

STANHOPE-SETA LIMITED

DIRECTORS' REPORT

AND

ABBREVIATED ACCOUNTS

31ST JULY, 2000



**AGN** s h i p l e y s

*chartered accountants*

**STANHOPE-SETA LIMITED**

**COMPANY INFORMATION**

**Directors**

Mrs. M. Richardson  
M. Verity

**Secretary and Registered Office**

Mrs. M. Richardson  
10 Orange Street,  
Haymarket,  
London WC2H 7DQ.

**Auditors**

AGN Shipleys  
10 Orange Street,  
Haymarket,  
London WC2H 7DQ.

# STANHOPE-SETA LIMITED

## DIRECTORS' REPORT

The directors have pleasure in submitting their annual report and abbreviated accounts for the year ended 31<sup>st</sup> July, 2000.

### ACTIVITIES

The principal activity of the company is the manufacture of testing equipment for the hydrocarbon industries.

### RESULTS AND DIVIDENDS

The profit for the year before taxation amounted to £5,577. The retained profit carried forward is £2,708,273. The directors do not recommend payment of a dividend.

### BUSINESS REVIEW AND FUTURE PROSPECTS

The directors are satisfied with the results for the year and are hopeful that the improved performance can be maintained.

### DIRECTORS AND THEIR INTERESTS

The directors who held office during the year under review and their interests in the shares of the company, including those of their families, were as below:-

	31st July, 2000		1st August, 1999	
	'A' Ordinary £1 Shares	'B' Ordinary £1 Shares	'A' Ordinary £1 Shares	'B' Ordinary £1 Shares
Mrs. M. Richardson	100	1,000,000	100	1,000,000
M. Verity	Nil	Nil	Nil	Nil

### STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are required by the Companies Act 1985 to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit or loss of the company for that period. The directors consider that in preparing the financial statements the company has used appropriate accounting policies, consistently applied and supported by reasonable and prudent judgements and estimates and confirm that all applicable accounting standards have been followed. The financial statements have been prepared on a going concern basis.

The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**STANHOPE-SETA LIMITED**

**DIRECTORS' REPORT - CONTINUED**

**AUDITORS**

Shipleys changed their name with effect from 1st May, 2000 and now practise as AGN Shipleys; accordingly the audit report has been signed in that name.

A resolution to reappoint AGN Shipleys as auditors will be proposed at the Annual General Meeting.

**By Order of the Board,**

A handwritten signature in cursive script, appearing to read 'M. Richardson', written in dark ink.

**M. Richardson**  
**Secretary**

**31 OCT 2000**

# **AGN** s h i p l e y s

*chartered accountants*

**10 Orange Street, Haymarket, London WC2H 7DQ**

**Tel: +44 (0)20 7312 0000 Fax: +44 (0)20 7312 0022**

## **AUDITORS' REPORT TO**

**STANHOPE-SETA LIMITED**

**UNDER SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts set out on pages 4 to 10 together with the financial statements of the company for the year ended 31st July, 2000 prepared under section 226 of the Companies Act 1985.

### **Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts 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 accounts prepared in accordance with section 246A(3) of the Act to the registrar of companies and whether the accounts 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 accounts and that the abbreviated accounts 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 accounts prepared in accordance with section 246A(3) of the Companies Act 1985, and the abbreviated accounts on pages 4 to 10 are properly prepared in accordance with that provision.

*AGN Shipley*

**Registered Auditors**

**31 OCT 2000**

**STANHOPE-SETA LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31ST JULY, 2000**

	Notes	2000 £	1999 £
<b>GROSS PROFIT</b>		1,436,396	1,149,768
<b>DISTRIBUTION EXPENSES</b>		(102,608)	(113,092)
<b>ADMINISTRATIVE EXPENSES</b>		<u>(1,377,434)</u>	<u>(1,454,813)</u>
		(43,646)	(418,137)
<b>OTHER INCOME</b>	2	<u>12,528</u>	<u>10,693</u>
<b>OPERATING LOSS</b>		(31,118)	(407,444)
<b>INTEREST RECEIVED</b>		<u>36,695</u>	<u>34,037</u>
<b>PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION</b>	3	5,577	(373,407)
<b>TAXATION</b>	5	<u>(45,191)</u>	<u>125,718</u>
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		(39,614)	(247,689)
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<u>2,747,887</u>	<u>2,995,576</u>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<u><u>£2,708,273</u></u>	<u><u>£2,747,887</u></u>

*All amounts relate to continuing activities.*

*There have been no recognised gains or losses, other than the results for the financial year, and all profits or losses have been accounted for on an historical cost basis.*

