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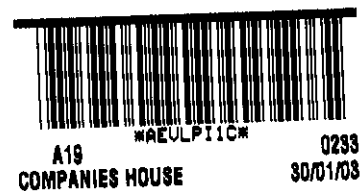
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Registration number FC 18248

Warmflow Engineering Co. Ltd

Abbreviated accounts

for the year ended 31 July 2002



Warmflow Engineering Co. Ltd

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Warmflow Engineering Co. Ltd

Directors' report for the year ended 31 July 2002

The directors present their report and the accounts for the year ended 31 July 2002.

Principal activity and review of the business

The principal activity of the company is the manufacture of central heating boilers.

Results and dividends

The results for the year are set out on page 5.

The directors do not recommend payment of a final dividend.

Directors and their interests

The directors who served during the year and their interests in the company are as stated below:

	Ordinary shares	
	31/07/02	01/08/01
Mr J K Cousins	11,220	11,220
Mrs E Cousins	-	-
Mr P J Kennedy	-	-

Mr J K Cousins is also a director in Warmflow Limited, Modern Machinery Supplies Limited, Furniture Solutions (NI) Ltd and Riteweld (Ireland) Limited. Mrs E Cousins and Mr P J Kennedy are also directors in Warmflow Limited.

Charitable and Political Contributions

During the year the company contributed £225,290 to charities.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these the directors are required to:

- select suitable accounting policies and 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 to enable them to ensure that the financial statements comply with the Companies (Northern Ireland) Order 1986. 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.

Warmflow Engineering Co. Ltd

**Directors' report
for the year ended 31 July 2002**

Auditors

McIlveen Howard & Co have agreed to offer themselves for re-appointment as auditors of the company.

This report is prepared in accordance with the special provisions of part 1 of the Companies (Northern Ireland) Order 1986.

This report was approved by the Board on 2/1/03 and signed on its behalf by

X
SIGN 

**Mrs E Cousins
Secretary**

**Independent auditors' report to Warmflow Engineering Co. Ltd
under Article 255 of the Companies (Northern Ireland) Order 1986**

We have examined the abbreviated accounts set out on pages 4 to 19 together with the financial statements of Warmflow Engineering Co. Ltd for the year ended 31 July 2002 prepared under Article 234 of the Companies (Northern Ireland) Order 1986.

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Article 254 of the Companies (Northern Ireland) Order 1986. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Articles 254(5) and (6) of the Order to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with that provision 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 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 full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Articles 254(5) and (6) of the Companies (Northern Ireland) Order 1986 in respect of the year ended 31 July 2002, and the abbreviated accounts on pages 4 to 19 are properly prepared in accordance with that provision.

McIlveen Howard & Co

McIlveen Howard & Co
Chartered Accountants and
Registered Auditor
.....2/1/03.....

169a Upper Newtownards Road
BELFAST
BT4 3HZ

Warmflow Engineering Co. Ltd

**Abbreviated profit and loss account
for the year ended 31 July 2002**

		Continuing operations	
		2002	2001
	Notes	£	£
Gross profit		3,533,239	3,099,601
Administrative expenses		(2,400,910)	(1,982,959)
Operating profit	3	1,132,329	1,116,642
Investment income	4	916	469
Other interest receivable and similar income		157,723	155,891
Interest payable and similar charges	6	(106,371)	(105,292)
Profit on ordinary activities before taxation		1,184,597	1,167,710
Tax on profit on ordinary activities	9	(364,012)	(339,887)
Retained profit for the year		820,585	827,823
Retained profit brought forward		7,313,461	6,485,636
Retained profit carried forward		8,134,046	7,313,459

There are no recognised gains or losses other than the profit or loss for the above two financial years.

The notes on pages 7 to 19 form an integral part of these financial statements.

Warmflow Engineering Co. Ltd

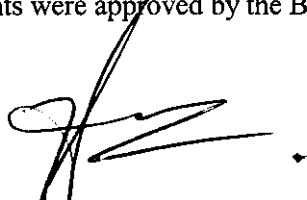
**Abbreviated balance sheet
as at 31 July 2002**

