

SALEM SERVICES LIMITED

DIRECTORS' REPORT

The Directors submit their Annual Report for the year ended 28th February 1996.

Profits were £23607 subject to taxation of £5910.

Your Directors recommend the payment of a dividend of £17600.

Full details of the proposed disposal of the Profits are shown in the accounts leaving a balance of accumulated losses to carry forward £3296.

The Company is a Close Company as defined by the Income and Corporation Taxes Act 1988, as amended.

The principal activities of the Company have been those of providing design engineering.

The Directors at the date of the Balance Sheet are:-

Steven Brewis Watters

Mrs Beryl Watters

The Directors have the following interests, including family interests, in the Shares of your Company:-

		At the date of the Appended Balance Sheet	At the date of the Last Balance Sheet
S B Watters	) Ordinary	9	9
	) Shares of		
Mrs B Watters	) £1 Each	1	1

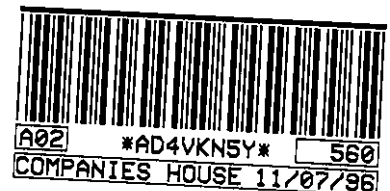
As a Small Sized Company we have relied upon the exemptions contained in the Companies Act 1985 Sections 247 to 249.

Signed on behalf of the Board

.....S.B. Watters.....

S B WATTERS

Dated ...24<sup>th</sup> JUNE.....1996



SALEM SERVICES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH FEBRUARY 1996

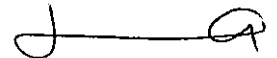
ACCOUNTANTS CERTIFICATE

In accordance with the instructions given to me, I have prepared the above Accounts under the Historical Cost Convention, and confirm that the accounts for the financial year ended 28th February 1996 are in agreement with the accounting records kept by the Company under Section 221 of the Companies Act 1985. Having regard only to, and on the basis of the information contained in these accounting records, these accounts have been drawn up in a manner consistent with the provisions of this Act specified in subsection (6) so far as applicable to the Company.

In my opinion, having regard only to, and on the basis of the information contained in the accounting records kept by the Company under Section 221, the Company satisfied the requirements of subsection (4) of Section 249A and did not fall within Section 249B(1)(a) to (f) at any time within the financial year.

P Hynard, Esq  
95 Albert Street  
Fleet  
HANTS  
GU13 9RN

Accountant



19th June 1996

SALEM SERVICES LIMITED

BALANCE SHEET

28TH FEBRUARY 1995

NOTES

28TH FEBRUARY 1996

FIXED ASSETS

360	Tangible Assets	8	270.00
-----	-----------------	---	--------

CURRENT ASSETS

61	Taxation	10	-
858	Debtors	11	175.00
<u>6648</u>	Cash at Bank and in Hand		<u>7715.32</u>
7567			7890.32

CURRENT LIABILITIES

2208	Taxation	12	2454.13
862	Creditors: Amounts falling		
51	due within one year	13	815.12
<u>3121</u>	Bank Overdraft		<u>594.57</u>
			3863.82

4446	NET CURRENT ASSETS	4026.50
------	--------------------	---------

4806	TOTAL ASSETS	4296.50
------	--------------	---------

CREDITORS

8188	Amounts due in more than one year	14	7582.33
<u>£3382</u>			<u>£3285.83</u>

CAPITAL AND RESERVES

10	Called Up Share Capital	15	10.00
3392	Profit and Loss Account		3295.83
<u>£3382</u>			<u>£3285.83</u>

SALEM SERVICES LIMITED

BALANCE SHEET - Continued

FOR THE YEAR ENDED 28TH FEBRUARY 1996

For the year in question, the company was entitled to the exemption conferred by subsection (1) of Section 249A(1) of the Companies Act 1985 (Audit Exemption) Regulations 1994 (S/1994/1935).

No notice has been deposited under subsection (2) of Section 249B in relation to the accounts for the financial year.

I acknowledge my responsibility 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 the company as at the end of the financial year and of its profit for the financial year in accordance with the requirements of Section 226 and which otherwise comply with the requirements of the Act relating to the accounts, so far as applicable to the company.

The Company has taken advantage of the exemptions conferred by s246 of the Companies Act 1985 on the basis that the Company qualifies as a small company.

The attached notes form an integral part of these Accounts: Pages 7 to 11.

Signed on behalf of the Board

S. B. Watters

S B WATTERS  
DIRECTOR

SALEM SERVICES LIMITED

STATUTORY PROFIT AND LOSS ACCOUNT

<u>YEAR ENDED</u> <u>28TH FEBRUARY 1995</u>		<u>NOTES</u>	<u>FOR THE YEAR ENDED</u> <u>28TH FEBRUARY 1996</u>
34341	TURNOVER		35612.56
	<u>Operating Costs</u>		
2479	General Overheads	2396.84	
8530	Directors Remuneration	8941.52	
575	Accountancy Fee	618.65	
	Depreciation and Losses of		
<u>116</u>	<u>Fixed Assets</u>	<u>90.00</u>	
11700			12047.01
22641	OPERATING PROFIT ON ORDINARY ACTIVITIES		23565.55
25	Bank Interest Received		41.12
22666	NET PROFIT BEFORE TAXATION		23606.67
5721	<u>Less:</u> Taxation on Ordinary Activities	6	5910.11
16945			17696.56
17600	Dividends	7	17600.00
655	Profit Available to Carry Forward		96.56
2737	Accumulated Losses Brought Forward		3392.39
£3392	Balance Carried to Balance Sheet		£3295.83

SALEM SERVICES LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 28TH FEBRUARY 1996

	Notes	1996 £	1995 £
Net Cash flow from operating activities	17	23992.84	22559
Returns on investment and servicing of finance			
Interest Received	41.12		25
Dividends Paid	7 (17600.00)	(17558.88)	(17600)(17575)
Net Cash inflow (outflow) from investments and service of finance		6433.96	4984
<u>Taxation</u>			
Corporation Tax Paid (including ACT)	6	(5910.11)	(5721)
		523.85	(737)
<u>Investing Activities</u>			
Payments to Acquire:			
Tangible Fixed Assets		-	(178)
Net Cash inflow before financing		523.85	915
Financing		-	-
Increase in cash and cash equivalents	17	£523.85	915

The notes on Pages 7 to 11 form part of these financial statements.

SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 28TH FEBRUARY 1996

1. ACCOUNTING POLICIES

a. Basis of Accounting

The financial statements have been prepared under the Historical Cost Convention.

b. Turnover

Turnover represents net invoiced services provided excluding value added tax.

c. Tangible Fixed Assets

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

Equipment	-	25%
-----------	---	-----

d. 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 Director, there is reasonable probability that the liability will not arise in the foreseeable future.

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the Company.

3. OPERATING PROFIT

The operating profit is stated after charging:-

	<u>1996</u>	<u>1995</u>
Depreciation of Tangible Fixed Assets	90.00	117
Directors Remuneration	8360.00	7920
Staff Costs (Note 4)	581.52	610
Auditors Remuneration	618.65	575
	<hr/>	<hr/>

SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

FOR THE YEAR ENDED 28TH FEBRUARY 1996

4. STAFF COSTS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Social Security Cost	<u>581.52</u>	<u>610</u>

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

	<u>No.</u>	<u>No.</u>
Engineering	<u>1</u>	<u>1</u>

5. INTEREST PAYABLE

Interest payable on bank loans and overdrafts:-

Repayable within 5 years, not by instalments	<u>NIL</u>	<u>292</u>
--	------------	------------

6. TAXATION

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

Interest on late Advance Corporation Tax	-	51
Underprovision on earlier year	18.61	4
Corporation Tax at 25% based on the adjusted results of the year.	<u>5891.50</u>	<u>5666</u>
	<u>5910.11</u>	<u>5721</u>

7. DIVIDENDS

Dividends of £1760.00 per share was declared in the year ended 28th February 1996.



SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

FOR THE YEAR ENDED 28TH FEBRUARY 1996

8. SCHEDULE OF FIXED ASSETS

	<u>Office Equipment</u>	<u>Office Furniture</u>
Cost at 1st March 1995	<u>556.97</u>	<u>195.05</u>
Depreciation at 1st March 1995	271.97	120.05
Depreciation for the Year	71.00	19.00
	<u>£342.97</u>	<u>139.05</u>
Balance per Balance Sheet	<u>£214.00</u>	<u>56.00</u>

9. CAPITAL COMMITMENTS

	<u>1996</u>	<u>1995</u>
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	<u>NIL</u>	<u>NIL</u>
Capital expenditure that has been authorised by the Director but has not yet been contracted for.	<u>NIL</u>	<u>NIL</u>

10. TAXATION

Advance Corporation Tax	<u>-</u>	<u>61</u>
-------------------------	----------	-----------

11. DEBTORS AND PAYMENTS IN ADVANCE

Trade Debtors	-	663
Payments in Advance	<u>175.00</u>	<u>195</u>
	<u>175.00</u>	<u>858</u>

SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

FOR THE YEAR ENDED 28TH FEBRUARY 1996

	<u>1996</u> <u>£</u>	<u>1995</u> <u>£</u>
<b>12. <u>TAXATION</u></b>		
PAYE	405.88	324
Corporation Tax	1248.25	800
Advance Corporation Tax	800.00	1084
	<hr/>	<hr/>
	2454.13	2208
	<hr/>	<hr/>
<b>13. <u>CREDITORS</u></b>		
<u>Amounts falling due within one year.</u>		
Sundry Creditors	785.12	825
Accruals	30.00	37
	<hr/>	<hr/>
	815.12	862
	<hr/>	<hr/>
<b>14. <u>CREDITORS</u></b>		
<u>Amounts falling due after more than one year.</u>		
Directors Current Account	<u>7582.33</u>	<u>8188</u>
<b>15. <u>CALLED UP SHARE CAPITAL</u></b>		
Authorised: Ordinary Shares of £1 Each	<u>100.00</u>	<u>100</u>
Allotted, Issued and Fully Paid Ordinary Shares of £1 Each	<u>10.00</u>	<u>10</u>
	<hr/>	<hr/>
<b>16. <u>CONTINGENT LIABILITIES</u></b>		
No contingent liabilities exist.		

SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (Continued)

FOR THE YEAR ENDED 28TH FEBRUARY 1996

	1996 <u>£</u>	1995 <u>£</u>
17. Notes to the cash flow statement		
(a) Reconciliation of operating profit to net to net cash inflow from operating activities		
Operating Profit	23565.55	22641
Depreciation charges	90.00	117
Increase in Taxation	307.43	(879)
Decrease in Debtors	682.50	(162)
Decrease in Creditors	(652.64)	842
	<hr/>	<hr/>
Net Cash inflow from operating activities	23992.84	22559
	<hr/>	<hr/>
(b) Analysis of changes in cash and cash equivalents during the year		
Balance at 1st March 1995	6596.90	
Net Cash inflow	<u>523.85</u>	
Balance at 28th February 1996	<hr/> 7120.75	
(c) Analysis of the balance of cash and cash equivalents as shown in the balance sheet		
	1996	1995
		Change in Year
Cash at bank and in Hand	<u>7120.75</u>	<u>6596.90</u>
	<hr/>	<hr/>
		<u>523.85</u>