STEVENAGE MACHINE TOOLS LIMITED

FINANCIAL STATEMENTS

TO

31ST JULY 2004



ACCOUNTANTS REPORT TO THE SHAREHOLDERS

ON THE UNAUDITED FINANCIAL STATEMENTS OF

STEVENAGE MACHINE TOOLS LIMITED

We report on the financial statements for the year ended 31st July 2004 set out on pages 1 to 13.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND AUDITORS

As described on the Balance Sheet, the company's directors are responsible for the preparation of financial statements, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion to you.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the financial statements with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

OPINION

In our opinion:-

a) The financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985.

b) Having regard only to, and on the basis of, the information contained in those accounting records:-

   1) the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C (6) of the Act; and

   2) the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A (4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249B (1).

38 Culverhouse Road,
Luton,
Bedfordshire.

26th August 2004

Billington & Company
Accountants

STEVENAGE MACHINE TOOLS LIMITED

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The following page does not form part of the Statutory Accounts

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Registered Number

490021 (England and Wales)

STEVENAGE MACHINE TOOLS LIMITED

DIRECTORS REPORT

The Directors submit their Annual Report and the Company's Financial Statements for the year ended 31st July 2004.

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the Directors to prepare financial statements for each financial year which gives a true and fair view of the state of the Company and of the profit or loss of that company for that period.

In preparing those financial statements, the Directors are required to:-

a) select suitable accounting policies and then apply them consistently;

b) make judgements and estimates that are reasonable and prudent;

c) prepare financial statements on the going concern basis unless it is inappropriate to resume 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 of fraud and other irregularities.

ACTIVITIES

Machine Tools and Engineers Merchants.

DIRECTORS

The Directors of the Company were:-

Mrs M G Elliott (Chairman and Managing Director)

E Elliott

STEVENAGE MACHINE TOOLS LIMITED

DIRECTORS REPORT

DIRECTORS INTERESTS

The Directors interests, including family interests, in the shares of the Company are as follows:-

	Class of Share	Interest at Financial Year End	Interest at Beginning of Year
Mrs M G Elliott	Ordinary	50,000	50,000
E Ellliott	Ordinary	50,000	50,000

SMALL COMPANY DISCLOSURE

In preparing the above report, the Directors have taken advantage of special exemptions applicable to small companies on the grounds that, in their opinion, the Company is entitled to those exemptions.

REGISTERED OFFICE

38 Culverhouse Road,
Luton,
Bedfordshire.

Signed on behalf of
the Board of Directors

.....

Mrs M G Elliott
Director

Approved by the board on 26th August 2004

STEVENAGE MACHINE TOOLS LIMITED

BALANCE SHEET

AS AT 31ST JULY 2004

	Notes	2004		2003	
Fixed Assets					
Tangible Assets	(3)		7,277		8,308
Current Assets					
Stocks		25,470		9,020	
Debtors	(4)	42,264		55,502	
Cash at Bank and in Hand	(5)	13,619		16,341	
		81,353		80,863	
Creditors					
Amounts falling due within one year	(6)	51,578		55,156	
Net Current Assets			29,775		25,707
Total Assets less Current Liabilities			£37,052		£34,015
Capital and Reserves					
Called Up Share Capital	(2)		5,000		5,000
Loan Account Waived			1,904		1,904
Profit and Loss Account			30,148		27,111
Shareholders Funds	(11)		£37,052		£34,015

The statements required to be made by the company's directors and the signature required by the Companies Act 1985 are given on the following page.

STEVENAGE MACHINE TOOLS LIMITED

BALANCE SHEET

AS AT 31ST JULY 2004

The directors have taken advantage of the exemption conferred by Section 249A (1) of the Companies Act 1985 not to have these financial statements audited and confirm that no notice has been deposited under Section 249B (2) of the Act.

The directors acknowledge their responsibilities for:-

1) Ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985.

2) Preparing financial statements which give a true and fair view of the state of affairs of the company as at 31st July 2004 and of the profit for the year then ended in accordance with the requirements of Section 226 of the Companies Act 1985, and which otherwise comply with the requirements of the Act relating to financial statements, so far as applicable to the company.

The Directors have taken advantage of special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the financial statements and have done so on the grounds that, in their opinion, the company is entitled to those exemptions.

