

Lynx Model Works Ltd.

Company Number : 051407676

Directors Report and Notes to the Accounts Ended May 2010

Lynx Model Works Ltd was incorporated at Companies House, Cardiff on the 28th May 2004 and before this date traded as Rosemary and John Clarke Trading as Lynx Model Works from a business start date of August 1st 2003 Rosemary Clarke became Company Secretary on 28th May 2004 and John Clarke Managing Director

Lynx Model Works became a Company limited by shares as a means of protecting the trading name, which during its short (to then) trading life had already begun to develop an enviable reputation for quality and reliability which we are pleased to note continues to this day

Lynx Model Works Ltd carries on the trade of Professional Model Engineering, specialising in the production of working coal fired Live Steam Model Locomotives, Traction Engines and Stationary Steam Engines for collectors and interested parties worldwide The market has driven us into producing more locomotives than any other steam powered entity over the years

We also provide a valuable parts machining and specialist parts making service for amateur Model Engineers through 2 of our Associated Companies to assist them in completing complex models and helping shorten their production time as hobbyists from an average of 12 years per model to attainable and realistic figures

Additionally, during the early years of the Company's life , we started to paint and finish models for Model Engineers and relatives of deceased Model Engineers leaving partially completed models which their relatives wish to have completed for personal reasons This Company then became Lynx Model Painting and Machining Services Ltd in December 2005 to separate its activities from our main market of building live steam models

These 2 Companies, together with their Associated Companies of Lynx Model Boilers Ltd and Lynx Model Restorations Ltd individually cover the same overall market but with individual managerial rather than collective responsibilities

We have seen our business grow progressively and from the small beginnings of August 2003 with the original Lynx Model Works being very much a start-up to the employment of our first full-time and additional part-time employees just before the Incorporation date as a way of reacting to the market demand which became rapidly apparent and continues Our wages bill is high as a percentage of our turnover as we offer a skillset that has a large degree of handwork and specialist machining to our Marketplace (see Accounts) Virtually the whole of the wages expenditure has been to these employees – one of the Directors (R J Clarke) has not accepted any form of wages or expenses to date whilst the other full-time Director (J Clarke) remains the lowest paid member of the workforce

Additionally, the purchase of major machinery items has been funded by the Directors to relieve the company of financial risk The turnover has been constantly ploughed back into the company for the purchase of many smaller but necessary tooling items and into the marketing of the company as a whole with the intention of growing our brand offering to the position of the prime Professional Steam Model Engineering Company in Europe

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Our conversion rate of enquiry to firm order remains high at approximately 75%. This leads us to be confident as to the shape and value of our business line increasing with profits in future years showing the returns we forecast at our start-up. Indeed, our current order book for total model builds now stands at approximately 2 ½ years turnover. The Directors have now expanded the business by moving to larger premises and employing further staff and bearing in mind the difficulty of recruiting further staff with the required skills have achieved our goals of reducing our previous waiting list to more manageable proportions. Two other Associated Companies have also moved into Units during this Financial Year giving us increased space and capacity – we now have a collective 3,600 sq ft of production space and are moving strongly into automated processes to reduce our waiting lists with the purchase and installation of further CNC machinery within our Companies.

It has always been our intention that the Company should be self-funding throughout and to this end have not borrowed any monies other than by way of short-term overdraft facilities to provide working capital in times of cash-flow shortages. The Directors continue to support the business to give a firm future.

Bank Charges remain high as a percentage of expenditure throughout this period as the vast majority of our income is derived by use of a Credit Card Terminal.

As well as the relatively high cost of labour, the expensive materials that we use is reflected in the Accounts with turnover being used to fund such purchases in a period of increasing prices particularly in Copper related materials such as Brass and Bronze.

Overall we are pleased with the performance of the Company and the loss in our second trading year has been limited to £41 00p on this year's turnover of £62,478 00p with Capital employed of only £1,589 00p. This gives us a firm debt free and positive basis on which to plan our growth into the future, both in terms of aggregated turnover within the four Associated Companies and in terms of future profitability even as the country's economy continues through its current rebuilding. Our experience so far suggests that our market will generally hold up during this period of financial recovery, although we anticipate the shape of the business and the contributions by the 4 associated companies may vary with the disposable income availability of our Clients. We continue to plan to grow our business through the economic difficulty to give us a firm position when good recovery occurs nationally.



