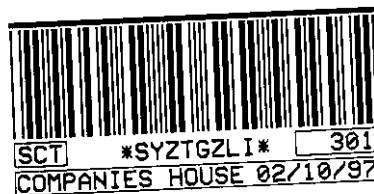


FORREST PRECISION ENGINEERING COMPANY LIMITED  
538 EDGEFAULD ROAD, SPRINGBURN, GLASGOW G21 4NB

COMPANY NUMBER: SC085331

Balance Sheet as at 31 January 1997



**BRECHIN, COLE-HAMILTON & CO**  
*Chartered Accountants*

34 West George Street  
GLASGOW G2 1DG

The following reproduces the text of the report prepared for the purposes of Section 249A(1) Companies Act 1985 in respect of the company's annual financial statements, from which the abbreviated financial statements have been prepared.

Accountants Report to the Shareholders on the Unaudited Financial Statements of Forrest Precision Engineering Company Limited

We report on the financial statements attached for the year ended 31 January 1997.

Respective Responsibilities of 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.

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:-

1. The financial statements are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
2. Having regard only to, and on the basis of, the information contained in those accounting records:-
  - a. The financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
  - b. 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 exemptions specified in Section 249B(1).

*Brechin, Cole-Hamilton & Co*

BRECHIN, COLE-HAMILTON & CO  
Chartered Accountants and Registered Auditors  
34 West George Street  
GLASGOW G2 1DG

8 August 1997

FORREST PRECISION ENGINEERING COMPANY LIMITED

Balance Sheet as at 31 January 1997

1996

|                                 |                   |                   |
|---------------------------------|-------------------|-------------------|
| <u>TANGIBLE FIXED ASSETS:</u>   | £ 86,480          | £ 95,875          |
| <u>CURRENT ASSETS:</u>          |                   |                   |
| Stock                           | £ 1,086           | £ 945             |
| Debtors                         | 43,803            | 50,683            |
| Bank and Cash on Hand           | 39,197            | 18,306            |
|                                 | £ 84,086          | £ 69,934          |
| <u>CREDITORS:</u>               |                   |                   |
| Due within one year             | 104,652           | 87,815            |
| <u>NET CURRENT LIABILITIES:</u> | (20,566)          | £(17,881)         |
| <u>CREDITORS:</u>               |                   |                   |
| Due after one year              | (10,989)          | ( 16,976)         |
| <u>NET ASSETS:</u>              | £ 54,925<br>===== | £ 61,018<br>===== |
| Represented By -                |                   |                   |
| <u>CAPITAL AND RESERVES:</u>    |                   |                   |
| Share Capital                   | £ 10,000          | £ 10,000          |
| Profit and Loss Account         | 35,632            | 41,725            |
| Capital Grants Reserve          | 1,843             | 1,843             |
| Revaluation Reserve             | 7,450             | 7,450             |
| <u>SHAREHOLDERS' FUNDS:</u>     | £ 54,925<br>===== | £ 61,018<br>===== |

The directors:-

1. Confirm that for the year ending 31 January 1997 the company was entitled to the exemption under subsection (1) of Section 249A.
2. Confirm that no notice requiring an audit has been deposited under subsection (2) of Section 249B in relation to the financial statements for the financial year; and
3. Acknowledge responsibility for:-
  - a. Ensuring that the company keeps accounting records which comply with Section 221; and
  - b. 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 financial year in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

In preparing these modified financial statements, we have relied on Sections 247 to 249 of the Companies Act 1985 as enabling us to deliver modified financial statements as for a small company.

The financial statements were approved by the Board on 8 August 1997.

On Behalf of the Board

  
J Forrester, Director

**FORREST PRECISION ENGINEERING COMPANY LIMITED**

Notes to the Financial Statements  
for the year ended 31 January 1997

1. Accounting Policies:

a. Basis of Accounting -

The financial statements are drawn up on the historical cost basis of accounting in accordance with applicable accounting standards.

b. Depreciation -

Depreciation is calculated to write off the cost of the tangible fixed assets over the expected useful lived of the assets concerned.

