

SC 083928

MACHAN ENGINEERING LIMITED  
REPORT OF THE DIRECTOR AND  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st AUGUST 1997



IAM

# 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 1997.

### 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>1997</u>	<u>1996</u>
W.J.McMullen	Ordinary £1	10,000	10,000

### 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.

### AUDITORS

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

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

BY ORDER OF THE BOARD:

M.McMullen  
Secretary  
Dated: 30 January 1998



MACHAN ENGINEERING LIMITED

AUDITORS REPORT

AUDITORS REPORT TO THE SHAREHOLDER 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, 1997 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

30 January 1998

**MACHAN ENGINEERING LIMITED**

**PROFIT AND LOSS ACCOUNT**

**FOR THE YEAR ENDED 31st AUGUST 1997**

		<u>1997</u>	<u>1996</u>
	Note	£	£
TURNOVER	2	1,006,100	1,016,691
Cost of Sales		<u>788,215</u>	<u>829,664</u>
GROSS PROFIT		217,885	187,027
Administrative Expenses		<u>199,945</u>	<u>169,303</u>
		17,940	17,724
Other operating income	3	<u>640</u>	<u>2,201</u>
OPERATING PROFIT	4	18,580	19,925
Interest Payable	5	<u>7,274</u>	<u>9,310</u>
PROFIT FOR YEAR BEFORE TAXATION		11,306	10,615
Tax on ordinary activities	6	<u>5,369</u>	<u>2,747</u>
PROFIT FOR YEAR AFTER TAXATION		5,937	7,868
Retained profit brought forward		<u>-</u>	<u>29,978</u>
RETAINED PROFIT CARRIED FORWARD		<u>£ 5,937</u>	<u>£ 37,846</u>

The notes form part of these financial statements

MACHAN ENGINEERING LIMITED

BALANCE SHEET

AS AT 31st AUGUST 1997

	Note	<u>1997</u> £	<u>1996</u> £
<b>FIXED ASSETS:</b>			
Tangible assets	7	148,825	147,388
Investments	8	<u>18,000</u>	<u>18,000</u>
		<u>166,825</u>	<u>165,388</u>
<b>CURRENT ASSETS:</b>			
Stock	9	86,082	64,243
Debtors	10	<u>210,894</u>	<u>198,891</u>
		296,976	263,134
CREDITORS: Falling due within one year	11	<u>298,460</u>	(261,833)
NET CURRENT (LIABILITIES)/ASSETS		<u>(1,484)</u>	<u>1,301</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		165,341	166,689
CREDITORS: Falling due after one year	12	<u>62,434</u>	( 69,719)
TOTAL NET ASSETS		<u>£102,907</u>	<u>£ 96,970</u>
<b>CAPITAL RESERVES:</b>			
Called up share capital	14	10,000	10,000
Revaluation reserve	7	79,124	79,124
Capital redemption reserve		7,846	7,846
Profit and loss account		<u>5,937</u>	<u>-</u>
		<u>£102,907</u>	<u>£96,970</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

W.J.McMullen DIRECTOR

Approved by the Director on 30 January 1998.

The notes form part of these financial statements

MACHAN ENGINEERING LIMITED  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31st AUGUST 1997

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, and in accordance with the Financial Reporting Standard for Smaller Entities.

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 estimated 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, after making allowance for obsolete and slow moving items.

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 1997

2. TURNOVER

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

3. OTHER OPERATING INCOME

	<u>1997</u>	<u>1996</u>
	£	£
Rents received	-	2,201
Insurance recovery	<u>640</u>	<u>-</u>
	<u><b>640</b></u>	<u><b>2,201</b></u>

4. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1997</u>	<u>1996</u>
	£	£
Directors remuneration	22,605	48,233
Depreciation	20,800	19,178
Auditors remuneration	<u>2,750</u>	<u>2,750</u>

5. INTEREST PAYABLE

	<u>1997</u>	<u>1996</u>
	£	£
Interest payable on:		
Bank borrowing	6,553	8,821
H.P. Interest	<u>721</u>	<u>489</u>
	<u><b>7,274</b></u>	<u><b>9,310</b></u>

6. TAX ON ORDINARY ACTIVITIES

	<u>1997</u>	<u>1996</u>
	£	£
Based on the Income for the years		
Corporation Tax at 23.58% (1996 : 24.58%)	4,287	2,747
Underprovision in Previous Year	1,082	-
	<u><b>5,369</b></u>	<u><b>2,747</b></u>

# MACHAN ENGINEERING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31st AUGUST 1997

### 7. TANGIBLE FIXED ASSETS

#### COST / VALUATION:

	£
As at 1 September 1996	300,514
Additions	26,812
Disposal	<u>( 11,075 )</u>
As at 31 August 1997	<u><b>316,251</b></u>

#### DEPRECIATION:

As at 1 September 1996	153,126
Charge for year	20,800
Eliminated on Disposal	<u>( 6,500 )</u>
As at 31 August 1997	<u><b>167,426</b></u>

#### NET BOOK VALUE:

As at 31 August 1997	<u><b>148,825</b></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 £41,695. The accumulated depreciation and depreciation charged for the year on these assets amounts to £14,868 and £8,943.

### 8. FIXED ASSET INVESTMENTS

	<u>Country of Registration</u>	<u>Principal Activity</u>	<u>% Owned</u>
Carnoustie Castings Limited	Scotland	Light Engineering	16

### 9. STOCKS

	<u>1997</u>	<u>1996</u>
	£	£
Raw Materials	62,739	44,691
Work in Progress	6,654	7,819
Finished Goods	<u>16,689</u>	<u>11,733</u>
	<u><b>86,082</b></u>	<u><b>64,243</b></u>

### 10. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade Debtors	<u><b>210,894</b></u>	<u><b>198,891</b></u>

MACHAN ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

FOR THE YEAR ENDED 31st AUGUST 1997

11. CREDITORS: Falling due within one year

	<u>1997</u>	<u>1996</u>
	£	£
Bank Overdrafts	63,807	45,357
Bank Loans	5,000	9,800
Trade Creditors	163,849	150,816
Directors Current Account	19,050	-
Hire Purchase Creditors	7,333	3,333
Other Taxes and PAYE	24,853	19,468
Other Creditors	5,921	1,810
Accrued Expenses	<u>4,360</u>	<u>28,502</u>
	294,173	259,086
Taxation	<u>4,287</u>	<u>2,747</u>
	<b><u>298,460</u></b>	<b><u>261,833</u></b>

12. CREDITORS: Falling due after one year

	<u>1997</u>	<u>1996</u>
	£	£
Loan due within 5 years	35,617	42,148
Loan due after 5 years	17,706	21,460
Hire Purchase Creditors	<u>9,111</u>	<u>6,111</u>
	<b><u>62,434</u></b>	<b><u>69,719</u></b>

13. SECURITY

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

14. CALLED UP SHARE CAPITAL

			<u>1997</u>	<u>1996</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>