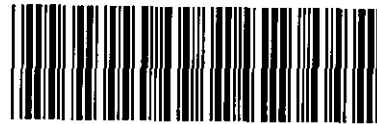


HCM Engineering Limited
Abbreviated Accounts
For the Year Ended
30th April 2006

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HCM Engineering Limited

Abbreviated Balance Sheet

30th April 2006

	Note	2006 £	2005 £
Fixed Assets	2		
Tangible assets		290,776	423,461
Current Assets			
Stocks		57,724	86,398
Debtors		154,036	157,194
Cash at bank and in hand		47,544	-
		<u>259,304</u>	<u>243,592</u>
Creditors: Amounts falling due within one year	3	<u>265,615</u>	<u>496,456</u>
Net Current Liabilities		(6,311)	(252,864)
Total Assets Less Current Liabilities		<u>284,465</u>	<u>170,597</u>
Creditors: Amounts falling due after more than one year		93,627	29,561
Provisions for Liabilities and Charges		-	21,562
		<u>190,838</u>	<u>119,474</u>
Capital and Reserves			
Called-up equity share capital	4	19,998	19,998
Revaluation reserve		-	84,167
Profit and loss account		170,840	15,309
Shareholders' Funds		<u>190,838</u>	<u>119,474</u>

The directors are satisfied that the company is entitled to exemption from the provisions of the Companies Act 1985 (the Act) relating to the audit of the financial statements for the year by virtue of section 249A(1), and that no member or members have requested an audit pursuant to section 249B(2) of the Act.

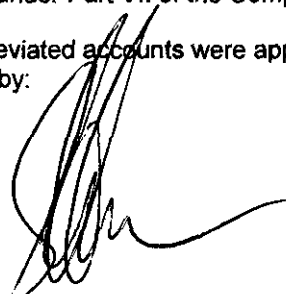
The directors acknowledge their responsibilities for:

- ensuring that the company keeps proper accounting records which comply with section 221 of the Act, and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

These abbreviated accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 16th February 2007 and are signed on their behalf by:

S Hanson



M G Hanson



The notes on pages 2 to 4 form part of these abbreviated accounts.

HCM Engineering Limited

Notes to the Abbreviated Accounts

Year Ended 30th April 2006

1. Accounting Policies

Basis of accounting

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with the Financial Reporting Standard for Smaller Entities (effective January 2005).

Changes in accounting policies

In preparing the financial statements for the current year, the company has adopted the Financial Reporting Standard for Smaller Entities (effective January 2005).

The effect of the change in accounting policy to adopt FRSSE 2005 was nil.

Turnover

The turnover in the Profit and Loss Account represents goods and services supplied during the year, exclusive of Value Added Tax.

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- 2.86% on the straight line basis
Plant and machinery	- 10%, 20% or 33% on the straight line basis
Fixtures and fittings	- 25% on the reducing balance basis
Motor vehicles	- 25% on the reducing balance basis

An amount equal to the excess of the annual depreciation charge on revalued assets over the notional historical cost depreciation charge on those assets is transferred annually from the revaluation reserve to the profit and loss reserve.

Work in progress

Work in progress is valued at the lower of cost and net realisable value. Cost consists of direct materials, labour and attributable overheads. Net realisable value is based on estimated selling price, less any further costs of realisation.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding.

HCM Engineering Limited

Notes to the Abbreviated Accounts

Year Ended 30th April 2006

1. Accounting Policies *(continued)*

Finance lease agreements

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account at a constant rate of charge on the balance of capital repayments outstanding, and the capital element which reduces the outstanding obligation for future instalments.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions:

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Financial instruments

Financial instruments are classified and accounted for, according to the substance of the contractual arrangement, as either financial assets, financial liabilities or equity instruments. An equity instrument is any contract that evidences a residual interest in the assets of the company after deducting all of its liabilities.

Capital grants

Capital grants in respect of capital expenditure are treated as deferred income and are credited to the profit and loss account over the estimated useful life of the assets to which they relate.

HCM Engineering Limited

Notes to the Abbreviated Accounts

Year Ended 30th April 2006

2. Fixed Assets

	Tangible Assets £
Cost or Valuation	
At 1st May 2005	1,816,917
Additions	126,927
Disposals	<u>(250,000)</u>
At 30th April 2006	<u>1,693,844</u>
Depreciation	
At 1st May 2005	1,393,456
Charge for year	95,395
On disposals	<u>(85,783)</u>
At 30th April 2006	<u>1,403,068</u>
Net Book Value	
At 30th April 2006	<u>290,776</u>
At 30th April 2005	<u>423,461</u>

3. Creditors: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	2006 £	2005 £
Bank loans and overdrafts	<u>-</u>	<u>177,856</u>

4. Share Capital

Authorised share capital:

	2006 £	2005 £
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2006 No	£	2005 No	£
Ordinary shares of £1 each	<u>19,998</u>	<u>19,998</u>	<u>19,998</u>	<u>19,998</u>