Company Registration No. 2610871

COUPE FOUNDRY LIMITED

Report and Financial Statements

31 July 2000

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Deloitte & Touche
PO Box 500
201 Deansgate
Manchester
M60 2AT

CONTENTS

OFFICERS AND PROFESSIONAL ADVISERS

DIRECTORS

J H Beresford
P J Wieckowicz
I Brothwood
N Winn

SECRETARY

N Winn

REGISTERED OFFICE

The Foundry
Higher Walton
Preston
PR5 4DQ

BANKERS

Barclays Bank PLC
Barclays Business Centre
38 Fishergate
Preston
PR1 2DD

SOLICITORS

Wacks Caller
Steam Packet House
76 Cross Street
Manchester
M2 4JU

AUDITORS

Deloitte & Touche
Chartered Accountants
201 Deansgate
Manchester
M60 2AT

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements for the year ended 31 July 2000.

ACTIVITIES

The principal activities of the company during the year were as ironfounders.

REVIEW OF DEVELOPMENTS AND FUTURE PROSPECTS

The company experienced difficult trading conditions during the year. Actions taken by the directors to respond to the challenges presented by these conditions have resulted in improved financial performance in the last quarter of the year. These actions see the company better placed for improvement in the following year.

Development is taking place in some high-growth markets to further enhance the turnover and profitability of the company.

DIVIDENDS AND TRANSFERS FROM RESERVES

The loss for the year after tax amounted to £261,000 (1999 – profit £46,000). A redemption premium of £39,000 (1999 - £28,000) was provided for. The retained loss (1999 – profit £18,000) of £300,000 has been transferred from (1999 – to) reserves.

DIRECTORS AND THEIR INTERESTS

The present directors of the company are set out on page 1. All directors served throughout the year and thereafter except as shown below:

N Winn	(appointed 21 May 2000)
S R Hall	(resigned 30 March 2000)

None of the directors serving at the end of the year had interests in the share capital of the company at 31 July 2000. None of the directors held any shares in the parent company.

AUDITORS

A resolution for the reappointment of Deloitte & Touche as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors
and signed on behalf of the Board

Secretary

STATEMENT OF 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 as at the end of the financial year and of the profit or loss of the company for that period. 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;
- state whether applicable accounting standards have been followed;
- 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 which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements 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.

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COUPE FOUNDRY LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 14 which have been prepared under the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements which are required to be prepared in accordance with applicable United Kingdom law and accounting standards. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

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 the company's affairs as at 31 July 2000 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Deloitte & Touche

Chartered Accountants and Registered Auditors

31/7/2001

PROFIT AND LOSS ACCOUNT
Year ended 31 July 2000

	Note	2000 £'000	1999 £'000
TURNOVER	2	7,089	7,316
Cost of sales		(6,102)	(6,323)
Gross profit		987	993
Distribution costs		(297)	(308)
Administrative expenses		(900)	(611)
		(1,197)	(919)
OPERATING (LOSS)/PROFIT	4	(210)	74
Interest payable and similar charges	5	(46)	(26)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		(256)	48
Tax on (loss)/profit on ordinary activities	6	(5)	(2)
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(261)	46
Other finance charges in respect of non-equity shares	15	(39)	(28)
RETAINED (LOSS)/PROFIT FOR THE FINANCIAL YEAR	15	(300)	18

The company has no recognised gains or losses other than the loss (1999 – profit) for the financial year and the preceding year. Accordingly a Statement of Total Recognised Gains and Losses has not been prepared.

There have been no movements in shareholders' funds other than the retained loss (1999 - profit) for the year and prior year, and accordingly, no reconciliation of movements in shareholders' funds this year and the preceding year is included in these financial statements.

The results for the year relate to continuing operations.

BALANCE SHEET
31 July 2000

	Note	£'000	2000 £'000	£'000	1999 £'000
FIXED ASSETS					
Tangible assets	7		1,133		1,143
CURRENT ASSETS					
Stocks	8	268		376	
Debtors	9	1,268		1,764	
Cash at bank and in hand		151		287	
		1,687		2,427	
CREDITORS: amounts falling due within one year	10	(1,828)		(2,373)	
NET CURRENT ASSETS			(141)		54
TOTAL ASSETS LESS CURRENT LIABILITIES			992		1,197
CREDITORS: amounts falling due after more than one year	11		(109)		(53)
PROVISIONS FOR LIABILITIES AND CHARGES	13		-		-
			883		1,144
CAPITAL AND RESERVES					
Called up share capital	14		190		190
Share premium account	15		1		1
Other reserves	15		75		36
Profit and loss account	15		617		917
			883		1,144
Attributable to equity shareholders			751		1,051
Attributable to non equity shareholders			132		93
			883		1,144

