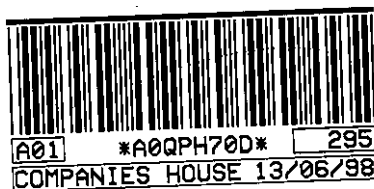


REGISTRAR OF COMPANIES

Abbreviated Financial Statements
for the Year Ended 30 September 1997
for
K J Services Limited



K J Services Limited

**Index to the Financial Statements
for the Year Ended 30 September 1997**

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K J Services Limited
Company Information
for the Year Ended 30 September 1997

DIRECTORS: W K Thomas
W S Thomas

SECRETARY: W K Thomas

REGISTERED OFFICE: Capital Valley Industrial Park
Rhymney
Gwent
NP2 5PT

REGISTERED NUMBER: 1531993 (England and Wales)

AUDITORS: Broomfield & Alexander
Registered Auditor
Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff CF2 7XE

K J Services Limited

Report of the Directors for the Year Ended 30 September 1997

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

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of purchase, sale, hire and repair of heavy plant.

REVIEW OF BUSINESS

The results for the year and financial position of the company are as shown in the annexed financial statements.

DIVIDENDS

No dividends will be distributed for the year ended 30 September 1997.

EVENTS SINCE THE END OF THE YEAR

Information relating to events since the end of the year is given in the notes to the financial statements.

DIRECTORS

The directors during the year under review were:

W K Thomas

W S Thomas

The beneficial interests of the directors holding office on 30 September 1997 in the issued share capital of the company were as follows:

	30.9.97	1.10.96
Ordinary £1 shares		
W K Thomas	89,500	174,000
W S Thomas	85,500	1,000

STATEMENT OF 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 judgments 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.

AUDITORS

The auditors, Broomfield & Alexander, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD:

W K Thomas SECRETARY

Dated: 1st June 1998

K J Services Limited
Report of the Auditors to
K J Services Limited
Under Section 247B of the Companies Act 1985

We have examined the abbreviated financial statements on pages four to sixteen, together with the full financial statements of the company for the year ended 30 September 1997 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

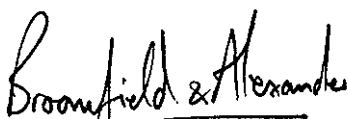
The directors are responsible for preparing the abbreviated financial statements in accordance with Section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Act to the Registrar of Companies and whether the financial statements to be delivered are properly prepared in accordance with that provision and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the full financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Section 246A(3) of the Companies Act 1985, and the abbreviated financial statements on pages four to sixteen are properly prepared in accordance with that provision.



Broomfield & Alexander
Registered Auditor
Chartered Accountants
Pendragon House
Caxton Place
Pentwyn
Cardiff CF2 7XE

Dated:

4th June 1998

K J Services Limited

Abbreviated Profit and Loss Account for the Year Ended 30 September 1997

	Notes	30.9.97		30.9.96	
		£	£	£	£
GROSS PROFIT			1,338,268		1,150,508
Administrative expenses			562,767		412,845
OPERATING PROFIT	3		775,501		737,663
Income from investments		-		54,570	
Interest receivable and similar income	4	15,367	15,367	13,547	68,117
			790,868		805,780
Amounts written off investments	5		20,814		50,098
			770,054		755,682
Interest payable and similar charges	6		27,268		29,746
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			742,786		725,936
Tax on profit on ordinary activities	7		208,902		148,898
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION			533,884		577,038
Dividends	8		-		57,500
			533,884		519,538
Retained profit brought forward			3,576,936		3,057,398
RETAINED PROFIT CARRIED FORWARD			£4,110,820		£3,576,936

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the current and previous years.

TOTAL RECOGNISED GAINS AND LOSSES

The company has no recognised gains or losses other than the profits for the current and previous years.

