

COMPANY NO: 1003271



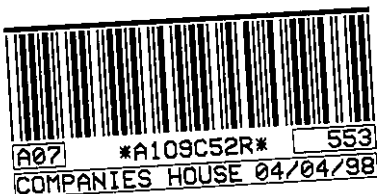
WECO ENGINEERING LIMITED

FINANCIAL STATEMENTS

30TH JUNE 1997

V.G. WATLING & CO.

CHARTERED CERTIFIED ACCOUNTANTS



WECO ENGINEERING LIMITED

DIRECTORS

J.P. McCarthy
Mrs. L.K. McCarthy

SECRETARY

Mrs. L.K. McCarthy

REGISTERED OFFICE

Griston Road,
Watton,
Thetford,
Norfolk.
IP25 6DL.

COMPANY NUMBER

1003271 (England)

AUDITORS

V.G. Watling & Co.
22 Thetford Road,
Watton,
Thetford,
Norfolk.
IP25 6BS.

WECO ENGINEERING LIMITED

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WECO ENGINEERING LIMITED

REPORT OF THE DIRECTORS

The directors present their report, together with accounts, for the year ended 30th June 1997.

PRINCIPAL ACTIVITY

The principal activity of the company continued to be that of light engineering.

DIRECTORS

The directors in office during the year, and their beneficial interests in the issued ordinary share capital of the company, were as follows:

	30.6.97	30.6.96
J.P. McCarthy	1	1
Mrs. L.K. McCarthy	-	-
Shares in parent company		
J.P. McCarthy	98	98
Mrs. L.K. McCarthy	2	2

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, 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 maintaining proper accounting records which disclose, with reasonable accuracy at any time, the financial position of the company and enable them to ensure that the accounts 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.

AUDITORS

V.G. Watling & Co., having signified their willingness to remain in office, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

Signed on behalf of the board of directors


J.P. McCARTHY - Director

Approved by the board: 20th March 1998

**AUDITORS' REPORT
TO THE SHAREHOLDERS OF
WECO ENGINEERING LIMITED**

We have audited the financial statements on pages 3 to 8, which have been prepared under the historical cost convention, and the accounting policies set out on page 5.

Respective responsibilities of directors and auditor

As described on page 1, the company's directors are responsible for the preparation of financial statements. 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 except that the scope of our work was limited as explained below.

An audit includes examination, on a test basis, of evidence relevant to the accounts 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.

We planned 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. However, the evidence available to us was limited in respect of the valuation of stock and work in progress totalling £26,242.

In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Qualified opinion arising from limitation in audit scope

Except for any adjustments that might have been found to be necessary had we been able to obtain sufficient evidence concerning stock and work in progress, in our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30th June 1997, and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.

In respect alone of the limitation on our work relating to stock and work in progress:

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit.
- we were unable to determine whether proper accounting records had been maintained.



V.G. Watling & Co.,
Chartered Certified Accountants and Registered Auditor,
22 Thetford Road,
Watton,
Norfolk.
IP25 6BS.

30th March 1998

WECO ENGINEERING LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1997

		1997	1996
	Notes	£	£
TURNOVER		694,942	695,714
Cost of sales		518,080	469,096
GROSS PROFIT		<u>176,862</u>	<u>226,618</u>
Selling & distribution costs		30,322	29,569
Administrative expenses		102,920	135,767
OPERATING PROFIT	2	<u>43,620</u>	<u>61,282</u>
Interest received		-	156
		<u>43,620</u>	<u>61,438</u>
Interest payable	3	(7,954)	(10,595)
PROFIT on ordinary activities before taxation		<u>35,666</u>	<u>50,843</u>
TAXATION	4	7,067	13,582
PROFIT on ordinary activities before taxation		<u>28,599</u>	<u>37,261</u>
DIVIDENDS		22,440	-
RETAINED PROFIT for the year		<u>6,159</u>	<u>37,261</u>
RETAINED PROFITS brought forward		70,775	33,514
RETAINED PROFITS carried forward		<u>£ 76,934</u>	<u>£ 70,775</u>

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit or loss for the two financial years.

The notes on pages 5 - 8 form part of these accounts.

WECO ENGINEERING LIMITED
BALANCE SHEET AS AT 30TH JUNE 1997

	Notes	£	1997 £	£	1996 £
FIXED ASSETS					
Tangible assets	5		54,889		48,553
CURRENT ASSETS					
Stocks		26,242		31,631	
Debtors	6	187,196		231,420	
Cash at bank and in hand		18,661		-	
			232,099		263,051
CREDITORS: Amounts falling due within one year	7	152,535		171,819	
NET CURRENT ASSETS			79,564		91,232
TOTAL ASSETS LESS CURRENT LIABILITIES			134,453		139,785
CREDITORS: Amounts falling due after more than one year	8		52,419		63,910
NET ASSETS			£ 82,034		£75,875
Represented by:					
CAPITAL AND RESERVES					
Called up share capital	9		5,100		5,100
Profit and loss account			76,934		70,775
SHAREHOLDERS FUNDS	10		£ 82,034		£75,875

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

Signed on behalf of the board of directors


J.P. McCARTHY - Director

Approved by the Board: 20th March 1998

The notes on pages 5 - 8 form part of these accounts.