These financial statements were approved by the Board of Directors on 30th May 2001

Signed on behalf of the Board of Directors

- Director

NOTES TO THE ACCOUNTS
Year ended 31 July 2000

1. ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Electric melting furnace	10% straight line
Plant and machinery	15% reducing balance
Office equipment	20% reducing balance
Motor vehicles	33 1/3% reducing balance

Stocks

Stocks and work-in-progress are stated at the lower of cost and net realisable value. Cost is determined on a first-in first-out basis. Cost includes materials, direct labour and production overheads appropriate to the relevant stage of production. Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Assets obtained under finance leases and hire purchase contracts are capitalised at cost on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease in proportion to the capital element outstanding. The present value of future rentals is shown as a liability.

Operating lease rentals are charged to income in equal annual amounts over the lease term.

Cash flow statement

The company is exempt from the requirement to prepare a cash flow statement on the grounds that its ultimate parent company has published a consolidated cash flow statement.

Pension costs

The company operates a defined benefit pension scheme. The assets of the scheme are invested and managed independently of the finances of the company. The pension cost charge represents contributions payable in the year. The company also operates defined contribution schemes. Contributions to these schemes are charged to profit and loss account as payable.

NOTES TO THE ACCOUNTS
Year ended 31 July 2000

2. TURNOVER

Turnover represents amounts derived from the provision of goods and services which fall within the company's ordinary activities after deduction of trade discounts and value added tax.

	2000 £'000	1999 £'000
United Kingdom	4,853	4,766
Other EC countries	2,236	2,550
	7,089	7,316

3. INFORMATION REGARDING DIRECTORS AND EMPLOYEES

	2000 £'000	1999 £'000
Directors' emoluments	199	72
Compensation on loss of office	29	-

2 directors are members of a defined contribution pension scheme (1999 – 2). The aggregate pension payments were £13,221 (1999 - £2,590).

	No	No
Average number of persons employed		
Manufacturing and distribution	84	84
Administration and selling	12	10
	96	94

	£'000	£'000
Staff costs during the year (including directors)		
Wages and salaries	1,822	1,775
Social security costs	161	165
Pension costs - defined contributions	97	63
- defined benefit	20	13
	2,100	2,016

NOTES TO THE ACCOUNTS
Year ended 31 July 2000

4. OPERATING (LOSS)/PROFIT

		2000 £'000	1999 £'000
Operating (loss)/profit is after charging:			
Depreciation and amortisation			
Owned assets		235	222
Leased assets		25	4
Rentals under operating leases			
Land and buildings		131	131
Auditors' remuneration	- audit	10	10
	- other services	2	2

5. INTEREST PAYABLE AND SIMILAR CHARGES

	2000 £'000	1999 £'000
Bank loans, overdrafts and other loans repayable within five years	39	25
Finance leases and hire purchase contracts	7	1
	46	26

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	2000 £'000	1999 £'000
Deferred taxation	-	(2)
Group relief	5	7
	5	5
Adjustments to prior years' tax provisions		
Deferred taxation	-	2
Group relief	-	(5)
	5	2

NOTES TO THE ACCOUNTS
Year ended 31 July 2000

7. TANGIBLE FIXED ASSETS

	Plant and machinery £'000
Cost	
At 1 August 1999	2,755
Additions	278
Disposals	(55)
At 31 July 2000	2,978
Accumulated depreciation	
At 1 August 1999	1,612
Charge for the year	260
Disposals	(27)
At 31 July 2000	1,845
Net book value	
At 31 July 2000	1,133
At 31 July 1999	1,143

The net book value of tangible fixed assets includes £147,000 (1999 - £21,000) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £25,000 (1999 - £4,000).

8. STOCKS

	2000 £'000	1999 £'000
Raw materials and consumables	56	94
Finished goods and goods for resale	212	282
	268	376

9. DEBTORS

	2000 £'000	1999 £'000
Trade debtors	1,226	1,642
Prepayments and accrued income	42	122
	1,268	1,764

NOTES TO THE ACCOUNTS
Year ended 31 July 2000

10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2000 £'000	1999 £'000
Bank overdraft	470	-
Amount owed to parent company	134	303
Trade creditors	723	1,715
Obligations under hire purchase contracts	59	5
Other creditors including taxation and social security	124	51
Accruals and deferred income	318	299
	1,828	2,373

11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2000 £'000	1999 £'000
Obligations under hire purchase contracts		
- due within 1 - 2 years	58	5
- due within 2 - 5 years	14	5
	72	10
Pension obligations	37	43
	109	53

12. OTHER CREDITORS INCLUDING TAXATION AND SOCIAL SECURITY

	2000 £'000	1999 £'000
This heading includes:		
Taxation and social security	120	44

13. PROVISIONS FOR LIABILITIES AND CHARGES

There is no provision for deferred taxation (1999 – same).

