



MICOM LIMITED

COMPANY NUMBER: 1033144

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1996

Bird Luckin



DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 May 1996.

ACTIVITIES

The principal activity of the company is precision engineering and the manufacture and marketing of castings.

DIRECTORS

The directors of the company during the year are shown below together with their interests in the company's shares at the year end.

	31 May 1996	1 June 1995
R A A Webber	1,000	1,000

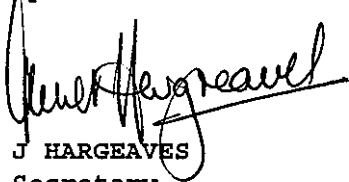
AUDITORS

In accordance with Section 385(2) of the Companies Act 1985, a resolution to re-appoint the auditors, Bird Luckin, and authorising the directors to agree their remuneration will be proposed at the annual general meeting.

SMALL COMPANY EXEMPTIONS

In preparing this directors' report, the board has taken advantage of special exemptions available to small companies, on the grounds that this company qualifies as a small company for the year ended 31 May 1996.

By order of the board



J HARGEAVES
Secretary

Date: 4th October 1996

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 MAY 1996

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

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

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- 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 enable them to ensure that the financial statements comply with the Companies Act 1985;
- safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

REPORT OF THE AUDITORS TO THE MEMBERS OF

MICOM LIMITED

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, 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.

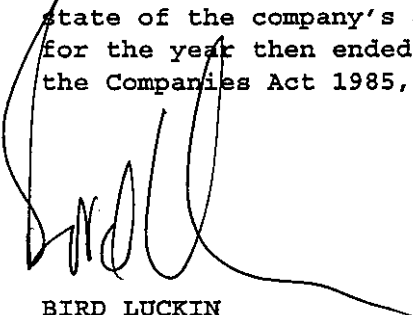
BASIS OF OPINION

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 of the information and explanations which we considered necessary in order to provide us with sufficient evidence to give a 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 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 31 May 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as applicable to small companies.



BIRD LUCKIN
Registered Auditors
and Chartered Accountants

Aquila House
Waterloo Lane
Chelmsford
Essex CM1 1BN

Date... 4/10/96.....

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1996

	Note	£	1995 £
TURNOVER	2	680,501	540,058
Cost of sales		<u>(394,019)</u>	<u>(327,675)</u>
GROSS PROFIT		286,482	212,383
Administrative expenses		<u>(205,630)</u>	<u>(126,590)</u>
OPERATING PROFIT		80,852	85,793
Interest receivable and similar income		<u>11,388</u>	<u>7,161</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	92,240	92,954
Tax on profit on ordinary activities	5	<u>(23,145)</u>	<u>(23,218)</u>
PROFIT FOR THE FINANCIAL YEAR		69,095	69,736
Dividends	6	<u>-</u>	<u>(9,600)</u>
PROFIT RETAINED	15	<u><u>69,095</u></u>	<u><u>60,136</u></u>

Movements in reserves are set out in note 15.

Turnover and operating profit derive from continuing operations.

Total gains recognised wholly comprise the profit for the current and preceding financial year as detailed above. A statement of total recognised gains and losses is therefore not required.

There is no difference between the figures stated above and their historical cost equivalent.

BALANCE SHEET
31 MAY 1996

	Note	£	£	1995 £	£
FIXED ASSETS					
Tangible assets	7		225,124		165,497
CURRENT ASSETS					
Stocks	8	19,647		25,813	
Debtors	9	99,272		92,216	
Cash at bank and in hand		193,813		197,618	
		<u>312,732</u>		<u>315,647</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR					
	10	<u>(211,269)</u>		<u>(217,220)</u>	
NET CURRENT ASSETS					
			<u>101,463</u>		<u>98,427</u>
TOTAL ASSETS LESS CURRENT LIABILITIES					
			326,587		263,924
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR					
	11	(9,631)		(19,263)	
PROVISIONS FOR LIABILITIES AND CHARGES					
	12	<u>(26,500)</u>		<u>(23,300)</u>	
			<u>(36,131)</u>		<u>(42,563)</u>
			<u>290,456</u>		<u>221,361</u>
CAPITAL AND RESERVES					
Called up share capital	13		1,000		1,000
Capital redemption reserve	14		4,000		4,000
Profit and loss account	15		285,456		216,361
EQUITY SHAREHOLDERS' FUNDS					
			<u>290,456</u>		<u>221,361</u>