## STANHOPE-SETA LIMITED


## BALANCE SHEET

31ST JULY, 2000

	Notes	2000 £	1999 £
<b>FIXED ASSETS</b>			
Tangible assets	6	1,114,067	1,253,300
<b>CURRENT ASSETS</b>			
Stocks	7	1,742,652	2,182,017
Debtors	8	763,503	459,262
Bank balances, currency and cash		<u>1,027,192</u>	<u>802,993</u>
		3,533,347	3,444,272
<b>CREDITORS: Amounts falling due within one year</b>	9	<u>(814,041)</u>	<u>(869,585)</u>
<b>NET CURRENT ASSETS</b>		<u>2,719,306</u>	<u>2,574,687</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		3,833,373	3,827,987
<b>PROVISION FOR LIABILITIES AND CHARGES</b>	10	<u>(125,000)</u>	<u>(80,000)</u>
		<u>£3,708,373</u>	<u>£3,747,987</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	11	1,000,100	1,000,100
Profit and loss account		<u>2,708,273</u>	<u>2,747,887</u>
<b>SHAREHOLDERS' FUNDS</b>	12	<u>£3,708,373</u>	<u>£3,747,987</u>

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

Approved by the Board on **31 OCT 2000**



M. Richardson - Director

# STANHOPE-SETA LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS

31ST JULY, 2000

### 1. ACCOUNTING POLICIES

The abbreviated accounts have been prepared under the historical cost convention in accordance with the following accounting policies.

#### 1.1 Depreciation of Tangible Fixed Assets

With the exception of freehold land and buildings, fixed assets are depreciated over their estimated useful lives as follows:-

Leasehold	-	period of lease
Plant and equipment	-	15% to 33 $\frac{1}{3}$ % reducing balance method
Furniture and fittings	-	15% reducing balance method
Motor vehicles	-	25% reducing balance method
Aircraft	-	10% straight line method

Depreciation is not provided on the freehold buildings, a policy which does not comply with Statement of Standard Accounting Practice No. 12. It is considered that to introduce such depreciation charges without at the same time carrying out a full revaluation of the properties concerned would be of limited meaning.

#### 1.2 Stocks

Stock and work in progress have been valued at the lower of cost and net realisable value. Finished goods stock includes a proportion of factory overhead expenditure.

#### 1.3 Deferred Taxation

Full provision has been made for taxation which has been deferred due to the variation between the depreciation rates used in the accounts and taxation writing down allowances, for chargeable gains rolled over against replacement assets and for other timing differences.

#### 1.4 Research and Development

All research and development expenditure is written off to the profit and loss account as incurred.

#### 1.5 Intangible Assets

Expenditure on patents and trademarks is written off to the profit and loss account as incurred.

#### 1.6 Foreign Currency Conversion

Transactions denominated in foreign currencies are translated at rates ruling at the date of the transaction. Balances denominated in foreign currencies are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

## STANHOPE-SETA LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 2000

2.	OTHER INCOME	2000 £	1999 £
	Discounts received	43	437
	Rent receivable	12,485	10,256
		<u>£12,528</u>	<u>£10,693</u>
3.	PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
	This is stated after charging/(crediting):-		
	Auditors' remuneration	11,500	11,500
	Depreciation - owned assets	50,909	73,973
	Exchange gains	(4,186)	(67)
	Equipment operating rentals	-	727
		<u>=====</u>	<u>=====</u>
4.	STAFF COSTS AND DIRECTORS' REMUNERATION	£	£
	Wages and salaries	1,157,297	1,256,193
	Social security costs	117,017	126,032
	Other pension costs	50,626	78,714
	Redundancy	990	95,822
	Ex-gratia and compensation	12,000	12,500
		<u>£1,337,930</u>	<u>£1,569,261</u>
		<u>=====</u>	<u>=====</u>
	The average number of persons employed by the company during the year was:	Number	Number
	Production and stores	17	20
	Administration and technical	38	45
		<u>55</u>	<u>65</u>
		<u>=====</u>	<u>=====</u>
	Directors' emoluments	£	£
	Fees and salaries	80,000	20,417
	Pension contributions (money purchase pension scheme)	380	20,769
	Benefits in kind	17,994	20,831
		<u>£98,374</u>	<u>£62,017</u>
		<u>=====</u>	<u>=====</u>

The highest paid director received £54,237 (1999 : £22,351).

Two directors are accruing benefits under a money purchase pension scheme (1999 : two).

