

1998

MECHAN LIMITED

Registered Number 947728

ABBREVIATED REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST MARCH 1998

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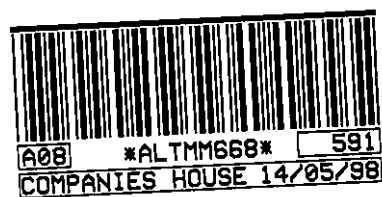
J TINGLE & CO

REGISTERED AUDITOR

RIVERDALE HOUSE

89 GRAHAM ROAD

SHEFFIELD S10 3GP



MECHAN LIMITED

REPORT OF THE AUDITORS TO THE DIRECTORS
(Pursuant to Paragraph 24 Schedule 8 to the Companies Act 1985)

We have examined the abbreviated accounts on pages 3 to 7 together with the full financial statements of Mechan Limited for the year ended 31st March 1998. The scope of our work for the purpose of this report was limited to confirming that the Company is entitled to the exemptions claimed in the Directors' Statement on page 4 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the Company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Part III of Schedule 8 to that Act in respect of the year ended 31st March 1998, and the abbreviated accounts on pages 3 to 7 have been properly prepared in accordance with that Schedule.

On 1st May 1998 we reported, as auditors to Mechan Limited, to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31st March 1998, and our report was as follows:

"We have audited the financial statements on pages 4 to 11 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 7 and 8.

Respective Responsibilities of Directors and Auditors.

As described on page 7 the Company's Directors are responsible for the preparation of the 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 an 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 judgements 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.

MECHAN LIMITED

REPORT OF THE AUDITORS TO THE DIRECTORS (CONTINUED)
(Pursuant to Paragraph 24 Schedule 8 to the Companies Act 1985)

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 the Company's affairs as at 31st March 1998 and of its results for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies."



J TINGLE & CO
REGISTERED AUDITOR
1st May 1998

RIVERDALE HOUSE
89 GRAHAM ROAD
SHEFFIELD
S10 3GP

MECHAN LIMITED

ABBREVIATED BALANCE SHEET AT 31ST MARCH 1998

		<u>1998</u>		<u>1997</u>	
	Note	£	£	£	£
FIXED ASSETS					
Tangible Assets	3		190,806		200,264
Intangible Assets			<u>15,700</u>		<u>37,128</u>
			206,506		237,392
CURRENT ASSETS					
Investments		6,500		-	
Stocks		162,775		155,059	
Debtors		435,584		268,226	
Cash at Bank and in Hand		<u>361</u>		<u>501</u>	
		<u>605,220</u>		<u>423,786</u>	
CURRENT LIABILITIES					
Creditors: Falling					
Due Within One Year		441,361		313,227	
Bank Overdrafts		<u>26,751</u>		<u>11,396</u>	
		<u>468,112</u>		<u>324,623</u>	
NET CURRENT ASSETS			<u>137,108</u>		<u>99,163</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			343,614		336,555
CREDITORS: Falling Due					
After More Than One Year			<u>(8,464)</u>		<u>(25,129)</u>
NET ASSETS			<u>335,150</u>		<u>311,426</u>
CAPITAL AND RESERVES					
Called up Share Capital	4		85,923		105,823
Share Premiums			4,272		4,272
Reserves			<u>244,955</u>		<u>201,331</u>
SHAREHOLDERS FUNDS			<u>335,150</u>		<u>311,426</u>

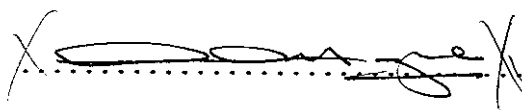
MECHAN LIMITED

BALANCE SHEET (CONTINUED) AT 31ST MARCH 1998

The Directors have taken advantage of the exemptions conferred on small companies by the Companies Act 1985 Schedule 8 Part III to abbreviate the shareholders' accounts. In the opinion of the Directors the Company qualifies as a small company and is entitled to make use of the exemptions.

