

A J BAKER (GRINDING) LIMITED

ABBREVIATED ACCOUNTS

**YEAR ENDED
31 AUGUST 1996**



COMPANY NO:
1268617

A J BAKER (GRINDING) LIMITED

AUDITORS' REPORT

**TO THE DIRECTORS OF
A J BAKER (GRINDING) LIMITED**

**PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8
TO THE COMPANIES ACT 1985**

I have examined the abbreviated accounts on pages 3 to 6 together with the full financial statements of A J Baker (Grinding) Limited for the year ended 31 August 1996. The scope of my work for the purpose of this report was limited to confirming that the company is entitled to the exemptions claimed in the directors' statement on page 2 and that the abbreviated accounts have been properly prepared from the full financial statements.

In my opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to deliver abbreviated accounts in respect of the year ended 31 August 1996, and the abbreviated accounts on pages 3 to 6 have been properly prepared in accordance with Schedule 8 to that Act.

On 23 December 1996 I reported, as auditor of A J Baker (Grinding) Limited, to the shareholders on the full financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31 August 1996, and my audit report was as follows:

"I have audited the financial statements on pages 5 to 15 which have been prepared on the basis of the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is my responsibility to form an independent opinion, based on my audit, on those statements and to report my opinion to you.

Basis of opinion

I conducted my 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.

I planned and performed my audit so as to obtain all information and explanations which I considered necessary in order to provide me 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 my opinion I also evaluated the overall adequacy of the presentation of information in the financial statements.

A J BAKER (GRINDING) LIMITED

AUDITORS' REPORT

TO THE DIRECTORS OF

A J BAKER (GRINDING) LIMITED

**PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8
TO THE COMPANIES ACT 1985**

(Continued)

Opinion

In my opinion the financial statements give a true and fair view of the state of affairs of the company as at 31 August 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985".

Norris - Small

**Norris-Small
Chartered Accountants and Registered Auditor**

**Birmingham
23 December 1996**

A J BAKER (GRINDING) LIMITED

**ABBREVIATED BALANCE SHEET
AT 31 AUGUST 1996**

| | Note | 1996 £ | 1995 £ |
|---|------|-----------|-----------|
| Fixed assets | | | |
| Tangible assets | 2 | 564,722 | 296,549 |
| Investments | 3 | 318,050 | 318,050 |
| | | 882,772 | 614,599 |
| Current assets | | | |
| Stock and work in progress | | 410,607 | 205,921 |
| Debtors | | 173,001 | 233,887 |
| Bank and cash balances | | 500 | - |
| | | 584,108 | 439,808 |
| Creditors: | | | |
| Amounts falling due within one year | 4 | (419,392) | (256,506) |
| | | 164,716 | 183,302 |
| Net current assets | | | |
| | | 1,047,488 | 797,901 |
| Total assets less current liabilities | | | |
| Creditors: | | | |
| Amounts falling due after more than one year | 4 | (165,336) | - |
| Provisions for liabilities and charges | | (2,750) | (5,750) |
| | | 879,402 | 792,151 |
| Net assets | | | |
| Capital and reserves | | | |
| Called up share capital | 5 | 10,000 | 10,000 |
| Profit and loss account | | 869,402 | 782,151 |
| | | 879,402 | 792,151 |
| Shareholders' funds | | | |

The directors have taken advantage of the exemptions conferred by Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a small company.
The abbreviated accounts were approved by the Board on 23 December 1996 and signed on its behalf by:

ALAN JOHN BAKER
Director

A. J. Baker.

A J BAKER (GRINDING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS 31 AUGUST 1996

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

Turnover

Turnover consists of the invoiced value (excluding VAT) for goods supplied to third parties.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred or accelerated because of timing differences between the treatment of certain items for accounting and taxation purposes.

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future. Provision has also been made for taxation deferred by the roll over of capital gains.

Tangible fixed assets and depreciation

Depreciation is provided evenly on the cost of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. No depreciation is provided on freehold land. The principal annual rates used for other assets are:

| | |
|-------------------------|--|
| Freehold buildings | 2% per annum |
| Long leasehold property | equal instalments over period of lease |
| Plant and machinery | 15% per annum |
| Fixtures and fittings | 25% per annum |
| Motor vehicles | 25% per annum |

Stocks

Stocks and work in progress are valued at the lower of cost and estimated net realisable value. The cost of work in progress and finished goods comprises materials, direct labour and attributable production overheads. Net realisable value is based on the estimated sales price after allowing for all further costs of completion and disposal.

A J BAKER (GRINDING) LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
31 AUGUST 1996
continued**

2. TANGIBLE ASSETS

| | Total £ |
|-----------------------|-----------------|
| Cost | |
| At 1 September 1995 | 372,693 |
| Capital expenditure | 326,821 |
| Disposals | <u>(53,240)</u> |
| At 31 August 1996 | <u>646,274</u> |
| Depreciation | |
| At 1 September 1995 | 76,144 |
| Disposals | (13,953) |
| Charged in year | <u>19,361</u> |
| At 31 August 1996 | <u>81,552</u> |
| Net book value | |
| At 31 August 1996 | <u>564,722</u> |
| At 31 August 1995 | <u>296,549</u> |

3. INVESTMENTS

| | 1996 £ | 1995 £ |
|--------------------------------------|----------------|----------------|
| Cost less amounts written off | | |
| At 31 August 1995 and 31 August 1996 | <u>318,050</u> | <u>318,050</u> |

4. SECURED LIABILITIES

The bank borrowings of £330,084 (1995 £75,449) are secured by a fixed charge on the company's freehold and leasehold property, together with a fixed and floating charge over the company's assets. The bank also holds a guarantee for an unlimited amount given by two directors.

A J BAKER (GRINDING) LIMITED

**NOTES TO THE ABBREVIATED ACCOUNTS
31 AUGUST 1996
continued**

5. SHARE CAPITAL

| | 1996 £ | 1995 £ |
|-----------------------------------|---------------|---------------|
| Authorised | | |
| 50,000 ordinary shares of £1 each | <u>50,000</u> | <u>50,000</u> |
| Allotted and fully paid | | |
| 10,000 ordinary shares of £1 each | <u>10,000</u> | <u>10,000</u> |

6. RESULT FOR THE YEAR

The result for the year is arrived at after charging auditors' remuneration of £1,950 (1995 - £1,900).