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Company Registration No. 3453820 (England and Wales)

# STATUTORY COPY

**LOCHINVAR LIMITED**

**ABBREVIATED ACCOUNTS**

**FOR THE YEAR ENDED 31 DECEMBER 2003**



LD4  
COMPANIES HOUSE

\*LCUDFUSG\*

0327  
08/04/04

# LOCHINVAR LIMITED

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# LOCHINVAR LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2003

The directors present their report and accounts for the year ended 31 December 2003.

### Principal activities

The principal activity of the company continues to be that of supplying equipment to the heating industry.

### Results and dividends

The profit for the year after taxation amounted to £227,808 .

### Directors and their interests

The directors at 31 December 2003 and their beneficial interests in the shares of the company were:

	Ordinary shares of £ 1 each	
	31 December 2003	1 January 2003
W.L. Vallett	133,334	133,334
T.A. Vallett	133,334	133,334
J.W. Vallett	133,334	133,334
D J Pepper	-	-
R Anderson	-	-

### Auditors

A resolution proposing the reappointment of H W Fisher & Company as auditors will be put to the members at the next Annual General Meeting.

On behalf of the Board



W.L. Vallett

Director

Dated: 3/10/04

# LOCHINVAR LIMITED

## AUDITORS' REPORT

### UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 10, together with the audited accounts of the company for the year ended 31 December 2003 prepared under section 226 of the Companies Act 1985.

#### Respective responsibilities of directors and auditors

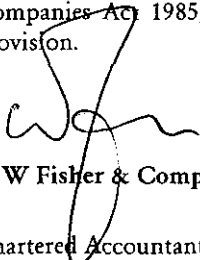
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

#### Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the audited accounts.

#### 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 on pages 3 to 10 are properly prepared in accordance with that provision.



H W Fisher & Company

Chartered Accountants  
Registered Auditor  
Acre House  
11-15 William Road  
London  
United Kingdom  
NW1 3ER

Dated: 1/4/04

# LOCHINVAR LIMITED

## PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2003

	Notes	2003 £	2002 £
Gross profit		1,754,852	1,613,577
Administrative expenses		(1,410,128)	(1,261,978)
Operating profit	2	344,724	351,599
Other income	5	1,678	32
Interest payable and similar charges	6	(20,666)	(27,682)
Profit on ordinary activities before taxation		325,736	323,949
Tax on profit on ordinary activities	7	(97,928)	(102,665)
Profit on ordinary activities after taxation		227,808	221,284
Retained profit brought forward		796,298	575,014
Retained profit carried forward		1,024,106	796,298

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

# LOCHINVAR LIMITED

## BALANCE SHEET AS AT 31 DECEMBER 2003

	Notes	2003 £	£	2002 £	£
<b>Fixed assets</b>					
Intangible assets	8		364,000		390,000
Tangible assets	9		208,787		187,099
			<u>572,787</u>		<u>577,099</u>
<b>Current assets</b>					
Stocks	10	1,071,838		847,548	
Debtors	11	661,108		718,090	
Cash at bank and in hand		190,861		461,100	
		<u>1,923,807</u>		<u>2,026,738</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(1,046,564)</u>		<u>(1,391,815)</u>	
<b>Net current assets</b>			<u>877,243</u>		<u>634,923</u>
<b>Total assets less current liabilities</b>			<u>1,450,030</u>		<u>1,212,022</u>
<b>Creditors: amounts falling due after more than one year</b>	13		<u>(25,922)</u>		<u>(15,722)</u>
			<u>1,424,108</u>		<u>1,196,300</u>
<b>Capital and Reserves</b>					
Called up share capital	14		400,002		400,002
Profit and loss account			1,024,106		796,298
<b>Shareholders' funds - all equity interests</b>	15		<u>1,424,108</u>		<u>1,196,300</u>

In preparing these abbreviated accounts we have relied on the exemptions contained in 246 and 247 of the Companies Act 1985 on the basis that the company is entitled to the benefit of those exemptions as a medium-sized company.

The accounts were approved by the Board on 19/3/04



W.L. Vallett  
Director

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

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### 1 Accounting policies

#### 1.1 Basis of preparation

The accounts have been prepared under the historical cost convention.

#### 1.2 Turnover

Turnover represents the invoiced value of goods sold and services provided net of VAT.

