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K P MANUFACTURING LIMITED

**REPORT AND ABBREVIATED
FINANCIAL STATEMENTS**

**YEAR ENDED
31ST DECEMBER 2003**

Company Number: 1600005



**Jacob Cavenagh & Skeet
Chartered Accountants
5 Robin Hood Lane
Sutton
Surrey SM1 2SW**

K P MANUFACTURING LIMITED

**REPORT AND ABBREVIATED
FINANCIAL STATEMENTS**

**YEAR ENDED
31ST DECEMBER 2003**

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K P MANUFACTURING LIMITED

COMPANY INFORMATION

Directors

B K Sugden
K S Wallis

Secretary and Registered office

C J Molyneux
Garth Road
Morden
Surrey
SM4 4LN

Company number

1600005

Auditors

Jacob Cavenagh & Skeet
5 Robin Hood Lane
Sutton
Surrey SM1 2SW

K P MANUFACTURING LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the audited financial statements for the year ended 31st December 2003.

Results and dividends

The profit and loss account is set out on page 4 and shows the result for the year.

The directors recommend a final ordinary dividend of £Nil per share (2002: £Nil).

Principal activities, trading review and further developments

The company's principal activity during the year was the trade manufacture of plastic injection mouldings.

2003 was a difficult year for the company. Although turnover increased by 1.7% higher raw material prices and labour costs, coupled with a provision of £3,300 against a potential bad debt, meant that operating profits were 51.9% lower than in the previous year.

The directors remain cautious about the future but are encouraged by a modest upturn in trade moulding activities.

Directors

The directors of the company during the year were as follows:

B K Sugden
D M Bell (retired on 24th October 2003)
K S Wallis

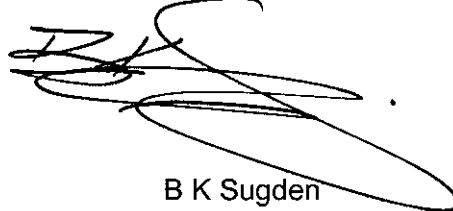
None of the directors had any interest in the share capital of the company at any time during the year.

The interests of the directors in the ordinary share capital of the company's ultimate parent undertaking, WAD Holdings Limited, are disclosed in the financial statements of that company.

Auditors

Jacob Cavenagh & Skeet have expressed their willingness to continue in office and a resolution to reappoint them will be proposed at the annual general meeting.

ON BEHALF OF THE BOARD



B K Sugden
Director

28th April 2004

K P MANUFACTURING LIMITED

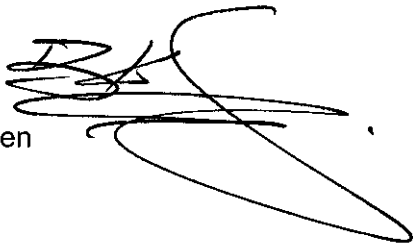
STATEMENTS OF DIRECTORS' RESPONSIBILITIES

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 year. In preparing those financial statements, the directors are required to:

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

B K Sugden
Director

A handwritten signature in black ink, appearing to be 'B K Sugden', written over a horizontal line.

REPORT OF THE AUDITORS

TO THE MEMBERS OF

K P MANUFACTURING LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 4 to 10 together with the financial statements of K P Manufacturing Limited for the year ended 31st December 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 10 are properly prepared in accordance with those provisions.

5 Robin Hood Lane
Sutton
Surrey
SM1 2SW

Jacob Cavenagh & Skeet
Jacob Cavenagh & Skeet
Chartered Accountants
and Registered Auditor

28 May 2004

K P MANUFACTURING LIMITED**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 2003**

	Note	2003 £	2002 £
Gross profit		72,765	81,107
Distribution costs		1,828	1,892
Administrative expenses		<u>59,047</u>	<u>54,477</u>
Operating profit		11,890	24,738
Interest receivable		<u>137</u>	<u>207</u>
Profit on ordinary activities before taxation	5	12,027	24,945
Taxation on profit/(loss) from ordinary activities	6	<u>1,673</u>	<u>4,909</u>
Profit on ordinary activities after taxation		10,354	20,036
Dividends	7	<u>-</u>	<u>-</u>
Retained profit for the year	13	<u>10,354</u>	<u>20,036</u>

All amounts relate to continuing activities.

