

COMPANY NO. 2642479

S.L. PRECISION ENGINEERS LIMITED
10 MOWAT INDUSTRIAL ESTATE
SANDOWN ROAD, WATFORD, HERTS, WD2 4UY

ANNUAL REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1996

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GRAHAM HAY & CO.
CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS
14 AYLETT'S, BROOMFIELD
CHELMSFORD, ESSEX, CM1 7LE



S.L. PRECISION ENGINEERS LIMITED
COMPANY NO. 2642479

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 31ST AUGUST 1996

The Director presents his Report and the Financial Statements for the year ended 31st August 1996.

Statement of 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 and of the profit or loss of the company for that period. In preparing those financial statements, the director is 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 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. He 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.

Principal Activities and Business Review

The Principal activity of the company is that of Precision Engineering. There has been no significant change in the activity of the company during the year.

The Director is of the opinion that the progress of the Company during the year and its financial position at the end of the year is satisfactory.

The results of the Company are set out in the Profit and Loss Account on page 3.

Dividends

Dividends paid are set out in Note 14 to the Financial Statements.

Director

The Director throughout the year and his beneficial interests in the Ordinary Shares of the Company were as follows:-

	Number of Shares	
	1996	1995
Mr. S.L. Leaver	100	100

The Director who retires by rotation is Mr. S.L. Leaver who, being eligible, offers himself for re-election.

Fixed Assets

Movements on fixed assets are shown in note 9 to the financial statements.

Auditors

Messrs. Graham Hay & Co. will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

Small Company's Exemption

The director has taken advantage, in preparing these accounts, of the exemptions conferred on small companies by Schedule 8, Part 1 of the Companies Act 1985. In the opinion of the director, the company qualifies as a small company and is therefore entitled to make use of these exemptions.

This report was approved by the Board on 30th November 1996

Signed on behalf of the Board of Directors

...*E.L. Leaver*.....

Mrs. E.L. Leaver
SECRETARY

**S.L. PRECISION ENGINEERS LIMITED
COMPANY NO. 2642479**

**REPORT OF THE AUDITORS TO THE SHAREHOLDERS OF
S.L. PRECISION ENGINEERS LIMITED
FOR THE YEAR ENDED 31ST AUGUST 1996**

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 the company's director is 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 director 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 31st August 1996 and of its profit (loss) for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.


GRAHAM HAY & CO.

**CERTIFIED ACCOUNTANTS
REGISTERED AUDITORS**

**14 AYLETT'S
BROOMFIELD
CHELMSFORD
ESSEX CM1 7LE**

DATED THIS 30TH DAY OF NOVEMBER 1996

S.L. PRECISION ENGINEERS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST AUGUST 1996

	NOTES	1996	1995
TURNOVER		214230	178656
COST OF SALES		(92283)	(88563)
GROSS PROFIT		121947	90093
DISTRIBUTION AND ADMINISTRATIVE COSTS	2	74520	(53763)
		47427	36330
OTHER OPERATING INCOME	3	-	-
PROFIT/(LOSS) FROM OPERATIONS		47427	36330
INTEREST PAYABLE	4	(1040)	(2278)
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	5	46387	34052
TAXATION	7	(17308)	(8730)
PROFIT/(LOSS) AFTER TAXATION		29079	25322
DIVIDEND PAID	14	(33777)	(27362)
RETAINED PROFIT/(LOSS) FOR THE YEAR		(4698)	(2040)
BALANCE BROUGHT FORWARD		13050	15090
BALANCE CARRIED FORWARD		8352	13050

The company made no recognised gains or losses in 1996 or 1995 other than the profit (loss) for the period.

The Notes on Pages 5 to 9 form part of these Financial Statements

S.L. PRECISION ENGINEERS LIMITED

BALANCE SHEET AS AT 31ST AUGUST 1996

	NOTES	1996	1995
FIXED ASSETS			
TANGIBLE ASSETS	9	3166	38188
CURRENT ASSETS			
STOCKS	10	4510	1168
DEBTORS	11	59019	23756
CASH AT BANK		-	11060
		63529	35984
CURRENT LIABILITIES			
CREDITORS DUE WITHIN ONE YEAR	12	(58243)	(57249)
NET CURRENT ASSETS/(LIABILITIES)		5286	(21265)
TOTAL ASSETS LESS CURRENT LIABILITIES		8452	16923
CREDITORS AMOUNTS DUE AFTER MORE ONE YEAR	12	-	(3773)
NET ASSETS		8452	13150
REPRESENTED BY:-			
CAPITAL AND RESERVES			
Called Up Share Capital	13	100	100
Profit and Loss Account		8352	13050
		8452	13150

The director has taken advantage, in preparing these accounts, of the exemptions conferred on small companies by Schedule 8, Part 1 of the Companies Act 1985. In the opinion of the director, the company qualifies as a small company and is therefore entitled to make use of these exemptions.


S.L. LEAVER

DIRECTOR


MRS. E.L. LEAVER

SECRETARY

APPROVED BY THE BOARD ON 30TH NOVEMBER 1996

The Notes on pages 5 to 9 form part of these Financial Statements

S.L. PRECISION ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996

1. ACCOUNTING POLICIES

(a) BASIS OF ACCOUNTING

The financial statements are prepared on the historical cost basis of accounting.

(b) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated in the balance sheet at cost less depreciation.

Depreciation is charged on a reducing balance basis, to write down the cost over the estimated useful lives of the assets at the following annual rates:-

Plant and Equipment	10%
Motor Vehicles	25%

(c) STOCK AND WORK IN PROGRESS

Stock and work in progress has been valued by the Director and is stated in the balance sheet at the lower of cost price or net realisable value.

