

DHD ENGINEERING SERVICES LIMITED  
ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 MARCH 2002

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JOHN DAVIES & CO  
CHARTERED ACCOUNTANTS AND REGISTERED AUDITORS  
RIVERSIDE HOUSE  
RIVER LANE  
SALTNEY  
CHESTER CH4 8RQ

**DHD ENGINEERING SERVICES LIMITED**

**REPORT OF THE DIRECTORS**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 March 2002.

**PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year under review continued to be that of mechanical engineering. Although turnover and profits are lower than the previous year, trading remains buoyant and the balance sheet is strong.

During the year the company changed its name from DHD Fabrications (Northern) Ltd to DHD Engineering Services (Northern) Ltd and subsequent to the Balance Sheet date, the company further changed its name to DHD Engineering Services Ltd.

**RESULTS AND DIVIDENDS**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have recommended the following dividends:

	<u>2002</u>	<u>2001</u>
Dividends paid on ordinary shares of £0.40 per share paid on 30 September 2001	<u>20,000</u>	<u>4,000</u>

**DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	<u>Ordinary Shares of £1 each</u>	
	<u>31 March 2002</u>	<u>1 April 2001</u>
D.H. Deering	50,000	50,000
T.D. Tedman	-	-
P.J. Cuff (appointed 14 March 2002)	-	-

**DIRECTORS' RESPONSIBILITIES**

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to:

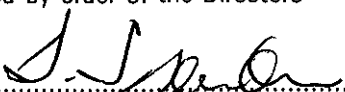
- select suitable accounting policies, as described on page 7, and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**AUDITORS**

A resolution to reappoint John Davies & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with Section 385 of the Companies Act 1985.

Signed by order of the Directors

  
.....  
D.S. SPEAKMAN  
COMPANY SECRETARY

Approved by the Directors 12 July 2002

**DHD ENGINEERING SERVICES LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE COMPANY**  
**FOR THE YEAR ENDED 31 MARCH 2002**

**PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 3 to 9, together with the financial statements of the company for the year ended 31 March 2002 prepared under Section 226 of the Companies Act 1985.

**RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

The directors are responsible for preparing abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

**BASIS OF OPINION**

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to delivery abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. 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 financial statements.

**OPINION**

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246A(3) of the Act, and the abbreviated accounts on pages 4 to 10 are properly prepared in accordance with those provisions.



JOHN DAVIES & CO  
CHARTERED ACCOUNTANTS AND  
REGISTERED AUDITORS

RIVERSIDE HOUSE  
RIVER LANE  
SALTNEY  
CHESTER CH4 8RQ

Date: 12 JULY 2002

**DHD ENGINEERING SERVICES LIMITED**

**ABBREVIATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 2002**

	NOTES	<u>2002</u>	<u>2001</u>
<b>GROSS PROFIT</b>		863,171	902,962
Establishment expenses		123,553	114,231
Administrative expenses		<u>618,765</u>	<u>637,594</u>
		<u>742,318</u>	<u>751,825</u>
		120,853	151,137
Other operating income		<u>-</u>	<u>70,000</u>
<b>OPERATING PROFIT</b>	2	120,853	221,137
Interest payable	5	<u>29,192</u>	<u>22,874</u>
<b>PROFIT on ordinary activities before taxation</b>		91,661	198,263
<b>TAX on profit on ordinary activities</b>	6	<u>25,021</u>	<u>37,835</u>
<b>PROFIT on ordinary activities after taxation</b>		66,640	160,428
<b>DIVIDENDS</b>	7	<u>20,000</u>	<u>4,000</u>
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		46,640	156,428
Balance brought forward		<u>156,428</u>	<u>-</u>
Balance carried forward		<u>203,068</u>	<u>156,428</u>

The notes on pages 5 to 9 form an integral part of these financial statements.

