

MACHAN ENGINEERING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st AUGUST 1996



MACHAN ENGINEERING LIMITED

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MACHAN ENGINEERING LIMITED

COMPANY INFORMATION

COMPANY REGISTRATION NUMBER

83928

DIRECTOR

W.J.McMullen

SECRETARY

M.McMullen

REGISTERED OFFICE

103 Broad Street
Denny
Stirlingshire
FK6 6EL

REGISTERED AUDITOR

Peter Deans
Chartered Accountants
42 Stirling Street
Denny
Stirlingshire
FK6 6DJ

MACHAN ENGINEERING LIMITED

REPORT OF THE DIRECTOR

The Director presents his report with the financial statements of the company for the year ended 31st August 1996.

DIRECTOR'S RESPONSIBILITY

Company law requires the director 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 director is 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to ensure that the financial statements comply with the Companies Act, 1985. He is also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention of fraud and other irregularities.

PRINCIPAL ACTIVITY

The company's principal activity during the year was that of light engineering.

DIRECTOR

The director in office during the year and his beneficial interests in the issued share capital was as follows:-

	<u>Class of Capital</u>	<u>1996</u>	<u>1995</u>
W.J.McMullen	Ordinary £1	10,000	10,000

AUDITORS

During the year Peter Deans, Chartered Accountants accepted nomination as auditors. The auditors, Peter Deans, Chartered Accountants, will be proposed for re-appointment in accordance with Section 385 of the Companies Act, 1985.

Advantage has been taken in the preparation of this report of the special exemptions applicable to small companies under Statutory Instrument number 2452.

BY ORDER OF THE BOARD:

M.McMullen
Secretary
Dated: 28 March 1997



MACHAN ENGINEERING LIMITED

AUDITORS REPORT

AUDITORS REPORT TO THE MEMBERS OF MACHAN ENGINEERING LIMITED

We have audited the financial statements on pages four to ten which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page six.

Respective responsibilities of director and auditors:

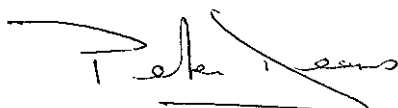
As described on page two, the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an 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 director in the preparation of the financial statements, and 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 of the state of the Company's affairs at 31 August, 1996 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act, 1985 applicable to small companies.



Peter Deans
Registered Auditors &
Chartered Accountants

28 March 1997

MACHAN ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st AUGUST 1996

		<u>1996</u>	<u>1995</u>
	Note	£	£
TURNOVER	2	1,016,691	767,050
Cost of Sales		<u>829,664</u>	<u>626,875</u>
GROSS PROFIT		187,027	140,175
Administrative Expenses		<u>169,303</u>	<u>132,339</u>
Other operating income	3	17,724 <u>2,201</u>	7,836 <u>8,079</u>
OPERATING PROFIT/(LOSS)	4	19,925	15,915
Interest Payable	5	<u>9,310</u>	<u>10,168</u>
PROFIT/LOSS FOR YEAR BEFORE TAXATION		10,615	5,747
Tax on ordinary activities	15	<u>2,747</u>	<u>2,074</u>
PROFIT/LOSS FOR YEAR AFTER TAXATION		7,868	3,673
Retained profit brought forward		<u>29,978</u>	<u>26,305</u>
RETAINED PROFIT CARRIED FORWARD		<u>£ 37,846</u>	<u>£29,978</u>

The company has no recognised gains or losses other than the profit for the year.

The notes form part of these financial statements

MACHAN ENGINEERING LIMITED

BALANCE SHEET

AS AT 31st AUGUST 1996

		<u>1996</u>	<u>1995</u>
	Note	£	£
FIXED ASSETS:			
Tangible assets	6	147,388	144,695
Investments	7	<u>18,000</u>	<u>18,000</u>
		<u>165,388</u>	<u>162,695</u>
CURRENT ASSETS:			
Stock	8	64,243	63,657
Debtors	9	<u>198,891</u>	<u>160,020</u>
		263,134	223,677
CREDITORS: Falling due within one year	10	(261,833)	(249,389)
NET CURRENT ASSETS/(LIABILITIES)		<u>1,301</u>	(25,712)
TOTAL ASSETS LESS CURRENT LIABILITIES		166,689	136,983
CREDITORS: Falling due after one year	11	(69,719)	(7,881)
TOTAL NET ASSETS		<u>£ 96,970</u>	<u>£129,102</u>
CAPITAL RESERVES:			
Called up share capital	13	10,000	20,000
Revaluation reserve	6	79,124	79,124
Capital redemption reserve		7,846	-
Profit and loss account		<u>-</u>	<u>29,978</u>
	14	<u>£96,970</u>	<u>£129,102</u>

Advantage has been taken in the preparation of these financial statements of the special exemptions applicable to small companies under Statutory Instrument number 2452, on the grounds that in the opinion of the director, the company is a small company in terms of the Companies Act, 1985.


W.J. McMullen DIRECTOR

These financial statements were approved by the Director on 28 March, 1997.

The notes form part of these financial statements

MACHAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31st AUGUST 1996

1. ACCOUNTING POLICIES

Basis of Accounting

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain assets.

The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from producing a cash flow statement on the grounds that it is a small company.

TURNOVER

Turnover represents net invoiced sales of goods and services, excluding value added tax.

DEPRECIATION

Depreciation is provided at the following annual rates in order to write off each asset over its useful life.

