

MIDLAND SHEETMETAL LIMITED

FINANCIAL STATEMENTS

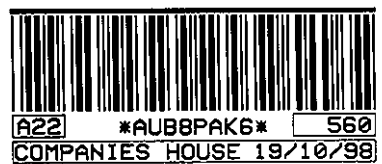
30TH JUNE 1998

Registered number: 2101564

KING FREEMAN

CHARTERED ACCOUNTANTS

Leicester



MIDLAND SHEETMETAL LIMITED

FINANCIAL STATEMENTS

for the year ended 30th June 1998

CONTENTS

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Cash flow statement	7
Notes	8 to 16

MIDLAND SHEETMETAL LIMITED

1

COMPANY INFORMATION

30th June 1998

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 1998

The directors present their report and the audited financial statements for the year ended 30th June 1998.

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 £2,588,972.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. Ordinary dividends amounting to £60,000 have been paid.

Fixed assets

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 8.

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 1998	1st July 1997
	Ordinary	Ordinary
	shares	shares
R.K. Weston	30,000	30,000
S.M. Smith	30,000	30,000
P.A.J. Shaw	-	-

continued

DIRECTORS' REPORT
(continued)

30th June 1998

Employees

The directors endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as for other employees. Should employees become disabled, every effort is made to ensure that their employment continues and appropriate retraining is received.

Regular meetings with employees' representatives are held to inform them of the development of the business.

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

3-9, 98
.....
Date

MIDLAND SHEETMETAL LIMITED
STATEMENT OF 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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to

- select suitable accounting policies and 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. They 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.

On behalf of the board

30.9.88
Date

R.K. Weston
R.K. Weston
Director

MIDLAND SHEETMETAL LIMITED
AUDITORS' REPORT

Auditors' report to the members of
Midland Sheetmetal Limited

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and 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.

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

13/10/98
Leicester



King Freeman
Registered Auditors
Chartered Accountants

MIDLAND SHEETMETAL LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 30th June 1998

	Note	1998 £	1997 £
Turnover	2	11,739,242	11,479,379
Cost of sales		(9,749,987)	(9,613,435)
Gross profit		<u>1,989,255</u>	<u>1,865,944</u>
Net operating expenses			
Distribution costs		(218,274)	(309,433)
Administrative expenses		(959,671)	(833,786)
Other operating income		52,600	36,632
Operating profit	3	<u>863,910</u>	<u>759,357</u>
Interest payable	4	(101,745)	(118,107)
Profit on ordinary activities before taxation		<u>762,165</u>	<u>641,250</u>
Taxation	5	(231,524)	(200,935)
Profit on ordinary activities after taxation		<u>530,641</u>	<u>440,315</u>
Dividends	6	(60,000)	(80,000)
Retained profit for the year	7	<u><u>470,641</u></u>	<u><u>360,315</u></u>

Movements in reserves are shown in note 7.

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

There are no recognised gains and losses in 1998 or 1997 other than the profit for the year.


MIDLAND SHEETMETAL LIMITED

BALANCE SHEET

at 30th June 1998

	Note	£	1998 £	£	1997 £
Fixed assets					
Tangible assets	8		2,549,901		2,918,541
Current assets					
Stocks	9	132,819		67,909	
Debtors	10	2,415,446		2,385,141	
Cash at bank and in hand		1,204,413		654,033	
			<u>3,752,678</u>	<u>3,107,083</u>	
Creditors: amounts falling due within one year	11	(2,549,313)		(2,577,565)	
Net current assets			<u>1,203,365</u>		<u>529,518</u>
Total assets less current liabilities			<u>3,753,266</u>		<u>3,448,059</u>
Creditors: amounts falling due after more than one year	12		(1,140,774)		(1,269,451)
Provision for liabilities and charges	13		(23,518)		(60,275)
			<u>2,588,974</u>		<u>2,118,333</u>
Capital and reserves					
Called up share capital	15		60,000		60,000
Profit and loss account	7		2,528,974		2,058,333
Total shareholders' funds	16		<u>2,588,974</u>		<u>2,118,333</u>

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


 R.K. Weston
 Director

30-9-98
 Date

MIDLAND SHEETMETAL LIMITED

CASH FLOW STATEMENT

for the year ended 30th June 1998

	Note	1998		1997	
		£	£	£	£
Net cash inflow from operating activities	19		1,377,314		748,377
Returns on investments and servicing of finance					
Interest paid		(63,859)		(77,304)	
Interest element of finance lease and hire purchase rental payments		(37,886)		(40,803)	
			(101,745)		(118,107)
Taxation					
Corporation tax paid			(238,376)		(266,892)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(277,886)		(934,446)	
Sale of tangible fixed assets		7,000		7,000	
			(270,886)		(927,446)
			766,307		(564,068)
Equity dividends paid			(60,000)		(80,000)
			706,307		(644,068)
Financing					
Debt due within a year:					
Bank loan repayments		(63,310)		(76,610)	
Debt due beyond a year:					
Bank loan advances		-		636,000	
Capital element of finance lease and hire purchase rentals		(92,617)		(168,086)	
			(155,927)		391,304
Increase/(decrease) in cash			550,380		(252,764)

Analysis of the balances of cash and cash equivalents in the balance sheet:-

	1998	1997	Change in year
	£	£	£
Cash at bank and in hand	1,204,413	654,033	550,380

MIDLAND SHEETMETAL LIMITED
NOTES ON FINANCIAL STATEMENTS

30th June 1998

1 Accounting policies

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards. There were no material departures from these standards.

