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D.M.I. PRECISION ENGINEERING LTD

ACCOUNTS

FOR THE YEAR ENDED 30TH NOVEMBER 1986

IAN J BROWN & COMPANY
Chartered Accountants

 16 NOV 1987

D.M.I. PRECISION ENGINEERING LTD.

DIRECTORS' REPORT

The Directors present their Report for the year ended 30th November 1986.

ACTIVITIES

The principal activity of the Company, continuing without significant change during the period, consisted of Precision Engineering.

ACCOUNTS

- a) Dividends. The Directors recommend that no dividend be paid on the ordinary shares.
- b) Reserves. It is proposed to carry the net loss after tax, as shown in the Profit & Loss Account to the reserve.
- c) Fixed Assets. Changes in the fixed assets of the Company during the year are reflected in the Notes to the Accounts. During the year in the opinion of the Directors, the market value of the buildings held as fixed assets is in the region of £24,000.
- d) There were no political or charitable contributions made during the year.

CLOSE COMPANY PROVISIONS

The Company is a Close Company within the meaning of the Income and Corporation Taxes Act 1970.

DIRECTORS

There were no changes in the shareholdings of the Directors during the year and the Directors' names and interests in the capital of the Company are as follows:-

<u>Name</u>	<u>Ordinary Shares</u>	
	<u>30.11.85</u>	<u>30.11.86</u>
Hugh Innes	33	25
Robert Milne	28	20
Brian Morten	29	29

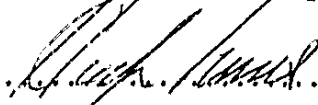
There were no arrangements made for the Directors to acquire shares or debentures in the Company or any other body corporate; and there were no contracts with the Company in which any Director had a material interest.

SHARE CAPITAL

There was no issue of shares or debentures during the year and the Company has not dealt in or subjected its own shares to any charges.

AUDITORS

The present auditors of the Company offer themselves for re-appointment in accordance with the Companies Act 1985.

..........Director

On behalf of the Board.

D.M.I. PRECISION ENGINEERING LTD.

PROFIT & LOSS ACCOUNT

FOR THE PERIOD 1:12:1985 TO 30:11:1986

1985			
208178	Work done		242140
24361	Purchases	28005	
1400	Add: Opening Stock	1500	
(1500)	Less: Closing Stock	1600	
(100)			(100)
24261			27305
183917	Gross Profit		214235
1613	Sundry Income		-
185530			214235
	<u>Deduct:-</u>		
92186	Wages & NIC	105632	
500	Superannuation	1200	
1426	Staff Welfare	1792	
122	Training Expenses	53	
610	Rates	585	
1235	Insurance	1432	
267	Property Repairs	670	
3070	Heat & Light	3810	
5104	Motor Expenses	5162	
1033	Posts, Staty., & Advert.	832	
951	Telephone	1055	
248	Travelling Expenses	232	
9	Donations	-	
210	Loose Tools	-	
1424	Repairs & Renewals	-	
3303	Entertaining Expenses	3843	
658	Cleaning & Laundry	1106	
479	Leasing Charges	438	
584	Sundries	910	
113419			128752
72111	NET PROFIT		85483

D.M.I. PRECISION ENGINEERING LTD.

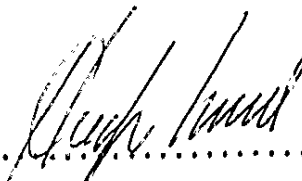
APPROPRIATION ACCOUNT AS AT 30TH NOVEMBER 1986

<u>1985</u>			
72111	Trading Profit		85483
-	Investment Income		157
<u>72111</u>			<u>85640</u>
	<u>Deduct:-</u>		
54004	Directors' Remuneration	52387	
6091	Directors' Pension Contribution	3599	
702	Bank Charges & Interest	1681	
1368	Hire Purchase Interest	2546	
800	Audit & Accountancy Fees	1000	
15	Legal Fees	-	
12228	Depreciation	31023	
<u>75208</u>			<u>92236</u>
(3097)	Net Loss before taxation		(6596)
199	Taxation		1119
<u>(3296)</u>	Net Loss after taxation		<u>(5477)</u>
22536	Reserves per last Account		19240
<u>19240</u>	Carried to Balance Sheet		<u>13763</u>

D.M.I. PRECISION ENGINEERING LTD.

