

**MIDLAND SHEETMETAL LIMITED**

**FINANCIAL STATEMENTS**

**30TH JUNE 1999**

**Registered number: 2101564**

**KING FREEMAN**

**CHARTERED ACCOUNTANTS**

**Leicester**



**MIDLAND SHEETMETAL LIMITED**

**FINANCIAL STATEMENTS**

**for the year ended 30th June 1999**

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**MIDLAND SHEETMETAL LIMITED****COMPANY INFORMATION****30th June 1999**

Incorporated in England on 19th February 1987

Number 2101564

<b>Directors</b>	R.K. Weston (resigned 31-3-99) S.M. Smith P.A.J. Shaw Mrs. S. Smith (appointed 20-4-99)
<b>Secretary</b>	S.M. Smith
<b>Registered office</b>	Merrylees Industrial Estate Merrylees Desford Leicestershire
<b>Bankers</b>	Barclays Bank Plc. 118 Narborough Road Leicester
<b>Auditors</b>	King Freeman Chartered Accountants Kimberley House Vaughan Way Leicester

## MIDLAND SHEETMETAL LIMITED

## DIRECTORS' REPORT

30th June 1999

The directors present their report and the audited financial statements for the year ended 30th June 1999.

**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 £1,749,365.

**Results and dividends**

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

**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. Details are set out in note 8.

**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

	<b>30th June 1999</b> <b>Ordinary</b> <b>shares</b>	<b>1st July 1998</b> <b>Ordinary</b> <b>shares</b>
R.K. Weston (resigned 31-3-99)	1	30,000
S.M. Smith	27,000	30,000
P.A.J. Shaw	-	-
Mrs. S. Smith (appointed 20-4-99)	3,000	-

continued .....

**MIDLAND SHEETMETAL LIMITED****DIRECTORS' REPORT**  
(continued)**30th June 1999****Share capital**

On 31st March 1999 the company purchased 29,999 of its own ordinary shares of £1 each for the sum of £1,153,000 from distributable reserves. These shares were subsequently redeemed.

**Employees**

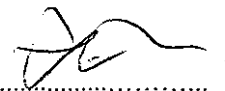
The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

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

7-10-99  
.....  
Date

**MIDLAND SHEETMETAL LIMITED**  
**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 those financial statements, the directors are required to

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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.

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.

On behalf of the board



.....  
S.M. Smith  
Director

7-10-99  
.....  
Date

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

We have audited the financial statements on pages 5 to 17 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 error or other irregularity. 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 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

7/10/99  
Leicester



King Freeman  
Registered Auditors  
Chartered Accountants

## MIDLAND SHEETMETAL LIMITED

## PROFIT AND LOSS ACCOUNT

for the year ended 30th June 1999

	Note	1999 £	1998 £
<b>Turnover</b>	2	9,863,427	11,739,242
Cost of sales		(8,115,313)	(9,749,987)
<b>Gross profit</b>		<u>1,748,114</u>	<u>1,989,255</u>
<b>Net operating expenses</b>			
Distribution costs		(215,873)	(218,274)
Administrative expenses		(961,941)	(959,671)
Other operating income		71,593	52,600
<b>Operating profit</b>	3	<u>641,893</u>	<u>863,910</u>
Interest payable	4	(148,977)	(101,745)
<b>Profit on ordinary activities before taxation</b>		<u>492,916</u>	<u>762,165</u>
Taxation	5	(179,525)	(231,524)
<b>Profit on ordinary activities after taxation</b>		<u>313,391</u>	<u>530,641</u>
Dividends	6	-	(60,000)
<b>Retained profit for the year</b>	7	<u><u>313,391</u></u>	<u><u>470,641</u></u>

Movements in reserves are shown in the notes to the financial statements.

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

There were no recognised gains and losses in 1999 or 1998 other than the profit for the year.



