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Pirtek (UK) Limited

Report and Accounts
Year ended April 3, 1992

Ross Pollock
Chartered Accountants

PIRTEK (UK) LIMITEDDirectors

F U Petrie
P D Brennan
P B Duncan
W G Davey

Secretary

P D Brennan

Auditors

Rees Pollock
7 Pilgrim Street
London
EC4V 6DR

Bankers

Royal Bank of Scotland plc
Blackfriars Branch
36/37 New Bridge Street
London
EC4V 6BJ

Solicitors

Piper Smith & Hudson
21 Warwick Square
London
SW1V 2AF

Registered Office

35 Acton Park Estate
The Vale
Acton
London
W3 7QE

Registered Number

2301810

PIRTEK (UK) LIMITEDDIRECTORS' REPORT

The directors present their report and accounts for the year ended April 3, 1992.

Results and dividends

The profit for the year, after taxation, amounted to £53,387 (£15,805 - year ended April 5, 1991).

The directors do not recommend the payment of a dividend.

Review of the business and future developments

The company's principal activity continues to be the sale and distribution of hydraulic hoses and associated fittings and the development of the franchising of the Pirtek business formula.

Fixed assets

Changes in fixed assets are summarised in the notes to the accounts.

Events since the end of the year

The company has continued to expand the franchise network throughout the United Kingdom.

Directors and their interests

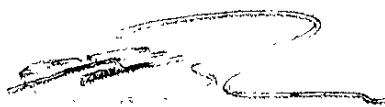
The directors who served during the period and their interests in the share capital of the company at the end of the year were as follows:

	At April 3, 1992 £1 Ordinary shares	At April 5, 1991 £1 Ordinary shares
P W Parke	50,000	50,000
P Brennan	25,000	25,000
P B Duncan	45,000	45,000
W G Drury	30,000	30,000

Auditors

During the year Division Pellock, Kerr & Sangster changed their name to Ross Pellock, a resolution to re-appoint Ross Pellock as auditors will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD


 P Brennan
 Secretary

July 21, 1992



REES POLLOCK

Chartered Accountants

7 Pilgrim Street,
London EC4V 6DR.
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**REPORT OF THE AUDITORS TO THE
MEMBERS OF PIRTEK (UK) LIMITED**

We have audited the accounts on pages 4 to 11 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company at April 3, 1992 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Rees Pollock
Chartered Accountants
Registered Auditor

July 21, 1992

PIRTEK (UK) LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED APRIL 3, 1992

	Notes	1992 £	1991 £
Turnover	2	1,197,852	874,223
Cost of sales		566,776	419,104
Gross profit		631,076	455,119
Distribution costs	125,716		188,837
Administration expenses	427,553		226,281
		(553,269)	(415,118)
Operating profit	3	77,807	40,001
Interest payable	5	(24,420)	(24,196)
Profit on ordinary activities before taxation		53,387	15,805
Taxation on profit on ordinary activities	6	-	-
Retained profit for the year		53,387	15,805
Retained loss brought forward		(109,034)	(124,839)
Retained loss carried forward		£ (55,647)	£ (109,034)

The notes on pages 6 to 11 form part of these accounts

PIRTEK (UK) LIMITEDBALANCE SHEET AS AT APRIL 3, 1992

	Notes	£	1992 £	1991 £
Fixed assets				
Tangible assets	7		125,258	108,992
Current assets				
Stocks	8	248,903		91,850
Debtors	9	437,700		278,306
Cash at bank and in hand		105		-
			686,703	370,356
Creditors: amounts falling due within one year	10	627,532		378,451
Net current assets			59,176	(8,095)
Total assets less current liabilities			184,434	100,897
Creditors: amounts falling due after more than one year	11		90,081	59,931
			£ 94,353	£ 40,966
Capital and reserves				
Called up share capital	14	150,000		150,000
Profit and loss account		(55,647)		(109,034)
			£ 94,353	£ 40,966

F U PETRIE
Director

July 21, 1992

The notes on pages 6 to 11 form part of these accounts

PIRTEK (UK) LIMITED

NOTES TO THE ACCOUNTS AT APRIL 3, 1992

1. Accounting policies

Accounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life

Motor vehicles	-	4 years
Plant and machinery	-	5 years
Fixtures and fittings	-	5 years

Stocks

Stocks are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition:

Raw materials and goods for resale - purchase cost on a first in, first out basis

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that tax will be payable.

Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date

Transactions in foreign currencies are recorded at the date of transaction

All differences are taken to the profit and loss account.

Deferred expenditure

Expenditure relating to the development of the Franchising concept is carried forward where it is considered recoverable against future revenues from new Franchises, and is amortised in line with those revenues.

Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations 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.

Rentals paid under operating leases are charged to income on a straight line basis.

PIRTEK (UK) LIMITEDNOTES TO THE ACCOUNTS AT APRIL 3, 1992

(continued)

2. Turnover

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, and is stated net of value added tax. All turnover relates to activities within the UK.

