

Abbreviated Financial Statements for the Year Ended 31 May 1995

for

JEM SMOKE MACHINE COMPANY LIMITED



**JEM SMOKE MACHINE COMPANY LIMITED**

**Index to the Abbreviated Financial Statements**  
**for the Year Ended 31 May 1995**

	<b>Page</b>
<b>Company Information</b>	<b>1</b>
<b>Report of the Auditors on the Abbreviated Financial Statements</b>	<b>2</b>
<b>Abbreviated Balance Sheet</b>	<b>4</b>
<b>Notes to the Abbreviated Financial Statements</b>	<b>5</b>

**JEM SMOKE MACHINE COMPANY LIMITED**

**Company Information**  
**for the Year Ended 31 May 1995**

**DIRECTORS:** N.H. Morris Esq.  
Mrs J.E. Morris

**SECRETARY:** Mrs J.E. Morris

**REGISTERED OFFICE:** 47 St Johns Wood High Street  
London  
NW8 7NJ

**REGISTERED NUMBER:** 1913440

**AUDITORS:** Donald Jacobs & Partners  
CHARTERED ACCOUNTANTS  
and REGISTERED AUDITOR  
47 St.John's Wood High Street  
London NW8 7NJ

**JEM SMOKE MACHINE COMPANY LIMITED**

**Report of the Auditors to**  
**JEM SMOKE MACHINE COMPANY LIMITED**  
**Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985**

We have examined the abbreviated financial statements on pages four to seven together with the full financial statements of JEM SMOKE MACHINE COMPANY LIMITED prepared under Section 226 of the Companies Act 1985 for the year ended 31 May 1995.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated financial statements 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 four and whether the abbreviated financial statements have been properly 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 financial statements have been properly prepared from those financial statements. 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 under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31 May 1995, and the abbreviated financial statements on pages four to seven have been properly prepared in accordance with that Schedule.

**Other information**

On 21 September 1995 we reported, as auditors of JEM SMOKE MACHINE COMPANY LIMITED, to the shareholders on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 May 1995, and our audit report was as follows:

"We have audited the financial statements on pages four to thirteen which have been prepared under the historical cost convention and the accounting policies set out on page six.

**Respective responsibilities of directors and auditors**

As described on page two 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, 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 amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgments 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. The company does not depreciate its freehold property as required by the provisions of SSAP 12. The financial statements do not give an explanation for this departure as required by the Companies Act 1985.

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

**JEM SMOKE MACHINE COMPANY LIMITED**

**Report of the Auditors to**  
**JEM SMOKE MACHINE COMPANY LIMITED**  
**Pursuant to Paragraph 24 of Schedule 8 to the Companies Act 1985**

**Qualified opinion arising from a disagreement about accounting treatment**

The company has not complied with the requirements of SSAP 12 in that depreciation has not been provided in respect of its freehold buildings. Except for the absence of this provision, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 May 1995 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."

*Donald Jacobs and Partners*

Donald Jacobs & Partners  
CHARTERED ACCOUNTANTS  
and REGISTERED AUDITOR  
47 St. John's Wood High Street  
London NW8 7NJ

Dated: 21 September 1995

**JEM SMOKE MACHINE COMPANY LIMITED**

**Abbreviated Balance Sheet**  
**31 May 1995**

		31.5.95		31.5.94	
	Notes	£	£	£	£
<b>FIXED ASSETS:</b>					
Intangible assets	2		14,774		22,161
Tangible assets	3		561,069		519,289
			<u>575,843</u>		<u>541,450</u>
<b>CURRENT ASSETS:</b>					
Stocks		226,786		252,557	
Debtors		371,835		476,715	
Cash in hand		1,434		1,303	
		<u>600,055</u>		<u>730,575</u>	
<b>CREDITORS: Amounts falling due within one year</b>	4	483,526		554,034	
<b>NET CURRENT ASSETS:</b>			<u>116,529</u>		<u>176,541</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES:</b>					
			692,372		717,991
<b>CREDITORS: Amounts falling due after more than one year</b>	4		179,035		192,257
			<u>£513,337</u>		<u>£525,734</u>
<b>CAPITAL AND RESERVES:</b>					
Called up share capital	5		100		100
Revaluation reserve			124,000		124,000
Profit & loss account			389,237		401,634
			<u>£513,337</u>		<u>£525,734</u>
Shareholders' funds			<u>£513,337</u>		<u>£525,734</u>

Advantage has been taken of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the opinion of the directors, the company is entitled to the benefit of those exemptions as a small company.

