

Registration Number 765708

LIVE STEAM MODELS LIMITED

Directors' Report and Financial Statements

for the year ended 30 June 2001



LIVE STEAM MODELS LIMITED

Company Information

Directors	D E Jeffery A D Jeffery R E Jeffery
Secretary	D E Jeffery
Company Number	765708
Registered Office	7 Old Hall Mills Little Eaton Derby DE21 5DN
Reporting Accountants	Gregory Priestley and Stewart Lyndhurst 1 Cranmer Street Long Eaton Nottingham NG10 1NJ

LIVE STEAM MODELS LIMITED

Contents

	Page
Directors' Report	1
Accountants' Report	2
Profit and Loss Account	3
Balance Sheet	4 - 5
Notes to the Financial Statements	6 - 10

LIVE STEAM MODELS LIMITED

Directors' Report for the year ended 30 June 2001

The directors present their report and the financial statements for the year ended 30 June 2001.

Principal Activity

The principal activity of the company continued to be that of supplying drawings, costings and accessories for Steam Models and the provision of machining and assembly services.

Directors and their Interests

The directors who served during the year and their interests in the company are as stated below:

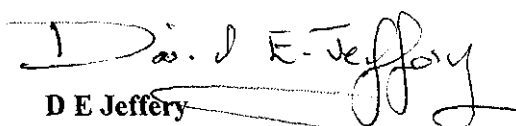
	Ordinary shares	
	2001	2000
D E Jeffery	275	275
A D Jeffery	450	450
R E Jeffery	275	275

Reporting Accountants

The directors recommend that Gregory Priestley and Stewart remain in office until further notice.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the Board on 25 July 2001 and signed on its behalf by


D E Jeffery
Secretary

LIVE STEAM MODELS LIMITED

**Accountants' Report to the Shareholders on the Unaudited Financial Statements
of LIVE STEAM MODELS LIMITED**

We report on the financial statements for the year ended 30 June 2001 set out on pages 3 to 10.

Respective responsibilities of directors and reporting accountants

As described on page 5 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.

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

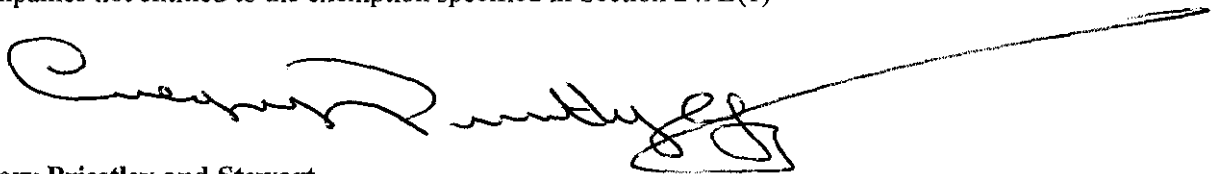
In our opinion:

(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:

(i) the financial statements 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 financial statements for the year specified in Section 249A(4) of the Act and did not, at any time within that , fall within any of the categories of companies not entitled to the exemption specified in Section 249B(1)



Gregory Priestley and Stewart

**Chartered Accountants and
Reporting Accountants**

**Lyndhurst
1 Cranmer Street
Long Eaton
Nottingham
NG10 1NJ**

25 July 2001

LIVE STEAM MODELS LIMITED

Profit and Loss Account for the year ended 30 June 2001

		2001	2000
	Notes	£	£
Turnover	2	135,332	126,571
Cost of sales		(81,185)	(55,527)
Gross profit		<u>54,147</u>	<u>71,044</u>
Distribution costs		(13,988)	(14,174)
Administrative expenses		(45,158)	(42,263)
Other operating income		350	-
Operating (loss)/profit	3	<u>(4,649)</u>	<u>14,607</u>
Interest payable and similar charges	4	(4,877)	(5,731)
(Loss)/retained profit for the year		(9,526)	8,876
Accumulated (loss) brought forward		(32,726)	(41,602)
Accumulated (loss) carried forward		<u>(42,252)</u>	<u>(32,726)</u>

The notes on pages 6 to 10 form an integral part of these financial statements.

LIVE STEAM MODELS LIMITED

**Balance Sheet
as at 30 June 2001**

		2001		2000	
	Notes	£	£	£	£
Fixed Assets					
Intangible assets	6		66,231		65,231
Tangible assets	7		11,078		14,424
			<u>77,309</u>		<u>79,655</u>
Current Assets					
Stocks		87,412		81,477	
Debtors	8	6,665		6,325	
		<u>94,077</u>		<u>87,802</u>	
Creditors: amounts falling due within one year	9	(212,638)		(199,183)	
Net Current Liabilities			<u>(118,561)</u>		<u>(111,381)</u>
Total Assets Less Current Liabilities			<u>(41,252)</u>		<u>(31,726)</u>
Capital and Reserves					
Called up share capital	10		1,000		1,000
Profit and loss account			<u>(42,252)</u>		<u>(32,726)</u>
Shareholders' Funds			<u>(41,252)</u>		<u>(31,726)</u>

The directors' statements required by Section 249B(4) are shown on the following page which forms part of this Balance Sheet.

The notes on pages 6 to 10 form an integral part of these financial statements.