## STANHOPE-SETA LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 2000

## 5. TAXATION

	2000 £	1999 £
The tax charge for the year was as follows:-		
U.K. corporation tax at 20%	-	-
Deferred taxation at 30%	(45,000)	105,000
Adjustment in respect of previous year	(191)	20,718
	<u>£(45,191)</u>	<u>£125,718</u>

## 6. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Furniture and Fittings £	Motor Vehicles £	Aircraft £	Total £
<b>Cost</b>						
At 1st August, 1999	1,009,616	547,775	581,600	111,823	145,489	2,396,303
Additions	-	17,153	2,771	-	-	19,924
Disposals	-	(7,000)	-	-	(145,489)	(152,489)
At 31st July, 2000	<u>1,009,616</u>	<u>557,928</u>	<u>584,371</u>	<u>111,823</u>	<u>-</u>	<u>2,263,738</u>
<b>Depreciation</b>						
At 1st August, 1999	75,736	480,420	474,335	73,365	39,147	1,143,003
Charge for year	5,466	19,322	16,506	9,615	-	50,909
Disposals	-	(5,094)	-	-	(39,147)	(44,241)
At 31st July, 2000	<u>81,202</u>	<u>494,648</u>	<u>490,841</u>	<u>82,980</u>	<u>-</u>	<u>1,149,671</u>
<b>Net Book Value</b>						
At 31st July, 2000	<u>£928,414</u>	<u>£63,280</u>	<u>£93,530</u>	<u>£28,843</u>	<u>£ -</u>	<u>£1,114,067</u>
At 31st July, 1999	<u>£933,880</u>	<u>£67,355</u>	<u>£107,265</u>	<u>£38,458</u>	<u>£106,342</u>	<u>£1,253,300</u>

	2000 £	1999 £
The net book value of land and buildings comprises:		
Freehold	819,075	819,075
Short leasehold	109,339	114,805
	<u>£928,414</u>	<u>£933,880</u>

There were no significant capital commitments at 31st July, 1999 or 31st July, 2000.

## STANHOPE-SETA LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 2000

7. STOCKS	2000 £	1999 £
The amounts attributable to the different categories are as follows:-		
Raw materials and consumables	288,273	317,494
Work in progress	283,954	304,299
Finished goods	1,170,425	1,560,224
	<u>£1,742,652</u>	<u>£2,182,017</u>
8. DEBTORS	£	£
Amounts falling due within one year		
Trade debtors	665,576	351,023
Other debtors	42,585	13,045
Prepayments	55,342	74,645
Corporation tax repayable	-	20,549
	<u>£763,503</u>	<u>£459,262</u>
9. CREDITORS : Amounts falling due within one year	£	£
Trade creditors	294,842	248,511
Other taxes and social security costs	35,858	23,732
Directors' loan account	255,559	480,096
Other creditors	29,264	26,938
Accruals	198,518	90,308
	<u>£814,041</u>	<u>£869,585</u>
10. PROVISION FOR LIABILITIES AND CHARGES	£	£
Deferred taxation		
Accelerated capital allowances	145,000	145,000
Capital gains	15,000	15,000
Tax losses	(35,000)	(80,000)
	<u>£125,000</u>	<u>£80,000</u>

## STANHOPE-SETA LIMITED

## NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 2000

11. SHARE CAPITAL	2000 £	1999 £
<b>Authorised, allotted, called up and fully paid</b>		
100 'A' Ordinary shares of £1 each	100	100
1,000,000 'B' Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>
	<u>£1,000,100</u>	<u>£1,000,100</u>
	=====	=====
<b>12. SHAREHOLDERS' FUNDS</b>	<b>£</b>	<b>£</b>
Equity shares	3,708,273	3,739,133
Non-equity shares	<u>100</u>	<u>100</u>
	<u>£3,708,373</u>	<u>£3,739,233</u>
	=====	=====

Non-equity shares consist of 100 'A' ordinary shares of £1 each as detailed in note 11. The shares confer the right on a winding up to the return of the capital paid up in priority to any other class of share.

13. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	2000 £	1999 £
Loss for the financial year	(39,614)	(247,689)
Shareholders' funds at 1st August, 1999	<u>3,747,987</u>	<u>3,995,676</u>
Shareholders' funds at 31st July, 2000	<u>£3,708,373</u>	<u>£3,747,987</u>
	=====	=====

## 14. CONTINGENT LIABILITIES

The company had given guarantees in respect of performance bonds at 31st July, 2000. No claim has arisen in respect of these bonds and the amounts involved are not significant in relation to the company's net assets.

## 15. PENSION SCHEMES

The company operates funded, money purchase pension schemes. Pension costs are charged to the profit and loss account in the financial period in which they are incurred.

## 16. DIRECTORS' TRANSACTIONS

The following arms' length transactions are included in the accounts:-

- a) Rent of £105,000 (1999 : £105,000) payable under a lease agreement to M. Richardson, a director of the company.
- b) Maintenance expenditure of £7,000 (1999 : £6,800) payable to Park Close Estates Limited, of which undertaking C.A. Richardson and M. Verity are directors. Other creditors include £29,264 (1999 : £23,834) due to Park Close Estates Limited.
- c) Aircraft rental of £45,000 payable to M. Richardson, a director of the company.