Basis of accounting

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

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

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
Computer equipment	50% 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.

Pension costs

The company contributes to a self administered pension scheme for two of its directors. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling 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 FINANCIAL STATEMENTS

30th June 1998

2 Turnover

The turnover for the year was derived from the company's principal activity. The whole of the turnover is attributable to the UK market.

3a Operating profit

The operating results are analysed as follows:-

	1998 Continuing operations £	1997 Continuing operations £
Turnover	11,739,242	11,479,379
Cost of sales	9,749,987	9,613,435
Net operating expenses		
Distribution costs	218,274	309,433
Administrative expenses	959,671	833,786
Other operating income	(52,600)	(36,632)
	<u>1,125,345</u>	<u>1,106,587</u>
Operating profit	<u>863,910</u>	<u>759,357</u>

3b Operating profit

	1998 £	1997 £
Operating profit is stated after crediting		
Interest receivable	52,600	36,632
Profit on sale of assets	5,994	7,000
and after charging		
Staff costs (note 3)	5,330,409	4,963,267
Auditors' remuneration	17,965	16,103
Operating leases		
Hire of plant and machinery	41,219	39,836
Hire of assets other than plant and machinery	14,928	33,887
Rent	91,792	92,011
Depreciation of tangible fixed assets (note 8)		
owned assets	428,758	373,550
leased assets	216,762	222,580
	<u>645,520</u>	<u>596,130</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 4)	<u>254,648</u>	<u>263,383</u>

MIDLAND SHEETMETAL LIMITED
NOTES ON FINANCIAL STATEMENTS

30th June 1998

3c Directors and employees

	1998	1997
	£	£
Staff costs including directors' emoluments		
Wages and salaries	4,788,059	4,499,771
Social security costs	442,334	393,480
Pension costs	100,016	70,016
	<u>5,330,409</u>	<u>4,963,267</u>
Average monthly number employed including executive directors:	Number	Number
Production staff	276	300
Directors	3	3
Administration staff	7	4
	<u>286</u>	<u>307</u>
Directors	£	£
Emoluments (including benefits in kind)	188,267	171,443
Company contributions to money purchase pension schemes	100,016	70,016
	<u>288,283</u>	<u>241,459</u>
During the year the following number of directors accrued retirement benefits under:	Number	Number
Money purchase pension scheme	<u>2</u>	<u>2</u>

Self administered pension scheme

The company operates a self administered 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 amounted to £100,016 (1997 £70,016).

4 Interest payable

	1998	1997
	£	£
Bank interest	278	-
Bank loan interest	61,341	76,313
Finance lease and hire purchase interest	37,886	40,803
Interest on late payment of tax	2,240	991
	<u>101,745</u>	<u>118,107</u>

MIDLAND SHEETMETAL LIMITED
NOTES ON FINANCIAL STATEMENTS

30th June 1998

5	Taxation	1998 £	1997 £
	Corporation tax on profit on ordinary activities at 31% (1997 33/31%)	271,294	188,180
	Deferred taxation	(36,757)	(35,080)
		<hr/>	<hr/>
	(Over)/under provision in earlier years	234,537 (3,013)	153,100 47,835
		<hr/>	<hr/>
		<u>231,524</u>	<u>200,935</u>
6	Dividends	1998 £	1997 £
	Interim dividends	60,000	80,000
		<hr/>	<hr/>
7	Profit and loss account	1998 £	
	1st July 1997	2,058,333	
	Retained profit for the year	470,641	
		<hr/>	
	30th June 1998	<u>2,528,974</u>	

MIDLAND SHEETMETAL LIMITED
NOTES ON FINANCIAL STATEMENTS

30th June 1998

8a Tangible fixed assets

Cost or valuation	Motor Vehicles £	Plant and Machinery £	Land and Buildings £	Total £
1st July 1997	241,441	3,033,333	1,165,039	4,439,813
Additions	44,913	232,069	904	277,886
Disposals	(16,100)	-	-	(16,100)
30th June 1998	<u>270,254</u>	<u>3,265,402</u>	<u>1,165,943</u>	<u>4,701,599</u>
Depreciation				
1st July 1997	138,087	1,229,290	153,895	1,521,272
Charge for year	53,996	558,773	32,751	645,520
Disposals	(15,094)	-	-	(15,094)
30th June 1998	<u>176,989</u>	<u>1,788,063</u>	<u>186,646</u>	<u>2,151,698</u>
Net book value				
30th June 1998	<u>93,265</u>	<u>1,477,339</u>	<u>979,297</u>	<u>2,549,901</u>
30th June 1997	<u>103,354</u>	<u>1,804,043</u>	<u>1,011,144</u>	<u>2,918,541</u>

The net book value of fixed assets includes £365,296 (1997 £520,051) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

8b Land and buildings

	1998 £	1997 £
Freehold	727,747	738,631
Short leasehold	251,550	272,513
	<u>979,297</u>	<u>1,011,144</u>

The cost of depreciable assets included in land and buildings at 30th June 1998 was £996,470 (1997 £995,566).

