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MACHAN ENGINEERING LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st AUGUST 1995

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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 1995.

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>1995</u>	<u>1994</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: 29 March 1996



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:

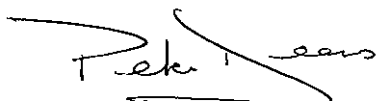
As described on page two, the company's director is responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit of those statements and to report our opinion to you.

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, 1995 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

29 March 1996

MACHAN ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31st AUGUST 1995

		<u>1995</u>	<u>1994</u>
	Note	£	£
TURNOVER	2	767,050	615,236
Cost of Sales		<u>626,875</u>	<u>464,545</u>
GROSS PROFIT		140,175	150,691
Administrative Expenses		<u>132,339</u>	<u>162,678</u>
Other operating income	3	<u>7,836</u> <u>8,079</u>	<u>(11,987)</u> <u>6,128</u>
OPERATING PROFIT/(LOSS)	4	15,915	(5,859)
Interest Payable	5	<u>10,168</u>	<u>9,846</u>
PROFIT/LOSS FOR YEAR BEFORE TAXATION		5,747	(15,705)
Tax on ordinary activities		<u>2,074</u>	<u>(2,308)</u>
PROFIT/LOSS FOR YEAR AFTER TAXATION		3,673	(13,397)
Retained profit brought forward		<u>26,305</u>	<u>39,702</u>
RETAINED PROFIT CARRIED FORWARD		<u>£29,978</u>	<u>£26,305</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

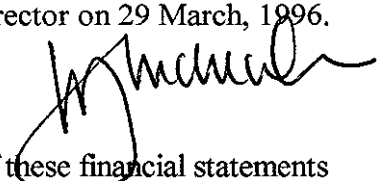
AS AT 31st AUGUST 1995

		<u>1995</u>	<u>1994</u>
	Note	£	£
FIXED ASSETS:			
Tangible assets	6	144,695	122,619
Investments	7	<u>18,000</u>	<u>-</u>
		<u>162,695</u>	<u>122,619</u>
CURRENT ASSETS:			
Stock	8	63,657	64,209
Debtors	9	<u>160,020</u>	<u>144,967</u>
		223,677	209,176
CREDITORS: Falling due within one year	10	(249,389)	(227,819)
NET CURRENT LIABILITIES		(25,712)	(18,643)
TOTAL ASSETS LESS CURRENT LIABILITIES		136,983	103,976
CREDITORS: Falling due after one year	11	(7,881)	(11,879)
TOTAL NET ASSETS		<u>£129,102</u>	<u>£ 92,097</u>
CAPITAL RESERVES:			
Called up share capital	13	20,000	20,000
Revaluation reserve	6	79,124	45,792
Profit and loss account		<u>29,978</u>	<u>26,305</u>
	14	<u>£129,102</u>	<u>£ 92,097</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 29 March, 1996.


The notes form part of these financial statements

MACHAN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31st AUGUST 1995

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 1995

2. TURNOVER

The turnover and profit (1994 - loss) before taxation are attributable to the one principal activity of the company.

3. OTHER OPERATING INCOME

	<u>1995</u>	<u>1994</u>
	£	£
Rents received	2,878	6,128
Insurance recovery	<u>5,201</u>	<u>-</u>
	<u>8,079</u>	<u>6,128</u>

4. OPERATING PROFIT/LOSS

The operating profit (1994 - operating loss) is stated after charging:

	<u>1995</u>	<u>1994</u>
	£	£
Directors remuneration	38,067	36,516
Depreciation	17,918	20,435
Auditors remuneration	<u>2,750</u>	<u>3,400</u>

5. INTEREST PAYABLE

	<u>1995</u>	<u>1994</u>
	£	£
Interest payable on:		
Short term borrowings	9,324	9,127
Medium term borrowings	<u>844</u>	<u>719</u>
	<u>10,168</u>	<u>9,846</u>

MACHAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31st AUGUST 1995

6. TANGIBLE FIXED ASSETS

COST / VALUATION:

	£
As at 1 September 1994	257,804
Additions	6,662
Revaluation	<u>27,100</u>
As at 31 August 1995	<u>291,566</u>

DEPRECIATION:

As at 1 September 1994	135,185
Charge for year	17,918
Revaluation	<u>(6,232)</u>
As at 31 August 1995	<u>146,871</u>

NET BOOK VALUE:

As at 31 August 1995	<u>144,695</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 £29,981. The accumulated depreciation and depreciation charged for the year on these assets amounts to £17,899 and £4,027.

7. <u>FIXED ASSET INVESTMENTS</u>	Country of		
	<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>1995</u>	<u>1994</u>
	£	£
Raw Materials	46,466	44,177
Work in Progress	10,090	13,735
Finished Goods	<u>7,101</u>	<u>6,297</u>
	<u>63,657</u>	<u>64,209</u>

9. <u>DEBTORS</u>	<u>1995</u>	<u>1994</u>
	£	£
Trade Debtors	165,954	142,901
Corporation tax repayable	<u>2,066</u>	<u>2,066</u>
	<u>160,020</u>	<u>144,967</u>

MACHAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31st AUGUST 1995

10. CREDITORS: Falling due within one year

	<u>1995</u>	<u>1994</u>
	£	£
Bank Overdrafts	66,817	88,606
Trade Creditors	127,704	107,451
Directors Current Account	18,000	-
Hire Purchase Creditors	2,665	6,000
Other Taxes and PAYE	16,615	11,751
Other Creditors	1,830	1,830
Accrued Expenses	<u>13,684</u>	<u>12,181</u>
	247,315	227,819
Taxation	<u>2,074</u>	<u>-</u>
	<u>249,389</u>	<u>227,819</u>

11. CREDITORS: Falling due after one year

	<u>1995</u>	<u>1994</u>
	£	£
Loan due within 5 years	5,328	5,328
Loan due after 5 years	2,553	3,885
Hire Purchase Creditors	<u>-</u>	<u>2,666</u>
	<u>7,881</u>	<u>11,879</u>

12. SECURITY

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

13. CALLED UP SHARE CAPITAL

			<u>1995</u>	<u>1994</u>
			£	£
Authorised:				
Number:	Class:	Nominal Value:		
50,000	Ordinary	£1	<u>50,000</u>	<u>50,000</u>
Allotted, issued and fully paid				
20,000 Ordinary shares of £1 each			<u>20,000</u>	<u>20,000</u>

MACHAN ENGINEERING LIMITED
NOTES TO THE FINANCIAL STATEMENTS (CONT'D)
FOR THE YEAR ENDED 31st AUGUST 1995

14. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1995</u>	<u>1994</u>
	£	£
Profit/(Loss) for the year	<u>3,673</u>	<u>(13,397)</u>
Net addition to/reduction in shareholders' funds	3,673	(13,397)
Opening shareholders' funds	92,097	105,494
Revaluation	<u>33,332</u>	<u>-</u>
Closing shareholders' funds	<u>129,102</u>	<u>92,097</u>