

Company Registration No. 1026710 (England and Wales)

H DAVENPORT & SONS LIMITED
ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31 DECEMBER 2006

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H DAVENPORT & SONS LIMITED

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H DAVENPORT & SONS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2006

The directors present their report and financial statements for the year ended 31 December 2006

Principal activities and review of the business

The principal activity of the company continued to be that of the manufacture of cut keys, key blanks and key cutting equipment

There has been no significant change in the activities of the company during the period

The results for the year are in line with the expectations of the directors given the general decline in the UK manufacturing industry

There were no major changes to the business during the year

The company measures its business performance based upon gross profit and operating profit

During the year gross profit fell from £1,700,005 to £1,327,547. The company has accepted a reduction in gross profit margins in order to retain their position within the market. As a result operating profit has also fallen £320,323 in 2005 to £136,377 in the current year due to overheads remaining fairly constant.

The company recognises certain areas of risk to the success of the business. The main areas of risk being the recession in the industry, adverse movements in the foreign exchange markets and market penetration from cheaper overseas competitors.

The company mitigates these risks by pricing its products as competitively as possible, producing its own components where it is more cost effective to do so and building up long term relationships with customers and suppliers.

The financial position of the company at the year end was considered satisfactory.

Results and dividends

The results for the year are set out on page 4.

The directors do not recommend payment of an ordinary dividend.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings at the balance sheet date was not substantially different from its book value.

Future developments

No major alterations to the company's present position are foreseen.

Directors

The following directors have held office since 1 January 2006

J Davenport
Mrs J Davenport
S Davenport
Mrs S C Davenport

H DAVENPORT & SONS LIMITED

DIRECTORS' REPORT (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

Directors' interests

The directors' interests in the shares of the company were as stated below

	Ordinary shares of £1 each	
	31 December 2006	1 January 2006
J Davenport	2,875	2,875
Mrs J Davenport	-	-
S Davenport	2,875	2,875
Mrs S C Davenport	-	-

Auditors

In accordance with section 385 of the Companies Act 1985, a resolution proposing that Price Pearson be reappointed as auditors of the company will be put to the Annual General Meeting

Directors' responsibilities

The directors are responsible for preparing the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice

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 then apply them consistently,
- make judgements and estimates that are reasonable and prudent,
- 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 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

Statement of disclosure to auditor

(a) so far as the directors are aware, there is no relevant audit information of which the company's auditors are unaware, and

(b) they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that the company's auditors are aware of that information

On behalf of the board



J Davenport

Director

20 & 07

H DAVENPORT & SONS LIMITED

INDEPENDENT AUDITOR'S REPORT TO H DAVENPORT & SONS LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 18, together with the financial statements of H Davenport & Sons Limited for the year ended 31 December 2006 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 audit work has been undertaken so that we might state to the company those matters we are required to state to them in an auditor's report on abbreviated accounts 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 audit 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 abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

Basis of audit opinion

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider 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.

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 have been properly prepared in accordance with that provision.



Price Pearson

21 August 2007

Chartered Accountants
Registered Auditor

Finch House
28-30 Wolverhampton Street
Dudley
West Midlands
DY1 1DB

H DAVENPORT & SONS LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 2006

	Notes	2006 £	2005 £
Gross profit		1,327,547	1,700,005
Distribution costs		(148,271)	(148,385)
Administrative expenses		(1,042,899)	(1,231,297)
Operating profit	2	136,377	320,323
Investment income	3	151,037	27,102
Other interest receivable and similar income		68,787	69,119
Interest payable and similar charges	4	(1,935)	(97,097)
Profit on ordinary activities before taxation		354,266	319,447
Tax on profit on ordinary activities	5	(53,766)	(55,816)
Profit for the year	15	300,500	263,631

The profit and loss account has been prepared on the basis that all operations are continuing operations

There are no recognised gains and losses other than those passing through the profit and loss account

