

**LIVINGSTON PRECISION (ENGINEERING)
LIMITED**

ABBREVIATED ACCOUNTS

FOR

31 MAY 2007

Company Registration Number SC222611



McCABES
Chartered Accountants & Registered Auditors
56 Palmerston Place
Edinburgh
EH12 5AY

LIVINGSTON PRECISION (ENGINEERING) LIMITED

ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

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LIVINGSTON PRECISION (ENGINEERING) LIMITED

THE DIRECTORS' REPORT

YEAR ENDED 31 MAY 2007

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 31 May 2007

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company during the year was that of the manufacture of precision sheet metal components and assemblies primarily for the electronics industry

The company has made steady progress during the year. Turnover increased from £17,075,098 in 2006 to £20,676,068 in 2007. The principal risk facing the company would be if the cost of raw materials and energy were to increase significantly

RESULTS AND DIVIDENDS

The profit for the year, after taxation, amounted to £2,267,344. The directors have not recommended a dividend

DIRECTORS

The directors who served the company during the year were as follows

J Jamieson
B Jamieson

The company is a wholly owned subsidiary and the interests of the group directors are disclosed in the financial statements of the parent company

DIRECTORS' RESPONSIBILITIES

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 by law to 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 these 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

LIVINGSTON PRECISION (ENGINEERING) LIMITED

THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 MAY 2007

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.

In so far as the directors are aware

- there is no relevant audit information of which the company's auditor is unaware, and
- the directors have taken all steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the auditor is aware of that information.

Registered office
15 Atholl Crescent
Edinburgh
EH3 8HA

Signed on behalf of the directors

J JAMIESON
Director

Approved by the directors on

28/8/07



LIVINGSTON PRECISION (ENGINEERING) LIMITED

INDEPENDENT AUDITOR'S REPORT TO LIVINGSTON PRECISION (ENGINEERING) LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 4 to 14, together with the financial statements of Livingston Precision (Engineering) Limited for the year ended 31 May 2007 prepared under Section 226 of the Companies Act 1985

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our work has been undertaken so that we might state to the company those matters we are required to state to it in a special auditor's 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 for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITOR

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the abbreviated accounts have been properly prepared in accordance with that provision and to report our opinion to you.

BASIS OF OPINION

We conducted our work in accordance with Bulletin 2006/3 "The special auditor's report on abbreviated accounts in the United Kingdom" issued by the Auditing Practices Board. In accordance with that Bulletin we have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with that provision.

56 Palmerston Place
Edinburgh
EH12 5AY

28/8/07



McCABES
Chartered Accountants
& Registered Auditors

LIVINGSTON PRECISION (ENGINEERING) LIMITED

ABBREVIATED PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 MAY 2007

	Note	2007 £	2006 £
GROSS PROFIT		5,330,677	3,885,064
Administrative expenses		2,064,390	2,260,413
OPERATING PROFIT	2	3,266,287	1,624,651
Interest receivable		40,897	41,028
Interest payable and similar charges	4	(43,991)	(88,231)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		3,263,193	1,577,448
Tax on profit on ordinary activities	5	995,849	481,209
PROFIT FOR THE FINANCIAL YEAR		2,267,344	1,096,239
Balance brought forward		3,939,315	2,843,076
Balance carried forward		6,206,659	3,939,315

All of the activities of the company are classed as continuing

The company has no recognised gains or losses other than the results for the year as set out above

