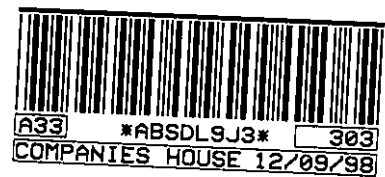


P.C. CREST ENGINEERING LIMITED

REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 MARCH 1998



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DIRECTORS

P.A. Corcoran, Esq.  
Mrs. J.E. Corcoran

SECRETARY

Mrs. J.E. Corcoran

BANKERS

National Westminster Bank PLC

AUDITORS

Levicks,  
Chartered Accountants,  
12 Dover Street,  
Canterbury,  
Kent.  
CT1 3HD

REGISTERED OFFICE

Crest Industrial Estate,  
Pattenden Lane,  
Marden,  
Kent. TN12 9QJ

P.C. CREST ENGINEERING LIMITEDREPORT OF THE DIRECTORS

The Directors have pleasure in submitting to the Members their Report together with the audited Accounts for the year ended 31 March 1998.

ACTIVITIES OF THE COMPANY

The principal activity of the Company during the year continued to be that of providing rented premises and plant and machinery for industrial companies.

DIRECTORS AND THEIR INTERESTS

The Directors of the Company during the year and their shareholdings at the beginning and end of the year were:-

	Ordinary Shares	
	<u>1.4.97</u>	<u>31.3.98</u>
P.A. Corcoran, Esq.	5,000	5,000
Mrs. J.E. Corcoran	5,000	5,000

DIRECTORS RESPONSIBILITY

Company law requires the Directors to prepare Accounts for each financial 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 of the Company for that year. In preparing these Accounts 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 maintaining proper accounting records which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the Accounts comply with the Companies Act. 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.

AUDITORS

Messrs. Levicks have indicated their willingness to continue in office as Auditors and a resolution for their re-appointment will be proposed at the Annual General Meeting in accordance with Section 385 of the Companies Act 1985.

SMALL COMPANY

The Accounts have been prepared in accordance with the special provisions for small companies under part VII of the Companies Act 1985.

BY ORDER OF THE BOARD



Crest Industrial Estate,  
Pattenden Lane,  
Marden,  
Kent. TN12 9QJ

Mrs. J.E. Corcoran  
Secretary

Date: 8.9.98

REPORT OF THE AUDITORSTO THE SHAREHOLDERS OF P.C. CREST ENGINEERING LIMITED

We have audited the Financial Statements on pages 4-11 which have been prepared under the Historical Cost Convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 2, 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 Financial 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 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Levicks*

LEVICKS

Chartered Accountants  
Registered Auditors

*10<sup>th</sup> September 1998*

12 Dover Street,  
Canterbury,  
Kent.  
CT1 3HD

P.C. CREST ENGINEERING LIMITED  
PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 31 MARCH 1998

		<u>1998</u>	<u>1997</u>
	Note	£	£
Turnover	1	284,259	248,724
Cost of Sales		<u>(75,089)</u>	<u>(83,333)</u>
<u>GROSS PROFIT</u>		209,170	165,391
Establishment Expenses		<u>(2,823)</u>	<u>(9,135)</u>
Administrative Expenses		<u>(15,412)</u>	<u>(22,374)</u>
		190,935	133,882
Other Operating Income		<u>12</u>	<u>11</u>
<u>OPERATING PROFIT</u>	2	190,947	133,893
Interest Receivable & Similar Income		3,546	-
Interest Payable & Similar Charges		<u>(9,613)</u>	<u>(20,932)</u>
<u>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</u>		184,880	112,961
Taxation on Profit on Ordinary Activities	4	<u>37,558</u>	<u>14,136</u>
<u>PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION</u>		147,322	98,825
Dividends		<u>50,000</u>	<u>-</u>
<u>RETAINED PROFIT FOR THE FINANCIAL YEAR</u>		97,322	98,825
<u>RETAINED PROFIT BROUGHT FORWARD</u>		<u>401,097</u>	<u>302,272</u>
<u>RETAINED PROFIT CARRIED FORWARD</u>		<u>498,419</u>	<u>401,097</u>

All of the Company's operations are classed as continuing.

The notes on pages 7-11 form an integral part of these accounts.

