

REGISTRAR

WECO ENGINEERING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE PERIOD ENDED
31 JULY 2000



WECO ENGINEERING LIMITED

Company Information

Directors

J P McCarthy
Mrs L K McCarthy

Secretary

Mrs L K McCarthy

Company Number

01003271

Registered Office

Griston Road
Watton
Thetford
Norfolk
IP25 6DL

Accountants

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

WECO ENGINEERING LIMITED

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WECO ENGINEERING LIMITED

DIRECTORS' REPORT FOR THE THIRTEEN MONTHS ENDED 31 JULY 2000

The directors present their report and the financial statements for the thirteen months ended 31 July 2000.

Principal activities

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

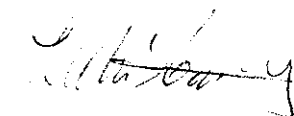
Directors

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

	<u>Ordinary shares of £1</u> <u>each</u>	
	<u>31/7/00</u>	<u>1/7/99</u>
J P McCarthy	1	1
Mrs L K McCarthy	-	-

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 22 December 2000 and signed on its behalf.



Mrs L K McCarthy
Secretary

WECO ENGINEERING LIMITED**PROFIT AND LOSS ACCOUNT**
For the thirteen months ended 31 July 2000

	Note	13 months ended 31 July 2000 £	12 months ended 30 June 1999 £
TURNOVER	1	574,525	549,084
Cost of sales		(365,766)	(395,979)
GROSS PROFIT		208,759	153,105
Selling and distribution costs		(53,101)	(55,582)
Administrative expenses		(120,314)	(100,492)
OPERATING PROFIT/(LOSS)	2	35,344	(2,969)
Interest receivable		27	361
Interest payable		(7,435)	(6,413)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		27,936	(9,021)
TAX ON PROFIT ON ORDINARY ACTIVITIES	3	(6,641)	1,488
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		21,295	(7,533)
DIVIDENDS		(25,500)	(21,675)
LOSS FOR THE PERIOD		(4,205)	(29,208)
RETAINED PROFIT BROUGHT FORWARD		63,733	92,941
RETAINED PROFIT CARRIED FORWARD		£ 59,528	£ 63,733

The notes on pages 4 to 7 form part of these financial statements.

WECO ENGINEERING LIMITED

BALANCE SHEET As at 31 July 2000

	Note	£	2000 £	£	1999 £
FIXED ASSETS					
Tangible fixed assets	4		33,196		49,918
CURRENT ASSETS					
Stocks		12,880		17,927	
Debtors	5	120,141		128,053	
		<u>133,021</u>		<u>145,980</u>	
CREDITORS: amounts falling due within one year	6	<u>(81,949)</u>		<u>(92,537)</u>	
NET CURRENT ASSETS			<u>51,072</u>		<u>53,443</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>84,268</u>		<u>103,361</u>
CREDITORS: amounts falling due after more than one year	7		<u>(19,640)</u>		<u>(34,528)</u>
NET ASSETS			<u>£ 64,628</u>		<u>£ 68,833</u>
CAPITAL AND RESERVES					
Called up share capital	8	5,100		5,100	
Profit and loss account		59,528		63,733	
SHAREHOLDERS' FUNDS			<u>£ 64,628</u>		<u>£ 68,833</u>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of section 249A(1) of the Companies Act 1985 and no notice requiring an audit has been deposited under section 249B(2) of the Act. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 July 2000 and of its profit for the period then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to the financial statements so far as applicable to the company.

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 (effective March 2000).

The financial statements were approved by the board on 22 December 2000 and signed on its behalf.

J P McCarthy

Director

The notes on pages 4 to 7 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 July 2000

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 2000) and include the results of the company's operations which are described in the Directors' 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	-	20-33%	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.

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 period.

