

Redman Fisher Engineering Limited

Report and Accounts

31 January 1995

Registered Number: 169316



DIRECTORS' REPORT

The directors present their report and accounts for the year ended 31 January 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The company is a major manufacturer of steel grid flooring. Over a number of years it has achieved major successes in export markets, and is the market leader in the UK. This has been accomplished on the basis of highly developed engineering expertise and the application of advanced technology in both design and manufacture. It has an extensive product range in a variety of materials; mild and stainless steels, aluminium and GRP, for applications such as off-shore oil rigs, power stations, and petrochemical plants.

There was a marked increase in turnover, the majority of the increase coming from exports. After a time of relative stability, raw material prices started to increase during the year, preventing an improvement in margins.

After a period of some difficulties in the early part of the year during which output was constrained, a transformation took place during the profitable second half of the year, with production and shipment levels consistently breaking previous records. In parallel, special steps were taken to achieve radical improvements in customer service.

The high initial order book supported the high level of shipments but the underlying level of order intake was muted, particularly in the home market. However, with the improved levels of customer service now being achieved, increased capacity, and competitive product range, the business is well placed to take advantage of those opportunities which exist.

DIVIDENDS AND APPROPRIATIONS

No interim dividend was paid during the year. The directors propose that no final dividend be paid. Details of the transfer from reserves are given on page 5.

DIRECTORS

The directors of the company are shown below, together with details of their interests in the shares of the ultimate parent company, C I Group plc, at the beginning and end of the year.

	<i>Shares 1995</i>	<i>Options 1995</i>	<i>Shares 1994</i>	<i>Options 1994</i>
R W F Yates	See below	See below	See below	See below
W Farnell	-	20,000	-	20,000
J M Gallagher (appointed 5 April 1994)	-	-	-	-
M Harris (appointed 27 February 1995)	n/a	n/a	n/a	n/a
J H Houseman	-	10,000	-	-
P Martin	19,967	200,000	19,967	200,000
B C Trubshaw	-	20,000	-	20,000

Mr S W Lockett resigned as a director on 1 December 1994.

Mr Yates is a director of the ultimate parent company and his interest in the shares of that company are shown in its accounts.

The directors had no interest in the shares of the company.

Mr Houseman's options were granted on 11 November 1994 at an option price of 14.5p per share.

Redman Fisher Engineering Limited

DIRECTORS' REPORT

CHANGES IN FIXED ASSETS

Details are given in note 10 to the accounts.

DIRECTORS' AND OFFICERS' LIABILITY INSURANCE

The company has maintained insurance against certain liabilities which would arise from a negligent act or breach of duty by its directors or officers in the discharge of their duties.

RESEARCH AND DEVELOPMENT

The company is engaged in development activities designed to improve product quality and performance and to maintain and improve competitiveness and profitability.

AUDITORS

With effect from 3 October 1994 the company's former auditors, Moores Rowland, resigned and Ernst & Young were appointed by the directors to fill the casual vacancy. Moores Rowland confirmed, for the purposes of Section 394 of the Companies Act 1985, that there were no circumstances connected with their resignation which they considered should be brought to the attention of members or creditors of the company.

A resolution in respect of which special notice has been given to the company in accordance with the provisions of Section 388 (3)(b) of the Companies Act 1985 will be proposed at the Annual General Meeting to re-appoint Ernst & Young as auditors and to authorise the directors to fix their remuneration.

On behalf of the Board

P Martin
Secretary

6 June 1995

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for the maintenance of adequate accounting records and business controls which disclose with reasonable accuracy at any time the financial position of the company and also for the preparation and publication of accounts in compliance with the Companies Act 1985 giving a true and fair view of the state of affairs of the company as at the end of the financial year and of the result for the year. The directors have general responsibility for the preparation of accounts on a going concern basis unless it is inappropriate to presume that the company will continue in business and for taking such steps as are reasonably open to them to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

They are of the opinion that all applicable accounting standards have been followed and that suitable accounting policies, supported by reasonable and prudent judgements and estimates, have been consistently applied in the preparation of the accounts.

REPORT OF THE AUDITORS
to the members of Redman Fisher Engineering Limited

We have audited the accounts on pages 5 to 13, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As set out on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

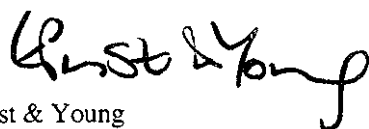
Basis of opinion

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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31 January 1995 and of the loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, appearing to read 'Ernst & Young', written in a cursive style.