		2002		2001	
	Notes	£	£	£	£
Fixed assets					
Tangible assets	10		4,883,382		5,160,126
Investments	11		107,212		107,212
			<u>4,990,594</u>		<u>5,267,338</u>
Current assets					
Stocks	12	1,725,213		1,412,440	
Debtors	13	2,958,961		3,046,107	
Cash at bank and in hand		4,209,829		1,619,139	
		<u>8,894,003</u>		<u>6,077,686</u>	
Creditors: amounts falling due within one year	14	(3,460,253)		(3,124,900)	
Net current assets			<u>5,433,750</u>		<u>2,952,786</u>
Total assets less current liabilities			10,424,344		8,220,124
Creditors: amounts falling due after more than one year	15		(1,868,241)		(410,052)
Provisions for liabilities and charges	17		(81,734)		(138,231)
Accruals and deferred income	16		(319,423)		(337,482)
Net assets			<u>8,154,946</u>		<u>7,334,359</u>
Capital and reserves					
Called up share capital	19		11,220		11,220
Other reserves	20		9,680		9,680
Profit and loss account	20		8,134,046		7,313,459
Equity shareholders' funds	21		<u>8,154,946</u>		<u>7,334,359</u>

In preparing these abbreviated accounts we have relied on the exemptions for individual financial statements conferred by section Section B of Part 1 of the Companies (Northern Ireland) Order 1986 on the grounds that the company is entitled to the benefit of those exemptions as a medium sized company.

The abbreviated accounts were approved by the Board on 2/1/03 and signed on its behalf by

Mr J K Cousins
Director



The notes on pages 7 to 19 form an integral part of these financial statements.

Warmflow Engineering Co. Ltd

Cash flow statement for the year ended 31 July 2002

	Notes	2002 £	2001 £
Reconciliation of operating profit to net cash inflow from operating activities			
Operating profit		1,132,329	1,116,642
Depreciation		570,336	406,955
(Increase) in stocks		(312,773)	201,194
Decrease in debtors		87,146	(671,127)
(Decrease) in creditors		(64)	125,218
Government grant released		(18,059)	(25,347)
Net cash inflow from operating activities		<u>1,458,915</u>	<u>1,153,535</u>
Cash flow statement			
Net cash inflow from operating activities		1,458,915	1,153,535
Returns on investments and servicing of finance	23	52,268	51,068
Taxation	23	(302,926)	(295,363)
Capital expenditure	23	(265,860)	(592,066)
		<u>942,397</u>	<u>317,174</u>
Financing	23	1,444,324	(1,422,414)
Increase in cash in the year		<u>2,386,721</u>	<u>(1,105,240)</u>
Reconciliation of net cash flow to movement in net funds (Note 24)			
Increase in cash in the year		2,386,721	(1,105,240)
Cash inflow from decrease in debts and lease financing		(1,444,324)	1,422,414
Change in net funds resulting from cash flows		942,397	317,174
New finance leases and hire purchase contracts		(27,732)	-
Movement in net funds in the year		<u>914,665</u>	<u>317,174</u>
Net debt at 1 August 2001		148,943	(168,234)
Rounding			3
Net funds at 31 July 2002		<u>1,063,608</u>	<u>148,943</u>

Warmflow Engineering Co. Ltd

Notes to the abbreviated financial statements for the year ended 31 July 2002

1. Accounting policies

1.1. Accounting convention

The accounts are prepared under the historical cost convention .

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Land and buildings	-	Straight line over fifty years
Freehold land	-	Nil
Plant and machinery	-	20% straight line
Fixtures, fittings and equipment	-	25% straight line
Motor vehicles	-	25% straight line
Leased Assets	-	25% straight line

1.4. Leasing

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 constant periodic rates of charge on the net obligations outstanding in each period.

1.5. Investments

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

1.6. Stock and work in progress

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

1.7. Pensions

The pension costs charged in the financial statements represent the contribution payable by the company during the year.

1.8. Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to materialise.

1.1. Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange prevailing at the accounting date. Transactions in foreign currencies are recorded at the date of the transactions. All differences are taken to the Profit and Loss account.

Warmflow Engineering Co. Ltd

**Notes to the abbreviated financial statements
for the year ended 31 July 2002**

..... continued

1.2. Government grants

Grants are credited to deferred revenue. Grants towards capital expenditure are released to the profit and loss account over the expected useful life of the assets. Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

1.3. Group accounts

The company is entitled to the exemption under Article 256 of the Companies (Northern Ireland) Order 1986 from the obligation to prepare group accounts.