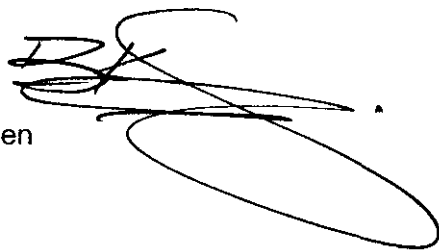
All recognised gains and losses are included in the profit and loss account.

K P MANUFACTURING LIMITED**BALANCE SHEET
AT 31ST DECEMBER 2003**

		2003		2002	
	Note	£	£	£	£
Fixed assets					
Tangible assets	8		9,269		4,820
Current assets					
Stocks	9	14,735		17,606	
Debtors	10	78,727		46,122	
Cash at bank and in hand		<u>3,940</u>		<u>14,301</u>	
		97,402		78,029	
Creditors: Amounts falling due within one year	11	<u>52,533</u>		<u>39,065</u>	
Net current assets			<u>44,869</u>		<u>38,964</u>
Total assets less current liabilities			<u>54,138</u>		<u>43,784</u>
Capital and reserves					
Called up share capital	12		100		100
Profit and loss account	13		<u>54,038</u>		<u>43,684</u>
Equity shareholders' funds			<u>54,138</u>		<u>43,784</u>

The abbreviated accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies (S246A(4)). The financial statements were approved by the Board on 28th April 2004 and signed on their behalf by:

B K Sugden
Director



K P MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Depreciation

Depreciation is provided to write off the cost of all tangible fixed assets evenly over their expected useful lives from the date of acquisition or the date of the asset coming into use if later. It is calculated at the following rates:

Plant and machinery	-	10% per annum
Fixtures, fittings and equipment	-	10-25% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is calculated as follows:

Raw materials	-	cost of purchase on a first in, first out basis
Work in progress and finished goods	-	cost of raw materials and labour together with attributable overheads, where the latter are significant

Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Provision is made for significant timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Operating lease commitments

The annual rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 GROSS PROFIT

Gross profit is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

K P MANUFACTURING LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (continued)****3 EMPLOYEES**

	2003 £	2002 £
Staff costs for all employees, including directors, consist of:		
Wages and salaries	109,269	105,496
Pension costs	2,141	2,001
Social security costs	9,338	8,795
	<u>120,748</u>	<u>116,292</u>

The average monthly number of employees, excluding directors, during the year was as follows:

	2003 No	2002 No
Production	<u>7</u>	<u>7</u>

4 DIRECTORS

	2003 £	2002 £
Directors' emoluments (including benefits in kind but excluding pension contributions) consist of:		
Remuneration for management services	<u>-</u>	<u>-</u>

5 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	2003 £	2002 £
This is stated after charging:		
Auditors' remuneration	1,825	1,800
Depreciation	<u>2,537</u>	<u>2,420</u>

6 TAXATION ON PROFIT FROM ORDINARY ACTIVITIES

	2003 £	2002 £
a) Analysis of tax charge in period		
Current tax:		
UK corporation tax on profit of the period	1,673	4,909
Adjustment in respect of previous period	-	-
Deferred tax:	1,673	4,909
Original and reversal of timing differences	-	-
	<u>1,673</u>	<u>4,909</u>
b) Factors affecting tax charge for the period		
Profit on ordinary activities before tax	<u>12,027</u>	<u>24,945</u>
Profit on ordinary activities multiplied by		
small companies rate 19% (2002: 19.2%)	2,285	4,801
Capital allowances in excess of depreciation	(314)	108
Marginal relief	(298)	-
	<u>1,673</u>	<u>4,909</u>

