

CARNHILL TRANSFORMERS LIMITED

DIRECTOR'S REPORT

AND

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 1999



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COMPANIES HOUSE		01/07/00
COMPANIES HOUSE		24/06/00

Chapman, Robinson & Moore
Registered Auditors
Accountants
30 Bankside Court
Stationfields
Kidlington
Oxford
OX5 1JE

CARNHILL TRANSFORMERS LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST DECEMBER, 1999

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CARNHILL TRANSFORMERS LIMITED

DIRECTOR'S REPORT

The director presents his report and the financial statements for the year ended 31st December, 1999.

Principal activities and review of the business

The company's principal activity continues to be that of the design and manufacture of transformers and electrical equipment.

Director

The director who served during the year and his beneficial interest in the company's issued ordinary share capital was:

	Number of shares	
	31.12.99	31.12.98
J. Hall	100	100

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 and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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. They are also responsible for safeguarding the assets of the company and hence taking reasonable steps for the prevention and detection of fraud and other irregularities.

CARNHILL TRANSFORMERS LIMITED

DIRECTOR'S REPORT


(Continued)

Auditors

The auditors, Chapman, Robinson and Moore, are deemed to be reappointed in accordance with Section 386 of the Companies Act, 1985 by virtue of an elective resolution passed by the members on 1st August, 1991.

This report was approved by the board of directors on 10th May, 2000, and has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors,



Mrs J.L. Hall - Company Secretary

Registered in England and Wales. Company number 1881904

**AUDITORS' REPORT TO THE MEMBERS OF
CARNHILL TRANSFORMERS LIMITED**

We have audited the financial statements on pages 4 to 10 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies on page 6 and 7.

Respective responsibilities of directors and auditors

As described on page 1 the company's directors are responsible for the preparation of 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 at the 31st December, 1999 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.



**CHAPMAN, ROBINSON & MOORE
REGISTERED AUDITORS
ACCOUNTANTS**

10th May, 2000

30 Bankside Court
Stationfields
Kidlington
Oxford
OX5 1JE

CARNHILL TRANSFORMERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1999

	Notes	1999	1998
Turnover	1	2,127,802	2,114,372
Cost of sales		(1,510,782)	(1,439,160)
Gross profit		617,020	675,212
Administration expenses		(539,914)	(529,362)
Operating profit	2	77,106	145,850
Interest receivable		1,545	48
Loss on sale of fixed assets		-	-
Profit on ordinary activities before interest payable		78,651	145,898
Interest payable		(1,525)	(4,152)
Profit on ordinary activities before taxation		77,126	141,746
Tax on profit on ordinary activities	3	(15,578)	(29,963)
Profit for the financial year		61,548	111,783
Equity dividends paid	4	(25,000)	(25,000)
Retained profit for the year		£ 36,548	£ 86,783

The notes on pages 6 to 10 form part of these financial statements

CARNHILL TRANSFORMERS LIMITED

BALANCE SHEET AS AT 31ST DECEMBER, 1999

	Notes	1999	1998
Fixed assets	5	285,194	228,035
Current assets			
Stock and work in progress		197,742	206,762
Debtors	6	438,929	389,047
Cash at bank and in hand		18,462	31,357
		-----	-----
		655,133	627,166
		-----	-----
Creditors: amounts falling due within one year	7	(270,288)	(238,816)
		-----	-----
Net current assets		384,845	388,350
		-----	-----
Total assets less current liabilities		670,039	616,385
		-----	-----
Creditors: amounts falling due after more than one year	8	(36,347)	(23,219)
		-----	-----
Provisions for liabilities and charges	9	(11,670)	(7,692)
		-----	-----
		£ 622,022	£ 585,474
		=====	=====
Capital and reserves			
Called up share capital	10	100	100
Profit and loss account	11	621,922	585,374
		-----	-----
Equity shareholders' funds		£ 622,022	£ 585,474
		=====	=====

The financial statements have been prepared in accordance with the special provisions relating to small companies within Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities.

Approved by the board of directors on 10th May, 2000 and signed on its behalf.

J.Hall - Director

The notes on pages 6 to 10 form part of these financial statements

CARNHILL TRANSFORMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 1999

1. Accounting policies

1.1 Basis of preparation of accounts

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and which is continuing.

1.2 Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected lives on the following bases:

Office equipment	- 20% pa reducing balance
Motor vehicles	- 25% pa reducing balance
Leasehold property	- 4% pa reducing balance
Plant and equipment	- 20% pa reducing balance
Short life assets	- 25% pa straight line

1.4 Stocks and work in progress

Stocks and work in progress are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

1.5 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between incidence of income and expenditure for taxation and accounts purposes using the liability method, only to the extent that, in the opinion of the director, there is a reasonable probability that a liability or asset will crystallise in the near future.

