

BinderHamlyn
CHARTERED ACCOUNTANTS

77253/
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PERMAG LIMITED

REPORT AND MODIFIED FINANCIAL STATEMENTS

AS AT

31 MAY 1985


19 MAY 1985

BDO Internationally
Binder Dijkster & Co.

Offices in: Ayr, Biscup, Bath, Belfast, Birmingham, Bury St. Edmunds, Lymington, Dublin,
Enniskillen, Glasgow, Leeds, London, Manchester, Newcastle upon Tyne, Newmarket,
Nottingham, Rochdale, Saltcoats, Sheffield, Stranraer, Telford and Wolverhampton

Binder Hamlyn

CHARTERED ACCOUNTANTS

Olympic House, 142 Queen Street,
Glasgow G1 3BT.

REPORT OF THE AUDITORS

to the Directors of PERMAG LIMITED
For the purposes of Paragraph 10 of Schedule 8 to the Companies Act 1985

In our opinion the Directors are entitled under Sections 247 to 249 of the Companies Act 1985 to deliver modified financial statements in respect of the year ended 31 May 1985, and in particular the modified financial statements have been properly prepared in accordance with Schedule 8 to the Act. We are not required to express an audit opinion on the truth and fairness of these modified financial statements.

We reported, as auditors of Permag Limited, to the members on 28 May 1986 on the company's financial statements prepared under Section 227 of the Companies Act 1985 for the year ended 31 May 1985 and our audit report was as follows:-

"We have audited the financial statements on pages 3 to 10 in accordance with approved Auditing Standards having regard to the matters referred to in the following paragraph.

The company's system of control is dependent upon the close involvement of the Directors. Where independent confirmation as to the completeness of the accounting records was therefore not available, we have accepted assurances from the Directors that all the company's transactions have been reflected in the records.

Subject to the foregoing, in our opinion, the financial statements, which have been prepared on the basis of the accounting policies set out on page 6, give a true and fair view of the state of the company's affairs at 31 May 1985 and of its profit and source and application of funds for the year then ended and comply with the Companies Act 1985."

Binder Hamlyn

BINDER HAMLYN
Chartered Accountants

GLASGOW: 29 May 1986

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PERMAG LIMITED

MODIFIED BALANCE SHEET
As at 31 May 1985

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	Notes	1985 £	1984 £
<u>FIXED ASSETS</u>			
Tangible Assets		3,091	4,518
<u>CURRENT ASSETS</u>			
Stocks		3,700	9,245
Debtors		75,631	51,117
Cash at Bank and in Hand		15,744	838
		<u>95,075</u>	<u>61,200</u>
<u>CREDITORS:</u>			
Amounts falling due within one year	2	<u>40,931</u>	<u>28,050</u>
<u>NET CURRENT ASSETS</u>		54,144	33,150
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			
		<u>57,235</u>	<u>37,668</u>
<u>CREDITORS:</u>			
Amounts falling due after more than one year		4,823	6,235
<u>PROVISIONS FOR LIABILITIES AND CHARGES</u>			
Deferred Taxation		860	1,266
		<u>51,552</u>	<u>30,167</u>
<u>CAPITAL AND RESERVES</u>			
Called up Share Capital	3	10,000	10,000
Profit and Loss Account		<u>41,552</u>	<u>20,167</u>
		<u>51,552</u>	<u>30,167</u>

In preparing these modified financial statements:-

(a) We have relied upon the exemptions for individual financial statements under Sections 247 to 249 of the Companies Act 1985.

(b) We have done so on the grounds that the company is entitled to the benefit of these exemptions as a small company.

KENNETH RYAN.....*K. Ryan*.....Director

HUGH GOLDIE.....*H. Goldie*.....Director
28 May 1986

The notes on pages 3 and 4 form part of these Modified Financial Statements.

PERMAG LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS
For the year ended 31 May 1985

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1. ACCOUNTING POLICIES

The following is a summary of the significant accounting policies adopted in the preparation of these modified financial statements.

(a) Basis of Preparation

The modified financial statements are prepared on a going concern basis under the historical cost convention.

(b) Depreciation

Depreciation is calculated at such rates as are anticipated will write off the cost of the assets over their expected useful lives.

The following rates and bases were applied:

Plant & Machinery	-	20% straight line
Fixtures and Fittings	-	15% straight line
Motor Vehicles	-	25% straight line

(c) Stocks

Stocks are valued at the lower of cost or net realisable value as follows :

Cost incurred in bringing each product to its present location and condition :

Raw materials - purchase cost on a first-in, first-out basis.

Work-in-Progress - cost of direct materials and labour plus attributable overheads based on a normal level of activity.

Net realisable value is based on estimated selling price less further costs expected to be incurred to completion and disposal.

(d) Deferred Taxation

Provision is made for deferred taxation at the rate of 30% under the liability method to the extent that the Directors consider a liability will materialise in the foreseeable future.

2. BANK OVERDRAFT AND FIXED LOAN

The Clydesdale Bank PLC holds a floating charge (dated 7 July 1982 and registered 12 July 1982) over the whole of the company's assets in respect of the bank overdraft and fixed loan.

PERMAG LIMITED

NOTES TO THE MODIFIED FINANCIAL STATEMENTS (CONTINUED)
For the year ended 31 May 1985

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3. CALLED UP SHARE CAPITAL

	1985 £	1984 £
<u>Authorised:</u>		
20,000 Ordinary Shares of £1	20,000 =====	20,000 =====
<u>Allotted and Fully paid:</u>		
10,000 Ordinary Shares of £1	10,000 =====	10,000 =====