Company Registration No. 859061 (England and Wales)

CONCEPT ENGINEERING LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 MARCH 2003

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CONCEPT ENGINEERING LIMITED

COMPANY INFORMATION

Directors	M. G. Hope T. A. Dunnington
Secretary	M. G. Hope
Company number	859061
Registered office	Ringley Park House 59 Reigate Road Reigate, Surrey RH2 0QJ
Auditors	Rushton Osborne & Co Ringley Park House 59 Reigate Road Reigate, Surrey RH2 0QJ
Business address	7 Woodlands Business Park, Maidenhead, Berkshire SL6 3UA

CONCEPT ENGINEERING LIMITED

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CONCEPT ENGINEERING LIMITED

DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2003

The directors present their report and financial statements for the year ended 31 March 2003.

Principal activities
The principal activity of the company continued to be that of the manufacture and sale of special props and smoke machines.

Directors
The following directors have held office since 1 April 2002:

M. G. Hope
T. A. Dunnington

Directors' interests
The directors' interests in the shares of the company were as stated below:

	Ordinary shares of £ 1 each	
	31 March 2003	**1 April 2002**
M. G. Hope	37,500	37,500
T. A. Dunnington	12,500	12,500

Auditors
In accordance with section 385 of the Companies Act 1985, a resolution proposing that Rushton Osborne & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

Directors' responsibilities
Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing those financial statements, the directors are required to:
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board

21-12-2003

CONCEPT ENGINEERING LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CONCEPT ENGINEERING LIMITED

We have audited the financial statements of Concept Engineering Limited on pages 3 to 10 for the year ended 31 March 2003. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.
This report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of the directors and auditors

As described in the statement of directors' responsibilities on page 1 the company's directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2003 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rushton Osborne & Co

22-12-2003

Rushton Osborne & Co

Chartered Accountants
Registered Auditor

Ringley Park House
59 Reigate Road
Reigate, Surrey
RH2 0QJ

CONCEPT ENGINEERING LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003

	Notes	2003 £	2002 £
Turnover		793,629	646,815
Cost of sales		(452,452)	(332,189)
Gross profit		341,177	314,626
Distribution costs		(39,965)	(38,015)
Administrative expenses		(279,895)	(272,377)
Operating profit	2	21,317	4,234
Other interest receivable and similar income		-	49
Interest payable and similar charges	3	(5,639)	(7,528)
Profit/(loss) on ordinary activities before taxation		15,678	(3,245)
Tax on profit/(loss) on ordinary activities	4	(1,400)	-
Profit/(loss) on ordinary activities after taxation	12	14,278	(3,245)

The profit and loss account has been prepared on the basis that all operations are continuing operations.

There are no recognised gains and losses other than those passing through the profit and loss account.

CONCEPT ENGINEERING LIMITED

BALANCE SHEET
AS AT 31 MARCH 2003

	Notes	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Tangible assets	5		255,068		270,263
Investments	6		30,183		30,183
			285,251		300,446
Current assets					
Stocks		15,675		15,000	
Debtors	7	176,054		227,789	
Cash at bank and in hand		45,455		30,939	
		237,184		273,728	
Creditors: amounts falling due within one year	8	(125,045)		(157,689)	
Net current assets			112,139		116,039
Total assets less current liabilities			397,390		416,485
Creditors: amounts falling due after more than one year	9		(65,286)		(98,659)
			332,104		317,826
Capital and reserves					
Called up share capital	11		50,000		50,000
Profit and loss account	12		282,104		267,826
Shareholders' funds - equity interests	13		332,104		317,826

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 22-12-2003

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T. A. Dunnington

Director

CONCEPT ENGINEERING LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention.

1.2 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Land and buildings Freehold	Straight line over 50 years
Plant and machinery	15% Straight line
Fixtures, fittings & equipment	20& - 33.33% Straight line
Motor vehicles	25% straight line

1.4 Leasing and hire purchase commitments

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

1.5 Investments

Fixed asset investments are stated at cost less provision for diminution in value.

1.6 Stock and work in progress

Work in progress is valued at the lower of cost and net realisable value.

1.7 Pensions

The company operates a money purchase pension scheme. Contributions for the year are charged to the profit and loss account.

