
COUPE FOUNDRY LIMITED

Report And Financial Statements

◆ *Year ended 31 July 1997* ◆

COMPANY NO: 2610871



COUPE FOUNDRY LIMITED

CONTENTS

	Page
Company information	1
Report of the directors	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes to the financial statements	8 - 19

COUPE FOUNDRY LIMITED

COMPANY INFORMATION

Directors	S R Hall (Chairman) G N Harrison I Brothwood
Secretary	S R Hall
Registered office	The Foundry Higher Walton Preston PR5 4DQ
Registered number	2610871
Auditors	Robson Rhodes Chartered Accountants Colwyn Chambers 19 York Street Manchester M2 3BA

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 July 1997.

Principal activities

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

Business review and future developments

The company achieved a further growth in turnover and improved margins. New customers continued to be won.

The company also followed a policy of developing in more specialist materials which initially has been costly but will lay the groundwork for future expansion and diversification.

Results and dividend

Profit for the year after tax amounted to £534,000 (1996: £442,000). The directors do not propose the payment of a dividend.

Directors

The present directors of the company are set out on page 1. All the directors served throughout the year.

Those directors serving at the end of the year had interests in the share capital of the company at 31 July as follows:

	Ordinary shares of £1 each	
	1997	1996
S R Hall	40,000	40,000
G N Harrison	40,000	40,000
I Brothwood	-	-

REPORT OF THE DIRECTORS
(Continued)

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 and of the profit or loss of the company for that period. In preparing these financial statements, the directors have:

- selected suitable accounting policies and applied them consistently;
- made judgements and estimates that are reasonable and prudent;
- followed applicable accounting standards; and
- prepared the financial statements on the going concern basis.

The directors are responsible for keeping 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. 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.

Auditors

The auditors, Robson Rhodes are willing to continue in office, and a resolution to reappoint them will be proposed at the annual general meeting.

Approval

The report of the directors was approved by the Board on 4 March 1998 and signed on its behalf by:



S R Hall
Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
COUPE FOUNDRY LIMITED**

We have audited the financial statements on pages 5 to 20 which have been prepared on the basis of the accounting policies set out on page 8 and 9.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. 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 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 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 31 July 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Robson Rhodes

Robson Rhodes
Chartered Accountants and Registered Auditor

Manchester
6 March 1998

COUPE FOUNDRY LIMITED

PROFIT AND LOSS ACCOUNT
for the year ended 31 July 1997

	Note	1997 £'000	1996 £'000
Turnover - continuing operations	2	7,301	6,784
Cost of sales		(5,582)	(5,303)
		<hr/>	<hr/>
Gross profit		1,719	1,481
Distribution costs		(202)	(140)
Administrative expenses		(739)	(617)
		<hr/>	<hr/>
Operating profit - continuing operations	3	778	724
Interest payable	4	(25)	(55)
Interest receivable and similar income		3	1
		<hr/>	<hr/>
Profit on ordinary activities before taxation		756	670
Taxation	7	(222)	(228)
		<hr/>	<hr/>
Retained profit for the year	16	534	442
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses in either year other than those noted in the profit and loss account.

COUPE FOUNDRY LIMITED**BALANCE SHEET**
at 31 July 1997

	Note	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	8	1,177	1,050
		<hr/>	<hr/>
Current assets			
Stocks	10	490	386
Debtors	11	1,771	1,443
Cash at bank and in hand		294	30
		<hr/>	<hr/>
		2,555	1,859
Creditors: Amounts falling due within one year	12	(2,054)	(1,685)
		<hr/>	<hr/>
Net current assets		501	174
		<hr/>	<hr/>
Total assets less current liabilities		1,678	1,224
Creditors: Amounts falling due after more than one year	13	(91)	(195)
Provision for liabilities and charges			
Deferred taxation	14	(136)	(112)
		<hr/>	<hr/>
		1,451	917
		<hr/>	<hr/>
Capital and reserves			
Equity share capital	15	80	80
Share premium account	16	1	1
Profit and loss account	16	1,370	836
		<hr/>	<hr/>
Equity shareholders' funds		1,451	917
		<hr/>	<hr/>

The financial statements were approved by the Board on 4 March 1998 and signed on its behalf by:

S R Hall
Director



COUPE FOUNDRY LIMITED**CASH FLOW STATEMENT**
for the year ended 31 July 1997

	Note	1997 £'000	1996 £'000
Net cash inflow from operating activities	19	957	772
Returns on investment and servicing of finance			
Interest received		3	1
Interest element of hire purchase		(15)	(20)
Interest paid		(10)	(35)
		(22)	(54)
Taxation paid			
UK corporation tax		(178)	(55)
Capital expenditure			
Payments for tangible fixed assets		(324)	(183)
Receipts from sale of tangible fixed assets		3	8
		(321)	(175)
Net cash inflow before financing		436	488
Financing	20		
Repayment of loans		(21)	(34)
Repayment of hire purchase		(97)	(93)
		(118)	(127)
Increase in cash	21	318	361

NOTES TO THE FINANCIAL STATEMENTS

31 July 1997

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

The financial statements only present information about the company and do not contain information relating to the group as a whole. The company is not required to prepare group accounts because the group qualifies as medium-sized under section 249 of the Companies Act 1985.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods and services supplied in the year.

