

DELTA ELECTRICAL REPAIRS LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER 1997



COMPANY NUMBER : 1770708 (ENGLAND & WALES)

DELTA ELECTRICAL REPAIRS LIMITED

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DELTA ELECTRICAL REPAIRS LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 1997

The directors present their report and the financial statements for the year ended 31 December 1997.

PRINCIPAL ACTIVITIES

The company's principal activity continues to be that of the sale and repair of electric motors.

DIRECTORS

The directors who served during the period and their beneficial interests in the company's issued ordinary share capital were :

	<u>Number of Shares</u>	
	<u>1997</u>	<u>1996</u>
B. Haworth	750	750
J. Haworth	750	750

DIRECTORS' RESPONSIBILITIES

Company law requires the 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 period. In preparing those 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.

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 and detection of fraud and other irregularities.

AUDITORS

The auditors, Hargreaves & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report was approved by the board on 22 January 1998, taking advantage of special exemptions available to small companies.

Signed on behalf of the board of directors.

.....  Director

DELTA ELECTRICAL REPAIRS LIMITED

AUDITORS' REPORT

TO THE MEMBERS OF DELTA ELECTRICAL REPAIRS LIMITED

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies on Page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on Page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

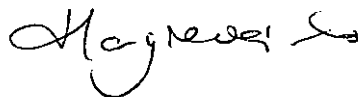
BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards 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 judgements 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 which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material mis-statement, 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.

OPINION

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profits for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hargreaves & Co
Registered Auditors and Chartered Accountants
Regency House
Blackburn Road
Accrington
BB5 1HF

22 January 1998

DELTA ELECTRICAL REPAIRS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 DECEMBER 1997

		<u>1997</u>	<u>1996</u>
	<u>NOTES</u>	£	£
Turnover	2	754349	774903
Cost of Sales		<u>463479</u>	<u>466861</u>
Gross Profit		290870	308042
Distribution Costs		25962	25556
Administration Costs		<u>226557</u>	<u>160938</u>
Operating Profit		38351	121548
Interest receivable		<u>1658</u>	<u>713</u>
		40009	122261
Interest payable		<u>8368</u>	<u>8408</u>
Profit on ordinary activities before taxation	3	31641	113853
Tax on profit on ordinary activities	4	<u>4767</u>	<u>26713</u>
Profit on ordinary activities after taxation for the financial year		26874	87140
Dividend		<u>11000</u>	<u>22500</u>
Retained profits brought forward		15874	64640
		<u>409328</u>	<u>344688</u>
Retained profits carried forward		£425202	£409328
		=====	=====

There were no recognised gains or losses other than those included in the profit and loss account.

The notes on pages 5 to 7 form part of these financial statements.

DELTA ELECTRICAL REPAIRS LIMITED

BALANCE SHEET AS AT 31 DECEMBER 1997

		<u>1997</u>	<u>1996</u>
<u>FIXED ASSETS</u>	<u>NOTES</u>	£	£
Tangible Assets	5	383765	364286
<u>CURRENT ASSETS</u>			
Stocks	6	27211	25072
Debtors	7	178790	164985
Bank balance and cash		<u>37497</u>	<u>36920</u>
		243498	226977
<u>CREDITORS</u>			
Amounts falling due within one year	8	<u>137310</u>	<u>104972</u>
<u>NET CURRENT ASSETS</u>		<u>106188</u>	<u>122005</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		489953	486291
<u>CREDITORS</u>			
Amounts falling due after more than one year	9	<u>63251</u>	<u>75463</u>
<u>TOTAL NET ASSETS</u>		£426702 =====	£410828 =====
<u>REPRESENTED BY</u>			
Share Capital	10	1500	1500
Revenue reserve		<u>425202</u>	<u>409328</u>
Shareholders Funds	12	£ 426702 =====	£410828 =====

Approved by the board of directors on 22 January 1998 and signed on its behalf. The directors have relied on special exemptions available to small companies on the grounds that the company qualifies as a small company by virtue of Section 247 of the Companies Act 1985.

 Director

The notes on pages 5 to 7 form part of these financial statements.

DELTA ELECTRICAL REPAIRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AT 31 DECEMBER 1997

1. ACCOUNTING POLICIES

Basis of Preparation of Accounts

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and which is continuing. The company has taken advantage of the exemption in FRS1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows :

Plant Machinery & Equipment	:	15% reducing balance
Fixtures and Fittings	:	15% reducing balance
Motor Vehicles	:	25% reducing balance
Leasehold Property	:	Nil

Stocks

Stocks are valued at the lower part of cost and net realisable value.

2. TURNOVER

Turnover comprises the net invoiced values, excluding VAT, made to customers for goods and services supplied. There were no export sales in the year.

