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BROOMCO (406) LIMITED

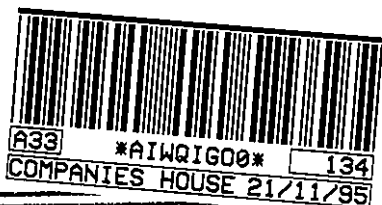
ACCOUNTS

31 DECEMBER 1994

M. P. GRIMES & CO.

CHARTERED ACCOUNTANTS

154a Eltham High Street, London, SE9 1BJ



COMPANY INFORMATION

Directors

A S D Lyons
M J Burke
R C Dutton-Forshaw

Secretary

A S D Lyons

Company Number

2532541

Registered Office

Bridge Road
Camberley
SURREY GU15 2QZ

Auditors

M P Grimes & Co
Registered Auditors and
Chartered Accountants
154a Eltham High Street
ELTHAM
London SE9 1BJ

Bankers

Bank of Scotland
41/51 Grey Street
Newcastle Upon Tyne
NE1 6EE

STATEMENT OF DIRECTORS' RESPONSIBILITIES

YEAR ENDED 31 DECEMBER 1994

Company law requires the directors to prepare the financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements the directors are required to:

Select suitable accounting policies and then apply them consistently;

Make judgements and estimates that are reasonable and prudent;

Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business;

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS REPORT

TO THE DIRECTORS

We have examined the abbreviated accounts on pages 6 to 12 together with the full statutory financial statements of Broomco (406) Limited for the year ended 31 December 1994. The scope of our work for the purposes of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 6 and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled under Sections 246 to 248 of the Companies Act 1985 to the exemption conferred by Section A of Part 3 of Schedule 8 to that Act in respect of the year ended 31 December 1994 and the abbreviated accounts have been properly prepared from the full financial statements.

On 31 March 1995 we reported as auditors of Broomco (406) Limited to the members on the financial statements required by Section 226 of the Companies Act 1985 and our audit report was as follows:

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention (as modified by the revaluation of fixed assets) and the accounting policies on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 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. 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.


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 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 as at 31 December 1994 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.

154A Eltham High Street
Eltham
London SE9 1BJ

31 March 1995


M P GRIMES & CO
CHARTERED ACCOUNTANTS
AND
REGISTERED AUDITORS

BALANCE SHEET

AS AT 31 DECEMBER 1994

	Note	1994		1993	
		£	£	£	£
<u>FIXED ASSETS</u>					
Tangible Assets	1c & 10	395,308		379,470	
Intangible Assets	1d	-		25,000	
Investments	12	4		4	
		395,312		404,474	
<u>CURRENT ASSETS</u>					
Stocks and Work-in-Progress	1e & 6	198,260		166,179	
Debtors and Prepayments	7	639,516		568,436	
Cash at Bank and in Hand		7,387		114,495	
		845,163		849,110	
<u>CURRENT LIABILITIES</u>					
<u>Amounts falling due within one year</u>					
Creditors and Accruals	8a	391,377		374,985	
<u>NET CURRENT ASSETS</u>		453,786		474,125	
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		£849,098		£878,599	
		=====		=====	
<u>LONG TERM LIABILITIES</u>					
<u>Amounts falling due after more than one year</u>					
Subordinated Loan Notes	8c	399,494		427,500	
Bank Loan	8b	203,125		259,375	
			602,619		686,875
<u>CAPITAL AND RESERVES</u>					
Called up Share Capital	14	50,000		47,500	
Share Premium Account	15	22,500		-	
Revaluation Reserve	9 & 11	233,778		233,778	
Profit and Loss Account (Deficit)	16	(59,799)		(89,554)	
		£849,098		£878,599	
		=====		=====	

The Directors have relied on sections 247 to 249 of the Companies Act 1985 entitling the company to deliver abbreviated accounts on the grounds that the company is entitled to the benefit of those sections as a small company.

Approved by the Board of Directors on 31 March 1995.


 _____)
 _____) Directors
 _____)

The notes on pages 7 to 12 form part of these financial statements.

NOTES TO THE ACCOUNTSYEAR ENDED 31 DECEMBER 19941 ACCOUNTING POLICIES(a) Basis of accounting

There have been no material changes in accounting policies during the year. The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and include results of the company's operations as indicated in the directors report all of which are continuing.

The company has taken advantage of the exemption in FRSI from the requirement to prepare a cash flow statement on the grounds that it is a small company and also the exemption under section 248 of the Companies Act 1985 not to prepare group accounts.