The amounts not provided in the accounts are as follows:

	2000 £'000	1999 £'000
Capital allowances in advance of depreciation	(29)	45
Other timing differences	(48)	(50)
	(77)	(5)

NOTES TO THE ACCOUNTS
Year ended 31 July 2000

14. CALLED UP SHARE CAPITAL

	2000 £'000	1999 £'000
Authorised		
150,000 ordinary shares of £1 each	150	150
60,000 preference shares of £1 each	60	60
	210	210
Called up, allotted and fully paid		
31,127 A ordinary shares of £1 each	31	31
31,127 B ordinary shares of £1 each	31	31
17,746 C ordinary shares of £1 each	18	18
53,351 D ordinary shares of £1 each	53	53
56,774 preference shares of £1 each	57	57
	190	190

The preference shares entitle the holders to receive a cumulative preferential dividend of £3.50 per paid up share. Interest at a rate of 7% per annum accrues on unpaid dividends. The directors consider the payment of preference dividends as remote since its parent company has waived the right to dividends due on preference shares. On a winding up of the company or other return of capital the preference shareholders are entitled to a sum equal to the redemption value together with any unpaid dividends. Thereafter they rank pari passu with ordinary shares.

The company may redeem the preference shares at a rate of £35 per share together with any unpaid dividends at any time provided that this is done no later than 31 March 2008. They carry full voting rights.

A, B, C and D shares carry full rights to dividends provided the preference dividend has been paid in full. On a winding up they rank after preference shares. Holders are entitled to full voting rights except that in a meeting B shareholders votes are equal to the aggregate of the votes of A and D shareholders.

A, B, C and D shares are treated as equity and preference shares as non equity.

15. RESERVES

	Other reserves £'000	Share premium £'000	Profit and loss account £'000
At 1 August 1999	36	1	917
Retained loss	-	-	(300)
Provision for redemption premium	39	-	-
At 31 July 2000	75	1	617

NOTES TO THE ACCOUNTS
Year ended 31 July 2000

16. FINANCIAL COMMITMENTS

	2000 £'000	1999 £'000
Capital commitments		
Contracted for but not provided	-	47
Obligations under finance leases and hire purchase contracts		
Minimum lease payments due:		
Within one year	66	6
Within 1 to 2 years	65	6
Within 2 to 5 years	14	5
After 5 years	-	-
	145	17
Finance charges allocated to future periods	(14)	(2)
	131	15
Due within one year	59	5
Due after more than one year	72	10
	131	15

Operating lease commitments

	Land and buildings £'000
Leases which expire:	
After 5 years	131

Pension commitments

The company's defined benefit pension fund is invested and managed independently of the finances of the company. Periodic valuations of the fund are carried out by an independent actuary. This latest actuarial valuation was made at 30 April 2000 using the attained age method. The principal assumption was that return on investments would exceed the growth in pensionable earnings by 1% per annum. At 30 April 2000 the market value of the combined assets of the fund was £1,172,000 and the actuarial values of the assets was sufficient to cover 115% of the benefits that had accrued to members after allowing for expected future increase in earnings.

This year's defined benefit scheme pension cost has been decreased by £2,000 (1999 - £2,000) being the spreading of the actuarial surplus in accordance with SSAP 24.

The total pension cost in the year was £117,000 (1999 - £76,000) of which £20,000 (1999 - £13,000) was payable to the defined benefit scheme and, £97,000 (1999 - £63,000) was paid in respect of other pension schemes and related benefits (medical insurance, life assurance and disability insurance).

NOTES TO THE ACCOUNTS
Year ended 31 July 2000

17. CONTINGENT LIABILITIES

At 31 July 2000 there were contingent liabilities amounting to £3,672,000 in respect of cross guarantees securing the bank borrowings of other group companies.

18. ULTIMATE PARENT COMPANY

In the opinion of the directors, the company's ultimate parent company is Methodcheck Limited, a company incorporated in Great Britain. Copies of the group financial statements are available from The Registrar of Companies, Companies House, Crown Way, Cardiff CF4 3UZ.

19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption included in Financial Reporting Standard No.8 "Related Party Disclosure" (para 3c) for wholly owned subsidiaries not to disclose transactions with entities that are part of the same group.

During the year the company sold a car to I Brothwood, one of its directors, for a consideration of £1,045. No amounts were outstanding at the year end. The directors consider that the amount received represented the market value of the car.

During the year the company transferred a car to J H Beresford, one of its directors, for nil consideration as part compensation for loss of office. The car had a net book value of £21,750.