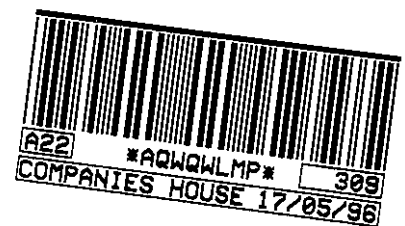

Coupe Foundry Limited

Report and Financial Statements

◆ *Year ended 31 July 1995* ◆



COMPANY NO: 2610871

COUPE FOUNDRY LIMITED

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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

COUPE FOUNDRY LIMITED

REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 July 1995.

Principal activities

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

Business review and future developments

The company had a successful year in responding to the UK recovery by increasing turnover and operating profits.

Investments in plant to give further improvements in efficiency and quality were made.

A policy of promoting the company within the EEC produced a modest increase in exports, but is expected to give increased growth next year.

Results and dividend

The profit for the year after tax amounted to £233,000 (1994: £119,000). It is recommended that this amount be transferred to reserves. The directors do not propose the payment of a dividend.

Fixed assets

The movements in tangible fixed assets are set out in note 8 on page 13.

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	
	1995	1994
S R Hall	40,000	40,000
G N Harrison	40,000	40,000
I Brothwood	-	-

COUPE FOUNDRY LIMITED

REPORT OF THE DIRECTORS (Continued)

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.

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 judgments 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.

The report of the directors was approved by the Board on 5 December 1995 and signed on its behalf by:



S R Hall
Secretary

COUPE FOUNDRY LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS OF COUPE FOUNDRY LIMITED

We have audited the financial statements on pages 6 to 20 which have been prepared on the basis of the accounting policies set out on page 9 and 10.

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 judgments 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 31 July 1995 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
5 December 1995

COUPE FOUNDRY LIMITED

**REPORT OF THE AUDITORS TO THE DIRECTORS OF
COUPE FOUNDRY LIMITED
PURSUANT TO SECTION 248 OF THE COMPANIES ACT 1985**

We have examined the financial statements of the company and each of its subsidiary undertakings for the year ended 31 July 1995. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemption conferred by Section 248 from preparing group accounts.

In our opinion, for the year ended 31 July 1995, the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985.

Robson Rhodes
Chartered Accountants and Registered Auditor

5 December 1995

COUPE FOUNDRY LIMITED**PROFIT AND LOSS ACCOUNT**
for the year ended 31 July 1995

	Note	1995 £'000	1994 £'000
Turnover: continuing operations	2	5,026	3,967
Cost of sales		(4,176)	(3,359)
		<hr/>	<hr/>
Gross profit		850	608
Distribution costs		(121)	(97)
Administrative expenses		(353)	(312)
		<hr/>	<hr/>
Operating profit: continuing operations	3	376	199
Interest payable	4	(70)	(51)
Interest receivable		3	6
		<hr/>	<hr/>
Profit on ordinary activities before taxation		309	154
Taxation	7	(76)	(35)
		<hr/>	<hr/>
Retained profit for the financial year	16	233	119
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses in the year other than those noted in the profit and loss account (1994: £Nil).

COUPE FOUNDRY LIMITED**BALANCE SHEET**

at 31 July 1995

	Note	1995 £'000	1994 £'000
Fixed assets			
Tangible fixed assets	8	1,029	988
		<hr/>	<hr/>
Current assets			
Stocks	10	202	214
Debtors	11	1,106	762
Cash at bank and in hand		2	2
		<hr/>	<hr/>
		1,310	978
Creditors: Amounts falling due within one year	12	(1,505)	(1,285)
		<hr/>	<hr/>
Net current liabilities		(195)	(307)
		<hr/>	<hr/>
Total assets less current liabilities		834	681
Creditors: Amounts falling due after more than one year	13	(295)	(395)
Provision for liabilities and charges			
Deferred taxation	14	(64)	(44)
		<hr/>	<hr/>
		475	242
		<hr/>	<hr/>
Capital and reserves			
Equity share capital	15	80	80
Share premium account	16	1	1
Profit and loss account	16	394	161
		<hr/>	<hr/>
Equity shareholders funds		475	242
		<hr/>	<hr/>

The financial statements were approved by the Board on 5 December 1995 and signed on its behalf by:


S R Hall
Director

COUPE FOUNDRY LIMITED

CASH FLOW STATEMENT
for the year ended 31 July 1995

	Note	1995 £'000	1994 £'000
Net cash inflow from operating activities	19	320	258
		<hr/>	<hr/>
Returns on investment and servicing of finance			
Interest received		3	6
Interest paid		(70)	(51)
		<hr/>	<hr/>
		(67)	(45)
		<hr/>	<hr/>
Taxation received/(paid)			
UK corporation tax		8	(6)
		<hr/>	<hr/>
		8	(6)
		<hr/>	<hr/>
Investing activities			
Payments for tangible fixed assets		(170)	(509)
Receipts from sale of tangible fixed assets		3	1
		<hr/>	<hr/>
		(167)	(508)
		<hr/>	<hr/>
Net cash inflow/(outflow) before financing		94	(301)
		<hr/>	<hr/>
Financing	20		
New loan		-	100
Repayment of loans		(32)	(13)
Repayment of hire purchase		(75)	(20)
		<hr/>	<hr/>
		(107)	67
		<hr/>	<hr/>
Decrease in cash and cash equivalents	21	(13)	(234)
		<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS

