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**STAFFORDSHIRE PRECISION ENGINEERING
LIMITED**

FINANCIAL STATEMENTS

FOR

31 JANUARY 2000

Company Registration Number 01569481

HORNER, DOWNEY & COMPANY

Chartered Accountants & Registered Auditors

26, Bromborough Village Road

Bromborough

Wirral

CH62 7ES



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STAFFORDSHIRE PRECISION ENGINEERING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2000

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STAFFORDSHIRE PRECISION ENGINEERING LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 JANUARY 2000

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 January 2000.

PRINCIPAL ACTIVITIES

The company's principal activity was that of precision engineers, no changes having occurred throughout the year.

THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY

The directors who served the company during the year together with their beneficial interests in the shares of the company were as follows:

	Ordinary Shares of £1 each	
	At 31 January 2000	At 1 February 1999 or later date of appointment
Mr. S. J. Smith	30	40
Mr. J. Arnold	10	10
Mr. P. D. Smith	5	-
Mr. G. Smith	5	-
	<hr/>	<hr/>

On 28th January, 2000 Mr. S. J. Smith transferred five of his £1 ordinary shares to Mr. G. Smith and five of his £1 ordinary shares to Mr. P. D. Smith.

Mr. P. D. Smith was appointed as a director on 28 January 2000.

Mr. G. Smith was appointed as a director on 28 January 2000.

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on pages 6 to 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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 to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STAFFORDSHIRE PRECISION ENGINEERING LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 JANUARY 2000

DONATIONS

During the year the company made the following contributions:

	2000	1999
	£	£
Other	466	203
	<u> </u>	<u> </u>

AUDITORS

A resolution to re-appoint Horner, Downey & Company as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

SMALL COMPANY PROVISIONS

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Registered office:
4 Redmine Close, Brymbo Road
Holditch Industrial Estate
Chesterton
STAFFS.
ST5 9HZ

Signed on behalf of the directors



MR. S. J. SMITH
Director

Approved by the directors on 26th MAY 2000.

STAFFORDSHIRE PRECISION ENGINEERING LIMITED
AUDITORS' REPORT TO THE SHAREHOLDERS
YEAR ENDED 31 JANUARY 2000

We have audited the financial statements on pages 4 to 9 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000), under the historical cost convention and the accounting policies set out on pages 6 to 7.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on page 1, 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 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 January 2000 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

26, Bromborough Village Road
Bromborough
Wirral
CH62 7ES

HORNER, DOWNEY & COMPANY
Chartered Accountants
& Registered Auditors

30th May2000.

Horner Downey & Co

STAFFORDSHIRE PRECISION ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 JANUARY 2000

	Note	2000 £	1999 £
TURNOVER		1,598,605	1,369,420
Cost of sales		(1,081,868)	(916,818)
GROSS PROFIT		516,737	452,602
Administrative expenses		(219,989)	(197,065)
OPERATING PROFIT	2	296,748	255,537
Interest receivable		22,833	29,956
Interest payable and similar charges		(217)	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		319,364	285,493
Tax on profit on ordinary activities		(72,114)	(61,529)
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		247,250	223,964
Equity dividends paid		(100,000)	(100,000)
RETAINED PROFIT FOR THE FINANCIAL YEAR		147,250	123,964
Balance brought forward		734,655	610,691
Balance carried forward		881,905	734,655

The notes on pages 6 to 9 form part of these financial statements.

STAFFORDSHIRE PRECISION ENGINEERING LIMITED

BALANCE SHEET

31 JANUARY 2000

	Note	2000 £	1999 £
FIXED ASSETS			
Tangible assets	4	213,956	219,806
CURRENT ASSETS			
Stocks and work in progress		56,834	30,865
Debtors	5	344,812	298,629
Cash at bank and in hand		649,531	548,295
		<u>1,051,177</u>	<u>877,789</u>
CREDITORS: Amounts falling due within one year	6	<u>(383,125)</u>	<u>(362,837)</u>
NET CURRENT ASSETS		<u>668,052</u>	<u>514,952</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>882,008</u>	<u>734,758</u>
CAPITAL AND RESERVES			
Called-up equity share capital	9	50	50
Other reserves		53	53
Profit and loss account		881,905	734,655
SHAREHOLDERS' FUNDS		<u>882,008</u>	<u>734,758</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

