

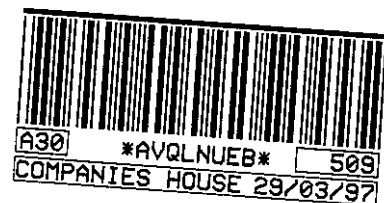
MARINE DIESEL SERVICES LIMITED

REGISTERED NUMBER: 02014088

(ENGLAND & WALES)

DIRECTOR'S REPORT AND ACCOUNTS FOR THE

YEAR ENDED 31ST MAY 1996



MARINE DIESEL SERVICES LIMITED

CONTENTS

	<u>Page</u>
Director's Report	1
Accountants' Report	2 - 3
Profit & Loss Account	4
Balance Sheet	5
Notes to the Accounts	6 - 9

MARINE DIESEL SERVICES LIMITED

COMPANY INFORMATION

DIRECTOR:

J. Gavin

SECRETARY:

P. Gavin

COMPANY NUMBER:

02014088 (England & Wales)

REGISTERED OFFICE:

53 Linacre Road,
Litherland,
LIVERPOOL,
L21 8NW.

REPORTING ACCOUNTANTS:

Gordon Thomson & Co.,
Chartered Accountants,
53 Linacre Road,
Litherland,
LIVERPOOL,
L21 8NW.

MARINE DIESEL SERVICES LIMITED**REPORT OF THE DIRECTOR**

The director presents his annual report with the accounts of the company for the year ended 31st May, 1996.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of Marine Engineers and the sale of Marine Equipment.

DIRECTOR

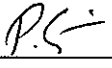
The director of the company in office during the year and his beneficial interest in the issued share capital was as follows:-

<u>Name</u>	<u>Class of Capital</u>	<u>31.5.96</u>	<u>31.5.95</u>
J. Gavin	Ordinary £1	5,000	5,000

Mrs P. Gavin, the wife of the sole director of the company, also held 5,000 Ordinary £1 Shares at 31.5.96 and 31.5.95.

In preparing the above report, the director has taken advantage of special exemptions applicable to small companies provided by Part II of Schedule 8 to the Companies Act 1985.

Signed on behalf of the sole Director



P. GAVIN - SECRETARY

Approved by the sole Director: 25TH MARCH 1997

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS
ON THE UNAUDITED ACCOUNTS OF
MARINE DIESEL SERVICES LIMITED

We report on the accounts for the year ended 31st May 1996,
set out on pages 4 to 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS & REPORTING ACCOUNTANTS

As described on page 5, the company's director is responsible for the preparation of the accounts, and, he considers that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

OPINION

In our opinion:

- (a) The accounts are in agreement with the accounting records kept by the company under section 221 of the Companies Act 1985.
- (b) Having regard only to, and on the basis of, the information contained in those accounting records:
 - (i) The accounts have been drawn up in a manner consistent with the accounting requirements specified in section 249C(6) of the Act, and
 - (ii) The company satisfied the conditions for exemption from an audit of the accounts for the year specified in section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).

The financial statements were approved by the sole director on 25th March, 1997.

For the year in question, the company was entitled to exemption from an audit under S.249A(2) of the Companies Act 1985. No notice has been deposited under S.249B(2) of the Act in relation to the accounts for the financial year. The director acknowledges his responsibility for:

- (a) ensuring that the company keeps accounting records which comply with S.221 of the Companies Act 1985, and
- (b) preparing accounts which give a true and fair view of the state of affairs of the company, as at the end of the financial year, and of its profit or loss for the financial year in accordance with the requirements of S.226 of the Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the company.

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS

ON THE UNAUDITED ACCOUNTS OF

MARINE DIESEL SERVICES LIMITED

(CONTINUED)

Advantage has been taken of the exemptions conferred by section A of Part III of Schedule 8 to the Companies Act 1985, on the grounds that, in the director's opinion, the company qualifies as a small company under S.246 and S.247 of the Companies Act 1985.

Advantage has been taken, in the preparation of the accounts, of special exemptions applicable to small companies on the grounds that, in the director's opinion, the company qualifies as a small company under S.246 and S.247 of the Companies Act 1985.



