

B.M.I. ENGINEERING LIMITED

Company Registration Number 1221870

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY, 1998

B.C.Stockford & Co  
Accountants  
The Old School  
St Johns Road  
Kates Hill  
Dudley



B.M.I. ENGINEERING LIMITED  
FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31ST JULY, 1998

	Page No.
Auditors' report	1-2
Abbreviated balance sheet	3
Notes to the accounts	4-5

**AUDITORS REPORT TO THE DIRECTORS OF B.M.I. ENGINEERING LIMITED  
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985**

We have examined the abbreviated accounts on pages 3 to 6 together with the financial statements of B.M.I. Engineering Limited for the year ended 31st July, 1998 .

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 3 and whether the abbreviated accounts have been prepared in accordance with that Schedule.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for this purpose does not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion, the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemption conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31st July, 1998 and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with that schedule.

**Other information**

On 16.04.99 we reported, as auditors of B.M.I. Engineering Limited , to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 31st July, 1998 , and our report was as follows:

We have audited the financial statements on pages 5. to 11 . Our audit was conducted in accordance with auditing standards.

**Respective responsibilities of directors and auditors**

As described on page 2 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 financial 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.

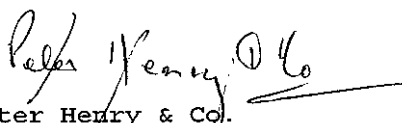
## AUDITORS REPORT TO B.M.I. ENGINEERING LIMITED

## PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985 CONTINUED

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 31st July 1998, and of its profit for the year then ended and have been prepared in accordance with the Companies Act 1985.

  
Peter Henry & Co.  
Chartered Accountants  
Registered Auditors  
The Old School  
St. Johns Road  
Kates Hill  
Dudley

16.04.99.....

**B.M.I. ENGINEERING LIMITED**  
**BALANCE SHEET AT 31ST JULY 1998**

	Note	1998 £	1997 £
<b>Fixed assets</b>	<b>2</b>		
Tangible assets		207,154	166,931
<b>Current assets</b>			
Stocks		173,338	146,760
Debtors		249,249	224,748
Cash at bank and in hand		-	18
		<u>422,587</u>	<u>371,526</u>
<b>Creditors</b>			
Amounts falling due within one year		498,511	445,098
<b>Net current liabilities</b>		<u>(75,924)</u>	<u>(73,572)</u>
<b>Total assets less current liabilities</b>		<u>131,230</u>	<u>93,359</u>
<b>Creditors</b>			
Amounts falling due after more than one year		16,522	5,507
<b>Net assets</b>		<u>114,708</u>	<u>87,852</u>
<b>Capital and reserves</b>			
Called up share capital	4	100	100
Profit and loss account		114,608	87,752
Shareholders' funds		<u>114,708</u>	<u>87,852</u>

The directors have taken advantage of the exemptions conferred by Part III of Schedule 8 of the Companies Act 1985, and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

These financial statements were approved by the Board on .....16.04.99.....

J.T. Clarke *J.T. Clarke* .....

J.C. Clarke *J.C. Clarke* .....

T.Morgan *T.Morgan* .....

The notes on pages 4 to 5 form part of these financial statements.

**B.M.I. ENGINEERING LIMITED****NOTES TO THE ABBREVIATED ACCOUNTS****FOR THE YEAR ENDED 31ST JULY, 1998****Compliance with accounting standards**

The accounts have been prepared in accordance with applicable accounting standards. There were no material departures from those standards.

**1 Accounting policies**

The principal accounting policies adopted in the preparation of the financial statements are set out below and have remained unchanged from the previous year, and have also been consistently applied within the same accounts.

**Basis of accounting**

The accounts have been prepared in accordance with the historical cost convention as modified by the revaluation of certain fixed assets.

The effect of events relating to the year ended 31st July, 1998 before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 31st July, 1998 and of the results for the year ended on that date.

**Depreciation**

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:-

Plant & Equipment	variable
Fittings & Office Equipment	20 % RB
Motor Vehicles	25 % SL
Leased Motor Vehicles	Variable

**Stocks**

Stocks are valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes a relevant proportion of overheads according to the stage of manufacture or completion.

**Leasing**

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The interest element of the rental obligations is charged to profit and loss account over the period of the lease and represents a constant proportion of the balance outstanding. Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.

**B.M.I. ENGINEERING LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY, 1998**

**2 Fixed assets**

	Tangible fixed assets £
<b>Cost</b>	
At 1 August 1997	604,310
Additions	78,637
Disposals	(17,702)
At 31 July 1998	<u>665,245</u>
<b>Depreciation</b>	
At 1 August 1997	437,379
Charge for the year	37,171
Relating to disposals	(16,459)
At 31 July 1998	<u>458,091</u>
<b>Net book value</b>	
At 31 July 1998	<u>207,154</u>
At 1 August 1997	<u>166,931</u>

**3 Creditors****4 Share capital**

	1998 £	1997 £
Authorised:		
Ordinary Shares of £1 each	<u>2,000</u>	<u>2,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 per share	<u>100</u>	<u>100</u>

**5 Other matters****6 Ultimate Holding Company**

The company is a subsidiary of Blackheath Metal Industries Limited, a company incorporated in the United Kingdom.

**B.M.I. ENGINEERING LIMITED**  
**NOTES TO THE ABBREVIATED ACCOUNTS**  
**FOR THE YEAR ENDED 31ST JULY 1998**

**7 Related Party Transactions**

During the year there were related party transactions and balances with the following companies at normal commercial terms and at arms length. All these companies are subsidiaries of Blackheath Metal Industries Limited, which in turn is a subsidiary of B.M.I. Holdings Limited.

<u>Year Ended 31st July 1998</u>	Sales £	Purchases £	Balance £
Blackheath Metal industries Limited	1908	18873	14055cr
BMI Homes Limited	1999		9907cr
BMI Foundry Services Limited	18680	263	541dr
<u>Dormant Companies:</u>			
Vernon Autos Limited			4819dr
Alwin Metals Limited			181327cr
Brodoch Limited			70000cr
British Malleable Iron Co Limited			63668cr
BMI Holdings Limited			200000dr

<u>Year Ended 31st July 1997</u>			
Blackheath Metal Industries Limited	467	17217	2129dr
BMI Homes Limited	1499		10000cr
Vernon Autos Limited	588	1880	4636dr
BMI Foundry Services Limited	15823		133dr
AS Blackham Metals Limited	27615	2753	4330dr
<u>Dormant Companies:</u>			
Alwin Metals Limited			161327cr
Brodoch Limited			70000cr
British Malleable Iron Co Limited			63668cr
BMI Holdings Limited			200000dr