

MIDLAND SHEETMETAL LIMITED
ABBREVIATED FINANCIAL STATEMENTS

30TH JUNE 1996

Registered number: 2101564

KING FREEMAN
CHARTERED ACCOUNTANTS
Leicester



MIDLAND SHEETMETAL LIMITED
ABBREVIATED FINANCIAL STATEMENTS
for the year ended 30th June 1996

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MIDLAND SHEETMETAL LIMITED**COMPANY INFORMATION****30th June 1996**

Incorporated in England on 19th February 1987

Number 2101564

Directors	R.K. Weston S.M. Smith P.A.J. Shaw
Secretary	S.M. Smith
Registered office	Merrylees Industrial Estate Merrylees Desford Leicestershire
Bankers	Barclays Bank Plc. 118 Narborough Road Leicester
Auditors	King Freeman Chartered Accountants Kimberley House Vaughan Way Leicester

MIDLAND SHEETMETAL LIMITED

DIRECTORS' REPORT

30th June 1996

The directors present their report and the audited financial statements for the year ended 30th June 1996.

Principal activity

The principal activity of the company continues to be the supply of sheet metal components to the engineering industry.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £1,758,018.

Profit, dividends and appropriations

The results for the year are shown in the profit and loss account on page 5.

An ordinary dividend amounting to £70,000 has been paid and the balance of the profit for the year is to be transferred to reserves.

Fixed assets

Changes in fixed assets during the year are set out in note 7 to the accounts.

In the opinion of the directors there is no significant difference between the present market value of the company's properties and the amounts at which they are stated in the accounts. Details are set out in note 7.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	30th June 1996	1st July 1995
	Ordinary shares	Ordinary shares
R.K. Weston	30,000	30,000
S.M. Smith	30,000	30,000
P.A.J. Shaw	-	-

continued

MIDLAND SHEETMETAL LIMITED

DIRECTORS' REPORT
(continued)

30th June 1996

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary King Freeman will continue in office.

By Order of the Board



.....
S.M. Smith
Secretary

Merrylees Industrial Estate
Merrylees
Desford
Leicestershire

1-10-96
.....
Date

MIDLAND SHEETMETAL LIMITED**STATEMENT OF DIRECTORS' RESPONSIBILITIES**

We are required under company law 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 we are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

On behalf of the Board



.....
S.M. Smith
Director

1-10-96
.....
Date

MIDLAND SHEETMETAL LIMITED**AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS****Auditors' report to
Midland Sheetmetal Limited
pursuant to paragraph 24 of Schedule 8
to the Companies Act 1985**

We have examined the abbreviated financial statements on pages 5 to 17 together with the financial statements of Midland Sheetmetal Limited prepared under section 226 of the Companies Act 1985 for the year ended 30th June 1996.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated financial statements 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 6 and whether the abbreviated financial statements have been properly 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 financial statements have been properly prepared from those financial statements. The scope of our work for the purpose of this report 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 exemptions conferred by Section B of Part III of Schedule 8 to that Act, in respect of the year ended 30th June 1996, and the abbreviated financial statements on pages 5 to 17 have been properly prepared in accordance with that Schedule.

Other information

On 2nd October 1996 we reported, as auditors of Midland Sheetmetal Limited, to the members on the financial statements prepared under section 226 of the Companies Act 1985 for the year ended 30th June 1996, and our audit report was as follows:

'We have audited the financial statements on pages 5 to 17 which have been prepared under 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 our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

continued

MIDLAND SHEETMETAL LIMITED**AUDITORS' REPORT ON ABBREVIATED FINANCIAL STATEMENTS**
(continued)

**Auditors' report to
Midland Sheetmetal Limited
pursuant to paragraph 24 of Schedule 8
to the Companies Act 1985**

Basis of opinion

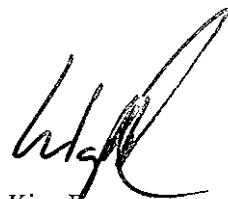
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 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 error or other irregularity. 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 as at 30th June 1996 and of its profit and cash flows for the year then ended and have been properly prepared in accordance with the Companies Act 1985.'

