

CROFT ENGINEERING COMPANY LIMITED

**REPORT AND
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
30 APRIL 1998**

REGISTERED NUMBER: 1924030



CROFT ENGINEERING COMPANY LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1998**

Contents	Pages
Company information	1
Directors' report	2 - 3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes to the financial statements	7 - 14

CROFT ENGINEERING COMPANY LIMITED

COMPANY INFORMATION

AS AT 30 APRIL 1998

DIRECTORS

J P Brookbank
B M Brookbank

SECRETARY

B M Brookbank

BUSINESS ADDRESS

Unit 7A Parnell Road
Fishponds
Bristol BS16 3TH

AUDITORS

Hacker Young
Chartered Accountants
3 & 5 St Pauls Road
Clifton
Bristol BS8 1LX

PRINCIPAL BANKERS

National Westminster Bank plc
3 High Street
Midsomer Norton
Bath BA3 2HT

CROFT ENGINEERING COMPANY LIMITED

DIRECTORS' REPORT

The directors present their annual report with the financial statements of the company for the year ended 30 April 1998.

PRINCIPAL ACTIVITIES

The company's principal activity during the year was that of general engineering and machine and tool repair.

REVIEW OF THE BUSINESS

The trading profit for the period was £59,690, subject to taxation of £12,812.

The period's profit after taxation of £46,878, has been added to the appropriated profits brought forward, and the unappropriated profits to carry forward now stands at £209,995.

INTEREST IN LAND AND BUILDINGS

The market value of freehold land and buildings, included in the balance sheet at a net book value of £150,509, is considered by the directors to be £160,000.

DIRECTORS AND THEIR INTERESTS

The directors in office in the year and their beneficial interests in the company at the balance sheet date were as follows:

		Number of Shares	
		1998	1997
J P Brookbank	Ordinary shares	5,000	5,000
B M Brookbank	Ordinary shares	5,000	5,000

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 maintaining 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

YEAR 2000 SOFTWARE ISSUES

The company directors are implementing, and regularly monitoring, plans to ensure that their hardware, information systems, and business infrastructure will be year 2000 compliant.


CROFT ENGINEERING COMPANY LIMITED

DIRECTORS' REPORT

AUDITORS

The auditors, Hacker Young, will be proposed for re-appointment in accordance with section 385 of the Companies Act 1985.

On behalf of the board:



.....
J P Brookbank
Director

Date: 8/2/99

CROFT ENGINEERING COMPANY LIMITED

AUDITORS' REPORT TO THE MEMBERS

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and on the basis of accounting policies set out on pages 7 and 8.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described in the directors' report, 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

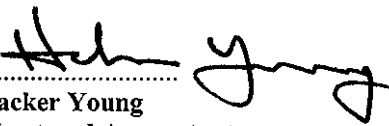
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 as to whether 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.

QUALIFIED OPINION ARISING FROM DISAGREEMENT OF ACCOUNTING TREATMENT

As explained in note 1, no provision has been made for the depreciation of freehold buildings. This is not in accordance with the requirements of Statement of Standard Accounting Practice No.12 and of Schedule 4 to the Companies Act 1985.

Except for the adjustment for depreciation in respect of freehold buildings, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 30 April 1998 and of its profit for the year then ended and have been properly prepared in accordance with Companies Act 1985.


.....
Hacker Young
Chartered Accountants
Registered Auditors
3 & 5 St Pauls Road
Clifton
Bristol BS8 1LX

Date signed: 15 February 1999

CROFT ENGINEERING COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1998

	Notes	1998	1997
		£	£
TURNOVER			
Continuing operations		539,609	460,781
Change in work in progress		942	2,023
		540,551	462,804
Other operating income	2	8,400	8,400
		548,951	471,204
Cost of sales		170,526	129,949
GROSS PROFIT		378,425	341,255
Staff costs	3	275,465	257,532
Depreciation	1(d)	4,426	5,440
Other operating charges		30,997	29,882
		310,888	292,854
OPERATING PROFIT			
Continuing operations		67,537	48,401
Income from investments	4	800	558
Interest payable and similar charges	5	8,647	6,592
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	59,690	42,367
Tax on profit on ordinary activities	8	12,812	10,145
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		46,878	32,222
RETAINED PROFITS BROUGHT FORWARD		163,117	130,895
RETAINED PROFITS CARRIED FORWARD	17	209,995	163,117

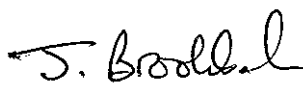
Total recognised gains and losses

The company has no recognised gains or losses other than the profit for the above two financial years.

