

STANHOPE-SETA LIMITED
DIRECTORS' REPORT
AND
ABBREVIATED ACCOUNTS
31ST JULY, 2002



STANHOPE-SETA LIMITED

COMPANY INFORMATION

Directors

Mrs. M. Richardson
M. Verity
G. 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 31st July, 2002.

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 after taxation amounted to £54,989. The retained profit carried forward is £2,803,872. 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, 2002		1st August, 2001	
	'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
G. 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.

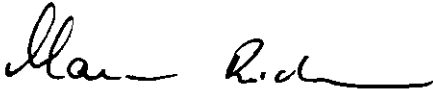
The directors are responsible for ensuring that the company keeps proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and for ensuring that the financial statements comply with the Companies Act 1985. The directors also have responsibility 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

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 dark ink, appearing to read 'M. Richardson', written in a cursive style.

M. Richardson
Secretary

3 OCT 2002

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

INDEPENDENT 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 12 together with the financial statements of the company for the year ended 31st July, 2002 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

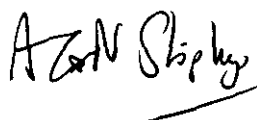
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of 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 12 are properly prepared in accordance with that provision.



Registered Auditors

3 OCT 2002

STANHOPE-SETA LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY, 2002

	Notes	2002 £	2001 £
GROSS PROFIT		1,471,884	1,561,198
DISTRIBUTION EXPENSES		(107,282)	(120,304)
ADMINISTRATIVE EXPENSES		<u>(1,391,339)</u>	<u>(1,496,967)</u>
		(26,737)	(56,073)
OTHER INCOME	2	<u>12,093</u>	<u>14,209</u>
OPERATING LOSS		(14,644)	(41,864)
INTEREST RECEIVED		<u>21,308</u>	<u>47,474</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	6,664	5,610
TAXATION	5	<u>48,325</u>	<u>35,000</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		54,989	40,610
RETAINED PROFIT BROUGHT FORWARD		<u>2,748,883</u>	<u>2,708,273</u>
RETAINED PROFIT CARRIED FORWARD		<u><u>£2,803,872</u></u>	<u><u>£2,748,883</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.

The notes on pages 7 to 12 form part of these abbreviated accounts.

STANHOPE-SETA LIMITED

BALANCE SHEET

31ST JULY, 2002

	Notes	2002 £	2001 £
FIXED ASSETS			
Tangible assets	6	1,552,179	1,085,689
CURRENT ASSETS			
Stocks	7	1,722,071	1,643,483
Debtors	8	1,033,332	883,386
Bank balances and cash		<u>547,540</u>	<u>970,372</u>
		3,302,943	3,497,241
CREDITORS: Amounts falling due within one year	9	<u>(971,150)</u>	<u>(743,947)</u>
NET CURRENT ASSETS		<u>2,331,793</u>	<u>2,753,294</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		3,883,972	3,838,983
PROVISION FOR LIABILITIES AND CHARGES	10	<u>(80,000)</u>	<u>(90,000)</u>
		<u>£3,803,972</u>	<u>£3,748,983</u>
CAPITAL AND RESERVES			
Called up share capital	11	1,000,100	1,000,100
Profit and loss account		<u>2,803,872</u>	<u>2,748,883</u>
SHAREHOLDERS' FUNDS	12	<u>£3,803,972</u>	<u>£3,748,983</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 **3 OCT 2002**

M. Richardson - Director



The notes on pages 7 to 12 form part of these abbreviated accounts.

STANHOPE-SETA LIMITED

CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST JULY, 2002

	Notes	2002 £	2001 £
Reconciliation of operating loss to net cash inflow from operating activities		(14,644)	(41,864)
Depreciation charges		70,042	56,613
Loss on disposal of fixed assets		1,314	2,342
(Increase)/decrease in stock		(78,588)	99,169
Increase in debtors		(130,946)	(119,883)
Increase/(decrease) in creditors		<u>227,203</u>	<u>(70,094)</u>
Net cash inflow/(outflow) from operating activities		<u>£74,381</u>	<u>£(73,717)</u>

