

CROFT ENGINEERING COMPANY LIMITED

REPORT AND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED
30 APRIL 1997



CROFT ENGINEERING COMPANY LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997**

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CROFT ENGINEERING COMPANY LIMITED

**COMPANY INFORMATION
AS AT 30 APRIL 1997**

DIRECTORS

J P Brookbank
B M Brookbank

SECRETARY

B M Brookbank

REGISTERED NUMBER

1924030

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 1997.

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 £42,367, subject to taxation of £10,145.

This period's profit after taxation of £32,222, has been added to the unappropriated profits brought forward, and the unappropriated profits to carry forward now stand at £163,117.

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 throughout the year were the following, who have the undermentioned interests in the shares of the company:

		Number of Shares	
		1997	1996
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:

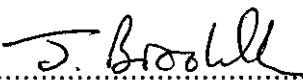
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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.

AUDITORS

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

Signed on behalf of the board:



J P Brookbank
Director

Date...10-12-97

CROFT ENGINEERING COMPANY LIMITED

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
CROFT ENGINEERING COMPANY LIMITED**

We have audited the financial statements on pages 4 to 14 which have been prepared under the accounting policies set out on pages 6 and 7.

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 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.

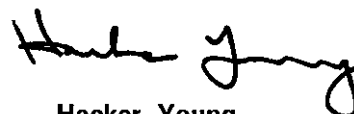
QUALIFIED OPINION ARISING FROM DISAGREEMENT OF ACCOUNTING TREATMENT

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 1997 and of its profit for the year then ended and have been properly prepared in accordance with Companies Act 1985.

3 & 5 St Pauls Road
Clifton
Bristol BS8 1LX

12th January 1998



Hacker Young
Registered Auditors
Chartered Accountants

CROFT ENGINEERING COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 APRIL 1997

	Notes	1997 £	1996 £
TURNOVER			
Continuing operations		460,781	523,737
Change in work in progress		2,023	(16,323)
		<hr/>	<hr/>
Other operating income	2	462,804 8,400	507,414 8,400
		<hr/>	<hr/>
		471,204	515,814
Raw materials and consumables		129,949	143,993
		<hr/>	<hr/>
GROSS PROFIT		341,255	371,821
		<hr/>	<hr/>
Staff costs	3	257,532	243,455
Depreciation	1(d)	5,440	5,315
Other operating charges		29,882	61,101
		<hr/>	<hr/>
		292,854	309,871
		<hr/>	<hr/>
OPERATING PROFIT			
Continuing operations		48,401	61,950
Income from investments	4	558	897
Interest payable and similar charges	5	6,592	17,856
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	42,367	44,991
Tax on profit on ordinary activities	8	10,145	10,828
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR		32,222	34,163
RETAINED PROFITS BROUGHT FORWARD		130,895	96,732
		<hr/>	<hr/>
RETAINED PROFITS CARRIED FORWARD		163,117	130,895
		<hr/>	<hr/>

Total recognised gains and losses

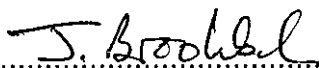
The company has no recognised gains or losses other than the profit for the above two financial years.

The notes on pages 6 to 14 form part of these financial statements.

CROFT ENGINEERING COMPANY LIMITED
BALANCE SHEET
AT 30 APRIL 1997

	Notes	£	1997 £	1996 £
FIXED ASSETS				
Tangible assets	9		180,206	181,365
Investments			66,097	66,097
			<u>246,303</u>	<u>247,462</u>
CURRENT ASSETS				
Stocks	11	11,384		9,361
Debtors	12	124,492		119,837
Cash at bank and in hand		17,694		16,353
		<u>153,570</u>		<u>145,551</u>
CREDITORS: amounts falling due within one year	13(a)	163,804		139,348
NET CURRENT ASSETS/(LIABILITIES)			<u>(10,234)</u>	<u>6,203</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			236,069	253,665
CREDITORS: amounts falling due after more than one year	13(b)		61,663	111,343
PROVISIONS FOR LIABILITIES AND CHARGES	14		1,289	1,427
NET ASSETS			<u>173,117</u>	<u>140,895</u>
CAPITAL & RESERVES				
Called up share capital	15		10,000	10,000
Profit and loss account			163,117	130,895
TOTAL SHAREHOLDERS FUNDS ATTRIBUTABLE TO EQUITY INTERESTS	16		<u>173,117</u>	<u>140,895</u>

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



 J P Brookbank
 Director
 Date..... 10-12-97

The notes on pages 6 to 14 form part of these financial statements.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention.

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

(a) 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.

(b) Cash flow

The company has taken advantage of the exemption permitted by Financial Reporting Standard number 1, whereby a cashflow statement need not be prepared by a small company, as defined in Companies Act 1985.

(c) Turnover

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

(d) 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.

(e) 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 1997****1. STATEMENT OF ACCOUNTING POLICIES - (continued)****(f) Investments**

Investments held as fixed assets are stated at cost.

(g) Deferred taxation

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

(h) 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.

