

PORTER ENGINEERING COMPANY LIMITED

FINANCIAL STATEMENTS

for the year ended

31 DECEMBER 1995

**PERCY PEMBERTON & CO**  
*Chartered Accountants*  
Fountain House  
4 South Parade  
Leeds LS1 5RE  
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REPORT OF THE AUDITORS TO THE DIRECTORS  
OF PORTER ENGINEERING COMPANY LIMITED  
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8  
OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 6, 7, 10 & 12 together with the full financial statements of the company. The scope of our work for the purpose of this report was limited to confirming that the company is entitled under sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Schedule 8 of that Act, and that the abbreviated accounts have been properly prepared from the full financial statements.

In our opinion the company is entitled to the exemption as set out in the directors' statement on page 2 and the abbreviated accounts have been properly prepared in accordance with Schedule 8 Part III of the Companies Act 1985.

On 22 February 1996 we reported to the members on the full statutory accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 31 December 1995. Our report under Section 235 of the Companies Act 1985 was as follows:

We have audited the financial statements on pages 5 to 13 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

#### **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 judgments 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 other irregularity or error. 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 31 December 1995 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

A handwritten signature in cursive script that reads "Percy Pemberton" followed by a stylized flourish.

PERCY PEMBERTON & CO  
Chartered Accountants  
Registered Auditor

Fountain House  
4 South Parade  
LEEDS LS1 5RE

22 February 1996

BALANCE SHEET

as at 31 December 1995

	<u>Notes</u>	<u>1995</u>	<u>1994</u>
<u>FIXED ASSETS</u>			
Tangible assets	9	339,627	324,946
<u>CURRENT ASSETS</u>			
Stocks	10	74,397	82,638
Debtors	11	185,481	179,817
Cash at bank and in hand		47	46,676
		<u>259,925</u>	<u>309,131</u>
<u>CREDITORS</u>			
Amounts falling due within one year	12	<u>177,474</u>	<u>158,715</u>
<u>NET CURRENT ASSETS</u>		82,451	150,416
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>422,078</u>	<u>475,362</u>
<u>CREDITORS</u>			
Amounts falling due after more than one year	13	26,888	1,387
		<u>£ 395,190</u>	<u>473,975</u>
<u>CAPITAL AND RESERVES</u>			
Share capital	15	14,650	14,650
Profit and loss account	16	380,540	459,325
		<u>£ 395,190</u>	<u>473,975</u>

The directors have taken advantage, in the preparation of these financial statements, of the exemptions conferred by Section A of Part III of Schedule 8 of the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is a small company under Section 247.

Approved by the Board of Directors  
on 22 February 1996 and signed on  
their behalf by

.....  (Director)  
G E Phelon

NOTES TO THE FINANCIAL STATEMENTS  
for the year ended 31 December 1995

1. ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are prepared in accordance with applicable accounting standards under the historical cost convention.

(b) Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

(c) Capital Grants

Government grants on capital expenditure are deducted from the cost of the relevant asset, thereby reducing the annual depreciation charge.

(d) Stocks

Stocks are stated at the lower of cost and net realisable value. Work in progress is valued at base cost of labour and materials.

(e) Hire Purchase Commitments

Assets obtained under hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives. The obligation is included in creditors due within one year and after more than one year, as appropriate.

The interest element is charged to the profit and loss account over the period of agreement and represents a constant proportion of the balance of capital repayments outstanding.

(f) Pension Costs

The pension charge in the financial statements is based on contributions paid by the company into personal pension plans of certain employees.

(g) Cash Flow Statement

The company has taken advantage of the exemption in Financial Reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

**PORTER ENGINEERING COMPANY LIMITED**

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 1995

**9. TANGIBLE FIXED ASSETS**

Cost	Freehold Land & Buildings	Plant & Machinery	Motor Vehicles	Fixtures & Fittings	Office Furniture & Equipment	Total
At 1 January 1995	269,286	265,807	47,981	21,757	37,217	642,048
Additions	3,725	37,857	-	-	1,445	43,027
Disposals	-	( 11,621)	( 8,390)	-	-	( 20,011)
At 31 December 1995	273,011	292,043	39,591	21,757	38,662	665,064
Depreciation						
At 1 January 1995	46,573	129,559	23,421	14,206	34,445	248,204
Charge for year	4,290	12,537	5,242	683	1,419	24,171
On disposals	-	( 9,875)	( 4,796)	-	-	( 14,671)
At 31 December 1995	50,863	132,221	23,867	14,889	35,864	257,704
Grants						
At 1 January 1995	54,830	13,352	-	716	-	68,898
Disposals	-	( 1,165)	-	-	-	( 1,165)
At 31 December 1995	54,830	12,187	-	716	-	67,733
Net Book Value						
At 31 December 1995	£ 167,318	147,635	15,724	6,152	2,798	339,627
At 31 December 1994	£ 167,883	122,896	24,560	6,835	2,772	324,946
Rates of Depreciation						
Reducing balance	2½%	10%	25%	10%	15%	

NOTES TO THE FINANCIAL STATEMENTS (continued)  
for the year ended 31 December 1995

	<u>1995</u>	<u>1994</u>
15. <u>SHARE CAPITAL</u>		
<u>Authorised:</u>		
Preference shares of £1 each	5,000	5,000
Ordinary shares of £1 each	12,000	12,000
	<u>          </u>	<u>          </u>
	£ 17,000	17,000
	<u>          </u>	<u>          </u>
<u>Issued, Allotted and Fully Paid:</u>		
Preference shares of £1 each	3,600	3,600
Ordinary shares of £1 each	11,050	11,050
	<u>          </u>	<u>          </u>
	£ 14,650	14,650
	<u>          </u>	<u>          </u>

The preference shares are cumulative and carry voting rights. The preference shares are entitled to participate in the profits of the company on such terms as the directors determine. On a winding up the preference shares rank ahead of the ordinary shares and are repaid at par together with any arrears of dividend.

17. BANK OVERDRAFT

Midland Bank plc holds a fixed charge over part of the freehold property and a fixed and floating charge over present and future indebtedness and liabilities to the bank.