

765708

LIVE STEAM MODELS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30TH JUNE 1996

GREGORY PRIESTLEY AND STEWART

CHARTERED ACCOUNTANTS

'LYNDHURST'

1 CRANMER STREET

LONG EATON

NOTTINGHAM NG10 1NJ



LIVE STEAM MODELS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30TH JUNE 1996

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For information of the Directors only:

Detailed trading and profit and loss account

Schedule of overhead expenses

Company registration number : 765708 (England and Wales)

LIVE STEAM MODELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED

30TH JUNE 1996

DIRECTORS' RESPONSIBILITIES

Company law requires us as directors 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 year. In preparing those financial statements we 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

DIRECTORS:

D. E. Jeffrey

A. D. Jeffrey

R. E. Jeffrey

SECRETARY:

D. E. Jeffrey

REGISTERED OFFICE:

7 Old Hall Mills

Little Eaton

Derbyshire

DE21 5DN

PRINCIPAL ACTIVITIES

The principal activities of the company were that of supplying drawings, costings and accessories for Steam Models and the provision of machining and assembly services.

The company recommenced trading on 1st July 1995 taking on the trade, assets and liabilities of a partnership known as Live Steam Models.

DIRECTORS

The present Directors are as shown above.

The company's Articles of Association do not require Directors to retire by rotation.

LIVE STEAM MODELS LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED

30TH JUNE 1996 - (CONTINUED)

DIRECTORS' INTERESTS

The interests of the Directors in the shares of the company, both at the beginning and end of the year were as follows:

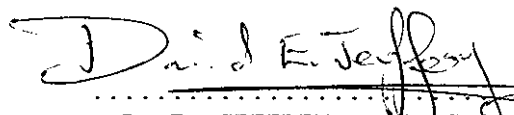
Beneficial holding:

D. E. Jeffrey	275
A. D. Jeffrey	450
R. E. Jeffrey	275

CLOSE COMPANY

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

ON BEHALF OF THE BOARD


.....
D. E. JEFFREY - DIRECTOR

10th September 1996

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS ON THE UNAUDITED ACCOUNTS OF

LIVE STEAM MODELS LIMITED

We report on the accounts for the year ended 30th June 1996 set out on pages 4 to 10.

Respective responsibilities of directors and reporting accountants

As described on the Balance Sheet the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit.

In accordance with their instructions and in order to assist the directors to fulfil their responsibilities we have prepared the accounts on pages 4 to 10 from the accounting records and from information and explanations supplied to us.

We have not performed an audit and we do not provide any assurance that the accounts show a true and fair view, which remains the sole responsibility of the directors.

It is our responsibility to carry out procedures designed to enable us to report our opinion.

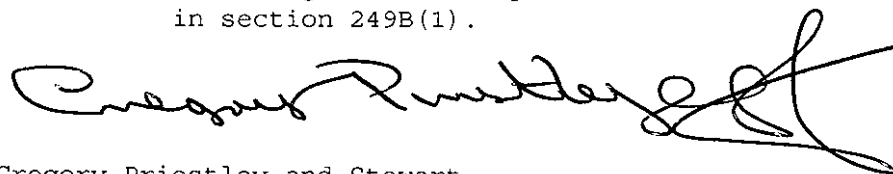
Basis of opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing accounts 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 purpose of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the accounts 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:
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts 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).



Gregory Priestley and Stewart
Chartered Accountants
Reporting Accountants
'Lyndhurst'
1 Cranmer Street
Long Eaton
Nottingham NG10 1NJ

10th September 1996

LIVE STEAM MODELS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

30TH JUNE 1996

	<u>NOTE</u>	<u>1996</u> <u>£</u>
TURNOVER	2	117132
Cost of sales		65590
GROSS PROFIT		<u>51542</u>
Net operating expenses		56418
OPERATING (LOSS)	3	<u>(4876)</u>
Interest payable and similar charges		1594
(Loss) on ordinary activities after interest		<u>(6470)</u>
Development expenditure		3077
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		<u>(9547)</u>
Tax on profit on ordinary activities		-
(LOSS) FOR THE FINANCIAL YEAR		<u>(9547)</u> =====

The only recognised (loss) for the year is the (loss) for the year of £9547.