**DHD ENGINEERING SERVICES LIMITED**

**ABBREVIATED BALANCE SHEET AT 31 MARCH 2002**

	<u>NOTES</u>	<u>2002</u>	<u>2001</u>
<b>FIXED ASSETS</b>			
Tangible assets	8	206,784	100,419
<b>CURRENT ASSETS</b>			
Stocks	9	126,452	108,509
Debtors	10	661,955	745,357
Cash in hand		<u>207</u>	<u>301</u>
		788,614	854,167
<b>CREDITORS: amounts falling due within one year</b>	11	<u>664,224</u>	<u>716,621</u>
<b>NET CURRENT ASSETS</b>		<u>124,390</u>	<u>137,546</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		331,174	237,965
<b>CREDITORS: amounts falling due after more than one year</b>	12	<u>(72,248)</u>	<u>(31,537)</u>
		258,926	206,428
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	14	<u>(5,858)</u>	<u>-</u>
		<u>253,068</u>	<u>206,428</u>
<b>CAPITAL AND RESERVES</b>			
Called up equity share capital	15	50,000	50,000
Profit and loss account		<u>203,068</u>	<u>156,428</u>
<b>SHAREHOLDERS' FUNDS</b>		<u>253,068</u>	<u>206,428</u>

These accounts have been prepared in accordance with the special provisions for medium-sized companies under Part VII of the Companies Act 1985.

These financial statements were approved and signed by the directors on 12 July 2002

  
 .....  
 D.H. DEERING  
 DIRECTOR

The notes on pages 5 to 9 form part of these financial statements.

## DHD ENGINEERING SERVICES LIMITED

### NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002

#### 1. ACCOUNTING POLICIES

##### Basis of accounting

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

##### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

##### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that assets as follows:

Plant and machinery	:	15% reducing balance
Fixtures, fittings and motor vehicles	:	25% reducing balance

##### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

##### Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

##### Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

#### 2. OPERATING PROFIT

The operating profit is stated after charging/(crediting)

	<u>2002</u>	<u>2001</u>
Depreciation on tangible fixed assets	38,751	17,158
Loss/(profit) on disposal of fixed assets	909	(1,746)
Auditors' remuneration - as auditors	<u>6,500</u>	<u>6,000</u>

#### 3. PARTICULARS OF EMPLOYEES

The aggregate payroll costs of the above were:

	<u>2002</u>	<u>2001</u>
Wages and salaries	1,722,433	2,136,713
Social security costs	165,713	204,468
Other pension costs	<u>-</u>	<u>5,000</u>
	<u>1,888,146</u>	<u>2,346,181</u>

**DHD ENGINEERING SERVICES LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002 (Cont)**

**4. DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	<u>2002</u>	<u>2001</u>
Emoluments receivable	127,558	125,979
Value of company pension contributions to non-money purchase schemes	<u>-</u>	<u>5,000</u>
	<u>127,558</u>	<u>130,979</u>

**5. INTEREST PAYABLE**

	<u>2002</u>	<u>2001</u>
Bank borrowings	2,638	-
Invoice discounting	14,325	16,483
Hire purchase	12,016	6,391
Other	<u>213</u>	<u>-</u>
	<u>29,192</u>	<u>22,874</u>

**6. TAX on profit on ordinary activities**

	<u>2002</u>	<u>2001</u>
Corporation tax based on the results for the year at 20% (2001 - 20%)	19,163	37,835
Increase in deferred tax provision (Note 14):		
Capital allowances	<u>5,858</u>	<u>-</u>
	<u>25,021</u>	<u>37,835</u>

**7. DIVIDENDS**

The following dividends have been paid in respect of the year:

	<u>2002</u>	<u>2001</u>
Dividend paid on ordinary shares	<u>20,000</u>	<u>4,000</u>