The notes on pages 6 to 14 form part of these abbreviated accounts

LIVINGSTON PRECISION (ENGINEERING) LIMITED

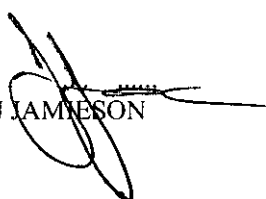
ABBREVIATED BALANCE SHEET

31 MAY 2007

	Note	2007 £	2006 £
FIXED ASSETS			
Tangible assets	6	1,284,177	1,614,674
CURRENT ASSETS			
Stocks	7	213,686	204,658
Debtors due within one year	8	3,026,251	3,048,014
Debtors due after one year	8	2,224,000	1,974,000
Cash at bank and in hand		1,118,363	63,425
		6,582,300	5,290,097
CREDITORS. Amounts falling due within one year	10	1,609,817	2,135,471
NET CURRENT ASSETS		4,972,483	3,154,626
TOTAL ASSETS LESS CURRENT LIABILITIES		6,256,660	4,769,300
CREDITORS. Amounts falling due after more than one year	11	50,000	829,984
		6,206,660	3,939,316
CAPITAL AND RESERVES			
Called up equity share capital	15	1	1
Profit and loss account		6,206,659	3,939,315
SHAREHOLDERS' FUNDS	16	6,206,660	3,939,316

These abbreviated financial statements have been prepared in accordance with the special provisions for medium sized companies under Part VII of the Companies Act 1985

These abbreviated accounts were approved by the directors and authorised for issue on 28/8/07, and are signed on their behalf by


J. JAMESON

The notes on pages 6 to 14 form part of these abbreviated accounts

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

1 ACCOUNTING POLICIES

Basis of accounting

The financial statements have been prepared under the historical cost convention

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (Revised 1996) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement

Turnover

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

Fixed assets

All fixed assets are initially recorded at cost

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows

Freehold Property	4% - 10% per annum
Plant & Machinery	15% per annum
Furniture & Equipment	15% - 25% per annum
Motor Vehicles	25% per annum

Stocks

Stock and work in progress are stated at the lower of costs (on a first in first out basis) and net realisable value. Cost of work in progress comprises materials, direct wages and all overheads incurred in bringing the work in progress to its present state and location

Raw materials, consumables and goods for resale	purchase cost on a first in, first out basis
Work in progress and finished goods	cost of direct materials and labour plus attributable overheads based on a normal level of activity

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

1. ACCOUNTING POLICIES *(continued)*

Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax, with the following exceptions

Provision is made for tax on gains arising from the revaluation (and similar fair value adjustments) of fixed assets, and gains on disposal of fixed assets that have been rolled over into replacement assets, only to the extent that, at the balance sheet date, there is a binding agreement to dispose of the assets concerned. However, no provision is made where, on the basis of all available evidence at the balance sheet date, it is more likely than not that the taxable gain will be rolled over into replacement assets and charged to tax only where the replacement assets are sold.

Deferred tax assets are recognised only to the extent that the directors consider that it is 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 is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. All differences are taken to the profit and loss account.

2. OPERATING PROFIT

Operating profit is stated after charging/(crediting)

	2007	2006
	£	£
Depreciation of owned fixed assets	341,747	434,084
Profit on disposal of fixed assets	—	(54,931)
Auditor's remuneration		
as auditor	12,468	12,169
for other services	2,300	6,150

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

Auditor's fees

The fees charged by the auditor can be further analysed under the following headings for services rendered

	2007	2006
	£	£
Audit	12,468	12,169
Taxation	2,300	2,150
Business consultancy	–	4,000
	<u>14,768</u>	<u>18,319</u>

3 PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to

	2007	2006
	No	No
Number of production staff	107	101
Number of office and management staff	18	20
	<u>125</u>	<u>121</u>

The aggregate payroll costs of the above were

	2007	2006
	£	£
Wages and salaries	2,280,095	2,198,743
Social security costs	211,167	203,361
Other pension costs	49,614	52,449
	<u>2,540,876</u>	<u>2,454,553</u>

4 INTEREST PAYABLE AND SIMILAR CHARGES

	2007	2006
	£	£
Interest payable on bank borrowing	17,991	62,231
Other similar charges payable	26,000	26,000
	<u>43,991</u>	<u>88,231</u>