31 July 1995

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	33⅓% 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 1995

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

The analysis of turnover by geographical market is as follows:

	1995 £'000	1994 £'000
United Kingdom	4,792	3,933
Other EC countries	234	34
	<hr/>	<hr/>
	5,026	3,967
	<hr/> <hr/>	<hr/> <hr/>

3. OPERATING PROFIT

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

	1995 £'000	1994 £'000
Operating lease rentals		
- plant and machinery	3	5
- land and buildings	120	120
Auditors' remuneration	7	8
Depreciation of tangible fixed assets	96	70
Depreciation of assets held under hire purchase contracts	50	36
Diminution in value of investment in subsidiary undertaking	-	302
Directors' emoluments (note 6)	201	180
Loan forgiven by subsidiary undertaking	-	(312)
Loss on disposal of fixed assets	-	5
	<hr/> <hr/>	<hr/> <hr/>

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 1995

4. INTEREST PAYABLE

	1995 £'000	1994 £'000
Hire purchase	23	20
Interest on loans and overdrafts repayable wholly within five years	6	5
Interest paid to factor	41	26
	<hr/>	<hr/>
	70	51
	<hr/> <hr/>	<hr/> <hr/>

5. EMPLOYEES

Average weekly number of employees, including directors:

	1995 No	1994 No
Manufacturing and distribution	67	64
Administration and selling	7	7
	<hr/>	<hr/>
	74	71
	<hr/> <hr/>	<hr/> <hr/>

Staff costs, including directors:

	1995 £'000	1994 £'000
Wages and salaries	1,203	1,093
Social security costs	133	109
Other pension costs - defined contribution	53	49
- defined benefit	50	39
	<hr/>	<hr/>
	1,439	1,290
	<hr/> <hr/>	<hr/> <hr/>

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 1995

6. DIRECTORS' EMOLUMENTS

Emoluments of the directors:

	1995 £'000	1994 £'000
As directors	-	-
Remuneration as executives	201	180
	<hr/>	<hr/>
	201	180
	<hr/> <hr/>	<hr/> <hr/>

The emoluments of the chairman and highest paid director were £54,648 (1994: chairman £43,144, highest paid director £44,523) exclusive of pension contributions. The emoluments of all directors, also exclusive of pension contributions, were in the following ranges:

		1995 No	1994 No
£Nil	-	-	1
£10,001	-	-	1
£25,001	-	-	1
£40,001	-	-	2
£45,001	-	1	-
£50,001	-	2	-
		<hr/> <hr/>	<hr/> <hr/>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1995 £'000	1994 £'000
Taxation charge/(credit) for the year		
Corporation tax at 25% payable/(recoverable)	56	(8)
Deferred taxation	20	44
Overprovision in respect of previous years	-	(1)
	<hr/>	<hr/>
Tax on profit on ordinary activities	76	35
	<hr/> <hr/>	<hr/> <hr/>

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS
31 July 1995**8. TANGIBLE FIXED ASSETS**

	Plant and machinery £'000
Cost or valuation	
At 1 August 1994	1,780
Additions	190
Disposals	(17)
	<hr/>
At 31 July 1995	1,953
	<hr/>
Depreciation	
At 1 August 1994	792
Charged in year	146
Eliminated on disposal	(14)
	<hr/>
At 31 July 1995	924
	<hr/>
Net book value	
At 31 July 1995	1,029
	<hr/> <hr/>
At 31 July 1994	988
	<hr/> <hr/>

The net book value of tangible fixed assets includes £397,000 (1994: £432,000) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £50,000 (1994: £36,000).

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS 31 July 1995

9. INVESTMENTS

	Shares in subsidiary undertaking £'000
Cost	
At 1 August 1994 and at 31 July 1995	302
	<hr/>
Provision	
Provision for diminution in value at 1 August 1994 and at 31 July 1995	302
	<hr/>
Net book value	
At 31 July 1995	-
	<hr/>
At 31 July 1994	-
	<hr/>

Subsidiary undertaking

The shares in the subsidiary undertaking comprise the following investment:

	Country of incorporation or registration	Capital and reserves £'000	Result in the year £'000	Interest in ordinary shares
Incomeround Limited	England	-	Dormant	100%
		<hr/>	<hr/>	<hr/>

10. STOCKS

	1995 £'000	1994 £'000
Raw materials and consumables	38	30
Finished goods and goods for resale	164	184
	<hr/>	<hr/>
	202	214
	<hr/>	<hr/>

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS

31 July 1995

11. DEBTORS

	1995 £'000	1994 £'000
Trade debtors	1,023	674
Prepayments and accrued income	82	79
Tax recoverable	1	9
	<hr/>	<hr/>
	1,106	762
	<hr/> <hr/>	<hr/> <hr/>

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1995 £'000	1994 £'000
Advance from factor	384	344
Bank overdraft	3	30
Obligations under hire purchase contracts	82	75
Secured loan	34	32
	<hr/>	<hr/>
Borrowings	503	481
Trade creditors	738	652
Corporation tax	56	-
Other taxation and social security	116	91
Other creditors	11	7
Accruals and other deferred income	81	54
	<hr/>	<hr/>
	1,505	1,285
	<hr/> <hr/>	<hr/> <hr/>

The secured loan was taken out to purchase tangible fixed assets. The loan is secured on the assets purchased and is due to be repaid by instalments by 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 undertaking.

