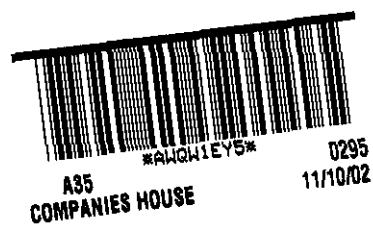


REPORT OF THE DIRECTORS AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002
FOR
PAUL R WATSON (DESIGN) LIMITED



PAUL R WATSON (DESIGN) LIMITED

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FOR THE YEAR ENDED 31 JULY 2002

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PAUL R WATSON (DESIGN) LIMITED

COMPANY INFORMATION
FOR THE YEAR ENDED 31 JULY 2002

DIRECTORS: P R WATSON
D A WATSON

SECRETARY: D A WATSON

REGISTERED OFFICE: 1208/1210 London Road
Leigh On Sea
Essex
SS9 2UA

REGISTERED NUMBER: 02041320 (England and Wales)

ACCOUNTANTS: Segrave and Partners
Chartered Accountants
Turnpike House
1208/1210 London Road
Leigh on sea
Essex
SS9 2UA

PAUL R WATSON (DESIGN) LIMITED

REPORT OF THE DIRECTORS
FOR THE YEAR ENDED 31 JULY 2002

The directors present their report with the financial statements of the company for the year ended 31 July 2002.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Automotive Design Sculptors.

DIRECTORS

The directors during the year under review were:

P R WATSON
D A WATSON

The beneficial interests of the directors holding office on 31 July 2002 in the issued share capital of the company were as follows:

	31.7.02	1.8.01
Ordinary £1 shares		
P R WATSON	1	1
D A WATSON	1	1

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:



D A WATSON - SECRETARY

Dated: 19 September 2002

PAUL R WATSON (DESIGN) LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JULY 2002

		2002	2001
	Notes	£	£
TURNOVER		91,523	93,069
Administrative expenses		87,981	94,743
OPERATING PROFIT/(LOSS)	2	3,542	(1,674)
Interest receivable and similar income		-	26
		3,542	(1,648)
Interest payable and similar charges		755	1,077
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION		2,787	(2,725)
Tax on profit/(loss) on ordinary activities	3	40	-
PROFIT/(LOSS) FOR THE FINANCIAL YEAR AFTER TAXATION		2,747	(2,725)
Deficit brought forward		(4,962)	(2,237)
DEFICIT CARRIED FORWARD		<u>£(2,215)</u>	<u>£(4,962)</u>

The notes form part of these financial statements

PAUL R WATSON (DESIGN) LIMITED

BALANCE SHEET

31 JULY 2002

		<u>2002</u>		<u>2001</u>	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	4		11,295		13,279
CURRENT ASSETS:					
Debtors	5	11,518		11,303	
Cash at bank		30		29	
		<u>11,548</u>		<u>11,332</u>	
CREDITORS: Amounts falling due within one year	6	<u>10,361</u>		<u>14,132</u>	
NET CURRENT ASSETS/(LIABILITIES):			<u>1,187</u>		<u>(2,800)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES:			12,482		10,479
CREDITORS: Amounts falling due after more than one year	7		<u>14,695</u>		<u>15,439</u>
			<u>£(2,213)</u>		<u>£(4,960)</u>
CAPITAL AND RESERVES:					
Called up share capital	8		2		2
Profit and loss account			<u>(2,215)</u>		<u>(4,962)</u>
SHAREHOLDERS' FUNDS:			<u>£(2,213)</u>		<u>£(4,960)</u>

The company is entitled to exemption from audit under Section 249A(1) of the Companies Act 1985 for the year ended 31 July 2002.

The members have not required the company to obtain an audit of its financial statements for the year ended 31 July 2002 in accordance with Section 249B(2) of the Companies Act 1985.

The directors acknowledge their responsibilities for:

- ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985 and
- preparing financial statements which give a true and fair view of the state of affairs of the company as at the end of each financial year and of its profit or loss for each financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The notes form part of these financial statements

PAUL R WATSON (DESIGN) LIMITED

BALANCE SHEET
31 JULY 2002

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities (effective March 2000).