(b) Turnover

Turnover is represented by the total of invoiced amounts for goods and services adjusted for accruals net of value added tax. Exports amount to £Nil (1993 Nil).

(c) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost or revaluation less depreciation.

Depreciation is provided for at rates calculated to write off the cost or revaluation of fixed assets, less their estimated residual value, over their expected useful lives, on a reducing balance basis.

The rates used were:

Plant and Machinery	12.5%
Fixtures and Fittings	15%
Motor Vehicles	25%

(d) Goodwill

Acquired goodwill is written off in equal instalments over its estimated useful economic life. The original cost of goodwill was £100,000 and this has now been fully written off.

(e) Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value.

(f) Deferred Taxation

No provision is made for timing differences between the treatment of certain items for taxation and accounting purposes.

(g) Research and Development

Any expenditure on research and development will be written off as it is incurred.

(h) Pensions

The company does not operate a pension scheme but does make payments on an individual basis to personal pension schemes.

(i) Foreign Currencies

No transactions took place.

NOTES TO THE ACCOUNTS (CONT'D)YEAR ENDED 31 DECEMBER 19942 TURNOVER AND RESULTS

The turnover and profits of the company arise wholly from the company's ordinary activities which are carried on in the United Kingdom.

3 OPERATING RESULTS

Operating profit is stated after charging:-

	<u>1994</u>	<u>1993</u>
	£	£
Bank Interest - Loan	24,070	28,979
- Overdraft	18,482	32,375
Depreciation	60,270	55,122
Directors remuneration	15,050	20,000
Auditors remuneration	7,200	6,000
Goodwill written off	25,000	25,000
Relocation costs	23,808	-
	=====	=====

4 STAFF COSTS

Staff cost including directors remuneration were as follows:-

	<u>1994</u>	<u>1993</u>
Salaries, wages and social security costs	£982,727	£862,082
	=====	=====
Average number of employees		
Sales, Technical and Administration	9	8
Factories	45	42

5 DIRECTORS REMUNERATION

	<u>1994</u>	<u>1993</u>
Director's total emoluments	£15,983	£22,990
	=====	=====
Highest Paid Director	£15,983	£22,990
	=====	=====

6 STOCK AND WORK-IN-PROGRESS

	<u>1994</u>	<u>1993</u>
	£	£
Stock	93,116	75,674
Work-in-progress	105,144	90,505
	=====	=====
	£198,260	£166,179
	=====	=====

7 DEBTORS

Bad debts are written off and appropriate provision is made for any amounts the collection of which appears doubtful.

	<u>1994</u>	<u>1993</u>
	£	£
Payable within one year		
Trade debtors	622,669	543,698
Other debtors	10,055	10,475
Prepayments and accrued income	6,792	14,263
	=====	=====
	£639,516	£568,436
	=====	=====

NOTES TO THE ACCOUNTS (CONT'D)YEAR ENDED 31 DECEMBER 19948(a) CREDITORS:

Amounts falling due within one year	<u>1994</u>	<u>1993</u>
	£	£
Bank Loan (Secured)	56,250	56,250
Bank Overdrafts (Secured)	37,821	35,358
Trade Creditors	151,964	106,605
Corporation Tax	22,900	18,750
Other Taxation and Social Security Costs	86,843	86,227
Accruals	35,447	46,795
Other	152	25,000
	<hr/>	<hr/>
	£391,377	£374,985
	=====	=====

(b) Bank Facilities

The Bank of Scotland has provided an original term loan of £450,000 with a two year capital repayment holiday. The loan is repayable over 8 years as from December 1992 in 16 half yearly instalments of £28,125. The company has a facility of repaying the whole or part of the loan in £50,000 tranches without penalties. So far the company has repaid one tranche of £50,000 and seven instalments of £28,125. Two further sums of £28,125 will be paid in 1995.

The Bank has been granted a full interlocking security by way of Debenture (First, Fixed and Floating) together with cross letters of guarantees and letters of offset in respect of all borrowings.

(c) Subordinated Loan

The company has issued loan notes to Directors and Shareholders now amounting to £399,494 on an unsecured, interest free basis. The loan notes are not redeemable without prior written consent of the Bank of Scotland and this was obtained before repayments of £28,006 were made on 25 March 1994.

9 TAXATION

Provision for UK taxation is made on the basis of the taxable profit calculated at the small company's rate (25%).