NOTE OF HISTORICAL COST PROFITS AND LOSSES

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

The notes form part of these financial statements

K J Services Limited
Abbreviated Balance Sheet
30 September 1997

		30.9.97		30.9.96	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	9		2,315,568		2,285,346
Investments	10		4,189		25,003
			<u>2,319,757</u>		<u>2,310,349</u>
CURRENT ASSETS:					
Stocks	11	1,505,480		1,065,187	
Debtors	12	1,475,010		1,233,003	
Cash at bank		134,126		352,764	
		<u>3,114,616</u>		<u>2,650,954</u>	
CREDITORS: Amounts falling due within one year	13	1,048,553		929,584	
NET CURRENT ASSETS:			<u>2,066,063</u>		<u>1,721,370</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			4,385,820		4,031,719
CREDITORS: Amounts falling due after more than one year	14		-		(179,783)
PROVISIONS FOR LIABILITIES AND CHARGES:	17		(100,000)		(100,000)
			<u>£4,285,820</u>		<u>£3,751,936</u>
CAPITAL AND RESERVES:					
Called up share capital	18		175,000		175,000
Profit and loss account			4,110,820		3,576,936
Shareholders' funds	23		<u>£4,285,820</u>		<u>£3,751,936</u>

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

ON BEHALF OF THE BOARD:



W S Thomas - DIRECTOR

Approved by the Board on

1st June 1998

The notes form part of these financial statements

K J Services Limited

**Cash Flow Statement
for the Year Ended 30 September 1997**

		30.9.97		30.9.96	
	Notes	£	£	£	£
Net cash inflow from operating activities	1		618,421		864,386
Returns on investments and servicing of finance	2		(11,901)		38,371
Taxation			(136,698)		(173,265)
Capital expenditure	2		(423,701)		(92,553)
Equity dividends paid			-		(57,500)
			<u>46,121</u>		<u>579,439</u>
Financing	2		(337,680)		(377,288)
(Decrease)/Increase in cash in the period			<u>£(291,559)</u>		<u>£202,151</u>
Reconciliation of net cash flow to movement in net debt	3				
(Decrease)/Increase in cash in the period		(291,559)		202,151	
Cash outflow from decrease in debt and lease financing		<u>305,447</u>		<u>341,171</u>	
Change in net debt resulting from cash flows			13,888		543,322
New finance leases			-		(597,298)
Movement in net debt in the period			<u>13,888</u>		<u>(53,976)</u>
Net debt at 1 October 1996			<u>(96,093)</u>		<u>(42,117)</u>
Net debt at 30 September 1997			<u>£(82,205)</u>		<u>£(96,093)</u>

The notes form part of these financial statements

K J Services Limited

**Notes to the Cash Flow Statement
for the Year Ended 30 September 1997**

1. RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	30.9.97 £	30.9.96 £
Operating profit	775,501	737,663
Depreciation charges	400,905	358,177
Loss on sale of fixed assets	-	4,466
Profit on sale of fixed assets	(14,650)	(151,002)
(Increase)/Decrease in stocks	(440,293)	104,797
Increase in debtors	(242,007)	(263,405)
Increase in creditors	138,965	73,690
Net cash inflow from operating activities	<u>618,421</u>	<u>864,386</u>

2. ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED IN THE CASH FLOW STATEMENT

	30.9.97 £	30.9.96 £
Returns on investments and servicing of finance		
Interest received	15,367	13,547
Interest paid	(3,718)	(8,257)
Interest element of hire purchase payments	(23,550)	(21,489)
Dividends received	-	54,570
Net cash (outflow)/inflow for returns on investments and servicing of finance	<u>(11,901)</u>	<u>38,371</u>
Capital expenditure		
Purchase of tangible fixed assets	(677,670)	(712,688)
Sale of tangible fixed assets	253,969	620,135
Net cash outflow for capital expenditure	<u>(423,701)</u>	<u>(92,553)</u>
Financing		
Loan repayment	(39,457)	(36,117)
Capital element of hire purchase payments	(298,223)	(341,171)
Net cash outflow from financing	<u>(337,680)</u>	<u>(377,288)</u>

The notes form part of these financial statements

K J Services Limited

Notes to the Cash Flow Statement for the Year Ended 30 September 1997

3. ANALYSIS OF CHANGES IN NET DEBT

	At 1.10.96 £	Cash flow £	At 30.9.97 £
Net cash:			
Cash at bank	352,764	(218,638)	134,126
Bank overdraft	-	(72,921)	(72,921)
	<u>352,764</u>	<u>(291,559)</u>	<u>61,205</u>
Debt:			
Hire purchase	(448,857)	305,447	(143,410)
	<u>(448,857)</u>	<u>305,447</u>	<u>(143,410)</u>
Total	<u>(96,093)</u>	<u>13,888</u>	<u>(82,205)</u>
Analysed in Balance Sheet			
Cash at bank	352,764		134,126
Bank overdraft	-		(72,921)
Hire purchase			
within one year	(305,447)		(143,410)
after one year	(143,410)		-
	<u>(96,093)</u>		<u>(82,205)</u>

K J Services Limited

Notes to the Abbreviated Financial Statements for the Year Ended 30 September 1997

1. ACCOUNTING POLICIES

Accounting convention

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

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to customers during the year.