CASH FLOW STATEMENT

Net cash inflow/(outflow) from operating activities		74,381	(73,717)
Returns on investments and servicing of finance	13	21,308	47,474
Taxation		19,325	-
Capital expenditure	14	<u>(537,846)</u>	<u>(30,577)</u>
Cash outflow before use of liquid resources		(422,832)	(56,820)
Management of liquid resources	15	<u>282,610</u>	<u>(127,898)</u>
Decrease in cash		<u>£(140,222)</u>	<u>£(184,718)</u>

Reconciliation of net cash flow to movement in net funds	17		
Decrease in cash in period and movement in funds in period		(140,222)	(184,718)
Net funds at 1st August, 2001		<u>372,660</u>	<u>557,378</u>
Net funds at 31st July, 2002		<u>£232,438</u>	<u>£372,660</u>

The notes on pages 7 to 12 form part of these abbreviated accounts.

STANHOPE-SETA LIMITED**NOTES TO THE ABBREVIATED ACCOUNTS****31ST JULY, 2002****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, fixed assets are depreciated over their estimated useful lives as follows:-

Freehold buildings	-	over 50 years
Leasehold	-	period of lease
Plant and equipment	-	15% to 33 ¹ / ₃ % reducing balance method or over 7 years straight line method
Furniture and fittings	-	15% reducing balance method
Motor vehicles	-	25% reducing balance method

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, 2002

2. OTHER INCOME	2002	2001
	£	£
Discounts received	31	1,009
Rent receivable	12,062	13,200
	<u>£12,093</u>	<u>£14,209</u>
3. PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
This is stated after charging/(crediting):-		
Auditors' remuneration	12,000	11,500
Depreciation - owned assets	70,042	56,613
Bank charges	16,280	17,337
Exchange gains	(694)	(3,760)
Loss on disposal of fixed assets	1,314	2,342
	<u></u>	<u></u>
4. STAFF COSTS AND DIRECTORS' REMUNERATION	£	£
Wages and salaries	1,202,361	1,224,998
Social security costs	111,287	103,782
Other pension costs	40,847	41,234
	<u>£1,354,495</u>	<u>£1,370,014</u>
The average number of persons employed by the company during the year was:		
	Number	Number
Production and stores	17	16
Administration and technical	37	37
	<u>54</u>	<u>53</u>
Directors' emoluments	£	£
Fees and salaries	135,680	191,760
Pension contributions (money purchase pension scheme)	1,000	20,000
Benefits in kind	13,490	17,993
	<u>£150,170</u>	<u>£229,753</u>

The highest paid director received £56,721 (2001 : £75,000).

Three directors are accruing benefits under a money purchase pension scheme (2001 : two).

STANHOPE-SETA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 2002

5. TAXATION	2002 £	2001 £
The tax credit for the year was as follows:-		
Deferred taxation at 30%	10,000	35,000
Adjustment in respect of previous year	<u>38,325</u>	<u>-</u>
	<u>£48,325</u>	<u>£35,000</u>

6. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Furniture and Fittings £	Motor Vehicles £	Total £
Cost					
At 1st August, 2001	1,010,566	573,869	587,862	101,028	2,273,325
Additions	154,634	234,435	141,437	18,540	549,046
Disposals	<u>-</u>	<u>(2,700)</u>	<u>-</u>	<u>(62,948)</u>	<u>(65,648)</u>
At 31st July, 2002	<u>1,165,200</u>	<u>805,604</u>	<u>729,299</u>	<u>56,620</u>	<u>2,756,723</u>
Depreciation					
At 1st August, 2001	94,868	513,867	505,395	73,506	1,187,636
Charge for year	16,758	30,084	14,138	9,062	70,042
Eliminated on disposal	<u>-</u>	<u>-</u>	<u>-</u>	<u>(53,134)</u>	<u>(53,134)</u>
At 31st July, 2001	<u>111,626</u>	<u>543,951</u>	<u>519,533</u>	<u>29,434</u>	<u>1,204,544</u>
Net Book Value					
At 31st July, 2002	<u>£1,053,574</u>	<u>£261,653</u>	<u>£209,766</u>	<u>£27,186</u>	<u>£1,552,179</u>
At 31st July, 2001	<u>£915,698</u>	<u>£60,002</u>	<u>£82,467</u>	<u>£27,522</u>	<u>£1,085,689</u>

	2002 £	2001 £
The net book value of land and buildings comprises:		
Freehold	955,167	811,825
Short leasehold	<u>98,407</u>	<u>103,873</u>
	<u>£1,053,574</u>	<u>£915,698</u>

There were no significant capital commitments at 31st July, 2001 or 31st July, 2002.