The principal annual rates are as follows:-

|                           |                       |
|---------------------------|-----------------------|
| Buildings and Adaptations | 2% of Net Book Value  |
| Plant and Machinery       | 12% on Net Book Value |
| Fixtures and Fittings     | 25% on Net Book Value |
| Motor Vehicles            | 25% of Net Book Value |

c. Stock -

Stock is valued by the directors at the lower of cost or net realisable value.

d. Taxation -

|                                 | <u>1997</u>  | <u>1996</u>  |
|---------------------------------|--------------|--------------|
| Underprovision in Previous Year | £ 198        | £ -          |
| Charge for Year                 | -            | 228          |
|                                 | <u>£ 198</u> | <u>£ 228</u> |
|                                 | =====        | =====        |

e. Cash Flow Forecast -

The company has taken advantage of the exemptions permitted by FRS1 where a cash flow statement need not be prepared by a small company as defined in the Companies Act 1985.

2. Share Capital:

Authorised, Issued and Fully Paid -

|                          |          |          |
|--------------------------|----------|----------|
| 10,000 Shares of £1 each | £ 10,000 | £ 10,000 |
|                          | =====    | =====    |

3. Tangible Fixed Assets:

|                                 | <u>Buildings &amp; Adaptations</u> | <u>Plant and Machinery</u> | <u>Fixtures &amp; Fittings</u> | <u>Total</u>    |
|---------------------------------|------------------------------------|----------------------------|--------------------------------|-----------------|
| <u>Cost or Valuation -</u>      |                                    |                            |                                |                 |
| 1 February 1996                 | £45,468                            | £129,907                   | £ 5,988                        | £181,363        |
| Purchased During Year           | -                                  | -                          | 2,000                          | 2,000           |
|                                 | <u>£45,468</u>                     | <u>£129,907</u>            | <u>£ 7,988</u>                 | <u>£183,363</u> |
| <u>Less: Disposal</u>           | -                                  | -                          | -                              | -               |
|                                 | <u>£45,468</u>                     | <u>£129,907</u>            | <u>£ 7,988</u>                 | <u>£183,363</u> |
|                                 | =====                              | =====                      | =====                          | =====           |
| <u>Aggregate Depreciation -</u> |                                    |                            |                                |                 |
| At 1 February 1996              | £ 6,801                            | £ 73,187                   | £ 5,500                        | £ 85,488        |
| Charge for Year                 | 773                                | 10,004                     | 618                            | 11,395          |
| Disposals                       | -                                  | -                          | -                              | -               |
|                                 | <u>£ 7,574</u>                     | <u>£ 83,191</u>            | <u>£ 6,118</u>                 | <u>£ 96,883</u> |
|                                 | =====                              | =====                      | =====                          | =====           |

FORREST PRECISION ENGINEERING COMPANY LIMITED

Notes to the Financial Statements  
for the year ended 31 January 1997 (Cont'd)

3. Tangible Fixed Assets: (Cont'd)

| <u>Net Book Value -</u> | <u>Buildings &amp; Adaptations</u> | <u>Plant and Machinery</u> | <u>Fixtures &amp; Fittings</u> | <u>Total</u>      |
|-------------------------|------------------------------------|----------------------------|--------------------------------|-------------------|
| As at 31 January 1997   | £37,894<br>=====                   | £ 46,716<br>=====          | £ 1,870<br>=====               | £ 86,480<br>===== |
| As at 31 January 1996   | £38,667<br>=====                   | £ 56,720<br>=====          | £ 488<br>=====                 | £ 95,875<br>===== |

4. Creditors Under One Year:

|                 | <u>1997</u>       | <u>1996</u>       |
|-----------------|-------------------|-------------------|
| Bank Loan       | £ 5,822           | £ 5,822           |
| Hire Purchase   | 1,944             | 3,333             |
| Trade Creditors | 5,545             | 8,474             |
| Accrued Charges | 73,704            | 48,753            |
| Value Added Tax | 5,030             | 5,298             |
| Corporation Tax | -                 | 228               |
| Director's Loan | 12,607            | 15,907            |
|                 | £104,652<br>===== | £ 87,815<br>===== |

5. Creditors Over One Year:

|               |                   |                   |
|---------------|-------------------|-------------------|
| Bank Loan     | £ 10,989          | £ 15,031          |
| Hire Purchase | -                 | 1,945             |
|               | £ 10,989<br>===== | £ 16,976<br>===== |

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