We have taken advantage of the exemptions for small companies conferred by Part I of Schedule 8 to the Companies Act 1985 because, in our opinion, the company is entitled to benefit from those exemptions as a small company.

These financial statements were approved by the board on

[Signature]
4th October 1996

R A A WEBBER
Director

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1996

1. ACCOUNTING POLICIES

1.1 ACCOUNTING CONVENTION

The financial statements are prepared in accordance with applicable accounting standards.

1.2 DEPRECIATION

Fixed assets are stated at cost or professional valuation less depreciation. Depreciation is calculated to write off fixed assets, less estimated residual value, over their estimated useful lives at the following annual rates:

Motor vehicles	25% on written down balance
Plant and machinery	10% on written down balance
Fixtures and fittings	15% on written down balance
Leasehold property	Over the period of the lease

1.3 FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Assets acquired under finance leases and hire purchase contracts are capitalised, with an equivalent liability included as appropriate under creditors due within one year or after more than one year. Associated finance charges are written off to the profit and loss account, by the annuity method or by equal instalments, over the primary period of the finance lease or over the period of the hire purchase contract.

1.4 STOCKS

Stocks are stated at the lower of cost and net realisable value. Cost represents the expenditure incurred in bringing each product to its present location and condition as follows:

Raw materials	Purchase cost on a 'first in first out' basis
Work in progress and finished goods	Cost of direct materials and labour plus attributable overheads based on the normal level of activity

1.5 DEFERRED TAXATION

Full provision is made at the current rate of corporation tax for timing differences that arise between the accounting and taxation treatment of income and expenditure.

1.6 PENSION COMMITMENTS

The company contributes to a defined contribution scheme. The contributions are charged to the profit and loss account as they become payable.

2. TURNOVER

Turnover represents the invoiced amount of goods sold and services provided net of value added tax and trade discounts.

The turnover originated in the United Kingdom.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1996

	£	1995 £
3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
After charging:		
Depreciation (note 7):		
Owned assets	25,667	16,022
Assets acquired under finance leases		
Operating lease rentals:		
Plant and machinery	1,941	-
Directors' remuneration (note 4)	64,186	12,283
Auditors' remuneration	3,240	2,950
	<u>64,186</u>	<u>12,283</u>
4. DIRECTORS REMUNERATION		
Management remuneration	64,186	12,283
	<u>64,186</u>	<u>12,283</u>
5. TAX ON PROFIT ON ORDINARY ACTIVITIES		
On the profit for the year:		
Corporation tax @ 25% (1995: 25%)	19,944	20,938
Deferred tax	3,200	2,100
	<u>23,144</u>	<u>23,038</u>
Prior year:		
Corporation tax	1	180
	<u>23,145</u>	<u>23,218</u>
6. DIVIDEND		
Interim Dividend of 0.00 p (1995: 960.00 p) per ordinary share paid	-	9,600
	<u>-</u>	<u>9,600</u>

