

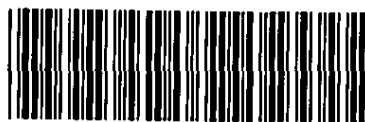
East Midlands Instrument Company Limited

STATUTORY FINANCIAL STATEMENTS

for the year ended

31 May 2007

WEDNESDAY



APNR7SP1

A33

05/09/2007

667

COMPANIES HOUSE

East Midlands Instrument Company Limited

DIRECTORS AND PROFESSIONAL ADVISERS

DIRECTORS

K Bingham
S Watson
R Hind

SECRETARY

K Bingham

REGISTERED OFFICE

Laughton Lane
Morton
Gainsborough
Lincolnshire
DN21 3ET

AUDITORS

Baker Tilly UK Audit LLP
2 Whitehall Quay
Leeds
LS1 4HG

BANKERS

Yorkshire Bank
19 St Sepulchre Gate
Doncaster
DN1 1SJ

East Midlands Instrument Company Limited

DIRECTORS' REPORT

The directors submit their report and the financial statements of East Midlands Instrument Company Limited for the year ended 31 May 2007

PRINCIPAL ACTIVITIES

The company's principal activities are the manufacture and installation of electrical and instrument control systems and assemblies, within the UK, typically for the power generation, water reclamation and supply, rail transport and petrochemical industries. Installation, fusion splicing and testing of fibre optic cabling. General fabrication and sheet metal work (including CNC punching and machining) of steel (including stainless steel) and aluminium. Associated welding controls, for high integrity applications or when requested by the customer. There have not been any significant changes in the company's principal activities in the year under review. The directors are not aware, at the date of this report, of any likely major changes in the company's activities in the next year.

REVIEW OF THE BUSINESS

A successful trading year for the Company with a 6% increase in turnover. The management team have also been able to increase profits from the previous year due to a programme of continuous improvement.

The Company is in a strong position to further increase sales and margins over the next year.

RISKS AND UNCERTAINTIES

Competitive pressure in the UK is a continuing risk for the company, which could result in it losing sales to its key competitors. The company manages this risk by providing added value services to its customers, having fast response times not only in supplying products but in handling all customer queries, and by maintaining strong relationships with customers.

KEY PERFORMANCE INDICATORS

Key performance indicators used by the management of the company concentrate on the sales invoiced, cost base and cash flow generation of the business.

East Midlands Instrument Co Ltd operates on a divisional and departmental basis. For this reason, the company's directors believe that further key performance indicators for the company are not necessary or appropriate for an understanding of the development, performance or position of the business.

FINANCIAL INSTRUMENTS

The nature of the Company's business is such that most sales are either completed in a short period of time or are of a bespoke nature where manufacture and/or installation takes place over a period of time. Where this is the case stage payments appropriate to the period of manufacture/installation are arranged on a contract by contract basis. As a general policy independent credit checks are regularly carried out on customers. Occasionally individual contracts can be of such a size that the timing of stage payments can cause significant variations in the level of funds.

The Company is financed by a mixture of loans, overdraft and invoice discounting.

East Midlands Instrument Company Limited

DIRECTORS' REPORT

RESULTS AND DIVIDENDS

The profit after taxation for the year was £247,722 (2006 £221,080)

Dividends paid on ordinary shares during the year were £66,000 (2006 £66,000)

DIRECTORS

The following directors held office during the year

K Bingham
S Watson
R Hind

AUDITORS

The directors, having been notified of the cessation of the partnership known as Baker Tilly, resolved that Baker Tilly UK Audit LLP be appointed as successor auditor with effect from 1 April 2007, in accordance with the provisions of the Companies Act 1989, s26(5) Baker Tilly UK Audit LLP has indicated its willingness to continue in office

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

The directors who were in office on the date of approval of these financial statements have confirmed, as far as they are aware that there is no relevant audit information of which the auditors are unaware Each of the directors have confirmed that they have taken all the steps that they ought to have taken as directors in order to make themselves aware of any relevant audit information and to establish that it has been communicated to the auditor

By order of the board



K Bingham
Secretary

16th August 2007

East Midlands Instrument Company Limited

DIRECTORS' RESPONSIBILITIES IN THE PREPARATION OF FINANCIAL STATEMENTS

The directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Generally Accepted Accounting Practice. Company law requires the directors to prepare 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

- a select suitable accounting policies and then apply them consistently,
- b make judgments and estimates that are reasonable and prudent,
- c 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF EAST MIDLANDS INSTRUMENT COMPANY LIMITED

We have audited the financial statements on pages 6 to 21

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the Annual Report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice) are set out in the Statement of Directors' Responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985, and whether the information given in the Directors' Report is consistent with the financial statements. We also report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

Basis of audit opinion

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs at 31 May 2007 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the Directors' Report is consistent with the financial statements

Baker Tilly UK Audit Ltd
BAKER TILLY UK AUDIT LLP
Registered Auditor
Chartered Accountants
Leeds

3 September 2007

East Midlands Instrument Company Limited

PROFIT AND LOSS ACCOUNT

for the year ended 31 May 2007

	<i>Notes</i>	2007 £	2006 £
TURNOVER	1	9,799,951	9,248,050
Cost of sales		(7,609,892)	(7,282,594)
Gross profit		2,190,059	1,965,456
Distribution costs		(177,156)	(174,283)
Administrative expenses		(1,675,014)	(1,441,097)
Exceptional item	3	45,922	-
OPERATING PROFIT	2	383,811	350,076
Interest receivable	4	169	1,123
Interest payable	5	(73,344)	(70,829)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		310,636	280,370
Taxation	7	(65,079)	(59,290)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	18	245,557	221,080

