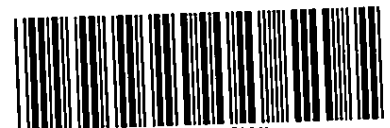


**JONES AND SHIPMAN PRECISION LIMITED**

**DIRECTORS' REPORT AND FINANCIAL STATEMENTS  
FOR THE SIX MONTH PERIOD ENDED 31 MARCH 2008**

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## **JONES AND SHIPMAN PRECISION LIMITED**

### **COMPANY INFORMATION**

<b>Directors</b>	A A Maher M Franckel
<b>Secretary</b>	P Drabble
<b>Company number</b>	05844183
<b>Registered office</b>	Murrayfield Road Leicester LE3 1UW
<b>Auditors</b>	PKF (UK) LLP Pannell House 6 Queen Street Leeds LS1 2TW

# **JONES AND SHIPMAN PRECISION LIMITED**

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# **JONES AND SHIPMAN PRECISION LIMITED**

## **DIRECTORS' REPORT FOR THE PERIOD ENDED 31 MARCH 2008**

The directors present their report and the financial statements for the period ended 31 March 2008

### **Principal activities**

Jones and Shipman Precision Limited is a wholly owned subsidiary of Precision Technologies Group Limited

The principal activity of the company is the manufacture, and support for the following types of grinding machines

Surface Grinders  
Cylindrical Grinders  
Creepfeed Grinders

Jones and Shipman machines are sold throughout the world from its bases in the UK, France, USA and via its network of agents and distributors worldwide

The company has one wholly owned subsidiary in France, Jones et Shipman SARL

For more information please go to

[www.jonesshipman.com](http://www.jonesshipman.com)

### **Business review**

The financial period ended 31 March 2008 was the second trading period for the company. It relates to the 6 months from 1 October 2007 to 31 March 2008, and aligns the company to have a financial year ending each 31 March

The result for the 6 months to March 2008 were in line with expectations, and an improvement over the previous period after taking into account the length of the period

The company assesses performance in terms of turnover, contribution, margin after material, gross margin and overall profitability. In addition, the company measures its sales performance against industry statistics to assess shifts in markets, products, and sectors in which its products are sold

Pre-tax profit for the company was £426,228, a significant increase on the previous period. This was due, in part, to the timing of the sales profile given the period related to 6 months of trading. Gross profit percentage increased slightly over the period due to the mix of the product sold and close management of material costs. The results were boosted by the continued improvement in performance from its French subsidiary

Development of the company's cylindrical product range is progressing, and expects to launch the next generation of Jones and Shipman cylindrical machines in the forthcoming financial period. The product is expected to be well received and much interest has already been generated from existing customers during the development stage

The principal risks to the group are related to the demand in its key markets, although due to the worldwide reach of the company this is to a certain degree mitigated. Additionally, the cost of steel and other proprietary parts is a factor, as is the increase in past years of low cost lower quality products into the market. The risk with regard material prices is managed by spreading supply where possible. It is under continuous review with alternative suppliers to ensure the exposure is minimised and that the company is not exposed to a single supply risk

### **Results**

The profit for the period, after taxation, amounted to £308,477 (2007 £208,652)

**JONES AND SHIPMAN PRECISION LIMITED**

**DIRECTORS' REPORT  
FOR THE PERIOD ENDED 31 MARCH 2008**

**Directors**

The directors who served during the period were

A A Maher  
M Franckel

**Financial instruments**

The company's financial instruments are represented by external borrowings with Landsbanki Commercial Finance. As such its principal risk in relation to this relates to changes in the underlying interest rate of those borrowings.

The facility provided by Landsbanki Commercial Finance is secured against certain assets of the business.

Other than borrowings with Landsbanki Commercial Finance, the company does not actively use financial instruments as part of its financial risk management. It is exposed to the usual credit risk and cash flow risk associated with selling on credit and manages this through credit control procedures. Due to the worldwide customer base, and the risks associated, the company has a policy of using credit insurance to cover the majority of its debtors.

