

HCM Engineering Limited
Abbreviated Financial Statements
For the Year Ended
30th April 2002



Lowe McTernan
Chartered Accountants & Registered Auditor
Highcroft House
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Rubery
Birmingham
B45 9JR

HCM Engineering Limited

Independent Auditors' Report to the Company

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the company for the year ended 30th April 2002 prepared under Section 226 of the Companies Act 1985.

Respective Responsibilities of the Directors and the Auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

Basis of Opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.

Lowe McTernan

Birmingham
12th February 2003

Lowe McTernan
Chartered Accountants
& Registered Auditor

HCM Engineering Limited

Abbreviated Balance Sheet

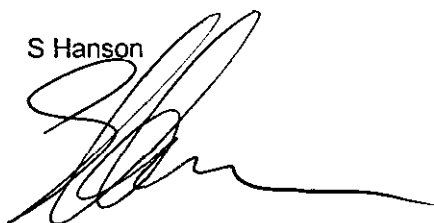
30th April 2002

	Note	2002 £	£	2001 £	£
Fixed Assets	2				
Tangible assets			700,980		565,338
Current Assets					
Stocks		38,226		64,024	
Debtors		220,096		219,907	
Cash at bank and in hand		-		125	
		<u>258,322</u>		<u>284,056</u>	
Creditors: Amounts falling due within one year	3	<u>579,747</u>		<u>501,574</u>	
Net Current Liabilities			(321,425)		(217,518)
Total Assets Less Current Liabilities			<u>379,555</u>		<u>347,820</u>
Creditors: Amounts falling due after more than one year			146,420		58,304
Government Grants	4		<u>4,331</u>		<u>9,706</u>
			<u>228,804</u>		<u>279,810</u>
Capital and Reserves					
Called-up equity share capital	5		19,998		19,998
Revaluation reserve			94,688		98,195
Profit and Loss Account			114,118		161,617
Shareholders' Funds			<u>228,804</u>		<u>279,810</u>

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

These financial statements were approved by the directors on the 12th February 2003 and are signed on their behalf by:

S Hanson



M G Hanson



The notes on pages 3 to 5 form part of these financial statements.

HCM Engineering Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th April 2002

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 March 2000).

Turnover

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

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.

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.

HCM Engineering Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th April 2002

1. Accounting Policies *(continued)*

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

Provision is made at current corporation tax rates on all material timing differences except to the extent that in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

The total amount of unprovided deferred tax is disclosed in note 9.

Capital grants

Government 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.

2. Fixed Assets

	Tangible Assets £
Cost or Valuation	
At 1st May 2001	1,586,929
Additions	225,138
At 30th April 2002	<u>1,812,067</u>
Depreciation	
At 1st May 2001	1,021,591
Charge for year	89,496
At 30th April 2002	<u>1,111,087</u>
Net Book Value	
At 30th April 2002	<u>700,980</u>
At 30th April 2001	<u>565,338</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:

	2002 £	2001 £
Bank loans and overdrafts	<u>187,172</u>	<u>118,736</u>

HCM Engineering Limited

Notes to the Abbreviated Financial Statements

Year Ended 30th April 2002

4. Government Grants

	2002	2001
	£	£
Received and receivable	51,127	51,127
Amortisation	(46,796)	(41,421)
	<u>4,331</u>	<u>9,706</u>

5. Share Capital

Authorised share capital:

	2002	2001
	£	£
20,000 Ordinary shares of £1 each	<u>20,000</u>	<u>20,000</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>19,998</u>	<u>19,998</u>