

MICOM LIMITED

COMPANY NUMBER: 1033144

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MAY 1997

Bird Luckin



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COMPANIES HOUSE 02/02/98

DIRECTORS' REPORT

The directors present their annual report and the audited financial statements of the company for the year ended 31 May 1997.

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 1997	1 June 1996 (or date of appointment)
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 PROVISIONS

This report has been prepared in accordance with the special provisions of Part VII of the Act relating to small companies.

By order of the board



J HARGEAVES
Secretary

Date...16.1.98.....

STATEMENT OF DIRECTORS' RESPONSIBILITIES

31 MAY 1997

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.

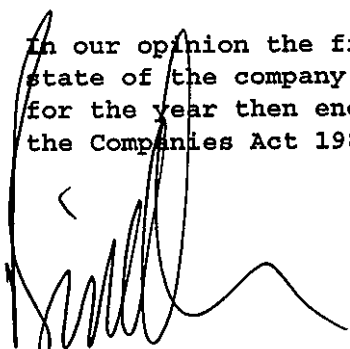
BASIS OF OPINION

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 1997 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.....21/1/98.....

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 MAY 1997

	Note	£	1996 £
TURNOVER	2	748,828	680,501
Cost of sales		(405,208)	(394,019)
GROSS PROFIT		343,620	286,482
Administrative expenses		(341,610)	(203,689)
OPERATING PROFIT		2,010	82,793
Interest receivable and similar income		10,126	11,388
Interest payable and similar charges		(1,941)	(1,941)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	10,195	92,240
Tax on profit on ordinary activities	5	3,872	(23,145)
PROFIT RETAINED	14	14,067	69,095

Movements in reserves are set out in note 14.

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.

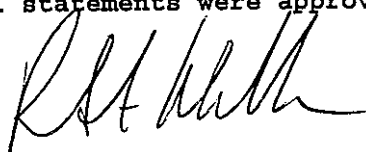
BALANCE SHEET
31 MAY 1997

	Note	£	£	1996 £	£
FIXED ASSETS					
Tangible assets	6		297,546		225,124
CURRENT ASSETS					
Stocks	7	21,872		19,647	
Debtors	8	117,076		99,272	
Cash at bank and in hand		123,281		193,813	
		<u>262,229</u>		<u>312,732</u>	
CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR	9	<u>(228,752)</u>		<u>(211,269)</u>	
NET CURRENT ASSETS			<u>33,477</u>		<u>101,463</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>331,023</u>		<u>326,587</u>
CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR	10	-		(9,631)	
PROVISIONS FOR LIABILITIES AND CHARGES	11	<u>(26,500)</u>		<u>(26,500)</u>	
			<u>(26,500)</u>		<u>(36,131)</u>
			<u>304,523</u>		<u>290,456</u>
CAPITAL AND RESERVES					
Called up share capital	12		1,000		1,000
Capital redemption reserve	13		4,000		4,000
Profit and loss account	14		299,523		285,456
			<u>304,523</u>		<u>290,456</u>
EQUITY SHAREHOLDERS' FUNDS			<u>304,523</u>		<u>290,456</u>

These financial statements have been prepared in accordance with the the special provisions of Part VII of the Companies Act 1985 applicable to small companies.

These financial statements were approved by the board on ...16.7.98.....

R A A WEBBER
Director



NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1997

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.

1.3 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

1.4 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.

1.5 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 1997

	£	1996 £
3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		
After charging:		
Depreciation (note 6):		
Owned assets	35,015	21,873
Assets acquired under finance leases and hire purchase contracts	3,415	3,794
Finance charges payable - finance lease and hire purchase contracts	1,941	1,941
Directors' remuneration (note 4)	181,470	64,186
Auditors' remuneration	3,400	3,240
	<u>181,470</u>	<u>64,186</u>
4. DIRECTORS REMUNERATION		
Management remuneration	181,470	64,186
	<u>181,470</u>	<u>64,186</u>
Number of directors to whom retirement benefits are accruing under a money purchase pension scheme	1 =	1 =
5. TAX ON PROFIT ON ORDINARY ACTIVITIES		
On the profit for the year:		
Corporation tax @ 24.83% (1996: 24.83%)	(3,872)	19,944
Deferred tax	-	3,200
	<u>(3,872)</u>	<u>23,144</u>
Prior year:		
Corporation tax	-	1
	<u>(3,872)</u>	<u>23,145</u>