Investments in subsidiary undertaking

Investments are stated at cost less provision for permanent diminution in value.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates used are:

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

Leased assets

Where assets are financed by leasing agreements ("finance leases") the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

Rentals payable under operating leases are charged to the profit and loss account as incurred.

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. Cost is determined on a first-in first-out basis. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 1997

1. ACCOUNTING POLICIES (Continued)

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Pensions

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.

2. SEGMENTAL ANALYSIS

	1997 £'000	1996 £'000
United Kingdom	6,264	5,578
Other EC countries	1,037	1,206
	<hr/>	<hr/>
	7,301	6,784
	<hr/>	<hr/>

3. OPERATING PROFIT

Operating profit is arrived at after charging/(crediting):

	1997 £'000	1996 £'000
Operating lease rentals	-	-
- plant and machinery	100	100
- land and buildings	9	8
Auditors' remuneration	138	133
Depreciation of tangible fixed assets	57	67
Depreciation of assets held under hire purchase contracts	534	396
Directors' emoluments (note 6)	(1)	2
(Profit)/loss on disposal of fixed assets	<hr/>	<hr/>

COUPE FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

31 July 1997

4. INTEREST PAYABLE

	1997 £'000	1996 £'000
Hire purchase	15	20
Interest on loans and overdrafts	1	4
Other interest	9	31
	<hr/>	<hr/>
	25	55
	<hr/> <hr/>	<hr/> <hr/>

5. EMPLOYEES

Average weekly number of employees, including directors:

	1997 No	1996 No
Manufacturing and distribution	76	74
Administration and selling	7	7
	<hr/>	<hr/>
	83	81
	<hr/> <hr/>	<hr/> <hr/>

Staff costs, including directors:

	1997 £'000	1996 £'000
Wages and salaries	1,919	1,648
Social security costs	184	164
Other pension costs	76	75
- defined contributions	43	41
- defined benefit		
	<hr/>	<hr/>
	2,222	1,928
	<hr/> <hr/>	<hr/> <hr/>

COUPE FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 July 1997**6. DIRECTORS' EMOLUMENTS**

Emoluments of the directors:

	1997 £'000	1996 £'000
As directors	-	-
Remuneration as executives	482	352
Pension contributions - defined benefit	10	2
- defined contribution	42	42
	<hr/>	<hr/>
	534	396
	<hr/> <hr/>	<hr/> <hr/>

The emoluments of the highest paid director were £312,935 (1996: £145,891) exclusive of pension contributions.

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £ '000	1996 £ '000
Taxation charge for the year		
Corporation tax	199	180
Deferred taxation - current year	31	25
Change in applicable rate	(7)	21
	<hr/>	<hr/>
	223	226
(Over)/underprovision in respect of previous years	(1)	2
	<hr/>	<hr/>
Tax on profit on ordinary activities	222	228
	<hr/> <hr/>	<hr/> <hr/>

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 July 1997

8. TANGIBLE FIXED ASSETS

	Plant and machinery £'000
Cost or valuation	
At 1 August 1996	2,105
Additions	324
Disposals	(34)
	<hr/>
At 31 July 1997	2,395
	<hr/> <hr/>
Depreciation	
At 1 August 1996	1,055
Charged in year	195
Eliminated on disposal	(32)
	<hr/>
At 31 July 1997	1,218
	<hr/> <hr/>
Net book value	
At 31 July 1997	1,177
	<hr/> <hr/>
At 31 July 1996	1,050
	<hr/> <hr/>

The net value of tangible fixed assets includes £298,000 (1996: £362,000) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £57,000 (1996: £67,000).

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 July 1997

9. INVESTMENTS

	Shares in subsidiary undertaking £'000
Cost	
At 1 August 1996 and 31 July 1997	302
Provisions	
Provision for diminution in value at 1 August 1996 and at 31 July 1997	302
Net book value	
At 31 July 1997	-
At 31 July 1996	-

Subsidiary undertaking

The shares in the subsidiary undertaking comprise the following investment:

	Country of incorporation or registration	Capital and reserves £'000	Activity	Interest in ordinary shares
Incomeround Limited	England	-	Dormant	100%

10. STOCKS

	1997 £'000	1996 £'000
Raw materials and consumables	72	52
Finished goods and goods for resale	418	334
	490	386

COUPE FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 July 1997**11. DEBTORS**

	1997 £'000	1996 £'000
Factored trade debtors	1,641	1,330
Prepayments and accrued income	130	113
	<hr/>	<hr/>
	1,771	1,443
	<hr/>	<hr/>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1997 £'000	1996 £'000
Advance from factor	-	54
Obligations under hire purchase contracts	99	97
Secured loan	-	21
	<hr/>	<hr/>
Borrowings	99	172
Trade creditors	1,202	1,037
Corporation tax	199	180
Other taxation and social security	112	84
Other creditors	6	7
Accruals and other deferred income	436	205
	<hr/>	<hr/>
	2,054	1,685
	<hr/>	<hr/>

The secured loan was taken out to purchase tangible fixed assets. The loan was secured on the assets purchased and was repaid in full by 31 July 1997.