Fixed assets and depreciation

Depreciation is provided by the company to write off the cost or valuation less the estimated residual value of tangible fixed assets on a reducing balance method over their estimated useful economic lives as follows:

Plant and machinery	-	25 % or 15 %
Motor vehicles	-	25 %
Fixtures and fittings	-	25 %

Depreciation is provided at the rate of 2% on the straight line method in relation to buildings. No depreciation is provided on freehold land.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Hire purchase and leases

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a "finance lease". The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated over its estimated useful life. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

All other leases are accounted for as "operating leases" and the rental charges are charged to the profit and loss account as and when incurred.

Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The amount charged against profits represents the contributions payable to the scheme in respect of the accounting period.

Government grants

Capital based government grants are included within accruals and deferred income in the balance sheet and credited to trading profit over the estimated useful economic lives of the assets to which they relate.

K J Services Limited

Notes to the Abbreviated Financial Statements for the Year Ended 30 September 1997

2. STAFF COSTS

	30.9.97	30.9.96
	£	£
Wages and salaries	1,338,944	1,095,700
Social security costs	124,692	109,036
Other pension costs	3,422	18,443
	<u>1,467,058</u>	<u>1,223,179</u>

The average monthly number of employees during the year was as follows:

	30.9.97	30.9.96
Operational	54	45
Administration	5	5
	<u>59</u>	<u>50</u>

3. OPERATING PROFIT

The operating profit is stated after charging/(crediting):

	30.9.97	30.9.96
	£	£
Hire of plant and machinery	16,940	9,427
Depreciation - owned assets	260,920	260,217
Depreciation - assets on hire purchase contracts	147,208	97,960
Profit on disposal of fixed assets	(14,650)	(146,536)
Auditors' remuneration	1,150	8,500
Amounts written off investments	20,814	50,098
Hire purchase interest	<u>23,550</u>	<u>21,849</u>
Directors' emoluments	<u>79,088</u>	<u>84,774</u>
and after crediting: capital grant released	<u>(47,950)</u>	<u>(32,948)</u>

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	30.9.97	30.9.96
	£	£
Bank interest received	<u>15,367</u>	<u>13,547</u>

5. AMOUNTS WRITTEN OFF INVESTMENTS

	30.9.97	30.9.96
	£	£
Amounts written off investments	<u>20,814</u>	<u>50,098</u>
	<u>20,814</u>	<u>50,098</u>

K J Services Limited

**Notes to the Abbreviated Financial Statements
for the Year Ended 30 September 1997**

6. INTEREST PAYABLE AND SIMILAR CHARGES

	30.9.97	30.9.96
	£	£
Bank interest	3,718	8,257
Hire purchase	23,550	21,489
	<u>27,268</u>	<u>29,746</u>

7. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:

	30.9.97	30.9.96
	£	£
UK Corporation Tax	208,902	148,898
	<u>208,902</u>	<u>148,898</u>

UK Corporation Tax has been charged at 30.39% (1996 - 33%).

8. DIVIDENDS

	30.9.97	30.9.96
	£	£
Equity shares: Dividends paid	-	57,500
	<u>-</u>	<u>57,500</u>

9. TANGIBLE FIXED ASSETS

	Land and buildings	Plant and machinery	Fixtures and fittings	Totals
	£	£	£	£
COST:				
At 1 October 1996	327,625	3,295,371	40,466	3,663,462
Additions	-	653,660	24,010	677,670
Disposals	-	(268,621)	-	(268,621)
	<u>327,625</u>	<u>3,680,410</u>	<u>64,476</u>	<u>4,072,511</u>
At 30 September 1997	327,625	3,680,410	64,476	4,072,511
DEPRECIATION:				
At 1 October 1996	15,788	1,342,682	19,647	1,378,117
Charge for year	5,369	397,127	5,632	408,128
Eliminated on disposals	-	(29,302)	-	(29,302)
	<u>21,157</u>	<u>1,710,507</u>	<u>25,279</u>	<u>1,756,943</u>
At 30 September 1997	21,157	1,710,507	25,279	1,756,943
NET BOOK VALUE:				
At 30 September 1997	306,468	1,969,903	39,197	2,315,568
At 30 September 1996	311,837	1,952,690	20,819	2,285,346

Included in land and buildings is freehold land valued at £59,150 (1996 - £59,150) which is not depreciated.

