

SALEM SERVICES LIMITED**DIRECTORS' REPORT**

The Directors submit their Annual Report for the year ended 28th February, 1999.

Profits were £30,801 subject to taxation of £6,471.

Your Directors recommend the payment of a dividend of £23,400.

Full details of the proposed disposal of the Profits are shown in the accounts leaving a balance of undistributed profits to carry forward of £346.

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

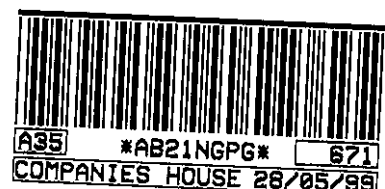
As a Small Sized Company we have relied upon the exemptions contained in the Companies Act 1985 Sections 247 to 249.

Signed on behalf of the Board

S. B. Watters

S. B. WATTERS

Dated 17th MAY 1999



SALEM SERVICES LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 28TH FEBRUARY, 1999

ACCOUNTANTS CERTIFICATE

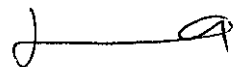
In accordance with the instructions, given to me, I have prepared the above Accounts under the Historical Cost Convention, and confirm that the accounts for the financial year ended 28th February, 1999, are in agreement with the accounting records kept by the Company under Section 221 of the Companies 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

6th May, 1999



SALEM SERVICES LIMITED

BALANCE SHEET

<u>28TH FEBRUARY, 1998</u>		<u>NOTES</u>	<u>28TH FEBRUARY, 1999</u>
	<u>FIXED ASSETS</u>		
1,382	Tangible Assets	8	1,336.00
	<u>CURRENT ASSETS</u>		
715	Debtors	10	1,213.62
<u>13,630</u>	Cash at Bank and in Hand		<u>10,393.12</u>
14,345			11,606.74
			<hr/>
	<u>CURRENT LIABILITIES</u>		
1,477	Taxation	11	1,390.92
874	Creditors: Amounts falling due within one year	12	846.20
<u>1,240</u>	Bank Overdraft		<hr/>
3,591			2,237.12
			<hr/>
10,754	NET CURRENT ASSETS		9,369.62
			<hr/>
12,136	TOTAL ASSETS		10,705.62
			<hr/>
	<u>CREDITORS</u>		
12,710	Amounts due in more than one year	13	10,349.48
			<hr/>
£574			£356.14
			<hr/>
	<u>CAPITAL AND RESERVES</u>		
10	Called Up Share Capital	14	10.00
584	Profit and Loss Account		346.14
			<hr/>
£574			£356.14
			<hr/>

SALEM SERVICES LIMITED
BALANCE SHEET - CONTINUED
FOR THE YEAR ENDED 28TH FEBRUARY, 1999

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 profits 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


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S B WATTERS
DIRECTOR

SALEM SERVICES LIMITED

STATUTORY PROFIT AND LOSS ACCOUNT

<u>YEAR ENDED</u> <u>28TH FEBRUARY, 1998</u>		<u>NOTES</u>	<u>FOR THE YEAR ENDED</u> <u>28TH FEBRUARY, 1999</u>	
43,463	TURNOVER	2		45,662.90
	<u>Operating Costs</u>			
2,688	General Overheads		4,245.23	
9,501	Directors Remuneration		9,501.60	
682	Accountants Remuneration		726.15	
13,332	<u>461</u> Depreciation and Losses of Fixed Assets		<u>446.00</u>	14,918.98
-----				-----
30,131	OPERATING PROFIT ON ORDINARY ACTIVITIES			30,743.92
58	Bank Interest Received			57.59
-----				-----
30,189	NET PROFIT BEFORE TAXATION			30,801.51
6,415	<u>Less:</u> Taxation on Ordinary Activities	6		6,470.98
-----				-----
23,774				24,330.53
22,000	Dividends	7		23,400.00
-----				-----
1,774	Profit Available to Carry Forward			930.53
2,358	Accumulated Losses Brought Forward			584.39
-----				-----
£584	Balance Carried Forward to Balance Sheet			£346.14
=====				=====