#### 1.3 Goodwill

Acquired goodwill is amortised over a period of 20 years.

#### 1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Computer equipment	25% Straight Line
Leasehold property	over the term of the lease
Plant and machinery	25% Reducing balance
Fixtures, fittings & equipment	25% Reducing balance
Motor vehicles	25% Reducing balance

#### 1.5 Leasing and hire purchase commitments

Assets held under finance leases and hire purchase contracts are treated as if they had been purchased outright at the present value of the rentals payable, less finance charges, over the primary period of the agreements. The corresponding obligations under these agreements are included in creditors. The finance element of the rentals payable is charged to the profit and loss account so as to produce a constant rate of charge on the outstanding balance in each period.

Rental payments under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

#### 1.6 Stock

Stock is stated at the lower of cost and net realisable value. Cost includes all direct costs incurred in bringing the stocks to their present location and condition.

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

#### 1.7 Deferred taxation

Deferred tax is provided in full on timing differences which result in an obligation at the balance sheet date to pay more tax, or a right to pay less tax, at a future date, at rates expected to apply when they crystallise based on current tax rates and law. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the accounts. Deferred tax is not provided on timing differences arising from the revaluation of fixed assets where there is no commitment to sell the assets. Deferred tax assets are recognised to the extent that it is regarded as more likely than not that they will be recovered. Deferred tax assets and liabilities are not discounted.

#### 1.8 Foreign currency translation

Transactions denominated in foreign currencies are recorded at the rate of exchange ruling at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. All differences are taken to profit and loss account.

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

<b>2</b>	<b>Operating profit</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Operating profit is stated after charging:		
	Amortisation of intangible fixed assets	26,000	26,000
	Depreciation of owned tangible fixed assets	50,502	48,096
	Depreciation of tangible fixed assets held under finance leases and hire purchase contracts	12,824	1,795
	Operating lease rentals		
	- Plant and machinery	54,857	57,824
	Auditors' remuneration	9,184	9,250
		<u>          </u>	<u>          </u>

<b>3</b>	<b>Directors' emoluments</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Aggregate emoluments	122,716	128,012
	Company contributions to defined contribution pension schemes	6,628	7,113
		<u>          </u>	<u>          </u>
		<u>129,344</u>	<u>135,125</u>

Retirement benefits are accruing to 2 (2002 - 1 ) directors under defined contribution schemes.

### 4 Employees

#### Number of employees

The average monthly number of employees during the year was:

	<b>2003</b>	<b>2002</b>
	<b>Number</b>	<b>Number</b>
Selling and administration	25	23
	<u>          </u>	<u>          </u>

#### Employment costs

	<b>£</b>	<b>£</b>
Wages and salaries	670,122	582,821
Social security costs	79,827	59,657
Other pension costs	18,805	16,448
	<u>          </u>	<u>          </u>
	<u>768,754</u>	<u>658,926</u>

<b>5</b>	<b>Other income</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Interest receivable and similar income	1,678	32
		<u>          </u>	<u>          </u>



# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

<b>6</b>	<b>Interest payable and similar charges</b>	<b>2003</b>	<b>2002</b>
		£	£
	Interest payable on:		
	Other loans	17,600	27,375
	Finance lease and hire purchase contracts	3,066	307
		<u>20,666</u>	<u>27,682</u>
<b>7</b>	<b>Tax on profit on ordinary activities</b>	<b>2003</b>	<b>2002</b>
		£	£
	Analysis of charge in period		
	Current taxation		
	U.K. Corporation tax at 30 % (2002 - 27 %)	<u>97,928</u>	<u>102,665</u>
	<b>Factors affecting tax charge for the period</b>		
	The tax assessed for the period is higher/lower than the standard rate of corporation tax in the UK of 30 % (2002 - 27 %). The differences are explained below:		
		2003	2002
		£	£
	Profit on ordinary activities before taxation	<u>325,736</u>	<u>323,949</u>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30 % (2002 - 27 %)	97,721	87,466
	Effects of:		
	Expenses not deductible for tax purposes	7,350	13,431
	Capital allowances for period reversed/(in excess of depreciation)	(3,527)	(1,768)
	Other tax adjustments	<u>(10,670)</u>	<u>-</u>
	Current tax charge for the period	<u>97,928</u>	<u>102,665</u>

