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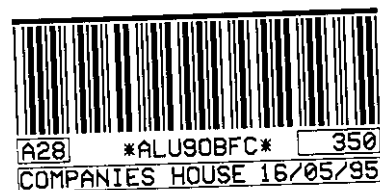
# Coupe Foundry Limited

Report and Financial Statements

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◆ *Year ended 31 July 1994* ◆

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COMPANY NO: 2610871

COUPE FOUNDRY LIMITED

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**COUPE FOUNDRY LIMITED**

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**COMPANY INFORMATION**

Directors S R Hall (Chairman)  
G N Harrison  
I Brothwood (appointed 4 January 1994)

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

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### REPORT OF THE DIRECTORS

The directors present their report and the audited financial statements for the year ended 31 July 1994.

#### Principal activities

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

#### Business review and future developments

The installation of new electric melting plant was successfully completed during the year. This has enabled the company to offer a wider range of metal specifications and broaden its customer base. The new facility has won an electricity industry award for efficiency and productivity.

The company is confident that its commitment to quality and service will enable a further increase turnover and performance to be achieved.

#### Results and dividend

The profit for the year after tax amounted to £119,000 (1993: £20,000). 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. Mr I Brothwood was appointed on 4 January 1994. Mr K A Mallinson was appointed on 4 January 1994 and resigned on 13 June 1994. Mr G J Godbert resigned on 30 August 1993.

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	
	1994	1993
S R Hall	40,000	40,000
G N Harrison	40,000	40,000
I Brothwood	-	_*

\* Date of appointment

## COUPE FOUNDRY LIMITED

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### 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 30 September 1994 and signed on its behalf by:



S R Hall  
Secretary

**COUPE FOUNDRY LIMITED**

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**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 1994 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

30 September 1994

COUPE FOUNDRY LIMITED

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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 1994. 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 1994, the company is entitled to the exemption from preparing group accounts conferred by Section 248 of the Companies Act 1985.

*Robson Rhodes*  
Robson Rhodes

Chartered Accountants and Registered Auditor

30 September 1994

**COUPE FOUNDRY LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
for the year ended 31 July 1994

	Note	1994 £'000	1993 £'000
Turnover: continuing operations	2	3,967	3,262
Cost of sales		(3,359)	(2,899)
		<hr/>	<hr/>
Gross profit		608	363
Distribution costs		(97)	(73)
Administrative expenses		(312)	(254)
		<hr/>	<hr/>
Operating profit: continuing operations	3	199	36
Interest payable	4	(51)	(13)
Interest receivable		6	-
		<hr/>	<hr/>
Profit on ordinary activities before taxation	2	154	23
Tax	7	(35)	(3)
		<hr/>	<hr/>
Retained profit for the financial year	16	119	20
		<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains or losses in the year other than those noted in the profit and loss account (1993: £Nil).



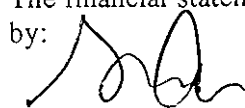
## COUPE FOUNDRY LIMITED

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### BALANCE SHEET at 31 July 1994

	Note	1994 £'000	1993 £'000
<b>Fixed assets</b>			
Tangible fixed assets	8	988	239
Investment	9	-	302
		<hr/>	<hr/>
		988	541
		<hr/>	<hr/>
<b>Current assets</b>			
Stocks	10	214	140
Debtors	11	762	757
Cash at bank and in hand		2	1
		<hr/>	<hr/>
		978	898
		<hr/>	<hr/>
<b>Creditors: Amounts falling due within one year</b>	12	(1,285)	(928)
		<hr/>	<hr/>
<b>Net current liabilities</b>		(307)	(30)
		<hr/>	<hr/>
<b>Total assets less current liabilities</b>		681	511
		<hr/>	<hr/>
<b>Creditors: Amounts falling due after more than one year</b>	13	(395)	(383)
		<hr/>	<hr/>
<b>Provision for liabilities and charges</b>			
Deferred taxation	14	(44)	(5)
		<hr/>	<hr/>
		242	123
		<hr/>	<hr/>
<b>Capital and reserves</b>			
Called up share capital	15	80	80
Share premium account	16	1	1
Profit and loss account	16	161	42
		<hr/>	<hr/>
		242	123
		<hr/>	<hr/>

