

Company Registration number 01293580

GODIVA BEARINGS (SOUTHERN) LTD

Abbreviated Accounts

For the year ended 31 March 2007

**Jacob Cavenagh & Skeet
Registered Auditors and
Chartered Accountants
5 Robin Hood Lane
Sutton
Surrey
SM1 2SW**

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GODIVA BEARINGS (SOUTHERN) LTD

Abbreviated accounts for the year ended 31 March 2007

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GODIVA BEARINGS (SOUTHERN) LTD

Directors' report for the year ended 31 March 2007

The directors present their report and the financial statements of the company for the year ended 31 March 2007

Principal activity

The company acts as distributors, dealers and wholesalers of bearings and other products to the engineering industry

Review of the business

The company acts as distributors, dealers and wholesalers of bearings and other products to the engineering industry

It supplies a large number of independent traders, and whilst it endeavours to insure the majority of its debtors, it does sometimes incur significant bad debts. The Directors are aware of this problem and take all precautions to minimise this happening. The market is extremely competitive and the company continues to develop and offer new products to its customer base.

Turnover has reduced this year by 2 per cent to £8,469,800. The directors consider the loss on ordinary activities before taxation to be satisfactory in the light of difficult trading conditions. The company's Balance Sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amount to £3,478,634 (2006 £3,801,274).

The euro

The directors have considered the implications of the introduction of the euro upon the activities of the company. No changes or enhancements to the company's systems will be required in the foreseeable future.

Directors' responsibilities

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). 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,
- 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 maintaining proper accounting records which 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. The directors 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.

GODIVA BEARINGS (SOUTHERN) LTD

Directors' report for the year ended 31 March 2007 (continued)

Directors' interests

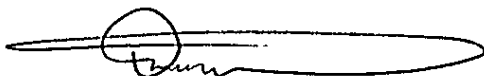
The directors who held office during the year, together with their beneficial interests of the directors and their families in the share capital of the company were as follows

	Ordinary shares of 0.025 pence each	
	31 March 2007	1 April 2006
P Cuthill	-	-
D N Harrow	-	-
T J Brain	-	-
R Eccleston	-	-

Disclosure of information to auditors

To the knowledge and belief of the directors, there is no relevant information that the company's auditors are not aware of, and the directors have taken all the steps necessary to ensure the directors are aware of any relevant information, and to establish that the company's auditors are aware of the information

Signed on behalf of the board



D N Harrow
Managing Director

Approved by the Board on 21 December 2007

GODIVA BEARINGS (SOUTHERN) LTD

Independent auditors' report to Godiva Bearings (Southern) Ltd

under section 247B of the Companies Act 1985

We have examined the abbreviated accounts on pages 4 to 13, together with the financial statements of Godiva Bearings (Southern) Ltd for the year ended 31 March 2007 prepared under section 226 of the Companies Act 1985

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the Registrar and whether the abbreviated accounts have been properly prepared in accordance with those provisions and to report my opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Jacob Cavenagh Skeet
Jacob Cavenagh & Skeet
Registered Auditors and
Chartered Accountants

11 January 2008

GODIVA BEARINGS (SOUTHERN) LTD

Abbreviated profit and loss account for the year ended 31 March 2007

	Notes	£	2007 £	£	2006 £
Gross profit			2,749,001		2,892,141
Administrative expenses			2,760,158		2,337,724
Operating (loss)/profit	2		(11,157)		554,417
Other interest receivable and similar income			2,995		365
Interest payable and similar charges	5		(176,202)		(129,321)
(Loss)/profit on ordinary activities before taxation			(184,364)		425,461
Taxation on loss on ordinary activities	7		38,277		129,822
(Loss)/profit for the financial year			(222,641)		295,639

None of the company's activities was acquired or discontinued during the above two years

There were no recognised gains nor losses other than those included in the profit and loss account

The notes on pages 7 to 13 form part of these financial statements

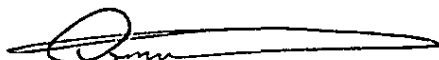
GODIVA BEARINGS (SOUTHERN) LTD

Abbreviated balance sheet as at 31 March 2007

	Notes	£	2007 £	£	2006 £
Fixed assets					
Tangible assets	8		357,797		202,113
Current assets					
Stock	9	3,009,782		3,153,411	
Debtors	10	4,606,473		4,498,104	
Cash at bank and in hand		53,867		115,196	
		<u>7,670,122</u>		<u>7,766,711</u>	
Creditors amounts falling due within one year	11	<u>(4,508,822)</u>		<u>(4,144,307)</u>	
Net current assets			<u>3,161,300</u>		<u>3,622,404</u>
Total assets less current liabilities			<u>3,519,097</u>		<u>3,824,517</u>
Creditors: amounts falling due after more than one year	12		(14,999)		(14,999)
Provision for liabilities	14		<u>(25,464)</u>		<u>(8,244)</u>
			<u><u>3,478,634</u></u>		<u><u>3,801,274</u></u>
Capital and reserves					
Called up share capital	15		12		12
Profit and loss account	16		<u>3,478,622</u>		<u>3,801,262</u>
Shareholders' funds	18		<u><u>3,478,634</u></u>		<u><u>3,801,274</u></u>

