

**WECO ENGINEERING LIMITED**

DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED  
30 JUNE 1999



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**WECO ENGINEERING LIMITED**

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**Company Information**

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**Directors** Mr J P McCarthy  
Mrs L K McCarthy

**Secretary** Mrs L K McCarthy

**Company Number** 01003271

**Registered Office** Griston Road  
Watton  
Thetford  
Norfolk  
IP25 6DL

**Auditors** V G Watling & Co  
Chartered Certified Accountants & Registered Auditor  
22 Thetford Road  
Watton  
Thetford  
Norfolk  
IP25 6BS

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WECO ENGINEERING LIMITED

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## WECO ENGINEERING LIMITED

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### DIRECTORS' REPORT FOR THE YEAR ENDED 30 JUNE 1999

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The directors present their report and the financial statements for the year ended 30 June 1999.

#### 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 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 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.

#### Principal activities

The company's principal activity continues to be that of light engineering.

#### Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

	Ordinary shares of £1.00 each	
	30/6/99	1/7/98
Mr J P McCarthy	1	1
Mrs L K McCarthy	-	-


#### Auditors

The auditors, V G Watling & Co, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

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

This report was approved by the board on 23 March 2000 and signed on its behalf.

Mrs L K McCarthy  
Secretary



AUDITORS' REPORT TO THE SHAREHOLDERS OF WECO ENGINEERING LIMITED

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We have audited the financial statements on pages 3 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities under the historical cost convention and the accounting policies set out on page 5.

**Respective responsibilities of directors and auditors**

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 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 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.

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 30 June 1999 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

V G Watling & Co



Chartered Certified Accountants & Registered Auditor  
22 Thetford Road  
Watton  
Thetford  
Norfolk  
IP25 6BS

27 March 2000

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**WECO ENGINEERING LIMITED**

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**PROFIT AND LOSS ACCOUNT**  
**For the year ended 30 June 1999**

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	Note	1999 £	1998 £
<b>TURNOVER</b>	1	<b>549,084</b>	<b>715,824</b>
Cost of sales		<u>(395,979)</u>	<u>(473,612)</u>
<b>GROSS PROFIT</b>		<b>153,105</b>	<b>242,212</b>
Selling and distribution costs		<u>(55,582)</u>	<u>(53,998)</u>
Administrative expenses		<u>(100,492)</u>	<u>(122,967)</u>
<b>OPERATING (LOSS)/PROFIT</b>	2	<b>(2,969)</b>	<b>65,247</b>
Interest receivable		<b>361</b>	<b>2,152</b>
Interest payable		<u>(6,413)</u>	<u>(8,833)</u>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>(9,021)</b>	<b>58,566</b>
<b>TAX ON PROFIT ON ORDINARY ACTIVITIES</b>	3	<b>1,488</b>	<b>(10,682)</b>
<b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<b>(7,533)</b>	<b>47,884</b>
<b>DIVIDENDS</b>		<b>(21,675)</b>	<b>(31,875)</b>
<b>(LOSS)/RETAINED PROFIT FOR THE YEAR</b>		<b>(29,208)</b>	<b>16,009</b>
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<b>92,941</b>	<b>76,932</b>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><b>£ 63,733</b></u>	<u><b>£ 92,941</b></u>

The notes on pages 5 to 9 form part of these financial statements.


**WECO ENGINEERING LIMITED**

**BALANCE SHEET  
As at 30 June 1999**

	Note	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	4		49,918		62,732
<b>CURRENT ASSETS</b>					
Stocks		17,927		20,236	
Debtors	5	128,053		172,888	
		<u>145,980</u>		<u>193,124</u>	
<b>CREDITORS: amounts falling due within one year</b>	6	<u>(92,537)</u>		<u>(108,631)</u>	
<b>NET CURRENT ASSETS</b>			<u>53,443</u>		<u>84,493</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<b>£ 103,361</b>		<b>£ 147,225</b>
<b>CREDITORS: amounts falling due after more than one year</b>	7		<u>(34,528)</u>		<u>(49,184)</u>
<b>NET ASSETS</b>			<u><b>£ 68,833</b></u>		<u><b>£ 98,041</b></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	8		5,100		5,100
Profit and loss account			63,733		92,941
<b>SHAREHOLDERS' FUNDS</b>			<u><b>£ 68,833</b></u>		<u><b>£ 98,041</b></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities.

The financial statements were approved by the board on 23 March 2000 and signed on its behalf.

J P McCarthy  Director

The notes on pages 5 to 9 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS  
For the year ended 30 June 1999

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1. ACCOUNTING POLICIES

1.1 Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 1999) and include the results of the company's operations which are described in the Director's Report.

1.2 Cash Flow

The financial statements 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.

1.3 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, exclusive of value added tax.

1.4 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	20%	straight line
Motor vehicles	-	33%	straight line
Office equipment	-	20%	straight line

1.5 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. 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.

