

PUMP SERVICE AND ENGINEERING LIMITEDDIRECTORS' REPORT

The directors submit their report and the company accounts for the year ended 31st August 1987.

RESULTS

	£
The profit for the year after taxation, was	9,473
Dividends	(8,000)
Retained profits brought forward, were	30,462
	<u> </u>
Leaving accumulated profits of	<u>£31,935</u>

BUSINESS REVIEW

The principle activity of the company is that of pump and maintenance engineers. Turnover has decreased slightly as compared with the previous year. The company has concentrated more on the sale of pumps rather than expanding the repair and maintenance side of the business. Although this has lead to a reduction in margins, there has been a saving in labour costs due to the business becoming less labour intensive.

The company is a close company as defined for corporation tax purposes.

DIRECTORS AND THEIR INTERESTS

The directors and their shareholdings were:-

	<u>Number of Shares</u>	
	<u>At 31.8.87</u>	<u>At 31.8.86</u>
J.S. Hutton	999	1,000
K. Hutton	1	-

AUDITORS

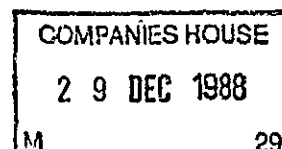
A resolution to appoint Messrs. John Beaumont & Co. will be put to the members at the Annual General Meeting.

ON BEHALF OF THE BOARD,

J. S. Hutton
J.S. HUTTON

CHAIRMAN

19th December 1988



PUMP SERVICE AND ENGINEERING LIMITED

BALANCE SHEET AS AT 31ST AUGUST 1987

	<u>Notes</u>	£	1986 £
<u>NET ASSETS EMPLOYED -</u>			
<u>FIXED ASSETS</u>			
Tangible Assets	2	18,902	<u>22,313</u>
<u>CURRENT ASSETS</u>			
Stocks	3	29,844	29,882
Debtors	4	60,794	57,815
Cash at bank and in hand		<u>2,744</u>	<u>1,747</u>
		93,382	89,442
CREDITORS: amounts falling due within one year		<u>74,669</u>	<u>78,013</u>
NET CURRENT ASSETS		18,713	<u>11,429</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£37,615</u>	<u>£33,742</u>
<u>FINANCED AS FOLLOWS -</u>			
CREDITORS: amounts falling due after more than one year	5	3,950	<u>1,600</u>
PROVISIONS FOR LIABILITIES AND CHARGES	6	730	<u>680</u>
CAPITAL & RESERVES			
Called up Share Capital	7	1,000	1,000
Profit & Loss Account		<u>31,935</u>	<u>30,462</u>
		32,935	<u>31,462</u>
		<u>£37,615</u>	<u>£33,742</u>

The accounts were approved by the Board of Directors on 19th December 1988.

The notes on pages 5 to 8 form part of these accounts.

..... J.S. HUTTON	}	Directors
..... K. HUTTON		

PUMP SERVICE AND ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST AUGUST 1987

	<u>Notes</u>	£	1986 £
TURNOVER		286,304	<u>296,394</u>
Change in stocks of finished goods	38		7,705
Raw Materials & Consumables	191,465		185,064
Other external charges	<u>29,949</u>		<u>36,064</u>
	221,452		228,833
Staff Costs	8	43,212	53,555
Depreciation	<u>6,212</u>		<u>7,549</u>
		<u>270,876</u>	<u>289,937</u>
TRADING PROFIT		15,428	6,457
Interest payable	9	(2,081)	(2,115)
Interest receivable	10	<u>126</u>	<u>117</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	11	13,473	4,459
Taxation	12	<u>4,000</u>	<u>1,590</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		9,473	2,869
Dividends	14	(8,000)	-
Retained profits brought forward		<u>30,462</u>	<u>27,593</u>
RETAINED PROFITS CARRIED FORWARD		<u>£31,935</u>	<u>£30,462</u>

The notes on pages 5 to 8 form part of these accounts.

PUMP SERVICE AND ENGINEERING LIMITED

STATEMENT OF SOURCE AND APPLICATION OF FUNDS

YEAR ENDED 31ST AUGUST 1987

£

SOURCES OF FUNDS -

Profit before tax 13,473

Adjustment for items not involving
the movement of funds:

Depreciation 6,212

TOTAL GENERATED FROM OPERATIONS 19,685

FUNDS FROM OTHER SOURCES -

Sale of fixed assets 6,250

25,935

APPLICATION OF FUNDS -

Dividend 8,000

Taxation 4,000

Purchase of fixed assets 9,051

21,051

£ 4,884

CHANGES IN WORKING CAPITAL

Decrease in Stock (38)

Increase in Debtors 2,981

Increase in Creditors (11,044)

(8,101)

MOVEMENT IN NET LIQUID FUNDS

Increase in bank balances 12,985

£ 4,884

PUMP SERVICE AND ENGINEERING LIMITED

NOTES TO THE ACCOUNTS

31ST AUGUST 1987

1. ACCOUNTING POLICIES

The accounting policies followed in dealing with the items considered material in relation to the company's accounts are:

Basis of Accounting

The accounts have been prepared under the historical cost convention.

Depreciation

Fixed Assets are shown at cost less accumulated depreciation. Depreciation has been calculated to write off the cost over their estimated lives at the following rates, using the reducing balance method.