Ernst & Young
Chartered Accountants
Registered Auditor
Birmingham
6 June 1995

Redman Fisher Engineering Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 January 1995

	Notes	1995 £000	1994 £000
TURNOVER	2	13,397	11,762
Cost of sales		(11,451)	(10,191)
GROSS PROFIT		1,946	1,571
Operating expenses	3	(2,606)	(2,292)
OPERATING LOSS		(660)	(721)
Investment income	4	-	6
Interest	5	(65)	22
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	6	(725)	(693)
Taxation	8	484	230
LOSS ON ORDINARY ACTIVITIES AFTER TAXATION		(241)	(463)
Dividends	9	-	(6)
TRANSFER FROM RESERVES		(241)	(469)
Retained profits brought forward		56	525
RETAINED (LOSSES)/PROFITS CARRIED FORWARD		(185)	56

CONTINUING OPERATIONS

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

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

There are no recognised gains or losses other than the loss for the year of £241,000 (1994 : loss £463,000).

Redman Fisher Engineering Limited

BALANCE SHEET

at 31 January 1995

	Notes	1995 £000	1994 £000
FIXED ASSETS			
Tangible assets	10	1,345	1,491
Investments	11	1	1
		<u>1,346</u>	<u>1,492</u>
CURRENT ASSETS			
Stocks	12	897	954
Debtors	13	3,525	2,634
Cash		-	246
		<u>4,422</u>	<u>3,834</u>
CREDITORS DUE WITHIN ONE YEAR	14	(3,480)	(2,530)
NET CURRENT ASSETS		<u>942</u>	<u>1,304</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,288	2,796
CREDITORS DUE AFTER MORE THAN ONE YEAR	15	(723)	(743)
PROVISIONS FOR LIABILITIES AND CHARGES	16	-	(247)
		<u>1,565</u>	<u>1,806</u>
CAPITAL AND RESERVES			
Called up share capital	17	1,750	1,750
Profit and loss account		(185)	56
Equity shareholders' funds	18	<u>1,565</u>	<u>1,806</u>

Approved by the Board on 6 June 1995

J M Gallagher)
) Directors
 P Martin)



NOTES TO THE ACCOUNTS

for the year ended 31 January 1995

1. ACCOUNTING POLICIES

Basis of accounting

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

Group accounts

The company is exempt from preparing group accounts under Section 228 of the Companies Act 1985 as its results are included in the audited consolidated accounts of CI Group plc.

Tangible fixed assets

Items of plant and machinery are depreciated at rates based on their assumed lives, which vary between 3 and 17 years, on a straight line method of depreciation.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost includes direct materials, labour and manufacturing overheads incurred in bringing each product to its present location and condition. Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

Deferred taxation

Deferred taxation is calculated under the liability method on timing differences. Provision is made to the extent that the timing differences are expected to reverse in the foreseeable future.

Finance leases

Assets held under leases which confer rights and obligations similar to those attaching to owned assets are capitalised as tangible fixed assets and the corresponding liability to pay rentals is shown net of interest in the accounts as obligations under finance leases. Interest is calculated on the reducing balance basis and is charged over the period of the lease.

Operating leases

Operating lease costs are charged against income as incurred.

Government grants or tangible fixed assets

These are credited to the profit and loss account over the estimated life of the related fixed assets. The balance of the grants are included in creditors.

Pensions

The ultimate parent company operates both defined contribution and defined benefit pension schemes to which the company contributes. The contributions payable to the defined contribution scheme are charged against profit in the accounting period in which they arise. The costs of the defined benefit scheme are charged against profit in accordance with actuarial advice.

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. All differences are taken to the profit and loss account.

Comparative figures

Certain previous year's figures have been restated to conform with the current year's presentation.

Redman Fisher Engineering Limited

NOTES TO THE ACCOUNTS

for the year ended 31 January 1995

2. TURNOVER

The geographical distribution of turnover is not disclosed as in the opinion of the directors, this would be seriously prejudicial to the company's interests.

