



carters

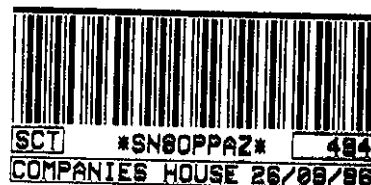
CHARTERED
ACCOUNTANTS

CARLINGNOSE CORPORATION LIMITED

Abbreviated Financial Statements

for the period ended 31st May 1996

Registered in Scotland: No 122590



to the Directors of CARLINGNOSE CORPORATION LIMITED

We have examined the abbreviated financial statements set out on pages 2 to 5 together with the full financial statements of CARLINGNOSE CORPORATION LIMITED prepared under Section 226 of the Companies Act 1985 for the period ended 31st May 1996. The scope of our work for the purpose of this report was limited to confirming whether the company is entitled to the exemptions claimed in the directors' statement and that the abbreviated financial statements have been properly prepared from the full financial statements.

We set out below the text of our audit report dated *19.12 September 1996* to the members on the full financial statements prepared under Section 226 of the Companies Act 1985 for the period ended 31st May 1996.

"We have audited the financial statements on pages 4 to 15, which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

Respective responsibilities of the directors and auditors

As described on page 1 the company's directors are responsible for the preparation of the 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 relevant 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 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 as at 31st May 1996 and of its profit for the period then ended and have been properly prepared in accordance with the Companies Act 1985."

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to the Act, in respect of the period ended 31st May 1996 and the abbreviated financial statements have been properly prepared in accordance with the Schedule.

Carters

Carters
Chartered Accountants
and Registered Auditors

19.12 September 1996

213 Glenrothes House
North Street
Glenrothes
Fife
KY7 5PW

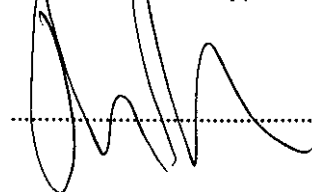
Abbreviated Balance Sheet

as at 31st May 1996

	Notes	1996 £	1996 £	1995 £	1995 £
Fixed Assets					
Tangible fixed assets	2		973,911		176,051
Current Assets					
Stock		145,447		75,625	
Debtors		618,897		508,051	
Cash at bank and in-hand		137		34	
		<u>764,481</u>		<u>583,710</u>	
Creditors:					
Amounts falling due within one year		<u>(738,137)</u>		<u>(413,041)</u>	
Net Current Assets			26,344		170,669
Total Assets Less Current Liabilities			<u>1,000,255</u>		<u>346,720</u>
Creditors:					
Amounts falling due after more than one year			(524,523)		(73,128)
Provisions for Liabilities and Charges					
Deferred taxation			<u>(4,532)</u>		<u>(3,548)</u>
			<u>471,200</u>		<u>270,044</u>
Capital and Reserves					
Share capital	5		57,002		7,002
Profit and loss account			414,198		263,042
			<u>471,200</u>		<u>270,044</u>
Analysis of shareholders' funds					
Equity interests			<u>471,200</u>		<u>270,044</u>

Advantage is taken of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 with respect to the delivery of abbreviated financial statements. In the opinion of the directors, the company is entitled to those exemptions on the grounds that it has met the qualifications for a small company as specified in sections 246 and 247 of the Companies Act 1985.

The accounts were approved by the board on : 19TH SEPTEMBER 1996



Director

(P. G. DRYBULGH)

1 Principal Accounting Policies

The principal accounting policies adopted by the company in the preparation of financial statements are set out below and, unless otherwise stated, are applied consistently from one year to another and are in accordance with applicable accounting standards.

Basis of Accounting

The Financial Statements have been prepared under the historical cost convention.

Turnover

Turnover represents the total amount, excluding value added tax, receivable by the company in the ordinary course of business for goods supplied and for services rendered.

Depreciation

Depreciation is calculated to write down the cost, less estimated residual value, of all tangible fixed assets, other than freehold land, over their expected useful lives. The rates generally applicable are:

Freehold buildings	2% straight line
Leasehold land and buildings	10% straight line
Plant and machinery	15% straight line
Motor vehicles	25% straight line
Furniture and equipment	15%-33% straight line

Grants

Grants in respect of capital expenditure are credited to a deferred income account and are released to the Profit and Loss Account by equal annual instalments over the expected useful lives of the relevant assets.

Grants of a revenue nature are credited to income in the period to which they relate.

Stocks and Work in Progress

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis. Net realisable value is based on estimated selling price, less any further costs of realisation.

Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise.

Leases and Hire Purchase Contracts

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the agreement.

All other leases are regarded as operating leases and the payments made are charged to the Profit and Loss Account as incurred.

Notes to the Abbreviated Accounts

for the period ended 31st May 1996

2 Fixed Assets

	Tangible Fixed Assets £
Cost	
At 3rd June 1995	223,558
Additions	914,963
Disposals	(94,873)
At 31st May 1996	<u>1,043,648</u>
Depreciation and amortisation	
At 3rd June 1995	47,508
Provided for year	46,560
Disposals	(24,331)
At 31st May 1996	<u>69,737</u>
Net Book Value	
At 31st May 1996	<u>973,911</u>
At 2nd June 1995	<u>176,050</u>

3 Secured Creditors

	1996 £	1995 £
Bank overdraft due within one year	32,669	22,228
Hire purchase and finance lease contracts due within one year	45,350	23,652
Bank overdraft due after one year	424,803	-
Hire purchase and finance lease contracts due after one year	99,720	73,128
	<u>602,542</u>	<u>119,008</u>

The bank overdraft is secured by a bond and floating charge over all assets of the company and by a standard security over the factory premises at Myregormie Place, Kirkcaldy. The bank overdraft will be converted to a term loan repayable over 10 years on the completion of the company's new factory premises.

Obligations under hire purchase and finance lease contracts are secured on the assets concerned.

4 Creditors: Amounts Falling Due After Five Years

	1996 £	1995 £
Bank overdraft repayable by instalments is as follows:-		
After five years	236,002	-
	<u>236,002</u>	<u>-</u>

Notes to the Abbreviated Accounts

for the period ended 31st May 1996

5 Share Capital

Authorised	Number	£
Ordinary shares of £1 each	60,000	60,000
Allotted and fully paid	Number	£
Ordinary shares of £1 each		
At 3rd June 1995	7,002	7,002
Issues during the period	50,000	50,000
At 31st May 1996	57,002	57,002

6 Transactions With Directors

Included in other debtors are loans to the directors as follows:

	Amounts outstanding	
	1996	1995
	£	£
Mr Philip G Dryburgh	76	1,860
	76	1,860
Maximum liabilities in the year amounted to:		
		£
Mr Philip G Dryburgh		23,075
		23,075