	<u>1994</u>	<u>1993</u>
	£	£
Provision for UK Corporation Tax	22,900	18,750
Adjustments for previous years	(68)	1,750
	<hr/>	<hr/>
	£22,832	£20,500
	=====	=====

NOTES TO THE ACCOUNTS (CONT'D)

YEAR ENDED 31 DECEMBER 1994

10 TANGIBLE FIXED ASSETS

	<u>Total</u>	<u>Leases</u>	<u>Plant and Machinery</u>	<u>Caravan</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>
	£	£	£	£	£	£
<u>Cost or Revaluation at 1 January 1994</u>	556,928	1	539,463	1	8,707	8,756
Additions	89,329	-	64,397	-	4,487	20,445
(Withdrawn re Sales)	(19,750)	-	(19,550)	-	(200)	-
<u>Cost or Revaluation at 31 December 1994</u>	626,507	1	584,310	1	12,994	29,201
<u>Depreciation</u>						
At 1 January 1994	177,458	-	169,863	-	2,534	5,061
Charge for the period	60,270	-	52,612	-	1,624	6,034
(Withdrawn re Sales)	(6,529)	-	(6,451)	-	(78)	-
<u>Depreciation at 31 December 1994</u>	231,199	-	216,024	-	4,080	11,095
<u>Net Book Value</u>						
at 31 December 1994	£395,308	£1	£368,286	£1	£8,914	£18,106
	=====	==	=====	==	=====	=====
at 31 December 1993	£379,470	£1	£369,600	£1	£6,173	£ 3,695
	=====	==	=====	==	=====	=====

Plant and Machinery acquired by the company on 19 December 1990 had been professionally valued at £775,000 on 8 August 1989 by Messrs Norman Levy Associates Overseas Inc.

In the opinion the directors of Broomco (406) Limited a more conservative current market valuation of £505,000 was considered appropriate. This revaluation gives rise to a reserve of £233,778 above acquisition costs. No provision for taxation is considered necessary in respect of this reserve.

Depreciation has been provided on the revalued element of fixed assets.

The amount of depreciation attributable to the revalued proportion of fixed assets was as follows:-

	<u>1994</u>	<u>1993</u>
	£	£
Plant and Machinery	£19,577	£22,373
	=====	=====

No adjustment has been made to the revaluation reserve in respect of assets sold during the year.

11 REVALUATION RESERVE

	<u>1994</u>	<u>1993</u>
Opening and Closing Balance	£233,778	£233,778
	=====	=====

NOTES TO THE ACCOUNTS (CONT'D)YEAR ENDED 31 DECEMBER 199412 INVESTMENTS

The company has two wholly owned subsidiary agency companies as shown below:

Engineering and Developments (Lymington) Limited
Two £1 Ordinary Shares
Visual Planning Systems Limited
Two £1 Ordinary Shares

The companies did not trade in the period under review. Both companies were incorporated in England.

13 TRANSACTIONS WITH DIRECTORS

There are no material transactions during the year.

14 SHARE CAPITAL

	<u>1994</u>	<u>1993</u>
Authorised:		
500,000 Ordinary Shares of 25p each	£125,000	£125,000
	=====	=====
Issued:		
200,000 Ordinary Shares of 25p each	£ 50,000	£ 47,500
	=====	=====

15 SHARE PREMIUM ACCOUNT

	<u>1994</u>	<u>1993</u>
	£	£
On the 28 April 1994 10,000 Ordinary Shares were issued at a premium of £2-25 per share	£ 22,500	£ -
	=====	=====

16 PROFIT AND LOSS ACCOUNT

	<u>1994</u>	<u>1993</u>
	£	£
Balance at 1 January 1994	(89,554)	(133,141)
Profit retained for the year	29,755	43,587
	-----	-----
Balance at 31 December 1994	£(59,799)	£(89,554)
	=====	=====

17 CONTINGENT LIABILITIES

The company had no contingent liabilities not provided for in these accounts.

NOTES TO THE ACCOUNTS (CONT'D)

YEAR ENDED 31 DECEMBER 1994

18 CAPITAL COMMITMENTS

The company has committed itself to purchase a machine tool, value approximately £39,000 for delivery in 1995.

19 POST BALANCE SHEET EVENTS

The directors consider that there were no material events that have occurred since 31 December 1994, other than the decision to repay £32,000 of the subordinated loan notes. Consent has been granted by the Bank of Scotland on 23 March 1995.

20 RELOCATION

The company terminated its leased premises at Wembley and moved part of its operations to Camberley.