1.6 Leasing and hire purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives, or in the case of assets held under hire purchase agreements over their useful economic life. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

CARNHILL TRANSFORMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 1999

1.7 Operating leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the profit and loss account as incurred.

1.8 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 on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

1.9 Pensions

The company operates a defined contribution pension scheme and the scheme charge represents the amounts payable by the company to the fund in respect of the year.

2. Operating profit

The operating profit is stated after charging:

	1999	1998
Depreciation	67,803	52,027
Director's emoluments		
- salary	29,600	28,800
- pension contributions	9,356	11,997
Auditors' remuneration	2,550	3,300
Pension costs (including contributions made on behalf of the director)	29,770	29,938
	=====	=====

3. Taxation

	1999	1998
UK current year taxation		
UK corporation tax at 21%/20% (1998 - 21%)	11,600	29,734
Transfer to deferred taxation	3,978	229
	-----	-----
	15,578	29,963
Prior years adjustments		
Corporation tax over-provision	-	-
Prior years deferred tax	-	-
	-----	-----
	£ 15,578	£ 29,963
	=====	=====

CARNHILL TRANSFORMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 1999

4. Dividends

	1999	1998
Interim dividend of £nil per ordinary share	-	10,000
Final dividend of £250 per ordinary share	25,000	15,000
	-----	-----
	£ 25,000	£ 25,000
	=====	=====

5. Tangible assets

	Leasehold Property	Plant and Equipment	Office Equipment	Motor Vehicles	Short Life Assets	Total
	-----	-----	-----	-----	-----	-----
Cost						
As at 1st January, 1999	51,752	321,224	42,796	93,307	-	509,079
Disposals	-	-	-	-	-	-
Additions	1,643	86,012	180	-	37,127	124,962
	-----	-----	-----	-----	-----	-----
As at 31st December, 1999	53,395	407,236	42,976	93,307	37,127	634,041
	-----	-----	-----	-----	-----	-----
Depreciation						
As at 1st January, 1999	11,046	195,676	22,981	51,341	-	281,044
Eliminated on disposal	-	-	-	-	-	-
Charge for the year	1,694	42,312	3,899	10,491	9,407	67,803
	-----	-----	-----	-----	-----	-----
As at 31st December, 1999	12,740	237,988	26,880	61,832	9,407	348,847
	-----	-----	-----	-----	-----	-----
Net book value						
As at 31st December, 1999	£ 40,655	£ 169,248	£ 16,096	£ 31,475	£ 27,720	£ 285,194
	=====	=====	=====	=====	=====	=====
As at 31st December, 1998	£ 40,706	£ 125,548	£ 19,815	£ 41,966	£ -	£ 228,035
	=====	=====	=====	=====	=====	=====

Included in the net book value of motor vehicles above are assets held under finance lease or hire purchase contracts amounting to £ 13,580.

CARNHILL TRANSFORMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 1999

6. Debtors	1999	1998
Due within one year		
Trade debtors	428,998	379,033
Other debtors	-	947
Prepayments and accrued income	9,931	9,067
	-----	-----
	£ 438,929	£ 389,047
	=====	=====

7. Creditors: amounts falling due within one year	1999	1998
Bank loan and overdraft (secured)	-	9,045
Net obligations under hire purchase contracts (secured)	6,731	9,463
Trade creditors	165,134	106,674
Corporation tax	11,600	27,234
Taxation and social security	70,699	70,005
Accruals and deferred income	2,860	3,078
Other creditors	13,264	13,317
	-----	-----
	£ 270,288	£ 238,816
	=====	=====

8. Creditors: amounts falling due after more than one year	1999	1998
Director's loan	36,347	16,488
Hire purchase (secured)	-	6,731
	-----	-----
	£ 36,347	£ 23,219
	=====	=====

9. Deferred taxation	Provided for		Maximum potential liability	
	1999	1998	1999	1998
Accelerated capital allowances	£ 11,670	£ 7,692	£ 11,670	£ 7,692
	=====	=====	=====	=====

10. Called up share capital	1999	1998
Authorised: 1000 ordinary shares of £1 each	1,000	1,000
	=====	=====
Issued: 100 ordinary shares of £1 each, fully paid	100	100
	=====	=====

CARNHILL TRANSFORMERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST DECEMBER, 1999

11. Profit and loss account

	1999	1998
Balance at 1st January, 1999	585,374	498,591
Profit retained for the year	36,548	86,783
	-----	-----
Balance at 31st December, 1999	£ 621,922	£ 585,374
	=====	=====

12. Contingent liabilities

At 31st December, 1999, the company had no contingent liabilities (1998 - £Nil).

13. Capital commitments

At 31st December, 1999, there were no material commitments for future capital expenditure (1998 - £Nil), either authorised or authorised and contracted for.

14. Controlling Parties

For the whole year, the company was under the control of Mr and Mrs J. Hall. Mr Hall is the sole director of the company and between them, they own 100% of the company's called-up share capital.

During the year, the company rented its Penzance premises from Carnhill Transformers Limited Pension Scheme for the sum of £11,000. The Pension Scheme is also under the control of Mr and Mrs J. Hall.