

BROOMCO LIMITED
ABBREVIATED REPORT AND ACCOUNTS
31 DECEMBER 1999

M P GRIMES & CO
CHARTERED ACCOUNTANTS
154a Eltham High Street, Eltham, London SE9 1BJ



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DIRECTORS' REPORTYEAR ENDED 31 DECEMBER 1999

The directors submit their annual report together with the audited financial statements for the year ended 31 December 1999.

PRINCIPAL ACTIVITY

The principal activity of the company is the provision of engineering and related services to industry and other organisations.

REVIEW OF THE BUSINESS

1999 saw another strong performance with improvements to turnover and profits. The Company continued to invest heavily in equipment and systems to boost productivity, though competitive pressures remain very strong in the current climate.

We start 2000 with a reasonable order book but continuing uncertainty in the manufacturing sector and particular difficulty for those customers trying to export their products.

DIVIDENDS

Directors do not recommend a dividend for the year under review.

DIRECTORS

The directors who served during the year and their beneficial interests in the shares of the company were:

	<u>Ordinary Shares of 25p each</u>	
	<u>1999</u>	<u>1998</u>
A S D Lyons	94,000	94,000
M J Burke	-	-
R C Dutton-Forshaw	-	-

In addition to the above holdings Mr Lyons and Mr Burke are shareholders of Minekeep PLC which holds 65,000 25p Ordinary Shares.

FIXED ASSETS

Changes to fixed assets during the year are recorded in the notes to the accounts.

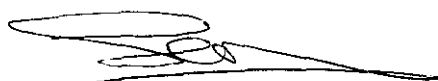
POLITICAL AND CHARITABLE CONTRIBUTIONS

During the year no material contributions were made.

AUDITORS

M P Grimes & Co have expressed their willingness to continue in office and in accordance with Section 385 of the Companies Act 1985 a resolution to reappoint them will be proposed at the next general meeting.

By Order of the Board



A S D Lyons
Secretary

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 1999

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;

Follow applicable accounting standards subject to any material departures as disclosed and explained in the notes to the accounts.

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

31 DECEMBER 1999

Under section 247B of the Companies Act 1985.

We have examined the abbreviated accounts on pages 6 to 14 together with the financial statements of Broomco Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 December 1999.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246A to 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 the section 246A(3) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

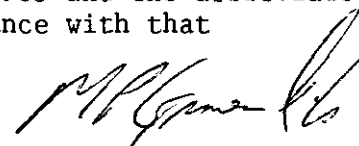
Basis of opinion

We have carried out the procedures we consider 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 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 246A(3) of the Companies Act 1985 and the abbreviated accounts on pages 6 to 14 are properly prepared in accordance with that provision.

154a Eltham High Street
Eltham
LONDON SE9 1BJ



M P GRIMES & CO
CHARTERED ACCOUNTANTS

Registered Auditors

Date: 24 March 2000

PROFIT AND LOSS ACCOUNTYEAR ENDED 31 DECEMBER 1999

	<u>Note</u>	<u>1999</u>	<u>1998</u>
		£	£
GROSS PROFIT		627,864	593,466
Distribution costs		31,046	32,829
Administrative costs		385,475	372,975
		<u>416,521</u>	<u>405,804</u>
Operating profit	3	211,343	187,662
Interest receivable		14,391	17,757
		<u>225,734</u>	<u>205,419</u>
Interest payable etc	3	24,969	36,663
Profit on ordinary activities before taxation		<u>200,765</u>	<u>168,756</u>
Taxation (including adjustments)	1f & 9	39,799	37,256
Profit on ordinary activities after taxation		<u>160,966</u>	<u>131,500</u>
Dividends		-	-
Retained profit for the financial year	16	<u>£ 160,966</u> =====	<u>£ 131,500</u> =====

The company has no recognised gains or losses other than the profit or loss for the above two financial years. All operations are continuing.

The Revaluation Reserve remains unaltered for the financial years under review (Notes 10 & 11).

The notes on pages 9 to 14 form part of these financial statements.

