

Company No: 00361699

STANHOPE-SETA LIMITED

DIRECTORS' REPORT

AND

ABBREVIATED ACCOUNTS

31ST JULY, 1999



s h i p l e y s

chartered accountants

STANHOPE-SETA LIMITED

Directors

Mrs. M. Richardson
M. Verity

Secretary and Registered Office

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

Auditors

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, 1999.

ACTIVITIES

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

RESULTS AND DIVIDENDS

The loss for the year after taxation amounted to £247,689. The retained profit carried forward is £2,747,887. The directors do not recommend payment of a dividend.

BUSINESS REVIEW AND FUTURE PROSPECTS

The company has had a difficult year as a result of the strong pound and market conditions. Steps have been taken to reduce costs and the directors hope for a return to profitability in the current year.

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, 1999		1st August, 1998	
	'A' Ordinary £1 Shares	'B' Ordinary £1 Shares	'A' Ordinary £1 Shares	'B' Ordinary £1 Shares
Mrs. M. Richardson	100	1,000,000	Nil	Nil
M. Verity – appointed 1st October, 1998	Nil	Nil	Nil	Nil
C.A. Richardson –died 30th September, 1998	N/A	N/A	100	1,000,000

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

YEAR 2000

There are risks and uncertainties associated with the forthcoming new century and its effect on computer systems. Failure to address these could lead to difficulties in processing an organisation's financial and operations transactions, or even to total system failure.

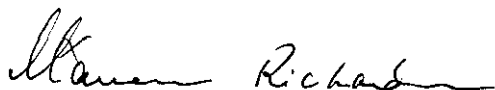
The directors have completed a review of the effect on the company's operations of this problem, with a view to ensuring that appropriate steps are taken to ensure that the company's critical systems are able to operate effectively into the year 2000.

The directors have treated the related costs in the financial statements in accordance with generally accepted accounting practice in the U.K.

AUDITORS

A resolution to reappoint 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', with a stylized, flowing script.

M. Richardson
Secretary

17 SEP 1999



s h i p l e y s

c h a r t e r e d a c c o u n t a n t s

10 Orange Street, Haymarket, London WC2H 7DQ

Telephone (0171) 312 0000 Facsimile (0171) 312 0022

AUDITORS' REPORT TO

STANHOPE-SEA LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts set out on pages 5 to 12 together with the financial statements of the company for the year ended 31st July, 1999 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

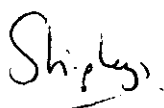
The directors are responsible for preparing the abbreviated accounts in accordance with section 246A of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with section 246A(3) of 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 5 to 12 are properly prepared in accordance with that provision.



Registered Auditors

17 SEP 1999

STANHOPE-SETA LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST JULY, 1999

	Notes	1999 £	1998 £
GROSS PROFIT		1,149,768	1,852,154
NET DISTRIBUTION EXPENSES		(113,092)	(127,753)
ADMINISTRATIVE EXPENSES		(1,454,813)	(1,697,147)
		(418,137)	27,254
OTHER INCOME	2	<u>10,693</u>	<u>13,023</u>
OPERATING (LOSS)/PROFIT - continuing operations		(407,444)	40,277
INTEREST RECEIVED		<u>34,037</u>	<u>46,449</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	3	(373,407)	86,726
TAXATION	5	<u>125,718</u>	<u>(29,990)</u>
(LOSS)/PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		(247,689)	56,736
RETAINED PROFIT BROUGHT FORWARD		<u>2,995,576</u>	<u>2,938,840</u>
RETAINED PROFIT CARRIED FORWARD		<u>£2,747,887</u>	<u>£2,995,576</u>