CROFT ENGINEERING COMPANY LIMITED
BALANCE SHEET
AT 30 APRIL 1998

	Notes	£	1998 £	1997 £
FIXED ASSETS				
Tangible assets	9		175,780	180,206
Investments			66,097	66,097
			<u>241,877</u>	<u>246,303</u>
CURRENT ASSETS				
Stocks	11	12,326		11,384
Debtors	12	156,020		124,492
Cash at bank and in hand		12,326		17,694
		<u>180,672</u>		<u>153,570</u>
CREDITORS: amounts falling due within one year	13	155,407		163,804
NET CURRENT ASSETS/(LIABILITIES)			<u>25,265</u>	<u>(10,234)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>267,142</u>	<u>236,069</u>
CREDITORS: amounts falling due after more than one year	14		45,918	61,663
PROVISIONS FOR LIABILITIES AND CHARGES	15		1,229	1,289
NET ASSETS			<u>219,995</u>	<u>173,117</u>
CAPITAL & RESERVES				
Called up share capital	16		10,000	10,000
Profit and loss account			209,995	163,117
TOTAL SHAREHOLDERS FUNDS			<u>219,995</u>	<u>173,117</u>
ATTRIBUTABLE TO EQUITY INTERESTS	17		<u>219,995</u>	<u>173,117</u>

The financial statements were approved by the board of directors and signed on its behalf by:


.....
J P Brookbank
Director
Date..... 8/2/99

CROFT ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

The financial statements have also been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

Consolidation

The company and its subsidiary comprise a small group. The company has therefore taken advantage of the exemption provided by section 248 of the Companies Act 1985 not to prepare group accounts.

Cash flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1: "Cash flow statements".

Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

Depreciation of tangible fixed assets

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life, as follows:

Freehold buildings	- not depreciated
Improvements to property	- 4% straight line basis
Motor vehicles	- 25% on written down value
Plant and machinery	- 15% on written down value

Freehold buildings have not been depreciated. This is not in accordance with the requirements of Statement of Standard Accounting Practice number 12 and of Schedule 4 to the Companies Act 1985.

Whilst no depreciation is provided against freehold buildings, the costs of maintenance, and ensuring that all buildings are kept in good order and repair, are charged directly against profits in the current year.

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each item to its present location and condition:-

Raw materials and consumables	- purchase cost on an average basis
Work in progress	- cost of materials and labour plus attributable overheads based on the normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

CROFT ENGINEERING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1998

1. STATEMENT OF ACCOUNTING POLICIES - (continued)

Investments

Investments held as fixed assets are stated at cost.

Deferred taxation

Deferred taxation is provided using the liability method at 21% on all revenue timing differences.

Hire purchase transactions

Interest on hire purchase transactions is deemed to accrue consistently over the period of the contract, and is written off accordingly. The policy with regard to hire purchase transactions is not in accordance with Statement of Standard Accounting Practice number 21, as it does not provide a constant periodic rate of charge, but the difference is not considered to be material.

Pension costs

The company funds pension liabilities by payments to insurance companies. Contributions payable to this scheme are charged to the profit and loss account in the period to which they relate. These funds are invested and managed separately from the company's finances.

2. OTHER OPERATING INCOME

	1998	1997
	£	£
Management fees	<u>8,400</u>	<u>8,400</u>

3. INFORMATION ON DIRECTORS AND EMPLOYEES

	1998	1997
	£	£
(a) Staff costs		
Wages and salaries	238,977	223,251
Social security costs	22,188	21,923
Other pension costs	14,300	12,358
	<u>275,465</u>	<u>257,532</u>

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1998****3. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)**

	1998 No.	1997 No.
The average monthly number of employees during the year was made up as follows:		
Office and management	3	3
Manufacturing	14	14
	<u>17</u>	<u>17</u>

	1998 £	1997 £
(b) Directors' emoluments		
Remuneration for management services (including pension contributions)	35,340	31,598

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1998 £	1997 £
Interest received and receivable		
Bank interest	800	558

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1998 £	1997 £
On bank loans and overdrafts	4,091	6,036
Hire purchase interest	556	556
Other interest	4,000	-
	<u>8,647</u>	<u>6,592</u>

6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

	1998 £	1997 £
Operating profit is stated:		
After charging:		
Auditors' remuneration	1,200	1,200

7. PENSION COSTS

The company operates a pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £14,300 (1997 - £12,358).