K J Services Limited

**Notes to the Abbreviated Financial Statements
for the Year Ended 30 September 1997**

9. TANGIBLE FIXED ASSETS - continued

Fixed assets, included in the above, which are held under hire purchase contracts are as follows:

	<u>Plant and machinery</u>
	£
COST:	
At 1 October 1996	710,525
Transferred to ownership	<u>(198,865)</u>
At 30 September 1997	<u>511,660</u>
DEPRECIATION:	
At 1 October 1996	102,674
Charge for year	147,208
Transferred to ownership	<u>(89,686)</u>
At 30 September 1997	<u>160,196</u>
NET BOOK VALUE:	
At 30 September 1997	<u>351,464</u>
At 30 September 1996	<u>607,851</u>

10. FIXED ASSET INVESTMENTS

	£
COST:	
At 1 October 1996	25,003
Provision for diminution in value	<u>(20,814)</u>
At 30 September 1997	<u>4,189</u>
NET BOOK VALUE:	
At 30 September 1997	<u>4,189</u>
At 30 September 1996	<u>25,003</u>

Cost or valuation at 30 September 1997 is represented by:

	£
Cost	25,003
Provision for diminution in value	<u>(20,814)</u>
	<u>4,189</u>
	30.9.97
	£
Unlisted investments	<u>4,189</u>
	30.9.96
	£
	<u>25,003</u>

K J Services Limited

Notes to the Abbreviated Financial Statements for the Year Ended 30 September 1997

10. FIXED ASSET INVESTMENTS - continued

The company's investments at the balance sheet date in the share capital of unlisted companies include the following:

K J Coal Recovery Limited

Nature of business: Purchase and sale of industrial coal

	% holding		
Class of shares:			
Ordinary	100.00		
		30.9.97	30.9.96
		£	£
Aggregate capital and reserves		4,189	47,795
Loss for the year		(43,606)	(51,639)
		<u> </u>	<u> </u>

Blaenavon Coal Company Limited

Nature of business: Dissolved 24/06/1997

	% holding		
Class of shares:			
Ordinary	100.00		
		30.9.97	30.9.96
		£	£
Aggregate capital and reserves		-	2
		<u> </u>	<u> </u>

Group accounts are not submitted as the company has relied on the exemption from the requirement to prepare group accounts under Section 248 of the Companies Act 1985, which relates to medium sized groups.

11. STOCKS

	30.9.97	30.9.96
	£	£
Parts and fuel	1,240,995	773,193
Plant for resale	239,849	279,770
Work in progress	24,636	12,224
	<u>1,505,480</u>	<u>1,065,187</u>

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	30.9.97	30.9.96
	£	£
Trade debtors	1,352,746	961,886
Other debtors	22,408	1,336
Prepayments & accrued income	47,039	61,211
Amounts owed by subsidiary undertakings	52,817	208,570
	<u>1,475,010</u>	<u>1,233,003</u>

Other debtors at 30 September 1997 include an overdrawn director's current account of £503. No interest was charged on the current account. The maximum balance outstanding during the year was £503.