The directors have taken advantage of the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies in the preparation of the accounts

Approved by the board of directors on 21 December 2007 and signed on its behalf



D N Harrow
Director

The notes on pages 7 to 13 form part of these financial statements

GODIVA BEARINGS (SOUTHERN) LTD

Cash flow statement for the year ended 31 March 2007

	Notes	£	2007 £	£	2006 £
Net cash flow from operating activities	19a		348,567		532,057
Returns on investments and servicing of finance					
Interest and similar income received		2,995		365	
Interest and similar charges paid		<u>(176,202)</u>		<u>(129,321)</u>	
Net cash flow from returns on investments and servicing of finance			(173,207)		(128,956)
Taxation					
Corporation tax paid			(4,505)		(320,486)
Capital expenditure					
Payments to acquire tangible fixed assets		(235,226)		(130,290)	
Loan to parent company		<u>(20,719)</u>		<u>29,972</u>	
Net cash flow from investing activities			(255,945)		(100,318)
			(85,090)		(17,703)
Equity dividends paid			(100,000)		(260,000)
Net cash flow before financing			(185,090)		(277,703)
Financing					
Invoice financing		123,761		300,050	
Net cash flow from financing			123,761		300,050
(Decrease)/increase in cash	19c		<u>(61,329)</u>		<u>22,347</u>

The notes on pages 7 to 13 form part of these financial statements

GODIVA BEARINGS (SOUTHERN) LTD

Notes to the abbreviated accounts for the year ended 31 March 2007

1 Accounting policies

a) *Basis of accounting*

The financial statements are prepared on the historical cost basis of accounting and have been prepared in accordance with applicable accounting standards

b) *Turnover*

Turnover represents net invoiced sales of goods and services, excluding value added tax

c) *Consolidation*

The accounts present information about the company as an individual undertaking and not about its group

The company and its holding company and fellow subsidiaries comprise a medium sized group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts

d) *Depreciation of tangible fixed assets*

Depreciation is provided on all tangible fixed assets at rates calculated to write off the full cost or valuation less estimated residual value of each asset over its estimated useful life. The principal rates in use are

Computer equipment	20% on cost
Leasehold improvements	14% on cost
Fixtures and fittings	15% on cost
Plant and machinery	20% - 33% on cost

e) *Stocks*

Stock and work in progress is valued at the lower of cost and estimated net realisable value

Net realisable value is based on estimated selling price less further costs to completion and disposal

f) *Deferred taxation*

Deferred tax is provided in respect of the tax effect of all timing differences that have originated but not reversed at the balance sheet date

A deferred tax asset is regarded as recoverable and therefore recognised only when, on the basis of all available evidence, it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax is measured on a nondiscounted basis, at the average tax rates that are expected to apply in the periods in which the timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantively enacted by the balance sheet date

g) *Foreign currency translation*

Trading transactions denominated in foreign currencies are translated into sterling at the exchange rate ruling at the date the transaction was entered into. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rate ruling at the balance sheet date. Exchange gains or losses are included in the profit and loss account

h) *Hire purchase and lease transactions*

Assets acquired under hire purchase agreements and finance leases are capitalised in the balance sheet and are depreciated in accordance with the company's normal policy. The outstanding liabilities under such agreements less interest not yet due are included in creditors. Interest on such agreements is charged to the profit and loss account over the term of each agreement and represents a constant proportion of the balance of capital repayments outstanding

Rentals under operating leases are charged to the profit and loss account as they fall due

GODIVA BEARINGS (SOUTHERN) LTD

Notes to the abbreviated accounts for the year ended 31 March 2007 (continued)

1 Accounting policies (continued)

i) Pension scheme

The company operates a defined contribution scheme on behalf of executive directors. Contributions are charged to the profit and loss account as they fall due. These contributions are invested separately from the company's assets.