The company does not use hedge accounting, and transactions in foreign currencies relate to both selling and purchasing, and as such have been assessed as a natural hedge. As such the risk against currency exposure is minimal, and is under continuous assessment.

**Provision of information to auditors**

Each of the persons who are directors at the time when this Directors' report is approved has confirmed that

- so far as that director is aware, there is no relevant audit information of which the company's auditors are unaware, and
- each director has taken all the steps that ought to have been taken as a director in order to be aware of any information needed by the company's auditors in connection with preparing their report and to establish that the company's auditors are aware of that information.

This report was approved by the board on 24 September 2008 and signed on its behalf



**M Franckel**  
Director

## **JONES AND SHIPMAN PRECISION LIMITED**

### **STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE PERIOD ENDED 31 MARCH 2008**

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). The financial statements are required to give a true and fair view of the state of the affairs of the company and of the profit or loss of the company for that period. In preparing these 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 that disclose with reasonable accuracy at any time the financial position of the company and 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.

The directors are responsible for the maintenance and integrity of the corporate and financial information included on the company's website. Legislation in the United Kingdom governing the preparation and dissemination of financial statements and other information included in annual reports may differ from legislation in other jurisdictions.

## **JONES AND SHIPMAN PRECISION LIMITED**

### **INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JONES AND SHIPMAN PRECISION LIMITED**

We have audited the financial statements of Jones and Shipman Precision Limited for the period ended 31 March 2008 which comprise the Profit and loss account, the Balance sheet and the related notes. The financial statements have been prepared under the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members, as a body, for our audit work, for this report, or for the opinions we have formed.

#### **Respective responsibilities of directors and auditors**

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom accounting standards ('United Kingdom Generally Accepted Accounting Practice') are set out in the statement of directors' responsibilities.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and International Standards on Auditing (UK and Ireland).

We report to you our opinion as to whether the financial statements give a true and fair view and have been properly prepared in accordance with the Companies Act 1985. We also report to you whether in our opinion the information given in the directors' report is consistent with the financial statements.

In addition we report to you if, in our opinion, the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and other transactions is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

#### **Basis of audit opinion**

We conducted our audit in accordance with International Standards on Auditing (UK and Ireland) 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 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.

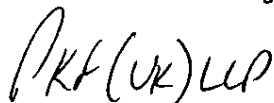
**JONES AND SHIPMAN PRECISION LIMITED**

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF JONES AND SHIPMAN PRECISION  
LIMITED**

**Opinion**

In our opinion

- the financial statements give a true and fair view, in accordance with United Kingdom Generally Accepted Accounting Practice, of the state of the company's affairs as at 31 March 2008 and of its *profit for the period then ended*,
- the financial statements have been properly prepared in accordance with the Companies Act 1985, and
- the information given in the directors' report is consistent with the financial statements



**PKF (UK) LLP**

Registered auditors

Leeds, UK

24 September 2008



**JONES AND SHIPMAN PRECISION LIMITED**

**PROFIT AND LOSS ACCOUNT  
FOR THE PERIOD ENDED 31 MARCH 2008**

		<b>Period from 1 October 2007 to 31 March 2008 £</b>	<b>Period from 12 June 2006 to 30 September 2007 £</b>
	<b>Note</b>		
<b>TURNOVER</b>	1,2	<b>5,648,588</b>	<b>7,181,308</b>
Cost of sales		<b>(3,349,858)</b>	<b>(4,374,758)</b>
<b>GROSS PROFIT</b>		<b>2,298,730</b>	<b>2,806,550</b>
Administrative expenses		<b>(1,837,608)</b>	<b>(2,515,738)</b>
Other operating income	3	<b>60,538</b>	<b>96,677</b>
<b>OPERATING PROFIT</b>	4	<b>521,660</b>	<b>387,489</b>
Interest payable	6	<b>(95,432)</b>	<b>(262,479)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>426,228</b>	<b>125,010</b>
Tax on profit on ordinary activities	7	<b>(117,751)</b>	<b>83,642</b>
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>	18	<b>308,477</b>	<b>208,652</b>

All amounts relate to continuing operations

There were no recognised gains and losses for 2008 or 2007 other than those included in the Profit and loss account