CROFT ENGINEERING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1998**

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1998	1997
	£	£
Based on the results for the year:		
UK corporation tax at 21% (1997 - 21/24%)	12,872	10,373
Deferred taxation	(60)	(138)
Under provision of tax in previous years	-	(90)
	<u>12,812</u>	<u>10,145</u>

The deferred taxation provided during the year is in respect of movement in the following timing differences:

	1998	1997
	£	£
Accelerated capital allowances	<u>(60)</u>	<u>(138)</u>

CROFT ENGINEERING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1998**

9. TANGIBLE FIXED ASSETS

	Freehold property £	Improvements to freehold property £
Cost		
At 1 May 1997	150,509	12,500
At 30 April 1998	150,509	12,500
Depreciation		
At 1 May 1997	-	3,500
Charged in year	-	500
At 30 April 1998	-	4,000
Net book value at 30 April 1998	150,509	8,500
Net book value at 30 April 1997	150,509	9,000

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1 May 1997	32,161	16,212	211,382
At 30 April 1998	32,161	16,212	211,382
Depreciation			
At 1 May 1997	19,675	8,001	31,176
Charged in year	1,873	2,053	4,426
At 30 April 1998	21,548	10,054	35,602
Net book value at 30 April 1998	10,613	6,158	175,780
Net book value at 30 April 1997	12,486	8,211	180,206

Included above are assets held under hire purchase contracts as follows:-

	1998 £	1997 £
Net book values:		
Motor vehicles	2,914	3,886
Depreciation:		
Motor vehicles	972	1,295

Net obligations under hire purchase contracts are secured on the assets acquired.

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1998****10. INVESTMENTS**

	1998 £	1997 £
Investment in subsidiary undertakings	66,097	66,097

Investments held at the balance sheet date

The company has the following holdings:

	% issued share capital
Crescent Universal Tungsten (Bristol) Limited	
100 ordinary shares of £1 each	100

The above company is registered in England

The company's share of the results of the subsidiary undertaking is as follows:

	1998 £
Share of profit before taxation	15,148
Share of taxation	3,181
Share of profit after taxation	11,967

The company's share of the net assets included in the accounts of the subsidiary undertaking is £97,811

11. STOCKS

	1998 £	1997 £
Raw materials and consumables	300	300
Short term work in progress	12,026	11,084
	12,326	11,384

There is no material difference between the replacement cost of stocks and their balance sheet amounts.

12. DEBTORS

	1998 £	1997 £
Trade debtors	154,584	123,935
Other debtors	1,436	557
	156,020	124,492

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1998****13. CREDITORS: amounts falling due within one year**

	1998	1997
	£	£
Bank loan	28,346	34,908
Trade creditors	27,223	33,489
Amounts owed to subsidiary undertakings	37,519	35,194
Corporation tax	12,872	10,373
Other taxes and social security costs	16,003	26,211
Net obligations under hire purchase contracts	1,159	1,985
Other creditors	22,215	13,456
Accruals and deferred income	10,070	8,188
	<u>155,407</u>	<u>163,804</u>

14. CREDITORS: amounts falling due after more than one year

	1998	1997
	£	£
Bank loan	-	14,586
Directors loan account	45,918	45,918
Net obligations under hire purchase contracts	-	1,159
	<u>45,918</u>	<u>61,663</u>

14(a). Creditors amounting to £25,915 are repayable by instalments of which all is due within one year.

14(b). Creditors included above, which are secured, are as follows together with details of the security involved:

Bank Loan	£25,915	Legal mortgage over the company's freehold property dated 09.08.90, and an unscheduled mortgage debenture dated 09.08.90, over the company's assets.
-----------	---------	--

The company was under the control of J P Brookbank and B M Brookbank throughout the year, who are each personally interested in 50% of the company's issued share capital, with 5000 shares held directly by each.

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Fully provided 1998	1997
	£	£
Deferred tax is calculated at 21% (1997 - 21/24%) analysed over the following timing differences:		
Accelerated capital allowances	<u>1,229</u>	<u>1,289</u>

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1998****16. SHARE CAPITAL**

	1998 £	1997 £
Authorised:		
Equity interests:		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted, called up and fully paid:		
Equity interests:		
10,000 Ordinary shares of £1 each	10,000	10,000

17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the financial year	46,878	32,222
Opening shareholders' funds	173,117	140,895
Closing shareholders' funds	219,995	173,117
REPRESENTED BY:-		
Equity interests	219,995	173,117

18. RELATED PARTY DISCLOSURES

The following transactions were made during the year with related parties:

Related party	Director with material interest	Value £	Details of transaction
Crescent Universal Tungsten (Bristol) Limited	J P Brookbank B M Brookbank	8,400	Management charge receivable.
J P Brookbank	J P Brookbank	2,000	Interest paid on
B M Brookbank	B M Brookbank	2,000	Directors current account.

19. CONTROL

The company was under the control of J P Brookbank and B M Brookbank throughout the year, who are each personally interested in 50% of the company's issued share capital, with 5000 shares held directly by each.