Leicester
2nd October 1996



King Freeman
Registered Auditors
Chartered Accountants

MIDLAND SHEETMETAL LIMITED
ABBREVIATED PROFIT AND LOSS ACCOUNT
for the year ended 30th June 1996

	Note	1996 £	1995 £
Gross profit		1,926,444	1,474,810
Net operating expenses			
Distribution costs		(227,266)	(131,165)
Administrative expenses		(714,352)	(437,536)
Other operating income		21,752	10,685
Operating profit	2	<u>1,006,578</u>	<u>916,894</u>
Interest payable	3	<u>(57,793)</u>	<u>(51,313)</u>
Profit on ordinary activities before taxation		948,785	865,581
Taxation	4	<u>(305,736)</u>	<u>(278,910)</u>
Profit on ordinary activities after taxation		643,049	586,671
Dividends	5	<u>(70,000)</u>	<u>(60,000)</u>
Retained profit for the year	6	<u><u>573,049</u></u>	<u><u>526,671</u></u>

Movements in reserves are shown in note 6.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1996 or 1995 other than the profit for the year.

MIDLAND SHEETMETAL LIMITED

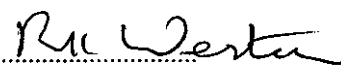
ABBREVIATED BALANCE SHEET

at 30th June 1996

	Note	1996		1995	
		£	£	£	£
Fixed assets					
Tangible assets	7		2,580,225		1,682,845
Current assets					
Stocks	8	65,709		39,978	
Debtors	9	2,253,237		1,614,055	
Cash at bank and in hand		906,797		405,061	
			<u>3,225,743</u>		<u>2,059,094</u>
Creditors: amounts becoming due and payable within one year	10	<u>(3,097,176)</u>		<u>(1,609,479)</u>	
Net current assets			<u>128,567</u>		<u>449,615</u>
Total assets less current liabilities			<u>2,708,792</u>		<u>2,132,460</u>
Creditors: amounts becoming due and payable after more than one year	11		(855,419)		(900,586)
Provision for liabilities and charges	12		<u>(95,355)</u>		<u>(46,905)</u>
			<u>1,758,018</u>		<u>1,184,969</u>
Capital and reserves					
Called up share capital	14		60,000		60,000
Profit and loss account	6		1,698,018		1,124,969
Total shareholders' funds	15		<u>1,758,018</u>		<u>1,184,969</u>

The directors have taken advantage of the exemptions conferred by Section B of Part III of Schedule 8 to the Companies Act 1985 on the basis that the company qualifies as a medium sized company.

The abbreviated financial statements on pages 5 to 17 were approved by the board of directors on the date below:


 R.K. Weston
 Director

1-10-96
 Date

MIDLAND SHEETMETAL LIMITED
ABBREVIATED CASH FLOW STATEMENT
for the year ended 30th June 1996

	1996		1995	
	£	£	£	£
Net cash inflow from operating activities		2,148,577		819,379
Servicing of finance				
Interest paid	(22,557)		(31,192)	
Dividends paid	(70,000)		(60,000)	
Hire purchase interest	(35,236)		(20,121)	
		<u> </u>		<u> </u>
Net cash outflow from servicing of finance		(127,793)		(111,313)
Taxation				
Corporation tax paid (including ACT)	(240,387)		(57,442)	
Tax paid		(240,387)		(57,442)
Investing activities				
Payments to acquire:				
Tangible fixed assets	(1,270,408)		(973,097)	
Receipts from sales of:				
Tangible fixed assets	6,000		96,235	
		<u> </u>		<u> </u>
Net cash outflow from investing activities		(1,264,408)		(876,862)
Net cash inflow/(outflow) before financing		515,989		(226,238)
Financing				
Net cash (outflow)/inflow from financing		(14,254)		360,445
Increase in cash and cash equivalents		<u>501,735</u>		<u>134,207</u>

See Note 19 for the notes to this statement.

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

1 Accounting policies**Basis of accounting**

The financial statements have been prepared under the historical cost accounting rules.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	No depreciation
Freehold buildings	2% per annum on cost
Leasehold land and buildings	Remaining life of the lease
Plant and machinery	20% per annum on cost
Motor vehicles	25% per annum on cost

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

Stocks and work in progress

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. The cost of work in progress and finished goods includes all production overheads and depreciation and the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

2a Operating profit

The operating results are analysed as follows:-	1996 Continuing operations £	1995 Continuing operations £
Gross profit	1,926,444	1,474,810
Net operating expenses		
Distribution costs	227,266	131,165
Administrative expenses	714,352	437,536
Other operating income	(21,752)	(10,685)
	<u>919,866</u>	<u>557,916</u>
Operating profit	<u>1,006,578</u>	<u>916,894</u>