The financial statements were approved by the Board on 30 September 1994 and signed on its behalf by:



S R Hall  
Director

**COUPÉ FOUNDRY LIMITED**

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**CASH FLOW STATEMENT**  
for the year ended 31 July 1994

	Note	1994 £'000	1993 £'000
Net cash inflow from operating activities	19	258	125
		<hr/>	<hr/>
<b>Returns on investment and servicing of finance</b>			
Interest received		6	-
Interest paid		(51)	(13)
		<hr/>	<hr/>
		(45)	(13)
		<hr/>	<hr/>
<b>Taxation paid</b>			
UK corporation tax		(6)	(5)
		<hr/>	<hr/>
		(6)	(5)
		<hr/>	<hr/>
<b>Investing activities</b>			
Payments for tangible fixed assets		(509)	(57)
Receipts from sale of tangible fixed assets		1	2
		<hr/>	<hr/>
		(508)	(55)
		<hr/>	<hr/>
Net cash inflow before financing		(301)	52
		<hr/>	<hr/>
<b>Financing</b>	20		
New loan		100	-
Repayment of loans		(13)	(100)
Repayment of hire purchase		(20)	(15)
		<hr/>	<hr/>
		67	(115)
		<hr/>	<hr/>
Decrease in cash and cash equivalents	21	(234)	(63)
		<hr/> <hr/>	<hr/> <hr/>

## COUPE FOUNDRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

#### 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 (or valuation where appropriate) 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 $\frac{1}{3}$ % 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

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### NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

#### 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.

#### 2. SEGMENTAL ANALYSIS

The analyses of turnover by geographical market and by activity are as follows:

	1994 £'000	1993 £'000
United Kingdom	3,933	3,203
Other EC countries	34	59
	<hr/>	<hr/>
	3,967	3,262
	<hr/> <hr/>	<hr/> <hr/>

#### 3. OPERATING PROFIT

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

	1994 £'000	1993 £'000
Operating lease rentals		
- plant and machinery	5	-
- land and buildings	120	120
Auditors' remuneration	8	8
Depreciation of tangible fixed assets	70	44
Depreciation of assets held under hire purchase contracts	36	8
Diminution in value of investment in subsidiary undertaking	302	-
Directors' emoluments (note 6)	180	96
Loan forgiven by subsidiary undertaking	(312)	-
Loss on disposal of fixed assets	5	6
	<hr/> <hr/>	<hr/> <hr/>

**COUPE FOUNDRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**

31 July 1994

**4. INTEREST PAYABLE**

	1994 £'000	1993 £'000
Hire purchase	20	11
Interest on loans and overdrafts repayable wholly within five years	5	2
Interest paid to factor	26	-
	<hr/>	<hr/>
	51	13
	<hr/> <hr/>	<hr/> <hr/>

**5. EMPLOYEES**

Average weekly number of employees, including directors:

	1994 No	1993 No
Manufacturing and distribution	64	58
Administration and selling	7	7
	<hr/>	<hr/>
	71	65
	<hr/> <hr/>	<hr/> <hr/>

Staff costs, including directors:

	1994 £'000	1993 £'000
Wages and salaries	1,093	952
Social security costs	109	95
Other pension costs	88	55
	<hr/>	<hr/>
	1,290	1,102
	<hr/> <hr/>	<hr/> <hr/>

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
31 July 1994

6. DIRECTORS' EMOLUMENTS

Emoluments of the directors:

	1994 £'000	1993 £'000
As directors	-	-
Remuneration as executives	180	96
	<u>180</u>	<u>96</u>
	<u>180</u>	<u>96</u>

The emoluments of the chairman were £43,144 (1993: £44,221) exclusive of pension contributions. The emoluments of the highest paid director were £44,523 (1993: £44,229). The emoluments of the directors, also exclusive of pension contributions, were in the following ranges:

