

**MIDLAND SHEETMETAL LIMITED**

**FINANCIAL STATEMENTS**

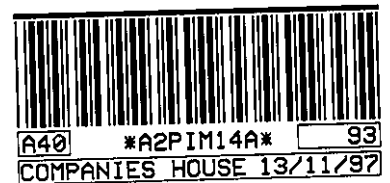
**30TH JUNE 1997**

**Registered number: 2101564**

**KING FREEMAN**

**CHARTERED ACCOUNTANTS**

**Leicester**



**MIDLAND SHEETMETAL LIMITED**

**FINANCIAL STATEMENTS**

**for the year ended 30th June 1997**

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**MIDLAND SHEETMETAL LIMITED**

1

**COMPANY INFORMATION**

**30th June 1997**

Incorporated in England on 19th February 1987

Number 2101564

**Directors**

R.K. Weston  
S.M. Smith  
P.A.J. Shaw

**Secretary**

S.M. Smith

**Registered office**

Merrylees Industrial Estate  
Merrylees  
Desford  
Leicestershire

**Bankers**

Barclays Bank Plc.  
Town Hall Square  
Leicester

**Auditors**

King Freeman  
Chartered Accountants  
Kimberley House  
Vaughan Way  
Leicester

## MIDLAND SHEETMETAL LIMITED

## DIRECTORS' REPORT

30th June 1997

The directors present their report and the audited financial statements for the year ended 30th June 1997.

**Principal activity**

The principal activity of the company continues to be the supply of sheet metal components to the engineering industry.

**Business review**

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £2,118,333.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. An interim dividend amounting to £80,000 has been paid in the year, leaving retained profit after tax of £360,315 to be transferred to reserves.

**Fixed assets**

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Changes in fixed assets during the year are set out in note 8 to the accounts.

**Directors**

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30th June 1997 Ordinary shares	1st July 1996 Ordinary shares
R.K. Weston	30,000	30,000
S.M. Smith	30,000	30,000
P.A.J. Shaw	-	-

continued .....

## MIDLAND SHEETMETAL LIMITED

DIRECTORS' REPORT  
(continued)

30th June 1997

**Employees**

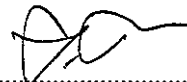
The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

Regular meetings with employees' representatives are held to inform them of the development of the business.

**Auditors**

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary King Freeman will continue in office.

By Order of the Board

.....  
S.M. Smith  
Secretary

Merrylees Industrial Estate  
Merrylees  
Desford  
Leicestershire

10-11-97  
.....  
Date

## MIDLAND SHEETMETAL LIMITED

## STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 those financial statements we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

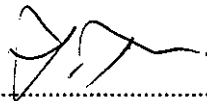
We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the Board

12.11.97.....

Date



S.M. Smith  
Director

**MIDLAND SHEETMETAL LIMITED****AUDITORS' REPORT****Auditors' report to the members of****Midland Sheetmetal Limited**

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

**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 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 30th June 1997 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Leicester  
10th November 1997



King Freeman  
Registered Auditors  
Chartered Accountants

## MIDLAND SHEETMETAL LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 30th June 1997

	Note	1997 £	1996 £
Turnover	2	11,479,379	9,905,679
Cost of sales		(9,613,435)	(7,979,235)
<b>Gross profit</b>		<u>1,865,944</u>	<u>1,926,444</u>
<b>Net operating expenses</b>			
Distribution costs		(309,433)	(227,266)
Administrative expenses		(833,786)	(714,352)
Other operating income		36,632	21,752
<b>Operating profit</b>	3	<u>759,357</u>	<u>1,006,578</u>
Interest payable	4	(118,107)	(57,793)
<b>Profit on ordinary activities before taxation</b>		<u>641,250</u>	<u>948,785</u>
Taxation	5	(200,935)	(305,736)
<b>Profit on ordinary activities after taxation</b>		<u>440,315</u>	<u>643,049</u>
Dividends	6	(80,000)	(70,000)
<b>Retained profit for the year</b>	7	<u><u>360,315</u></u>	<u><u>573,049</u></u>

Movements in reserves are shown in note 7.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit for the year.




