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Touche**

Deloitte Touche
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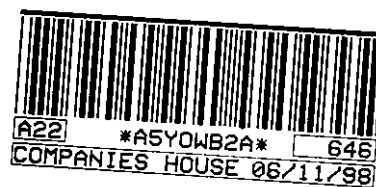
Company Registration No. 1920664

**VACUUM FURNACE ENGINEERING
LIMITED**

Abbreviated accounts

31 August 1998

**Deloitte & Touche
Colmore Gate
2 Colmore Row
Birmingham
B3 2BN**





AUDITORS' REPORT TO VACUUM FURNACE ENGINEERING LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5 together with the financial statements of Vacuum Furnace Engineering Limited prepared under section 226 of the Companies Act 1985 for the year ended 31 August 1998.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with sections 246(5) and (6) of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts prepared in accordance with those sections and whether the abbreviated accounts 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 considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled under sections 247 and 247A of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, in respect of the year ended 31 August 1998, and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with those provisions.

Chartered Accountants and
Registered Auditors

5 November 1998

BALANCE SHEET
31 August 1998

	Note	1998 £	1997 £
FIXED ASSETS			
Tangible assets	2	46,177	49,666
CURRENT ASSETS			
Stocks		116,741	75,187
Debtors	3	918,360	649,594
Cash at bank and in hand		208,533	293,472
		1,243,634	1,018,253
CREDITORS: amounts falling due within one year	4	837,741	831,895
NET CURRENT ASSETS		405,893	186,358
TOTAL ASSETS LESS CURRENT LIABILITIES		452,070	236,024
CREDITORS: amounts falling due after more than one year	5	-	(9,910)
		452,070	226,114
CAPITAL AND RESERVES			
Called up share capital	6	450	450
Capital redemption reserve		150	150
Profit and loss account		451,470	225,514
TOTAL EQUITY SHAREHOLDERS' FUNDS		452,070	226,114

These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985 with respect to the delivery of individual accounts.

Signed on behalf of the Board of Directors

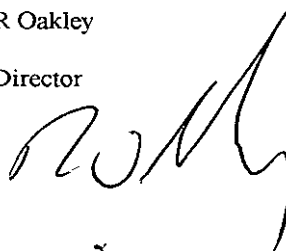
K Potter



Director

R Oakley

Director



NOTES TO THE BALANCE SHEET
31 August 1998

1 ACCOUNTING POLICIES

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

Plant and machinery	20% per annum
Fixtures and fittings	20% per annum
Motor vehicles	25% per annum
Office refurbishment	20% per annum

Stocks

Stock is valued at the lower of cost and net realisable value.

Progress payments received and receivable have been deducted from the gross value of stock and work in progress. Where such progress payments are in excess of the gross value of the contract, this excess is transferred to payments on account in creditors.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Operating lease rentals are charged to the profit and loss account as they accrue.

Pension costs

The company operates a defined contribution pension scheme for certain directors. Contributions are charged to the profit and loss account as they are incurred.

NOTES TO THE BALANCE SHEET
31 August 1998

2 TANGIBLE FIXED ASSETS

	£
Cost	
At 1 September 1997	158,879
Additions in year	19,031
	<hr/>
At 31 August 1998	177,910
	<hr/>
Accumulated depreciation	
At 1 September 1997	109,213
Charge in year	22,520
	<hr/>
At 31 August 1998	131,733
	<hr/>
Net book value	
At 31 August 1998	46,177
	<hr/> <hr/>

3 DEBTORS

Other debtors includes advance corporation tax due after more than one year of nil (1997 - £22,500).

4 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Creditors, amounts falling due within one year includes:		
Bank overdraft	18,753	87,227
	<hr/>	<hr/>

The bank overdraft is secured by a fixed and floating charge on the company's assets.

NOTES TO THE BALANCE SHEET
31 August 1998

5 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	1998 £	1997 £
Creditors, amounts falling due after more than one year include:		
Bank loan	-	9,910
	<u> </u>	<u> </u>

6 CALLED UP SHARE CAPITAL

	1998 £	1997 £
Authorised		
1,000 ordinary shares of £1.00 each	1,000	1,000
	<u> </u>	<u> </u>
Called up, allotted and fully paid		
450 ordinary shares of £1.00 each	450	450
	<u> </u>	<u> </u>