

WNT (UK) Limited

Financial statements

For the year ended 29 February 2004

Grant Thornton 



Company No. 3772242

Company information

Company registration number	3772242
Registered office	Sheffield Airport Business Park Europa Link Sheffield South Yorkshire S9 1XU
Directors	A C Pennington H J Krumholz T Wolter
Secretary	A C Pennington
Bankers	Barclays Bank Plc 25 Sankey Street Warrington WA1 1XQ
Solicitors	Cobbetts Solicitors Ship Canal House King Street Manchester M2 4WB
Auditors	Grant Thornton Chartered Accountants Registered Auditors 1st Floor Royal Liver Building LIVERPOOL L3 1PS

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Report of the directors

The directors present their report and the financial statements of the company for the year ended 29 February 2004.

Principal activities and business review

The company is principally engaged in the marketing and sale of hard metal tooling.

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.

The directors and their interests in shares of the company

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 29 February 2004	At 1 March 2003 or later date of appointment
A C Pennington	1	1
H J Krumholz	-	-
T Wolter	-	-
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The interests of the directors in the shares of the company's parent undertaking are disclosed in that company's financial statements.

T Wolter was appointed as a director on 9 May 2003.

Directors' responsibilities

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:

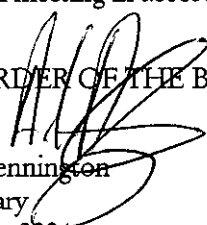
- select suitable accounting policies and then apply them consistently
- make judgements and estimates that are reasonable and prudent
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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 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



A C Pennington
Secretary
25 June 2004

Report of the independent auditors to the members of WNT (UK) Limited

We have audited the financial statements of WNT (UK) Limited for the year ended 29 February 2004 on pages 7 to 17. These financial statements have been prepared under the historical cost convention and the accounting policies set out on pages 7 to 8.

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 on pages 3 to 4.

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 Directors' Report 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.

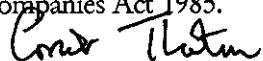
Basis of opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 29 February 2004 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

LIVERPOOL
25 June 2004

Principal accounting policies

Basis of accounting

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

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

Fundamental accounting concept

The company is dependent upon continuing finance being made available by its immediate and ultimate parent undertakings to enable it to continue operating and to meet its liabilities as they fall due.

The ultimate parent undertaking has agreed to provide sufficient funds to the company for these purposes as part of the planned development of the company's activities in the UK. The directors believe that the parent undertaking is in a position to provide support to the company and is capable of honouring its agreement to provide sufficient funds to enable the company to continue to meet its liabilities as they fall due. On this basis, the directors consider it appropriate to prepare the financial statements on the going concern basis.

The financial statements do not include any adjustments that would result should continuing finance cease to be made available. However, should continuing support cease to be available, the going concern basis used in preparing the accounts would be invalid and adjustments would have to be made to reduce the value of assets to their realisable amount, to provide for any further liabilities which might arise and to reclassify fixed assets and long term liabilities as current assets and liabilities.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Tangible fixed assets

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, net of anticipated disposal proceeds, over the useful economic life of that asset as follows:

Leasehold improvements	- over the period of the lease
Fixtures, fittings and equipment	- 10-33%

Stocks

Stocks are stated at the lower of cost and net realisable value.

Leased assets

All leases regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

Contributions to pension funds

Defined contribution scheme

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

Profit and loss account

	Note	2004 £	2003 £
Turnover	1	4,858,522	3,390,397
Cost of sales		2,954,013	2,207,628
Gross profit		1,904,509	1,182,769
Other operating charges	2	1,777,945	1,833,194
Operating profit/(loss)	3	126,564	(650,425)
Interest receivable		1,725	1,364
Profit/(loss) on ordinary activities before taxation		128,289	(649,061)
Tax on profit/(loss) on ordinary activities		-	-
Retained profit/(loss) for the financial year		128,289	(649,061)

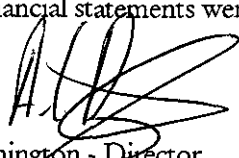
All of the activities of the company are classed as continuing.