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1996

7. TANGIBLE FIXED ASSETS

	Motor vehicles £	Plant & machinery £	Fixtures & fittings £	Leasehold property £	Total £
COST					
1 June 1995	10,497	343,116	4,597	1,749	359,959
Additions	15,982	78,992	-	-	94,974
Disposals	(11,150)	(200)	-	-	(11,350)
31 May 1996	<u>15,329</u>	<u>421,908</u>	<u>4,597</u>	<u>1,749</u>	<u>443,583</u>
DEPRECIATION					
1 June 1995	2,625	186,240	3,848	1,749	194,462
Charge	1,968	23,587	112	-	25,667
Disposals	(1,670)	-	-	-	(1,670)
31 May 1996	<u>2,923</u>	<u>209,827</u>	<u>3,960</u>	<u>1,749</u>	<u>218,459</u>
NET BOOK AMOUNT					
31 MAY 1996	<u>12,406</u>	<u>212,081</u>	<u>637</u>	<u>-</u>	<u>225,124</u>
31 MAY 1995	<u>7,872</u>	<u>156,876</u>	<u>749</u>	<u>-</u>	<u>165,497</u>
Finance leases and hire purchase contracts included in the above net book amounts:					
31 May 1996	-	34,145	-	-	34,145
31 May 1995	-	43,252	-	-	43,252

8. STOCKS

	1995 £	1996 £
Raw materials and consumables	4,529	6,668
Work in progress	12,570	9,076
Finished goods	2,548	10,069
	<u>19,647</u>	<u>25,813</u>

The replacement value of stocks is not considered to be materially different from the stated figures.

9. DEBTORS.

Trade debtors	97,248	89,562
Other debtors	356	-
Prepayments	1,668	2,654
	<u>99,272</u>	<u>92,216</u>

There are no debtors falling due after more than one year.

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1996

	£	1995 £
10. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	65,009	50,871
Corporation tax	19,944	18,538
Advance corporation taxation	-	2,400
Other taxes and social security costs	19,471	11,002
Other creditors	-	35,803
Obligations under finance leases and hire purchase contracts (note 11)	9,631	9,631
Accruals and deferred income	14,440	5,894
Directors loans	82,774	83,081
	<u>211,269</u>	<u>217,220</u>
11. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Obligations under finance leases and hire purchase contracts (note 11.1)	<u>9,631</u>	<u>19,263</u>
	<u>9,631</u>	<u>19,263</u>
11.1 Obligations under finance leases and hire purchase contracts		
Payable between one and two years	9,631	9,631
Payable between two and five years	-	9,632
Payable after five years	-	-
	<u>9,631</u>	<u>19,263</u>
The amount repayable within one year of £ 9,631 (1995: £ 9,631) is shown in note 10.		
12. PROVISIONS FOR LIABILITIES AND CHARGES DEFERRED TAXATION		
Comprising timing differences at 25% (1995: 25%) on:		
Depreciation	<u>26,500</u>	<u>23,300</u>
	<u>26,500</u>	<u>23,300</u>
13. SHARE CAPITAL		
Authorised:		
100,000 (1995: 100,000) ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, called up and fully paid:		
1,000 (1995: 1,000) ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1996

	£	1995 £
14. CAPITAL REDEMPTION RESERVE 1 June 1995 and 31 May 1996	<u>4,000</u>	<u>4,000</u>
15. PROFIT AND LOSS ACCOUNT		
1 June 1995	216,361	156,225
Profit retained	<u>69,095</u>	<u>60,136</u>
31 May 1996	<u>285,456</u>	<u>216,361</u>
16. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS		
Profit for the financial year after taxation	69,095	69,736
Dividends (note 6)	<u>-</u>	<u>(9,600)</u>
Total recognised gains and losses for the year after dividends	69,095	60,136
Opening equity shareholders' funds	<u>221,361</u>	<u>161,225</u>
Closing equity shareholders' funds	<u>290,456</u>	<u>221,361</u>

17. PENSION SCHEME

DEFINED CONTRIBUTION SCHEME

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounts to £ 38,314 (1995: £ 7,807). Contributions totalling £ nil (1995: £ nil) were payable to the fund at the year end.

18. TRANSACTIONS WITH DIRECTORS

The company paid rent to the director monthly throughout the year. This transaction was made under normal commercial principles and amounted to £12,500.