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SCHMITT EUROPE LIMITED
REGISTERED NUMBER 3202316
ABBREVIATED ACCOUNTS
31 MAY 1999



SCHMITT EUROPE LIMITED

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AUDITORS' REPORT TO SCHMITT EUROPE LIMITED UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the accounts of the company for the year ended 31 May 1999 prepared under section 226 of the Companies Act 1985 (the full accounts).

Respective responsibilities of directors and 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 have been properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the full 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 full accounts.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts on pages 3 to 5 are properly prepared in accordance with those provisions.

BDO Stoy Hayward

BDO STOY HAYWARD

Chartered Accountants
Registered Auditors

WALSALL

14 July 1999

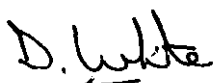
SCHMITT EUROPE LIMITED

ABBREVIATED BALANCE SHEET
31 May 1999

	Notes	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	2		34,169		39,659
CURRENT ASSETS					
Stocks		86,629		127,169	
Debtors		202,281		152,969	
Cash at bank and in hand		55,968		76,677	
		<u>344,878</u>		<u>356,815</u>	
CREDITORS - amounts falling due within one year		(392,600)		(433,644)	
NET CURRENT LIABILITIES			<u>(47,722)</u>		<u>(76,829)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>(13,553)</u>		<u>(37,170)</u>
CAPITAL AND RESERVES					
Called up share capital	3		2		2
Profit and loss account			(13,555)		(37,172)
EQUITY SHAREHOLDERS' FUNDS			<u>(13,553)</u>		<u>(37,170)</u>

The abbreviated accounts have been prepared in accordance with the special provisions of part VII to the Companies Act 1985 relating to small companies.

Approved by the board on 13 July 1999
and signed on its behalf by:



D WHITE
Director

SCHMITT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

Year ended 31 May 1999

1. ACCOUNTING POLICIES

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost convention.

Going concern

The accounts have been prepared on the going concern basis as assurances have been received from the company's parent undertaking, Schmitt Industries Inc., that it will continue to provide financial support.

Depreciation of tangible fixed assets

Depreciation of tangible fixed assets is provided on the straight line basis over their estimated useful lives.

Fixtures and fittings - 33% per annum

Motor vehicles - 33% per annum

Leasehold improvements - 10% per annum

Stocks

Stocks are valued at the lower of cost and net realisable value with due allowance for any obsolete or slow moving items.

Deferred taxation

Deferred taxation is calculated by the liability method and provision is made to the extent that it is probable a liability will crystallise.

Foreign currency translations

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated at an average rate during the period. All exchange differences are included in operating result for the year.

Operating leases

Operating lease payments are charged to the profit and loss account in the period in which they are incurred.

Pension costs

The contributions payable to the money purchase pension scheme are charged against the profit and loss account in the year in which they arise.

2. TANGIBLE FIXED ASSETS

	£
Cost	
At 31 May 1998	62,347
Additions	24,294
Disposals	(16,090)
At 31 May 1999	70,551
Depreciation	
At 31 May 1998	22,688
Charge for the year	24,867
Disposals	(11,173)
At 31 May 1999	36,382
Net book value	
At 31 May 1999	34,169
At 31 May 1998	39,659

SCHMITT EUROPE LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

Year ended 31 May 1999

3. SHARE CAPITAL	1999 £	1998 £
Authorised Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted and fully paid Ordinary shares of £1 each	<u>2</u>	<u>2</u>

4. DIRECTORS' INTERESTS IN TRANSACTIONS

During the year Oceanhurst Developments Limited, a company in which W A Case has an interest, charged Schmitt Europe Limited rent of £20,500 (1998 - £20,500), all of which was paid in the year.