(d) TURNOVER

Turnover represents the value of goods and services invoiced during the period to customers, excluding Value Added Tax.

(e) CASH FLOW STATEMENT

The Company has taken advantage of the exemption in Financial Reporting Standard No.1 from producing a cash flow statement on the grounds that it is a small company.

2. DISTRIBUTION AND ADMINISTRATIVE COSTS

	1996	1995
DISTRIBUTION COSTS AND ADMINISTRATIVE EXPENSES	74520	53763
	<hr/>	<hr/>

3. OTHER OPERATING INCOME

BANK INTEREST RECEIVED (NET)	-	-
	<hr/>	<hr/>

S.L. PRECISION ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996 (CONTINUED)

	1996	1995
4. INTEREST PAYABLE		
On Hire Purchase Accounts		
- repayable within 5 years, by instalments	900	1854
On Bank Loan Accounts and Overdraft		
- repayable within 5 years	<u>140</u>	<u>424</u>
	1040	2278

5. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

This is arrived at after charging the following:-

STAFF COSTS (See Note 6)	44329	52612
AUDITORS' REMUNERATION	1650	1650
DEPRECIATION	9547	6743
(PROFIT)/LOSS ON SALE OF FIXED ASSETS	6175	2181
LEASE OF MOTOR VEHICLE	2642	-
LEASE OF PLANT AND MACHINERY	<u>11000</u>	<u>-</u>

6. DIRECTORS AND EMPLOYEES

STAFF COSTS		
WAGES AND SALARIES	39895	48162
SOCIAL SECURITY COSTS	<u>4434</u>	<u>4450</u>
	44329	52612

The average weekly number of persons employed by the company during the period was:

	Number	Number
Management	1	1
Production	3	3
	-	-
	4	4
	-	-

STAFF Costs include the following remuneration in respect of the directors:

For Services as Director	5029	6176
Pension	<u>2700</u>	<u>2400</u>
	7729	8576

S.L. PRECISION ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996 (CONTINUED)

	1996	1995
The Director's remuneration disclosed above (excluding pensions) included amounts paid to the Chairman	<u>5029</u>	<u>6176</u>

7. TAXATION

NOTE

U.K. CORPORATION TAX (RECOVERABLE)
AT 25% BASED ON PROFIT/(LOSS) FOR
THE YEAR

7

17308

8730

PRIOR YEARS ADJUSTMENT

-

-

17308

8730

8. DEFERRED TAXATION

Deferred Taxation is provided on timing differences due to accelerated capital allowances and other timing differences in recognising revenue and expense items in different periods for taxation purposes, only if the director is of the opinion that the liability will crystallise in the foreseeable future. Accordingly, no Deferred Taxation is provided in these financial statements.

The potential amount of deferred taxation which has not been provided for is as follows:-

	1996	1995
Accelerated Capital Allowances	<u>NIL</u>	<u>2682</u>

S.L. PRECISION ENGINEERS LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST AUGUST 1996 (CONTINUED)

9. TANGIBLE ASSETS

	PLANT & EQUIPMENT	MOTOR VEHICLES	TOTAL
AT COST OR VALUATION			
AT BEGINNING OF YEAR	35396	14996	50392
ADDITIONS	-	-	-
DISPOSALS	(35396)	(9369)	(44765)
AT END OF YEAR	-	5627	5627
DEPRECIATION			
AT BEGINNING OF YEAR	8455	3749	12204
CHARGE FOR YEAR	6735	2812	9547
ELIMINATED ON DISPOSALS	(15190)	(4100)	(19290)
AT END OF YEAR	-	2461	2461
NET BOOK VALUE			
AT 31ST AUGUST 1996	-	3166	3166
AT 31ST AUGUST 1995	26941	11247	38188

Note: Plant and Equipment has been sold to HNM Services Ltd.
and is rented back to the Company.

10. STOCKS AND WORK IN PROGRESS

	1996	1995
Stock and Work in Progress have been valued by the Director of the Company at the lower of cost or net realisable value	4510	1168

11. DEBTORS

DUE WITHIN ONE YEAR:		
TRADE DEBTORS	50575	16915
OTHER DEBTORS AND PREPAYMENTS	-	-
ACT RECOVERABLE	8444	6841
CORPORATION TAX RECOVERABLE	-	-
	59019	23756
DUE AFTER MORE THAN ONE YEAR	NIL	NIL

S.L. PRECISION ENGINEERS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1996 (CONTINUED)

	1996	1995
12. CREDITORS		
DUE WITHIN ONE YEAR:		
BANK LOAN ACCOUNT	-	2215
BANK OVERDRAFT	2668	-
TRADE CREDITORS	14705	14461
OTHER TAXATION AND SOCIAL SECURITY PAYABLE	16188	10164
OTHER CREDITORS AND ACCRUALS	2750	10776
HIRE PURCHASE ACCOUNTS	1524	6057
CORPORATION TAX	17308	8730
DIRECTOR'S CURRENT ACCOUNT	-	3221
ADVANCE CORPORATION TAX	3100	1625
	<hr/>	<hr/>
	58243	57249
	<hr/>	<hr/>
DUE AFTER MORE THAN ONE YEAR		
HIRE PURCHASE ACCOUNTS	1524	9830
LESS CURRENT INSTALMENTS	(1524)	(6057)
	<hr/>	<hr/>
	-	3773
	<hr/>	<hr/>
13. CALLED-UP SHARE CAPITAL		
Authorised 1000 Ordinary Share of £1 each	£1000	£1000
Issued 100 Ordinary Shares of £1 each fully paid	<hr/> £100	<hr/> £100
	<hr/>	<hr/>
14. DIVIDEND PAID		
Dividend Paid	33777	27362
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