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Registrar's Copy

Company No: 197194<sup>7</sup>/

**LMW ELECTRONICS LIMITED**

Abbreviated Annual Report

Year ended 31 December 1998



**PKF**

# **LMW ELECTRONICS LIMITED**

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**AUDITORS' REPORT TO  
LMW ELECTRONICS LIMITED  
UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 2 to 5 together with the financial statements of the company for the year ended 31 December 1998 prepared under section 226 of the Companies Act 1985.

**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 sections 246(5) and (6) of the Act to the registrar and whether the accounts are properly prepared in accordance with those provisions and to report our opinion to you.

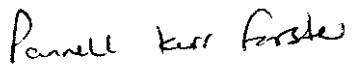
**Basis of opinion**

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 are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

**Opinion**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

LEICESTER  
27 October 1999

  
**PANNELL KERR FORSTER**  
Chartered Accountants  
Registered Auditors

**LMW ELECTRONICS LIMITED**  
**ABBREVIATED BALANCE SHEET**  
**31 DECEMBER 1998**

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible	3	217,674	337,773
<b>CURRENT ASSETS</b>			
Stocks		79,526	98,279
Debtors		155,389	97,090
Cash at bank and in hand		36,282	47,223
		<u>271,197</u>	<u>242,592</u>
<b>CREDITORS: amounts falling due within one year</b>		<u>(203,520)</u>	<u>(188,411)</u>
<b>NET CURRENT ASSETS</b>		<u>67,677</u>	<u>54,181</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>285,351</u>	<u>391,954</u>
<b>CREDITORS: amounts falling due after more than one year</b>		(56,105)	(115,973)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>		(6,770)	(8,258)
<b>NET ASSETS</b>		<u><u>222,476</u></u>	<u><u>267,723</u></u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	5	100	100
Profit and loss account		222,376	267,623
<b>SHAREHOLDERS' FUNDS</b>		<u><u>222,476</u></u>	<u><u>267,723</u></u>

The abbreviated accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated accounts were approved by the board on 25 October 1999

Signed on behalf of the board of directors

  
C. M. SMITH Director

**LMW ELECTRONICS LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 1998**

**1 ACCOUNTING POLICIES**

**(a) 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.

**(b) Turnover**

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

**(c) 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:

Freehold buildings	2.5 %
Plant and machinery	20 %
Fixtures and fittings	15 %
Motor vehicles	25 %
Freehold land is not depreciated.	

**(d) Finance leases and hire purchase**

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

**(e) Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

**(f) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**(g) Research and development**

Expenditure on research and development is written off in the year that it is incurred except where the expenditure relates to a specific, identifiable project. In the latter case it is charged against the specific project.

**2 TAXATION**

Corporation tax of £10,840 is credited to the profit and loss account relating to tax losses carried back to the prior year.

**LMW ELECTRONICS LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 1998**

**3 TANGIBLE FIXED ASSETS**

	£
<b>Cost</b>	
At 31 December 1997	415,158
Additions	18,385
Disposals	(110,678)
At 31 December 1998	<u>322,865</u>
<b>Depreciation</b>	
At 31 December 1997	77,385
Charge for year	29,882
On disposals	(2,076)
At 31 December 1998	<u>105,191</u>
<b>Net book amount</b>	
At 31 December 1998	<u>217,674</u>
At 31 December 1997	<u>337,773</u>

The net book amounts of assets held under finance lease or hire purchase contracts included above were:

	1998 £	1997 £
Plant & machinery fixtures & fittings	7,702	10,850
Motor vehicles	5,288	3,700
	<u>13,000</u>	<u>14,550</u>

**4 CREDITORS:**

Creditors include the following secured amounts:

	1998 £	1997 £
Bank loans and overdrafts	88,586	130,735
Net obligations under finance lease and hire purchase contracts	8,048	9,895
Amounts falling due after more than five years are as follows:		
Bank loans	-	15,481
	<u>-</u>	<u>15,481</u>

**LMW ELECTRONICS LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**YEAR ENDED 31 DECEMBER 1998**

**5 SHARE CAPITAL**

	Authorised £	Allotted, called up and fully paid No.	£
At 31 December 1997 and 31 December 1998 Ordinary shares of £1 each	100	100	100
	<u>100</u>	<u>100</u>	<u>100</u>

**6 TRANSACTIONS WITH RELATED PARTIES**

There is a director's loan account and the director's wife who is an employee of the company also has a loan account. The balances on these accounts are as follows and are included within other creditors:

	1998 £	1997 £
Director	693	693
Employee	272	10,272
	<u>965</u>	<u>10,965</u>

During the year, the company sold a property to the pension fund at its market value of **£101,500** (1997 £NIL). Part of the consideration for this was by way of assigning the mortgage on the property to the pension fund. There was no balance at the year end with the pension fund (1997 £NIL).

**7 ULTIMATE CONTROLLING PARTY**

The ultimate controlling party is the sole director.