicholsons Sealing Technologies Limited only and not about its group.

The group is a medium sized group and therefore is exempt from preparing consolidated financial statements.