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

### 8 Intangible fixed assets

	Goodwill £
Cost	
At 1 January 2003 and at 31 December 2003	520,000
Amortisation	
At 1 January 2003	130,000
Charge for year	26,000
At 31 December 2003	156,000
Net book value	
At 31 December 2003	364,000
At 31 December 2002	390,000

### 9 Tangible fixed assets

	Computer equipment £	Leasehold improve - ments £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2003	76,949	55,690	8,846	69,461	97,109	308,055
Additions	5,787	-	1,463	10,917	79,635	97,802
Disposals	-	-	-	-	(23,479)	(23,479)
At 31 December 2003	82,736	55,690	10,309	80,378	153,265	382,378
Depreciation						
At 1 January 2003	29,827	27,026	5,796	36,987	21,320	120,956
On disposals	-	-	-	-	(10,691)	(10,691)
Charge for the year	19,749	7,166	884	9,707	25,820	63,326
At 31 December 2003	49,576	34,192	6,680	46,694	36,449	173,591
Net book value						
At 31 December 2003	33,160	21,498	3,629	33,684	116,816	208,787
At 31 December 2002	47,122	28,664	3,050	32,474	75,789	187,099

#### Finance leases and hire purchase contracts

The net book value of tangible fixed assets includes an amount of £78,796 (2002 - £26,923 ) in respect of assets held under finance leases or hire purchase contracts.

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

<b>10</b>	<b>Stocks</b>	<b>2003</b>	<b>2002</b>
		£	£
	Finished goods and goods for resale	<u>1,071,838</u>	<u>847,548</u>
<b>11</b>	<b>Debtors</b>	<b>2003</b>	<b>2002</b>
		£	£
	Trade debtors	638,540	651,186
	Prepayments and accrued income	<u>22,568</u>	<u>66,904</u>
		<u>661,108</u>	<u>718,090</u>
<b>12</b>	<b>Creditors: amounts falling due within one year</b>	<b>2003</b>	<b>2002</b>
		£	£
	Bank overdrafts	53	-
	Net obligations under finance lease and hire purchase contracts	28,507	8,592
	Trade creditors	645,010	569,204
	Corporation tax	97,928	102,665
	Other taxes and social security costs	35,969	83,189
	Loans from shareholders	77,042	456,242
	Other creditors	17,657	24,522
	Accruals and deferred income	<u>144,398</u>	<u>147,401</u>
		<u>1,046,564</u>	<u>1,391,815</u>

The loans are repayable on demand and carry interest at a rate of 6% per annum.

# LOCHINVAR LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS FOR THE YEAR ENDED 31 DECEMBER 2003

<b>13</b>	<b>Creditors: amounts falling due after more than one year</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Net obligations under finance leases and hire purchase contracts	25,922	15,722
	<i>Net obligations under finance leases and hire purchase contracts</i> Repayable between one and five years	59,587	27,798
	Finance charges and interest allocated to future accounting periods	59,587 (5,158)	27,798 (3,484)
	Included in liabilities falling due within one year	54,429 (28,507)	24,314 (8,592)
		25,922	15,722
<b>14</b>	<b>Share capital</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	<b>Authorised</b> 400,002 Ordinary shares of £ 1 each	400,002	400,002
	<b>Allotted, called up and fully paid</b> 400,002 Ordinary shares of £ 1 each	400,002	400,002
<b>15</b>	<b>Reconciliation of movements in shareholders' funds</b>	<b>2003</b>	<b>2002</b>
		<b>£</b>	<b>£</b>
	Profit for the financial year	227,808	221,284
	Opening shareholders' funds	1,196,300	975,016
	Closing shareholders' funds	1,424,108	1,196,300

### 17 Related party transactions

Included in trade creditors is an amount owed to the Lochinvar Corporation of £397,152 (2002 - £397,152) a company which is controlled by W.L Vallett, T.A Vallett and J.W Vallett. Lochinvar Ltd purchase goods with a value of £1,756,060 (2002: £1,440,297) from Lochinvar Corporation during the year and also received commissions of £18,034 (2002: £22,147) in the year.

#### Controlling parties

The ultimate controlling parties are W.L Vallett, T.A Vallett and J.W Vallett.