The Directors have taken advantage, in the preparation of the accounts, of special exemptions applicable to small companies, under the Companies Act 1985 Schedule 8 Part I to reduce the disclosure requirements. In the opinion of the Directors the Company qualifies as a small company and is entitled to make use of the special exemptions.

Approved by the Board of Directors on 1st May 1998 and signed on their behalf by:

A handwritten signature in dark ink, appearing to read 'A. G. Hague', is written over a horizontal dotted line. The signature is flanked by two large 'X' marks.

A. G. HAGUE

-

Director

MECHAN LIMITED

NOTES TO THE FINANCIAL STATEMENTSFOR THE YEAR ENDED 31ST MARCH 1998

1. 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 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 apply them consistently;
- * make judgments and estimates that are reasonable and prudent;
- * prepare the statements on a 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 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.

2. ACCOUNTING POLICIES

(a) Basis of Accounting.

The financial statements have been prepared in accordance with the historical cost convention, (as modified by the inclusion of certain freehold properties at revalued amounts).

The principal accounting policies which the Directors have adopted within that convention are set out below.

(b) Turnover.

Turnover consists of the invoiced value (excluding Value Added Tax) of goods and services supplied to third parties.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

(c) Depreciation.

Depreciation is provided so as to reduce fixed assets to their estimated residual value at the end of their anticipated useful lives at the following rates:

Freehold and Leasehold Property	2%	Reducing Balance Basis
Motor Vehicles	25%	Reducing Balance Basis
Plant and Equipment	20%	Straight Line Basis

(d) Taxation.

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting 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.

(e) Stocks.

Stocks are stated at the lower of cost or 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 selling price after taking into account all further costs expected to be incurred on completion and disposal.

(f) Leased Assets.

Where asset acquisitions are financed by hire purchase and 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 constant proportion to the balance of capital payments outstanding. Rentals payable under operating leases are charged to the Profit and Loss Account as incurred.

(g) Pensions.

The Company operates a defined contribution pension scheme. The cost of contributions are charged to the Profit and Loss Account as incurred.

NOTES FORMING PART OF THE ABBREVIATED ACCOUNTSFOR THE YEAR ENDED 31ST MARCH 1998

3. TANGIBLE FIXED ASSETS

	<u>Land and Buildings</u> £	<u>Motor Vehicles</u> £	<u>Plant and Equipment</u> £	<u>Total</u> £
Cost				
At 31st March 1997	152,715	74,781	174,196	401,692
Additions	-	2,000	15,951	17,951
At 31st March 1998	<u>152,715</u>	<u>76,781</u>	<u>190,147</u>	<u>419,643</u>
Depreciation				
At 31st March 1997	(11,621)	(16,299)	(173,405)	(201,325)
Charge for the Year	(2,822)	(14,787)	(9,903)	(27,512)
At 31st March 1998	<u>(14,443)</u>	<u>(31,086)</u>	<u>(183,308)</u>	<u>(228,837)</u>
Net Book Amount				
At 31st March 1998	<u>138,272</u>	<u>45,695</u>	<u>6,839</u>	<u>190,806</u>
At 31st March 1997	<u>141,094</u>	<u>58,379</u>	<u>791</u>	<u>200,264</u>

4. CALLED UP SHARE CAPITAL

	<u>1998</u> £	<u>1997</u> £
Authorised:		
A Ordinary Shares of £1 per Share	99,000	99,000
B Ordinary Shares of £1 per Share	1,000	1,000
C Ordinary Shares of £1 per Share	10,723	10,723
Cumulative Redeemable Preference Shares of £1 per Share	35,000	35,000
Allotted and Fully Paid:		
A Ordinary Shares of £1 per Share	75,000	75,000
B Ordinary Shares of £1 per Share	200	100
C Ordinary Shares of £1 per Share	10,723	10,723
Cumulative Redeemable Preference Shares of £1 per Share	-	20,000