John Clarke
Director



Rosemary J Clarke
Co Secretary / Director

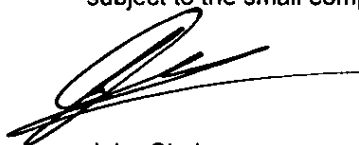
Balance Sheet for Lynx Model Works Ltd

Report Details		© Copyright 2004, Sage (UK) Ltd All figures rounded to the nearest unit	
Financial Year 28th May 2009 - 27th May 2010			
Fixed Assets		Long Term Liabilities	
Account Name	YTD	Account Name	YTD
Property	0	Creditors Long Term	0
Plant and Machinery	3,287		
Office Equipment	766		
Furniture and Fixtures	0		
Motor Vehicles	0		
Total	4,053	Total	0
Current Assets		Current Liabilities	
Account Name	YTD	Account Name	YTD
Stock	5,998	Creditors Short Term	998
Debtors	1,689	Taxation	1,870
Deposits and Cash	690	Wages	2,147
Credit Card (Debtors)	1,480	Credit Card (Creditors)	1,870
Bank Account	266	Bank Account	76
VAT Liability	0	VAT Liability	0
Total	10,123	Total	6,961
Total Assets	14,176	Total Liabilities	6,961
Total Assets Less Liabilities	7,215		
Capital & Reserves			
Account Name	YTD		
Share Capital	100		
Reserves	1,530		
Profit and Loss Account	(41)		
Previous Year Adj	0		
Capital Employed	1,589		

For the year ended 31st May 2010 the company was entitled to exemption under the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question. The directors acknowledge their responsibility for:

- Ensuring the company keeps accounting records which comply with the Act, and
- Preparing accounts which give a true and fair view of the state of affairs of the company as at the end of its profit and loss for the financial year, and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company.

These accounts have been delivered in accordance with the provisions applicable to companies subject to the small companies regime.



John Clarke
Director



Rosemary J Clarke
Co Secretary / Director

Profit & Loss for Lynx Model Works Ltd

Report Details	
Financial Year	All figures rounded to the nearest unit
28th May 2009 - 27th May 2010	
	Year to Date
Sales	
Product Sales	62,478
Export Sales	0
Sales of Assets	0
Credit Charges (Late Payments)	0
Other Sales	0
Total Sales	62,478
Purchases	
Purchases	9,436
Purchase Charges	52
Stock	5,998
Total Purchases	15,486
Direct Expenses	
Labour	0
Commissions	0
Sales Promotion	2,020
Miscellaneous Expenses	467
Total Direct Expenses	2,487
Profit Before Overheads	44,505
Overheads	
Gross Wages	25,763
Rent and Rates	5,868
Heat, Light and Power	3,417
Motor Expenses	0
Travelling Expenses	768
Printing and Stationery	288
Professional Fees inc Insurance	3,210
Equipment Hire and Rental	0
Maintenance	692
Bank Charges and Interest	2,186
Depreciation	1,378
Bad Debts	0
General Expenses	976
Suspense & Mispostings	0
Total Overheads	44,546
Net (Profit)/Loss	(41)

NOTE

For the year ended 31st May 2010 the company was entitled to exemption under the Companies Act 2006. No members have required the company to obtain an audit of its accounts for the year in question in accordance with the Act. The directors acknowledge their responsibility for i) Ensuring the company keeps accounting records which comply with the Act, and ii) Preparing accounts which give a true and fair view of the state of affairs of the

company as at the end of its profit and loss for the financial year and which otherwise comply with the requirements of the Companies Act relating to accounts, so far as applicable to the company

Signed

A handwritten signature in black ink, appearing to be 'John Clarke', with a long horizontal stroke extending to the right.

John Clarke
Director

A handwritten signature in black ink, appearing to be 'R. Clarke', with a stylized 'R' and 'C'.

Rosemary J Clarke
Co Secretary / Director