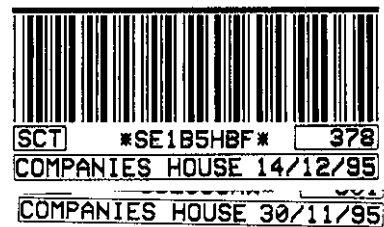


DMI PRECISION ENGINEERING LIMITED  
DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30TH NOVEMBER 1994

SC 56292

COMPANY NO. SC056292



DMI PRECISION ENGINEERING LIMITED

COMPANY INFORMATION

DIRECTORS :

HUGH INNES  
BRIAN INNES

SECRETARY :

HUGH INNES

COMPANY NUMBER :

SCO56292

REGISTERED OFFICE :

4 LOTHIAN STREET  
DALKEITH  
MIDLOTHIAN  
EH22 1DS

AUDITORS :

IAN J BROWN & COMPANY  
CHARTERED ACCOUNTANTS  
AND REGISTERED AUDITORS  
4 LOTHIAN STREET  
DALKEITH  
MIDLOTHIAN  
EH22 1DS

DMI PRECISION ENGINEERING LIMITED

CONTENTS

	Page
Directors' Report	1
Auditors' Report	2
Profit and Loss Account	3
Balance Sheet	4-5
Notes to the Financial Statements	6-10

The following pages do not form part of the statutory accounts:

Trading Account	11
-----------------	----

DIRECTORS' REPORT FOR THE YEAR ENDED 30TH NOVEMBER 1994

The directors present their report and the financial statements for the year ended 30th November 1994.

**Statement Of Directors' Responsibilities**

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 those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- 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.

**Principal Activity**

The company's principal activity continues to be that of precision engineering.

**Directors**

The Directors who served during the year and their beneficial interests in the company's issued ordinary share capital were:-

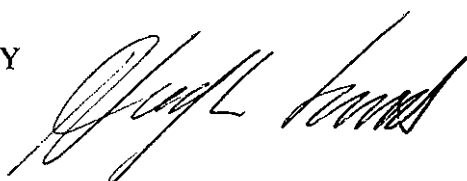
	30/11/94	30/11/93
Hugh Innes	92	58
Brian Innes	8	8

**Auditors**

The auditors, Ian J Brown & Company, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report, which has been prepared taking advantage of special exemptions applicable to small companies was approved by the board on 29th November 1995 and signed on their behalf.

H INNES  
SECRETARY



AUDITORS' REPORT TO THE SHAREHOLDERS OF

DMI PRECISION ENGINEERING LIMITED

We have audited the financial statements on pages 3 to 10 which have been prepared under the historical cost convention and the accounting policies set out on pages 5 and 6.

**Respective Responsibilities of Directors and Auditors**

As described on page 1 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

**Basis Of Opinion**

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relating 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**

The company has not depreciated its land and buildings in accordance with Statement of Standard Accounting Practice No 12 and the Companies Act 1985.

Except for the failure to depreciate land and buildings, in our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 30th November 1994 and of its profit for the year then ended and have been properly prepared in accordance with the provision of the Companies Act 1985 applicable to small companies.



Ian J Brown & Company  
Chartered Accountants and  
Registered Auditors  
4 Lothian Street  
DALKEITH  
Midlothian  
EH22 1DS

DMI PRECISION ENGINEERING LIMITED

3

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 30TH NOVEMBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
Turnover	1, 2	325444	277714
Cost Of Sales		<u>45276</u>	<u>31684</u>
Gross Profit		280168	246030
Administrative Expenses		<u>261017</u>	<u>242298</u>
Operating Profit	3	19151	3732
Interest Receivable		-	-
Interest Payable	4	<u>1396</u>	<u>2555</u>
Profit On Ordinary Activities Before Taxation		17755	1177
Taxation On Profit On Ordinary Activities	5	<u>4994</u>	<u>5648</u>
Retained Profit For The Year		12761	(4471)
Retained Profit Brought Forward		<u>35326</u>	<u>39797</u>
Retained Profit Carried Forward		<u><u>48087</u></u>	<u><u>35326</u></u>

There were no recognised gains and losses for 1994 or 1993 other than those included in the profit and loss account.

The notes on pages 6 to 10 form part of these financial statements.

**BALANCE SHEET**  
**AS AT 30TH NOVEMBER 1994**

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
		£	£
<b>Fixed Assets</b>			
Tangible Assets	6	80692	60590
<b>Current Assets</b>			
Stocks and Work In Progress		20000	19500
Debtors	7	87432	56350
Cash At Bank And In Hand		275	275
		<u>107707</u>	<u>76125</u>
Creditors: Amounts Falling Due Within One Year	8	<u>93831</u>	<u>83117</u>
<b>Net Current Assets (Liabilities)</b>		<u>13876</u>	<u>(6992)</u>
<b>Total Assets Less Current Liabilities</b>		<u>94568</u>	<u>53598</u>
Creditors: Amounts Falling Due After More Than One Year	9	(28258)	-
<b>Provision For Liabilities and Charges</b>			
Deferred Taxation	10	<u>(3740)</u>	<u>(3789)</u>
		<u>62570</u>	<u>49809</u>
<b>Capital and Reserves</b>			
Called Up Share Capital	11	100	100
Profit and Loss Account		48087	35326
Revaluation Reserve		14383	14383
<b>Shareholders' Funds</b>	12	<u>62570</u>	<u>49809</u>
<b>Represented By:</b>			
Equity Interests		62570	49809
Non Equity Interests		-	-
		<u>62570</u>	<u>49809</u>

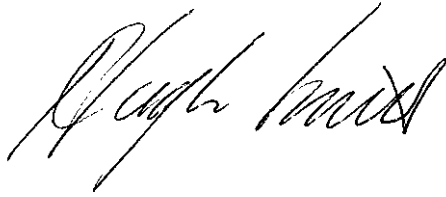
BALANCE SHEET (CONTINUED)

AS AT 30TH NOVEMBER 1994

The directors have taken advantage, in the preparation of these financial statements, of special exemptions applicable to small companies on the grounds that the company qualifies as a small company by virtue of section 247 of the Companies Act 1985. The financial statements were approved by the board on 29th November 1995 and signed on its behalf.