The notes on pages 8 to 18 form part of these financial statements

**JONES AND SHIPMAN PRECISION LIMITED**

**BALANCE SHEET  
AS AT 31 MARCH 2008**

		<b>31 March 2008</b>		<b>30 September 2007</b>	
	<b>Note</b>	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
<b>FIXED ASSETS</b>					
Intangible fixed assets	8	(133,532)		(220,674)	
Tangible fixed assets	9	305,225		356,026	
Fixed asset investments	10	163,464		163,464	
		<u>335,157</u>		<u>298,816</u>	
<b>CURRENT ASSETS</b>					
Stocks	11	2,027,547		1,894,191	
Debtors	12	3,705,508		3,351,203	
Cash at bank and in hand		3,919		14,534	
		<u>5,736,974</u>		<u>5,259,928</u>	
<b>CREDITORS</b> , amounts falling due within one year	13	<u>(5,445,008)</u>		<u>(5,225,525)</u>	
<b>NET CURRENT ASSETS</b>		<u>291,966</u>		<u>34,403</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>627,123</u>		<u>333,219</u>	
<b>CREDITORS</b> , amounts falling due after more than one year	14	(59,500)		(81,813)	
<b>PROVISIONS FOR LIABILITIES</b>					
Other provisions	16	(50,395)		(42,655)	
<b>NET ASSETS</b>		<u>517,228</u>		<u>208,751</u>	
<b>CAPITAL AND RESERVES</b>					
Called up share capital	17	99		99	
Profit and loss account	18	517,129		208,652	
<b>SHAREHOLDERS' FUNDS</b>	19	<u>517,228</u>		<u>208,751</u>	

The financial statements were approved and authorised for issue by the board and were signed on its behalf on 24 September 2008

**M Franckel**  
Director

The notes on pages 8 to 18 form part of these financial statements

## **JONES AND SHIPMAN PRECISION LIMITED**

### **NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008**

#### **1 ACCOUNTING POLICIES**

##### **1.1 Basis of preparation of financial statements**

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

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

##### **1.2 Turnover**

Turnover comprises revenue recognised by the company in respect of goods and services supplied, exclusive of Value Added Tax and trade discounts.

##### **1.3 Intangible fixed assets and amortisation**

Goodwill is the difference between amounts paid on the acquisition of a business and the fair value of the identifiable assets and liabilities. Amortisation of goodwill attaining to monetary assets is recognised on realisation of those assets, and that attaining to non-monetary assets is recognised over the estimated useful economic life of those assets.

##### **1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	3 to 10 years
Fixtures & fittings	-	3 to 7 years
Office equipment	-	3 to 7 years
Computer equipment	-	3 to 5 years

##### **1.5 Investments**

Investments in subsidiaries are valued at cost less provision for impairment.

##### **1.6 Operating leases**

Rentals under operating leases are charged on a straight line basis over the lease term.

##### **1.7 Stocks and work in progress**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

# JONES AND SHIPMAN PRECISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008

### 1. ACCOUNTING POLICIES (continued)

#### 1.8 Deferred taxation

Full provision is made for deferred tax assets and liabilities arising from all timing differences between the recognition of gains and losses in the financial statements and recognition in the tax computation

A net deferred tax asset is recognised only if it can be regarded as more likely than not that there will be suitable taxable profits from which the future reversal of the underlying timing differences can be deducted

Deferred tax assets and liabilities are calculated at the tax rates expected to be effective at the time the timing differences are expected to reverse

Deferred tax assets and liabilities are not discounted

#### 1.9 Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date

Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction

Exchange gains and losses are recognised in the Profit and loss account

#### 1.10 Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Revenues derived from variations on contracts are recognised only when they have been accepted by the customer. Full provision is made for losses on all contracts in the year in which they are first foreseen

#### 1.11 Pensions

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the period

### 2. TURNOVER

A geographical analysis of turnover is as follows

	<b>Period from 1 October 2007 to 31 March 2008 £</b>	<b>Period from 12 June 2006 to 30 September 2007 £</b>
United Kingdom	<b>2,806,147</b>	3,265,003
Rest of European Union	<b>665,693</b>	1,188,067
Rest of World	<b>2,176,748</b>	2,728,238
	<b><u>5,648,588</u></b>	<b><u>7,181,308</u></b>

