

Registrar's Copy

Shutdown Maintenance Services Limited

Report and Financial Statements

Year Ended

31 March 2001



Shutdown Maintenance Services Limited

Annual report and financial statements for the year ended 31 March 2001

Contents

Page:

2	Report of the directors
4	Report of the independent auditors
6	Profit and loss account
7	Balance sheet
8	Notes forming part of the financial statements

Directors

T W Godfray
P Lowe

Secretary and registered office

T W Godfray, Kingsnorth Industrial Estate, Hoo, Rochester, Kent, ME3 9ND

Company number

1348516

Auditors

BDO Stoy Hayward, Park House, 102-108 Above Bar, Southampton, SO14 7NH

Shutdown Maintenance Services Limited

Report of the directors for the year ended 31 March 2001

The directors present their report together with the audited financial statements for the year ended 31 March 2001.

Results and dividends

The profit and loss account is set out on page 6 and shows the loss for the year.

Principal activities, review of business and future developments

The principal activity of the company continued to be the application of anti-corrosion finishes to metal for industry.

Both the level of business and the year end financial position proved to be disappointing. Having recognised the downturn, the directors have been and are taking action to improve the company's performance, which should benefit the foreseeable future.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

	Ordinary shares of £1 each	
	2001	2000
T W Godfray	5,000	5,000
P Lowe	2,500	2,500

Directors' responsibilities

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that year. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

Shutdown Maintenance Services Limited

Report of the directors for the year ended 31 March 2001 *(Continued)*

Auditors

BDO Stoy Hayward have expressed their willingness to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By order of the board


T W Godfray

Secretary

28/4/01

Shutdown Maintenance Services Limited

Report of the independent auditors

To the shareholders of Shutdown Maintenance Services Limited

We have audited the financial statements of Shutdown Maintenance Services Limited for the year ended 31 March 2001 on pages 6 to 16 which have been prepared under the accounting policies set out therein.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of audit opinion

We conducted our audit in accordance with United Kingdom 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.

Shutdown Maintenance Services Limited

Report of the independent auditors (*Continued*)

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 2001 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

BDO Stoy Hayward.

BDO STOY HAYWARD

Registered Auditors

Southampton

2 July 2001

Shutdown Maintenance Services Limited

Profit and loss account for the year ended 31 March 2001

	Note	2001 £	2000 £
Turnover	2	1,115,314	1,753,371
Cost of sales		880,581	1,361,748
		<hr/>	<hr/>
Gross profit		234,733	391,623
Administrative expenses		345,510	368,775
		<hr/>	<hr/>
		(110,777)	22,848
Other operating income		12,000	12,789
		<hr/>	<hr/>
Operating (loss)/profit	3	(98,777)	35,637
Other interest receivable and similar income		509	2,158
Interest payable and similar charges	6	(14,767)	(9,312)
		<hr/>	<hr/>
(Loss)/profit on ordinary activities before taxation		(113,035)	28,483
Taxation on (loss)/profit on ordinary activities	7	(15,501)	15,506
		<hr/>	<hr/>
(Loss)/profit on ordinary activities after taxation retained for the year		(97,534)	12,977
Retained profit brought forward		268,345	255,368
		<hr/>	<hr/>
Retained profit carried forward		170,811	268,345
		<hr/>	<hr/>

All amounts relate to continuing activities.

All recognised gains and losses in the current and prior year are included in the profit and loss account.

There are no movements in shareholders' funds in the current and prior year apart from the loss/profit for the year.

The notes on pages 8 to 16 form part of these financial statements.

Shutdown Maintenance Services Limited

Balance sheet at 31 March 2001

	Note	2001 £	2001 £	2000 £	2000 £
Fixed assets					
Tangible assets	8		248,976		271,963
Investments	9		105,000		105,000
			<hr/>		<hr/>
			353,976		376,963
Current assets					
Stocks	10	12,654		84,774	
Debtors	11	300,241		142,406	
Cash at bank and in hand		2,032		6,898	
		<hr/>		<hr/>	
		314,927		234,078	
Creditors: amounts falling due within one year	12	321,701		154,433	
		<hr/>		<hr/>	
Net current (liabilities)/assets			(6,774)		79,645
			<hr/>		<hr/>
Total assets less current liabilities			347,202		456,608
Creditors: amounts falling due after more than one year	13		98,891		110,763
			<hr/>		<hr/>
			248,311		345,845
			<hr/>		<hr/>
Capital and reserves					
Called up share capital	14		27,500		27,500
Revaluation reserve			27,500		27,500
Capital redemption reserve			22,500		22,500
Profit and loss account			170,811		268,345
			<hr/>		<hr/>
Equity shareholders' funds			248,311		345,845
			<hr/>		<hr/>

The financial statements were approved by the Board on

28 June 2001

P Lowe

T W Godfray

Directors

[Handwritten signature: T.W. Godfray]

The notes on pages 8 to 16 form part of these financial statements.

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies have been applied:

Cash flow statement

The company has taken advantage of the exemption conferred by Financial Reporting Standard 1 'Cash Flow Statements (Revised 1996)' not to prepare a cash flow statement on the grounds that it is a 'small' company under the Companies Act 1985.

Depreciation

Depreciation is provided to write off the cost or valuation, less estimated residual values, of all tangible fixed assets, except for investment properties, freehold land and certain buildings, evenly over their expected useful lives. It is calculated at the following rates:

Freehold buildings	- 4%
Plant and machinery	- 20%
Fixtures and fittings	- 33.3%
Computer equipment	- 33.3%

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Investment property

The company's investment property is stated at valuation, which is updated annually by the directors, in accordance with the requirements of Statement of Standard Accounting Practice 19.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes to the extent that it is probable that a liability or asset will crystallise.

Pensions

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax.