GORDON THOMSON & CO.,
REPORTING ACCOUNTANTS

53 LINACRE ROAD,
LITHERLAND,
LIVERPOOL,
L21 8NW.

25TH MARCH 1997

MARINE DIESEL SERVICES LIMITEDPROFIT & LOSS ACCOUNT FOR THE YEAR ENDED 31ST MAY 1996

	<u>NOTES</u>	<u>1996</u> £	<u>1995</u> £
Turnover - Continuing Operations	2	260,225	266,042
Cost of Sales		<u>(44,035)</u>	<u>(37,614)</u>
GROSS PROFIT		216,190	228,428
Administrative Expenses		<u>(173,328)</u>	<u>(176,412)</u>
Operating Profit - Continuing Operations	3	42,862	52,016
Interest Received & Similar Income		3,803	1,892
Interest Payable & Similar Charges		<u>(2,166)</u>	<u>(2,102)</u>
Profit on Ordinary Activities Before Taxation		44,499	51,806
Taxation		<u>(16,136)</u>	<u>(10,987)</u>
Profit for the Financial Year After Taxation		28,363	40,819
Dividends Paid or Proposed	4	<u>-</u>	<u>(25,000)</u>
Retained Profit for the Financial Year		28,363	15,819
Retained Profit as at 1st June 1995		<u>82,413</u>	<u>66,594</u>
Retained Profit as at 31st May 1996		£ <u>110,776</u>	£ <u>82,413</u>

Continuing Operations

Turnover and operating profit derive wholly from continuing operations.

Total Recognised Gains or Losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

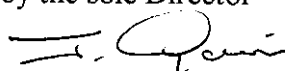
MARINE DIESEL SERVICES LIMITEDBALANCE SHEET FOR THE YEAR ENDED 31ST MAY 1996

	<u>NOTES</u>	<u>1996</u>	<u>1995</u>
		£	£
<u>FIXED ASSETS</u>			
Tangible Assets	5	87,835	63,311
<u>CURRENT ASSETS</u>			
Debtors	6	42,165	49,079
Cash At Bank & In Hand		<u>98,238</u>	<u>83,809</u>
		140,403	132,888
<u>CREDITORS: Amounts Falling Due</u>			
Within One Year	7	<u>85,624</u>	<u>82,101</u>
NET CURRENT ASSETS		<u>54,779</u>	<u>50,787</u>
Total Assets Less Current Liabilities		142,614	114,098
<u>CREDITORS: Amounts Falling Due After</u>			
More Than One Year	8	19,290	21,685
<u>PROVISIONS FOR LIABILITIES & CHARGES</u>			
Deferred Taxation	9	<u>2,548</u>	<u>-</u>
NET ASSETS		£ <u>120,776</u>	£ <u>92,413</u>
<u>CAPITAL & RESERVES</u>			
Called up Share Capital	10	10,000	10,000
Profit & Loss Account		<u>110,776</u>	<u>82,413</u>
Shareholders' Funds - All equity	11	£ <u>120,776</u>	£ <u>92,413</u>

For the financial year ended 31st May 1996, the company was entitled to exemption from audit under section 249A(2) Companies Act 1985, and no notice has been deposited under section 249B(2). The director acknowledges his responsibility for ensuring that the company keeps accounting records which comply with section 221 and preparing accounts that give a true and fair view of the state of affairs of the company as at the end of the year and of its profit for the financial year in accordance with the requirements of section 226 and which otherwise comply with the requirements of the Companies Act 1985, so far as applicable to the company.

The director has taken advantage of special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of accounts and has done so on the grounds that in his opinion, the company qualifies as a small company.

Signed by the sole Director



J. GAVIN - DIRECTOR

Approved by the sole Director: 25TH MARCH 1997

MARINE DIESEL SERVICES LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1996(1) ACCOUNTING POLICIESBasis of Accounting

The accounts have been prepared under the historical cost convention.

Cash Flow

The accounts do not include a cash flow statement because the company, as a small reporting entity, is exempt from the requirements to prepare such a statement under Financial Reporting Standard 1 'Cash Flow Statements'.

Turnover

Turnover represents net invoiced sales of goods, excluding VAT.