COUPE FOUNDRY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
31 July 1995****13. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	1995 £'000	1994 £'000
Obligations under hire purchase contracts		
- due within 1 - 2 years	85	75
- due within 2 - 5 years	128	200
Secured loan		
- due within 1 - 2 years	21	34
- due within 2 - 5 years	-	21
	<hr/>	<hr/>
Borrowings	234	330
Pension obligations	61	65
	<hr/>	<hr/>
	295	395
	<hr/> <hr/>	<hr/> <hr/>

The security given for the loan is described at note 12.

14. PROVISIONS FOR LIABILITIES AND CHARGES

	1995 £'000	1994 £'000
Full provision is made for deferred taxation as follows:		
Capital allowances	83	63
Short term timing differences	(19)	(19)
	<hr/>	<hr/>
	64	44
	<hr/> <hr/>	<hr/> <hr/>

The movement in the year comprises:

	£'000
At 1 August 1994	44
Transfer from profit and loss account	
- current year	20
	<hr/>
At 31 July 1995	64
	<hr/> <hr/>

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

31 July 1995

15. SHARE CAPITAL

	1995 £'000	1994 £'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 1994	1	161
Retained profit	-	233
At 31 July 1995	1	394

17. FINANCIAL COMMITMENTS**Capital commitments**

Capital expenditure commitments were as follows:

	1995 £'000	1994 £'000
Contracted for, but not provided in the accounts	20	-
Authorised by the directors, but not contracted	23	-

Operating lease commitments

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

	1995 £'000	1994 £'000
(i) Land and buildings, leases expiring within one year	-	13
beyond five years	100	95
	100	108

NOTES TO THE FINANCIAL STATEMENTS
31 July 1995

17. FINANCIAL COMMITMENTS (Continued)

	1995 £'000	1994 £'000
(ii) Plant and machinery, leases expiring		
within one year	-	-
one to five years	-	3
beyond five years	-	-
	<u> </u>	<u> </u>
	-	3
	<u> </u>	<u> </u>

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 costs has been increased by £3,000 (1994 decreased by £6,000) being the spreading of the actuarial deficit in accordance with SSAP 24.

The total pension cost in the period was £103,000 (1994: £87,954) of which £50,000 (1994: £39,405) was payable to the defined benefit scheme and, £53,000 (1994: £48,549) was paid in respect of other pension related benefits (medical insurance, life insurance and disability insurance).

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

	1995 £'000	1994 £'000
Operating profit	376	199
Depreciation	146	106
Diminution in value of investment in subsidiary undertaking	-	302
Loan forgiven by subsidiary undertaking	-	(312)
Loss on sale of tangible fixed assets	-	5
Decrease/(increase) in stocks	12	(74)
(Increase)/decrease in debtors	(352)	4
Increase in creditors	138	28
	<u> </u>	<u> </u>
Net cash inflow from continuing activities	320	258
	<u> </u>	<u> </u>

COUPE FOUNDRY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
31 July 1995****20. ANALYSIS OF CHANGES IN FINANCING DURING THE YEAR**

	Share capital including premium £'000	Loans £'000	Hire purchase £'000	Loan from subsidiary £'000
At 1 August 1993	81	-	18	312
New agreements	-	100	352	-
Repayments	-	(13)	(20)	-
Loan forgiven	-	-	-	(312)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 1994	81	87	350	-
New agreements	-	-	20	-
Repayments	-	(32)	(75)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1995	81	55	295	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

21. ANALYSIS OF CASH AND CASH EQUIVALENTS

	Cash at bank and in hand £'000	Bank overdraft £'000	Advance from factor £'000	Total £'000
At 1 August 1993	1	(139)	-	(138)
Net cash inflow/(outflow)	1	109	(344)	(234)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 1994	2	(30)	(344)	(372)
Net cash inflow/(outflow)	-	27	(40)	(13)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1995	2	(3)	(384)	(385)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

NOTES TO THE FINANCIAL STATEMENTS
31 July 1995

22. RECONCILIATION OF MOVEMENT IN EQUITY SHAREHOLDERS' FUNDS

	1995	1994
	£'000	£'000
Retained profit for the year	233	119
Opening shareholders' funds	242	123
	<hr/>	<hr/>
Closing shareholders' funds	475	242
	<hr/> <hr/>	<hr/> <hr/>