ON BEHALF OF THE BOARD:

P R WATSON - DIRECTOR



D A WATSON - DIRECTOR

Approved by the Board on 19 September 2002

The notes form part of these financial statements

PAUL R WATSON (DESIGN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002

1. ACCOUNTING POLICIES

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities (effective March 2000).

Turnover

Turnover represents net invoiced sales of services, excluding value added tax.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Office equipment	- 15% on reducing balance
Motor vehicle	- 25% on reducing balance

Hire purchase and leasing commitments

Assets obtained under hire purchase contracts or finance leases are capitalised in the balance sheet. Those held under hire purchase contracts are depreciated over their estimated useful lives. Those held under finance leases are depreciated over their estimated useful lives or the lease term, whichever is the shorter.

The interest element of these obligations is charged to the profit and loss account over the relevant period. The capital element of the future payments is treated as a liability.

Deferred Taxation

No provision has been made for taxation deferred in respect of timing differences as in the opinion of the Directors, there is reasonable probability that a liability will not arise in the foreseeable future.

2. OPERATING PROFIT/(LOSS)

The operating profit (2001 - operating loss) is stated after charging:

	2002	2001
	£	£
Depreciation - owned assets	3,241	471
Depreciation - assets on hire purchase contracts or finance leases	-	3,538
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	65,060	61,750
	<u> </u>	<u> </u>

3. TAXATION

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

	2002	2001
	£	£
UK corporation tax	40	-
	<u> </u>	<u> </u>

UK corporation tax has been charged at 6.66%

PAUL R WATSON (DESIGN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002

4. TANGIBLE FIXED ASSETS

	Office equipment	Motor vehicle	Totals
	£	£	£
COST:			
At 1 August 2001	7,158	25,157	32,315
Additions	1,257	-	1,257
	<hr/>	<hr/>	<hr/>
At 31 July 2002	8,415	25,157	33,572
	<hr/>	<hr/>	<hr/>
DEPRECIATION:			
At 1 August 2001	4,492	14,544	19,036
Charge for year	588	2,653	3,241
	<hr/>	<hr/>	<hr/>
At 31 July 2002	5,080	17,197	22,277
	<hr/>	<hr/>	<hr/>
NET BOOK VALUE:			
At 31 July 2002	3,335	7,960	11,295
	<hr/>	<hr/>	<hr/>
At 31 July 2001	2,666	10,613	13,279
	<hr/>	<hr/>	<hr/>

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

	Motor vehicle
	£
COST:	
At 1 August 2001	25,157
Transferred to ownership	(25,157)
	<hr/>
At 31 July 2002	-
	<hr/>
DEPRECIATION:	
At 1 August 2001	14,544
Transferred to ownership	(14,544)
	<hr/>
At 31 July 2002	-
	<hr/>
NET BOOK VALUE:	
At 31 July 2002	-
	<hr/>
At 31 July 2001	10,613
	<hr/>

**5. DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	2002 £	2001 £
Trade Debtors	11,518	11,303
	<hr/>	<hr/>

PAUL R WATSON (DESIGN) LIMITED

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JULY 2002

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

	2002	2001
	£	£
Bank loans and overdrafts	4,289	3,615
Hire Purchase	-	4,854
Other Creditors	1,350	1,200
V.A.T.	1,672	1,596
Social Security & Other Taxes	3,010	2,867
Taxation	40	-
	<u>10,361</u>	<u>14,132</u>

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

	2002	2001
	£	£
Directors Loan Account	<u>14,695</u>	<u>15,439</u>

8. CALLED UP SHARE CAPITAL

Authorised:				
Number:	Class:	Nominal value:	2002	2001
			£	£
100	Ordinary	£1	<u>100</u>	<u>100</u>
Allotted, issued and fully paid:				
Number:	Class:	Nominal value:	2002	2001
			£	£
2	Ordinary	£1	<u>2</u>	<u>2</u>