

Scully U.K. Limited

Abbreviated financial statements

Registered number 1892238

30 June 2006

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Contents

Independent auditors' report to Scully U K Limited under section 247B of the Companies Act 1985	3
Balance sheet	4
Notes	5



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United Kingdom

Independent auditors' report to Scully U.K. Limited under section 247B of the Companies Act 1985

We have examined the abbreviated accounts set out on pages 4 to 8 together with the financial statements of Scully U K Limited for the year ended 30 June 2006 prepared under section 226 of the Companies Act 1985

This report is made solely to the company in accordance with section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in such a report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company, for our work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that section and to report our opinion to you.

Basis of opinion

We conducted our work in accordance with Bulletin 2006/3 *The special auditor's report on abbreviated accounts in the United Kingdom* issued by the Auditing Practices Board. In accordance with that bulletin we have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered have been properly prepared. The scope of our work for the purpose of this report 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 to deliver abbreviated accounts prepared in accordance with section 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts have been properly prepared in accordance with that section.

KPMG LLP

KPMG LLP
Chartered Accountants
Registered Auditor

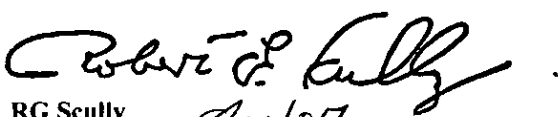
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Balance sheet
at 30 June 2006

	<i>Note</i>	2006		2005	
		£	£	£	£
Fixed assets					
Tangible assets	2		68,049		76,013
Investments	3		2		2
			<hr/>		<hr/>
			68,051		76,015
Current assets					
Stocks		189,217		194,860	
Debtors		374,405		363,947	
Cash at bank and in hand		288,819		113,789	
		<hr/>		<hr/>	
		852,441		672,596	
Creditors Amounts falling due within one year		(817,031)		(590,600)	
		<hr/>		<hr/>	
Net current assets			35,410		81,996
			<hr/>		<hr/>
Total assets less current liabilities			103,461		158,011
			<hr/>		<hr/>
Creditors Amounts falling due after more than one year	4		119,387		105,000
Capital and reserves					
Called up share capital	5		127		127
Share premium account			363,499		363,499
Profit and loss account			(379,552)		(310,615)
			<hr/>		<hr/>
			103,461		158,011
			<hr/>		<hr/>

The accounts have been prepared in accordance with the special provision of part VII of the Companies Act 1985 relating to small companies

These financial statements were approved by the board of directors on August 1, 2007 and were signed on its behalf by


RG Scully
Director 8/01/07

Notes

(forming part of the financial statements)

1 Accounting policies

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's financial statements

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention

These financial statements have been prepared on the basis that the company can continue to trade as a going concern. For this basis to apply, the company is dependent upon the continued support that its parent company has undertaken to provide for the foreseeable future

The company is exempt by virtue of s248 of the Companies Act 1985 from the requirement to prepare group accounts on the grounds that the group qualifies as a small group. These financial statements present information about the company as an individual undertaking and not about its group

Cash flow statement

The company is exempt from the requirements of Financial Reporting Standard No 1 to prepare a cash flow statement as it is entitled to the filing exemptions as a small company under Section 246 of the Companies Act 1985 when filing accounts with the Registrar of Companies

Fixed assets

Depreciation is provided on tangible fixed assets as follows

Plant and equipment	-	10% per annum reducing balance/33% straight line
Exhibition equipment	-	20% per annum reducing balance
Office equipment	-	20% per annum reducing balance/20% straight line
Motor vehicles	-	25% per annum straight line
Leasehold property	-	10% per annum straight line

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account

Research and development expenditure

Expenditure on research and development is written off against profits in the year in which it is incurred

Stocks

Stocks are stated at the lower of cost and net realisable value

Notes (continued)

1 Accounting policies (continued)

Taxation

Deferred tax is recognised, without discounting in respect of all timing differences between the treatment of certain items for taxation and accounts purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year. Revenue is recognised at the point of exchange of these goods and services.

Leases

Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss as they become payable in accordance with the rules of the scheme.

2 Tangible fixed assets

	Total £
Cost	
At beginning of year	256,380
Additions	3,489
	<hr/>
At end of year	259,869
	<hr/>
Depreciation	
At beginning of year	180,367
Charge for year	11,453
	<hr/>
At end of year	191,820
	<hr/>
Net book value	
At 30 June 2006	68,049
	<hr/>
At 30 June 2005	76,013
	<hr/>

Notes (continued)

3 Investments

**Shares in subsidiary
undertakings
£**

At beginning and end of year	2
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The subsidiary is Scully Gauging and Control Systems Limited, a company registered in England and Wales and the class of shares held by Scully UK Limited is ordinary shares. The amount is 100% of the issued share capital.

4 Creditors amounts falling due after more than one year

	2006 £	2005 £
Amount owed to holding company	119,387	105,000

The loan is denominated in sterling and has no fixed date of repayment. Interest is charged at commercial rates, however there is currently a moratorium.

5 Called up share capital

	2006 £	2005 £
<i>Authorised</i>		
Ordinary shares of £1 each	127	127
<i>Allotted, called up and fully paid</i>		
Ordinary shares of £1 each	127	127

6 Reconciliation of movements in shareholders' funds

	2006 £	2005 £
Shareholders' funds at beginning of year	53,011	100,210
Loss for the year	(68,937)	(47,199)
Shareholders' (deficit)/funds at end of year	(15,926)	53,011

Notes (continued)

7 Related party transactions

The company is controlled by Scully Signal Co, its holding company. The ultimate controlling party is Mr RG Scully.

During the period, the company purchased £381,730 (2005 £378,941) of goods and engineering services from its ultimate holding company. During the period, the company sold £10,779 (2005 £8,449) of goods to its ultimate holding company.

Sales of £55,631 (2005 £58,327) were made to Scully Sarl and Scully GmbH, fellow subsidiaries of Scully Signal Co.

Included in administrative expenses were engineering and management costs of £nil (2005 £36,686).

Balances owed to related parties at the year end were

	30 June 2006 £	30 June 2005 £
Scully Signal Co, loan	119,387	105,000
Amounts due to Scully Signal Co, trading	720,307	505,220

Balances due from related parties at the year end were

	30 June 2006 £	30 June 2005 £
Amounts due from Scully Signal Co, trading	21,699	10,400
Amounts due from Scully Systems GmbH, trading	128,530	76,806