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1997

6. TANGIBLE FIXED ASSETS

	Motor vehicles £	Plant & machinery £	Fixtures & fittings £	Leasehold property £	Total
COST					
1 June 1996	15,329	421,908	4,597	1,749	443,583
Additions	19,589	103,660	-	-	123,249
Disposals	-	(37,000)	-	-	(37,000)
31 May 1997	<u>34,918</u>	<u>488,568</u>	<u>4,597</u>	<u>1,749</u>	<u>529,832</u>
DEPRECIATION					
1 June 1996	2,923	209,827	3,960	1,749	218,459
Charge	7,999	30,335	96	-	38,430
Disposals	-	(24,603)	-	-	(24,603)
31 May 1997	<u>10,922</u>	<u>215,559</u>	<u>4,056</u>	<u>1,749</u>	<u>232,286</u>
NET BOOK AMOUNT					
31 MAY 1997	<u>23,996</u>	<u>273,009</u>	<u>541</u>	<u>-</u>	<u>297,546</u>
31 MAY 1996	<u>12,406</u>	<u>212,081</u>	<u>637</u>	<u>-</u>	<u>225,124</u>
Finance leases and hire purchase contracts included in the above net book amounts:					
31 May 1997	-	30,731	-	-	30,731
31 May 1996	-	34,145	-	-	34,145

7. STOCKS

	1996 £	1996 £
Raw materials and consumables	8,545	4,529
Work in progress	11,562	12,570
Finished goods	1,765	2,548
	<u>21,872</u>	<u>19,647</u>

8. DEBTORS

Trade debtors	110,797	97,248
Corporation tax recoverable	3,872	-
Other debtors	-	356
Prepayments	2,407	1,668
	<u>117,076</u>	<u>99,272</u>

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

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1997

	£	1996 £
9. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR		
Trade creditors	50,103	65,009
Corporation tax	-	19,944
Other taxes and social security costs	55,112	19,471
Obligations under finance leases and hire purchase contracts (note 10)	9,631	9,631
Accruals and deferred income	13,358	14,440
Directors loans	100,548	82,774
	<u>228,752</u>	<u>211,269</u>
10. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR		
Obligations under finance leases and hire purchase contracts (note 10.1)	-	9,631
	<u>-</u>	<u>9,631</u>
10.1 Obligations under finance leases and hire purchase contracts		
Payable between one and two years	-	9,631
Payable between two and five years	-	-
Payable after five years	-	-
	<u>-</u>	<u>9,631</u>
The amount repayable within one year of £ 9,631 (1996: £ 9,631) is shown in note 9.		
11. PROVISIONS FOR LIABILITIES AND CHARGES DEFERRED TAXATION		
Comprising timing differences at 21% (1996: 24%) on:		
Depreciation	26,500	26,500
	<u>26,500</u>	<u>26,500</u>
12. SHARE CAPITAL		
Authorised:		
100,000 (1996: 100,000) ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid:		
1,000 (1996: 1,000) ordinary shares of £1 each	1,000	1,000

NOTES TO THE FINANCIAL STATEMENTS
31 MAY 1997

	£	1996 £
13. CAPITAL REDEMPTION RESERVE		
Capital redemption reserve	4,000	4,000
14. PROFIT AND LOSS ACCOUNT		
1 June 1996	285,456	216,361
Profit retained	14,067	69,095
31 May 1997	299,523	285,456
15. RECONCILIATION OF EQUITY SHAREHOLDERS' FUNDS		
Profit for the financial year after taxation	14,067	69,095
Opening equity shareholders' funds	290,456	221,361
Closing equity shareholders' funds	304,523	290,456

16. 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 £ 87,441 (1996: £ 38,314).

17. RELATED PARTY TRANSACTIONS

17.1 R A A WEBBER

R A A Webber is the sole director of the company.

The company paid rent of £12,500 to R A A Webber.

The amount owed by the company of £100,548 is included in the director's loan under creditors due within one year.

19. ULTIMATE CONTROLLING PARTY

R A A Webber, the sole director, is the ultimate controlling party.