BALANCE SHEETAS AT 31 MARCH 1998

		<u>1998</u>		<u>1997</u>	
	Note	£	£	£	£
<u>FIXED ASSETS</u>					
Tangible Assets					
- Investment Property	5		1,825,285		1,803,750
- Other	6		<u>393,574</u>		<u>298,459</u>
			2,218,859		2,102,209
<u>CURRENT ASSETS</u>					
Stock	7	-		50	
Debtors	8	46,319		88,610	
Cash at Bank and in Hand		<u>85,421</u>		<u>-</u>	
		131,740		88,660	
<u>CREDITORS</u>					
Amounts falling due within one year	9	<u>446,884</u>		<u>384,476</u>	
<u>NET CURRENT LIABILITIES</u>			(315,144)		(295,816)
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			<u>1,903,715</u>		<u>1,806,393</u>
<u>CAPITAL AND RESERVES</u>					
Called-Up Share Capital	10		10,000		10,000
Revaluation Reserve	11		1,395,296		1,395,296
Profit and Loss Account			<u>498,419</u>		<u>401,097</u>
	12		<u>1,903,715</u>		<u>1,806,393</u>

The notes on pages 7-11 form an integral part of these accounts.

The Accounts have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

Approved by the Board

..... Director  
 8.9.98  
 ..... Date

P.C. CREST ENGINEERING LIMITEDSTATEMENT OF RECOGNISED GAINS AND LOSSESFOR THE YEAR ENDED 31 MARCH 1998

	<u>1998</u>	<u>1997</u>
	£	£
Profit for the financial year after taxation	147,322	98,825
Unrealised surplus on revaluation of property	<u>-</u>	<u>603,750</u>
Total recognised gains relating to the year	<u>147,322</u>	<u>702,575</u>

NOTE OF HISTORICAL COST PROFITS AND LOSSES

The difference between the results as disclosed in the profit and loss account and the result on an unmodified historical cost basis is not material.

P.C. CREST ENGINEERING LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31 MARCH 19981. ACCOUNTING POLICIES(a) Basis of Accounting

The Accounts have been prepared under the Historical Cost Convention.

(b) Turnover

Turnover represents amounts derived from the provision of goods and services falling within the Company's ordinary activities after the deduction of Value Added Tax.

(c) Depreciation

Tangible Fixed Assets are depreciated at rates calculated to write off the cost to residual value over their useful lives. Depreciation has been charged on the written down values of the following owned Assets at the following rates:-

Plant & Machinery	15%
Fixtures & Equipment	15%
Motor Vehicles	25%
Helicopter	5%

(d) Investment Property

Investment Property is valued annually and shown in the accounts at valuation. Net surpluses are credited to revaluation reserves.

(e) Stock

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

(f) Finance Leases and Hire Purchase Contracts

Assets which are held under Finance Leases and Hire Purchase Contracts are shown at the estimated fair value at the date of inception of each contract. The total finance charges are allocated as they accrue.

(g) Deferred Taxation

Provision is made at current rates using the liability method for taxation deferred in respect of all material timing differences, only to the extent that, in the opinion of the Directors, there is reasonable probability that the liability or asset will crystallise in the near future.

2. OPERATING PROFIT

Operating Profit is stated after charging:

	1998 £	1997 £
Depreciation on owned Assets	75,089	83,333
Auditors' Remuneration	<u>3,000</u>	<u>2,150</u>



P.C. CREST ENGINEERING LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31 MARCH 19983. DIRECTORS EMOLUMENTS

There were no Directors Emoluments or benefits in kind.

4. TAXATION

The corporation tax charge on the assessable profit for the year is calculated at 21% (1997 24%).

5. INVESTMENT PROPERTY

	1998 £	1997 £
<u>Cost and Valuation</u>		
Opening Balance	1,803,750	1,200,000
Additions	21,535	-
Surplus on Valuation	-	603,750
Closing Balance	<u>1,825,285</u>	<u>1,803,750</u>

The 1997 valuation was made by S.D. Allen Esq, Chartered Surveyor on an open market value for existing use basis.

No depreciation has been provided on the investment property in accordance with the Statement of Standard Accounting Practice. This represents a departure from the requirements of the Companies Act which the Directors believe is consistent with the provisions to produce accounts which show a true & fair view.

