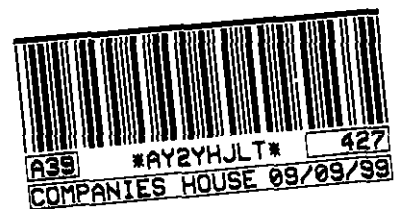


**K C PRECISION ENGINEERING LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**31 DECEMBER 1998**

**Registered number: 2831757**

**RAYNER AND CO**  
**CHARTERED CERTIFIED ACCOUNTANTS**  
**6 ARUNDEL PLACE**  
**SCARBOROUGH**  
**NORTH YORKSHIRE**  
**YO11 1TX**



**K C PRECISION ENGINEERING LIMITED**  
**ABBREVIATED FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED 31 DECEMBER 1998**

**CONTENTS**

	<b>Page</b>
<b>Auditors' report</b>	<b>1</b>
<b>Abbreviated balance sheet</b>	<b>2</b>
<b>Notes on abbreviated financial statements</b>	<b>3</b>

**K C PRECISION ENGINEERING LIMITED****AUDITORS' REPORT TO****K C PRECISION ENGINEERING LIMITED****UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated financial statements 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**

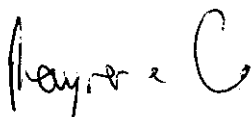
The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements 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 considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. 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 to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated financial statements on pages 2 to 5 are properly prepared in accordance with those provisions.



Rayner and Co

Chartered Certified Accountants

and Registered Auditors

6 Arundel Place

SCARBOROUGH

North Yorkshire

YO11 1TX

13.5.99

Date

**K C PRECISION ENGINEERING LIMITED****ABBREVIATED BALANCE SHEET****AT 31 DECEMBER 1998**

	Note	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible assets	2	422,065	399,457
<b>CURRENT ASSETS</b>			
Stocks		7,956	8,358
Debtors		144,043	172,157
Cash at bank and in hand		77,879	41,355
		<u>229,878</u>	<u>221,870</u>
<b>CREDITORS: Amounts falling due within one year</b>	3	<u>(180,869)</u>	<u>(178,859)</u>
<b>Net current assets</b>		<u>49,009</u>	<u>43,011</u>
<b>Total assets less current liabilities</b>		<u>471,074</u>	<u>442,468</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	3	<u>(13,833)</u>	<u>(114,500)</u>
		<u>457,241</u>	<u>327,968</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	4	100	100
Profit and loss account		457,141	327,868
<b>Total shareholders' funds</b>		<u>457,241</u>	<u>327,968</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The abbreviated financial statements on pages 2 to 5 were approved by the board of directors on

13th May 1999 and signed on its behalf by:

**MR J K CHATT**  
**DIRECTOR**

**K C PRECISION ENGINEERING LIMITED****NOTES ON ABBREVIATED FINANCIAL STATEMENTS****31 DECEMBER 1998****1 ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement as conferred by Financial Reporting Standard No. 1 (Revised 1996) on the grounds that it qualifies as a small company under the Companies Act 1985.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

**Tangible fixed assets**

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	nil
Freehold buildings	2% straight line basis
Plant and machinery	20% straight line basis
Motor vehicles	25% reducing balance basis
Fixtures and fittings	20% reducing balance basis

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Stock and work in progress**

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

**Deferred taxation**

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pensions - Defined contribution scheme**

Contributions are charged to the profit and loss account as they become payable.

**K C PRECISION ENGINEERING LIMITED****NOTES ON ABBREVIATED FINANCIAL STATEMENTS****31 DECEMBER 1998****2 FIXED ASSETS**

	<b>Tangible fixed assets £</b>
<b>Cost</b>	
1 January 1998	439,202
Additions	54,559
Disposals	(11,135)
	<hr/>
31 December 1998	482,626
	<hr/>
<b>Depreciation</b>	
1 January 1998	39,745
Charge for year	22,980
Disposals	(2,164)
	<hr/>
31 December 1998	60,561
	<hr/>
<b>Net book amount</b>	
31 December 1998	<u>422,065</u>
1 January 1998	<u>399,457</u>

Included in land and buildings is land at cost of £75,600 (1997 £75,600) which is not depreciated.

**3 CREDITORS**

	<b>1998 £</b>	<b>1997 £</b>
<b>Creditors include the following amounts</b>		
<b>Amounts falling due after more than five years:</b>		
Other loans	<u>-</u>	<u>70,000</u>
<b>Secured creditors</b>		
Bank loans and overdrafts	<u>-</u>	<u>81,500</u>

Bank loans and overdraft are secured by a first legal charge on the company's freehold land and buildings.

**K C PRECISION ENGINEERING LIMITED****NOTES ON ABBREVIATED FINANCIAL STATEMENTS****31 DECEMBER 1998****4 CALLED UP SHARE CAPITAL**

	1998		1997	
	Number of shares	£	Number of shares	£
<b>Authorised</b>				
Ordinary shares of £1 each	1,000	1,000	1,000	1,000
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
<b>Allotted, called up and fully paid</b>				
Ordinary shares of £1 each	100	100	100	100
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>

**5 CONTROLLING PARTY**

The company is under the control of Lambert Engineering Holdings Limited which owns 60% of the company's share capital. In the opinion of the directors Mr P H Wainman is the company's ultimate controller by virtue of his 90% holding in the shares of Lambert Engineering Holdings Limited.