BALANCE SHEETAS AT 31 DECEMBER 1999

	<u>Note</u>	<u>1999</u>		<u>1998</u>	
<u>FIXED ASSETS</u>		£	£	£	£
Tangible assets	1c & 10		864,033		839,485
Investments	12		4		4
			<hr/>		<hr/>
			864,037		839,489
<u>CURRENT ASSETS</u>					
Stocks and work-in-progress	1e & 6	289,735		276,663	
Debtors and prepayments	7	736,966		476,437	
Cash at bank and in hand		505		102,112	
		<hr/>		<hr/>	
		1,027,206		855,212	
<u>CURRENT LIABILITIES</u>					
<u>Amounts falling due within one year</u>					
Creditors and accruals	8a	586,188		464,129	
		<hr/>		<hr/>	
<u>NET CURRENT ASSETS</u>			441,018		391,083
			<hr/>		<hr/>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			£1,305,055		£1,230,572
			=====		=====
<u>LONG TERM LIABILITIES</u>					
<u>Amounts falling due after more than one year</u>					
Subordinated loan notes	8c	225,000		300,000	
Property loan	8d	168,612		180,095	
		<hr/>	393,612	<hr/>	480,095
<u>CAPITAL AND RESERVES</u>					
Called up share capital	14	65,000		65,000	
Share premium account	15	63,300		63,300	
Revaluation reserve	10 & 11	233,778		233,778	
Profit and loss account		549,365		388,399	
		<hr/>		<hr/>	
Shareholders funds	16		911,443		750,477
			<hr/>		<hr/>
			£1,305,055		£1,230,572
			=====		=====

The Directors have relied on sections 247 to 249 of the Companies Act 1985 on the grounds that the company is entitled to the benefit of those sections as a medium sized company and the abbreviated accounts have been prepared with the special provisions of Part VII of the Companies Act 1985 relating to medium sized companies.

Approved by the Board of Directors on 24 March 2000.

)
 _____) Directors
 _____)

The notes on pages 9 to 14 form part of these financial statements.

CASH FLOW STATEMENTYEAR ENDED 31 DECEMBER 1999

RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW(OUTFLOW) FROM OPERATING ACTIVITIES

	<u>1999</u>	<u>1998</u>
	£	£
Operating profit	211,343	187,662
Depreciation charges	86,516	87,500
(Profit)/loss on sale of fixed assets	(4,400)	1,013
(Increase)/decrease in stocks	(13,072)	(72,483)
(Increase)/decrease in debtors	(260,529)	197,664
Increase/(decrease) in creditors	87,023	3,390

NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	£106,881	£404,746
	=====	=====

CASH FLOW STATEMENT

	Note		
Net cash inflow/(outflow) from operating activities		106,881	404,746
Return on investments and servicing of finance	A	(10,578)	(18,906)
Taxation		(37,299)	(31,956)
Capital expenditure	B	(106,664)	(58,706)
		(47,660)	295,178
Dividends paid		-	-
		(47,660)	295,178
Financing	C	(120,001)	(133,591)
(Decrease)/increase in cash		£(167,661)	£161,587
		=====	=====
Reconciliation of net cash movement to movement in net debt	D		
(Decrease)/increase in cash in the period		(167,661)	161,587
Cash outflow from debt and lease financing		120,001	133,591
Change in net debt resulting from cashflows		(47,660)	295,178
New finance leases		-	-
Movement in net debt in the period		(47,660)	295,178
Opening net debt		(423,035)	(718,213)
Closing net debt		£(470,695)	£(423,035)
		=====	=====

NOTES TO CASH FLOW STATEMENTYEAR ENDED 31 DECEMBER 1999

	£	<u>1999</u>	£	£	<u>1998</u>	£
Gross cash flows						
A Returns on investments and servicing of finance:						
Interest received		14,391			17,757	
Interest paid		(24,969)			(36,663)	
		<u> </u>			<u> </u>	
		£(10,578)			£(18,906)	
		=====			=====	
B Capital expenditure:						
Payments to acquire tangible fixed assets		(117,964)			(66,806)	
Receipts from sales of tangible assets		11,300			8,100	
		<u> </u>			<u> </u>	
		£(106,664)			£(58,706)	
		=====			=====	
C Financing:						
(Decrease)/increase in bank loan treated as financing		(45,001)			(63,591)	
Subordinated loan notes		(75,000)			(70,000)	
		<u> </u>			<u> </u>	
		£(120,001)			£(133,591)	
		=====			=====	