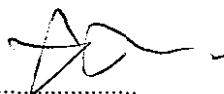
## MIDLAND SHEETMETAL LIMITED

## BALANCE SHEET

at 30th June 1999

	Note	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	8		2,123,060		2,549,901
<b>Current assets</b>					
Stocks	9	88,208		132,819	
Debtors	10	1,646,786		2,415,446	
Cash at bank and in hand		909,981		1,204,413	
		<u>2,644,975</u>		<u>3,752,678</u>	
<b>Creditors: amounts falling due within one year</b>	11	<u>(1,578,848)</u>		<u>(2,549,313)</u>	
<b>Net current assets</b>			<u>1,066,127</u>		<u>1,203,365</u>
<b>Total assets less current liabilities</b>			<u>3,189,187</u>		<u>3,753,266</u>
<b>Creditors: amounts falling due after more than one year</b>	12		(1,439,822)		(1,140,774)
<b>Provision for liabilities and charges</b>	13		-		(23,518)
			<u>1,749,365</u>		<u>2,588,974</u>
<b>Capital and reserves</b>					
Called up share capital	15		30,001		60,000
Capital redemption reserve			29,999		-
Profit and loss account	7		1,689,365		2,528,974
<b>Total shareholders' funds</b>	16		<u>1,749,365</u>		<u>2,588,974</u>

The financial statements on pages 5 to 17 were approved by the board of directors on the date below:

  
 .....  
 S.M. Smith  
 Director

7.10.99  
 .....  
 Date

**MIDLAND SHEETMETAL LIMITED**

**CASH FLOW STATEMENT**

**for the year ended 30th June 1999**

	Note	1999		1998	
		£	£	£	£
<b>Net cash inflow from operating activities</b>	19		1,241,772		1,377,314
<b>Returns on investments and servicing of finance</b>					
Interest paid		(113,332)		(63,859)	
Interest element of finance lease and hire purchase rental payments		(35,645)		(37,886)	
			(148,977)		(101,745)
<b>Taxation</b>					
Corporation tax paid			(256,561)		(238,376)
<b>Capital expenditure and financial investment</b>					
Purchase of tangible fixed assets		(287,581)		(277,886)	
Sale of tangible fixed assets		25,000		7,000	
			(262,581)		(270,886)
			573,653		766,307
Equity dividends paid			-		(60,000)
			573,653		706,307
<b>Financing</b>					
Purchase of own shares		(1,153,000)		-	
Bank loan (repayments)/advances		431,389		(63,310)	
Capital element of finance lease and hire purchase rentals		(146,474)		(92,617)	
			(868,085)		(155,927)
<b>(Decrease)/increase in cash</b>			(294,432)		550,380

**Analysis of the balances of cash and cash equivalents in the balance sheet:-**

	1999	1998	Change in year
	£	£	£
Cash at bank and in hand	909,981	1,204,413	(294,432)

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

30th June 1999

**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
Computer equipment	50% per annum on cost
(included in plant and machinery)	
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.

**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.

**Pension costs**

**Defined contribution schemes**

The company makes contributions on behalf of directors as they become payable under the rules of the schemes.

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

**30th June 1999**

**2 Turnover**

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

**3a Operating profit**

The operating results are analysed as follows:-

	<b>1999</b> <b>Continuing</b> <b>operations</b> £	<b>1998</b> <b>Continuing</b> <b>operations</b> £
Turnover	9,863,427	11,739,242
Cost of sales	8,115,313	9,749,987
Net operating expenses		
Distribution costs	215,873	218,274
Administrative expenses	961,941	959,671
Other operating income	(71,593)	(52,600)
	<u>1,106,221</u>	<u>1,125,345</u>
Operating profit	<u>641,893</u>	<u>863,910</u>

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

**30th June 1999**

<b>3b Operating profit</b>	<b>1999</b>	<b>1998</b>
	<b>£</b>	<b>£</b>
Operating profit is stated after crediting:		
Interest receivable	71,593	52,600
Profit on foreign exchange	2,303	-
Profit on sale of assets	23,500	5,994
	<u>          </u>	<u>          </u>
and after charging:		
Staff costs (note 3c)	4,689,440	5,330,409
Auditors' remuneration	18,641	17,965
Operating leases:		
Hire of plant and machinery	48,525	41,219
Hire of assets other than plant and machinery	16,562	14,928
Rent	85,662	91,792
	<u>          </u>	<u>          </u>
Depreciation of tangible fixed assets (note 8):		
Owned assets	538,024	428,758
Leased assets	174,898	216,762
	<u>          </u>	<u>          </u>
	712,922	645,520
	<u>          </u>	<u>          </u>
The total amount charged against profits in respect of finance leases and hire purchase contracts is	210,543	254,648
(of which part is shown as depreciation and the balance is shown as interest payable in note 4)	<u>          </u>	<u>          </u>