1.6 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

1.7 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.8 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.



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**WECO ENGINEERING LIMITED**

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**NOTES TO THE FINANCIAL STATEMENTS**  
**For the year ended 30 June 1999**

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**1.9 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2. OPERATING (LOSS)/PROFIT**

The operating (loss)/profit is stated after charging:

	1999 £	1998 £
Depreciation of tangible fixed assets		
- owned by the company	17,039	16,918
- held under finance leases and hire purchase contracts	3,029	3,031
Auditors' remuneration	3,325	3,500
Directors' emoluments	24,559	15,459
Pension costs	5,280	5,280
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**3. TAXATION**

	1999 £	1998 £
<b>Current year taxation</b>		
UK corporation tax at 20.75% (1998 - 21%)	(579)	10,682
<b>Prior years</b>		
UK corporation tax	(909)	-
	<hr/>	<hr/>
	£ (1,488)	£ 10,682
	<hr/>	<hr/>

**WECO ENGINEERING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 1999

**4. TANGIBLE FIXED ASSETS**

	Plant & Machinery £	Fixtures & Equipment £	Motor Vehicles £	Total £
<b>Cost or valuation</b>				
At 1 July 1998	321,881	47,084	19,868	388,833
Additions	2,858	4,396	-	7,254
Disposals	-	(1,225)	-	(1,225)
At 30 June 1999	<u>324,739</u>	<u>50,255</u>	<u>19,868</u>	<u>394,862</u>
<b>Depreciation</b>				
At 1 July 1998	270,343	35,890	19,868	326,101
Charge for the year	14,930	5,138	-	20,068
On disposals	-	(1,225)	-	(1,225)
At 30 June 1999	<u>285,273</u>	<u>39,803</u>	<u>19,868</u>	<u>344,944</u>
<b>Net Book Value</b>				
At 30 June 1999	<u>39,466</u>	<u>10,452</u>	<u>-</u>	<u>49,918</u>
At 30 June 1998	<u>51,538</u>	<u>11,194</u>	<u>-</u>	<u>62,732</u>

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

	1999 £	1998 £
Plant and machinery	<u>£ 7,430</u>	<u>£ 10,461</u>

**5. DEBTORS**

	1999 £	1998 £
<b>Due within one year</b>		
Trade debtors	124,360	169,752
Amounts owed by group undertakings	688	565
Other debtors	3,005	2,571
	<u>£ 128,053</u>	<u>£ 172,888</u>

**WECO ENGINEERING LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**  
For the year ended 30 June 1999

**6. CREDITORS:**

**Amounts falling due within one year**

	1999 £	1998 £
Bank loans and overdrafts (secured)	29,456	26,044
Net obligations under finance lease and hire purchase contracts	1,136	3,011
Trade creditors	42,348	39,082
Corporation tax	-	10,682
Other creditors	19,597	29,812
	<u>£ 92,537</u>	<u>£ 108,631</u>

Included within other creditors is an amount of £14,085 (1998 - £13,940) relating to social security and other taxes.

**7. CREDITORS:**

**Amounts falling due after more than one year**

	1999 £	1998 £
Bank loans and overdrafts (secured)	34,528	48,048
Net obligations under finance lease and hire purchase contracts	-	1,136
	<u>£ 34,528</u>	<u>£ 49,184</u>

Included within the above are amounts falling due as follows:

**In 1 - 5 years:**

Loan instalments	34,528	48,048
Finance lease and hire purchase obligations	-	1,136

**8. CALLED UP SHARE CAPITAL**

	1999 £	1998 £
<b>Authorised</b>		
25,000 Ordinary shares of £1.00 each	<u>£ 25,000</u>	<u>£ 25,000</u>
<b>Allotted, called up and fully paid</b>		
5,100 Ordinary shares of £1.00 each	<u>£ 5,100</u>	<u>£ 5,100</u>

**9. CONTINGENT LIABILITIES**

The company has entered into an Unlimited Multilateral Guarantee to HSBC with Weco (Holdings)Ltd. The indebtedness to the bank by Weco(Holdings)Ltd was £39,339 (1998=£47,654).

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## WECO ENGINEERING LIMITED

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### NOTES TO THE FINANCIAL STATEMENTS For the year ended 30 June 1999

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#### 10. RELATED PARTIES

During the year the company traded goods and services with Claydon Precisions Machining Ltd., 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 £2,649 and goods sold £1,955. There were no balances outstanding at the year end.

During the year the company traded goods and services with Needham Fabrications Ltd., a company operated by the son of the directors. Goods purchased during the year totalled £12,785 and sales were £1,312. At the year end Needham Fabrications Ltd owed £2,085 and were owed £47.

The company's parent company, Weco (Holdings) Ltd charged £29,706 for rent and rates during the year.

#### 11. PARENT COMPANY

The company is a wholly owned subsidiary of WECO (Holdings) Limited, a company incorporated in the United Kingdom.