

PUMP SERVICE & ENGINEERING LIMITED

DIRECTORS : Mr. J.S. Hutton
Mrs. K. Hutton

SECRETARY : Mrs. K. Hutton

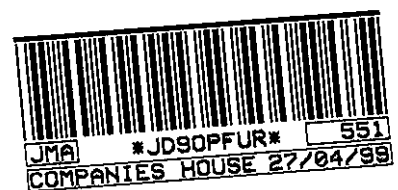
REGISTERED OFFICE : Unit 16,
Charlestown Industrial Estate,
Robinson Street,
Ashton-under-Lyne,
Lancashire.
OL6 8NS.

REGISTERED NUMBER : 00763001 - England and Wales

ANNUAL REPORT AND ACCOUNTS - 31ST AUGUST 1998

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| 1. | Report of the Directors |
| | Accounts, comprising - |
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| 3. & 3a. | Balance Sheet |
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PUMP SERVICE & ENGINEERING LIMITED

DIRECTORS' REPORT

The directors submit their report and the company accounts for the year ended 31st August 1998.

Principle activity

The principle activity of the company is the sale, repair and servicing of pumps.

Business review and going concern

The directors are pleased to report an increase in profit as compared with the previous year. In the opinion of the directors, the company is a going concern at 31st August 1998.

Dividend

The directors do not recommend the payment of a dividend in respect of the year ended 31st August 1998.

Directors and their interests

The directors and their shareholdings were:-

	<u>Number of Shares</u>	
	<u>At 31st August 1998</u>	<u>At 31st August 1997</u>
J.S. Hutton	999	999
K. Hutton	1	1

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view. In preparing those financial statements, the directors are required to:

select suitable accounting policies and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;

prepare the financial statements on the going concern basis unless it is not appropriate to presume that the company will continue in business.

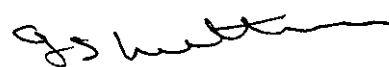
The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of a fraud and other irregularities.

BY ORDER OF THE BOARD,

J.S. HUTTON,

Chairman.

1st March 1999



PUMP SERVICE & ENGINEERING LIMITED

PROFIT & LOSS ACCOUNT

YEAR ENDED 31ST AUGUST 1998

	<u>Notes</u>	£	1997 £
TURNOVER			
Continuing operations		307,913	<u>315,364</u>
Change in stocks of finished goods	104		(7,238)
Raw materials & consumables		<u>178,601</u>	<u>193,011</u>
		178,705	185,773
GROSS PROFIT		129,208	<u>129,591</u>
Staff Costs	7	60,892	71,602
Other external charges		46,476	51,367
Depreciation		7,035	4,549
Surplus/(Deficit) on sale of motor vehicles		<u>-</u>	<u>(1,020)</u>
OTHER OPERATING COSTS		114,403	<u>126,498</u>
OPERATING PROFIT			
Continuing operations		14,805	3,093
Interest payable	8	<u>(5,238)</u>	<u>(6,384)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	9	9,567	(3,291)
Taxation		-	-
PROFIT/(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		9,567	(3,291)
Accumulated losses brought forward		<u>(41,028)</u>	<u>(37,737)</u>
ACCUMULATED LOSSES CARRIED FORWARD		<u>£(31,461)</u>	<u>£(41,028)</u>

The Notes on pages 4 to 6 form part of these accounts.

PUMP SERVICE & ENGINEERING LIMITED


BALANCE SHEET AS AT 31ST AUGUST 1998

	<u>Notes</u>	£	1997 £
<u>FIXED ASSETS</u>			
Tangible Assets	2	21,030	<u>28,065</u>
<u>CURRENT ASSETS</u>			
Stocks	3	26,124	26,228
Debtors	4	<u>61,554</u>	<u>41,456</u>
		87,678	67,684
CREDITORS: amounts falling due within one year	5	<u>(89,964)</u>	<u>(90,486)</u>
NET CURRENT ASSETS		(2,286)	(22,802)
TOTAL ASSETS LESS CURRENT LIABILITIES		18,744	5,263
CREDITORS: amounts falling due after more than one year	5	<u>(49,205)</u>	<u>(45,291)</u>
NET ASSETS		<u>£(30,461)</u>	<u>£(40,028)</u>
<u>CAPITAL AND RESERVES</u>			
Called-up Share Capital		1,000	1,000
Profit & Loss Account		<u>(31,461)</u>	<u>(41,028)</u>
		<u>£(30,461)</u>	<u>£(40,028)</u>

AUDIT EXEMPTION

Refer to Page 3a. for statement by the directors in accordance with The Companies Act 1985 (Audit Exemption) Regulations 1994.

The accounts were approved by the Board of Directors on 1st March 1999.