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

Balance sheet

	Note	2004 £	2003 £
Fixed assets			
Tangible assets	7	<u>94,726</u>	<u>83,759</u>
Current assets			
Stocks	8	881,876	884,819
Debtors	9	1,404,405	1,095,249
Cash at bank and in hand		<u>116,309</u>	<u>137,627</u>
		<u>2,402,590</u>	<u>2,117,695</u>
Creditors: amounts falling due within one year	10	<u>517,786</u>	<u>431,926</u>
Net current assets		<u>1,884,804</u>	<u>1,685,769</u>
Total assets less current liabilities		<u>1,979,530</u>	<u>1,769,528</u>
Creditors: amounts falling due after more than one year	11	<u>3,501,802</u>	<u>3,420,089</u>
		<u>(1,522,272)</u>	<u>(1,650,561)</u>
Capital and reserves			
Called-up equity share capital	14	1,000,000	1,000,000
Profit and loss account	15	(2,522,272)	(2,650,561)
Deficiency	16	<u>(1,522,272)</u>	<u>(1,650,561)</u>

These financial statements were approved by the directors on 25 June 2004 and are signed on their behalf by:


A C Pennington - Director


H J Krumholz - Director

THURSDAY 20 OCT 2004

Cash flow statement

	Note	2004 £	2003 £
Net cash inflow from operating activities	17	50,430	69,794
Returns on investments and servicing of finance			
Interest received		1,725	1,364
Net cash inflow from returns on investments and servicing of finance		1,725	1,364
Capital expenditure			
Payments to acquire tangible fixed assets		(73,473)	(30,150)
Net cash outflow from capital expenditure		(73,473)	(30,150)
(Decrease)/increase in cash	17	(21,318)	41,008

Notes to the financial statements

1 Turnover

The turnover and loss on ordinary activities before taxation are attributable to the company's principal activity of the marketing and sale of hard metal tooling.

2 Other operating income and charges

	2004 £	2003 £
Distribution costs	1,096,593	1,154,058
Administrative expenses	681,352	679,136
	<u>1,777,945</u>	<u>1,833,194</u>

3 Operating profit/(loss)

Operating profit/(loss) is stated after charging/(crediting):

	2004 £	2003 £
Depreciation of owned fixed assets	62,506	69,867
Auditors' remuneration:		
Audit fees	7,000	6,500
Operating lease costs:		
Land and buildings	35,028	30,575
Plant and equipment	774	370
Vehicles	114,305	110,809
Net profit on foreign currency translation	<u>(21,213)</u>	<u>(4,349)</u>

4 Directors and employees

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

	2004 No	2003 No
Selling and distribution staff	27	26
Administration staff	6	4
	<u>33</u>	<u>30</u>

The aggregate payroll costs of the above were:

	2004 £	2003 £
Wages and salaries	832,154	737,169
Social security costs	99,285	78,277
Other pension costs	33,665	29,562
	<u>965,104</u>	<u>845,008</u>

5 Directors

Remuneration in respect of directors was as follows:

	2004 £	2003 £
Emoluments receivable	78,376	113,395
Value of company pension contributions to money purchase schemes	4,238	3,120
	<u>82,614</u>	<u>116,515</u>

During the year 1 director (2003: 1 director) participated in a defined contribution pension scheme.

6 Tax on profit on ordinary activities

There is no taxation charge in these financial statements as a result of losses brought forward.

7 Tangible fixed assets

	Leasehold land and buildings £	Fixtures and fittings £	Total £
Cost			
At 1 March 2003	8,715	250,782	259,497
Additions	4,784	68,689	73,473
At 29 February 2004	<u>13,499</u>	<u>319,471</u>	<u>332,970</u>
Depreciation			
At 1 March 2003	7,474	168,264	175,738
Charge for the year	3,061	59,445	62,506
At 29 February 2004	<u>10,535</u>	<u>227,709</u>	<u>238,244</u>
Net book value			
At 29 February 2004	<u>2,964</u>	<u>91,762</u>	<u>94,726</u>
At 28 February 2003	<u>1,241</u>	<u>82,518</u>	<u>83,759</u>

8 Stocks

	2004 £	2003 £
Goods for resale	<u>881,876</u>	<u>884,819</u>

9 Debtors

	2004 £	2003 £
Trade debtors	1,344,052	1,013,070
Amounts owed by group undertakings	2,387	14,260
Prepayments and accrued income	57,966	67,919
	<u>1,404,405</u>	<u>1,095,249</u>