K P MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003 (continued)

7	DIVIDENDS			2003	2002
				£	£
	<i>Equity interests</i>				
	Ordinary – final proposed (2002: £Nil per share)			<u>-</u>	<u>-</u>
8	TANGIBLE ASSETS				
		Plant and machinery	Motor vehicles	Fixtures, fittings and equipment	Total
		£	£	£	£
	Cost				
	At 1st January 2003	73,947	3,750	2,712	80,409
	Additions	<u>6,986</u>	<u>-</u>	<u>-</u>	<u>6,986</u>
	At 31st December 2003	<u>80,933</u>	<u>3,750</u>	<u>2,712</u>	<u>87,395</u>
	Depreciation				
	At 1st January 2003	71,002	1,875	2,712	75,589
	Charge for the year	<u>1,600</u>	<u>937</u>	<u>-</u>	<u>2,537</u>
	At 31st December 2003	<u>72,602</u>	<u>2,812</u>	<u>2,712</u>	<u>78,126</u>
	Net book value				
	At 31st December 2003	<u>8,331</u>	<u>938</u>	<u>-</u>	<u>9,269</u>
	At 31st December 2002	<u>2,945</u>	<u>1,875</u>	<u>-</u>	<u>4,820</u>
9	STOCKS			2003	2002
				£	£
	Raw materials and consumables			6,182	11,526
	Finished goods and work in progress			<u>8,553</u>	<u>6,080</u>
				<u>14,735</u>	<u>17,606</u>
There is no material difference between the replacement cost of stocks and the amount stated above.					
10	DEBTORS			2003	2002
				£	£
	Trade debtors			24,451	15,700
	Prepayments and accrued income			3,612	3,654
	Amounts due from fellow group undertaking			<u>50,664</u>	<u>26,768</u>
				<u>78,727</u>	<u>46,122</u>

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER 2003 (continued)Page 9

K P MANUFACTURING LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2003 (continued)

14 RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption available to wholly owned subsidiary undertakings under Financial Reporting Standard 8, "Related Party Transactions", not to disclose details of all of its related party transactions with fellow group undertakings.

15 CASH FLOW STATEMENT

The company has used the exemption under Financial Reporting Standard 1, "Cash Flow Statements", not to prepare a cash flow statement as a consolidated cash flow statement is included in the financial statements of its ultimate parent company.

16 ULTIMATE PARENT COMPANY AND CONTROLLING PARTY INFORMATION

At 31st December 2003 the company's ultimate parent company and controlling party was WAD Holdings Limited, which is the parent company of the only group of which the company is a member and for which group accounts are prepared.

Copies of the consolidated financial statements of WAD Holdings Limited are available from Companies House.

17 CONTINGENT LIABILITIES

The company and its fellow group undertakings have entered into a composite guarantee and debenture in favour of the Governor and Company of the Bank of Scotland in respect of all obligations due to the bank under the terms of a facilities agreement dated 19th December 2003. As at 31st December 2003, WAD Holdings Limited owed £900,000 (2002: £375,000) to the bank under the term loan facility and £Nil (2001: £187,727) under the working capital facility. As at 31st December 2003, West Alloy Limited a fellow subsidiary company, owed £269,651 (2002: £Nil) under the cash flow finance facility.

The composite guarantee and debenture gives the bank fixed and floating charges over the assets of the group.

The company and its subsidiary undertakings have entered into a composite guarantee and debenture giving the lender of a subordinated loan fixed and floating charges over the assets of the group. By way of a deed of priorities dated 19th December 2003 the security of the lender is subordinate to that granted to the bank. As at 31st December 2003, WAD Holdings Limited owed £820,334 (2002: £Nil) in respect of the loan.