3. OPERATING EXPENSES

	1995 £000	1994 £000
Distribution costs	1,410	1,045
Administrative expenses	1,196	1,247
	<u>2,606</u>	<u>2,292</u>

4. INVESTMENT INCOME

	1995 £000	1994 £000
Dividend from subsidiary undertaking	-	6
	<u>-</u>	<u>6</u>

5. INTEREST

	1995 £000	1994 £000
Bank interest receivable	-	(48)
Loan interest receivable	-	(4)
Payable on bank overdraft repayable within five years	48	-
Payable on finance leases	17	30
	<u>65</u>	<u>(22)</u>

6. LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

	1995 £000	1994 £000
Loss on ordinary activities before taxation is after charging:		
Auditors' remuneration - Ernst & Young audit services	10	-
- Ernst & Young non-audit services	2	-
- Moores Rowland audit services	-	10
- Moores Rowland non-audit services	-	2
Depreciation of owned assets	129	129
Depreciation of assets held under finance leases	79	77
Hire of plant and machinery including operating leases	62	31
Rental of leased property	166	158
	<u></u>	<u></u>

Redman Fisher Engineering Limited

NOTES TO THE ACCOUNTS

for the year ended 31 January 1995

7. DIRECTORS AND OTHER EMPLOYEES

The average number of persons, including directors, employed by the company during the year was:

	1995 No.	1994 No.
Manufacturing and distribution	142	145
Selling and administration	40	54
	<u>182</u>	<u>199</u>

Their costs during the year were:

	£000	£000
Wages and salaries	3,208	3,371
Social security costs	305	307
Other pension costs	78	96
	<u>3,591</u>	<u>3,774</u>

The emoluments of the directors were:

For services as executives	212	185
Compensation to former directors for loss of office	10	9
	<u></u>	<u></u>

Directors' emoluments, excluding pension contributions, include amounts paid to:

Chairman	-	-
Highest paid director	46	45
	<u></u>	<u></u>

The emoluments of all directors, excluding pension contributions, fall within the following ranges

	No.	No.
£0 - £5,000	2	2
£5,001 - £10,000	-	1
£25,001 - £30,000	1	1
£30,001 - £35,000	2	1
£35,001 - £40,000	-	2
£40,001 - £45,000	1	-
£45,001 - £50,000	1	1
	<u></u>	<u></u>

Mr Yates is a director of the ultimate parent company, CI Group plc. His emoluments are fully disclosed within the accounts of that company and are not included in the figures disclosed above.

Redman Fisher Engineering Limited

NOTES TO THE ACCOUNTS

for the year ended 31 January 1995

8. TAXATION

	1995 £000	1994 £000
Group relief at 33%	237	239
Deferred taxation (note 16)	247	(9)
	<u>484</u>	<u>230</u>

9. DIVIDENDS

	1995 £000	1994 £000
Interim paid	-	4
Final proposed	-	2
	<u>-</u>	<u>6</u>

10. TANGIBLE FIXED ASSETS

	<i>Plant and machinery</i> £000
Cost:	
At 1 February 1994	3,375
Additions	94
Disposals	(282)
At 31 January 1995	<u>3,187</u>
Depreciation:	
At 1 February 1994	1,884
Charge for the year	208
Eliminated on disposals	(250)
At 31 January 1995	<u>1,842</u>
Net book value at 31 January 1995	<u>1,345</u>
Net book value at 31 January 1994	<u>1,491</u>

The net book value of plant and machinery includes £716,000 (1994 - £788,000) in respect of assets held under finance leases.

11. INVESTMENTS

The company owns the whole of the issued share capital of Bettles and Company Limited which is registered in England and Wales and acts as an unremunerated agent of the company.

Redman Fisher Engineering Limited

NOTES TO THE ACCOUNTS

for the year ended 31 January 1995

12. STOCKS

	1995 £000	1994 £000
Raw materials and consumables	374	431
Work in progress	214	237
Finished goods	309	299
	<u>897</u>	<u>967</u>
Payments on account	-	(13)
	<u>897</u>	<u>954</u>

The differences between purchase price or production cost of stocks and their replacement cost is not material.

