

REGISTRAR OF COMPANIES

REGISTERED NUMBER: 2396197

MERLIN COMPONENTS (LONDON) LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1998**

**Bland Baker,
Chartered Accountants and
Registered Auditor,
21 Lodge Lane,
Grays,
Essex.
RM17 5RY.**



MERLIN COMPONENTS (LONDON) LIMITED

**INDEX TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

	Page
Company Information	1
Report of the Directors	2
Report of the Auditors	3
Profit and Loss Account	4
Balance Sheet	5
Notes to the Financial Statements	6 - 9
Trading and Profit and Loss Account	10 - 11

MERLIN COMPONENTS (LONDON) LIMITED

COMPANY INFORMATION

DIRECTORS: J.B. Allan
B.J. Gissing

SECRETARY: Mrs. M.E. Allan

REGISTERED OFFICE: Unit 26
Barking Industrial Park
Alfreds Way
Barking
Essex
IG11 0TJ

REGISTERED NUMBER: 2396197

AUDITORS: Bland Baker
Chartered Accountants and
Registered Auditor
21 Lodge Lane
Grays
Essex
RM17 5RY

MERLIN COMPONENTS (LONDON) LIMITED

REPORT OF THE DIRECTORS

The directors present their report with the audited financial statements of the company for the year ended 31 March 1998.

PRINCIPAL ACTIVITY

The principal activity of the company was motor part dealers.

DIRECTORS

The directors in office during the year and their beneficial interests in the ordinary share capital of the company were as follows:

	<u>1998</u>	<u>1997</u>
J.B. Allan	15,000	15,000
B.J. Gissing	15,000	15,000

B.J. Gissing resigned from the Board on 7 May 1998.

STATEMENT OF 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 judgments 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 for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Bland Baker, will be proposed for re-appointment in respect of the forthcoming year.

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

BY ORDER OF THE BOARD

Mary Ellen Allan
M.E. ALLAN - SECRETARY

Date August 10, 1998

REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF MERLIN COMPONENTS (LONDON) LIMITED

We have audited the financial statements on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 2 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.

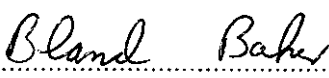
Basis of opinion

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 judgments 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 March 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


.....
Bland Baker
Chartered Accountants and
Registered Auditor
21 Lodge Lane
Grays
Essex
RM17 5RY

Date..... 11/8/98

MERLIN COMPONENTS (LONDON) LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1998

		1998	1997
	Notes	£	£
TURNOVER	2	1,128,252	1,019,559
Cost of sales		<u>756,721</u>	<u>679,599</u>
GROSS PROFIT		371,531	339,960
Distribution costs		24,508	17,255
Administrative expenses		<u>191,504</u>	<u>233,963</u>
		<u>216,012</u>	<u>251,218</u>
OPERATING PROFIT BEFORE INTEREST	3	155,519	88,742
Interest receivable and similar income		<u>2,302</u>	<u>1,612</u>
		157,821	90,354
Interest payable and similar charges		<u>1,304</u>	<u>1,211</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		156,517	89,143
Tax on profit on ordinary activities		<u>32,079</u>	<u>21,881</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		124,438	67,262
Ordinary dividend on equity shares		<u>110,000</u>	<u>60,320</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR		14,438	6,942
Retained profit brought forward		<u>48,344</u>	<u>41,402</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£62,782</u></u>	<u><u>£48,344</u></u>

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current year or previous year.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profit for the current year and previous year.

The notes form part of these financial statements

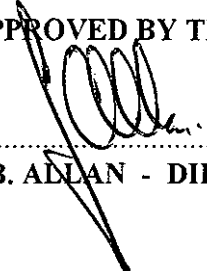
MERLIN COMPONENTS (LONDON) LIMITED

**BALANCE SHEET
AS AT 31 MARCH 1998**

	Notes	1998 £	£	1997 £	£
FIXED ASSETS:					
Tangible assets	4		39,503		33,134
CURRENT ASSETS:					
Stocks	5	102,131		92,350	
Debtors	6	180,914		194,678	
Cash at bank and in hand		<u>61,301</u>		<u>62,964</u>	
		344,346		349,992	
CREDITORS: Amounts falling due within one year	7	<u>291,067</u>		<u>304,782</u>	
NET CURRENT ASSETS:			<u>53,279</u>		<u>45,210</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			<u>£92,782</u>		<u>£78,344</u>
CAPITAL AND RESERVES:					
Called up share capital	8		30,000		30,000
Profit and loss account			<u>62,782</u>		<u>48,344</u>
Shareholders' funds	10		<u>£92,782</u>		<u>£78,344</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

APPROVED BY THE BOARD ON 10-8-98


.....
J.B. ALLAN - DIRECTOR

The notes form part of these financial statements

MERLIN COMPONENTS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

1. ACCOUNTING POLICIES

Accounting convention

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

Cash flow

Exemption has been taken from preparing a cash flow statement on the grounds that the company qualifies as a small company.

Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery	-	25% on reducing balance
Fixtures and fittings	-	25% on reducing balance
Motor vehicles	-	25% on reducing balance
Computer equipment	-	25% on reducing balance

Stocks

Stock is valued at the lower of cost and net realisable value.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Pensions

Contributions in respect of the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable in accordance with the rules of the scheme.

2. TURNOVER

The turnover and profit before taxation are attributable to the principal activity of the company which arose wholly within the United Kingdom..

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	1998	1997
	£	£
Depreciation	13,034	11,043
Auditors' remuneration	4,000	3,530
Directors' emoluments	<u>25,568</u>	<u>69,003</u>

Both directors have retirement benefits accruing under a money purchase pension scheme.

MERLIN COMPONENTS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

4. TANGIBLE FIXED ASSETS

	<u>Plant and machinery etc.</u>
	£
COST:	
At 1 April 1997	81,104
Additions	22,789
Disposals	<u>(9,540)</u>
At 31 March 1998	<u>94,353</u>
DEPRECIATION:	
At 1 April 1997	47,970
Charge for year	13,034
Disposals	<u>(6,154)</u>
At 31 March 1998	<u>54,850</u>
NET BOOK VALUE:	
At 31 March 1998	<u>£39,503</u>
At 31 March 1997	<u>£33,134</u>

5. STOCKS

	1998	1997
	£	£
Stocks	<u>102,131</u>	<u>92,350</u>

6. DEBTORS

	1998	1997
	£	£
Trade debtors	179,288	193,565
Prepayments	<u>1,626</u>	<u>1,113</u>
	<u>180,914</u>	<u>194,678</u>

MERLIN COMPONENTS (LONDON) LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1998**

**7. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	1998	1997
	£	£
Trade creditors	121,150	137,858
Directors current accounts	116,900	91,415
Loan from company's pension scheme	-	30,000
Other taxes and social security	16,230	20,332
Taxation	32,079	21,881
Accruals	4,504	3,296
Other creditors	204	-
	<u>291,067</u>	<u>304,782</u>

8. CALLED UP SHARE CAPITAL

Authorised:			1998	1997
Number:	Class:	Nominal value:	£	£
40,000	Ordinary shares	£1	<u>40,000</u>	<u>40,000</u>
Allotted and fully paid:				
Number:	Class:	Nominal value:	£	£
30,000	Ordinary shares	£1	<u>30,000</u>	<u>30,000</u>

9. PENSION COMMITMENTS

The company operates a defined contribution pension scheme on behalf of the directors. The assets of the scheme are held separately from those of the company, in an independently administered fund. The pension cost charge was nil (1997 - £36,600). There were no unpaid contributions at the balance sheet date.

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1998	1997
	£	£
Profit for the financial year	124,438	67,262
Dividends	(110,000)	(60,320)
NET ADDITION TO SHAREHOLDERS' FUNDS	14,438	6,942
Opening shareholders' funds	<u>78,344</u>	<u>71,402</u>
CLOSING SHAREHOLDERS' FUNDS	<u>92,782</u>	<u>78,344</u>
Equity interests	<u>92,782</u>	<u>78,344</u>

MERLIN COMPONENTS (LONDON) LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1998

11. RELATED PARTY TRANSACTIONS

Ultimate controlling party

The company is controlled by the directors, each holding 50% of the ordinary shares in issue. Since the year end B.J. Gissing has resigned from the Board and disposed of his shares.

Transactions with related party

(a) The directors

During the year the directors increased (1997 - decreased) their loans to the company by the following amounts.

	1998	1997
	£	£
J.B. Allan	15,801	(15,728)
B.J. Gissing	<u>9,684</u>	<u>(40)</u>
	<u>25,485</u>	<u>(15,768)</u>

The loans are unsecured, interest free, repayable on demand.

(b) The company pension scheme

During the year the company repaid the existing loan of £30,000.

Balances with related parties

At 31 March 1998 the company owed the following amounts to the directors.

	1998	1997
	£	£
J.B. Allan	55,000	39,199
B.J. Gissing	<u>61,900</u>	<u>52,216</u>
	<u>116,900</u>	<u>91,415</u>