

NORTH EAST VALVES AND ENGINEERING SUPPLY COMPANY LIMITED

REPORT OF THE DIRECTOR FOR THE YEAR ENDED 30th SEPTEMBER 1998

The director submits his report, together with the financial statements for the year ended 30th September 1998.

Results and Dividends

The company did not trade during the year and made neither a profit nor a loss.

The director does not recommend the payment of a dividend.

Principal Activities, Trading Review and Future Development

The director at the balance sheet date and his interests in the share capital of the ultimate parent company is as follows:

	<u>Ordinary Shares of £1 Each</u>	
	<u>1998</u>	<u>1997</u>
T. Gordon	30	30

The director had no interest in the share capital of the company.

Director's Responsibilities

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

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

The director is responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable him to ensure that the financial statements comply with the Companies Act 1985. He is 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.

Close Company Status

The company is a "close" company within the provisions of the Income and Corporation Taxes Act 1988.

By Order of the Board

A. Wright

A. WRIGHT

10th December 1998

Company Secretary

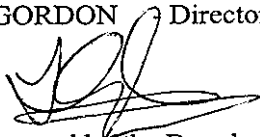
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BALANCE SHEET AS AT 30th SEPTEMBER 1998

	<u>1998</u> £	<u>1997</u> £
CURRENT ASSETS		
Debtors – due from subsidiary undertaking	£ <u>10935</u>	£ <u>10935</u>
CAPITAL AND RESERVES		
Called up share capital - 100 ordinary shares of £1 each	100 <u>10835</u>	100 <u>10835</u>
Profit and loss account	£10935	£10935
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The company, whose ultimate parent company is Nevesco Limited, was dormant, within the meaning of Section 250 of the Companies Act 1985 throughout the financial year.

T. GORDON Director



Approved by the Board on 10th December 1998