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

5 TAXATION ON ORDINARY ACTIVITIES

(a) Analysis of charge in the year

	2007 £	2006 £
Current tax		
In respect of the year		
UK Corporation tax based on the results for the year	1,024,187	495,009
Total current tax	1,024,187	495,009
Deferred tax		
Origination and reversal of timing differences (note 9)		
Capital allowances	(29,211)	(9,906)
Other	873	(3,894)
Total deferred tax (note 9)	(28,338)	(13,800)
Tax on profit on ordinary activities	995,849	481,209

(b) Factors affecting current tax charge

The tax assessed on the profit on ordinary activities for the year is higher than the standard rate of corporation tax in the UK of 30% (2006 30%)

	2007 £	2006 £
Profit on ordinary activities before taxation	3,263,193	1,577,448
Profit/(loss) on ordinary activities by rate of tax	978,958	473,235
Depreciation for period in excess of capital allowances	43,311	24,004
Income and expenses not deductible for tax purposes	2,791	1,375
Other timing differences	(873)	(3,605)
Total current tax (note 5(a))	1,024,187	495,009

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

6. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Furniture & Equipment £	Motor Vehicles £	Total £
COST					
At 1 June 2006	1,233,969	4,143,091	342,427	106,600	5,826,087
Additions	—	11,250	—	—	11,250
Disposals	—	—	(50,648)	—	(50,648)
At 31 May 2007	<u>1,233,969</u>	<u>4,154,341</u>	<u>291,779</u>	<u>106,600</u>	<u>5,786,689</u>
DEPRECIATION					
At 1 June 2006	203,969	3,609,459	338,390	59,595	4,211,413
Charge for the year	47,000	267,384	713	26,650	341,747
On disposals	—	—	(50,648)	—	(50,648)
At 31 May 2007	<u>250,969</u>	<u>3,876,843</u>	<u>288,455</u>	<u>86,245</u>	<u>4,502,512</u>
NET BOOK VALUE					
At 31 May 2007	<u>983,000</u>	<u>277,498</u>	<u>3,324</u>	<u>20,355</u>	<u>1,284,177</u>
At 31 May 2006	<u>1,030,000</u>	<u>533,632</u>	<u>4,037</u>	<u>47,005</u>	<u>1,614,674</u>

7 STOCKS

	2007 £	2006 £
Raw materials and consumables	41,317	48,115
Short term work in progress	84,005	62,686
Finished goods and goods for resale	88,364	93,857
	<u>213,686</u>	<u>204,658</u>

8 DEBTORS

	2007 £	2006 £
Trade debtors	2,620,923	2,646,972
Amounts owed by group undertakings	2,505,001	2,279,053
Deferred taxation (note 9)	124,327	95,989
	<u>5,250,251</u>	<u>5,022,014</u>

The debtors above include the following amounts falling due after more than one year

	2007 £	2006 £
Amounts owed by group undertakings	<u>2,224,000</u>	<u>1,974,000</u>

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

9. DEFERRED TAXATION

The deferred tax included in the Balance sheet is as follows

	2007 £	2006 £
Included in debtors (note 8)	<u>124,327</u>	<u>95,989</u>

The movement in the deferred taxation account during the year was

	2007 £	2006 £
Balance brought forward	95,989	82,189
Profit and loss account movement arising during the year	<u>28,338</u>	<u>13,800</u>
Balance carried forward	<u>124,327</u>	<u>95,989</u>

The balance of the deferred taxation account consists of the tax effect of timing differences in respect of

	2007 £	2006 £
Excess of taxation allowances over depreciation on fixed assets	104,465	75,254
Other timing differences	<u>19,862</u>	<u>20,735</u>
	<u>124,327</u>	<u>95,989</u>

10 CREDITORS: Amounts falling due within one year

	2007 £	2006 £
Bank loans and overdrafts	—	105,000
Trade creditors	250,856	880,149
Amounts owed to group undertakings	668,059	704,203
Corporation tax	291,137	103,150
PAYE and social security	69,737	64,387
VAT	85,850	32,942
Accruals and deferred income	<u>244,178</u>	<u>245,640</u>
	<u>1,609,817</u>	<u>2,135,471</u>