**DHD ENGINEERING SERVICES LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002 (Cont)**

**8. TANGIBLE FIXED ASSETS**

	<u>Plant and Machinery</u>	<u>Fixtures and Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
<b>COST</b>				
1 April 2001	42,177	6,827	68,271	117,275
Additions	7,815	7,313	146,097	161,225
Disposals	<u>-</u>	<u>-</u>	<u>(20,447)</u>	<u>(20,447)</u>
31 March 2002	<u>49,992</u>	<u>14,140</u>	<u>193,921</u>	<u>258,053</u>
<b>DEPRECIATION</b>				
1 April 2001	4,561	1,287	11,008	16,856
Charge for the year	6,222	2,370	30,159	38,751
On disposals	<u>-</u>	<u>-</u>	<u>(4,338)</u>	<u>(4,338)</u>
31 March 2002	<u>10,783</u>	<u>3,657</u>	<u>36,829</u>	<u>51,269</u>
<b>NET BOOK VALUE</b>				
31 March 2002	<u>39,209</u>	<u>10,483</u>	<u>157,092</u>	<u>206,784</u>
31 March 2001	<u>37,616</u>	<u>5,540</u>	<u>57,263</u>	<u>100,419</u>

**Hire purchase and finance lease agreements**

Included within the net book value of £206,784 is £159,529 (2001 - £86,450) relating to assets held under hire purchase agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £25,385 (2001 - £15,097). There were no assets purchased under finance lease agreements.

**9. STOCKS**

	<u>2002</u>	<u>2001</u>
Raw materials	1,000	1,500
Work in progress	<u>125,452</u>	<u>107,009</u>
	<u>126,452</u>	<u>108,509</u>

**10. DEBTORS**

	<u>2002</u>	<u>2001</u>
Trade debtors	529,687	611,417
Related parties	123,518	118,529
Other debtors	952	10,161
Prepayments	<u>7,798</u>	<u>5,250</u>
	<u>661,955</u>	<u>745,357</u>



**DHD ENGINEERING SERVICES LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002 (Cont)**

11.	<b>CREDITORS: amounts falling due within one year</b>	<u>2002</u>	<u>2001</u>
	Bank overdraft	99,329	41,728
	Trade creditors	127,677	160,841
	Related parties	29,075	-
	Invoice discounting	149,756	176,036
	Hire purchase	59,018	38,167
	Corporation tax	19,163	37,835
	Other taxation	86,034	131,891
	Directors' current account	378	787
	Accruals	93,294	129,336
	Other creditors	<u>500</u>	<u>-</u>
		<u>664,224</u>	<u>716,621</u>

12.	<b>CREDITORS: amounts falling due after more than one year</b>	<u>2002</u>	<u>2001</u>
	Hire purchase	<u>72,248</u>	<u>31,537</u>

13. **COMMITMENTS UNDER HIRE PURCHASE AND FINANCE LEASE AGREEMENTS**

Future commitments under hire purchase and finance lease agreements are as follows:

	<u>2002</u>	<u>2001</u>
Hire purchase and finance lease agreements are analysed as follows:		
Current obligations	59,018	38,167
Non-current obligations	<u>72,248</u>	<u>31,537</u>
	<u>131,266</u>	<u>69,704</u>

14. **DEFERRED TAXATION**

The movement in the deferred taxation provision during the year was:

	<u>2002</u>	<u>2001</u>
Provision for year	<u>5,858</u>	<u>-</u>
Provision carried forward	<u>5,858</u>	<u>-</u>

The provision for deferred taxation consists of the tax effect of timing differences in respect of:

	<u>2002</u>	<u>2001</u>
Excess of taxation allowances over depreciation on fixed assets	<u>5,858</u>	<u>-</u>

**DHD ENGINEERING SERVICES LIMITED**

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2002 (Cont)**

15. <b>SHARE CAPITAL</b>	<u>2002</u>	<u>2001</u>
Authorised spare capital:		
Ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
	<u>2002</u>	<u>2001</u>
Allotted, called up and fully paid:		
Ordinary share capital brought forward	50,000	1,000
Issue of ordinary shares	<u>-</u>	<u>49,000</u>
	<u>50,000</u>	<u>50,000</u>