BALANCE SHEET AS AT 30TH NOVEMBER 1986

<u>1985</u>			
	<u>FIXED ASSETS</u>		
6617	Property		6617
27625	Plant & Machinery		86280
280	Fixtures & Fittings		210
8613	Motor Vehicles		6460
170	Tools		130
<u>43305</u>			<u>99697</u>
	<u>CURRENT ASSETS</u>		
1750	Work in Progress	1000	
1500	Stock in Hand	1600	
56518	Sales Ledger Balances	49383	
-	Directors Loan Account	3003	
1	Building Society Account	1	
144	Bank Deposit Account	8556	
258	Cash in Hand	267	
<u>60171</u>		<u>63810</u>	
	<u>LIABILITIES</u>		
14616	Purchase Ledger Balances	14602	
23386	Accrued Charges	31220	
10269	H.P. Commitments	91029	
616	Corporation Tax	576	
5260	Loan Account	-	
21890	Bank Overdraft	8093	
<u>76037</u>		<u>145520</u>	
(15866)	Working Capital Deficit		(81710)
<u>27439</u>	Net Assets		<u>17987</u>
			=====
	Represented By:-		
	Share Capital:-		
100	Authorized £1 Each Share	100	
<u>100</u>	Issued and Fully Paid	<u>100</u>	
19240	Revenue Reserves	13763	
<u>19340</u>		<u>13863</u>	
5868	Deferred Tax Account	4124	
2231	Directors' Loan Account	-	
<u>27439</u>	CAPITAL EMPLOYED	<u>17987</u>	
			=====

..........Director

..........Director

D.M.I. PRECISION ENGINEERING LTD.

Statement of Source and Application of Funds
For the Year Ended 30th November 1986

	£	£	£
<u>SOURCE OF FUNDS</u>			
Loss before tax			(6596)
Add: Items not involving the movement of Funds - Depreciation			31023
			<u>24427</u>
<u>FUNDS NOT GENERATED FROM TRADING</u>			
Transfer from deferred tax account			1744
			<u>26171</u>
<u>APPLICATION OF FUNDS</u>			
Purchase of Fixed Assets	87415		
Corporation Tax Payable	625		
Payments to Directors Loan	5234		
			<u>93274</u>
			<u>67103</u>
			=====
<u>INCREASE (DECREASE) IN WORKING CAPITAL</u>			
Increase (Decrease) in:-			
Work in Progress		(750)	
Stock in Hand		100	
Debtors		(7135)	
		<u>(7785)</u>	
(Increase) Decrease in:-			
Trade Creditors	14		
Accrued Charges	(7834)		
Corporation Tax Payable	40		
Hire Purchase Creditors	80760		
Deferred Tax	1744		
Loan Account	5260		
		<u>81536</u>	
		<u>(89321)</u>	
<u>INCREASE (DECREASE) IN NET LIQUID FUNDS</u>			
Bank Current Account (Reduction of Overdraft)	13797		
Cash in Hand	9		
Bank Deposit Account	8412		
		<u>22218</u>	
			<u>67103</u>
			=====

P.M.I. PRECISION ENGINEERING LTD.

Notes on the Accounts

Period ended 30th November 1986

1. ACCOUNTING POLICIES

The Accounts are prepared on a going concern basis, under the historical cost convention and are exclusive of Value Added Tax.

Depreciation of Fixed Assets is provided using the reducing balance method at the annual % rates:-

Land and Buildings	0%
Plant & Machinery	25%
Fixtures & Fittings	25%
Motor Vehicles	25%

2. TURNOVER

a) Arrived at from the provision of goods and services in the period after deduction of trade discount, value added tax and debts thought to be irrecoverable.

b) The Directors consider that declaring the analyses of turnover, in respect of classes of business and geographical markets supplied, would be prejudicial to the interests of the Company.

c) There were no goods exported during the year.