## MIDLAND SHEETMETAL LIMITED

## BALANCE SHEET

at 30th June 1997

	Note	1997		1996	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		2,918,541		2,580,225
<b>Current assets</b>					
Stocks	9	67,909		65,709	
Debtors	10	2,385,141		2,253,237	
Cash at bank and in hand		654,033		906,797	
		<u>3,107,083</u>		<u>3,225,743</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(2,577,565)</u>		<u>(3,097,176)</u>	
<b>Net current assets</b>			<u>529,518</u>		<u>128,567</u>
<b>Total assets less current liabilities</b>			<u>3,448,059</u>		<u>2,708,792</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(1,269,451)		(855,419)
<b>Provision for liabilities and charges</b>	13		<u>(60,275)</u>		<u>(95,355)</u>
			<u>2,118,333</u>		<u>1,758,018</u>
<b>Capital and reserves</b>					
Called up share capital	15		60,000		60,000
Profit and loss account	7		2,058,333		1,698,018
<b>Total shareholders' funds</b>	16		<u>2,118,333</u>		<u>1,758,018</u>

The financial statements on pages 5 to 16 were approved by the board of directors on the date below:

  
 R.K. Weston  
 Director

10-11-97  
 Date

## MIDLAND SHEETMETAL LIMITED

## CASH FLOW STATEMENT

for the year ended 30th June 1997

	Note	1997		1996	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	19		748,377		2,148,577
<b>Returns on investments and servicing of finance</b>					
Interest paid		(77,304)		(22,557)	
Interest element of finance lease/ hire purchase rental payments		(40,803)		(35,236)	
			(118,107)		(57,793)
<b>Taxation</b>					
Corporation tax paid			(266,892)		(240,387)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(934,446)		(1,270,408)	
Sale of tangible fixed assets		7,000		6,000	
			(927,446)		(1,264,408)
			(564,068)		585,989
Equity dividends paid			(80,000)		(70,000)
			(644,068)		515,989
<b>Financing</b>					
Debt due within a year:					
Finance lease/hire purchase (repayments)/advances		(12,695)		37,201	
Bank loan repayments		(10,033)		(6,288)	
Debt due beyond a year:					
Finance lease/hire purchase (repayments)/advances		(155,390)		22,769	
Bank loan advances/(repayments)		569,422		(67,936)	
			391,304		(14,254)
<b>(Decrease)/increase in cash</b>			(252,764)		501,735

## MIDLAND SHEETMETAL LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1997

**1 Accounting policies****Compliance with accounting standards**

The financial statements have been prepared in accordance with applicable accounting standards. There were no material departures from these standards.

**Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Depreciation**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	No depreciation
Freehold buildings	2% per annum on cost
Leasehold land and buildings	Remaining life of the lease
Plant and machinery	20% per annum on cost
Motor vehicles	25% per annum on cost

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pension costs**

The company contributes to a self administered pension scheme for two of its directors. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

**Foreign currencies**

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

**2 Turnover**

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

## MIDLAND SHEETMETAL LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1997

## 3a Operating profit

The operating results are analysed as follows:-	1997 Continuing operations £	1996 Continuing operations £
Turnover	<u>11,479,379</u>	<u>9,905,679</u>
Cost of sales	<u>9,613,435</u>	<u>7,979,235</u>
Net operating expenses		
Distribution costs	309,433	227,266
Administrative expenses	833,786	714,352
Other operating income	(36,632)	(21,752)
	<u>1,106,587</u>	<u>919,866</u>
Operating profit	<u>759,357</u>	<u>1,006,578</u>

## 3b Operating profit

	1997 £	1996 £
Operating profit is stated after crediting		
Interest receivable	36,632	21,752
Profit on sale of assets	7,000	6,000
	<u>43,632</u>	<u>27,752</u>
and after charging		
Staff costs (note 3c)	4,963,267	4,178,893
Auditor's remuneration	16,103	15,224
Operating leases		
Hire of plant and machinery	39,836	25,670
Hire of assets other than plant & machinery	33,887	26,950
Rent	92,011	61,083
	<u>175,734</u>	<u>113,723</u>
Depreciation of tangible fixed assets (note 8)		
owned assets	373,550	191,341
leased assets	222,580	181,687
	<u>596,130</u>	<u>373,028</u>
The total amount charged against profits in respect of finance leases and hire purchase contracts is	<u>263,383</u>	<u>216,923</u>
(of which part is shown as depreciation and the balance is shown as interest payable in note 4)		

## MIDLAND SHEETMETAL LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1997

## 3c Directors and employees

	1997	1996
	£	£
<b>Staff costs including directors' emoluments</b>		
Wages and salaries	4,499,771	3,710,624
Social security costs	393,480	318,394
Pension costs	70,016	149,875
	<u>4,963,267</u>	<u>4,178,893</u>

