

B.M.I. ENGINEERING LIMITED

Company Registration Number 1221870

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY, 1997

B.C.Stockford & Co
Accountants
The Old School
St Johns Road
Kates Hill
Dudley



B.M.I. ENGINEERING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY, 1997

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**AUDITORS REPORT TO THE DIRECTORS OF B.M.I. ENGINEERING LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 3 to 6 together with the financial statements of B.M.I. Engineering Limited for the year ended 31st July, 1997 .

Respective responsibilities of directors and auditors

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been prepared in accordance with that Schedule.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for this purpose does 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 under Sections 246 and 247 of the Companies Act 1985 to the exemption conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31st July, 1997 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that schedule.

Other information

On 26.03.98 we reported, as auditors of B.M.I. Engineering Limited , to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st July, 1997 , and our report was as follows:

We have audited the financial statements on pages 5 to 12 Our audit was conducted in accordance with auditing standards.

Respective responsibilities of directors and auditors

As described on page 2 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 financial 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.

AUDITORS REPORT TO B.M.I. ENGINEERING LIMITED

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985 CONTINUED

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 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 at 31st July 1997, and of its profit for the year then ended and have been prepared in accordance with the Companies Act 1985.

Peter Henry & Co.
Peter Henry & Co.
Chartered Accountants
Registered Auditors
The Old School
St. Johns Road
Kates Hill
Dudley

26.03.98
.....

B.M.I. ENGINEERING LIMITED

BALANCE SHEET AT 31ST JULY 1997

	Note	£	1997	£	£	1996	£
Fixed assets	2						
Tangible assets				166,931		166,231	
Current assets							
Stocks		146,760			132,636		
Debtors		224,748			174,834		
Cash at bank and in hand		19			309		
		371,527			307,779		
Creditors							
Amounts falling due within one year		445,101			387,218		
Net current liabilities				(73,574)		(79,439)	
Total assets less current liabilities				93,357		86,792	
Creditors							
Amounts falling due after more than one year				5,507		10,752	
Net assets				87,850		76,040	
Capital and reserves							
Called up share capital	4		100			100	
Profit and loss account			87,750			75,940	
Shareholders' funds			87,850			76,040	


The directors have taken advantage of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985, and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

These financial statements were approved by the Board on ..26.03.98.....

J.T.Clarke 

J.C.Clarke 

T.Morgan 

The notes on pages 4 to 6 form part of these financial statements.

B.M.I. ENGINEERING LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****FOR THE YEAR ENDED 31ST JULY, 1997****1 Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and have also been consistently applied within the same accounts.

Basis of accounting

The accounts have been prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

The effect of events relating to the year ended 31st July, 1997 before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31st July, 1997 and of the results for the year ended on that date.

Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:-

Plant & Equipment	variable
Fittings & Office Equipment	20 % RB
Motor Vehicles	25 % SL
Leased Motor Vehicles	Variable

Stocks

Stocks are valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes a relevant proportion of overheads according to the stage of manufacture or completion.

Deferred Taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect that it is considered that a net liability may crystallise.

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance outstanding. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

B.M.I. ENGINEERING LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 31ST JULY, 1997

2 Fixed assets

	Tangible fixed assets <u>£</u>
Cost	
At 1 August 1996	570,180
Additions	<u>34,130</u>
At 31 July 1997	<u>612,560</u>
Depreciation	
At 1 August 1996	403,949
Charge for the year	<u>33,430</u>
At 31 July 1997	<u>437,379</u>
Net book value	
At 31 July 1997	<u><u>166,931</u></u>
At 1 August 1996	<u><u>174,481</u></u>

3 Share capital

	<u>1997</u>	<u>1996</u>
	£	£
Authorised:		
Ordinary Shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 per share	<u>100</u>	<u>100</u>

4 Ultimate Holding Company

The company is a subsidiary of Blackheath Metal Industries Limited, a company incorporated in the United Kingdom.

B.M.I. ENGINEERING LIMITED
NOTES TO THE ABBREVIATED ACCOUNTS
FOR THE YEAR ENDED 31ST JULY 1997

5 Related Party Transactions

During the year there were related party transactions and balances with the following companies at normal commercial terms and at arms length. All these companies are subsidiaries of Blackheath Metal Industries Limited, which in turn is a subsidiary of B.M.I. Holdings Limited.

<u>Year Ended 31st July 1997</u>	Sales £	Purchases £	Balance £
Blackheath Metal industries Limited	467	17217	2129dr
BMI Homes Limited	1499		10000cr
Vernon Autos Limited	588	1880	4636dr
BMI Foundry Services Limited	15823		133dr
AS Blackham Metals Limited	27615	2753	4330dr
<u>Dormant Companies:</u>			
Alwin Metals Limited			161327cr
Brodoch Limited			70000cr
British Malleable Iron Co Limited			63668cr
BMI Holdings Limited			200000dr
 <u>Year Ended 31st July 1996</u>			
Blackheath Metal Industries Limited	20	16289	20708dr
BMI Homes Limited	1190		9971cr
Vernon Autos Limited	1028	2148	4619dr
BMI Foundry Services Limited	64401		
AS Blackham Metals Limited	19128	3187	361cr
<u>Dormant Companies:</u>			
Squiregrange Limited			70000cr
Brodoch Limited			161327cr
British Malleable Iron Co Limited			63668cr
BMI Holdings Limited			200000dr