3. Operating profit

	1992 £	1991 £
This is stated after charging:		
Directors' remuneration	72,950	53,062
Auditors' remuneration	6,000	5,000
Depreciation of owned fixed assets	9,678	11,849
Depreciation of assets held under the finance leases and hire purchase leases	26,514	20,332
Amortisation of Franchise development expenditure	10,000	7,500
Operating lease rentals	4,708	755
- plant and machinery		
- land and buildings	13,770	18,360
	=====	=====

4. Staff costs and directors' remuneration

	1992 £	1991 £
Wages and salaries	218,262	189,117
Social security costs	31,279	18,320
Other pension costs	3,000	1,200
	=====	=====
	£243,041	£208,637
	=====	=====

The average monthly number of employees during the year was 13 (11 in 1991).

The emoluments of the chairman excluding pension contributions were £40,408. The emoluments of the other directors (excluding pension contributions) fell within the following ranges:

	1992 No	1991 No
£0 - £5,000	2	-
£25,001 - £50,000	1	-

PIRTEK (UK) LIMITED

NOTES TO THE ACCOUNTS AT APRIL 3, 1992
(continued)

5. Interest payable

	1992 £	1991 £
Bank loans and overdrafts	19,602	17,459
Finance charges payable under finance leases	4,818	6,737
	-----	-----
	£24,420	£24,196
	=====	=====

6. Tax on loss on ordinary activities

There is no charge for corporation tax due to the availability of losses brought forward.

7. Tangible fixed assets

	Household improvements, furniture and fittings £	Motor vehicles £	Plant and machinery £	Total £
Cost:				
B/f April 6, 1991	33,246	75,770	52,407	161,423
Additions	62,193	92,776	18,518	173,487
Disposals	(32,341)	(109,586)	(45,921)	(188,358)
	-----	-----	-----	-----
At April 3, 1992	62,998	58,950	25,004	146,952
	-----	-----	-----	-----
Depreciation:				
B/f April 6, 1991	1,448	31,316	17,667	52,431
Provided during the year	2,936	24,409	8,857	36,222
Disposals	(4,628)	(40,522)	(22,139)	(67,359)
	-----	-----	-----	-----
At April 3, 1992	1,756	15,203	4,385	21,294
	-----	-----	-----	-----
Net book value:				
At April 3, 1992	£60,892	£43,747	£20,619	£125,258
	=====	=====	=====	=====
At April 6, 1991	£29,798	£44,454	£34,740	£108,992
	=====	=====	=====	=====

PIRTEK (UK) LIMITEDNOTES TO THE ACCOUNTS AT APRIL 3, 1992
(continued)7. Tangible fixed assets
(continued)

Included in the net book value are amounts relating to assets held under hire purchase and finance leases as follows:

	1992 £	1991 £
Motor vehicles	39,747	40,665
Plant and machinery	6,175	4,453
Fixtures and fittings	34,388	-
	=====	=====

8. Stocks

	1992 £	1991 £
Raw materials and goods for sale	£248,903	£91,850
	=====	=====

9. Debtors

	1992 £	1991 £
Trade debtors	409,641	237,533
Other debtors	9,021	4,933
Prepayments and accrued income	-	7,002
Deferred expenditure	19,038	29,038
	=====	=====
	£437,700	£278,506
	=====	=====

PIRTEK (UK) LIMITED

NOTES TO THE ACCOUNTS AT APRIL 3, 1992
(continued)10. Creditors: amounts falling due within one year

	1992 £	1991 £
Bank overdraft	63,354	129,681
Obligations under finance leases and hire purchase contracts (Note 12)	21,025	21,237
Trade creditors	363,598	164,615
Other taxes and social security costs	10,085	38,471
Other creditors	28,228	1,952
Accruals and deferred income	141,242	22,495
	£627,532	£378,451
	=====	=====

The overdraft is secured by a fixed and floating charge over the company's assets.

11. Creditors: amounts falling due after more than one year

	1992 £	1991 £
Obligations under finance leases and hire purchase contracts (Note 12)	45,081	9,931
Loans	45,000	50,000
	£90,081	£59,931
	=====	=====

The loan is from the directors and is interest free and has no fixed date for repayment.

12. Obligations under finance leases

The maturity of these amounts is as follows:

	1992 £	1991 £
Amounts payable:		
Within one year	32,233	24,755
In the second to fifth years inclusive	53,364	11,752
	85,597	36,507
	-----	-----
Less: finance charges allocated to future periods	(19,491)	(5,339)
	£66,106	£31,168
	=====	=====

PIRTEK (UK) LIMITEDNOTES TO THE ACCOUNTS AT APRIL 3, 1992
(continued)12. Obligations under finance leases
(continued)

	1992 £	1991 £
Finance leases are analysed as follows:		
Current obligations	21,025	21,237
Non-current obligations	45,081	9,931
	-----	-----
	£66,106	£31,168
	=====	=====

13. Deferred taxation

Deferred taxation has not been provided due to losses available to carry forward.

14. Share capital

	Authorised		Allotted, called up and fully paid	
	1992 No.	1991 No.	1992 No.	1991 No.
Ordinary shares of £1 each	1,000,000	1,000,000	150,000	150,000
	=====	=====	=====	=====

15. Other financial commitments

At April 3, 1992 the company had annual commitments under non-cancelable operating leases as set out below:

	Land and buildings 1992 £	Other 1992 £	Land and buildings 1991 £	Other 1991 £
Operating leases which expire:				
within one year	-	90	-	517
within two to five years	-	6,908	-	-
in over five years	43,918	-	18,360	-
	=====	=====	=====	=====

16. Pension commitments

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the company in an independently administered fund.