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

**30th June 1999**

**3c Directors and employees**

<b>Staff costs including directors' emoluments</b>	<b>1999</b> £	<b>1998</b> £
Wages and salaries	4,199,217	4,788,059
Social security costs	382,667	442,334
Pension costs	107,556	100,016
	<u>4,689,440</u>	<u>5,330,409</u>

<b>Average monthly number employed including executive directors:</b>	<b>Number</b>	<b>Number</b>
Production staff	249	276
Directors	3	3
Administration staff	6	7
	<u>258</u>	<u>286</u>

<b>Directors</b>	<b>£</b>	<b>£</b>
Emoluments (including Benefits In Kind)	208,160	188,267
Company contributions to money purchase pension schemes	107,556	100,016
	<u>315,716</u>	<u>288,283</u>

<b>In respect of the highest paid director:</b>	<b>£</b>
Remuneration (including Benefits In Kind)	83,308
Pension contributions	35,008
	<u>118,316</u>

<b>During the year the following number of directors accrued retirement benefits under:</b>	<b>Number</b>	<b>Number</b>
Money purchase pension schemes	<u>3</u>	<u>2</u>

**Self administered pension scheme**

The company operates a self administered pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge representing contributions payable by the company to the fund amounted to £102,556 (1998 £100,016).

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

**30th June 1999**

<b>4</b>	<b>Interest payable</b>	<b>1999</b> £	<b>1998</b> £
	Bank interest	13	278
	Bank loan interest	112,003	61,341
	Finance lease and hire purchase interest	35,645	37,886
	Interest on late payment of tax	1,316	2,240
		148,977	101,745
		148,977	101,745
<b>5</b>	<b>Taxation</b>	<b>1999</b> £	<b>1998</b> £
	Corporation tax on profit on ordinary activities at 31% (1998 33/31%)	203,043	271,294
	Deferred taxation	(23,518)	(36,757)
		179,525	234,537
	Over provision in earlier years	-	(3,013)
		179,525	231,524
		179,525	231,524
<b>6</b>	<b>Dividends</b>	<b>1999</b> £	<b>1998</b> £
	Interim dividends	-	60,000
		-	60,000
<b>7</b>	<b>Profit and loss account</b>	<b>1999</b> £	
	1st July 1998	2,528,974	
	Retained profit for the year	313,391	
	Share purchase	(1,153,000)	
		1,689,365	
	30th June 1999	1,689,365	

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

30th June 1999

**8a Tangible fixed assets**

Cost or valuation	Motor Vehicles £	Plant and Machinery £	Land and Buildings £	Total £
1st July 1998	270,254	3,265,402	1,165,943	4,701,599
Additions	13,901	273,680	-	287,581
Disposals	(36,000)	(196,774)	-	(232,774)
30th June 1999	<u>248,155</u>	<u>3,342,308</u>	<u>1,165,943</u>	<u>4,756,406</u>
<b>Depreciation</b>				
1st July 1998	176,989	1,788,063	186,646	2,151,698
Charge for year	48,966	631,190	32,766	712,922
Disposals	(34,500)	(196,774)	-	(231,274)
30th June 1999	<u>191,455</u>	<u>2,222,479</u>	<u>219,412</u>	<u>2,633,346</u>
<b>Net book value</b>				
30th June 1999	<u>56,700</u>	<u>1,119,829</u>	<u>946,531</u>	<u>2,123,060</u>
30th June 1998	<u>93,265</u>	<u>1,477,339</u>	<u>979,297</u>	<u>2,549,901</u>

The net book value of fixed assets includes £183,063 (1998 £365,296) 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**

	1999 £	1998 £
Freehold	715,944	727,747
Short leasehold	230,587	251,550
	<u>946,531</u>	<u>979,297</u>

The cost of depreciable assets included in land and buildings at 30th June 1999 was £996,470 (1998 £996,470).