Tangible Fixed Assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:-

Motor Vehicles	- 25% on reducing balance
Fixtures, Fittings & Equipment	- 15% on reducing balance
Property	- 2% straight line

Deferred Taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the director, there is reasonable probability that the liability will not arise in the foreseeable future.

(2) TURNOVER

The turnover and profit before taxation are attributable to the one principal activity of the company.

MARINE DIESEL SERVICES LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1996(CONTINUED)(3) OPERATING PROFIT

The operating profit is stated after charging:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Director's Emoluments	12,000	11,800
Depreciation of Tangible Fixed Assets	6,034	5,482
Accountants Remuneration	2,570	2,367
Lease of Equipment	<u>1,892</u>	<u>683</u>

(4) DIVIDENDS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Ordinary Proposed	<u>-</u>	<u>25,000</u>

(5) TANGIBLE FIXED ASSETS

	<u>Property</u>	<u>Fixtures & Fittings</u>	<u>Tools & Equipment</u>	<u>Motor Vehicles</u>	<u>Total</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Cost As At 1.6.95	39,010	12,028	42,868	-	93,906
Additions	24,500	1,759	799	3,500	30,558
Disposals	-	-	-	-	-
Cost As At 31.5.96	<u>63,510</u>	<u>13,787</u>	<u>43,667</u>	<u>3,500</u>	<u>124,464</u>
Depreciation As At 1.6.95	2,340	6,913	21,342	-	30,595
Charge for the Year	780	1,031	3,348	875	6,034
Adjustment for Disposals	-	-	-	-	-
Depreciation As At 31.5.96	<u>3,120</u>	<u>7,944</u>	<u>24,690</u>	<u>875</u>	<u>36,629</u>
NET BOOK VALUE AT 31.5.96	<u>£ 60,390</u>	<u>£ 5,843</u>	<u>£ 18,977</u>	<u>£ 2,625</u>	<u>£ 87,835</u>
NET BOOK VALUE AT 31.5.95	<u>£ 36,670</u>	<u>£ 5,115</u>	<u>£ 21,526</u>	<u>£ -</u>	<u>£ 63,311</u>

MARINE DIESEL SERVICES LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1996(CONTINUED)(6) DEBTORS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Trade Debtors	35,625	40,870
Corporation Tax	664	664
Other Debtors	<u>5,876</u>	<u>7,545</u>
	£ <u>42,165</u>	£ <u>49,079</u>

(7) CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank Loan	2,445	2,245
Directors Loan Account	47,356	48,548
Trade Creditors	14,317	3,843
Other Taxes & PAYE	-	1,243
Corporation Tax	7,338	8,487
Accruals	2,930	3,010
Other Creditors	<u>11,238</u>	<u>14,725</u>
	£ <u>85,624</u>	£ <u>82,101</u>

(8) CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Bank Loan	<u>19,290</u>	<u>21,685</u>

Of the amount of Loan falling due after more than one year, £10,980 (1995: £9,980) falls due between two and five years, and £8,310 (1995: £11,705) falls due after more than five years.

(9) PROVISIONS FOR LIABILITIES & CHARGES

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Deferred Taxation	<u>2,548</u>	-

This provision is based on current rates for taxation deferred in respect of all material timing differences.

MARINE DIESEL SERVICES LIMITEDNOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST MAY 1996(CONTINUED)(10) CALLED UP SHARE CAPITAL

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Ordinary Shares of £1 Each: Authorised	<u>10,000</u>	<u>10,000</u>
: Allotted, Called Up & Fully Paid	<u>10,000</u>	<u>10,000</u>

(11) RECONCILIATION OF MOVEMENTS
ON SHAREHOLDERS' FUNDS

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Profit for the Financial Year after Taxation	28,363	40,819
Dividends	-	(25,000)
	<u>28,363</u>	<u>15,819</u>
Opening Shareholders' funds at 1.6.95	<u>92,413</u>	<u>76,594</u>
Closing Shareholders' funds at 31.5.96	£ <u>120,776</u>	£ <u>92,413</u>

(12) CAPITAL COMMITMENTS & CONTINGENCIES

There are no capital commitments and contingencies at the year end (last year £NIL).