

ENCO DESIGN AND ENGINEERING CO LIMITED

DIRECTORS' REPORT 02822476

The Directors present their Report and the Accounts for the year ended 30th September 1996.

Principal Activity

The Company is principally engaged in sub-contract design drawing for the engineering industry. The results for the year are set on page 3. The Directors consider the profit before taxation and the state of the Company's affairs to be satisfactory.

Dividends

The Directors do not recommend a final dividend and the retained profits of £5285 will be carried forward.

Fixed Assets

Details of movements in Fixed Assets are set out in Note 8 to the Accounts.

Directors

The Directors who served during the period and their beneficial interests in the Company's issued ordinary share capital were:

	1996	1995
M. Carlick	10	10
J. G. Ross	80	80

This report was approved by the Board on 14 July 1997 and signed on its behalf.

J. G. ROSS



ENCO DESIGN AND ENGINEERING CO. LIMITED

**ACCOUNTANT'S REPORT TO THE SHAREHOLDERS ON THE
UNAUDITED ACCOUNTS OF
ENCO DESIGN AND ENGINEERING CO. LIMITED**

We report on the Accounts for the year ended 30th September 1996 set out on pages 5 to 8.

Respective Responsibilities of Directors and Reporting Accountants

As described on page 4 the Company's Directors are responsible for the preparation of the Accounts and they consider that the Company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of Opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the Accounts with the accounting records kept by the Company, and making such limited enquiries of the officers of the Company as we considered necessary for the purposes of this Report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) The Accounts are in agreement with the accounting records kept by the Company under Section 221 of the Companies Act 1985;
- (b) Having regard only to, and on the basis of, the information contained in those accounting records;
 - (i) The Accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249 C (6) of the Act; and
 - (ii) The Company satisfied the conditions for exemption from an audit of the Accounts for the year specified in Section 249 A (4) of the Act and did not, at any time within that year, fall within any of the categories of Companies not entitled to the exemption specified in Section 249 B (1).

11 Farcroft Avenue
Broad Lane
Coventry.
CV5 7DU

28 July 1997

M. J. CURTIS & CO.
CHARTERED ACCOUNTANTS



ENCO DESIGN AND ENGINEERING CO. LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30TH SEPTEMBER 1996

	Notes	1996 £	Period Ended 30 September 1995 £
Turnover	1,2	311631	311819
Cost of Sales		(2905)	(30608)
Gross Profit		308726	281211
Selling and Distribution Costs		(-)	(18125)
Administration Expenses		(310957)	(263086)
Operating (Loss) Before Taxation	3	(2231)	4724
Taxation on Profit on Ordinary Activities	6	(124)	(1258)
(Loss) on Ordinary Activities After Taxation		(2355)	3466
Balance Brought Forward		<u>7640</u>	<u>4174</u>
Balance Carried Forward		<u>£ 5285</u>	<u>£ 7640</u>

There were no recognised gains and losses for the year other than those included in the Profit and Loss Account.

The Notes on pages to 8 form part of these Accounts.

ENCO DESIGN AND ENGINEERING CO. LIMITED

BALANCE SHEET AS AT 30TH SEPTEMBER 1996

	Notes	1996	1995
Fixed Assets			
Tangible Assets	7	5613	3525
Current Assets			
Debtors	8	60710	36181
Cash at Bank and in Hand		<u>4157</u>	<u>1920</u>
		64867	38101
Creditors: Amounts Falling Due Within One Year	9	<u>65095</u>	<u>33886</u>
Net Current (Liabilities) Assets		(228)	4215
Net Assets		<u>£5385</u>	<u>£7740</u>
Capital and Reserves			
Called up Share Capital	10	100	100
Profit and Loss Account		<u>5285</u>	<u>7640</u>
Shareholders' Funds - All Equity		<u>£5385</u>	<u>£7740</u>

The Directors consider that the Company is entitled to exemption from the requirement to have an audit under the provisions of Section 249 A (2) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the Company's issued share capital have not issued a notice requiring an audit. The Directors acknowledge their responsibilities for ensuring that the Company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing Accounts which give a true and fair view of the state of affairs of the Company as at 30th September 1996 and of its loss for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the Accounts so far as applicable to the Company.

The accounts were approved by the Board on 14th July 1997 and signed on its behalf.

J.G. ROSS
DIRECTOR



The Notes on pages 5 to 8 form part of these Accounts.