9 Stocks

	1998 £	1997 £
Work in progress	39,195	17,588
Raw materials	92,374	49,281
General stock	1,250	1,040
	<u>132,819</u>	<u>67,909</u>

MIDLAND SHEETMETAL LIMITED
NOTES ON FINANCIAL STATEMENTS
30th June 1998

10 Debtors	1998 £	1997 £
Amounts falling due within one year		
Trade debtors	2,383,764	2,338,711
Other debtors	5,095	23,764
Prepayments and accrued income	26,587	22,666
	<u>2,415,446</u>	<u>2,385,141</u>
11 Creditors: amounts falling due within one year	1998 £	1997 £
Bank loans - note 12	58,624	67,054
Trade creditors	1,384,550	1,384,389
Corporation tax	256,294	226,389
Other taxation and social security	413,980	431,724
Other creditors	170,103	170,531
Accruals and deferred income	109,786	122,682
Obligations under finance leases and hire purchase contracts - note 12	155,976	174,796
	<u>2,549,313</u>	<u>2,577,565</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 FINANCIAL STATEMENTS

30th June 1998

12 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Bank loans	1,001,920	1,056,800
Obligations under finance leases and hire purchase contracts	138,854	212,651
	1,140,774	1,269,451

Maturity of debt

In one year or less, or on demand - see note 11	58,624	67,054
Between one and two years	58,624	67,054
Between two and five years	790,182	807,411
In five years or more	153,114	182,335
	1,060,544	1,123,854

Amounts falling due after more than five years:

Bank loans	153,114	182,335
------------	---------	---------

The above bank loan with instalments due after five years is repayable at £3119.60 per month with interest charged at 2.5% above bank base rate.

Obligations under finance leases and hire purchase contracts

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 11	155,976	174,796
In the second to fifth years	138,854	212,651
	294,830	387,447

13 Provision for liabilities and charges

	1997 £	Profit and loss account £	Other movements £	1998 £
Deferred taxation (notes 5 and 14)	(60,275)	36,757	-	(23,518)
	(60,275)	36,757	-	(23,518)

MIDLAND SHEETMETAL LIMITED
NOTES ON FINANCIAL STATEMENTS

15

30th June 1998

14 Deferred taxation

	1998		1997	
	Potential liability £	Provision made £	Potential liability £	Provision made £
Corporation tax deferred by				
Excess capital allowances over corresponding depreciation	23,518	23,518	60,275	60,275
	<u>23,518</u>	<u>23,518</u>	<u>60,275</u>	<u>60,275</u>

The potential liability and provision are based on a corporation tax rate of 31% (1997 31%).

15 Called up share capital

	1998		1997	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary shares of £1 each	60,000	60,000	60,000	60,000
	<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	60,000	60,000	60,000	60,000
	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>	<u>60,000</u>

16 Reconciliation of movements in shareholders' funds

	1998 £	1997 £
Profit for the financial year	530,641	440,315
Dividends	(60,000)	(80,000)
Net addition to shareholders' funds	470,641	360,315
Opening shareholders' funds	2,118,333	1,758,018
Closing shareholders' funds	<u>2,588,974</u>	<u>2,118,333</u>

MIDLAND SHEETMETAL LIMITED
NOTES ON FINANCIAL STATEMENTS

30th June 1998

17 Leasing commitments

Financial commitments under non-cancellable operating leases will result in the following payments falling due in the year to 30th June 1999

	1998 Land and Buildings £	1998 Plant & Other £	1997 Land and Buildings £	1997 Plant & Other £
Expiring				
Within two to five years	15,000	7,436	15,000	1,385
After five years	68,800	-	68,800	-
	<u>83,800</u>	<u>7,436</u>	<u>83,800</u>	<u>1,385</u>

18 Transactions involving directors

R.K. Weston & S.M. Smith own land and buildings occupied by the company and received a rental income amounting to £54,400 in the financial year, from the company.

The company also occupies property owned by a self-administered pension scheme the sole members of which are R.K. Weston & S.M. Smith. The company paid rent of £14,400 to the pension scheme in the financial year.

Directors overdrawn loan account:-

	Maximum outstanding in year £	At 30th June 1998 £	At 30th June 1997 £
P.A.J. Shaw	3,291	-	3,291
	<u>3,291</u>	<u>-</u>	<u>3,291</u>

19 Notes to the cash flow statement

**Reconciliation of operating profit
to operating cash flows**

	1998 £	1997 £
Operating profit (note 3a)	863,910	759,357
Depreciation charges	645,520	596,130
Profit on sale of fixed assets	(5,994)	(7,000)
Increase in stocks	(64,910)	(2,200)
Increase in debtors	(30,305)	(131,904)
Decrease in creditors	(30,907)	(466,006)
Net cash inflow from operating activities	<u>1,377,314</u>	<u>748,377</u>