

M P I SERVICES (UK) LTD

Company Reg No 2590501

ACCOUNTS FOR THE YEAR ENDED

30 NOVEMBER 1997

C O N T E N T S

Page

Statutory

Report of the Directors	1
Audit Report	2
Profit and Loss Account	3
Balance Sheet	4
Notes to the Accounts	5 & 6

Non-Statutory

Trading and Profit and Loss Account	7
-------------------------------------	---

EDWARDS & KEEPING

Chartered Accountants

Unity Chambers

34 High East Street

Dorchester

Dorset

DT1 1HA



M P I SERVICES (UK) LTD

DIRECTORS' REPORT

The Directors present their Report and Accounts of the Company for the year ended 30 November 1997.

Principal Activity

The Company has continued its principal activity of Mechanical and Electrical Engineering and Contracting and also diversified into Ship Repair and Marine Works and Maintenance.

Directors

The Directors who served during the year and their interests in the shares of the Company were as follows:--

	<u>At 1/12/96</u> <u>& 30/11/97</u>
G Chapman	250
J Tye	250
Mrs K S Chapman	250
Mrs S Tye	250

Statement of Directors' Responsibilities in respect of the Accounts

Company law requires the Directors to prepare Accounts 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 period. In preparing these Accounts 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 Accounts 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 Accounts 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.

Small Company Exemptions

The Directors' Report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to Small Companies.

By Order of the Board



K S Chapman
Secretary

AUDITORS' REPORT TO THE MEMBERS OF

M P I SERVICES (UK) LTD

We have audited the Accounts on pages 3 to 6 which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page 5.

Respective Responsibilities of Directors and Auditors

As described on page 1, the Company's Directors are responsible for the preparation of the Accounts. It is our responsibility to form an independent opinion, based on our audit, on these Accounts and to report our opinion to you.

Basis of Opinion

We conducted our audit in accordance with 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 Accounts. It also includes an assessment of the significant estimates and judgements made by the Directors in the preparation of the Accounts 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 Accounts are free from material mis-statement, 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 Accounts.

Opinion

In our opinion the Accounts give a true and fair view of the state of the Company's affairs as at 30 November 1997 and of its Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Edwards - Keeping

Chartered Accountants &
Registered Auditors

Edwards and Keeping
Chartered Accountants
Unity Chambers
34 High East Street
Dorchester
Dorset
DT1 1HA

24 June 1998

M P I SERVICES (UK) LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 30 NOVEMBER 1997

	<u>Note</u>	<u>Current Year</u>	<u>Previous Year</u>
Turnover	2	£892,911	£353,993
Change in Stock on Hand and Work in Progress		(£24,400)	£69,746
Raw Materials and Consumables		237,149	70,920
Staff Costs		462,744	108,462
Other Operating Charges		<u>141,910</u>	<u>25,121</u>
		817,403	274,249
<u>Operating Profit</u>	3	75,508	79,744
Bank Interest Receivable		2,254	1,826
Bank Interest Payable		<u>(137)</u>	<u></u>
<u>Profit on Ordinary Activities before Taxation</u>		77,625	81,570
Tax on Profit on Ordinary Activities	4	<u>17,958</u>	<u>19,849</u>
<u>Profit for the financial year</u>		59,667	61,721
Balance on Profit and Loss Account brought forward		<u>96,904</u>	<u>35,183</u>
<u>Balance on Profit and Loss Account carried forward</u>		<u>£156,571</u>	<u>£96,904</u>

M P I SERVICES (UK) LTD

BALANCE SHEET AS AT 30 NOVEMBER 1997

	<u>Note</u>		<u>30/11/97</u>	<u>30/11/96</u>
<u>Current Assets</u>				
Stocks and Work in Progress		£25,119		£719
Debtors	5	274,580		61,344
Cash at Bank and in Hand		712	£300,411	147,786
				£209,849
<u>Creditors -</u>				
Amounts falling due within one year	6		142,840	111,945
			£157,571	£97,904
<u>Capital and Reserves</u>				
Called Up Share Capital	7		£1,000	£1,000
Profit and Loss Account			156,571	96,904
<u>Shareholders Funds</u>				
			£157,571	£97,904

The Accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

These Accounts were approved by the Directors on..... 22 JUNE 1998

..... Six Director

M P I SERVICES (UK) LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 1997

1. Accounting Policies

(a) Accounting Convention

The Accounts are prepared in accordance with the Financial Reporting Standard for Smaller Entities and under the historical cost convention.

(b) Stock and Work in Progress

Stock and Work in Progress is stated at the lower of cost of direct materials and labour and estimated net realisable value.

(c) Leasing Commitments

Rentals payable under operating leases are charged to the Profit and Loss Account on a straight line basis over the lease term.

2. Turnover

Turnover, which is stated net of Value Added Tax, represents amounts invoiced to third parties.

Turnover relates entirely to the Company's continuing principal activity as set out in the Directors' Report.

3. Operating Profit

1997

1996

This is stated after charging:-

Operating Lease Rentals (land and buildings)	£22,834	
Directors' Remuneration	16,000	£12,700
Auditors' Remuneration	1,400	1,500
	<u> </u>	<u> </u>

4. Tax on Profit on Ordinary Activities

Based on the Profit for the Year:

UK Corporation Tax at 22.0% (1996 - 24.3%)	£17,958	£19,849
	<u> </u>	<u> </u>

5. Debtors

Trade Debtors	£239,270	£59,246
Other Debtors	35,310	2,098
	<u> </u>	<u> </u>
	£274,580	£61,344
	<u> </u>	<u> </u>

M P I SERVICES (U K) LTD

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30 NOVEMBER 1997 (CONTINUED)

6. <u>Creditors: Amounts falling due within one year</u>	<u>1997</u>	<u>1996</u>
Bank Overdraft	£38,456	£36,895
Trade Creditors	64,484	41,854
Corporation Tax	17,958	16,649
Accruals and Deferred Income	21,942	16,547
	<hr/>	<hr/>
	£142,840	£111,945
	<hr/>	<hr/>

The overdraft is secured.

7. Share Capital

Authorised, Allotted, Called Up and Fully Paid

1,000 Ordinary Shares of £1 each	£1,000	£1,000
	<hr/>	<hr/>

8. Related Parties

All the Company's Directors are also shareholders and directors of Manor Marine Ltd and partners in an unincorporated business, both of which trade with the Company. The value of purchases of subcontract labour from these related parties was £11,963 (1996 - £37,306) and £73,726 (1996 - £58,456) respectively. The value of sales of subcontract labour to these related parties were £10,759 (1996 - Nil) and £173,818 (1996 - Nil) respectively.

The Company also incurred Administration Charges of £16,000 (1996 - £20,000) from the unincorporated business. In addition the Company purchases goods on behalf of the unincorporated business and these are invoiced to the partnership at cost. These recharges are treated as a reduction of purchases and are therefore not reflected in the Company's Accounts.

At the Balance Sheet date the amount due from Manor Marine Ltd was £546 (1996 - £3,833) and the net amount due from the unincorporated business was £63,039 (1996 - £32,651).

9. Financial Commitments

At 30 November 1997 the Company had annual commitments under non-cancellable operating leases for land and buildings as set out below:-

	<u>1997</u>	<u>1996</u>
Operating leases which expire in over five years	£75,000	
	<hr/>	