STANHOPE-SETA LIMITED

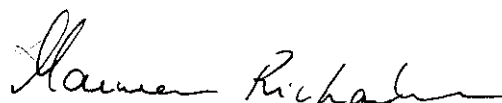
BALANCE SHEET

31ST JULY, 1999

	Notes	£	1999 £	£	1998 £
FIXED ASSETS					
Tangible assets	6		1,253,300		1,307,409
CURRENT ASSETS					
Stocks	7	2,182,017		2,771,701	
Debtors	8	459,262		646,991	
Bank balances, currency and cash		<u>802,993</u>		<u>754,307</u>	
			3,444,272		4,172,999
CREDITORS: Amounts falling due within one year	9	<u>(869,585)</u>		<u>(1,299,732)</u>	
NET CURRENT ASSETS			<u>2,574,687</u>		<u>2,873,267</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			3,827,987		4,180,676
PROVISION FOR LIABILITIES AND CHARGES	10		<u>(80,000)</u>		<u>(185,000)</u>
			<u>£3,747,987</u>		<u>£3,995,676</u>
CAPITAL AND RESERVES					
Called up share capital	11		1,000,100		1,000,100
Profit and loss account			<u>2,747,887</u>		<u>2,995,576</u>
SHAREHOLDERS' FUNDS	12		<u>£3,747,987</u>		<u>£3,995,676</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 **17 SEP 1999**



M. Richardson - Director

STANHOPE-SETA LIMITED
OTHER PRIMARY FINANCIAL STATEMENTS

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31ST JULY, 1999**

The retained loss for the year was the only recognised gain or loss in the year.

**HISTORICAL COST PROFIT AND LOSS
FOR THE YEAR ENDED 31ST JULY, 1999**

All assets are stated in the abbreviated accounts at historical cost. Therefore, no adjustments are required to the reported loss which is stated on an unmodified historical cost basis.

**RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS
FOR THE YEAR ENDED 31ST JULY, 1999**

	1999 £	1998 £
(Loss)/profit for the financial year	(247,689)	56,736
Shareholders' funds at 1st August, 1998	<u>3,995,676</u>	<u>3,938,940</u>
Shareholders' funds at 31st July, 1999	<u><u>£3,747,987</u></u>	<u><u>£3,995,676</u></u>

STANHOPE-SETA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

31ST JULY, 1999

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, 1999

2. OTHER INCOME	1999	1998
	£	£
Discounts received	437	663
Rent receivable	10,256	12,360
	<u>£10,693</u>	<u>£13,023</u>
3. (LOSS)/PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	£	£
This is stated after charging/(crediting):-		
Auditors' remuneration	11,500	11,000
Depreciation - owned assets	73,973	83,202
Exchange (gains)/losses	(67)	11,393
Equipment operating rentals	727	-
	<u>£1,569,261</u>	<u>£1,922,554</u>
4. STAFF COSTS AND DIRECTORS' REMUNERATION	£	£
Wages and salaries	1,256,193	1,599,589
Social security costs	126,032	159,657
Other pension costs	78,714	163,308
Redundancy	95,822	-
Ex-gratia	12,500	-
	<u>£1,569,261</u>	<u>£1,922,554</u>
The average number of persons employed by the company during the year was:	Number	Number
Production and stores	20	31
Administration and technical	45	47
	<u>65</u>	<u>78</u>
Directors' emoluments	£	£
Fees and salaries	20,417	200,000
Pension contributions (money purchase pension scheme)	20,769	80,000
Benefits in kind	20,831	29,808
	<u>£62,017</u>	<u>£309,808</u>

The highest paid director received £22,351 (1998 : £162,132).

Two directors are accruing benefits under a money purchase pension scheme (1998 : one).