The company acquired the trade, assets and liabilities of a partnership known as Live Steam Models on 1st July 1995. There were no other acquisitions and no discontinued operations.

The annexed notes form part of these financial statements.

LIVE STEAM MODELS LIMITED
BALANCE SHEET - 30TH JUNE 1996

	NOTE	1996	1995
		£	£
FIXED ASSETS			
Intangible assets	4	65231	-
Tangible assets	5	45780	-
		<u>111011</u>	<u>-</u>
CURRENT ASSETS			
Stocks	6	20398	-
Debtors	7	6026	1000
		<u>26424</u>	<u>1000</u>
CREDITORS			
Amounts falling due within one year	8	145982	-
NET CURRENT (LIABILITIES) /ASSETS		<u>(119558)</u>	<u>1000</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>(8547)</u>	<u>1000</u>
		=====	=====
CAPITAL AND RESERVES			
Called up share capital	10	1000	1000
Profit and loss account		(9547)	-
SHAREHOLDERS' FUNDS	11	<u>(8547)</u>	<u>1000</u>
		=====	=====

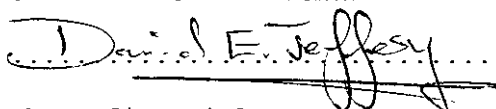
The directors are satisfied that the company was entitled to exemption under subsection (2) of section 249A of the Companies Act 1985 and that no member or members have requested an audit pursuant to subsection (2) of section 249B.

The directors acknowledge their responsibilities for:

- i) ensuring that the company keeps accounting records which comply with section 221; and
- ii) preparing accounts which give a true and fair view of the state of affairs of the company as at the end of the financial year and of its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of this Act relating to accounts, so far as applicable to the company.

The directors have taken advantage of the special exemptions conferred by Part I of Schedule 8 of the Companies Act 1985 and have done so on the grounds that in their opinion, the company is entitled to these exemptions as a small company.

ON BEHALF OF THE BOARD

 DIRECTOR

These financial statements were approved by the Board on 10th September 1996.

The annexed notes form part of these financial statements.

LIVE STEAM MODELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996

1. ACCOUNTING POLICIES

a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and have been prepared on a going concern basis. This basis may not be appropriate because at 30th June 1996 the company had net liabilities of £8547 and incurred a loss for the year of £9547.

The company is dependent on the continued financial support of its directors to enable it to continue trading. The directors have pledged not to withdraw funds due to them until the company is in a position to repay them without there being a detrimental effect on the company.

Should this support be withdrawn the company may be unable to continue trading and adjustments would have to be made to reduce the value of the assets to their recoverable amounts, to provide for any further liabilities which might arise, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

The effect of events relating to the year ended 30th June 1996 before the date of approval of the financial statements by the Board of Directors, have been included in the statements to the extent required to show a true and fair view of the state of affairs at 30th June 1996 and of the results for the year ended on that date.

b) Depreciation

Depreciation has been computed to write off the cost of tangible fixed assets over their expected useful lives using the following rates:

Plant and machinery	15% per annum of cost
Fixtures and fittings	15% per annum of cost
Motor vehicles	25% per annum of cost

c) Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value.

d) Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

LIVE STEAM MODELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996 (CONTINUED)

e) Research and development

Expenditure on development is written off against profits in the year in which it is incurred.

f) Foreign exchange

Transactions denominated in foreign currencies are translated into sterling and recorded at the rate of exchange ruling at the date of transaction.

Balances at the year end denominated in a foreign currency are translated into sterling at the rate of exchange ruling at the balance sheet date.

g) Goodwill

Contrary to Statement of Standard Accounting Practice Number 22, no amortisation of goodwill is included in the accounts.

h) Pension costs

The company operates pension schemes for the benefit of certain of its employees. The funds of the schemes are administered by Trustees and are separate from the company. Independent actuaries complete valuations at least every three years and, in accordance with their recommendations annual contributions are paid to the schemes so as to secure the benefits set out in the rules and the periodic augmentation of current pensions. The cost of these and any variations from regular cost arising from actuarial valuations are charged or credited to profits on a systematic basis over the remaining service life of the employees.