Buildings	-	2% straight Line
Pattern Equipment	-	20% straight Line
Plant & Machinery	-	25% of reducing balance
Yard Improvements	-	10% straight Line
Motor Vehicles	-	25% of reducing balance

REVALUATION RESERVE

Surpluses arising on the revaluation of individual tangible fixed assets are credited to a revaluation reserve. On the disposal of any such revalued asset the corresponding surplus or deficit is transferred to the profit and loss account.

STOCKS

Stocks and work in progress are valued at the lower of cost and estimated net realisable value.

DEFERRED TAXATION

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is a reasonable probability that the liability will not arise in the foreseeable future.

MACHAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31st AUGUST 1996

2. TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. OTHER OPERATING INCOME

	<u>1996</u>	<u>1995</u>
	£	£
Rents received	2,201	2,878
Insurance recovery	<u>-</u>	<u>5,201</u>
	<u>2,201</u>	<u>8,079</u>

4. OPERATING PROFIT/LOSS

The operating profit is stated after charging:

	<u>1996</u>	<u>1995</u>
	£	£
Directors remuneration	48,233	38,067
Depreciation	19,178	17,918
Auditors remuneration	<u>2,750</u>	<u>2,750</u>

5. INTEREST PAYABLE

	<u>1996</u>	<u>1995</u>
	£	£
Interest payable on:		
Bank borrowing	8,821	9,324
H.P. Interest	<u>489</u>	<u>844</u>
	<u>9,310</u>	<u>10,168</u>

MACHAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31st AUGUST 1996

6. TANGIBLE FIXED ASSETS

COST / VALUATION:

	£
As at 1 September 1995	291,566
Additions	27,934
Revaluation	<u>(18,986)</u>
As at 31 August 1996	<u>300,514</u>

DEPRECIATION:

As at 1 September 1995	146,871
Charge for year	19,179
Revaluation	<u>(12,924)</u>
As at 31 August 1996	<u>153,126</u>

NET BOOK VALUE:

As at 31 August 1996	<u>147,388</u>
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The buildings were revalued during the year ended 31 August 1995 by D.M.Hall, Chartered Surveyors at £105,000. The historical cost of the buildings was £46,989.

Included in the above are assets held under hire purchase contracts. The cost of these assets amounts to £23,700. The accumulated depreciation and depreciation charged for the year on these assets amounts to £5,925 and £5,925.

7. <u>FIXED ASSET INVESTMENTS</u>	<u>Country of</u>		
	<u>Registration</u>	<u>Principal Activity</u>	<u>% Owned</u>
Carnoustie Castings Limited	Scotland	Light Engineering	16

Mr W McMullen was a director of Carnoustie Castings Limited throughout the year.

8. <u>STOCKS</u>	<u>1996</u>	<u>1995</u>
	£	£
Raw Materials	44,691	46,466
Work in Progress	7,819	10,090
Finished Goods	<u>11,733</u>	<u>7,101</u>
	<u>64,243</u>	<u>63,657</u>

9. <u>DEBTORS</u>	<u>1996</u>	<u>1995</u>
	£	£
Trade Debtors	198,891	157,953
Corporation tax repayable	<u>-</u>	<u>2,066</u>
	<u>198,891</u>	<u>160,020</u>

MACHAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31st AUGUST 1996

10. CREDITORS: Falling due within one year

	<u>1996</u>	<u>1995</u>
	£	£
Bank Overdrafts	45,357	66,817
Bank Loans	9,800	-
Trade Creditors	150,816	127,704
Directors Current Account	-	18,000
Hire Purchase Creditors	3,333	2,665
Other Taxes and PAYE	19,468	16,615
Other Creditors	1,810	1,830
Accrued Expenses	<u>28,502</u>	<u>13,684</u>
	259,086	247,315
Taxation	<u>2,747</u>	<u>2,074</u>
	<u>261,833</u>	<u>249,389</u>

11. CREDITORS: Falling due after one year

	<u>1996</u>	<u>1995</u>
	£	£
Loan due within 5 years	42,148	5,328
Loan due after 5 years	21,460	2,553
Hire Purchase Creditors	<u>6,111</u>	<u>-</u>
	<u>69,719</u>	<u>7,881</u>

12. SECURITY

The bank overdraft is secured by a floating charge over the assets and undertakings.

13. CALLED UP SHARE CAPITAL

			<u>1996</u>	<u>1995</u>
			£	£
Authorised:				
Number:	Class:	Nominal Value:		
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>
Allotted, issued and fully paid				
10,000 Ordinary shares of £1 each			<u>10,000</u>	<u>20,000</u>

MACHAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31st AUGUST 1996

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	£	£
Profit for the year	<u>7,868</u>	<u>3,673</u>
Net addition to shareholders' funds	7,868	3,673
Opening shareholders' funds	129,102	92,097
Redemption of own shares	(40,000)	-
Revaluation	<u>-</u>	<u>33,332</u>
Closing shareholders' funds	<u>96,970</u>	<u>129,102</u>

On 11th October, 1995 the Company redeemed 10,000 Ordinary Shares previously held by Miss Leigh Hancher.

15. TAX ON ORDINARY ACTIVITIES

	<u>1996</u>	<u>1995</u>
	£	£
Based on the Income for the years		
Corporation Tax at 24.58% (1995 : 25%)	<u>2,747</u>	<u>2,074</u>