3. Operating profit	2002	2001
	£	£
Operating profit is stated after charging:		
Depreciation and other amounts written off tangible assets	554,986	412,795
Loss on disposal of tangible fixed assets	15,350	(5,840)
Loss on foreign currencies	49,507	155,557
Auditors' remuneration	5,800	5,600
	<u> </u>	<u> </u>
and after crediting:		
Government grants	18,059	25,347
	<u> </u>	<u> </u>
 4. Income from investments	 2002	 2001
	£	£
Income from participating interests	916	469
	<u> </u>	<u> </u>
 5. Interest receivable and similar income	 2002	 2001
	£	£
Bank interest	138,576	123,622
Other interest	19,147	32,269
	<u> </u>	<u> </u>
	157,723	155,891
	<u> </u>	<u> </u>
 6. Interest payable and similar charges	 2002	 2001
	£	£
On loans and overdrafts	90,000	95,000
On loans repayable in five years or more	16,371	10,309
Hire purchase interest	-	(17)
	<u> </u>	<u> </u>
	106,371	105,292
	<u> </u>	<u> </u>

Warmflow Engineering Co. Ltd

Notes to the abbreviated financial statements for the year ended 31 July 2002

..... continued

7. Employees

Number of employees

The average monthly numbers of employees
(including the directors) during the year were:

2002 **2001**

114 92

Employment costs

2002 **2001**

£ £

Wages and salaries

2,628,461 2,093,603

Social security costs

250,813 202,260

Other pension costs

31,070 23,646

2,910,344 2,319,509

7.1. Directors' emoluments

2002 **2001**

£ £

Remuneration and other emoluments

443,634 409,750

Pension contributions

8,496 8,496

452,130 418,246

Number **Number**

Number of directors to whom retirement benefits
are accruing under a money purchase scheme

2 2

Highest paid director

£ £

Amounts included above:

Emoluments and other benefits

296,217 271,076

8. Pension costs

The company operates a defined contribution pension scheme. The scheme and its assets are held by independent managers. The pension charge represents contributions due from the company and amounted to £31,070 (2001 - £23,646).

Warmflow Engineering Co. Ltd

Notes to the abbreviated financial statements for the year ended 31 July 2002

..... continued

9.	Taxation	2002 £	2001 £					
	UK current year taxation							
	UK corporation tax	420,509	314,097					
	Transfer from deferred taxation	(56,497)	25,790					
		<u>364,012</u>	<u>339,887</u>					
10.	Tangible fixed assets	Land and buildings freehold £	Long leasehold property £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Leased Assets £	Total £
	Cost							
	At 1 August 2001	4,254,967	469,305	1,339,625	319,694	632,485	244,954	7,261,030
	Additions	105,740	-	94,152	20,399	105,042	-	325,333
	Disposals	-	-	-	-	(121,954)	-	(121,954)
	At 31 July 2002	<u>4,360,707</u>	<u>469,305</u>	<u>1,433,777</u>	<u>340,093</u>	<u>615,573</u>	<u>244,954</u>	<u>7,464,409</u>
	Depreciation							
	At 1 August 2001	470,003	-	839,771	227,509	373,782	189,839	2,100,904
	On disposals	-	-	-	-	(74,863)	-	(74,863)
	Charge for the year	87,637	-	218,302	67,796	126,136	55,115	554,986
	At 31 July 2002	<u>557,640</u>	<u>-</u>	<u>1,058,073</u>	<u>295,305</u>	<u>425,055</u>	<u>244,954</u>	<u>2,581,027</u>
	Net book values							
	At 31 July 2002	<u>3,803,067</u>	<u>469,305</u>	<u>375,704</u>	<u>44,788</u>	<u>190,518</u>	<u>-</u>	<u>4,883,382</u>
	At 31 July 2001	<u>3,784,964</u>	<u>469,305</u>	<u>499,854</u>	<u>92,185</u>	<u>258,703</u>	<u>55,115</u>	<u>5,160,126</u>

Contrary to SAAP12, plant and equipment is depreciated at 20% straight line and fixtures and fittings and motor vehicles are depreciated at 25% straight line. Contrary to SAAP 19, investment properties costing £1510063 have been depreciated at 2% straight line.