(i) 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

	1997 £	1996 £
Management fees	8,400	8,400

3. INFORMATION ON DIRECTORS AND EMPLOYEES

	1997 £	1996 £
(a) Staff costs		
Wages and salaries	223,251	216,860
Social security costs	21,923	21,220
Other pension costs	12,358	5,375
	257,532	243,455

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997****3. INFORMATION ON DIRECTORS AND EMPLOYEES - (continued)**

	1997 No.	1996 No.
The average monthly number of employees during the year was made up as follows:		
Office and management	3	3
Manufacturing	14	12
	<u>17</u>	<u>15</u>

	1997 £	1996 £
(b) Directors' emoluments		
Remuneration for management services (including pension contributions)	<u>31,598</u>	<u>24,615</u>

4. INVESTMENT INCOME AND INTEREST RECEIVABLE

	1997 £	1996 £
Interest received and receivable		
Bank interest	558	489
Other interest	-	408
	<u>558</u>	<u>897</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1997 £	1996 £
On bank loans and overdrafts	6,036	9,300
Hire purchase interest	556	556
Other interest	-	8,000
	<u>6,592</u>	<u>17,856</u>

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997****6. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Operating profit is stated:	1997 £	1996 £
After charging:		
Auditors' remuneration	1,200	1,100
Exceptional items:		
Bad and doubtful debts	-	33,737
	<u> </u>	<u> </u>

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 £12,358 (1996 - £5,375).

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the results for the year:		
UK corporation tax at 21/24% (1996 - 24/25%)	10,373	11,431
Deferred taxation	(138)	22
Over provision of tax in previous years	(90)	(625)
	<u>10,145</u>	<u>10,828</u>

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

	1997 £	1996 £
Accelerated capital allowances	<u>(138)</u>	<u>22</u>

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997****9. TANGIBLE FIXED ASSETS**

	Freehold property £	Improvements to freehold property £
Cost		
At 1 May 1996	150,509	12,500
At 30 April 1997	150,509	12,500
Depreciation		
At 1 May 1996	-	3,000
Charged in year	-	500
At 30 April 1997	-	3,500
Net book value at 30 April 1997	150,509	9,000
Net book value at 30 April 1996	150,509	9,500

	Plant and equipment £	Motor vehicles £	Total £
Cost			
At 1 May 1996	32,161	17,562	212,732
Additions	-	5,500	5,500
Disposals	-	(6,850)	(6,850)
At 30 April 1997	32,161	16,212	211,382
Depreciation			
At 1 May 1996	17,472	10,895	31,367
Charged in year	2,203	2,737	5,440
Disposals	-	(5,631)	(5,631)
At 30 April 1997	19,675	8,001	31,176
Net book value at 30 April 1997	12,486	8,211	180,206
Net book value at 30 April 1996	14,689	6,667	181,365

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997****9. TANGIBLE FIXED ASSETS**

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

	1997 £	1996 £
Net book values:		
Motor vehicles	3,886	5,181
	<u> </u>	<u> </u>
Depreciation:		
Motor vehicles	1,295	1,728
	<u> </u>	<u> </u>

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

10. INVESTMENTS

	1997 £	1996 £
Investment in subsidiary undertakings	66,097	66,097
	<u> </u>	<u> </u>

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
	<u> </u>

The above company is registered in England

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

	1997 £
Share of profit before taxation	9,148
Share of taxation	2,101
Share of profit after taxation	7,047

The company's share of the net assets included in the accounts of the subsidiary undertaking is £85,844.

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997****11. STOCKS**

	1997 £	1996 £
Raw materials and consumables	300	300
Short term work in progress	11,084	9,061
	<u>11,384</u>	<u>9,361</u>

12. DEBTORS

	1997 £	1996 £
Trade debtors	123,935	118,121
Other debtors	557	1,716
	<u>124,492</u>	<u>119,837</u>

13(a). CREDITORS: amounts falling due within one year

	1997 £	1996 £
Bank loan	34,908	18,512
Trade creditors	33,489	18,901
Amounts owed to subsidiary undertakings	35,000	36,503
Corporation tax	10,373	11,431
Other taxes and social security costs	39,861	26,664
Net obligations under hire purchase contracts	1,985	1,985
Other creditors	-	2,001
Accruals and deferred income	8,188	23,351
	<u>163,804</u>	<u>139,348</u>

13(b). CREDITORS: amounts falling due after more than one year

	1997 £	1996 £
Bank loan	14,586	62,281
Directors loan account	45,918	45,918
Net obligations under hire purchase contracts	1,159	3,144
	<u>61,663</u>	<u>111,343</u>

13(c). Creditors amounting to £49,494 are repayable by instalments of which all is due within five years.

CROFT ENGINEERING COMPANY LIMITED**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997**

13(d). The terms of repayment for the debts included in c) above are as follows:

Bank loan - monthly instalments of £2,047 covering capital and interest.

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

Bank loan	£49,494	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.
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14. PROVISIONS FOR LIABILITIES AND CHARGES

	Fully provided	
	1997	1996
	£	£
Deferred tax is calculated at 21% (1996 - 21%) analysed over the following timing differences:		
Accelerated capital allowances	1,289	1,427

15. SHARE CAPITAL

	1997	1996
	£	£
Authorised:		
10,000 Ordinary shares of £1 each	10,000	10,000
Allotted, issued and fully paid:		
10,000 Ordinary shares of £1 each	10,000	10,000

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1997	1996
	£	£
Profit for the financial year	32,222	34,163
Opening shareholders' funds	140,895	106,732
Closing shareholders' funds	173,117	140,895
REPRESENTED BY:-		
Equity interests	173,117	140,895

CROFT ENGINEERING COMPANY LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 APRIL 1997**

17. RELATED PARTY DISCLOSURES

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

Related party	Director with details of material interest	Value £	Details of transaction
Crescent Universal Tungsten (Bristol) Limited	J P Brookbank B M Brookbank	8,400	Management charge
J P Brookbank	J P Brookbank B M Brookbank	5,500	Purchase of car