

CAMPBELL SMITH & COMPANY LIMITED
BALANCE SHEET AS AT 31ST DECEMBER 1996

COMPANY NO. 50470

			<u>1996</u>	<u>1995</u>
FIXED ASSETS	<u>Note</u>			
Tangible Assets	3		146,459	118,554
CURRENT ASSETS				
Stocks		6,186		4,348
Debtors	4	103,251		154,228
Cash at Bank and in Hand		<u>519</u>		<u>337</u>
		109,956		158,913
CREDITORS : Amounts falling due within one year	5	<u>245,346</u>	<u>236,239</u>	
NET CURRENT LIABILITIES			(135,390)	(77,326)
TOTAL ASSETS LESS CURRENT LIABILITIES			11,069	41,228
CREDITORS : Amounts falling due after more than one year	6		(10,090)	(7,274)
			<u>£ 979</u>	<u>£33,954</u>
CAPITAL AND RESERVES				
Called-up Share Capital	9		83,889	83,889
Revaluation Reserve			19,649	-
Profit and Loss Account	11		(102,559)	(49,935)
			<u>£ 979</u>	<u>£33,954</u>

Advantage has been taken of the exemptions for small sized companies conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the grounds that, in the directors' opinion, the company is entitled to benefit from those exemptions as a small sized company.

The directors have taken advantage, in preparation of the financial statements, of special exemptions applicable to small companies under Schedule 8 Part I of the Companies Act 1985. In the opinion of the directors the company qualifies as a small company and is entitled to make use of the special exemptions.

Approved by the board of Directors on 31st July 1997 1997 and signed on their behalf by :

K. E. Gibbs
 K. E. GIBBS : DIRECTOR

Kenneth Campbell
 K. CAMPBELL : DIRECTOR

For further information regarding the above see the annexed notes on the financial statements, which form an integral part of these financial statements.



CAMPBELL SMITH & COMPANY LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31ST DECEMBER 1996

1. GOING CONCERN

These accounts have been drawn up on a going concern basis on the basis that the company will continue to be supported by its bankers and directors. Two of the directors have given guarantees not to withdraw their loans from the company until such time as the company is in a position to repay them.

2. ACCOUNTING POLICIES

Accounting Convention

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain tangible fixed assets.

Tangible Fixed Assets and Depreciation

Depreciation is provided on the cost or valuation of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. The principal annual rates are :

Plant and Equipment	10%	Reducing Balance
Motor Vehicles	25%	Reducing Balance
Fixtures and Fittings	5%	Reducing Balance
Computer and Office Equipment	25%	Reducing Balance

The directors are of the opinion that the residual value of the freehold land and buildings held by the company at 31st December 1996 is at least equal to its cost and any depreciation charge necessary would be minimal.

Stocks

Stocks of materials are stated at the lower of cost and net realisable value.

Long Term Contracts

Turnover on long term contracts is determined on the basis of the ratio of costs to date to total estimated contract costs.

Operating profit includes attributable profit on long term contracts completed and amounts recoverable on contracts uncompleted, the latter also being included under debtors due within one year.

Turnover

Turnover consists of the invoiced value, excluding VAT, of goods and services supplied to third parties.

Leased Assets

Where assets are financed by leasing agreements ('finance leases') the assets are included in the balance sheet at cost less depreciation in accordance with the company's normal accounting policies. The present value of future rentals is shown as a liability. The interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the balance of capital repayments outstanding.

CAMPBELL SMITH & COMPANY LIMITED**NOTES ON THE FINANCIAL STATEMENTS 31ST DECEMBER 1996****2. ACCOUNTING POLICIES (continued)****Deferred Taxation**

Provision for deferred taxation is made under the liability method only to the extent that it is probable that the liability will become payable in the foreseeable future.

Pension

The company operates a defined contribution pension scheme. The cost of the contributions made by the company to the scheme are charged to the profit and loss account as incurred.

3. FIXED ASSETS

Tangible Assets	Land and Buildings	Plant and Machinery etc	Total
Cost/Valuation			
Brought forward	75,351	108,215	183,566
Additions	-	16,646	16,646
Disposals	-	(9,500)	(9,500)
Revaluation	<u>19,649</u>	<u>-</u>	<u>19,649</u>
Carried forward	<u>£95,000</u>	<u>£115,361</u>	<u>£210,361</u>
Cost/Valuation consists of :			
Cost	-	115,361	115,361
Valuation	<u>95,000</u>	<u>-</u>	<u>95,000</u>
	<u>£95,000</u>	<u>£115,361</u>	<u>£210,361</u>
Depreciation			
Brought forward	-	65,012	65,012
Charge for year	-	6,182	6,182
Disposals	<u>-</u>	<u>(7,292)</u>	<u>(7,292)</u>
Carried forward	<u>£ Nil</u>	<u>£63,902</u>	<u>£63,902</u>
Net Book Values			
At 31st December 1996	<u>£95,000</u>	<u>£51,459</u>	<u>£146,459</u>
At 31st December 1995	<u>£75,351</u>	<u>£43,203</u>	<u>£118,554</u>

The freehold land and buildings have been revalued at their open market value at 31st December 1996 based upon a valuation carried out by chartered surveyors on 8th April 1997.