3. PROFIT BEFORE TAXATION

Profit before taxation, on ordinary activities, is stated after charging :

	<u>1997</u>	<u>1996</u>
	£	£
Directors Remuneration	102759	36000
Directors and Employees Pension Contributions	41509	35867
Auditors Remuneration	3000	2800
Hire of Plant and Equipment	515	1219
Bank Interest	7635	7858
Depreciation of Tangible Fixed Assets	20427	18845
Hire Purchase Interest	733	550
	=====	=====

And after crediting :

Interest Received	1658	713
Profit on Sale of Tangible Fixed Assets	234	-
	=====	=====

DELTA ELECTRICAL REPAIRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. TAXATION

The corporation tax charge is calculated on the profits of the year, after allowing for capital expenditure, and is due for payment on 1 October 1998.

	<u>1997</u>	<u>1996</u>
Current year	£ 4768	£ 26706
Prior year	<u>(1)</u>	<u>7</u>
	£ 4767	£ 26713
	=====	=====

5. TANGIBLE FIXED ASSETS

	<u>Leasehold Property</u>	<u>Plant & Equipment</u>	<u>Fixtures & Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 1 January 1997	269404	94881	26472	96911	487668
Additions	356	18612	7845	13798	40611
Disposals	-	-	-	(6035)	(6035)
	-----	-----	-----	-----	-----
At 31 December 1997	269760	113493	34317	104674	522244
	=====	=====	=====	=====	=====
Depreciation					
At 1 January 1997	-	49994	13217	60171	123382
Charge for the Year	-	8379	2880	9167	20426
Disposals	-	-	-	(5329)	(5329)
	-----	-----	-----	-----	-----
At 31 December 1997	-	58373	16097	64009	138479
	=====	=====	=====	=====	=====
Net Book Value					
At 31 December 1997	269760	55120	18220	40665	383765
At 31 December 1996	269404	44887	13255	36740	364286
	=====	=====	=====	=====	=====

6. STOCKS

	<u>1997</u>	<u>1996</u>
Raw Materials and Consumables	22808	21350
Work in Progress	<u>4403</u>	<u>3722</u>
	27211	25072
	=====	=====

7. DEBTORS

	<u>1997</u>	<u>1996</u>
Trade debtors	172604	159639
Prepayments	6147	5307
Directors loan account	<u>39</u>	<u>39</u>
	£178790	£164985
	=====	=====

DELTA ELECTRICAL REPAIRS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. CREDITORS

	<u>1997</u>	<u>1996</u>
	£	£
Trade Creditors	44113	38689
Bank loan & overdraft	34036	14844
Corporation Tax	2018	21081
Other taxes & social security costs	49208	22578
Accruals	2935	2780
Hire Purchase Creditor	<u>5000</u>	<u>5000</u>
	£137310	£104972
	=====	=====

9. CREDITORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts falling due after more than one year		
Other Creditors : Hire Purchase Creditor	1250	6250
Bank Loan	<u>£62001</u>	<u>£69213</u>
	£63251	£75463
	=====	=====

10. SHARE CAPITAL

	<u>Authorised</u>		<u>Issued and Fully Paid</u>	
	31.12.97	31.12.96	31.12.97	31.12.96
Ordinary shares of £1 each	10000	10000	1500	1500
	=====			

11. LOAN CAPITAL - DIRECTORS

Directors loans are interest free and have no fixed repayment date.

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
Net Profit for the year	26874	87140
Dividend	<u>11000</u>	<u>22500</u>
Net additions during the year	15874	64640
Shareholders funds at 1 January 1997	<u>410828</u>	<u>346188</u>
Shareholders funds at 31 December 1997	£426702	£410828
	=====	=====

DELTA ELECTRICAL REPAIRS LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 1997

	Current £	Year £	Previous £	Year £
Sales and Work Done		754349		774903
<u>Less Cost of Sales</u>				
Commencing Stock and WIP	25072		22379	
Purchases	221002		220741	
Wages and NHI	<u>244616</u>		<u>248813</u>	
	490690		491933	
<u>Deduct</u> Final Stock and WIP	<u>27211</u>	<u>463479</u>	<u>25072</u>	<u>466861</u>
<u>GROSS PROFIT On Turnover</u>		290870		308042
<u>Add</u> : Other Income - Bank Interest		<u>1658</u>		<u>713</u>
<u>TOTAL GROSS INCOME</u>		292528		308755
<u>Less Expenses</u>				
Directors Remuneration	102759		36000	
Rates Insurance and Telephone	30744		27553	
Lighting and Heating	3863		3616	
Repairs and Renewals	8873		9563	
Printing Stationery and Advertising	8269		8516	
Equipment Hire	515		1219	
Motor Expenses	16795		15769	
Sundry Expenses	11040		16322	
Audit and Accountancy	3000		2800	
Directors & Employees Pension Contributions	41509		35867	
Consultancy	1205		6243	
Loan Interest	7633		7838	
Bank Charges and Interest	856		1621	
Depreciation	20427		18845	
Bad Debts	2900		2580	
Hire Purchase Interest	733		550	
Profit on Sale of Vehicle	<u>(234)</u>	<u>260887</u>	<u>-</u>	<u>194902</u>
<u>NET PROFIT</u>		31641		113853
		=====		=====