P.C. CREST ENGINEERING LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31 MARCH 19986. TANGIBLE FIXED ASSETS

	<u>Plant &amp; Machinery</u>	<u>Fixtures &amp; Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£
<u>Cost</u>				
Opening Balance	241,065	34,594	240,775	516,434
Additions	107,440	-	191,678	299,118
	348,505	34,594	432,453	815,552
Disposals	15,772	3,264	180,309	199,345
Closing Balance	<u>332,733</u>	<u>31,330</u>	<u>252,144</u>	<u>616,207</u>
<u>Accumulated Depreciation</u>				
Opening Balance	123,098	13,343	81,534	217,975
Provision	20,547	3,101	58,075	81,723
	143,645	16,444	139,609	299,698
On Disposals	12,793	2,588	61,684	77,065
Closing Balance	<u>130,852</u>	<u>13,856</u>	<u>77,925</u>	<u>222,633</u>
<u>Net Book Values</u>				
Closing Balance	<u>201,881</u>	<u>17,474</u>	<u>174,219</u>	<u>393,574</u>
Opening Balance	<u>117,967</u>	<u>21,251</u>	<u>159,241</u>	<u>298,459</u>

7. STOCKS

	1998 £	1997 £
Stationery	-	50

8. DEBTORS

	1998 £	1997 £
Trade Debtors	28,500	500
Other Debtors	17,819	88,110
	<u>46,319</u>	<u>88,610</u>

P.C. CREST ENGINEERING LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31 MARCH 19989. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	1998 £	1997 £
Bank Loans and Overdrafts	-	150,408
Trade Creditors	30,873	-
Other Creditors	320,663	111,637
Corporation Tax	24,778	14,397
Social Security and Other Taxes	4,280	7,700
Accruals	<u>66,290</u>	<u>100,334</u>
	<u>446,884</u>	<u>384,476</u>

The Bank Loans and Overdrafts are secured.

Included in Other Creditors is an amount of £102,484 which is owed to the Directors. The Company received £209,858 from the Directors and repaid £216,861 during the year. Also included in Other Creditors is an amount of £215,929 owed to Crest Engineering (U.K.) Limited, a related party.

10. SHARE CAPITAL

	1998 £	1997 £
Authorised 10,000 shares of £1 each	<u>10,000</u>	<u>10,000</u>
Allotted, Issued and Fully Paid 10,000 shares of £1 each	<u>10,000</u>	<u>10,000</u>

11. REVALUATION RESERVE

	1998 £	1997 £
Opening Balance	1,395,296	791,546
Revaluation of Freehold Property	<u>-</u>	<u>603,750</u>
Closing Balance	<u>1,395,296</u>	<u>1,395,296</u>

P.C. CREST ENGINEERING LIMITED  
NOTES TO THE ACCOUNTS  
FOR THE YEAR ENDED 31 MARCH 1998

12. MOVEMENT IN SHAREHOLDERS FUNDS

	1998 £	1997 £
Profit for the financial year after taxation	147,322	98,825
Dividends	<u>50,000</u>	<u>-</u>
	97,322	98,825
Other Recognised Gains	<u>-</u>	<u>603,750</u>
	97,322	702,575
Opening Shareholders funds	<u>1,806,393</u>	<u>1,103,818</u>
Closing Shareholders funds	<u>1,903,715</u>	<u>1,806,393</u>

13. DEFERRED TAXATION

	1998		1997	
	Amount Provided	Amount not Provided	Amount Provided	Amount not Provided
	£	£	£	£
Accelerated Capital Allowances	-	7,995	-	(4,681)
Other Timing differences	-	<u>329,047</u>	-	<u>356,627</u>
	-	<u>337,042</u>	-	<u>351,946</u>

15. CAPITAL COMMITMENTS

As at 31 March 1998 the Directors authorised the following capital expenditure which has not been provided for in the accounts:

	1998 £	1997 £
Contracted	<u>-</u>	<u>54,950</u>

16. RELATED PARTY TRANSACTIONS

During the year the Company provided services to Crest Engineering (U.K.) Limited, a Company in which P. A. Corcoran Esq. and Mrs J.E. Corcoran are materially interested in as Directors and Shareholders.  
The transactions were made on a normal trading basis, and amounted to £63,181 in respect of premises rental and £111,000 Equipment Hire.

The Company also leased a vehicle to P.A. Corcoran Esq. and Mrs J.E. Corcoran personally. The Company also sold a vehicle to P.A. Corcoran personally at a third party valuation. These transactions were made on a normal trading basis and amounted to £59,160 for the year.

The Company is controlled by the Directors who hold the entire share capital.