The net book value of assets held under hire purchase agreements and finance leases amounted to £21,529 (1995 : £15,041). Depreciation charged on those assets amounted to £7,176 (1995 : £2,339).

CAMPBELL SMITH & COMPANY LIMITED**NOTES ON THE FINANCIAL STATEMENTS 31ST DECEMBER 1996**

4.	DEBTORS	<u>1996</u>	<u>1995</u>
	Long term contract balances	36,874	59,544
	Trade debtors	62,910	88,847
	Others	<u>3,467</u>	<u>5,837</u>
		<u>£103,251</u>	<u>£154,228</u>

5.	CREDITORS : Amounts falling due within one year	<u>1996</u>	<u>1995</u>
	Bank loans and overdrafts	76,564	92,084
	Trade creditors	30,736	36,376
	Tax and social security	62,394	71,874
	Other creditors	<u>75,652</u>	<u>35,905</u>
		<u>£245,346</u>	<u>£236,239</u>

The bank loans and overdrafts amounting to £76,564 (1995 : £92,084) are secured by a mortgage over the company's freehold premises, a floating charge over the company's other assets and by a personal guarantee of one of the directors.

6.	CREDITORS : Amounts falling due after more than one year	<u>1996</u>	<u>1995</u>
	Other creditors	<u>£10,090</u>	<u>£7,274</u>

7.	BORROWINGS	<u>1996</u>	<u>1995</u>
	Due within one year :		
	Obligations under finance leases	8,184	5,293
	Other	<u>76,564</u>	<u>92,084</u>
		<u>£84,748</u>	<u>£97,377</u>

	Due after more than one year :		
	Obligations under finance leases		
	Payable by instalments within 2 - 5 years	<u>£10,090</u>	<u>£7,274</u>

8. **PROVISIONS FOR LIABILITIES AND CHARGES**

Deferred taxation comprises :

	Amounts not Provided	
	<u>1996</u>	<u>1995</u>
Capital allowances	4,945	4,372
Unrelieved tax losses	(112,938)	(112,391)
Short term timing differences	(7)	-
Unrealised gain on revaluation of property	<u>3,685</u>	-
	<u>£ Nil</u>	<u>£ Nil</u>

CAMPBELL SMITH & COMPANY LIMITED

NOTES ON THE FINANCIAL STATEMENTS 31ST DECEMBER 1996

9.	SHARE CAPITAL	<u>1996</u>	<u>1995</u>
	Authorised		
	250,000 ordinary shares of £1 each	<u>£250,000</u>	<u>£250,000</u>
	Issued and Fully Paid		
	83,889 ordinary shares of £1 each	<u>£ 83,889</u>	<u>£83,889</u>

AUDITOR'S REPORT TO THE DIRECTORS OF CAMPBELL SMITH & COMPANY LIMITED PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985.

We have examined the attached abbreviated financial statements together with the financial statements of Campbell Smith & Company Limited prepared under S226 of the Companies Act 1985 for the year ended 31st December 1996.

Respective Responsibilities of Directors and Auditor

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 4 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

Basis of Opinion

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does 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 under S246 and S247 of the Companies Act 1985, to the exemptions conferred by Section A of Part III of Schedule 8 to that Act in respect of the year ended 31st December 1996, and the abbreviated financial statements have been properly prepared in accordance with that Schedule.

Other information

On we reported as auditor of Campbell Smith & Company Limited, to the members on the financial statements prepared under S226 of the Companies Act 1985 for the year ended 31st December 1996, and our audit report was as follows:

We have audited the financial statements on pages 3 to 9 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 5 and 6.

Respective Responsibilities of Directors and Auditor

As described on page 1 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 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.

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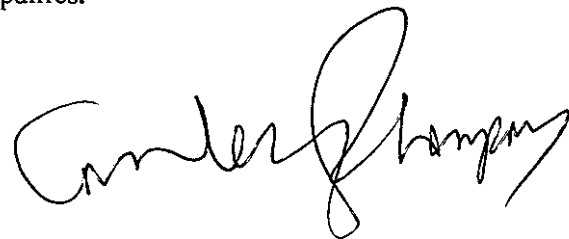
**AUDITOR'S REPORT TO THE DIRECTORS OF CAMPBELL SMITH & COMPANY LIMITED
PURSUANT TO PARAGRAPH 24 OF SCHEDULE 8 TO THE COMPANIES ACT 1985. (Continued)**

Fundamental Uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the financial statements concerning the preparation of the financial statements on a going concern basis. The financial statements do not include any adjustments that would result from the failure of the company to receive the ongoing support of its bankers and certain of its directors. Details of the circumstances relating to this fundamental uncertainty are described in note 1. Our opinion is not qualified in this respect.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the Company's affairs as at 31st December 1996 and its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as applicable to small companies.



St James's House
8 Overcliffe,
Gravesend, Kent
DA11 0HJ

CARLEY & COMPANY
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR

Date: 2ND SEPTEMBER