The notes on pages 6 to 10 form part of these financial statements.

H INNES  
(Director)

A handwritten signature in black ink, appearing to read 'H Innes', written in a cursive style.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH NOVEMBER 1994

1. Accounting Policies

1.1 Basis Of Preparation Of Financial Statements

The financial statements 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 as 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 bases:

Land and Buildings	Nil
Motor Vehicles	25% reducing balance basis
Plant and Machinery	25% reducing balance basis
Loose Tools	25% reducing balance basis
Fixtures and Fittings	25% reducing balance basis

1.4 Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 30TH NOVEMBER 1994**1.6 Stocks**

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

**1.7 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.

**1.8 Deferred Taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future. Provision has also been made for taxation on the difference between the revaluation value and the cost price of the property.

**1.9 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amount payable by the company to the fund in respect of the year.

**2. Turnover**

In the year to 30th November 1994 none of the company's turnover was to markets outside the United Kingdom.

**3. Operating Profit**

The operating profit is stated after charging:-

	<u>1994</u>	<u>1993</u>
	£	£
Depreciation Of Tangible Fixed Assets - owned by the company	19898	13198
Auditors' Remuneration	3000	3250
Directors' Emoluments	41629	31933
Directors' Pension Contributions	5581	3898

## NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH NOVEMBER 1994

	1994	1993
	£	£
4. Interest Payable		
Interest payable is on bank overdraft.		
5. Taxation		
UK Current Year Taxation		
UK Corporation Tax At 25 % (1993-25 %)	5099	3412
Transfer To (From) Deferred Taxation	(49)	2236
	5050	5648
Prior Years		
UK Corporation Tax	(56)	-
	4994	5648

## 6. Tangible Fixed Assets

	Land & Buildings	Plant & Machinery	Fixtures & Fittings	Motor Vehicles	Loose Tools	Total
	£	£	£	£	£	£
At Valuation						
Cost						
At Start Of Year	21000	186906	1763	49707	1370	260746
Additions	-	40000	-	-	-	40000
At 30/11/94	21000	226906	1763	49707	1370	300746
Depreciation						
At 30/11/93	-	174321	1493	22989	1353	200156
Charge for Year	-	13146	68	6680	4	19898
At 30/11/94	-	187467	1561	29669	1357	220054
Net Book Values						
At 30/11/94	21000	39439	202	20038	13	80692
At 30/11/93	21000	12585	270	26718	17	60590

The land and buildings were revalued by an independent valuer at £21000 on 16th August 1989. The original cost was £6617.

DMI PRECISION ENGINEERING LIMITED

9

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

FOR THE YEAR ENDED 30TH NOVEMBER 1994

	<u>1994</u>	<u>1993</u>
	£	£
7. Debtors		
Due Within One Year		
Trade Debtors	78059	54350
Other Debtors	2000	2000
Debtors Loan	7373	-
	<u>87432</u>	<u>56350</u>
8. Creditors: Amounts Falling Due Within One Year		
Trade Creditors	20459	24376
Sundry Creditors And Accruals	3000	2750
Corporation Tax	8455	13153
Other Taxes	21130	15614
Hire Purchase Creditor	14147	17881
Bank Overdraft	26640	9160
Directors Loans	-	183
	<u>93831</u>	<u>83117</u>
9. Creditors: Amounts Falling Due In More Than One Year		
Hire Purchase Creditor	<u>28258</u>	<u>-</u>
10. Deferred Taxation		
Balance At Beginning	3789	1553
Net Charge For Year	(49)	2236
Balance At End	<u>3740</u>	<u>3789</u>
The potential liability for deferred taxation is provided as follows:		
Accelerated Capital Allowances	144	193
Provision For Taxation On Revaluation Gain	3596	3596
	<u>3740</u>	<u>3789</u>

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)FOR THE YEAR ENDED 30TH NOVEMBER 1994

	<u>1994</u>	<u>1993</u>
	£	£
11. Called Up Share Capital		
Authorised		
Ordinary Shares Of £1 Each	<u>100</u>	<u>100</u>
Issued		
Ordinary Shares Of £1 Each	<u>100</u>	<u>100</u>
12. Movement On Shareholders' Funds		
(Loss)/Profit For The Year	12761	(4471)
Opening Shareholders' Funds	<u>49809</u>	<u>54280</u>
Closing Shareholders' Funds	<u>62570</u>	<u>49809</u>
13. Contingent Liabilities		
The company had no contingent liabilities at 30th November 1994.		
14. Capital Commitments		
At the year end the company had no capital commitments.		
15. Post Balance Sheet Events		
There were no post balance sheet events which require to be disclosed in these Accounts.		