These financial statements were approved by the directors on the 26th May, 2000 and are signed on their behalf by:



.....
MR. S. J. SMITH

STAFFORDSHIRE PRECISION ENGINEERING LIMITED**NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 JANUARY 2000****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced 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% on cost
Plant and machinery	20% on reducing balance
Fixtures and fittings	20% on reducing balance
Motor vehicles	25% on reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. Profit is included in the valuation of work in progress depending upon the level of completion of individual jobs.

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.

Deferred taxation

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

STAFFORDSHIRE PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2000

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. OPERATING PROFIT

Operating profit is stated after charging:

	2000	1999
	£	£
Depreciation	35,588	32,944
Auditors' fees	<u>4,200</u>	<u>3,900</u>

3. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments in respect of qualifying services were:

	2000	1999
	£	£
Aggregate emoluments	<u>105,602</u>	<u>92,365</u>

4. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Equipment £	Fixtures & Fittings £	Motor Vehicles £	Total £
COST					
At 1 February 1999	109,635	510,663	16,866	21,341	658,505
Additions	8,937	2,945	7,886	10,284	30,052
Disposals	-	-	-	(5,500)	(5,500)
At 31 January 2000	<u>118,572</u>	<u>513,608</u>	<u>24,752</u>	<u>26,125</u>	<u>683,057</u>
DEPRECIATION					
At 1 February 1999	28,561	392,447	12,505	5,186	438,699
Charge for the year	2,372	24,233	2,449	6,534	35,588
On disposals	-	-	-	(5,186)	(5,186)
At 31 January 2000	<u>30,933</u>	<u>416,680</u>	<u>14,954</u>	<u>6,534</u>	<u>469,101</u>
NET BOOK VALUE					
At 31 January 2000	<u>87,639</u>	<u>96,928</u>	<u>9,798</u>	<u>19,591</u>	<u>213,956</u>
At 31 January 1999	<u>81,074</u>	<u>118,216</u>	<u>4,361</u>	<u>16,155</u>	<u>219,806</u>

STAFFORDSHIRE PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2000

5. DEBTORS

	2000	1999
	£	£
Trade debtors	341,180	268,973
ACT recoverable against future taxation	-	25,000
Prepayments and accrued income	3,632	4,656
	<u>344,812</u>	<u>298,629</u>

6. CREDITORS: Amounts falling due within one year

	2000		1999
	£	£	£
Trade creditors		87,076	69,493
Other creditors comprise:			
Advance Corporation Tax	-		25,000
Corporation tax	72,033		61,529
PAYE and social security	35,618		34,194
VAT	40,691		36,074
Other creditors	40,810		30,850
Directors current accounts	<u>104,197</u>		<u>102,997</u>
		293,349	290,644
Accruals and deferred income		<u>2,700</u>	<u>2,700</u>
		<u>383,125</u>	<u>362,837</u>

7. COMMITMENTS UNDER OPERATING LEASES

At 31 January 2000 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2000	1999
	£	£
Operating leases which expire:		
Within 1 year	9,600	9,600
Within 2 to 5 years	<u>4,800</u>	<u>14,400</u>
	<u>14,400</u>	<u>24,000</u>

8. RELATED PARTY TRANSACTIONS

The company was under the control of Mr. S. J. Smith throughout the current and previous year. Mr. S. J. Smith is the managing director and majority shareholder.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

STAFFORDSHIRE PRECISION ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 JANUARY 2000

9. SHARE CAPITAL

Authorised share capital:

	2000	1999
	£	£
100 Ordinary shares of £1 each	100	100
	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2000	1999
	£	£
Ordinary share capital brought forward	50	47
Issue of ordinary shares	-	3
	<u>50</u>	<u>50</u>