LIVE STEAM MODELS LIMITED

Balance Sheet (continued)

**Directors' statements required by Section 249B(4)
for the year ended 30 June 2001**

In approving these financial statements as directors of the company we hereby confirm:

(a) that for the year stated above the company was entitled to the exemption conferred by Section 249A(2) of the Companies Act 1985;

(b) that no notice has been deposited at the registered office of the company pursuant to Section 249B(2) requesting that an audit be conducted for the year ended 30 June 2001 and

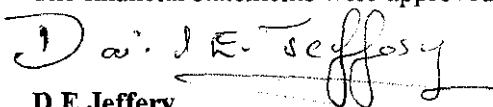
(c) that we acknowledge our responsibilities for:

(1) ensuring that the company keeps accounting records which comply with Section 221, and

(2) preparing financial statements 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 year then ended in accordance with the requirements of Section 226 and which otherwise comply with the provisions of the Companies Act relating to financial statements, so far as applicable to the company.

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

The financial statements were approved by the Board on 25 July 2001 and signed on its behalf by


D E Jeffery
Director

The notes on pages 6 to 10 form an integral part of these financial statements.

LIVE STEAM MODELS LIMITED

Notes to the Financial Statements for the year ended 30 June 2001

1. Accounting Policies

1.1. Accounting convention

The financial statements are prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

1.2. Turnover

Turnover represents the total invoice value, excluding value added tax, of sales made during the year.

1.3. Goodwill

1.4. Tangible fixed assets and depreciation

Depreciation is provided at rates calculated to write off the cost less residual value of each asset over its expected useful life, as follows:

Plant and machinery	-	15% Straight Line
Fixtures, fittings and equipment	-	15% Straight Line

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

1.5. Stock and work in progress

Stock and work in progress are valued at the lower of cost and net realisable value.

1.6. Going Concern

The financial statements have been prepared on a going concern basis. This basis may not be appropriate because at 30 June 2001 the company had net liabilities of £41252 (2000 - £31726). The company is dependent on the continued financial support of the 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, and to reclassify fixed assets and long term liabilities as current assets and current liabilities.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the UK.

LIVE STEAM MODELS LIMITED

Notes to the Financial Statements for the year ended 30 June 2001

..... continued

3. Operating (loss)/profit	2001	2000
	£	£
Operating (loss)/profit is stated after charging:		
Depreciation and other amounts written off tangible assets	<u>8,789</u>	<u>7,923</u>
4. Interest payable and similar charges	2001	2000
	£	£
On loans and overdrafts	<u>4,877</u>	<u>5,731</u>
5. Directors' emoluments	2001	2000
	£	£
Remuneration and other benefits	<u>1,160</u>	<u>900</u>
6. Intangible fixed assets	Goodwill	Total
	£	£
Cost		
At 1 July 2000	65,231	65,231
Additions	<u>1,000</u>	<u>1,000</u>
At 30 June 2001	<u>66,231</u>	<u>66,231</u>
Net book values		
At 30 June 2001	<u>66,231</u>	<u>66,231</u>
At 30 June 2000	<u>65,231</u>	<u>65,231</u>

LIVE STEAM MODELS LIMITED

Notes to the Financial Statements for the year ended 30 June 2001

..... continued

7. Tangible fixed assets

	Plant and machinery	Fixtures, fittings equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 July 2000	37,728	15,430	4,000	57,158
Additions	5,000	443	-	5,443
At 30 June 2001	42,728	15,873	4,000	62,601
Depreciation				
At 1 July 2000	27,978	10,756	4,000	42,734
Charge for the year	6,409	2,380	-	8,789
At 30 June 2001	34,387	13,136	4,000	51,523
Net book values				
At 30 June 2001	8,341	2,737	-	11,078
At 30 June 2000	9,750	4,674	-	14,424

8. Debtors

	2001 £	2000 £
Trade debtors	2,931	2,423
Prepayments and accrued income	3,734	3,902
	6,665	6,325

LIVE STEAM MODELS LIMITED

Notes to the Financial Statements for the year ended 30 June 2001

..... continued

9. Creditors: amounts falling due within one year	2001	2000
	£	£
Bank overdraft	16,151	12,037
Pension fund loan	35,000	35,000
Other loan	49,844	42,236
Trade creditors	23,654	26,904
Other taxes and social security costs	1,477	526
Directors' accounts	66,688	67,331
Other creditors	15,991	12,141
Accruals and deferred income	3,833	3,008
	<u>212,638</u>	<u>199,183</u>
10. Share capital	2001	2000
	£	£
Authorised		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid		
1,000 Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

11. 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 £6500. At the year end the company owed the pension scheme £49844 (2000 - £42236) in rents.

The company also received a loan from the pension scheme. The loan outstanding at the year end was £35000 (2000 - £35000). Interest on the loan is charged at a fixed market rate. The interest charge on the loan for the year was £3454. At the year end, there was outstanding interest on the loan of £15595 (2000 - £12141).

LIVE STEAM MODELS LIMITED

**Notes to the Financial Statements
for the year ended 30 June 2001**

..... continued

12. Controlling interest

The company was controlled throughout the current and previous year by its directors, Mr and Mrs D E Jeffery and Mr A D Jeffery, by virtue of the fact that between them they own the entire ordinary issued share capital of the company.