STANHOPE-SETA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 2002

7. STOCKS	2002 £	2001 £
The amounts attributable to the different categories are as follows:-		
Raw materials and consumables	635,319	452,698
Work in progress	231,114	198,598
Finished goods	855,638	992,187
	<u>£1,722,071</u>	<u>£1,643,483</u>
8. DEBTORS	£	£
Amounts falling due within one year		
Trade debtors	903,635	781,905
Other debtors	58,925	49,087
Corporation tax	19,000	-
Prepayments	51,772	52,394
	<u>£1,033,332</u>	<u>£883,386</u>
9. CREDITORS : Amounts falling due within one year	£	£
Trade creditors	719,356	458,153
Other taxes and social security costs	38,527	36,055
Directors' loan account	55,310	17,578
Other creditors	41,439	34,709
Accruals	116,518	197,452
	<u>£971,150</u>	<u>£743,947</u>
10. PROVISION FOR LIABILITIES AND CHARGES	£	£
Deferred taxation		
Accelerated capital allowances	180,000	145,000
Capital gains	15,000	15,000
Tax losses	(115,000)	(70,000)
	<u>£80,000</u>	<u>£90,000</u>

STANHOPE-SETA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 2002

11. SHARE CAPITAL	2002 £	2001 £
Authorised, allotted, called up and fully paid		
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>
12. SHAREHOLDERS' FUNDS	£	£
Equity shares	3,803,872	3,748,883
Non-equity shares	<u>100</u>	<u>100</u>
	<u>£3,803,972</u>	<u>£3,748,983</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. RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	2002 £	2001 £
Interest received	<u>21,308</u>	<u>47,474</u>
Net cash inflow on returns on investments	<u>£21,308</u>	<u>£47,474</u>
14. CAPITAL EXPENDITURE	£	£
Purchases of tangible fixed assets	(549,046)	(33,377)
Sale of tangible fixed assets	<u>11,200</u>	<u>2,800</u>
Net cash outflow for capital expenditure	<u>£(537,846)</u>	<u>£(30,577)</u>
15. MANAGEMENT OF LIQUID RESOURCES	£	£
Cash withdrawn from/(placed on) bank term deposits	<u>282,610</u>	<u>(127,898)</u>
Net cash inflow/(outflow) from management of liquid resources	<u>£282,610</u>	<u>£(127,898)</u>
16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS	£	£
Profit for the financial year	54,989	40,610
Shareholders' funds at 1st August, 2001	<u>3,748,983</u>	<u>3,708,373</u>
Shareholders' funds at 31st July, 2002	<u>£3,803,972</u>	<u>£3,748,983</u>

STANHOPE-SETA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 2002

17. ANALYSIS OF NET FUNDS	2002 £	2001 £
Cash at bank and in hand		
At 1st August, 2001	372,660	557,378
Cash flow	<u>(140,222)</u>	<u>(184,718)</u>
At 31st July, 2002	<u>£232,438</u>	<u>£372,660</u>

18. CONTINGENT LIABILITIES

The company had given guarantees in respect of performance bonds at 31st July, 2001. No claim has arisen in respect of these bonds and the amounts involved are not significant in relation to the company's net assets.

19. 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.

20. DIRECTORS' TRANSACTIONS

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

- a) Rent of £105,000 (2001 : £105,000) payable under a lease agreement to Mrs. M. Richardson, a director of the company.
- b) Maintenance expenditure of £7,400 (2001 : £7,200) payable to Park Close Estates Limited, of which undertaking Mrs M. Richardson, M. Verity and G. Verity are directors. Other creditors include £41,439 (2001 : £34,709) due to Park Close Estates Limited.
- c) Aircraft rental of £60,000 (2001 : £60,000) payable to Mrs. M. Richardson, a director of the company.