H DAVENPORT & SONS LIMITED

ABBREVIATED BALANCE SHEET

AS AT 31 DECEMBER 2006

	Notes	2006 £	2005 £
Fixed assets			
Tangible assets	6	1,183,828	1,224,257
Investments	7	624,619	1,338,680
		<u>1,808,447</u>	<u>2,562,937</u>
Current assets			
Stocks	8	1,190,850	1,166,138
Debtors	9	1,352,810	1,025,618
Cash at bank and in hand		1,298,211	2,133,942
		<u>3,841,871</u>	<u>4,325,698</u>
Creditors amounts falling due within one year	10	(2,111,653)	(3,647,555)
Net current assets		<u>1,730,218</u>	<u>678,143</u>
Total assets less current liabilities		<u>3,538,665</u>	<u>3,241,080</u>
Creditors amounts falling due after more than one year	11	-	(14,915)
Provisions for liabilities	12	(133,000)	(121,000)
		<u>3,405,665</u>	<u>3,105,165</u>
Capital and reserves			
Called up share capital	14	6,500	6,500
Profit and loss account	15	3,399,165	3,098,665
Shareholders' funds	16	<u>3,405,665</u>	<u>3,105,165</u>

These abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to medium-sized companies

Approved by the Board and authorised for issue on 20.08.07



J Davenport
Director



S Davenport
Director

H DAVENPORT & SONS LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2006

	£	2006 £	£	2005 £
Net cash (outflow)/inflow from operating activities		(1,743,111)		198,475
Returns on investments and servicing of finance				
Interest received	68,787		69,119	
Interest paid	(1,935)		(97,097)	
Dividends received	18,240		23,332	
Net cash inflow/(outflow) for returns on investments and servicing of finance		85,092		(4,646)
Taxation		(52,986)		(56,596)
Capital expenditure and financial investment				
Payments to acquire tangible assets	(11,221)		(17,149)	
Payments to acquire investments	-		(119,313)	
Receipts from sales of tangible assets	-		7,000	
Receipts from sales of investments	846,858		103,101	
Net cash inflow/(outflow) for capital expenditure		835,637		(26,361)
Net cash (outflow)/inflow before management of liquid resources and financing		(875,368)		110,872
Management of liquid resources				
Bank deposits	(180,627)		(85,545)	
		(180,627)		(85,545)
Financing				
Repayment of other short term loans	57,432		33,265	
Capital element of hire purchase contracts	(17,795)		(14,811)	
Net cash inflow from financing		39,637		18,454
(Decrease)/increase in cash in the year		(1,016,358)		43,781

H DAVENPORT & SONS LIMITED

NOTES TO THE CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2006

1	Reconciliation of operating profit to net cash (outflow)/inflow from operating activities		2006	2005	
			£	£	
	Operating profit		136,377	320,323	
	Depreciation of tangible assets		51,650	49,591	
	Loss on disposal of tangible assets		-	136	
	Increase in stocks		(24,712)	(71,991)	
	Increase in debtors		(327,192)	(23,093)	
	Decrease in creditors within one year		(1,579,234)	(76,491)	
	Net cash (outflow)/inflow from operating activities		(1,743,111)	198,475	
2	Analysis of net funds	1 January 2006	Cash flow	Other non-cash changes	31 December 2006
		£	£	£	£
	Net cash				
	Cash at bank and in hand	1,893,149	(1,016,358)	-	876,791
	Liquid resources				
	Bank deposits	240,793	180,627	-	421,420
	Debt				
	Finance leases	(32,710)	17,795	-	(14,915)
	Debts falling due within one year	(37,053)	(57,432)	-	(94,485)
		(69,763)	(39,637)	-	(109,400)
	Net funds	2,064,179	(875,368)	-	1,188,811
3	Reconciliation of net cash flow to movement in net funds		2006	2005	
			£	£	
	(Decrease)/increase in cash in the year		(1,016,358)	43,781	
	Cash outflow from increase in liquid resources		180,627	85,545	
	Cash inflow from increase in debt and lease financing		(39,637)	(18,454)	
	Change in net debt resulting from cash flows		(875,368)	110,872	
	New finance lease		-	(36,352)	
	Movement in net funds in the year		(875,368)	74,520	
	Opening net funds		2,064,179	1,989,659	
	Closing net funds		1,188,811	2,064,179	

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies

1 1 Accounting convention

The financial statements are prepared under the historical cost convention

1 2 Compliance with accounting standards

The financial statements are prepared in accordance with applicable United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), which have been applied consistently (except as otherwise stated)

1.3 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts

1 4 Tangible fixed assets and depreciation

Tangible fixed assets, other than freehold land, are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows

Freehold buildings	Nil
Land and buildings Leasehold	Straight line over the term of the lease
Plant and machinery	15% p a reducing balance basis
Fixtures, fittings & equipment	15% p a reducing balance basis and 33% p a straight line basis
Motor vehicles	25% p a reducing balance basis