The aggregate emoluments is receivable by the Directors in respect of their services as Directors of the Company is as follows:-

	<u>Remuneration</u>
H. Innes	20455
R. Milne	16012
B. Morten	15920
	<hr/> 52387

In addition to the above remuneration there is a Directors' pension scheme for which contributions in the year ended 30th November 1986 amounted to £3599.

4. TAXATION

Per attached schedule.

5. PROPOSED DIVIDENDS

There were no dividends paid or proposed in the year.

6. INTANGIBLE FIXED ASSETS

There are no Fixed Assets of this class.

7. TANGIBLE FIXED ASSETS

	Land & Buildings	Plant Machinery	Fixtures & Equipment	Motor Vehicles	Loose Tools
<u>COST</u>					
At start of year	6617	93491	998	25748	1370
Additions		87415			
Cost of Disposals					
	6617	180908	998	25748	1370

Aggregate Depreciation

At start of year	-	65866	718	17135	1200
Charge for the year	-	28760	70	2153	40
	-	94626	788	19288	1240

NET BOOK VALUE

At end of previous year	6617	27625	280	8613	170
At end of year	6617	86280	190	6460	130

8. INVESTMENTS

There are no fixed asset investments being held by the Company and consequently no income is derived from this class of asset.

9. STOCKS

Work in progress is valued by the Directors at prime cost. Stock in hand is valued by the Directors at the lower of cost or net realisable value and comprises finished goods and goods for resale.

10. DEBTORS

Debtors are provided in full after allowing for debts thought to be irrecoverable. There is no amount falling due after one year.

11. BANK LOAN OVERDRAFT

The liability is secured by a floating charge over the Company's assets.

12. CREDITORS

There is no security given by the Company to creditors in respect of outstanding sums due to them.

13. ACCRUALS

State Creditors	
U.K. Corporation Tax	576
PAYE & Social Security contributions	417
Value Added Tax	4183
Other Accruals	22865
	<u>31796</u>

14. SHARE CAPITAL

The authorised, issued and fully paid share capital comprises 100 ordinary shares of £1 each and there was no allotment of shares during the year. There is no called up share capital unpaid at the year end or share premium account.

TAXATION

Corporation Tax

The charge to Corporation Tax based on the profits for the period comprises:

	Year to 30:11:85	Year to 30:11:86
U.K. Corporation Tax at 29%	616	576
Transfers to(from) Deferred Taxation Account	(417)	(1744)
Adjustment for Prior Years	199	1168
	-	49
	199	1119

Deferred Taxation

Provision is made for deferred taxation at 29% as appropriate viz:

Tax deferred on:

The excess of capital allowances claimed
over related depreciation

1985	1986
5868	4124
=====	=====

DIRECTORS' LOAN ACCOUNT

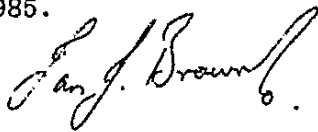
	<u>H. Innes</u>	<u>R. Milne</u>	<u>B. Morten</u>
Balance at start of year	1498	(182)	915
Paid	(1556)	(1839)	(1839)
	<u>(58)</u>	<u>(2021)</u>	<u>(924)</u>

D.M.I. PRECISION ENGINEERING LTD.

AUDITORS' REPORT

We have audited the Books and Accounts of the Company for the period ended as shown in the Accounts. In common with many businesses of similar size and organisation, the Company's system of control is dependent upon the close involvement of the Directors. Where independent confirmation of the completeness of the accounting records was not therefore available, we have accepted assurances from the Directors that all the Company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion, the financial statements which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at the period end and of its profit and source and application of funds for the period the ended and comply with the Companies Acts 1985.

A handwritten signature in dark ink, appearing to read 'Ian J. Brown', with a stylized flourish at the end.

IAN J BROWN & COMPANY
Chartered Accountants