

Rea of
cos
—

METRAIL ENGINEERING LIMITED

FINANCIAL STATEMENTS

31ST JANUARY 1996

Company Registration Number 01841222

HORNER, DOWNEY & COMPANY
Chartered Accountants & Registered Auditors
26, Village Road
Bromborough
Wirral
L62 7ES



METRAIL ENGINEERING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 1996

<i>CONTENTS</i>	<i>PAGE</i>
The director's report	1
Auditors' report to the shareholders	3
Profit and loss account	4
Balance sheet	5
Notes to the financial statements	6

METRAIL ENGINEERING LIMITED

THE DIRECTOR'S REPORT

YEAR ENDED 31ST JANUARY 1996

The director has pleasure in presenting his report and the financial statements of the company for the year ended 31st January 1996.

PRINCIPAL ACTIVITIES

The principal activity of the company during the year was that of General Engineers.

THE DIRECTOR AND HIS INTERESTS IN SHARES OF THE COMPANY

The director who served the company during the year together with his beneficial interests in the shares of the company was as follows:

Ordinary Shares of £1.00 each
At 31 Jan 96 At 1 Feb 95

Mr. W. J. O'Donnell

- -
=====

On 28th October, 1994 the directors sold their entire shareholding to Hartley Precision Engineering Company Limited.

DIRECTOR'S RESPONSIBILITIES

Company law requires the director 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 director is required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The director 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 director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. The director is 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.

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

METRAIL ENGINEERING LIMITED

THE DIRECTOR'S REPORT (continued)

YEAR ENDED 31ST JANUARY 1996

SMALL COMPANY EXEMPTIONS

In preparing his report, the director has taken advantage of the special exemptions from disclosure conferred by Part II of Schedule 8 to the Companies Act 1985 on the basis that, in his opinion, the company qualifies as a small company.

Registered office:
26 Village Road
Bromborough
WIRRAL
L62 7ES

Signed by



Mr. W. J. O'Donnell
Director

Approved by the director on 27th Nov 96

METRAIL ENGINEERING LIMITED

AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31ST JANUARY 1996

We have audited the financial statements on pages 4 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTOR AND THE AUDITORS

As described in the director's report, the director of the company is 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 director in the preparation of the financial statements, and of whether the accounting policies are appropriate to the circumstances of the company, 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 affairs of the company as at 31st January 1996 and of its profit for the year then ended, and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

26, Village Road
Bromborough
Wirral
L62 7ES

Horner Downey & Co
HORNER, DOWNEY & COMPANY
Chartered Accountants
& Registered Auditors

28th November 1996

METRAIL ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST JANUARY 1996

	Note	1996 £	1995 £
TURNOVER		415,678	374,331
Cost of sales		(310,426)	(293,351)
GROSS PROFIT		105,252	80,980
Distribution costs		(780)	(18,318)
Administrative expenses		(81,795)	(58,110)
Other operating income		-	1,161
OPERATING PROFIT	2	22,677	5,713
Interest payable and similar charges		(857)	(2,651)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		21,820	3,062
Tax on profit on ordinary activities	3	(4,952)	-
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		16,868	3,062
Balance brought forward		(1,086)	(4,148)
BALANCE CARRIED FORWARD		15,782	(1,086)

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

The notes on pages 6 to 8 form part of these financial statements.

METRAIL ENGINEERING LIMITED

BALANCE SHEET

31ST JANUARY 1996

	Note	1996 £	1995 £
FIXED ASSETS			
Tangible assets	4	2,408	1,760
CURRENT ASSETS			
Stocks		12,997	12,228
Debtors	5	93,945	105,956
Cash at bank and in hand		259	77
		<u>107,201</u>	<u>118,261</u>
CREDITORS: Amounts falling due within one year	6	<u>(68,827)</u>	<u>(96,107)</u>
NET CURRENT ASSETS		38,374	22,154
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>40,782</u>	<u>23,914</u>
CAPITAL AND RESERVES			
Equity share capital	7	25,000	25,000
Profit and loss account		15,782	(1,086)
SHAREHOLDERS' FUNDS	8	<u>40,782</u>	<u>23,914</u>

In preparing these accounts, the director has taken advantage of the special accounting exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the basis that, in his opinion, the company qualifies as a small company.

These financial statements were approved and signed by the director on

27th Nov. 1996

W. J. O'Donnell

MR. W. J. O'DONNELL

The notes on pages 6 to 8 form part of these financial statements.

METRAIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 1996

1. ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention.

Cash flow statement

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

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:

Fixture & Fittings	20% 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. No element of profit is included in the valuation of work in progress.

2. OPERATING PROFIT

Operating profit is stated after charging:

	1996 £	1995 £
Director's emoluments	-	17,550
Depreciation	352	440
Auditors' fees	1,900	1,800
	<u> </u>	<u> </u>

3. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

	1996 £	1995 £
Corporation tax based on the results for the year at 25% (1995 - 25%)	<u>4,952</u>	<u>-</u>

METRAIL ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31ST JANUARY 1996

4. TANGIBLE FIXED ASSETS

	Plant and Machinery etc. £
COST	
At 1st February 1995	14,629
Additions	1,000
	<hr/>
At 31st January 1996	15,629
	<hr/>
DEPRECIATION	
At 1st February 1995	12,869
Charge for the year	352
	<hr/>
At 31st January 1996	13,221
	<hr/>
NET BOOK VALUE	
At 31st January 1996	2,408
	<hr/>
At 31st January 1995	1,760
	<hr/>

5. DEBTORS

	1996 £	1995 £
Trade debtors	90,655	102,666
Prepayments and accrued income	3,290	3,290
	<hr/>	<hr/>
	93,945	105,956
	<hr/>	<hr/>

6. CREDITORS: Amounts falling due within one year

	1996 £	1995 £
Bank loans and overdrafts	10,102	33,713
Trade creditors	29,880	43,459
Other creditors including:		
Corporation Tax	4,952	-
PAYE and social security	3,519	9,205
VAT	6,374	7,830
Other creditors	12,000	-
Directors current accounts	100	100
	<hr/>	<hr/>
	26,945	17,135
Accruals and deferred income	1,900	1,800
	<hr/>	<hr/>
	68,827	96,107
	<hr/>	<hr/>

METRAIL ENGINEERING LIMITED
 NOTES TO THE FINANCIAL STATEMENTS
 YEAR ENDED 31ST JANUARY 1996

7. SHARE CAPITAL

Authorised share capital:

	1996 £	1995 £
25,000 Ordinary shares of £1.00 each	25,000	25,000

Allotted, called up and fully paid:

	1996 £	1995 £
Ordinary share capital	25,000	25,000

8. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the financial year	16,868	3,062
Opening shareholders' equity funds	23,914	20,852
Closing shareholders' equity funds	40,782	23,914

9. ULTIMATE PARENT COMPANY

On 28th October 1994, Hartley Precision Engineering Company Limited acquired the entire issued share capital of Metrail Engineering Limited.