

MERCHON LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
30 SEPTEMBER 1997



MERCHON LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 1997

Company registration number: 1234928

Registered office: Unit 3
Adams Business Centre
Henson Way
Telford Way Industrial Estate
KETTERING
Northants
NN15 6XR

Directors: J M Bridges
R A Finlay-Notman

Secretary: R Flanagan

Auditors: Grant Thornton
Registered auditors
Chartered accountants
Grant Thornton House
Kettering Parkway
KETTERING
Northants
NN15 6XR

MERCHON LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 1997

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MERCHON LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with the financial statements for the year ended 30 September 1997.

Principal activities

The company did not trade during the year. There has been no income and expenditure and no change has arisen in the position of the company.

Directors

The present membership of the Board is set out below. Both directors served throughout the year. Mr R Flanagan resigned from the Board on 29 September 1997.

The interests of the directors in the shares of the company as at 30 September 1997 and 1 October 1996, were as follows:

	Ordinary shares	
	30 September 1997	1 October 1996
J M Bridges	-	-
R A Finlay-Notman	-	-

The directors are also directors of the parent undertaking, and their interests in the parent undertaking are disclosed in that company's financial statements.

Directors' responsibilities for the financial statements

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. 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

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

ON BEHALF OF THE BOARD



Mr J M Bridges
Director

7 November 1997

**REPORT OF THE AUDITORS TO THE MEMBERS OF
MERCHON LIMITED**

We have audited the financial statements on pages 3 to 4 which have been prepared under the accounting policies set out on page 4.

Respective responsibilities of the directors and auditors.

As described on page 1 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.

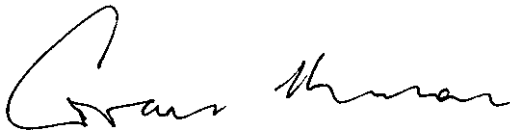
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination of evidence relevant to the amounts and disclosures in the financial statements.

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 30 September 1997 and have been properly prepared in accordance with the Companies Act 1985.



**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS**

KETTERING

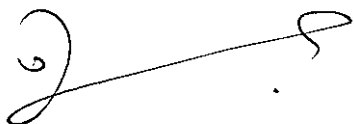
14 NOVEMBER 1997

MERCHON LIMITED**BALANCE SHEET AT 30 SEPTEMBER 1997**

	Note	1997 £	1996 £
Current assets			
Debtors: amounts falling due after more than one year			
Amounts owed by parent undertaking		<u>100,000</u>	<u>100,000</u>
Capital and reserves			
Called up share capital	2	50,000	50,000
Profit and loss account		<u>50,000</u>	<u>50,000</u>
Shareholders' funds		<u>100,000</u>	<u>100,000</u>

The financial statements were approved by the Board of Directors on 7 November 1997

J M Bridges



Director

R A Finlay-Notman



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

MERCHON LIMITED

NOTES TO THE BALANCE SHEET

For the year ended 30 September 1997

1 ACCOUNTING POLICIES

The financial statements have been prepared under the historical cost convention.

2 SHARE CAPITAL

	1997 £	1996 £
Authorised		
90,000 ordinary shares of £1 each	90,000	90,000
10,000 convertible redeemable preference shares of £1 each	10,000	10,000
	<u>100,000</u>	<u>100,000</u>
 Allotted, called up and fully paid		
50,000 ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>

3 ULTIMATE PARENT UNDERTAKING

The ultimate parent undertaking and controlling related party of this company is Dickerman Overseas Contracting Company Limited, which is registered in England.