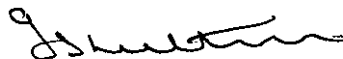
J.S. HUTTON
Director

PUMP SERVICE & ENGINEERING LIMITED

STATEMENT BY THE DIRECTORS IN ACCORDANCE WITH
THE COMPANIES ACT 1985 (AUDIT EXEMPTION)
REGULATIONS 1994

The directors state:

- (a) for the year in question the company was entitled to the exemption conferred by subsection (1) of section 249A.
- (b) no notice has been deposited under subsection (2) of section 249B in relation to its accounts for the financial year.
- (c) that the directors acknowledge their responsibilities for -
 - (i) ensuring that the company keeps accounting records which comply with section 221 of the Companies Act 1985, and
 - (ii) preparing accounts 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 its profit or loss for the financial year in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Act relating to accounts, so far as applicable to the company.



J.S. HUTTON
Director

1st March 1999

PUMP SERVICE & ENGINEERING LIMITED

NOTES TO THE ACCOUNTS

31ST AUGUST 1998

1. ACCOUNTING POLICIES

The accounting policies followed in dealing with the items considered material in relation to the company's accounts are:

Basis of accounting

The accounts have been prepared under the historical cost convention.

Depreciation

Fixed Assets are shown at cost less accumulated depreciation. Depreciation has been calculated to write off the cost over their estimated lives at the following rates, using the reducing balance method.

Motor Vehicles	-	25%
Plant & Machinery	-	20%
Office Equipment	-	20%

Stocks

Stocks are valued at the lower of cost or net realisable value.

2. TANGIBLE FIXED ASSETS

	Plant, Equipment & Vehicles £
COST -	
At 1st September 1997	32,688
Additions	-
COST at 31st August 1998	<u>£32,688</u>
DEPRECIATION -	
At 1st September 1997	4,623
Charge for year	7,035
ACCUMULATED DEPRECIATION at 31st August 1998	<u>£11,658</u>
NET BOOK VALUE AT 31ST AUGUST 1998	<u>£21,030</u>
NET BOOK VALUE AT 31ST AUGUST 1997	<u>£28,065</u>

3. STOCKS

Work-in-Progress
Finished Goods

500	500
25,624	25,728
<u>£26,124</u>	<u>£26,228</u>

4. DEBTORS

Trade Debtors

<u>£61,554</u>	<u>£41,456</u>
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Contd.

PUMP SERVICE & ENGINEERING LIMITED

NOTES TO THE ACCOUNTS (Continued)

31ST AUGUST 1998

	£	1997 £
5. CREDITORS		
Amounts falling due within one year:		
Bank overdraft	5,166	5,646
Trade Creditors	72,463	52,077
Amount due on hire purchase	9,835	9,835
Social Security and other taxes	-	3,089
Interest	-	17,339
Accruals	2,500	2,500
	<u>£89,964</u>	<u>£90,486</u>
Amounts falling due after more than one year:		
Directors Loan Account	16,667	-
Amount due on hire purchase	11,509	18,666
Pension Fund Loans	21,029	26,625
	<u>£49,205</u>	<u>£45,291</u>
6. CALLED-UP SHARE CAPITAL		
<u>Authorised</u>		
1,000 Ordinary Shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
<u>Issued & Fully Paid</u>		
1,000 Ordinary Shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
7. STAFF COSTS		
Wages & Salaries	53,332	65,562
Social Security Costs	4,360	6,040
Pension Fund Contributions	3,200	-
	<u>£60,892</u>	<u>£71,602</u>
The average weekly number of persons employed by the company during the year was as follows:		
Office & Management	<u>2</u>	<u>2</u>
Production & Sales	<u>3</u>	<u>2</u>
8. INTEREST PAYABLE		
On loans repayable within five years:		
Pension Fund Loan Interest	690	2,190
Bank Interest	430	275
Hire Purchase Interest	<u>2,678</u>	<u>2,479</u>
	3,798	4,944
On loans repayable in more than five years:		
Pension Fund Loan Interest	<u>1,440</u>	<u>1,440</u>
	<u>£5,238</u>	<u>£6,384</u>

PUMP SERVICE & ENGINEERING LIMITED

NOTES TO THE ACCOUNTS (Continued)

31ST AUGUST 1998

9. PROFIT ON ORDINARY ACTIVITIES

The profit is stated after charging:

Directors' Remuneration:

Salaries

Pension Fund Contributions

£	1997 £
17,400	31,200
3,200	-
<u>£20,600</u>	<u>£31,200</u>

10. CAPITAL COMMITMENTS

At 31st August 1998 the company had no capital commitments. (1997: Nil).

11. STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

Profit for the financial year

9,567 (3,291)

Total recognised gains and losses
for the financial year

£9,567 £(3,291)

12. RECONCILIATION OF MOVEMENT ON SHAREHOLDERS' FUNDS

Profit for the financial year

9,567 (3,291)

Shareholders' Funds at 31st August 1997

(41,028) (37,737)

Shareholders' Funds at 31st August 1998

£(31,461) £(41,028)