The financial statements were approved by the board of directors on 26th August 2004

Signed on behalf of the board of directors

.....Mrs M G Elliott - Director

The notes on pages 6 to 11 form part of these financial statements

STEVENAGE MACHINE TOOLS LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JULY 2004

	Notes	2004	2003
Turnover		188,094	224,237
Cost of Sales		108,975	149,797
Gross Profit for the Year		79,119	74,440
Administrative Expenses		76,309	75,031
Operating Profit (Loss)		2,810	(591)
Interest Receivable	(8)	227	124
Profit (Loss) on ordinary activities before taxation		3,037	(467)
Tax on ordinary activities	(9)	-	-
Profit (Loss) on ordinary activities after taxation		3,037	(467)
Dividends Paid		-	10,000
		3,037	(10,467)
Accumulated Profit brought forward		27,111	37,578
Accumulated Profit carried forward		£30,148	£27,111

Total Recognised Gains and Losses:-

The Company has no recognised gains or losses other than the profit or loss for the above financial years.

Continuing Operations:-

None of the Company's activities were acquired or discontinued during the above financial years.

The notes on pages 6 to 11 form part of these financial statements.

STEVENAGE MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2004

1. Accounting Policies

a) Accounting Convention

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

b) Depreciation

Depreciation is provided on all tangible fixed assets by the reducing balance method at rates calculated to write off the cost, less estimated residual value, of each asset over its expected useful life as follows:-

Alterations to Premises	10%
Plant and Machinery	20%
Furniture Fixtures and Fittings	10%
Motor Vehicles	20%
Computer Equipment	20%

c) Stocks

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

d) Turnover

Turnover represents goods supplied and services rendered exclusive of Value Added Tax.

e) Deferred Taxation

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

f) Cash Flow Statement

The Directors have taken advantage of the exemptions provided by Financial Reporting Standard 1 and have therefore elected to dispense with the Cash Flow Statement in these financial statements.

STEVENAGE MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2004

2. Share Capital

Authorised

	2004 Number	2003 Number
Ordinary Shares of 5 pence each	100,000	100,000

Issued and Fully Paid

	2004 £	2003 £
Ordinary Shares of 5 pence each	5,000	5,000

STEVENAGE MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2004

3. Tangible Fixed Assets

	Cost	Accumulated Depreciation	Net Book Value	2003 Net
Alterations to Premises	8,179	6,886	1,293	1,436
Plant and Machinery	73,150	72,193	957	1,196
Furniture Fixtures and Fittings	42,346	37,982	4,364	4,848
Motor Vehicle	8,085	7,563	522	652
Computer Equipment	1,619	1,478	141	176
	133,379	126,102	7,277	8,308

Details of Cost

	Opening	Additions	Disposals	Closing
Alterations to Premises	8,179	-	-	8,179
Plant and Machinery	73,150	-	-	73,150
Furniture Fixtures and Fittings	42,346	-	-	42,346
Motor Vehicle	8,085	-	-	8,085
Computer Equipment	1,619	-	-	1,619
	133,379	-	-	133,379

STEVENAGE MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2004

	2004	2003
3. Tangible Fixed Assets (continued)		
Tangible Fixed Assets includes the following assets held under finance lease:-		
Furniture Fixtures and Fittings	2,210	2,210
Less: Accumulated Depreciation	1,877	1,840
	333	370
4. Debtors		
Trade Debtors	34,701	47,943
Prepayments and Accrued Income	7,563	7,559
	42,264	55,502
5. Cash at Bank and in Hand		
Bank Current Account	13,499	16,221
Cash in Hand	120	120
	13,619	16,341

STEVENAGE MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2004

	2004	2003
6. Creditors - amounts falling due within one year		
Trade Creditors	23,832	27,109
Other Taxes and Social Security Costs	2,436	2,970
Directors Loan Accounts	21,782	21,782
Accruals and Deferred Income	3,528	3,295
	51,578	55,156

7. Provisions for Liabilities and Charges

A potential liability to deferred taxation exists at the date of the Balance Sheet in respect of:-

Capital Allowances in advance:-		
Full potential liability	-	594

The Directors do not consider that the potential liability will crystallise in the foreseeable future, and consequently no provision has been made.

8. Interest Receivable		
Bank Deposit Interest	227	124

STEVENAGE MACHINE TOOLS LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST JULY 2004

	2004	2003
9. Tax on Ordinary Activities		
Corporation Tax is calculated at the rate of 10%:-		
On the profit for the year	-	-
10. Operating Profit		
The profit is stated after charging:-		
Depreciation of Fixed Assets	1,031	1,160
Depreciation of Fixed Assets on Lease	37	41
11. Reconciliation of Movements in Shareholders Funds		
Profit (Loss) for the Year	3,037	(10,467)
Opening Shareholders Funds	34,015	44,482
Closing Shareholders Funds	37,052	34,015

12. Capital Commitments

No capital expenditure was authorised or contracted for at the Balance Sheet date.