Warmflow Engineering Co. Ltd

**Notes to the abbreviated financial statements
for the year ended 31 July 2002**

..... continued

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

Asset description	2002		2001	
	Net	Depreciation	Net	Depreciation
	book value £	charge £	book value £	charge £
Leased Assets	<u>-</u>	<u>55,115</u>	<u>55,115</u>	<u>18,372</u>

11. Fixed asset investments	Subsidiary undertakings shares £	Participating interests shares £	Total £
Cost			
At 1 August 2001	100	120,112	120,212
Disposals	<u>-</u>	<u>(13,000)</u>	<u>(13,000)</u>
At 31 July 2002	<u>100</u>	<u>107,112</u>	<u>107,212</u>
Provisions for diminution in value:			
At 1 August 2001	-	13,000	13,000
Disposals	<u>-</u>	<u>(13,000)</u>	<u>(13,000)</u>
At 31 July 2002	<u>-</u>	<u>-</u>	<u>-</u>
Net book values			
At 31 July 2002	<u>100</u>	<u>107,112</u>	<u>107,212</u>
At 31 July 2001	<u>100</u>	<u>107,112</u>	<u>107,212</u>

Warmflow Engineering Co. Ltd

Notes to the abbreviated financial statements for the year ended 31 July 2002

..... continued

11.1. Holdings of 20% or more

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

Company	Country of registration or incorporation	Nature of business	Shares held class	Proportion of shares held
Subsidiary undertaking				
Warmflow Limited	Northern Ireland	Dormant	Ord £1 shares	100%
Participating interests				
Furniture Solutions (NI) Ltd	Northern Ireland	sale of furniture and giftware	Ord £1 shares	40%
Modern Machinery Supplies Ltd	Northern Ireland	sale of machinery and plant	Ord £1 shares	48.9%

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 £	Profit for the year £
Warmflow Limited	100	-
Furniture Solutions (NI) Ltd	57,087	5,102
Modern Machinery Supplies Ltd	711,168	92,292

Warmflow Limited has been dormant since 1 August 1999.

12. Stocks

	2002 £	2001 £
Raw materials and consumables	1,087,300	885,285
Work in progress	78,617	61,036
	<u>1,165,917</u>	<u>946,321</u>
Finished goods and goods for resale	559,296	466,119
	<u>1,725,213</u>	<u>1,412,440</u>

Warmflow Engineering Co. Ltd

**Notes to the abbreviated financial statements
for the year ended 31 July 2002**

..... continued

13. Debtors	2002	2001
	£	£
Trade debtors	2,456,991	2,506,874
Amount owed by participating interest	64,653	39,446
Other debtors	399,110	460,898
Prepayments and accrued income	38,207	38,889
	<u>2,958,961</u>	<u>3,046,107</u>

Amounts falling due after more than one year and included in debtors are:

Other debtors	<u>397,000</u>	<u>435,000</u>
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14. Creditors: amounts falling due within one year	2002	2001
	£	£
Bank overdraft	1,210,875	1,005,257
EIB loan	54,887	54,887
Net obligations under finance leases and hire purchase contracts	13,866	-
Trade creditors	1,591,480	1,635,759
Amounts owed to group undertaking	100	100
Corporation tax	418,859	302,926
Other taxes and social security costs	54,734	45,415
Other creditors	-	18,592
Accruals and deferred income	115,452	61,964
	<u>3,460,253</u>	<u>3,124,900</u>

The bank overdraft is secured by a legal mortgage dated 17 August 1989 over land and buildings at Lissie Industrial Estate, Lisburn and by a floating charge over the assets and undertakings of the company dated 5 July 1983.

Warmflow Engineering Co. Ltd

**Notes to the abbreviated financial statements
for the year ended 31 July 2002**

..... continued

15. Creditors: amounts falling due after more than one year	2002 £	2001 £
EIB loan	378,523	410,052
Director's current account	1,482,785	-
Net obligations under finance leases and hire purchase contracts	6,933	-
	<u>1,868,241</u>	<u>410,052</u>
Loans		
Repayable in one year or less, or on demand (Note 14)	54,887	54,887
Repayable between one and two years	54,887	54,887
Repayable between two and five years	164,662	164,662
	<u>274,436</u>	<u>274,436</u>
 Repayable in five years or more:		
EIB loan	158,974	190,503
	<u>158,974</u>	<u>190,503</u>
 Net obligations under finance leases and hire purchase contracts		
Repayable within one year	13,866	54,887
Repayable between one and five years	6,933	-
	<u>20,799</u>	<u>54,887</u>
 16. Accruals and deferred income	2002 £	2001 £
Government grants		
At 1 August 2001	337,482	362,829
Released in year	(18,059)	(25,347)
At 31 July 2002	<u>319,423</u>	<u>337,482</u>

Warmflow Engineering Co. Ltd

**Notes to the abbreviated financial statements
for the year ended 31 July 2002**

..... continued

17 Provisions for liabilities and charges

	Deferred taxation (Note 18) £	Total £
At 1 August 2001	138,231	138,231
Movements in the year	56,497	56,497
At 31 July 2002	<u>81,734</u>	<u>81,734</u>