	1994 No	1993 No
£Nil - £ 5,000	1	1
£10,001 - £15,000	1	-
£25,001 - £30,000	1	-
£40,001 - £45,000	2	2
	<u>2</u>	<u>2</u>

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1994 £'000	1993 £'000
Taxation charge/(credit) for the year		
Corporation tax at 25% (recoverable)/payable	(8)	1
Deferred taxation	44	5
Overprovision in respect of previous years	(1)	(3)
	<u>35</u>	<u>3</u>
Tax on profit on ordinary activities	<u>35</u>	<u>3</u>

## COUPE FOUNDRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS 31 July 1994

#### 8. TANGIBLE FIXED ASSETS

	Plant and machinery £'000
<b>Cost or valuation</b>	
At 1 August 1993	1,018
Additions	861
Disposals	(99)
	<hr/>
At 31 July 1994	1,780
	<hr/>
<b>Depreciation</b>	
At 1 August 1993	779
Charged in year	106
Eliminated on disposal	(93)
	<hr/>
At 31 July 1994	792
	<hr/>
<b>Net book value</b>	
At 31 July 1994	988
	<hr/> <hr/>
At 31 July 1993	239
	<hr/> <hr/>

The net book value of tangible fixed assets includes £432,000 (1993: £28,000) in respect of assets held under hire purchase contracts. Depreciation charged in the year on those assets amounted to £36,000 (1993: £8,000).

**COUPE FOUNDRY LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
31 July 1994

**9. INVESTMENTS**

	Shares in subsidiary undertaking £
<b>Cost</b>	
At 1 August 1993 and at 31 July 1994	302
	<u>          </u>
<b>Provision</b>	
Provision for diminution in value arising in the year	302
	<u>          </u>
<b>Net book value</b>	
At 31 July 1994	-
	<u>          </u>
At 31 July 1993	302
	<u>          </u>
<b>Subsidiary undertaking</b>	

The shares in the subsidiary undertaking comprise the following investment:

	Country of incorporation or registration	Capital and reserves £'000	Loss in the year £'000	Interest in ordinary shares
Incomeround Limited	England	<u>    -</u>	<u>  312</u>	<u>  100%</u>

Incomeround Limited has forgiven the company a loan of £312,000.

**10. STOCKS**

	1994 £'000	1993 £'000
Raw materials and consumables	30	21
Finished goods and goods for resale	184	119
	<u>          </u>	<u>          </u>
	214	140
	<u>          </u>	<u>          </u>



## COUPE FOUNDRY LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS 31 July 1994

#### 11. DEBTORS

	1994 £'000	1993 £'000
Trade debtors	674	605
Prepayments and accrued income	79	152
Tax recoverable	9	-
	<hr/>	<hr/>
	762	757
	<hr/> <hr/>	<hr/> <hr/>

#### 12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1994 £'000	1993 £'000
Advance from factor	344	-
Bank overdraft	30	139
Obligations under hire purchase contracts	75	10
Secured loan	32	-
	<hr/>	<hr/>
Borrowings	481	149
Trade creditors	652	657
Corporation tax	-	1
Other taxation and social security	91	70
Other creditors	7	3
Accruals and other deferred income	54	48
	<hr/>	<hr/>
	1,285	928
	<hr/> <hr/>	<hr/> <hr/>

A secured loan of £100,000 was taken out in the year to purchase tangible fixed assets. The loan is secured on the assets purchased and is due to be repaid by instalments within 3 years.

Also during the year the company entered into a factoring agreement with TSB Commercial Finance Limited. At the year end the extent of company indebtedness under the agreement was £344,000. The debt is 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 1994

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

	1994 £'000	1993 £'000
Obligations under hire purchase contracts		
- due within 1 - 2 years	75	6
- due within 2 - 5 years	200	2
Secured loan		
- due within 1 - 2 years	34	-
- due within 2 - 5 years	21	-
	<hr/>	<hr/>
Borrowings	330	8
Due to subsidiary undertaking	-	312
Pension obligations	65	63
	<hr/>	<hr/>
	395	383
	<hr/> <hr/>	<hr/> <hr/>