Motor Vehicles	-	25%
Plant & Machinery	-	20%
Office Equipment	-	20%

Stocks

Stocks are valued at the lower of cost or net realisable value.

Deferred Taxation

Provision is made on the liability method for taxation deferred in respect of all timing differences in so far as, in the opinion of the directors, the liability is expected to arise in the foreseeable future.

2. TANGIBLE FIXED ASSETS

	<u>Plant, Equipment & Vehicles</u> £
COST -	
At 1st September 1986	36,245
Additions	9,051
Disposals	(8,250)
	<hr/>
At 31st August 1987	£37,046
	<hr/>
DEPRECIATION -	
At 1st September 1986	13,932
Disposals	(2,000)
Charge for year	6,212
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At 31st August 1987	£18,144
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NET BOOK VALUE AT 31ST AUGUST 1987	<u>£18,902</u>
NET BOOK VALUE AT 31ST AUGUST 1986	<u>£22,313</u>

PUMP SERVICE AND ENGINEERING LIMITED

NOTES TO THE ACCOUNTS (Continued)

31ST AUGUST 1987

3. STOCKS	<u>1987</u> £	<u>1986</u> £
Work-in-progress	300	570
Finished Goods	<u>29,544</u>	<u>29,312</u>
	<u>£29,844</u>	<u>£29,882</u>
4. DEBTORS		
Trade Debtors	60,094	56,817
Prepayments	<u>700</u>	<u>996</u>
	<u>£60,794</u>	<u>£57,813</u>
5. CREDITORS		
Amounts falling due within one year:		
Bank overdraft	6,359	18,847
Trade Creditors	34,262	41,912
Current Taxation	4,386	-
Social Security & other taxes	6,726	5,587
Other Creditors	19,586	11,022
Accruals	<u>2,850</u>	<u>645</u>
	<u>£74,669</u>	<u>£78,013</u>
Amounts falling due after more than one year:		
Corporation Tax	<u>£3,950</u>	<u>£1,600</u>
6. PROVISIONS FOR LIABILITIES AND CHARGES		
Deferred Taxation:		
Accelerated Capital Allowances	<u>£730</u>	<u>£680</u>

PUMP SERVICE AND ENGINEERING LIMITED

NOTES TO THE ACCOUNTS (Continued)

31ST AUGUST 1987

7. CALLED UP SHARE CAPITAL

	<u>Authorised</u>		<u>Allotted, issued & fully paid</u>	
	<u>1987</u>	<u>1986</u>	<u>1987</u>	<u>1986</u>
	<u>Number</u>	<u>Number</u>	<u>£</u>	<u>£</u>
£1 Ordinary Shares	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>	<u>1,000</u>

8. STAFF COSTS

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Wages & Salaries	39,110	38,956
Social Security Costs	4,102	4,099
Other Pension Costs	-	10,500
	<u>£43,212</u>	<u>£53,555</u>

The average weekly number of persons employed by the company during the year was as follows:-

Office & Management	5	6
Production & Sales	3	2

9. INTEREST PAYABLE

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Loan Interest	1,000	1,149
Bank Interest	787	387
Hire Purchase Interest	294	579
	<u>£2,081</u>	<u>£2,115</u>

10. INTEREST RECEIVABLE

	<u>1987</u>	<u>1986</u>
	<u>£</u>	<u>£</u>
Bank Interest	<u>£126</u>	<u>£117</u>

PUMP SERVICE AND ENGINEERING LIMITED

NOTES TO THE ACCOUNTS (Continued)

31ST AUGUST 1987

11. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	<u>1987</u> £	<u>1986</u> £
The profit before taxation is stated after charging:		
Directors' Remuneration	£15,920	£21,420
Auditors' Remuneration	£1,300	£1,300

12. TAXATION

Based on the profit for the year at 29% :	<u>1987</u>	<u>1986</u>
Corporation Tax	3,950	1,540
Deferred Taxation	50	50
	<u>£4,000</u>	<u>£1,590</u>

13. CAPITAL COMMITMENTS

At 31st August 1987 the company had no capital commitments.
(1986: Nil).

14. DIVIDENDS

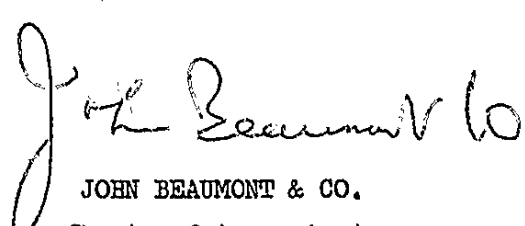
Paid	- Interim dividend of £3 per Ordinary Share	3,000
Proposed	- Final dividend of £5 per Ordinary Share	<u>5,000</u>
		<u>£8,000</u>

REPORT OF THE AUDITORS TO THE MEMBERS OF
PUMP SERVICE AND ENGINEERING LIMITED
YEAR ENDED 31ST AUGUST 1987

We have audited the financial statements on pages 2 to 8 in accordance with approved Auditing Standards.

In our opinion the financial statements, which have been prepared under the historical cost convention, give a true and fair view of the state of the company's affairs at 31st August 1987 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985.

19th December 1988


JOHN BEAUMONT & CO.
Chartered Accountants
Ashton-under-Lyne