In preparing the full financial statements, the directors have taken advantage of special exemptions applicable to small companies conferred by Part I of Schedule 8 to the Companies Act 1985. The directors have done so on the grounds that, in their opinion, the company is entitled to the benefit of those exemptions because it meets the qualifying conditions for small companies as stated in Section 247 of the Companies Act 1985.

**ON BEHALF OF THE BOARD:**

N.H. Morris Esq. — DIRECTOR

Approved by the Board on 18 September 1995

The notes form part of these financial statements

# **JEM SMOKE MACHINE COMPANY LIMITED**

## **Notes to the Abbreviated Financial Statements** **for the Year Ended 31 May 1995**

### **1. ACCOUNTING POLICIES**

#### **Accounting convention**

The financial statements have been prepared under the historical cost convention.

#### **Financial Reporting Standard Number 1**

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

#### **Turnover**

Turnover represents net invoiced sales of goods, excluding value added tax.

#### **Intangible assets**

Patents are amortised on a straight line basis at a rate of 25 % per annum.

#### **Tangible fixed assets**

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life or, if held under a finance lease, over the lease term, whichever is the shorter.

Freehold property	- not provided
Improvements to property	- not provided
Fixtures & Equipment	- 15% on reducing balance
Motor vehicles	- 25% on reducing balance

#### **Stocks**

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

#### **Deferred taxation**

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

#### **Research and development**

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

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

#### **Hire purchase and leasing commitments**

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

#### **Pensions**

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**JEM SMOKE MACHINE COMPANY LIMITED**

**Notes to the Abbreviated Financial Statements**  
**for the Year Ended 31 May 1995**

2. **INTANGIBLE FIXED ASSETS**

	Total
	<u>£</u>
<b>COST:</b>	
At 1 June 1994	
and 31 May 1995	29,548
	<u>          </u>
<b>AMORTISATION:</b>	
At 1 June 1994	7,387
Charge for year	7,387
	<u>          </u>
At 31 May 1995	14,774
	<u>          </u>
<b>NET BOOK VALUE:</b>	
At 31 May 1995	14,774
	<u>          </u>
At 31 May 1994	22,161
	<u>          </u>

3. **TANGIBLE FIXED ASSETS**

	Total
	<u>£</u>
<b>COST:</b>	
At 1 June 1994	693,867
Additions	178,623
Disposals	(97,250)
	<u>          </u>
At 31 May 1995	775,240
	<u>          </u>
<b>DEPRECIATION:</b>	
At 1 June 1994	174,577
Charge for year	64,879
Eliminated on disposals	(25,285)
	<u>          </u>
At 31 May 1995	214,171
	<u>          </u>
<b>NET BOOK VALUE:</b>	
At 31 May 1995	561,069
	<u>          </u>
At 31 May 1994	519,289
	<u>          </u>



**JEM SMOKE MACHINE COMPANY LIMITED**

**Notes to the Abbreviated Financial Statements**  
**for the Year Ended 31 May 1995**

4. **CREDITORS**

The following secured debts are included within creditors:

	31.5.95	31.5.94
	£	£
Bank overdrafts	151,521	158,409
Bank loans	165,817	181,737
	<u>317,338</u>	<u>340,146</u>

The company's facilities with it's bankers are secured by a first legal charge over it's freehold property and a debenture over the assets of the company. There is also the guarantee of a related company, JEM Pyrotechnics & Special Effects Company Ltd.

Creditors include the following debts falling due in more than five years:

	31.5.95	31.5.94
	£	£
Repayable by instalments		
Bank loans	<u>65,817</u>	<u>81,737</u>

5. **CALLED UP SHARE CAPITAL**

Authorised:

Number:	Class:	Nominal value:	31.5.95	31.5.94
			£	£
10,000	Ordinary	£1	<u>10,000</u>	<u>10,000</u>

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	31.5.95	31.5.94
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>