13. DEBTORS

	1995 £000	1994 £000
Trade debtors	2,986	2,107
Fellow subsidiary undertakings	176	236
Other debtors	84	9
Prepayments and accrued income	45	50
Dividends receivable	-	2
Corporation tax	234	230
	<u>3,525</u>	<u>2,634</u>

14. CREDITORS DUE WITHIN ONE YEAR

	1995 £000	1994 £000
Bank overdraft	716	-
Trade creditors	1,397	1,106
Fellow subsidiary undertakings	919	689
Taxation social security and other creditors	269	228
Accruals and deferred income	90	125
Obligation under finance leases	23	228
Payments on account	66	152
Proposed dividend	-	2
	<u>3,480</u>	<u>2,530</u>

Redman Fisher Engineering Limited

NOTES TO THE ACCOUNTS

for the year ended 31 January 1995

15. CREDITORS DUE AFTER MORE THAN ONE YEAR

	1995	1994
	£000	£000
Ultimate parent company	627	627
Obligations under finance leases	48	64
Other creditors	48	52
	<u>723</u>	<u>743</u>

There are no specific terms of repayment for the amount owing to the ultimate parent company.

There are no obligations under finance leases payable after more than five years.

16. PROVISION FOR LIABILITIES AND CHARGES

	1995	1994
	£000	£000
Deferred taxation at 33%		
At 1 February	247	238
(Credit)/charge for the year	(247)	9
At 31 January	<u>-</u>	<u>247</u>

	Full provision		Provided	
	1995	1994	1995	1994
	£000	£000	£000	£000
The provision comprises:				
Accelerated capital allowances	274	283	-	283
Short term timing differences	(30)	(36)	-	(36)
	<u>244</u>	<u>247</u>	<u>-</u>	<u>247</u>

17. CALLED UP SHARE CAPITAL

	1995	1994
	£000	£000
Authorised, allotted and fully paid		
Ordinary shares of 50p each	<u>1,750</u>	<u>1,750</u>

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1995	1994
	£000	£000
Loss for the financial year	(241)	(463)
Dividends	-	(6)
Net movement in shareholders' funds	<u>(241)</u>	<u>(469)</u>
Opening shareholders' funds	1,806	2,275
Closing shareholders' funds	<u>1,565</u>	<u>1,806</u>

NOTES TO THE ACCOUNTS

for the year ended 31 January 1995

19. FINANCIAL COMMITMENTS

Annual commitments under operating leases:

	<i>Land and buildings</i>	<i>Plant and machinery</i>	<i>Land and buildings</i>	<i>Plant and machinery</i>
	<i>1995</i>	<i>1995</i>	<i>1994</i>	<i>1994</i>
	<i>£000</i>	<i>£000</i>	<i>£000</i>	<i>£000</i>
Leases which expire:				
Within one year	-	2	-	-
Between one and five years	-	27	-	30
After five years	165	-	165	-
	<u>165</u>	<u>29</u>	<u>165</u>	<u>30</u>

Authorised future capital expenditure amounts to £3,000 (1994 - £171,000) including £Nil (1994 - £19,000) for which contracts have been placed.

20. PENSIONS

The company contributes to defined contribution and defined benefit pension schemes operated by C I Group plc. Details of the most recent actuarial information about the schemes operated by C I Group plc are contained in its accounts.

The total pension cost in the year was £78,000 (1994 - £96,000) of which £27,000 (1994 - £32,000) was charged in respect of defined benefit schemes, £36,000 (1994 - £47,000) was charged in respect of defined contribution schemes and £15,000 (1994 - £17,000) was paid in respect of other pension related benefits (medical, life and disability insurances).

21. CONTINGENT LIABILITIES

The company has given an unlimited guarantee to Midland Bank plc in respect of the borrowings of the ultimate parent company and certain fellow subsidiary undertakings amounting to £310,000, secured by fixed and floating charges over the company's assets and undertaking.

The company has a contingent liability of £396,000 (1994 - £337,000) in respect of guarantees and performance bonds.

22. CASH FLOW INFORMATION

In view of the exemptions available under FRS 1, no cash flow statement has been prepared because the company is a wholly owned subsidiary of CI Group plc which included a consolidated cash flow statement in its accounts for the year ended 31 January 1995.

23. ULTIMATE PARENT COMPANY

The company's ultimate parent company, which is registered in England and Wales, is C I Group plc. Group accounts are prepared by C I Group plc and are available from Defiant House, Pendeford Office Park, Wobaston Road, Wolverhampton, West Midlands, WV9 5HA.