K J Services Limited

**Notes to the Abbreviated Financial Statements
for the Year Ended 30 September 1997**

**13. CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	30.9.97 £	30.9.96 £
Bank loans and overdrafts (see note 15)	93,977	37,800
Hire purchase contracts (see note 16)	143,410	305,447
Trade creditors	367,235	225,990
Other creditors	35	14,186
Other taxes and social security	135,159	93,869
Corporation tax	208,902	136,698
Accruals	99,835	115,594
	<u>1,048,553</u>	<u>929,584</u>

**14. CREDITORS: AMOUNTS FALLING
DUE AFTER MORE THAN ONE YEAR**

	30.9.97 £	30.9.96 £
Bank loans (see note 15)	-	22,713
Deferred income	-	13,660
Hire purchase contracts (see note 16)	-	143,410
	<u>-</u>	<u>179,783</u>

15. LOANS AND OVERDRAFTS

An analysis of the maturity of loans and overdrafts is given below:

	30.9.97 £	30.9.96 £
Amounts falling due within one year or on demand:		
Bank overdrafts	72,921	-
Bank loans	21,056	37,800
	<u>93,977</u>	<u>37,800</u>
Amounts falling due between one and two years:		
Bank loans	<u>-</u>	<u>22,713</u>

The bank loan is repayable in equal instalments over a period of 5 years and is secured on the company's freehold property. Interest is charged at 2.5% over Lloyds Bank's base rate.

K J Services Limited

**Notes to the Abbreviated Financial Statements
for the Year Ended 30 September 1997**

16. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	30.9.97 £	30.9.96 £
Gross obligations repayable:		
Within one year	146,146	328,997
Between one and five years	-	146,146
	<u>146,146</u>	<u>475,143</u>
Finance charges repayable:		
Within one year	2,736	23,550
Between one and five years	-	2,736
	<u>2,736</u>	<u>26,286</u>
Net obligations repayable:		
Within one year	143,410	305,447
Between one and five years	-	143,410
	<u>143,410</u>	<u>448,857</u>

17. PROVISIONS FOR LIABILITIES AND CHARGES

	30.9.97 £	30.9.96 £
Deferred taxation	100,000	100,000

Deferred taxation for which provision has been made in the financial statements and the amounts for which no provision has been made, are as follows:

	Provided		Not provided	
	30.9.97 £	30.9.96 £	30.9.97 £	30.9.96 £
Capital allowances in excess of depreciation	100,000	100,000	250,360	210,387
	<u>100,000</u>	<u>100,000</u>	<u>250,360</u>	<u>210,387</u>

18. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	30.9.97 £	30.9.96 £
500,000	Ordinary	£1	500,000	500,000
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	30.9.97 £	30.9.96 £
175,000	Ordinary	£1	175,000	175,000

K J Services Limited

Notes to the Abbreviated Financial Statements for the Year Ended 30 September 1997

19. PENSION COMMITMENTS

The company operates a defined contribution pension scheme. The pension cost charge for the period represents contributions payable by the company to the fund and amounted to £3,422 (1995: £18,443).

There were no outstanding or prepaid contributions at either the beginning or end of the financial year.

20. CAPITAL COMMITMENTS

There were no capital commitments as at the balance sheet date (1996: nil)

21. RELATED PARTY DISCLOSURES

An overdrawn directors current account existed during the year in respect of Mr W S Thomas. The balance throughout the year was £503.79 and is included within "other debtors" in the balance sheet.

An intercompany account is maintained with the wholly owned subsidiary, KJ Coal Recovery Limited, the movements and balance on which is detailed below:-

	£	£
Opening debtor		208,570
VAT accounted for under group registration	10,814	
Expenses paid	<u>2,350</u>	
Repaid during year		<u>13,164</u> <u>(168,917)</u>
Closing debtor		<u>52,817</u>

22. POST BALANCE SHEET EVENTS

Hecketts Limited, an important customer of the company have recently lost their largest contract, with British Steel. The repercussions of this loss could adversely effect the turnover of KJ Services Limited in the next financial period up to as much as £600,000.

KJ Services Limited have acquired some contracts with the replacement company for Hecketts Limited at British Steel, but it is unknown at this time whether these contracts will adequately replace the income lost.

23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	30.9.97 £	30.9.96 £
Profit for the financial year	533,884	577,038
Dividends	<u>-</u>	<u>(57,500)</u>
NET ADDITION TO SHAREHOLDERS' FUNDS	533,884	519,538
Opening shareholders' funds	<u>3,751,936</u>	<u>3,232,398</u>
CLOSING SHAREHOLDERS' FUNDS	<u>4,285,820</u>	<u>3,751,936</u>
Equity interests	<u>4,285,820</u>	<u>3,751,936</u>

24. POLITICAL AND CHARITABLE DONATIONS

The donations made by the company are charitable donations only, with no political donations requiring separate disclosure.