10 Creditors: amounts falling due within one year

	2004 £	2003 £
Trade creditors	149,812	151,792
Amounts owed to group undertakings	986	11,918
Other taxation and social security	202,601	153,033
Accruals and deferred income	164,387	115,183
	<u>517,786</u>	<u>431,926</u>

11 Creditors: amounts falling due after more than one year

	2004 £	2003 £
Amounts owed to group undertakings	<u>3,501,802</u>	<u>3,420,089</u>

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	2004 £	2003 £
Amounts owed to group undertakings	<u>3,501,802</u>	<u>3,420,089</u>

12 Leasing commitments

At 29 February 2004 the company had annual commitments under non-cancellable operating leases as set out below.

	2004		2003	
	Land & Buildings £	Other Items £	Land & Buildings £	Other Items £
Operating leases which expire:				
Within 1 year	–	14,561	–	16,693
Within 2 to 5 years	<u>39,883</u>	<u>91,361</u>	<u>35,376</u>	<u>56,808</u>
	<u>39,883</u>	<u>105,922</u>	<u>35,376</u>	<u>73,501</u>

13 Related party transactions

As a subsidiary of Ceratizit Tooling Holding Company Limited, the company is exempt from the requirements of Financial Reporting Standard 8 to disclose transactions with other members of the group headed by Ceratizit SA.

14 Share capital

Authorised share capital:

	2004 £	2003 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

Allotted, called up and fully paid:

	2004		2003	
	No	£	No	£
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>

15 Profit and loss account

	2004 £	2003 £
Balance brought forward	(2,650,561)	(2,001,500)
Retained profit/(accumulated loss) for the financial year	128,289	(649,061)
Balance carried forward	<u>(2,522,272)</u>	<u>(2,650,561)</u>

16 Reconciliation of movements in shareholders' funds

	2004 £	2003 £
Profit/(Loss) for the financial year	128,289	(649,061)
Opening shareholders' equity deficit	(1,650,561)	(1,001,500)
Closing shareholders' equity deficit	<u>(1,522,272)</u>	<u>(1,650,561)</u>

17 Notes to the statement of cash flows

Reconciliation of operating profit/(loss) to net cash inflow from operating activities

	2004 £	2003 £
Operating profit/(loss)	126,564	(650,425)
Depreciation	62,506	69,867
Decrease in stocks	2,943	46,941
Increase in debtors	(309,156)	(402,208)
Increase in creditors	167,573	1,005,619
Net cash inflow from operating activities	<u>50,430</u>	<u>69,794</u>

Reconciliation of net cash flow to movement in net debt

	2004 £	2003 £
(Decrease)/increase in cash in the period	(21,318)	41,008
Net cash (inflow) from long-term amounts owed to group undertakings	(81,713)	(833,847)
	<u>(103,031)</u>	<u>(792,839)</u>
Change in net debt	(103,031)	(792,839)
Net debt at 1 March 2003	(3,282,462)	(2,489,623)
Net debt at 29 February 2004	<u>(3,385,493)</u>	<u>(3,282,462)</u>

17 Notes to the statement of cash flows (continued)

Analysis of changes in net debt

	At 1 Mar 2003 £	Cash flows £	At 29 Feb 2004 £
Net cash:			
Cash in hand and at bank	<u>137,627</u>	<u>(21,318)</u>	<u>116,309</u>
Debt:			
Debt due after 1 year	<u>(3,420,089)</u>	<u>(81,713)</u>	<u>(3,501,802)</u>
Net debt	<u>(3,282,462)</u>	<u>(103,031)</u>	<u>(3,385,493)</u>

18 Contingent liabilities

There were no contingent liabilities at 29 February 2004 or 28 February 2003.

19 Capital commitments

Amounts contracted for but not provided in the financial statements amounted to £21,000 (2003 - £Nil).

20 Pensions

Defined contribution scheme

The company operates a defined contribution pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The pension cost charge for the year was £33,665 (2003: £29,562).

21 Ultimate parent company

The company is a subsidiary of Ceratizit UK Holding Company Limited which is registered in England and Wales.

The directors consider that the ultimate parent undertaking of this company is Ceratizit SA, a company incorporated in Luxembourg.

Copies of the group financial statements are available from Ceratizit Group, A6600 Reutte, Tyrol, Austria.