D Analysis of net debt

	At 31 December 1998	Cash Flow	Other Changes	At 31 December 1999
	£	£	£	£
Net cash				
Cash at bank and in hand	102,112	(101,607)	-	505
Bank loans and overdraft	-	(66,054)	-	(66,054)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net cash per cash flow statement	102,112	(167,661)	-	(65,549)
Debt financing				
Debt due within 1 year	(45,052)	33,518	-	(11,534)
Debt due after 1 year	(180,095)	11,483	-	(168,612)
Subordinated loan notes	(300,000)	75,000	-	(225,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total net debt	£(423,035)	£(47,660)	£-	£(470,695)
	=====	=====	==	=====

NOTES TO THE ACCOUNTSYEAR ENDED 31 DECEMBER 19991 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 companys operations as indicated in the directors report, all of which are continuing. The company has taken advantage of the provisions provided by Section 248 of the Companies Act 1985 not to prepare group accounts. The financial statements therefore present information concerning the company only and not the group.

(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 (1998 £7,579).

(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	17.5%	Fixtures and fittings	25%
Motor vehicles	25%	Computer equipment	33.33%

It is not the companys policy to depreciate freehold property which departs from the requirements of the Companies Act. However, in the Directors opinion this has no material effect on the accounts

(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 19992 TURNOVER AND RESULTS

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

3 OPERATING RESULTS

Operating profit is stated after charging:-

	<u>1999</u>	<u>1998</u>
	£	£
Bank interest - loans	24,969	36,663
- overdraft	-	-
Depreciation	86,516	87,500
(Profit)/loss on disposal of fixed assets	4,400	1,013
Directors remuneration	41,062	37,179
Auditors remuneration	8,250	8,250
	=====	=====

4 STAFF COSTS

Staff cost including directors remuneration were as follows:-

	<u>1999</u>	<u>1998</u>
Salaries, wages and social security costs	£1,156,987	£1,120,080
	=====	=====
Average number of employees		
Sales, technical and administration	10	12
Factories	44	46

5 DIRECTORS REMUNERATION (INCLUDING BENEFITS)

	<u>1999</u>	<u>1998</u>
Director's total emoluments	£46,359	£41,785
	=====	=====
Highest paid director	£46,359	£41,785
	=====	=====

6 STOCK AND WORK-IN-PROGRESS

	<u>1999</u>	<u>1998</u>
	£	£
Stock	121,936	87,215
Work-in-progress	167,799	189,448
	=====	=====
	£289,735	£276,663
	=====	=====

7 DEBTORS

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

	<u>1999</u>	<u>1998</u>
	£	£
Payable within one year		
Trade debtors	722,638	461,300
Other debtors	3,130	4,067
Prepayments and accrued income	11,198	11,070
	=====	=====
	£736,966	£476,437
	=====	=====

NOTES TO THE ACCOUNTS (CONT'D)YEAR ENDED 31 DECEMBER 19998 (a) CREDITORS:

Amounts falling due within one year	<u>1999</u>	<u>1998</u>
	£	£
Property loan (secured)	11,534	10,677
Bank loan (secured)	-	34,375
Bank indebtedness	66,054	-
Trade creditors	314,772	250,339
Corporation tax	39,800	37,300
Other taxation and social security costs	98,430	97,015
Accruals	55,598	34,423
Other	-	-
	<hr/>	<hr/>
	£586,188	£464,129
	=====	=====

(b) Bank Facilities

The Bank of Scotland had provided an original term loan of £450,000 which has now been fully repaid.

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.

The reason for the bank indebtedness at the Balance Sheet date was due to cheques being raised, issued, but not yet processed by the bank. At no time has the company been overdrawn.

(c) Subordinated Loan

The company has issued loan notes to Directors and Shareholders now amounting to £225,000 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 £75,000 were made during the year.