18. Deferred taxation

Deferred tax is analysed over the following timing differences:

	Not provided		Provided	
	2002 £	2001 £	2002 £	2001 £
Accelerated capital allowances	<u>-</u>	<u>-</u>	<u>81,734</u>	<u>138,231</u>

Movements on the provision for deferred taxation are:

	2002 £	2001 £
At 1 August 2001	138,231	112,441
Transferred to profit and loss account	<u>(56,497)</u>	<u>25,790</u>
At 31 July 2002	<u>81,734</u>	<u>138,231</u>

Warmflow Engineering Co. Ltd

**Notes to the abbreviated financial statements
for the year ended 31 July 2002**

..... continued

19. Share capital	2002	2001
	£	£
Authorised equity		
50,000 Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid equity		
11,220 Ordinary shares of £1 each	<u>11,220</u>	<u>11,220</u>
20. Equity Reserves	Profit and loss account £	Capital redemption reserve £
		Total £
At 1 August 2001	7,313,461	9,680
Retained profit for the year	<u>820,585</u>	<u>820,585</u>
At 31 July 2002	<u>8,134,046</u>	<u>9,680</u>
		<u>8,143,726</u>
21. Reconciliation of movements in shareholders' funds	2002	2001
	£	£
Profit for the year	820,585	827,823
Opening shareholders' funds	<u>7,334,361</u>	<u>6,506,536</u>
Closing shareholders' funds	<u>8,154,946</u>	<u>7,334,359</u>

Warmflow Engineering Co. Ltd

Notes to the abbreviated financial statements for the year ended 31 July 2002

..... continued

22. Related party transactions

- (a) Throughout the year, the issued share capital of the company was wholly owned by Mr J K Cousins.
- (b) The company's investments are as shown in note 11 to the financial statements.
- (c) Material related party transactions were as follows:-
 - (i) Occured during the year

	Modern Machinery Supplies Ltd	Furniture Solutions (NI) Ltd	Mr J K Cousins
	£	£	£
Purchases	85,996	-	-
Rental income	29,368	29,116	-
Interest paid	-	-	90,000
Interest received	-	-	-
Management charges	19,000	8,166	-
(ii) Stated at the year end			
Trade debtor	12,124	5,750	-
Trade creditor	3,221	-	-
Loan debtor	-	50,000	-
Loan creditor	-	-	1,482,785

Warmflow Engineering Co. Ltd

**Notes to the abbreviated financial statements
for the year ended 31 July 2002**

..... continued

23. Gross cash flows

	2002	2001
	£	£
Returns on investments and servicing of finance		
Interest received	158,639	156,360
Interest paid	(106,371)	(105,309)
Interest element of finance lease rental payments	-	17
	<u>52,268</u>	<u>51,068</u>
Taxation		
Corporation tax paid	<u>(302,926)</u>	<u>(295,363)</u>
Capital expenditure		
Payments to acquire tangible assets	(297,601)	(631,767)
Receipts from sales of tangible assets	31,741	39,701
	<u>(265,860)</u>	<u>(592,066)</u>
Financing		
New long term bank loan	23,359	31,684
Other new long term loans	1,771,626	-
Repayment of other long term loans	(288,841)	-
Repayment of short term bank loan	(54,887)	(42,167)
Repayment of other short term loans	-	(1,357,656)
Capital element of finance leases and hire purchase contracts	(6,933)	(54,275)
	<u>1,444,324</u>	<u>(1,422,414)</u>

Warmflow Engineering Co. Ltd

**Notes to the abbreviated financial statements
for the year ended 31 July 2002**

..... continued

24. Analysis of changes in net funds

	Opening balance	Cash flows	Other changes	Closing balance
	£	£	£	£
Cash at bank and in hand	1,619,139	2,590,690		4,209,829
Overdrafts	(1,005,257)	(205,618)		(1,210,875)
	<u>613,882</u>	<u>2,385,072</u>		<u>2,998,954</u>
Debt due within one year	(54,887)	343,728	(343,728)	(54,887)
Debt due after one year	(410,051)	(1,794,985)	343,728	(1,861,308)
Finance leases and hire purchase contracts	-	6,933	(27,732)	(20,799)
	<u>(464,938)</u>	<u>(1,444,324)</u>	<u>(27,732)</u>	<u>(1,936,994)</u>
Net funds	<u>148,944</u>	<u>940,748</u>	<u>(27,732)</u>	<u>1,061,960</u>