The amounts due under a factoring agreement are secured by a first fixed charge on company debts and a floating charge on the company's undertaking.

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 1997

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

	1997 £'000	1996 £'000
Obligations under hire purchase contracts		
- due within 1 - 2 years	43	99
- due within 2 - 5 years	-	42
	<hr/>	<hr/>
Borrowings	43	141
Pension obligations	48	54
	<hr/>	<hr/>
	91	195
	<hr/> <hr/>	<hr/> <hr/>

14. PROVISIONS FOR LIABILITIES AND CHARGES

Full provision is made for deferred taxation as follows:

	1997 £'000	1996 £'000
Capital allowances	142	120
Short term timing differences	(6)	(8)
	<hr/>	<hr/>
	136	112
	<hr/> <hr/>	<hr/> <hr/>

The movement in the year comprises:

At 1 August 1996		112
Transfer from profit and loss account		31
- current year		(7)
- change in applicable rate		
		<hr/>
At 31 July 1997		136
		<hr/> <hr/>

COUPE FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**
31 July 1997**15. SHARE CAPITAL**

	1997 £'000	1996 £'000
Authorised 150,000 ordinary shares of £1 each	150	150
Allotted and fully paid 80,000 ordinary shares of £1 each	80	80

16. RESERVES

	Share Premium £'000	Profit and loss account £'000
At 1 August 1996	1	836
Retained profit	-	534
At 31 July 1997	1	1,370

17. FINANCIAL COMMITMENTS**Capital commitments**

Capital expenditure commitments were as follows:

	1997 £'000	1996 £'000
Contracted for, but not provided in the accounts	-	-

NOTES TO THE FINANCIAL STATEMENTS

31 July 1997

17. FINANCIAL COMMITMENTS (Continued)

Operating lease commitments

The payments which the company is committed to make in the next year under operating leases are as follows:

	1997 £'000	1996 £'000
Land and buildings, leases expiring within one year	-	-
beyond five years	100	100
	<hr/>	<hr/>
	100	100
	<hr/> <hr/>	<hr/> <hr/>

18. 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 1 May 1994 using the projection unit method. The principal assumption was that return on investments would exceed the growth in pensionable earnings by 2% per annum. At 1 May 1994 the market value of the combined assets of the fund was £462,000 and the actuarial values of the assets was sufficient to cover 95% 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 increased by £5,000 (1996 : £3,000) being the spreading of the actuarial deficit in accordance with SSAP 24.

The total pension cost in the period was £119,000 (1996: £116,000) of which £43,000 (1996: £41,000) was payable to the defined benefit scheme and, £76,000 (1996: £75,000) was paid in respect of other pension related benefits (medical insurance, life insurance and disability insurance).

COUPE FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS**

31 July 1997

19. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1997 £'000	1996 £'000
Retained profit for the year	534	442
Opening shareholders' funds	917	475
	<hr/>	<hr/>
Closing shareholders' funds	1,451	917
	<hr/> <hr/>	<hr/> <hr/>

20. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £'000	1996 £'000
Opening profit	778	724
Depreciation	195	188
Profit/(loss) on sale of tangible fixed assets	(1)	2
Increase in stocks	(104)	(184)
Increase in debtors	(328)	(338)
Increase in creditors	417	380
	<hr/>	<hr/>
Net cash inflow from continuing activities	957	772
	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 July 1997

21. ANALYSIS OF NET DEBT

	1 August 1995 £'000	Cash flow £'000	New borrowings £'000	31 July 1996 £'000
Cash at bank and in hand	2	28	-	30
Bank overdraft	(3)	3	-	-
Cash	(1)	31	-	30
Loans	(55)	34	-	(21)
Hire purchase	(295)	93	(36)	(238)
Advance from factor	(384)	330	-	(54)
Borrowings	(734)	457	(36)	(313)
Net debt	(735)	488	(36)	(283)

	Cash flow £'000	New borrowings £'000	31 July 1997 £'000
Cash at bank and in hand	264	-	294
Bank overdraft	-	-	-
Cash	264	-	294
Loans	21	-	-
Hire purchase	97	-	(141)
Advance from factor	54	-	-
Borrowings	172	-	(141)
Net funds	436	-	153

NOTES TO THE FINANCIAL STATEMENTS

31 July 1997

22. RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET FUNDS/(DEBT)

	1997 £'000	1996 £'000
Increase in cash	264	31
Cash inflow from decrease in borrowings	172	457
	<hr/>	<hr/>
Increase in net funds/decrease in net debt from cashflows	436	488
Inception of hire purchase	-	(36)
	<hr/>	<hr/>
Increase in net funds/reduction in net debt	436	452
	<hr/>	<hr/>
Net debt at start of year	(283)	(735)
	<hr/>	<hr/>
Net funds/(debt) at end of year	153	(283)
	<hr/> <hr/>	<hr/> <hr/>