STANHOPE-SETA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 1999

5. TAXATION

	1999 £	1998 £
The tax charge for the year was as follows:-		
U.K. corporation tax at 21%	-	21,000
Deferred taxation at 30%	105,000	10,000
Adjustment in respect of previous year	20,718	(1,010)
	<u>£125,718</u>	<u>£29,990</u>

6. TANGIBLE FIXED ASSETS

	Land and Buildings £	Plant and Equipment £	Furniture and Fittings £	Motor Vehicles £	Aircraft £	Total £
Cost						
At 1st August, 1998	1,009,616	539,878	578,650	172,475	145,489	2,446,108
Additions	-	7,897	2,950	11,304	-	22,151
Disposals	-	-	-	(71,956)	-	(71,956)
At 31st July, 1999	<u>1,009,616</u>	<u>547,775</u>	<u>581,600</u>	<u>111,823</u>	<u>145,489</u>	<u>2,396,303</u>
Depreciation						
At 1st August, 1998	70,270	457,458	455,406	129,467	26,098	1,138,699
Charge for year	5,466	22,962	18,929	12,819	13,049	73,973
Disposals	-	-	-	(68,921)	-	(68,921)
At 31st July, 1999	<u>75,736</u>	<u>480,420</u>	<u>474,335</u>	<u>73,365</u>	<u>39,147</u>	<u>1,143,003</u>
Net Book Value						
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>
At 31st July, 1998	<u>£939,346</u>	<u>£82,420</u>	<u>£123,244</u>	<u>£43,008</u>	<u>£119,391</u>	<u>£1,307,409</u>

	1999 £	1998 £
The net book value of land and buildings comprises:		
Freehold	819,075	819,075
Short leasehold	114,805	120,271
	<u>£933,880</u>	<u>£939,346</u>

There were no significant capital commitments at 31st July, 1998 or 31st July, 1999.

STANHOPE-SETA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 1999

7. STOCKS	1999 £	1998 £
The amounts attributable to the different categories are as follows:-		
Raw materials and consumables	317,494	389,728
Work in progress	304,299	368,570
Finished goods	1,560,224	2,013,403
	<u>£2,182,017</u>	<u>£2,771,701</u>
8. DEBTORS	£	£
Amounts falling due within one year		
Trade debtors	351,023	577,848
Other debtors	13,045	22,443
Prepayments	74,645	46,700
Corporation tax repayable	20,549	-
	<u>£459,262</u>	<u>£646,991</u>
9. CREDITORS : Amounts falling due within one year	£	£
Trade creditors	248,511	437,532
Corporation tax	-	21,000
Other taxes and social security costs	23,732	58,106
Directors' loan account	480,096	479,399
Other creditors	26,938	21,596
Accruals	90,308	282,099
	<u>£869,585</u>	<u>£1,299,732</u>
10. PROVISION FOR LIABILITIES AND CHARGES	£	£
Deferred taxation		
Accelerated capital allowances	145,000	150,000
Capital gains	15,000	35,000
Tax losses	(80,000)	-
	<u>£80,000</u>	<u>£185,000</u>

STANHOPE-SETA LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS - CONTINUED

31ST JULY, 1999

11. SHARE CAPITAL	1999 £	1998 £
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	3,739,133	3,995,576
Non-equity shares	<u>100</u>	<u>100</u>
	<u>£3,739,233</u>	<u>£3,995,676</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. CONTINGENT LIABILITIES

The company had given guarantees in respect of performance bonds at 31st July, 1999. No claim has arisen in respect of these bonds and the amounts involved are not significant in relation to the company's net assets.

14. 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.

15. DIRECTORS' TRANSACTIONS

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

- Rent of £105,000 (1998 : £105,000) payable under a lease agreement to M. Richardson, a director of the company.
- Maintenance expenditure of £6,800 (1998 : £6,600) payable to Park Close Estates Limited, of which undertaking C.A. Richardson and M. Richardson are directors. Other creditors include £23,834 (1998 : £20,096) due to Park Close Estates Limited.
- During the year a motor vehicle was sold to Mrs M. Richardson for £11,000, the open market value at the date of sale.

16. CONTROLLING PARTY

Until his death on 30th September, 1998, the company was controlled by C.A. Richardson, the director and major shareholder. Thereafter, control passed to M. Richardson, a company director.