Included within accruals is a balance relating to pensions of £6,207 (2006 £6,348)

The following liabilities disclosed under creditors falling due within one year are secured by the company

	2007 £	2006 £
Bank loans and overdrafts	<u>—</u>	<u>105,000</u>

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

11 CREDITORS: Amounts falling due after more than one year

	2007	2006
	£	£
Bank loans and overdrafts	—	779,984
Accruals and deferred income	50,000	50,000
	<u>50,000</u>	<u>829,984</u>

The bank hold a bond and floating charge over all the company's assets and a standard security over the company's property

The bank term loan is repayable in 120 monthly instalments Interest is charged on the loan at 1.5% above base rate

The following liabilities disclosed under creditors falling due after more than one year are secured by the company

	2007	2006
	£	£
Bank loans and overdrafts	<u>—</u>	<u>779,984</u>

12 CREDITORS BANK LOANS

Creditors include finance capital which is due for repayment as follows

	2007	2006
	£	£
Amounts repayable		
In one year or less or on demand	—	105,000
In more than one year but not more than two years	—	105,000
In more than two years but not more than five years	—	315,000
In more than five years	—	359,984
	<u>—</u>	<u>884,984</u>

13 CONTINGENCIES

The bank hold a cross corporate guarantee for all sums due from the company and The Flexible Manufacturing Group Limited, Deans Engineering (Livingston) Limited and Flexible Surface Technology Limited The liability to the company at the year end was £nil (2006 £884,984) and to the group £nil (2006 £884,984)

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

14 RELATED PARTY TRANSACTIONS

The company is under the control of J Jamieson

At the year end the company had a debtor to Coraza Systems Limited, the immediate parent undertaking of £272,977 (2006 £272,977)

At the year end the company had a creditor to Robert Taylor Holdings Limited, a company in the same group, of £613,378 (2006 £613,378)

During the year the company made sales of £1,034,370 (2006 £940,709), purchases of £784,463 (2006 £549,510) and incurred management fees of £96,000 (2006 £156,000) from Deans Engineering (Livingston) Limited, a company in the same group. During the year a loan was received of £36,144 (2006 £3,182) from the same company. At the year end the balance due to Deans Engineering (Livingston) Limited was £54,682 (2006 £90,826)

During the year the company made sales of £1,120 (2006 £385), charged commission of £55,772 (2006 £52,948) and made purchases of £278,861 (2006 £264,740) to Flexible Surface Technology Limited, a company in the same group. During the year loan repayments of £24,052 (2006 £45,911) were received from the same company. At the year end the balance due from Flexible Surface Technology Limited was £8,024 (2006 £32,076)

During the year the company incurred finance costs of £26,000 (2006 £26,000) and management fees of £24,000 (2006 £24,000) from The Flexible Manufacturing Group Limited, the ultimate parent company. During the year a loan of £250,000 (2006 £200,000) was advanced to the same company. At the year end the balance due from The Flexible Manufacturing Group Limited was £2,224,000 (2006 £1,974,000)

15 SHARE CAPITAL

Authorised share capital.

	2007	2006
	£	£
8,000,000 Ordinary shares of £1 each	<u>8,000,000</u>	<u>8,000,000</u>

Allotted, called up and fully paid:

	2007		2006	
	No	£	No	£
Ordinary shares of £1 each	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	2007	2006
	£	£
Profit for the financial year	2,267,344	1,096,239
Opening shareholders' funds	<u>3,939,316</u>	<u>2,843,077</u>
Closing shareholders' funds	<u>6,206,660</u>	<u>3,939,316</u>

LIVINGSTON PRECISION (ENGINEERING) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

YEAR ENDED 31 MAY 2007

17. ULTIMATE PARENT COMPANY

The immediate parent company is Coraza Systems Limited, a company registered in Scotland

The ultimate parent undertaking is The Flexible Manufacturing Group Limited, a company registered in Scotland