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

**14. PROVISIONS FOR LIABILITIES AND CHARGES**

Full provision is made for deferred taxation as follows:

	1994 £'000	1993 £'000
Capital allowances	63	12
Short term timing differences	(19)	(7)
	<hr/>	<hr/>
	44	5
	<hr/> <hr/>	<hr/> <hr/>

The movement in the year comprises:

	£'000
At 1 August 1993	5
Transfer from/(to) profit and loss account	
- current year	44
- prior year	(5)
	<hr/>
At 31 July 1994	44
	<hr/> <hr/>

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

31 July 1994

**15. SHARE CAPITAL**

	1994 £'000	1993 £'000
<b>Authorised</b> 150,000 ordinary shares of £1 each	150	150
<b>Allotted and fully paid</b> 80,000 ordinary shares of £1 each	80	80

**16. RESERVES**

	Share Premium £	Profit and loss account £
At 1 August 1993	1	42
Retained profit	-	119
At 31 July 1994	1	161

**17. FINANCIAL COMMITMENTS****Capital commitments**

Capital expenditure commitments were as follows:

	1994 £'000	1993 £'000
Contracted for, but not provided in the accounts	-	720
Authorised by the directors, but not contracted	-	-

**Operating lease commitments**

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

	1994 £'000	1993 £'000
(i) Land and buildings, leases expiring		
within one year	13	-
one to five years	-	26
beyond five years	95	95
	108	121

COUPE FOUNDRY LIMITED

NOTES TO THE FINANCIAL STATEMENTS  
31 July 1994

17. FINANCIAL COMMITMENTS (Continued)

	1994 £'000	1993 £'000
(ii) Plant and machinery, leases expiring		
within one year	-	-
one to five years	3	5
beyond five years	-	-
	<u>3</u>	<u>5</u>

18. PENSION COMMITMENTS

The company's principal scheme is a defined benefit scheme which is now closed to new entrants. The assets of the scheme are held in a separate trustee administered fund. Contributions to the scheme have been made in accordance with independent actuarial advice. The most recent valuation was at 1 May 1991 which shows the market value of the assets to be £397,000, representing an average funding level of 130%. The principal assumption in the valuation was that the return on investments would exceed pensionable earnings gross by 2.0% per annum.

The year's defined benefit scheme pension cost has been reduced by £6,000 (1993 £6,000) being the spreading of the actuarial surplus in accordance with SSAP 24.

The total pension cost in the period was £87,954 (1993: 54,683) of which £39,405 (1993: £29,943) was payable to the defined benefit scheme and, £48,549 (1993: £24,740) 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

	1994 £'000	1993 £'000
Operating profit	199	36
Depreciation	106	52
Diminution in value of investment in subsidiary undertaking	302	-
Loan forgiven by subsidiary undertaking	(312)	-
Loss on sale of tangible fixed assets	5	8
(Increase)/decrease in stocks	(74)	10
Decrease/(increase) in debtors	4	(265)
Increase in creditors	28	284
	<u>258</u>	<u>125</u>

COUPE FOUNDRY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

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 1992	81	100	15	312
New agreement	-	-	18	-
Repayment	-	(100)	(15)	-
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 1993	81	-	18	312
New agreements	-	100	352	-
Repayment	-	(13)	(20)	-
Loan forgiven	-	-	-	(312)
	<hr/>	<hr/>	<hr/>	<hr/>
A 31 July 1994	81	87	350	-
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

COUPE FOUNDRY LIMITED

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NOTES TO THE FINANCIAL STATEMENTS

31 July 1994

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 1992	1	(76)	-	(75)
Net cash inflow/(outflow)	-	(63)	-	(63)
	<hr/>	<hr/>	<hr/>	<hr/>
At 1 August 1993	1	(139)	-	(138)
Net cash inflow/(outflow)	1	109	(344)	(234)
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 July 1994	2	(30)	(344)	(372)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

22. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	1994 £'000	1993 £'000
Retained profit for the year	119	20
Opening shareholders' funds	123	103
	<hr/>	<hr/>
Closing shareholders' funds	242	123
	<hr/> <hr/>	<hr/> <hr/>