1.8 *Deferred taxation*

Deferred taxation is provided at appropriate rates on all timing differences using the liability method only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the foreseeable future.

2 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Depreciation of tangible assets	19,445	18,392
Auditors' remuneration	1,965	865
Directors' emoluments	49,625	50,385

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

3 Interest payable	2003 £	2002 £
Included in interest payable is the following amount:		
Hire purchase interest	803	720

4 Taxation	2003 £	2002 £
Domestic current year tax		
U.K. corporation tax	1,400	-
Current tax charge	1,400	-
Factors affecting the tax charge for the year		
Profit/(loss) on ordinary activities before taxation	15,678	(3,245)
Profit/(loss) on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 19.00% (2002 : 20.00%)	2,979	(649)
Effects of:		
Non deductible expenses	989	908
Depreciation add back	3,695	3,678
Capital allowances	(3,755)	(4,928)
Adjustments to previous periods	(941)	-
Other tax adjustments	(1,567)	991
	(1,579)	649
Current tax charge	1,400	-

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

5 Tangible fixed assets

	Land and buildings	Plant and machinery etc	Total
	£	£	£
Cost			
At 1 April 2002	311,032	93,444	404,476
Additions	-	4,250	4,250
At 31 March 2003	311,032	97,694	408,726
Depreciation			
At 1 April 2002	68,343	65,870	134,213
Charge for the year	6,220	13,225	19,445
At 31 March 2003	74,563	79,095	153,658
Net book value			
At 31 March 2003	236,469	18,599	255,068
At 31 March 2002	242,689	27,574	270,263

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery	Motor vehicles	Total
	£	£	£
Net book values			
At 31 March 2003	3,615	8,935	12,550
At 31 March 2002	-	16,415	16,415
Depreciation charge for the year			
31 March 2003	635	7,480	8,115
31 March 2002	-	7,480	7,480

6 Fixed asset investments

	Unlisted investments
	£
Cost	
At 1 April 2002 & at 31 March 2003	30,183

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

7 Debtors	2003	2002
	£	£
Trade debtors	131,105	164,831
Other debtors	44,949	62,958
	176,054	227,789

8 Creditors: amounts falling due within one year	2003	2002
	£	£
Bank loans and overdrafts	35,562	30,724
Net obligations under hire purchase contracts	2,150	5,333
Trade creditors	61,198	88,995
Taxation and social security	7,659	12,296
Other creditors	18,476	20,341
	125,045	157,689

The Company's borrowings represent a commercial mortgage on its freehold property which is secured against the property in a first legal charge dated 31st October 1989.

9 Creditors: amounts falling due after more than one year	2003 £	2002 £
Bank loans	14,075	49,326
Net obligations under hire purchase contracts	3,223	1,345
Loan account IES Projects Ltd	47,988	47,988
	65,286	98,659
Analysis of loans		
Wholly repayable within five years	49,637	80,050
Included in current liabilities	(35,562)	(30,724)
	14,075	49,326
Loan maturity analysis		
In more than one year but not more than two years	35,562	61,447
In more than two years but not more than five years	14,075	18,603
In more than five years	47,988	47,988
Net obligations under hire purchase contracts		
Repayable within one year	2,605	6,053
Repayable between one and five years	3,858	1,525
	6,463	7,578
Finance charges and interest allocated to future accounting periods	(1,090)	(900)
	5,373	6,678
Included in liabilities falling due within one year	(2,150)	(5,333)
	3,223	1,345

10 Pension costs

Defined contribution

	2003 £	2002 £
Contributions payable by the company for the year	4,202	7,631

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003

11 Share capital	2003 £	2002 £
Authorised		
500,000 Ordinary shares of £ 1 each	500,000	500,000
Allotted, called up and fully paid		
50,000 Ordinary shares of £ 1 each	50,000	50,000

12 Statement of movements on profit and loss account

	Profit and loss account £
Balance at 1 April 2002	267,826
Retained profit for the year	14,278
Balance at 31 March 2003	282,104

13 Reconciliation of movements in shareholders' funds	2003 £	2002 £
Profit/(Loss) for the financial year	14,278	(3,245)
Opening shareholders' funds	317,826	321,071
Closing shareholders' funds	332,104	317,826