No depreciation is provided on the company's property since in the opinion of the directors, the expected useful life is sufficiently long, and the estimated residual values are sufficiently high, that any such depreciation would be immaterial. This policy is in accordance with Financial Reporting Standard No 15

1 5 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period

Rentals payable under operating leases are charged against income on a straight line basis over the lease term

1 6 Investments

Fixed asset investments are stated at cost less provision for diminution in value

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

1 Accounting policies (continued)

1 7 Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value as follows

Raw materials, consumables and goods for resale - Purchase cost on a first-in, first-out basis

Work in progress - Cost of direct materials

Provision is made to reduce the cost of stock items to net realisable value based upon the number of items sold

1 8 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with FRS 17

1 9 Deferred taxation

Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes

1 10 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account

1 11 Group accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertaking comprise a medium-sized group. The company has therefore taken advantage of the exemptions provided by section 248 of the Companies Act 1985 not to prepare group accounts

2 Operating profit	2006	2005
	£	£
Operating profit is stated after charging		
Depreciation of tangible assets	51,650	49,591
Loss on disposal of tangible assets	-	136
Operating lease rentals	5,000	4,400
Auditors' remuneration	7,000	6,000
Exceptional item		
Loan written off	56,572	91,146

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

3	Investment income	2006	2005
		£	£
	Income from listed investments	18,240	23,332
	Profit on disposal of listed investments	132,797	3,770
	Bank interest	68,885	68,970
	Other interest	(98)	149
		<u>219,824</u>	<u>96,221</u>
4	Interest payable	2006	2005
		£	£
	On other loans wholly repayable within five years	-	96,425
	Hire purchase interest	1,935	672
		<u>1,935</u>	<u>97,097</u>

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

5 Taxation	2006	2005
	£	£
Domestic current year tax		
U K corporation tax	42,000	50,250
Adjustment for prior years	(234)	(2,434)
Current tax charge	41,766	47,816
Deferred tax		
Deferred tax charge/credit current year	12,000	8,000
	53,766	55,816
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	354,266	319,447
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2005 - 19.00%)	67,311	60,695
Effects of		
Non deductible expenses	5,935	2,406
Depreciation add back	9,814	9,422
Capital allowances	(14,681)	(17,384)
Adjustments to previous periods	(234)	(2,434)
Chargeable disposals	(25,231)	(690)
Dividends and distributions received	(3,466)	(4,433)
Other tax adjustments	2,318	234
	(25,545)	(12,879)
Current tax charge	41,766	47,816

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

6 Tangible fixed assets

	Freehold buildings £	Land and buildings Leasehold £	Plant and machinery £	Fixtures, fittings & equipment £	Motor vehicles £	Total £
Cost						
At 1 January 2006	697,461	241,484	545,747	241,323	36,353	1,762,368
Additions	-	-	2,190	9,031	-	11,221
At 31 December 2006	697,461	241,484	547,937	250,354	36,353	1,773,589
Depreciation						
At 1 January 2006	-	4,734	308,008	224,612	757	538,111
Charge for the year	-	2,367	35,852	4,532	8,899	51,650
At 31 December 2006	-	7,101	343,860	229,144	9,656	589,761
Net book value						
At 31 December 2006	697,461	234,383	204,077	21,210	26,697	1,183,828
At 31 December 2005	697,461	236,750	237,739	16,711	35,596	1,224,257

Included above are assets held under finance leases or hire purchase contracts as follows

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 December 2006	-	26,697	26,697
At 31 December 2005	21,673	35,596	57,269
Depreciation charge for the year			
At 31 December 2006	-	8,899	8,899
At 31 December 2005	3,825	758	4,583

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

7 Fixed asset investments

	Listed investments £	Shares in group undertakings £	Total £
Cost			
At 1 January 2006	714,061	630,307	1,344,368
Disposals	(714,061)	-	(714,061)
At 31 December 2006	-	630,307	630,307
Provisions for diminution in value			
At 1 January 2006 & at 31 December 2006	-	5,688	5,688
Net book value			
At 31 December 2006	-	624,619	624,619
At 31 December 2005	714,061	624,619	1,338,680
Market value			
	£		
At 31 December 2006	-		
At 31 December 2005	807,115		

Holdings of more than 20%

The company holds more than 20% of the share capital of the following companies

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Wadco Engineering Limited	England	Ordinary	100 00
Davenport Burgess Limited	England	Ordinary	100 00