	Number	Number
<b>Average monthly number employed including executive directors:</b>		
Production staff	300	237
Directors	3	3
Administration staff	4	4
	<u>307</u>	<u>244</u>

	£	£
<b>Directors</b>		
Emoluments (including benefits in kind)	171,443	157,630
Company contributions to self administered pension scheme	70,016	149,875
	<u>241,459</u>	<u>307,505</u>

	Number	Number
<b>During the year the following number of directors:</b>		
Accrued retirement benefits under:		
Self administered pension scheme	<u>2</u>	<u>2</u>

**Self administered pension scheme**

The company operates a self administered scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £70,016 (1996 £149,875).

## MIDLAND SHEETMETAL LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1997

<b>4</b>	<b>Interest payable</b>	<b>1997</b>	<b>1996</b>
		£	£
	Bank loan interest	76,313	22,439
	Finance lease and hire purchase interest	40,803	35,236
	Interest on late payment of tax	991	118
		<u>118,107</u>	<u>57,793</u>
<b>5</b>	<b>Taxation</b>	<b>1997</b>	<b>1996</b>
		£	£
	Corporation tax on profit on ordinary activities at 33/31% (1996 33%)	188,180	257,266
	Deferred taxation	(35,080)	48,450
		<u>153,100</u>	<u>305,716</u>
	Under provision in earlier years	47,835	20
		<u>200,935</u>	<u>305,736</u>
<b>6</b>	<b>Dividends</b>	<b>1997</b>	<b>1996</b>
		£	£
	Interim dividend paid on ordinary shares at £1.3333 per share.	<u>80,000</u>	<u>70,000</u>
<b>7</b>	<b>Profit and loss account</b>	<b>1997</b>	
		£	
	1st July 1996	1,698,018	
	Retained profit for the year	360,315	
	30th June 1997	<u>2,058,333</u>	

**MIDLAND SHEETMETAL LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

30th June 1997

**8a Tangible fixed assets**

Cost or valuation	Motor Vehicles £	Plant and Machinery £	Land and Buildings £	Total £
1st July 1996	215,420	2,455,781	910,166	3,581,367
Additions	26,021	653,552	254,873	934,446
Disposals	-	(76,000)	-	(76,000)
30th June 1997	<u>241,441</u>	<u>3,033,333</u>	<u>1,165,039</u>	<u>4,439,813</u>
<b>Depreciation</b>				
1st July 1996	84,621	793,757	122,764	1,001,142
Charge for year	53,466	511,533	31,131	596,130
Disposals	-	(76,000)	-	(76,000)
30th June 1997	<u>138,087</u>	<u>1,229,290</u>	<u>153,895</u>	<u>1,521,272</u>
<b>Net book value</b>				
30th June 1997	<u><u>103,354</u></u>	<u><u>1,804,043</u></u>	<u><u>1,011,144</u></u>	<u><u>2,918,541</u></u>
30th June 1996	<u><u>130,799</u></u>	<u><u>1,662,024</u></u>	<u><u>787,402</u></u>	<u><u>2,580,225</u></u>

The net book value of fixed assets includes £520,051 (1996 £729,762) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

**8b Land and buildings**

	1997 £	1996 £
Freehold	738,631	493,927
Short leasehold	272,513	293,475
	<u><u>1,011,144</u></u>	<u><u>787,402</u></u>

The cost of depreciable assets included in land and buildings at 30th June 1997 was £995,566 (1996 £740,693).

## MIDLAND SHEETMETAL LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1997

9	Stocks	1997	1996
		£	£
	Work in progress	17,588	24,209
	Raw materials	49,281	41,500
	General stock	1,040	-
		<u>67,909</u>	<u>65,709</u>
		<u><u>67,909</u></u>	<u><u>65,709</u></u>
10	Debtors	1997	1996
		£	£
	<b>Amounts falling due within one year</b>		
	Trade debtors	2,338,711	2,194,112
	Other debtors	23,764	17,144
	Prepayments and accrued income	22,666	41,981
		<u>2,385,141</u>	<u>2,253,237</u>
		<u><u>2,385,141</u></u>	<u><u>2,253,237</u></u>
11	Creditors: amounts falling due within one year	1997	1996
		£	£
	Bank loans - note 12	67,054	77,087
	Trade creditors	1,384,389	2,094,019
	Corporation tax	226,389	257,266
	Other taxation and social security	431,724	305,440
	Other creditors	170,531	81,486
	Accruals and deferred income	122,682	94,387
	Obligations under finance leases and hire purchase contracts - note 12	174,796	187,491
		<u>2,577,565</u>	<u>3,097,176</u>
		<u><u>2,577,565</u></u>	<u><u>3,097,176</u></u>

The bank loans are secured by way of a fixed and floating charge over the assets of the company.