ENCO DESIGN AND ENGINEERING CO. LIMITED
NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
30TH SEPTEMBER 1996

1. Accounting Policies

1.1 Basis of Preparation of Accounts

The Accounts are prepared under the Historical Cost Convention and include the results of the Company's operations which are described in the Directors' Report and all of which are continuing.

The Company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a Cash Flow Statement on the grounds that it is a small Company.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the Company, net of Value Added Tax and trade discounts.

1.3 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 basis:

Drawing Boards and Office Equipment	20% Straight Line Basis
--	-------------------------

1.4 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 ruling on the date of the transaction, exchange differences are taken into account in arriving at the Operating Profit.

1.5 Pensions

The Company operates a Defined Contribution Pension Scheme and the Pension charge represents the amounts payable by the Company to the fund in respect of the year.

ENCO DESIGN AND ENGINEERING CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

2. Turnover

The whole of the Turnover and Profit before Taxation is attributable to the one principal activity of the Company. A geographical analysis of Turnover is as follows:

	1996 £	1995 £
United Kingdom	56242	120309
Israel	21606	133689
Eire	168021	33603
United States of America	8427	24218
South Africa	<u>57335</u>	<u>-</u>
	<u>£311631</u>	<u>£311819</u>

3. Operating Loss

The Operating Loss stated after charging:

	1996 £	1995 £
Depreciation of Tangible Fixed Assets	<u>990</u>	<u>622</u>

4. Staff Costs

Staff Costs, including Directors' remuneration, were as follows:

	1996 £	1995 £
Wages and Salaries	139404	170564
Social Security Costs	12740	15664
Other Pension Costs	<u>4400</u>	<u>4800</u>
	<u>£156544</u>	<u>£191028</u>

The average weekly number of employees, including Directors during the period was as follows:

	1996	1995
Office and Administration	<u>8</u>	<u>9</u>

ENCO DESIGN AND ENGINEERING CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

5. Directors' Remuneration

	1996 £	1995 £
Emoluments for services as Directors	60504	66004
Pension Contributions	<u>4400</u>	<u>4800</u>
	<u>£64904</u>	<u>£70804</u>

Included in the above are emoluments, excluding pension contributions, paid to:

	1996 £	1995 £
The Chairman	39000	41000
Highest paid Director	39000	41000

Other Directors' emoluments, excluding pension contributions were in the following ranges:

	1996	1995
£20,001 - £25,000	1	1

6. Taxation

	1996 £	1995 £
U.K. Current Year Taxation		
U.K. Corporation Tax at 24% (1995 25%)	-	1258
Interest on Corporation Tax	21	-
Section 98A(2)(a) Penalty	500	-
Taxation Recoverable	<u>(367)</u>	<u>-</u>
	<u>124</u>	<u>1258</u>

ENCO DESIGN AND ENGINEERING CO. LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1996

7. Tangible Fixed Assets

	Drawing Board and Office Equipment
Cost	
At 30th September 1995	4505
Additions	<u>3078</u>
At 30th September 1996	<u>7583</u>
Depreciation	
At 30th September 1995	980
Charge for Year	<u>990</u>
At 30th September 1996	<u>1970</u>
Net Book Value	
At 30th September 1995	<u>3525</u>
At 30th September 1996	<u>5613</u>

8. Debtors

	1996 £	1995 £
Trade Debtors	<u>60710</u>	<u>36181</u>
	<u>£60710</u>	<u>£36181</u>

9. Creditors: Amounts Falling Due Within One Year

	1996 £	1995 £
Value Added Tax	1002	5146
Trade Creditors	32284	1899
Corporation Tax	-	1258
Social Security and Other Taxes	2726	4998
Accrued Charges	27280	17232
Directors' Loan Accounts	805	2355
Other Creditors	<u>998</u>	<u>998</u>
	<u>£65095</u>	<u>£33886</u>

ENCO DESIGN AND ENGINEERING CO. LIMITED

**NOTES TO THE ACCOUNTS FOR THE YEAR ENDED
30TH SEPTEMBER 1996**

10. Called Up Share Capital

	1996	1995
Authorised		
Ordinary Shares of £1 each	100	100
Allotted, Called Up and Fully Paid		
Ordinary Shares of £1 each	£100	£100

11 Capital Commitments

	1996	1995
Contracted For but Not Provided in these Accounts	Nil	Nil
Authorised by the Directors but Not contracted for	Nil	Nil