2 Operating loss

This is stated after charging

	2007 £	2006 £
Depreciation of owned assets	79,538	47,019
Auditors' remuneration - Audit fee	9,000	8,400
Exceptional items (note6)	<u>230,000</u>	<u>-</u>

3 Employee information

	2007 £	2006 £
Staff costs:		
Wages and salaries	1,286,643	1,224,213
Social security costs	135,665	128,181
Other pension costs	<u>41,398</u>	<u>47,080</u>
	<u>1,463,706</u>	<u>1,399,474</u>

The average number of persons employed during the year, including executive directors, was made up as follows

	2007 Number	2006 Number
Office and management	12	12
Sales and distribution	<u>29</u>	<u>29</u>
	<u>41</u>	<u>41</u>

4 Directors' emoluments

	2007 £	2006 £
Emoluments	574,440	517,369
Company contributions to money purchase pension schemes	<u>30,000</u>	<u>30,000</u>
	<u>604,440</u>	<u>547,369</u>

The remuneration of the highest paid director was

	2007 £	2006 £
Emoluments and amounts receivable under long term incentive schemes	186,752	175,524
Company contributions to money purchase pension scheme	<u>12,500</u>	<u>12,500</u>
	<u>199,252</u>	<u>188,024</u>

The number of directors who were accruing benefits under company pension schemes were as follows

	2007	2006
Money purchase schemes	<u>3</u>	<u>3</u>

GODIVA BEARINGS (SOUTHERN) LTD

Notes to the abbreviated accounts for the year ended 31 March 2007 (continued)

5 Interest payable and similar charges

	2007 £	2006 £
On bank loans and overdrafts	<u>176,202</u>	<u>129,321</u>

6 Exceptional items

Exceptional items which are summarised below have been classified within the profit and loss account under the appropriate heading and arise in respect of continuing operations

	2007 £	2006 £
Administrative expenses:		
Bad debt written off	<u>230,000</u>	<u>-</u>

7 Tax on profit on ordinary activities

	2007 £	2006 £
United Kingdom corporation tax at 30%	30,131	121,578
Deferred taxation (note 14)	17,220	8,244
Adjustments in respect of previous years	<u>(9,074)</u>	<u>-</u>
	<u>38,277</u>	<u>129,822</u>

Factors affecting tax charge for the period

Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	(55,309)	127,638
Effects of		
Expenses not deductible for tax purposes	114,828	16,704
Depreciation in excess of capital allowances	(24,360)	(8,229)
Group relief of losses	-	(14,535)
Marginal relief	<u>(5,028)</u>	<u>-</u>
Current tax charge for the year	<u>30,131</u>	<u>121,578</u>

8 Tangible fixed assets

	Land and buildings £	Equipment fixtures and fittings £	Plant and machinery £	Computer Equipment £	Total £
Cost:					
At 1 April 2006	38,138	451,930	48,170	331,767	870,005
Additions	46,087	162,188	7,542	19,405	235,222
At 31 March 2007	<u>84,225</u>	<u>614,118</u>	<u>55,712</u>	<u>351,172</u>	<u>1,105,227</u>
Depreciation:					
At 1 April 2006	19,498	321,165	38,184	289,045	667,892
Provision for the year	7,948	49,043	5,883	16,664	79,538
At 31 March 2007	<u>27,446</u>	<u>370,208</u>	<u>44,067</u>	<u>305,709</u>	<u>747,430</u>
Net book value					
At 31 March 2007	<u>56,779</u>	<u>243,910</u>	<u>11,645</u>	<u>45,463</u>	<u>357,797</u>
At 31 March 2006	<u>18,640</u>	<u>130,765</u>	<u>9,986</u>	<u>42,722</u>	<u>202,113</u>

GODIVA BEARINGS (SOUTHERN) LTD

Notes to the abbreviated accounts for the year ended 31 March 2007 (continued)

8 Tangible fixed assets (continued)

The net book value of land and buildings at 31 March 2007 is made up as follows

	2007 £	2006 £
Short-term leasehold premises	<u>56,779</u>	<u>18,640</u>

9 Stocks

	2007 £	2006 £
Finished goods and goods for resale	<u>3,009,782</u>	<u>3,153,411</u>

10 Debtors

	2007 £	2006 £
Trade debtors	2,227,185	2,150,978
Other debtors	14,134	8,947
Amounts owed by group undertakings	2,241,532	2,220,813
Prepaid expenses and accrued income	<u>123,622</u>	<u>117,366</u>
	<u>4,606,473</u>	<u>4,498,104</u>

11 Creditors: amounts falling due within one year

	2007 £	2006 £
Amount due under invoice financing	2,627,125	2,503,364
Trade creditors	939,001	974,967
Amounts owed to group undertakings	467,817	283,322
Corporation tax	30,132	13,579
Other tax and social security	139,050	85,538
Obligations under finance leases and hire purchase contracts	3,315	3,315
Accruals and deferred income	<u>301,948</u>	<u>279,788</u>
	<u>4,508,388</u>	<u>4,143,873</u>

The amounts due under invoice financing from the company is secured by a fixed and floating charge over the assets of the company