**JONES AND SHIPMAN PRECISION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

**3. OTHER OPERATING INCOME**

	<b>Period from 1 October 2007 to 31 March 2008 £</b>	<b>Period from 12 June 2006 to 30 September 2007 £</b>
Sundry income	<b>60,538</b>	96,677

**4. OPERATING PROFIT**

The operating profit is stated after charging

	<b>Period from 1 October 2007 to 31 March 2008 £</b>	<b>Period from 12 June 2006 to 30 September 2007 £</b>
Amortisation - intangible fixed assets	<b>(87,142)</b>	(648,539)
Depreciation of tangible fixed assets		
- owned by the company	<b>60,416</b>	109,616
Auditors' remuneration	<b>10,500</b>	17,500
Operating lease rentals		
- plant and machinery	<b>32,431</b>	61,725
- other operating leases	<b>90,000</b>	136,083
Difference on foreign exchange	<b>112,779</b>	34,996
Legal and professional fees	<b>37,909</b>	247,539

During the period, no director received any emoluments (2007 - £NIL)

Included in the above legal and professional fees are professional costs of £35,096 (2007 £240,964) relating to the acquisition

**JONES AND SHIPMAN PRECISION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

**5. STAFF COSTS**

Staff costs were as follows

	<b>Period from 1 October 2007 to 31 March 2008 £</b>	<b>Period from 12 June 2006 to 30 September 2007 £</b>
Wages and salaries	1,088,237	1,717,969
Social security costs	109,726	177,078
Other pension costs	47,736	72,947
	<u>1,245,699</u>	<u>1,967,994</u>

The average monthly number of employees, including the directors, during the period was as follows

	<b>Period from 1 October 2007 to 31 March 2008 No.</b>	<b>Period from 12 June 2006 to 30 September 2007 No.</b>
Administration	5	5
Selling & distribution	25	25
Production	55	55
	<u>85</u>	<u>85</u>

**6. INTEREST PAYABLE**

	<b>Period from 1 October 2007 to 31 March 2008 £</b>	<b>Period from 12 June 2006 to 30 September 2007 £</b>
On bank loans and overdrafts	95,432	262,479
	<u>95,432</u>	<u>262,479</u>

Included within the above are financing costs of £23,057 (2007 £190,649) written off regarding re-financing in the year

**JONES AND SHIPMAN PRECISION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

**7. TAXATION**

	<b>Period from 1 October 2007 to 31 March 2008 £</b>	<b>Period from 12 June 2006 to 30 September 2007 £</b>
<b>Analysis of tax charge/(credit) in the period</b>		
<b>Current tax</b> (see note below)		
UK corporation tax charge/(credit) on profit for the period	<b>58,399</b>	(16,981)
<b>Deferred tax</b> (see note 15)		
Origination and reversal of timing differences	<b>59,352</b>	(66,661)
<b>Tax on profit on ordinary activities</b>	<b>117,751</b>	(83,642)

**Factors affecting tax charge for the period**

The tax assessed for the period is lower than (2007 - lower than) the standard rate of corporation tax in the UK (30%) The differences are explained below

	<b>Period from 1 October 2007 to 31 March 2008 £</b>	<b>Period from 12 June 2006 to 30 September 2007 £</b>
Profit on ordinary activities before tax	<b>426,228</b>	125,010
Profit on ordinary activities multiplied by standard rate of corporation tax in the UK of 30% (2007 - 30%)	<b>127,868</b>	37,503
<b>Effects of</b>		
Expenses not deductible for tax purposes	<b>16,254</b>	76,387
Capital allowances for period in excess of depreciation	<b>3,925</b>	4,277
Utilisation of tax losses	<b>(57,773)</b>	57,773
Amortisation of negative goodwill	<b>(26,143)</b>	(197,532)
Rate differences	<b>(1,000)</b>	-
Short term timing differences	<b>(4,732)</b>	4,611
<b>Current tax charge/(credit) for the period</b> (see note above)	<b>58,399</b>	(16,981)

