

**Deloitte &
Touche**

Deloitte Touche
Tohmatsu
International



Company Registration No. 1920664

**VACUUM FURNACE ENGINEERING
LIMITED**

Abbreviated accounts

31 August 1997

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





Chartered Accountants

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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 1997.

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 1997, and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with those provisions.

Chartered Accountants and
Registered Auditors

5 December 1997



BALANCE SHEET
31 August 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	2	49,666	57,231
CURRENT ASSETS			
Stocks		75,187	158,433
Debtors	3	649,594	387,695
Cash at bank and in hand		293,472	394,066
		1,018,253	940,194
CREDITORS: amounts falling due within one year		831,895	609,384
NET CURRENT ASSETS		186,358	330,810
TOTAL ASSETS LESS CURRENT LIABILITIES		236,024	388,041
CREDITORS: amounts falling due after more than one year		(9,910)	-
		226,114	388,041
CAPITAL AND RESERVES			
Called up share capital	5	450	600
Capital redemption reserve		150	-
Profit and loss account		225,514	387,441
TOTAL EQUITY SHAREHOLDERS' FUNDS		226,114	388,041

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.

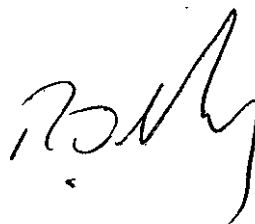
Signed on behalf of the Board of Directors

K Potter



Director

R Oakley



Director



NOTES TO THE BALANCE SHEET
31 August 1997

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

Assets obtained under finance leases and hire purchase contracts are capitalised at their fair value on acquisition and depreciated over their estimated useful lives. The finance charges are allocated over the period of the lease rentals in proportion to the capital element outstanding.

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 1997**

2 TANGIBLE FIXED ASSETS

	£
Cost	
At 1 September 1996	157,405
Additions in year	13,184
Disposals in year	(11,710)
	<hr/> 158,879 <hr/>
At 31 August 1997	
Accumulated depreciation	
At 1 September 1996	100,174
Charge in year	20,748
Disposals in year	(11,709)
	<hr/> 109,213 <hr/>
At 31 August 1997	
Net book value	
At 31 August 1997	<hr/> 49,666 <hr/>

3 DEBTORS

Other debtors includes advance corporation tax due after more than one year of £22,500 (1996 - £18,750).

4 BORROWINGS

	1997 £	1996 £
Analysis of loan repayments:		
Bank loan and overdraft		
Within one year or on demand	87,227	12,476
Between one and two years	9,910	-
	<hr/> 97,137 <hr/>	<hr/> 12,476 <hr/>

Bank borrowings are secured by a fixed and floating charge on the company's assets.
The bank loan bears interest at 3% above the bank's base rate and is repayable by monthly instalments.



NOTES TO THE BALANCE SHEET
31 August 1997

5 CALLED UP SHARE CAPITAL

	1997 £	1996 £
Authorised		
1,000 ordinary shares of £1.00 each	1,000	1,000
Called up, allotted and fully paid		
450 ordinary shares of £1.00 each (1996 - 600)	450	600
Purchase of own shares		
Balance at 1 September 1996	600	
Purchase of own shares	(150)	
Balance at 31 August 1997	450	

6 FINANCIAL RECONSTRUCTION

The company's capital was reconstructed during the year. Under the provision of the Companies Act 1985 the company purchased 150 of its own shares for a consideration of £190,000 out of distributable profits.