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

1 Accounting policies (*continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership ('finance leases'), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor. All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

2 Turnover

Turnover is wholly attributable to the principal activity of the company and arises solely within the United Kingdom.

3 Operating (loss)/profit

This is arrived at after charging/(crediting):

	2001 £	2000 £
Depreciation of tangible fixed assets	27,905	35,804
Hire of plant and machinery - operating leases	67,762	152,016
Auditors' remuneration - audit services	5,100	4,900
(Profit)/loss on sale of fixed assets	-	(2,335)
Rent receivable	(12,000)	(12,540)
	<hr/>	<hr/>

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

4 Employees

Staff costs (including directors) consist of:

	2001 £	2000 £
Wages and salaries	588,329	840,363
Social security costs	54,110	81,092
Other pension costs	4,646	5,572
	<u>647,085</u>	<u>927,027</u>

The average number of employees (including directors) during the year was as follows:

	2001 Number	2000 Number
Management	6	8
Production	24	35
	<u>30</u>	<u>43</u>

5 Directors' remuneration

	2001 £	2000 £
Directors' emoluments	68,824	69,694
Company contributions to money purchase pension schemes	1,894	1,894
	<u>70,718</u>	<u>71,588</u>

There was 1 director in the company's defined contribution pension scheme during the year (2000: 1).

During the year, the company paid £8,419 (2000: £6,949) to Mandate Services Limited, a company controlled by T W Godfray, in respect of accountancy services provided by that company. This amount is not included above.

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

6 Interest payable and similar charges

	2001 £	2000 £
Bank loans and overdrafts	14,767	9,312
	<u>14,767</u>	<u>9,312</u>

7 Taxation on (loss)/profit on ordinary activities

	2001 £	2000 £
<i>UK Corporation tax</i>		
<i>Current year</i>		
Current tax on income for the year	(13,716)	15,500
<i>Prior years</i>		
UK Corporation tax	(1,785)	6
	<u>(15,501)</u>	<u>15,506</u>

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

8 Tangible fixed assets

	Freehold property £	Plant and machinery £	Fixtures and fittings £	Computer equipment £	Total £
<i>Cost or valuation</i>					
At 1 April 2000	201,220	358,775	15,966	5,947	581,908
Additions	4,918	-	-	-	4,918
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	206,138	358,775	15,966	5,947	586,826
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 April 2000	3,734	289,509	12,755	3,947	309,945
Provided for the year	3,941	21,360	1,667	937	27,905
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2001	7,675	310,869	14,422	4,884	337,850
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 March 2001	198,463	47,906	1,544	1,063	248,976
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2000	197,486	69,266	3,211	2,000	271,963
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

Included in freehold property is freehold land valued at £109,370 (2000 - £109,370) which is not depreciated.

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

9 Fixed asset investments

	Investment properties £
<i>Cost or valuation</i>	
At 1 April 2000 and 31 March 2001	105,000
<i>Net book value</i>	
At 31 March 2000 and 31 March 2001	105,000

The investment property is stated at directors' valuation made on 31 March 2001.

10 Stocks

	2001 £	2000 £
Raw materials	5,464	5,272
Work in progress	7,190	79,502
	<u>12,654</u>	<u>84,774</u>

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

11 Debtors

	2001 £	2000 £
Amounts receivable within one year		
Trade debtors	286,525	142,147
Corporation tax recoverable	13,716	-
Prepayments and accrued income	-	1
	<u>300,241</u>	<u>142,148</u>
Amounts receivable after more than one year		
ACT recoverable	-	258
	<u>300,241</u>	<u>142,406</u>

12 Creditors: amounts falling due within one year

	2001 £	2000 £
Bank loans and overdrafts (secured)	137,653	10,908
Payments received on account	-	17,272
Trade creditors	97,509	30,103
Taxation and social security	48,867	56,861
Corporation tax	-	11,000
Other creditors	10,991	15,155
Accruals and deferred income	26,681	13,134
	<u>321,701</u>	<u>154,433</u>

The bank loan is secured by a legal charge over the company's freehold properties.

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

13 Creditors: amounts falling due after more than one year

	2001 £	2000 £
Bank loans	98,891	110,763
	<u> </u>	<u> </u>
Maturity of debt:		
	2001 £	2000 £
In one year or less, or on demand	137,653	10,908
In more than one year but not more than two years	12,799	11,813
In more than two years but not more than five years	45,129	41,654
In more than five years	40,963	57,296
	<u> </u>	<u> </u>
	236,544	121,671
	<u> </u>	<u> </u>

Included in creditors due after more than one year are the following amounts repayable in more than five years:

	2001 £	2000 £
Loans	40,963	57,296
	<u> </u>	<u> </u>

The bank loan is secured by a legal charge over the company's freehold properties.

The bank loan is repayable in instalments before 8 December 2008. Interest is charged at 2% above Lloyds TSB Bank Plc's base rate.

14 Share capital

	Authorised		Allotted, called up and fully paid	
	2001 £	2000 £	2001 £	2000 £
<i>Equity share capital</i>				
Ordinary shares of £1 each	50,000	50,000	27,500	27,500
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Shutdown Maintenance Services Limited

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

15 Pensions

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension charge represents contributions payable by the company to the fund and amounted to £4,645 (2000 - £5,572).

16 Related party disclosures

Controlling parties

Falcon Holdings Limited is considered to be the controlling party.

The only transactions undertaken with related parties during either the current or comparative years are those detailed in note 5 above.

17 Ultimate parent company and parent undertaking of larger group

The company's immediate parent company is Falcon Holdings Limited, a company registered in Belize, which is also considered to be the ultimate parent company. The address of Falcon Holdings is PO Box 1764, 60 Market Square, Belize City, Belize, Central America.