**Factors that may affect future tax charges**

There were no factors that may affect future tax charges

**JONES AND SHIPMAN PRECISION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

**8. INTANGIBLE FIXED ASSETS**

	<b>Goodwill £</b>
<b>Cost</b>	
At 1 October 2007 and 31 March 2008	<u>(869,213)</u>
<b>Amortisation</b>	
At 1 October 2007	(648,539)
Charge for the period	<u>(87,142)</u>
At 31 March 2008	<u>(735,681)</u>
<b>Net book value</b>	
At 31 March 2008	<u>(133,532)</u>
At 30 September 2007	<u><u>(220,674)</u></u>

**9. TANGIBLE FIXED ASSETS**

	<b>Plant and machinery £</b>	<b>Furniture, fittings and equipment £</b>	<b>Total £</b>
<b>Cost</b>			
At 1 October 2007	281,023	184,619	465,642
Additions	8,545	9,838	18,383
Disposals	<u>(105,210)</u>	<u>-</u>	<u>(105,210)</u>
At 31 March 2008	<u>184,358</u>	<u>194,457</u>	<u>378,815</u>
<b>Depreciation</b>			
At 1 October 2007	55,350	54,266	109,616
Charge for the period	27,991	32,425	60,416
On disposals	<u>(96,442)</u>	<u>-</u>	<u>(96,442)</u>
At 31 March 2008	<u>(13,101)</u>	<u>86,691</u>	<u>73,590</u>
<b>Net book value</b>			
At 31 March 2008	<u>197,459</u>	<u>107,766</u>	<u>305,225</u>
At 30 September 2007	<u><u>225,673</u></u>	<u><u>130,353</u></u>	<u><u>356,026</u></u>

**10. FIXED ASSET INVESTMENTS**

	<b>Shares in group undertakings £</b>
<b>Cost or valuation</b>	
At 1 October 2007 and 31 March 2008	<u>163,464</u>



**JONES AND SHIPMAN PRECISION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

**10. FIXED ASSET INVESTMENTS (continued)**

**Subsidiary undertaking**

The following was a subsidiary undertaking of the company

Jones and Shipman SARL  
a company registered and operating in France 100%

The aggregate of the share capital and reserves as at 31 March 2008 and of the profit or loss for the year ended on that date for the subsidiary undertaking was as follows

	<b>Aggregate of share capital and reserves £</b>	<b>Profit/(loss) £</b>
Jones and Shipman SARL a company registered and operating in France	<b>484,564</b>	<b>152,878</b>

**11. STOCKS**

	<b>31 March 2008 £</b>	<b>30 September 2007 £</b>
Raw materials	<b>1,125,094</b>	909,908
Work in progress	<b>902,453</b>	984,283
	<b>2,027,547</b>	1,894,191

**12. DEBTORS**

	<b>31 March 2008 £</b>	<b>30 September 2007 £</b>
Trade debtors	<b>2,189,913</b>	1,822,996
Amounts owed by group undertakings	<b>1,315,320</b>	898,320
Other debtors	<b>192,966</b>	200,096
Amounts recoverable on long term contracts	-	363,130
Deferred tax asset (see note 15)	<b>7,309</b>	66,661
	<b>3,705,508</b>	3,351,203

**JONES AND SHIPMAN PRECISION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

**13. CREDITORS:  
Amounts falling due within one year**

	<b>31 March 2008</b>	<b>30 September 2007</b>
	£	£
Bank loans and overdrafts	981,268	908,080
Trade creditors	1,759,259	1,597,832
Amounts owed to group undertakings	995,129	1,176,658
Corporation tax	22,465	-
Social security and other taxes	67,431	121,144
Other creditors	1,461,388	1,296,834
Accruals and deferred income	158,068	124,977
	<u>5,445,008</u>	<u>5,225,525</u>

**14. CREDITORS:  
Amounts falling due after more than one year**

	<b>31 March 2008</b>	<b>30 September 2007</b>
	£	£
Bank loans	<u>59,500</u>	<u>81,813</u>

