

R.E. CROSS AND COMPANY LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST DECEMBER, 1995

The Directors present their Annual Report and the Audited Accounts for the year ended 31st December, 1995.

PRINCIPAL ACTIVITIES

The Company's principal activity throughout the year was that of engineers. There were no significant changes in activities during the year.

RESULTS AND DIVIDENDS

The trading results are shown in the Profit and Loss Account. The Directors do not recommend the payment of a dividend.

DIRECTORS AND THEIR INTERESTS

The Directors who served during the year and their interests in the ordinary share capital of the Company were:

	1995	1994
R.E. Cross	999	999
N. Cross	1	1
M. Doolan	-	-
F.D. Fullbrook	-	-
	-----	-----
	1,000	1,000
	=====	=====

RESPONSIBILITIES OF THE DIRECTORS

It is the responsibility of the Directors to prepare financial statements for each year which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of the profit and loss for that period. The Directors are responsible for ensuring that applicable accounting standards have been followed, and that suitable accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates, have been used in the preparation of the financial statements. The Directors are also responsible for maintaining adequate accounting records, for safeguarding the assets of the Company, and for preventing and detecting fraud and other irregularities.

AUDITORS

The Auditors, Rothman Pantall & Co, have expressed their willingness to continue in office. A resolution proposing their reappointment and authorising the Directors to fix their remuneration will be proposed at the Annual General Meeting.

EXEMPTIONS FOR SMALL COMPANIES

Advantage has been taken, in the preparation of this Report, of special exemptions applicable to small companies.

APPROVED BY THE BOARD
OF DIRECTORS ON

SIGNED ON BEHALF OF
THE BOARD OF DIRECTORS

21st October, 1996
.....
Date


.....
R.E. CROSS

The Company is registered as a company in England and Wales - Number: 674597



THE AUDITORS' REPORT TO THE MEMBERS OF

R.E. CROSS AND COMPANY LIMITED

We have audited the financial statements on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Company's Directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION


We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on test basis, of evidence relevant to the amounts and disclosure 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 affairs of the Company at 31st December, 1995 and of the profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

ROTHMAN PANTALL & CO.
Chartered Accountants &
Registered Auditors,
Avebury House,
St. Peter Street,
Winchester,
Hants.
SO23 8BN


22-12-95

R.E. CROSS AND COMPANY LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1995

	NOTES	1995	1994
TURNOVER CONTINUING OPERATIONS	1	1,139,663	954,115
COST OF SALES		748,546	601,748
		-----	-----
GROSS PROFIT		391,117	352,367
ADMINISTRATION EXPENSES		361,261	332,686
INTEREST PAYABLE AND SIMILAR CHARGES	2	20,060	11,905
		-----	-----
		381,321	344,591
		-----	-----
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION CONTINUING OPERATIONS	3	9,796	7,776
TAXATION			
Corporation Tax	4	3,779	6,942
Deferred Tax	10	(196)	(3,800)
		-----	-----
		3,583	3,142
		-----	-----
PROFIT AFTER TAXATION FOR THE YEAR		£ 6,213	£ 4,634
		=====	=====

Movement in reserves are shown in Note 13. There are no recognised gains or losses in the year to 31st December, 1995 other than the profit attributable to shareholders of the Company of £6,213 (1994 profit of £4,634).

R.E. CROSS AND COMPANY LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER, 1995

	NOTES		1995	1994
FIXED ASSETS	5		478,400	395,537
CURRENT ASSETS				
Stock & Work in Progress	1	144,310		109,352
Debtors	6	256,963		210,371
Cash		189		46
		-----		-----
		401,462		319,769
CURRENT LIABILITIES				
Creditors due within one year	7	482,514		399,937
		-----		-----
NET CURRENT ASSETS/(LIABILITIES)			(81,052)	(80,168)
			-----	-----
			397,348	315,369
CREDITORS				
Amounts due after more than one year	8	88,418		12,456
PROVISIONS	10	75,604		75,800
		-----		-----
			164,022	88,256
			-----	-----
			£ 233,326	£ 227,113
			=====	=====
CAPITAL AND RESERVES				
Paid up Share Capital	11		1,000	1,000
Profit and Loss Account			232,326	226,113
			-----	-----
SHAREHOLDERS FUND	13		£ 233,326	£ 227,113
			=====	=====

Advantage has been taken in the preparation of the Accounts, of special exemptions applicable to small companies. In the directors opinion the Company is entitled to those exemptions as it qualifies as a small company within the definition of the Companies Act 1985.

21st October, 1996

Approved by the Board of Directors on

SIGNED ON BEHALF OF THE BOARD


.....
R.E. CROSS

R.E. CROSS AND COMPANY LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1995

1. **ACCOUNTING POLICIES**

A. **ACCOUNTING CONVENTION**

The Accounts are prepared under the historical cost convention and in accordance with applicable accounting standards in the United Kingdom.

B. **DEPRECIATION**

Depreciation is provided on all tangible assets, at rates calculated to write off the cost, less estimated residual value of each asset over its expected useful life as follows:

Plant and Machinery	10% Reducing Balance
Fixtures and Fittings	10% Reducing Balance
Motor Vehicles	25% Reducing Balance

C. **TURNOVER**

Turnover represents the invoiced amount of services provided, stated net of Value Added Tax. The turnover and pre-tax profit is attributable to the principal activities of the company.