2. TURNOVER

The company's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the year. 13.71% of the company's turnover related to exports.

3. OPERATING (LOSS)

The operating results are analysed as follows:-

	<u>1996</u>
	<u>£</u>
Turnover	117132
	=====
Cost of sales	65590
	=====
Net operating expenses:-	
Distribution costs	17216
Administrative expenses	18397
Other operating charges	20805
	<u>56418</u>
Operating loss	<u>(4876)</u>
	=====
This is stated after charging:-	
Directors' emoluments	7750
Depreciation of owned assets	8550
	=====

LIVE STEAM MODELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996 (CONTINUED)

4. INTANGIBLE FIXED ASSETS

	<u>Goodwill</u> £
Cost:	
Additions	65231 =====
Amortisation:	
Charge for the year	- =====
Net book value:	
At 30th June 1996	65231 =====

5. TANGIBLE FIXED ASSETS

	<u>Motor vehicle</u> £	<u>Fixtures and fittings</u> £	<u>Plant and equipment</u> £	<u>Total</u> £
Cost:				
Additions	4000	13367	36963	54330
At 30th June 1996	<u>4000</u>	<u>13367</u>	<u>36963</u>	<u>54330</u>
Depreciation:				
Charge for the year	1000	2005	5545	8550
At 30th June 1996	<u>1000</u>	<u>2005</u>	<u>5545</u>	<u>8550</u>
Net book value:				
At 30th June 1996	<u>3000</u> =====	<u>11362</u> =====	<u>31418</u> =====	<u>45780</u> =====

6. STOCKS AND WORK IN PROGRESS

	<u>1996</u> £
Stocks	17398
Work in progress	3000
	<u>20398</u> =====

LIVE STEAM MODELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996 (CONTINUED)

7. DEBTORS ALL RECEIVABLE WITHIN ONE YEAR

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade debtors	569	-
Other debtors	5457	1000
	<u>6026</u>	<u>1000</u>
	=====	=====

8. CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u>
	<u>£</u>
Bank loans and overdrafts	7606
Trade creditors	24098
Directors' loan accounts	92457
Other creditors	19696
Corporation tax	-
Other tax and social security	2125
	<u>145982</u>
	=====

The bank overdraft is secured.

9. PROVISIONS FOR LIABILITIES AND CHARGES

The potential liability for deferred taxation is as follows:

	<u>1996</u>	
	<u>Provided</u>	<u>Potential</u>
	<u>£</u>	<u>£</u>
The accumulated excess of capital allowances over corresponding depreciation	-	4590
Accrued interest payable less receivable	-	(120)
<u>Less</u>	<u>-</u>	<u>4470</u>
Unrelieved losses available to carry forward against future trading profits	-	(2251)
	<u>-</u>	<u>2219</u>
	=====	=====

LIVE STEAM MODELS LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30TH JUNE 1996 (CONTINUED)

10. SHARE CAPITAL

The allotted and fully paid share capital of the company consisted of 1000 ordinary shares of £1 each amounting to £1000.

	<u>Authorised</u> £	<u>Allotted, called up and fully paid</u> £
2000 Ordinary Shares of £1 each	2000 =====	1000 =====

There have been no changes during the year.

11. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1996</u> £	<u>1995</u> £
(Loss) for the financial year	(9547)	-
Dividends	-	-
Net addition to shareholders' funds	(9547)	-
Opening shareholders' funds	1000	1000
Closing shareholders' funds	(8547) =====	1000 =====

12. RELATED PARTY TRANSACTIONS

The company occupies freehold property owned by Live Steam Models Limited Special Retirement Benefits Scheme. The directors of the company are also trustees of this scheme. Rent is charged at a commercial rate. The charge for the year was £7150.

At 30th June 1996 the company owed the scheme the following amounts:-

Loan	2000.00
Loan interest	500.00
Rent	14104.43
	16604.43 =====

13. PENSION COSTS

The company operates a contributory pension scheme. It is a defined contribution scheme and contributions are charged in the profit and loss account as they accrue. The charge for the year was £Nil.