Bank loans and overdrafts are secured by a full fixed and floating charge over all of the assets of the group and subsidiary companies

**15. DEFERRED TAX ASSET**

	<b>31 March 2008</b>	<b>30 September 2007</b>
	£	£
At 1 October 2007	66,661	-
(Charge for)/released during the period	(59,352)	66,661
	<u>7,309</u>	<u>66,661</u>
At 31 March 2008	<u>7,309</u>	<u>66,661</u>

The deferred tax asset is made up as follows

	<b>31 March 2008</b>	<b>30 September 2007</b>
	£	£
Accelerated capital allowances	7,309	4,276
Short term timing differences	-	4,612
Tax losses carried forward	-	57,773
	<u>7,309</u>	<u>66,661</u>

**JONES AND SHIPMAN PRECISION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

**16. PROVISIONS**

	<b>Warranty provisions £</b>
At 1 October 2007	42,655
Additions	7,740
	<hr/>
At 31 March 2008	<b>50,395</b>
	<hr/>

**Warranty provisions**

The level of the warranty provision is calculated based on 0.5% of the previous 12 months sales. It is intended to be a fair reflection of the future costs to be incurred under the warranty in respect of warranty claims made.

In addition, and from time to time, a specific amount may be provided in addition to the general underlying level, for any single, significant, known warranty claim.

At the date of the accounts, there were no single, significant warranty claims outstanding, and as such no specific provision has been included.

**17. SHARE CAPITAL**

	<b>31 March 2008 £</b>	<b>30 September 2007 £</b>
<b>Authorised</b>		
100 Ordinary shares shares of £1 each	<b>100</b>	100
	<hr/>	<hr/>
<b>Allotted, called up and fully paid</b>		
99 Ordinary shares shares of £1 each	<b>99</b>	99
	<hr/>	<hr/>

**18. RESERVES**

	<b>Profit and loss account £</b>
At 1 October 2007	208,652
Profit for the period	308,477
	<hr/>
At 31 March 2008	<b>517,129</b>
	<hr/>

# JONES AND SHIPMAN PRECISION LIMITED

## NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2008

### 19. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	31 March 2008 £	30 September 2007 £
Opening shareholders' funds	208,751	-
Profit for the period	308,477	208,652
Shares issued during the period	-	99
Closing shareholders' funds	<u>517,228</u>	<u>208,751</u>

### 20. CONTINGENT LIABILITIES

Bank loan and overdraft is secured by a full fixed and floating charge over all of the assets of the group and subsidiary companies

The company has guaranteed amounts owed by group undertakings amounting to £3,103,178 (2007 - £3,594,114) at the balance sheet date

### 21. PENSION COMMITMENTS

The company operates a defined contributions 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 are shown in note 5 to the accounts. There were £nil (2007 £15,372) contributions payable to the fund at the balance sheet date.

### 22. OPERATING LEASE COMMITMENTS

At 31 March 2008 the company had annual commitments under non-cancellable operating leases as follows

	Land and buildings		Other	
	31 March 2008 £	30 September 2007 £	31 March 2008 £	30 September 2007 £
Expiry date.				
Within 1 year	180,000	-	3,837	1,223
Between 2 and 5 years	-	180,000	73,729	49,187

### 23. RELATED PARTY TRANSACTIONS

The company has taken advantage of the available exemptions under FRS8 not to disclose transactions with group undertakings as a result of being a 100% owned subsidiary.

**JONES AND SHIPMAN PRECISION LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE PERIOD ENDED 31 MARCH 2008**

**24. ULTIMATE PARENT UNDERTAKING AND CONTROLLING PARTY**

The parent undertaking of the company is Precision Technologies Group Limited

The ultimate parent undertaking of the smallest group for which consolidated accounts are prepared is Precision Technologies Group Limited. A company incorporated in England and Wales. Consolidated accounts are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

The ultimate parent undertaking of the largest group for which consolidated accounts are prepared is Delnor Limited. A company incorporated in England and Wales and these are available from Companies House, Crown Way, Mandy, Cardiff, CF14 3UZ.

In the opinion of the directors, the ultimate controlling party is A S Z De Ferranti.