SALEM SERVICES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 28TH FEBRUARY, 1999

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:-

Office Equipment	-	25%
Office Furniture	-	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>1999</u>	<u>1998</u>
Depreciation of Tangible Fixed Assets	446.00	461
Directors Remuneration	8,880.00	8,880
Staff Costs (Note 4)	621.60	621
Accountants Remuneration	726.15	682
	<u> </u>	<u> </u>

SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 28TH FEBRUARY, 1999

4. **STAFF COSTS**

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
Social Security Costs	621.60	621
	<u> </u>	<u> </u>

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

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

5. **INTEREST PAYABLE**

Interest payable on bank loans and overdrafts:-

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

6. **TAXATION**

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

Underprovision on earlier year	0.46	-
Corporation Tax at 21% based on the adjusted results of the year	6,470.52	6,415
	<u> </u>	<u> </u>
	6,470.98	6,415
	<u> </u>	<u> </u>

7. **DIVIDENDS**

A dividend of £2,340.00 per share was declared in the year ended 28th February, 1999.

SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 28TH FEBRUARY, 1999

8. SCHEDULE OF FIXED ASSETS

	<u>Office Equipment</u>	<u>Office Furniture</u>
Cost at 1st March, 1998	2,521.04	195.05
Additions	<u>400.00</u>	<u> </u>
Cost at 28th February, 1999	2,921.04	195.05
	<u> </u>	<u> </u>
Depreciation at 1st March 1998	1,155.04	179.05
Depreciation for the Year	<u>442.00</u>	<u>4.00</u>
	1,597.04	183.05
	<u> </u>	<u> </u>
Balance per Balance Sheet	£1,324.00	12.00
	<u> </u>	<u> </u>

9. CAPITAL COMMITMENTS

	<u>1999</u>	<u>1998</u>
	<u>£</u>	<u>£</u>
Capital expenditure that has been contracted for but has not been provided for in the financial statements.	NIL	NIL
	<u> </u>	<u> </u>
Capital expenditure that has been authorised by the Director but has not yet been contracted for.	NIL	NIL
	<u> </u>	<u> </u>

10. DEBTORS AND PAYMENTS IN ADVANCE

Trade Debtors	1,043.62	640
Payments in Advance	<u>170.00</u>	<u>75</u>
	1,213.62	715
	<u> </u>	<u> </u>

SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 28TH FEBRUARY, 1999

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
11. <u>TAXATION</u>		
PAYE	520.40	62
Corporation Tax	620.52	915
Advance Corporation Tax	<u>250.00</u>	<u>500</u>
	1,390.92	1,477
	<u>=====</u>	<u>=====</u>
12. <u>CREDITORS</u>		
<u>Amounts falling due within one year.</u>		
Sundry Creditors	816.20	844
Accruals	<u>30.00</u>	<u>30</u>
	846.20	874
	<u>=====</u>	<u>=====</u>
13. <u>CREDITORS</u>		
<u>Amounts falling due after more than one year.</u>	10,349.48	12,710
	<u>=====</u>	<u>=====</u>
14. <u>CALLED UP SHARE CAPITAL</u>		
Authorised: Ordinary Shares of £1 Each	100.00	100
	<u>=====</u>	<u>=====</u>
Allotted, Issued and Fully Paid Ordinary Shares of £1 Each	10.00	10
	<u>=====</u>	<u>=====</u>
15. <u>CONTINGENT LIABILITIES</u>		
No contingent liabilities exist.		

SALEM SERVICES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (CONTINUED)

FOR THE YEAR ENDED 28TH FEBRUARY, 1999

	<u>1999</u> <u>£</u>	<u>1998</u> <u>£</u>
16. <u>Reconciliation of Movement In Shareholders' Funds</u>		
Issue of Share Capital	-	-
Profit (Loss) for the year	930.53	1,774
	<hr/>	<hr/>
	930.53	1,774
Opening Shareholders' Funds	(574.39)	(2,348)
	<hr/>	<hr/>
Closing Shareholders' Funds	£356.14	(574)
	<hr/> <hr/>	<hr/> <hr/>