The operating profit for the year arises from the company's continuing operations

No separate statement of Total Recognised Gains and Losses has been presented as all such gains and losses have been dealt with in the profit and loss account

East Midlands Instrument Company Limited

BALANCE SHEET

31 May 2007

	Notes	2007 £	2006 £
FIXED ASSETS			
Tangible assets	9	844,025	906,828
Investments	10	800,000	800,000
		<u>1,644,025</u>	<u>1,706,828</u>
CURRENT ASSETS			
Stocks	11	727,809	623,519
Debtors	12	2,472,081	1,900,808
Cash at bank and in hand		206	179
		<u>3,200,096</u>	<u>2,524,506</u>
CREDITORS Amounts falling due within one year	13	(2,504,808)	(1,982,012)
NET CURRENT ASSETS		<u>695,288</u>	<u>542,494</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>2,339,313</u>	<u>2,249,322</u>
CREDITORS Amounts falling due after more than one year	14	(1,384,677)	(1,460,469)
		<u>954,636</u>	<u>788,853</u>
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred taxation	15	(24,358)	(38,132)
		<u>930,278</u>	<u>750,721</u>
CAPITAL AND RESERVES			
Called up equity share capital	16	150,000	150,000
Revaluation reserve	17	193,650	196,108
Profit and loss account	18	588,793	404,613
SHAREHOLDERS' FUNDS	19	<u>930,278</u>	<u>750,721</u>

The financial statements on pages 6 to 21 were approved by the board of directors and authorised for issue on 16 August 2007 and are signed on its behalf by


K Bingham Director

East Midlands Instrument Company Limited

CASH FLOW STATEMENT for the year ended 31 May 2007

	<i>Notes</i>	2007 £	2006 £
Cash flow from operating activities	20a	284,598	490,549
Returns on investments and servicing of finance	20b	(73,175)	(69,706)
Taxation		(63,311)	(160,438)
Capital expenditure and financial investment	20b	(17,500)	(44,670)
		<u>130,612</u>	<u>215,735</u>
Equity dividends paid		(66,000)	(66,000)
CASH INFLOW BEFORE FINANCING		64,612	149,735
Financing	20b	(260,041)	(13,201)
(DECREASE)/INCREASE IN CASH IN THE PERIOD		<u>(195,429)</u>	<u>136,534</u>
RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT		2007 £	2006 £
(Decrease)/increase in cash in the period	20c	(195,429)	136,534
Net cash inflow/(outflow) from bank loans		188,424	(57,029)
Net cash outflow in respect of hire purchase		71,617	70,230
New finance leases		(12,088)	(29,920)
Change in net debt	20c	<u>52,524</u>	<u>119,815</u>
Net debt at 1 June 2006		<u>(2,015,441)</u>	<u>(2,135,256)</u>
Net debt at 31 May 2007	20c	<u>(1,962,917)</u>	<u>(2,015,441)</u>

East Midlands Instrument Company Limited

ACCOUNTING POLICIES

BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention modified to include the revaluation of freehold properties in accordance with applicable accounting standards

CONSOLIDATION

The company was, at the end of the year, a wholly owned subsidiary of another company incorporated in the United Kingdom. As a result, the company, in accordance with section 228 of the Companies Act 1985, is not required to produce and has not published consolidated accounts. The parent entity's accounts therefore present information about it as an individual undertaking and not as a group.

TANGIBLE FIXED ASSETS

Fixed assets include properties valued by Chartered Surveyors on an existing use open market value basis, in accordance with Statement of Assets Valuation Practice No. 4 and the Guidance Notes of the Royal Institution of Chartered Surveyors. Other fixed assets are stated at historical cost.

Depreciation is provided on all tangible fixed assets other than freehold land at rates calculated to write each asset down to its estimated residual value evenly over its expected useful life, as follows -

Freehold property	2%
Plant and machinery	15%
Fixtures, fittings and equipment	15%
Motor vehicles	25%

STOCKS AND WORK IN PROGRESS

Stocks and work in progress are valued at the lower of cost and net realisable value. Cost of finished goods and work in progress includes overheads appropriate to the stage of manufacture. Net realisable value is based upon estimated selling prices less further costs expected to be incurred to completion and disposal. Provision is made for obsolete and slow moving items.

DEFERRED TAXATION

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more tax in the future or a right to pay less tax in the future have occurred at the balance sheet date. Timing differences are differences between the company's taxable profits and its results as stated in the financial statements.

Deferred tax is measured at the average tax rates that are expected to apply in the periods in which timing differences are expected to reverse, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is measured on a non-discounted basis.

LEASED ASSETS AND OBLIGATIONS

Where assets are financed by leasing agreements that give rights approximating to ownership ("finance leases"), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as obligations to the lessor.

Lease payments are treated as consisting of capital and interest elements, and the interest is charged to the profit and loss account in proportion to the remaining balance outstanding.

All other leases are "operating leases" and the annual rentals are charged to the profit and loss account on a straight line basis over the lease term.

TURNOVER

Turnover represents the right to consideration of goods and services provided.

East Midlands Instrument Company Limited

ACCOUNTING POLICIES

PENSION CONTRIBUTIONS

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

GOVERNMENT GRANTS

Government grants on capital expenditure are released to revenue by equal annual amounts over the expected useful life of the assets to which they relate.