## MIDLAND SHEETMETAL LIMITED

## NOTES ON FINANCIAL STATEMENTS

30th June 1997

## 12 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Bank loans	1,056,800	487,378
Obligations under finance leases and hire purchase contracts	212,651	368,041
	<u>1,269,451</u>	<u>855,419</u>

**Maturity of debt**

In one year or less, or on demand

- see note 11

Between one and two years

Between two and five years

In five years or more

67,054	77,087
67,054	65,837
807,411	172,080
182,335	249,461
<u>1,123,854</u>	<u>564,465</u>

**Amounts falling due after more than five years:**

Aggregate of instalments which fall due for repayment after five years:

Bank loan	<u>182,335</u>	<u>249,461</u>
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The above bank loan with instalments due after five years is repayable @ £3,077.39 per month, with interest charged @ 2.5% over the bank base rate.

**Obligations under finance leases and hire purchase contracts**

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 11	174,796	187,491
In the second to fifth years	212,651	368,041
	<u>387,447</u>	<u>555,532</u>

## 13 Provision for liabilities and charges

	1996 £	Profit and loss account £	Other movements £	1997 £
Deferred taxation (notes 5 and 14)	<u>(95,355)</u>	<u>35,080</u>	<u>-</u>	<u>(60,275)</u>

**MIDLAND SHEETMETAL LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

30th June 1997

**14 Deferred taxation**

	1997		1996	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by				
Excess capital allowances over corresponding depreciation	60,275	60,275	95,355	95,355
	<u>60,275</u>	<u>60,275</u>	<u>95,355</u>	<u>95,355</u>

The potential liability and provision are based on a corporation tax rate of 31% (1996 33%).

**15 Called up share capital**

	1997		1996	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	60,000	60,000	60,000	60,000

**16 Reconciliation of movements in shareholders' funds**

	1997 £	1996 £
Profit for the financial year	440,315	643,049
Dividends	(80,000)	(70,000)
Net addition to shareholders' funds	<u>360,315</u>	<u>573,049</u>
Opening shareholders' funds	1,758,018	1,184,969
Closing shareholders' funds	<u>2,118,333</u>	<u>1,758,018</u>

**MIDLAND SHEETMETAL LIMITED**  
**NOTES ON FINANCIAL STATEMENTS**

30th June 1997

**17 Leasing commitments**

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30th June 1998

	1997 Land and Buildings £	1997 Other £	1996 Land and Buildings £	1996 Other £
Expiring				
Within two to five years	15,000	1,385	-	3,150
After five years	68,800	-	71,275	-
	<u>83,800</u>	<u>1,385</u>	<u>71,275</u>	<u>3,150</u>

**18 Transactions involving directors**

R.K. Weston & S.M. Smith own land and buildings occupied by the company and received a rental income amounting to £54,400 in the financial year, from the company.

The company also occupies property owned by a self-administered pension scheme the sole members of which are R.K. Weston & S.M. Smith. The company paid rent of £14,400 to the pension scheme in the financial year.

Included in other debtors is an overdrawn director's loan account as follows:

	Maximum Outstanding in year £	At 30th June 1997 £	At 30th June 1996 £
P.A.J. Shaw	<u>3,291</u>	<u>3,291</u>	<u>3,291</u>

**19 Notes to the cash flow statement**

**Reconciliation of operating profit  
to operating cash flows**

	1997 £	1996 £
Operating profit	759,357	1,006,578
Depreciation charges	596,130	373,028
Profit on sale of fixed assets	(7,000)	(6,000)
(Increase) in stocks	(2,200)	(25,731)
(Increase) in debtors	(131,904)	(639,182)
(Decrease)/increase in creditors	<u>(466,006)</u>	<u>1,439,884</u>
<b>Net cash inflow from operating activities</b>	<u><u>748,377</u></u>	<u><u>2,148,577</u></u>