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows

		Capital and reserves 2006 £	Profit for the year 2006 £
	Principal activity		
Wadco Engineering Limited	Dormant	719,890	-
Davenport Burgess Limited	Dormant	21,618	-

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

8	Stocks and work in progress	2006 £	2005 £
	Work in progress	86,287	106,892
	Raw materials, consumables and goods for resale	1,104,563	1,059,246
		<u>1,190,850</u>	<u>1,166,138</u>

The current replacement cost of stocks is not materially different from the historical cost

9	Debtors	2006 £	2005 £
	Trade debtors	1,197,183	966,960
	Other debtors	101,714	198
	Prepayments and accrued income	53,913	58,460
		<u>1,352,810</u>	<u>1,025,618</u>

10	Creditors' amounts falling due within one year	2006 £	2005 £
	Net obligations under hire purchase contracts	14,915	17,795
	Trade creditors	687,140	699,524
	Amounts owed to subsidiary undertakings	21,618	21,618
	Corporation tax	42,000	53,220
	Other taxes and social security costs	438,493	444,731
	Directors' current accounts	83,193	1,561,792
	Other creditors	796,381	738,950
	Accruals and deferred income	27,913	109,925
		<u>2,111,653</u>	<u>3,647,555</u>
	Debt due in one year or less	<u>14,915</u>	<u>17,795</u>

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

11 Creditors' amounts falling due after more than one year	2006 £	2005 £
Net obligations under hire purchase contracts	-	14,915
Net obligations under hire purchase contracts		
Repayable within one year	14,915	19,730
Repayable between one and five years	-	15,512
	14,915	35,242
Finance charges and interest allocated to future accounting periods	-	(2,532)
	14,915	32,710
Included in liabilities falling due within one year	(14,915)	(17,795)
	-	14,915

The hire purchase liabilities are secured upon the assets acquired

12 Provisions for liabilities and charges

	Deferred tax liability £
Balance at 1 January 2006	121,000
Profit and loss account	12,000
Balance at 31 December 2006	133,000

The deferred tax liability is made up as follows

	2006 £	2005 £
Accelerated capital allowances	133,000	121,000

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

13 Pension costs

Defined contribution

	2006 £	2005 £
Contributions payable by the company for the year	28,020	27,742

14 Share capital

	2006 £	2005 £
Authorised		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid		
6,500 Ordinary shares of £1 each	6,500	6,500

15 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 January 2006	3,098,665
Profit for the year	300,500
Balance at 31 December 2006	3,399,165

16 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Profit for the financial year	300,500	263,631
Opening shareholders' funds	3,105,165	2,841,534
Closing shareholders' funds	3,405,665	3,105,165

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31 DECEMBER 2006

17 Financial commitments

At 31 December 2006 the company was committed to making the following payments under non-cancellable operating leases in the year to 31 December 2007

	Land and buildings			Other
	2006	2005	2006	2005
	£	£	£	£
Operating leases which expire				
Within one year	-	-	384	631
Between two and five years	5,000	4,400	20,856	20,585
	<u>5,000</u>	<u>4,400</u>	<u>21,240</u>	<u>21,216</u>

18 Directors' emoluments

	2006	2005
	£	£
Emoluments for qualifying services	279,669	443,538
Company pension contributions to money purchase schemes	7,387	7,387
	<u>287,056</u>	<u>450,925</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2005 - 4)

Emoluments disclosed above include the following amounts paid to the highest paid director

Emoluments for qualifying services	82,746	158,154
Company pension contributions to money purchase schemes	<u>5,000</u>	<u>396</u>

19 Transactions with directors

The following director had an interest free loan during the year. The movements on this loan were as follows

	Amount outstanding	Maximum
	2006	2005
	£	£
S Davenport	<u>97,738</u>	<u>-</u>
		<u>97,738</u>

H DAVENPORT & SONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (CONTINUED) FOR THE YEAR ENDED 31 DECEMBER 2006

20 Employees

Number of employees

The average monthly number of employees (including directors) during the year was

	2006 Number	2005 Number
Management	10	9
Production and sales staff	41	44
	<u>51</u>	<u>53</u>

Employment costs

	2006 £	2005 £
Wages and salaries	1,153,606	1,203,946
Social security costs	106,637	131,966
Other pension costs	28,020	27,742
	<u>1,288,263</u>	<u>1,363,654</u>