2b Operating profit

Operating profit is stated after crediting	1996 £	1995 £
Interest receivable	21,752	10,685
Profit on sale of assets	6,000	80,000
	<u>27,752</u>	<u>90,685</u>
and after charging		
Staff costs (note 2)	4,178,893	2,813,432
Audit and accountancy	15,224	9,904
Operating leases		
Hire of plant and machinery	25,670	6,033
Hire of assets other than plant and machinery	26,950	5,417
Rent	61,083	42,400
Loss on sale of assets	-	3,899
	<u>4,297,719</u>	<u>2,911,085</u>
Depreciation of tangible fixed assets (note 7)		
owned assets	191,341	149,708
assets acquired under finance leases and hire purchase contracts	181,687	119,184
	<u>373,028</u>	<u>268,892</u>
The total amount charged against profits in respect of finance leases and hire purchase contracts is (of which part is shown as depreciation and the balance is shown as interest payable in note 3)	<u>216,923</u>	<u>139,305</u>

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

2c Directors and employees	1996	1995
	£	£
Staff costs including directors' emoluments		
Wages and salaries	3,710,624	2,552,495
Social security costs	318,394	220,921
Pension costs	149,875	40,016
	<u>4,178,893</u>	<u>2,813,432</u>
	Number	Number
Average number employed including executive directors		
Production staff	237	181
Directors	3	3
Administration staff	4	3
	<u>244</u>	<u>187</u>
Directors' emoluments	£	£
Other emoluments	<u>285,199</u>	<u>116,349</u>
Emoluments excluding pension scheme contributions		
Chairman and highest paid director	<u>48,332</u>	<u>30,000</u>
Other directors	Number	Number
£15,001 - £20,000	-	1
£25,001 - £30,000	-	1
£35,001 - £40,000	1	-
£45,001 - £50,000	1	-

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

3	Interest payable		
		1996	1995
		£	£
	Bank loans and overdraft wholly repayable within five years	14,336	26,623
	Bank loans repayable after five years	8,221	4,569
	Finance lease and hire purchase contracts	35,236	20,121
		<u>57,793</u>	<u>51,313</u>
4	Taxation		
		1996	1995
		£	£
	Corporation tax on profit on ordinary activities at 33% (1995 33%)	257,266	240,366
	Deferred taxation	48,450	38,544
		<u>305,716</u>	<u>278,910</u>
	Under provision in earlier years	20	-
		<u>305,736</u>	<u>278,910</u>
5	Dividends		
		1996	1995
		£	£
	Interim	70,000	60,000
		<u>70,000</u>	<u>60,000</u>
6	Profit and loss account		
			1996
			£
	1st July 1995		1,124,969
	Retained profit for the year		573,049
			<u>1,698,018</u>
	30th June 1996		<u>1,698,018</u>

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

7a Tangible fixed assets

	Motor Vehicles £	Plant and Machinery £	Land and Buildings £	Total £
Cost or valuation				
1st July 1995	190,711	1,336,173	791,393	2,318,277
Additions	24,709	1,126,926	118,773	1,270,408
Disposals	-	(7,318)	-	(7,318)
30th June 1996	<u>215,420</u>	<u>2,455,781</u>	<u>910,166</u>	<u>3,581,367</u>
Depreciation				
1st July 1995	40,097	498,308	97,027	635,432
Charge for year	44,524	302,767	25,737	373,028
Disposals	-	(7,318)	-	(7,318)
30th June 1996	<u>84,621</u>	<u>793,757</u>	<u>122,764</u>	<u>1,001,142</u>
Net book value				
30th June 1996	<u>130,799</u>	<u>1,662,024</u>	<u>787,402</u>	<u>2,580,225</u>
30th June 1995	<u>150,614</u>	<u>837,865</u>	<u>694,366</u>	<u>1,682,845</u>

The net book value of fixed assets includes £729,762 (1995 £671,797) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 2.

7b Land and buildings

	1996 £	1995 £
Freehold	493,927	384,608
Short leasehold	293,475	309,758
	<u>787,402</u>	<u>694,366</u>

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

8	Stocks	1996 £	1995 £
	Work in progress	24,209	18,228
	Consumable stock	41,500	21,750
		<u>65,709</u>	<u>39,978</u>
9	Debtors	1996 £	1995 £
	Amounts falling due within one year		
	Trade debtors	2,194,112	1,565,747
	Other debtors	17,144	9,413
	Prepayments and accrued income	41,981	38,895
		<u>2,253,237</u>	<u>1,614,055</u>
10	Creditors: amounts becoming due and payable within one year	1996 £	1995 £
	Bank loans	77,087	83,375
	Trade creditors	2,094,019	886,957
	Corporation tax	257,266	240,367
	Other taxation and social security	305,440	232,943
	Other creditors	81,486	-
	Accruals and deferred income	94,387	15,547
	Obligations under finance leases and hire purchase contracts - note 12	187,491	150,290
		<u>3,097,176</u>	<u>1,609,479</u>

The bank loans are secured by way of a fixed and floating charge over the assets of the company.