12 Creditors: amounts falling due after more than one year

	2007 £	2006 £
Net obligations under finance leases and hire purchase contracts	<u>14,999</u>	<u>14,999</u>

13 Commitments under hire purchase agreements

	2007 £	2006 £
Amounts payable within 1 year (note 11)	3,749	3,749
Amounts payable between 2 to 5 years (note 12)	<u>14,999</u>	<u>14,999</u>
	<u>18,748</u>	<u>18,748</u>

GODIVA BEARINGS (SOUTHERN) LTD

Notes to the abbreviated accounts for the year ended 31 March 2007 (continued)

14 Provisions for liabilities

	2007 £	2006 £
Accelerated capital allowances	<u>25,464</u>	<u>8,244</u>
Provision at start of year	8,244	
Deferred tax charge in profit and loss account for year (note 7)	<u>17,220</u>	
Provision at end of year	<u>25,464</u>	

15 Called-up share capital

	2007 £	2006 £
Authorised Equity shares:		
400,000 Ordinary shares of 0.025 pence each	<u>100</u>	<u>100</u>
Allotted, called up and fully paid Equity shares.		
48,000 Ordinary shares of 0.025 pence each	<u>12</u>	<u>12</u>

16 Reserves

	Profit and loss account £
At 1 April 2006	3,801,263
Loss for the year	(222,641)
Dividends paid (note 17)	<u>(100,000)</u>
At 31 March 2007	<u>3,478,622</u>

17 Dividends

	2007 £	2006 £
On equity shares		
Final £2.08 per ordinary share (2006 - £5.42)	<u>100,000</u>	<u>260,000</u>

18 Reconciliation of movement in shareholders' funds

	2007 £	2006 £
(Loss)/profit for the year	(222,641)	295,639
Dividends	<u>(100,000)</u>	<u>(260,000)</u>
Net reduction in (2006 addition to) shareholders' funds	<u>(322,641)</u>	35,639
Shareholders' funds at 1 April 2006	<u>3,801,275</u>	<u>3,765,635</u>
Shareholders' funds at 31 March 2007	<u>3,478,634</u>	<u>3,801,274</u>

GODIVA BEARINGS (SOUTHERN) LTD

Notes to the abbreviated accounts for the year ended 31 March 2007 (continued)

19 Notes to the cash flow statement

a) Reconciliation of operating profit to net cash flow operating activities

	2007 £	2006 £
Operating loss/(profit)	11,157	(554,417)
Depreciation charges	79,538	47,019
Decrease/increase in stock	143,629	(10,820)
Increase/decrease in debtors	(87,650)	344,683
Increase/decrease in creditors	224,207	(403,242)
Net cash inflow from operating activities	<u>348,567</u>	<u>532,057</u>

b) Analysis of change in net debt

	Brought forward	Cash flows	Carried forward
Cash at bank and in hand	115,196	(61,329)	53,867
Debt due within one year	(2,507,113)	(123,761)	(2,630,874)
Debt due after more than one year	(14,999)	-	(14,999)
	<u>(2,406,916)</u>	<u>(185,090)</u>	<u>(2,592,006)</u>

c) Reconciliation of net cash flow to movement in debt

	2007 £	2006 £
Net decrease/increase in cash	(61,329)	22,347
Increase in long term bank loan	(123,761)	(300,050)
Changes in net debt	(185,090)	(277,703)
Net debt at 1 April 2006	(2,406,916)	(2,129,213)
Net debt at 31 March 2007	<u>(2,592,006)</u>	<u>(2,406,916)</u>

20 Contingent liabilities

The company's bankers have provided a VAT deferment bond with recourse to the company. The potential liability to the bank amounts to £40,000.

21 Leasing commitments

Operating leases

The company's annual commitments for rental payments under non-cancellable operating leases at 31 March 2007 were as set out below:

	2007		2006	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire				
Within one year	-	6,568	-	5,669
Within two to five years	-	62,725	-	81,001
Over five years	<u>157,335</u>	<u>-</u>	<u>100,005</u>	<u>-</u>

GODIVA BEARINGS (SOUTHERN) LTD

Notes to the abbreviated accounts for the year ended 31 March 2007 (continued)

22 Controlling party

The ultimate holding company is Godiva Bearings Group Limited

Copies of the holding company's accounts are available from the company secretary at Unit 3, Shepperton Business Park, Govett Avenue, Shepperton, TW17 8DA

The company is ultimately controlled by three of the Directors, D Harrow, P Cuthill and R Eccleston

23 Pension commitments and other post-retirement benefits

Defined contribution scheme

The company operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the company in independently administered funds. The pension cost and charge represents contributions payable by the company to the funds and amounted to £41,398 (2006 £47,080)