WECO ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 July 2000

2. OPERATING PROFIT/(LOSS)

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

	13 months ended 31 July 2000 £	12 months ended 30 June 1999 £
Depreciation of tangible fixed assets		
- owned by the company	21,496	17,039
- held under finance leases and hire purchase contracts		3,029
Auditors' remuneration	-	3,325
Directors' emoluments	29,268	24,559
Pension costs	5,720	5,280
	<u> </u>	<u> </u>

3. TAXATION

	13 months ended 31 July 2000 £	12 months ended 30 June 1999 £
U K Corporation tax		
Current tax on income for the period	6,641	(579)
Adjustments in respect of prior periods - corporation tax	-	(909)
	<u>6,641</u>	<u>(1,488)</u>
	<u>£ 6,641</u>	<u>£ (1,488)</u>

4. TANGIBLE FIXED ASSETS

	Plant & Machinery £	Fixtures & Equipment £	Motor Vehicles £	Total £
Cost or valuation				
At 1 July 1999	324,739	50,255	19,868	394,862
Additions	-	4,774	-	4,774
At 31 July 2000	<u>324,739</u>	<u>55,029</u>	<u>19,868</u>	<u>399,636</u>
Depreciation				
At 1 July 1999	285,273	39,803	19,868	344,944
Charge for the period	15,631	5,865	-	21,496
At 31 July 2000	<u>300,904</u>	<u>45,668</u>	<u>19,868</u>	<u>366,440</u>
Net Book Value				
At 31 July 2000	<u>£ 23,835</u>	<u>£ 9,361</u>	<u>£ -</u>	<u>£ 33,196</u>
At 30 June 1999	<u>£ 39,466</u>	<u>£ 10,452</u>	<u>£ -</u>	<u>£ 49,918</u>

WECO ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
For the period ended 31 July 2000

5. DEBTORS

	2000 £	1999 £
Due within one year		
Trade debtors	118,082	124,360
Amounts owed by group undertakings	-	688
Other debtors	2,059	3,005
	<u>£ 120,141</u>	<u>£ 128,053</u>

6. CREDITORS:
Amounts falling due within one year

	2000 £	1999 £
Bank loans and overdrafts (secured)	47,500	29,456
Net obligations under finance lease and hire purchase contracts	-	1,136
Trade creditors	11,915	42,348
Amounts owed to group undertakings	1,017	-
Corporation tax	6,641	-
Other creditors	14,876	19,597
	<u>£ 81,949</u>	<u>£ 92,537</u>

Included within other creditors is an amount of £7,444 (1999 - £14,085) relating to social security and other taxes.

7. CREDITORS:
Amounts falling due after more than one year

	2000 £	1999 £
Bank loans and overdrafts	<u>£ 19,640</u>	<u>£ 34,528</u>
Included within the above are amounts falling due as follows:		
In 1 - 5 years:		
Loan instalments	<u>19,640</u>	<u>34,528</u>

8. CALLED UP SHARE CAPITAL

	2000 £	1999 £
Authorised		
25,000 Ordinary shares of £1.00 each	<u>£ 25,000</u>	<u>£ 25,000</u>
Allotted, called up and fully paid		
5,100 Ordinary shares of £1.00 each	<u>£ 5,100</u>	<u>£ 5,100</u>

WECO ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS For the period ended 31 July 2000

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 £29,197 (1999 = £39,339).

10. TRANSACTIONS WITH DIRECTORS

During the period the company traded goods and services with Claydon Precision 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 commercial basis. Goods purchased during the period amounted to £946 and goods sold £1,353. There were no balances outstanding at the period end.

During the period the company traded goods and services with Needham Fabrications Ltd., a company operated by the son of the directors. Goods purchased during the period totalled £1,253 and sales were £3,849. At the period end Needham Fabrications Ltd. owed £771 and were owed £356. The company's parent company Weco (Holdings) Ltd charged £34,547 for rent and rates during the period.

11. PARENT COMPANY

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

WECO ENGINEERING LIMITED

DETAILED TRADING AND PROFIT AND LOSS ACCOUNT
For the period ended 31 July 2000

	Page	13 months ended 31 July 2000 £	12 months ended 30 June 1999 £
TURNOVER	9	574,525	549,084
COST OF SALES	9	(365,766)	(395,979)
GROSS PROFIT		208,759	153,105
Less: OVERHEADS			
Administrative expenses	9	(120,314)	(100,492)
Selling and distribution expenses	10	(53,101)	(55,582)
OPERATING PROFIT/(LOSS)		35,344	(2,969)
Interest receivable	10	27	361
Interest payable	10	(7,435)	(6,413)
PROFIT/(LOSS) FOR THE PERIOD		£ 27,936	£ (9,021)