WECO ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
30TH JUNE 1997

1. ACCOUNTING POLICIES

a) Basis of accounting

The accounts have been prepared under the historical cost convention.

b) Turnover

Turnover represents net invoiced goods and services, excluding VAT.

c) Tangible fixed assets

Depreciation is provided at the following annual rates, on a straight line method, in order to write off each asset over its estimated useful life:-

Plant & machinery	-	20%
Office furniture	-	20%
Motor vehicles	-	33%

d) Stocks

Stocks are valued at the lower of cost and net realisable value after taking into consideration obsolete and slow moving stocks.

e) Pension scheme

The company operates a defined contribution pension scheme. Contributions are charged to Profit & Loss Account for the year in which they are payable to the scheme and amounted to £5,353 this year.

f) Deferred taxation

Provision is made at current rates for taxation deferred in respect of material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

g) Leasing and hire purchase commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet and depreciated over their useful lives.

h) Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 "Cash flow statements".

WECO ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
30TH JUNE 1997

	1997 £	1996 £		
2. OPERATING PROFIT				
This is stated after charging:				
Depreciation: owned assets	14,017	21,713		
assets held under hire purchase contracts	5,420	3,400		
Directors' remuneration	10,471	39,586		
Directors' pension contributions	5,353	4,980		
Auditors' remuneration	3,450	3,050		
	<u> </u>	<u> </u>		
3. INTEREST PAYABLE				
Hire purchase	1,579	1,389		
Bank	6,337	9,173		
Other	38	33		
	<u> </u>	<u> </u>		
	£7,954	£10,595		
	<u> </u>	<u> </u>		
4. TAXATION				
U.K. Corporation tax at 23.25% (1996: 24.75%): current year	£7,067	£13,582		
	<u> </u>	<u> </u>		
5. TANGIBLE FIXED ASSETS				
	Plant & machinery £	Office Furniture & equipment £	Motor vehicles £	TOTAL £
Cost				
At 1st July 1996	274,455	43,023	27,937	345,415
Additions	18,457	2,916	4,400	25,773
(Disposals)	-	-	(8,069)	(8,069)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th June 1997	£292,912	45,939	24,268	363,119
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Depreciation				
At 1st July 1996	247,998	20,927	27,937	296,862
In year	11,331	7,495	611	19,437
(On disposals)	-	-	(8,069)	(8,069)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30th June 1997	£259,329	28,422	20,479	308,230
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book values				
At 30th June 1997	£33,583	17,517	3,789	54,889
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 1st July 1996	£26,457	22,096	-	48,553
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value of assets included above subject to hire purchase contracts				
At 30.6.97	£13,131			
	<u> </u>			
At 30.6.96	£6,800			
	<u> </u>			

WECO ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
30TH JUNE 1997

	1997 £	1996 £
6. DEBTORS		
Trade debtors	157,658	183,715
Due from parent company	28,301	46,299
Prepayments	1,237	1,406
	<u>£187,196</u>	<u>£231,420</u>

The amount of £28,301 (1996: £46,299) due from the parent company should be regarded as falling due after more than one year.

7. CREDITORS: Amounts falling due within one year

Trade creditors	88,425	54,902
Taxation & social security	21,802	47,296
Accruals	7,824	12,291
Bank overdraft & loans (secured)	11,105	27,756
Hire purchase	5,736	2,720
Other creditors	17,643	26,854
	<u>£152,535</u>	<u>£171,819</u>

The bank overdraft and loan are secured by a fixed and floating charge over the assets of the company dated 5th April 1991.

8. CREDITORS - Amounts falling due after more than one year

Bank loans	47,988	63,003
Hire purchase	4,431	907
	<u>£52,419</u>	<u>£63,910</u>

The bank loans are repayable by instalments as follows:

Between one and two years	7,369	15,202
Between two and five years	26,828	25,782
More than five years	13,791	22,019
	<u>£47,988</u>	<u>£63,003</u>

WECO ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
30TH JUNE 1997

	1997 £	1996 £
9. CALLED UP SHARE CAPITAL		
Authorised:		
25,000 £1 ordinary shares	£25,000	£25,000
	<u> </u>	<u> </u>
Allotted, called up and fully paid:		
5,100 £1 ordinary shares	£5,100	£5,100
	<u> </u>	<u> </u>
10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS		
Profit for the financial year after taxation	28,599	37,261
Dividends payable	(22,440)	-
Opening shareholders funds	75,875	38,614
	<u> </u>	<u> </u>
Closing shareholders funds	£82,034	£75,875
	<u> </u>	<u> </u>

11. TRANSACTIONS WITH RELATED PARTIES

During the year the company purchased and sold goods and services to Claydon Precisions Machining Limited, a company in which J.P. McCarthy is a director and materially interested as a shareholder. These transactions were made on a normal trading basis. Goods purchased during the year amounted to £12,448 (excluding VAT) and goods sold £41,778 (excluding VAT). At the year end Claydon Precisions owed £15,263 and were owed £1,736.

During the year the company purchased and sold goods and services to Needham Fabrications Limited, a company operated by the son of the directors. Goods purchased in the year totalled £2,134 (excluding VAT) and sales were £489 (excluding VAT). At the year end Needham owed £574 and were owed £2,507.

The company's parent company, Weco (Holdings) Limited, is registered in England and Wales from which the company received charges for rent and rates for the year of £24,272.

12. CONTINGENT LIABILITIES

The company has entered into an unlimited multilateral guarantee to Midland Bank plc with Weco (Holdings) Ltd., and Celtic Tile Co. Ltd., dated 23rd March 1992.

The indebtedness to the bank was as follows:

	1997 £	1996 £
Weco (Holdings) Ltd.	55,872	61,637
Celtic Tile Co. Ltd.	-	-