

NORTHERN ENGINEERING WORKS LIMITED

ABBREVIATED ACCOUNTS

**PERIOD FROM 18 DECEMBER 1996
TO 31 DECEMBER 1997**

RITSON SMITH

Chartered Accountants & Registered Auditors
16 Carden Place
Aberdeen



NORTHERN ENGINEERING WORKS LIMITED

AUDITORS' REPORT TO THE COMPANY

PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5, together with the accounts of the company for the period from 18 December 1996 to 31 December 1997 prepared under Section 226 of the Companies Act 1985.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

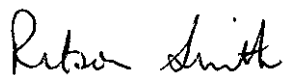
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the accounts, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the accounts.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 5 are properly prepared in accordance with those provisions.



RITSON SMITH
Chartered Accountants
& Registered Auditors

16 Carden Place
Aberdeen

.....31/8/1998

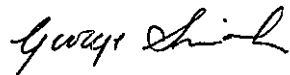
NORTHERN ENGINEERING WORKS LIMITED**ABBREVIATED BALANCE SHEET****AS AT 31 DECEMBER 1997**

	Note	£	£
FIXED ASSETS	2		
Intangible assets			409,137
Tangible assets			<u>354,256</u>
			763,393
CURRENT ASSETS			
Stocks		271,798	
Debtors		351,247	
Cash at bank and in hand		<u>2,007</u>	
		625,052	
CREDITORS: Amounts falling due within one year	3	<u>352,087</u>	
NET CURRENT ASSETS			272,965
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>1,036,358</u>
CREDITORS: Amounts falling due after more than one year	4		<u>326,813</u>
			<u>709,545</u>
CAPITAL AND RESERVES			
Called-up share capital	5		760,002
Profit and loss account			<u>(50,457)</u>
SHAREHOLDERS' FUNDS			<u>709,545</u>

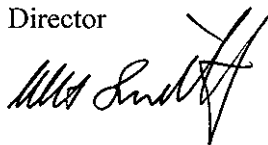
These accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Approved by the directors on 31st Aug.....1998

G SMITH
Director



W H SMITH
Director



The notes on pages 3 to 5 form part of these accounts.

NORTHERN ENGINEERING WORKS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

PERIOD FROM 18 DECEMBER 1996 TO 31 DECEMBER 1997

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared under the historical cost convention.

Cash flow statement

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 from including a cash flow statement in the accounts on the grounds that the company is small.

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Goodwill

Purchased goodwill is eliminated by amortisation through the profit and loss account over its useful economic life of 10 years.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Freehold property	- 2% straight line
Plant and machinery	- 25% reducing balance
Motor vehicles	- 25% reducing balance
Equipment	- 25% reducing balance

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Hire purchase agreements

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

Pension costs

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account.

NORTHERN ENGINEERING WORKS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

PERIOD FROM 18 DECEMBER 1996 TO 31 DECEMBER 1997

2. FIXED ASSETS

	Intangible Assets £	Tangible Fixed Assets £	Total £
COST			
Additions	430,671	396,451	827,122
Disposals	-	(30,368)	(30,368)
At 31 December 1997	<u>430,671</u>	<u>366,083</u>	<u>796,754</u>
DEPRECIATION			
Charge for period	21,534	11,827	33,361
At 31 December 1997	<u>21,534</u>	<u>11,827</u>	<u>33,361</u>
NET BOOK VALUE			
At 31 December 1997	<u>409,137</u>	<u>354,256</u>	<u>763,393</u>

3. CREDITORS: Amounts falling due within one year

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	£
Bank loans and overdrafts	<u>150,871</u>

4. CREDITORS: Amounts falling due after more than one year

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	£
Bank loans and overdrafts	<u>321,798</u>

NORTHERN ENGINEERING WORKS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

PERIOD FROM 18 DECEMBER 1996 TO 31 DECEMBER 1997

5. SHARE CAPITAL

Authorised share capital:

	£
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>

Allotted, called up and fully paid:

	£
Issue of ordinary shares	<u>760,002</u>

On 18 December 1996 2 ordinary shares with an aggregate nominal value of £2 were issued to incorporate the company. On 1 July 1997 a further 760,000 ordinary shares of £1 each were issued at par to increase the capital base of the company.