**9 Stocks**

	1999 £	1998 £
Work in progress	41,000	39,195
Raw materials	45,958	92,374
General stock	1,250	1,250
	<u>88,208</u>	<u>132,819</u>



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

30th June 1999

10 Debtors	1999	1998
	£	£
<b>Amounts falling due within one year</b>		
Trade debtors	1,604,722	2,383,764
Other debtors	3,313	5,095
Prepayments and accrued income	38,751	26,587
	<u>1,646,786</u>	<u>2,415,446</u>
11 Creditors: amounts falling due within one year	1999	1998
	£	£
Bank loans – note 12	106,290	58,624
Trade creditors	726,431	1,384,550
Corporation tax	202,776	256,294
Other taxation and social security	263,313	413,980
Other creditors	60,983	170,103
Accruals and deferred income	124,878	109,786
Obligations under finance leases and hire purchase contracts - note 12	94,177	155,976
	<u>1,578,848</u>	<u>2,549,313</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 1999

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

	1999 £	1998 £
Bank loans	1,385,643	1,001,920
Obligations under finance leases and hire purchase contracts	54,179	138,854
	1,439,822	1,140,774

**Maturity of debt**

In one year or less, or on demand - see note 11	106,290	58,624
Between one and two years	106,290	58,624
Between two and five years	889,156	790,182
In five years or more	390,197	153,114
	1,491,933	1,060,544

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

Bank loans	390,197	153,114
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The above bank loans with instalments due after five years are repayable at £2,747.55 per month with interest charged at 2.5% above bank base rate, and £15,925.15 per quarter with interest charged at 1.95% above 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	94,177	155,976
In the second to fifth years	54,179	138,854
	148,356	294,830

**13 Provision for liabilities and charges**

	Deferred tax £	Total £
1st July 1998	23,518	23,518
Profit and loss account	(23,518)	(23,518)
	-	-
30th June 1999	-	-

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

16

30th June 1999

**14 Deferred taxation**

	1999		1998	
	Unprovided liability £	Provided £	Unprovided liability £	Provided £
Corporation tax deferred by				
Excess capital allowances over corresponding depreciation	-	-	-	23,518
	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,518</u>

The potential liability and provision are based on a corporation tax rate of 31% (1998 31%).

**15 Called up share capital**

	1999		1998	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	<u>30,001</u>	<u>30,001</u>	<u>60,000</u>	<u>60,000</u>

On 31st March 1999 the company purchased 29,999 of its own ordinary shares of £1 which were subsequently redeemed.

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

	1999 £	1998 £
Profit for the financial year	313,391	530,641
Dividends	-	(60,000)
	<u>313,391</u>	<u>470,641</u>
Own shares purchased	(1,153,000)	-
	<u>(839,609)</u>	<u>470,641</u>
Net (subtraction from)/addition to shareholders' funds	(839,609)	470,641
Opening shareholders' funds	2,588,974	2,118,333
Closing shareholders' funds	<u>1,749,365</u>	<u>2,588,974</u>

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

**30th June 1999**

**17 Leasing commitments**

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30th June 2000

	1999 Land and Buildings £	1999 Plant and Other £	1998 Land and Buildings £	1998 Plant and Other £
Expiring				
Within two to five years	15,000	14,356	15,000	7,436
After five years	68,800	-	68,800	-
	<u>83,800</u>	<u>14,356</u>	<u>83,800</u>	<u>7,436</u>

**18 Transactions involving directors**

R.K. Weston and S.M. Smith owned land and buildings jointly to 31st March 1999, and solely by S.M. Smith from 1st April 1999, 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 were R.K. Weston and S.M. Smith. The company paid rent of £14,400 to the pension scheme in the financial year.

Also during the year R.K. Weston purchased a car from the company for £18,000 which is considered a reasonable market price.

**19 Notes to the cash flow statement**

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

	1999 £	1998 £
Operating profit	641,893	863,910
Depreciation charges	712,922	645,520
Profit on sale of fixed assets	(23,500)	(5,994)
Decrease/(increase) in stocks	44,611	(64,910)
Decrease/(increase) in debtors	768,660	(30,305)
Decrease in creditors	(902,814)	(30,907)
<b>Net cash inflow from operating activities</b>	<u>1,241,772</u>	<u>1,377,314</u>

**20 Control relationship**

The company is currently controlled by S.M. Smith and Mrs. S. Smith owning 99.9% of the issued share capital.