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

11 Creditors: amounts becoming due and payable after more than one year

	1996 £	1995 £
Bank loans	487,378	555,314
Obligations under finance leases and hire purchase contracts	368,041	345,272
	<u>855,419</u>	<u>900,586</u>
Maturity of debt included above		
In one year or less, or on demand	77,087	83,375
Between one and two years	65,837	83,375
Between two and five years	172,080	191,500
In five years or more	249,461	280,439
	<u>564,465</u>	<u>638,689</u>
Creditors other than finance lease and hire purchase contracts		
Creditors with instalments due for payment after more than five years	448,964	459,814
	<u>448,964</u>	<u>459,814</u>
Instalments due after more than five years	249,461	280,439
	<u>249,461</u>	<u>280,439</u>
Obligations under finance leases and hire purchase contracts		
Amounts included above are repayable over varying periods by monthly instalments as follows:		
In the next year	187,491	150,290
In the second to fifth years	368,041	345,272
	<u>555,532</u>	<u>495,562</u>

12 Provision for liabilities and charges

	1995 £	Profit and loss account £	Other movements £	1996 £
Deferred taxation (notes 4 and 13)	(46,905)	(48,450)	-	(95,355)
	<u>(46,905)</u>	<u>(48,450)</u>	<u>-</u>	<u>(95,355)</u>

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

13 Deferred taxation

	1996		1995	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by				
Excess capital allowances over corresponding depreciation	95,355	95,355	46,905	46,905
	<u>95,355</u>	<u>95,355</u>	<u>46,905</u>	<u>46,905</u>

The potential liability and provision are based on a corporation tax rate of 33% (1995 33%).

14 Called up share capital

	1996		1995	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>
Allotted called up and fully paid				
Ordinary shares of £1 each	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

15 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year	643,049	586,671
Dividends	<u>(70,000)</u>	<u>(60,000)</u>
Net addition to shareholders' funds	573,049	526,671
Opening shareholders' funds	<u>1,184,969</u>	<u>658,298</u>
Closing shareholders' funds	<u>1,758,018</u>	<u>1,184,969</u>

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

16 Leasing commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30th June 1997

	1996 Land and Buildings £	1996 Other £	1995 Land and Buildings £	1995 Other £
Expiring				
Within two to five years	-	3,150	-	2,212
After five years	71,275	-	54,400	-
	<u>71,275</u>	<u>3,150</u>	<u>54,400</u>	<u>2,212</u>

17 Transactions involving directors

The directors own land and buildings occupied by the company and received a rental income amounting to £54,400 in the financial year.

18 Capital commitments

At 30th June 1996 the company had authorised and contracted capital commitments of £188,000 in respect of land and buildings.

MIDLAND SHEETMETAL LIMITED

NOTES ON ABBREVIATED FINANCIAL STATEMENTS

30th June 1996

19 Notes to the cash flow statement

Reconciliation of operating profit to net cash inflow from operating activities

	1996 £	1995 £
Operating profit	1,006,578	916,894
Depreciation charges	373,028	268,892
(Profit) on sale of fixed assets	(6,000)	(76,101)
(Increase) in stocks	(25,731)	(22,978)
(Increase) in debtors	(639,182)	(680,491)
Increase in creditors	1,439,884	413,163
Net cash inflow from operating activities	<u>2,148,577</u>	<u>819,379</u>

Analysis of changes in cash and cash equivalents as shown in the balance sheet

Balance at 1st July 1995	405,061	270,854
Net cash inflow	501,735	134,207
Balance at 30th June 1996	<u>906,796</u>	<u>405,061</u>

Analysis of the balances of cash and cash equivalents as shown in the balance sheet

	1996 £	1995 £	Change in year £
Cash at bank and in hand	906,796	405,061	501,735
	<u>906,796</u>	<u>405,061</u>	<u>501,735</u>

Analysis of changes in financing during the year

	Total £	Bank Loans £	Hire purchase Contracts £
Balance at 1st July 1995	1,134,251	638,689	495,562
Cash inflow from financing	266,339	-	266,339
Cash outflow from financing	(280,593)	(74,224)	(206,369)
Balance at 30th June 1996	<u>1,119,997</u>	<u>564,465</u>	<u>555,532</u>