D. **STOCK**

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

E. **DEFERRED TAXATION**

Deferred Taxation has been provided where it is the opinion of the Directors that a liability may crystallise.

F. **CASH FLOW STATEMENTS**

The Company is taking advantage of the exemption offered by the Financial Reporting Standard Number 1 from preparing a cash flow statement on the grounds that it qualifies as a small company.

R.E. CROSS AND COMPANY LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER, 1995

2.	INTEREST PAYABLE AND SIMILAR CHARGES	1995	1994
	Bank Loans and Overdrafts	12,743	8,210
	Interest payable under Hire Purchase Agreements	7,317	3,695
		-----	-----
		£ 20,060	£ 11,905
		=====	=====

3.	OPERATING PROFIT	1995	1994
	The operating profit is stated after charging:		
	Directors Remuneration	82,760	65,260
	Audit & Accountancy	7,220	4,970
	Depreciation	57,502	45,946
	Profit on Sale of Motor Vehicle	(14)	-
		=====	=====

4.	TAXATION	1995	1994
	Corporation Tax has been provided at the Small Companies rate of 25% on the taxable profits as follows:		
	Corporation Tax for current year	3,779	6,942
	Overprovision in previous years	-	-
		-----	-----
		£ 3,779	£ 6,942
		=====	=====

5.	FIXED ASSETS				
		PLANT AND MACHINERY	FIXTURES AND FITTINGS	MOTOR VEHICLES	TOTAL
	COST				
	As at 1st January, 1995	1,162,458	5,828	38,185	1,206,471
	Additions	123,251	-	19,100	142,351
	Disposals	-	-	(13,650)	(13,650)
		-----	-----	-----	-----
	As at 31st December, 1995	1,285,709	5,828	43,635	1,335,172
		=====	=====	=====	=====
	DEPRECIATION				
	As at 1st January, 1995	778,448	3,269	29,217	810,934
	Charge for year	50,726	256	6,520	57,502
	Disposals	-	-	(11,664)	(11,664)
		-----	-----	-----	-----
	As at 31st December, 1995	829,174	3,525	24,073	856,772
		=====	=====	=====	=====
	NET BOOK VALUE				
	As at 31st December, 1995	£ 456,535	£2,303	£19,562	£ 478,400
		=====	=====	=====	=====
	As at 1st January, 1995	£ 384,010	£2,559	£ 8,968	£ 395,537
		=====	=====	=====	=====

The net book value of Fixed Assets includes an amount of £217,390 in respect of assets held under hire purchase agreements (1994 £91,766).

R.E. CROSS AND COMPANY LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER, 1995

6.	DEBTORS	1995	1994
	Trade Debtors	256,409	200,495
	Prepayments	554	9,876
		-----	-----
		£ 256,963	£ 210,371
		=====	=====
7.	CREDITORS	1995	1994
	Amounts falling due within one year:		
	Bank Overdrafts	225,688	115,359
	Trade Creditors	66,447	100,827
	Corporation Tax	10,721	6,942
	Other Creditors and Accruals	48,831	51,667
	P.A.Y.E. and V.A.T.	41,170	61,119
	Directors' Loan Accounts	49,605	42,156
	Hire Purchase Commitments	40,052	21,867
		-----	-----
		£ 482,514	£ 399,937
		=====	=====
8.	CREDITORS	1995	1994
	Amounts falling due after more than one year:		
	Hire Purchase Commitments	£ 88,418	£ 12,456
		=====	=====
9.	OBLIGATIONS UNDER HIRE PURCHASE AGREEMENTS	1995	1994
	Amounts payable:		
	Within one year	48,883	25,508
	In the second to fifth years inclusive	111,350	14,485
	Over five years	-	-
		-----	-----
		160,233	39,993
	Less: Finance Charges allocated to future periods	31,763	5,670
		-----	-----
		£ 128,470	£ 34,323
		=====	=====
	Hire Purchase Agreements are analysed as follows:		
	Current Obligations	40,052	21,867
	Non-Current Obligations	88,418	12,456
		-----	-----
		£ 128,470	£ 34,323
		=====	=====
10.	PROVISIONS AND LIABILITIES	1995	1994
	Deferred Tax Brought Forward	75,800	79,600
	Transfer (to)/from Profit and Loss Account	(196)	(3,800)
		-----	-----
		£ 75,604	£ 75,800
		=====	=====

The adjustment is calculated at 25% of the difference between written down book value of Fixed Assets and written down value for taxation purposes.

R.E. CROSS AND COMPANY LIMITED

NOTES TO THE ACCOUNTS (CONTINUED)

FOR THE YEAR ENDED 31ST DECEMBER, 1995

11. **SHARE CAPITAL**

Authorised: 1,000 £1 Ordinary Shares

Issued and Fully Paid: 1,000 £1 Ordinary Shares

12. **OTHER FINANCIAL COMMITMENTS**

At 31st December, 1995 the Company had annual commitments under non-cancellable operating leases as set out below:

	1995		1994	
	LAND & BUILDINGS	OTHER	LAND & BUILDINGS	OTHER
Operating Leases which expire:				
Within one year	-	-	-	-
In the second to fifth years inclusive	-	-	-	-
In over five years	37,950	-	37,950	-
	-----	-----	-----	-----
	£ 37,950	£ -	£ 37,950	-
	=====	=====	=====	=====

13. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUND**

Profit for the financial year representing a

Net increase to Shareholders Funds	6,213
Opening Shareholders Funds	227,113

Closing Shareholders Funds	£ 233,326
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