(d) Property Loan

During 1996 the company acquired the freehold property at Lymington and the purchase was partly financed by a secured loan from Bank of Scotland of £210,000 repayable over 15 years from April 1996.

	<u>1999</u>	<u>1998</u>
	£	£
Repayable within one year	11,534	10,677
Repayable after more than one year	168,612	180,095

9 TAXATION

Provision for UK taxation is made on the basis of the taxable profit calculated at the appropriate lower corporation tax rate.

	<u>1999</u>	<u>1998</u>
	£	£
Provision for UK corporation tax	39,800	37,300
Adjustments for previous years	(1)	(44)
	<hr/>	<hr/>
	£39,799	£37,256
	=====	=====

NOTES TO THE ACCOUNTS (CONT'D)YEAR ENDED 31 DECEMBER 199910 TANGIBLE FIXED ASSETS

	<u>Total</u>	<u>Plant and Machinery</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Computer Equipment</u>	<u>Freehold Property</u>
<u>Cost or Revaluation</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
at 1 January 1999	1,344,809	872,399	7,897	50,661	16,808	397,044
Additions	117,964	116,885	550	-	529	-
(Withdrawn re sales)	(23,050)	(22,400)	-	-	(650)	-
<u>Cost or Revaluation</u>	<u>1,439,723</u>	<u>966,884</u>	<u>8,447</u>	<u>50,661</u>	<u>16,687</u>	<u>397,044</u>
<u>at 31 December 1999</u>						
<u>Depreciation</u>						
At 1 January 1999	505,324	456,609	4,851	34,231	9,633	-
Charge for the period	86,516	79,192	773	4,107	2,444	-
(Withdrawn re sales)	(16,150)	(15,602)	-	-	(548)	-
<u>Depreciation at</u>	<u>575,690</u>	<u>520,199</u>	<u>5,624</u>	<u>38,338</u>	<u>11,529</u>	<u>-</u>
<u>31 December 1999</u>						
<u>Net Book Value</u>						
at 31 December 1999	£ 864,033	£446,685	£2,823	£12,323	£ 5,158	£397,044
	=====	=====	=====	=====	=====	=====
at 31 December 1998	£ 839,485	£415,790	£3,046	£16,430	£ 7,175	£397,004
	=====	=====	=====	=====	=====	=====

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 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>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Plant and machinery	£12,150	£14,728
	=====	=====

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

11	<u>REVALUATION RESERVE</u>	<u>1999</u>	<u>1998</u>
	Opening and closing balance	£233,778	£233,778
		=====	=====

NOTES TO THE ACCOUNTS (CONT'D)YEAR ENDED 31 DECEMBER 199912 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 RELATED PARTY TRANSACTIONS

There are no material transactions during the year.

14 SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
Authorised:		
500,000 Ordinary shares of 25p each	£125,000	£125,000
	=====	=====
Issued:		
260,000 Ordinary shares of 25p each	£ 65,000	£ 65,000
	=====	=====

15 SHARE PREMIUM ACCOUNT

	<u>1999</u>	<u>1998</u>
	£	£
Balance at 31 December 1999	£ 63,300	£ 63,300
	=====	=====

10,000 Ordinary shares were issued for a premium of £22,500 and 60,000 Ordinary shares were issued for a premium of £40,800.

16 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS FOR THE YEAR ENDED 31 DECEMBER 1998

	<u>1999</u>	<u>1998</u>
	£	£
Profit for the financial year	160,966	131,500
Dividend	-	-
	-----	-----
Net addition to shareholders' funds	160,966	£131,500
Opening shareholders' funds at 1 January 1999	750,477	618,977
	-----	-----
Closing shareholders' funds at 31 December 1999	£911,443	£750,477
	=====	=====

Shareholders' funds are wholly attributable to equity interests.

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 1999

18 CAPITAL COMMITMENTS

The company has ordered new plant and machinery to be delivered in March 2000 the total cost to be in the region of £36,800 net.

19 POST BALANCE SHEET EVENTS

The directors consider that there were no material events that have occurred since 31 December 1999.