

COMPANY REGISTRATION NUMBER: 2686097

ARUNHITHE LIMITED
DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
31 JANUARY 1999



ARUNHITHE LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 JANUARY 1999

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The directors submit their annual report and the financial statements for the year ended 31 January 1999.

PRINCIPAL ACTIVITIES

The principal activities of the company are the sale of light industrial machines and equipment, street furniture and ancillary products.

DIRECTORS AND THEIR INTERESTS

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

	<u>Ordinary shares of £1 each</u>	
	<u>31 January 1999</u>	<u>1 February 1998</u>
R H Martin	35	35
Y H Martin	35	35

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the company's state of affairs at the end of the year and of its profit or loss for that period. 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.
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements.
- prepare the financial statements on the going concern basis unless it is inappropriate to assume 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.

AUDITORS

The company has passed an elective resolution under S386 of the Companies Act 1985 to dispense with the appointment of auditors annually. Thompson Wright remain in office until further notice.

EXEMPTION

In preparing this report, the board has taken advantage of special exemptions available to small companies.

BY ORDER OF THE BOARD


D W MARTIN Secretary

AUDITORS' REPORT TO THE MEMBERS OF
ARUNHITHE LIMITED

We have audited the financial statements on pages 3 to 8 which have been prepared under the accounting policies set out on pages 5 and 6.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on the financial statements and to report our opinion to you.

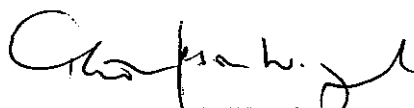
BASIS OF OPINION

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 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 the information in the financial statements.

UNQUALIFIED OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31 January 1999 and of its profit for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985 applicable to small companies.



THOMPSON WRIGHT
11 CAWDRY BUILDINGS
LEEK
STAFFORDSHIRE

31 August 1999

ARUNHITHE LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 JANUARY 1999

	<u>Notes</u>	<u>1999</u> £	<u>1998</u> £
TURNOVER	2	382,783	302,771
Cost of sales		<u>234,712</u>	<u>184,201</u>
GROSS PROFIT		148,071	118,570
Administrative expenses		<u>185,773</u>	<u>146,625</u>
		(37,702)	(28,055)
Other operating income		<u>85,978</u>	<u>67,052</u>
OPERATING PROFIT	3	48,276	38,997
Interest payable		<u>-</u>	<u>1,066</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		48,276	37,931
Taxation		<u>10,178</u>	<u>2,176</u>
RETAINED PROFIT FOR THE YEAR	10	<u>£38,098</u>	<u>£35,755</u>

The Profit and Loss Account contains all the gains and losses recognised in the year.

The notes on pages 5 to 8 form part of these financial statements.

ARUNHITHE LIMITED
BALANCE SHEET
31 JANUARY 1999

	<u>Notes</u>	<u>1999</u>	<u>1998</u>
		£	£
FIXED ASSETS			
Tangible assets	5	3,896	2,167
CURRENT ASSETS			
Stocks		15,048	4,675
Debtors	6	46,169	60,279
Cash at bank and in hand		<u>47,016</u>	<u>303</u>
		108,233	65,257
CREDITORS: Amounts			
falling due within one year	7	<u>66,967</u>	<u>60,360</u>
NET CURRENT ASSETS		<u>41,266</u>	<u>4,897</u>
NET ASSETS		<u><u>£45,162</u></u>	<u><u>£7,064</u></u>
CAPITAL AND RESERVES			
Called up share capital	9	100	100
Profit and loss account		<u>45,062</u>	<u>6,964</u>
SHAREHOLDERS' FUNDS	10	<u><u>£45,162</u></u>	<u><u>£7,064</u></u>

In preparing these financial statements, the board has taken advantage of special exemptions available to small companies on the grounds that the company qualifies as small for the year ended 31 January 1999.

Approved by the Board on 31 August 1999

and signed on its behalf

R H Martin

Directors

Y H Martin

The notes on pages 5 to 8 form part of these financial statements

ARUNHITHE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 JANUARY 1999

1. ACCOUNTING POLICIES

a) BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with applicable accounting standards.

The directors have taken advantage of certain exemptions available to small companies under the Companies Act 1985, on the grounds that the company qualifies as a small company.

b) DEPRECIATION

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

Plant, machinery etc	-	over four years
Motor vehicles	-	over four years

c) STOCKS

Stocks are valued at the lower of cost and net realisable value. Cost is determined on a first in first out basis and in the case of work in progress and finished goods includes all direct expenditure and production and other overheads, based on normal levels of activity, incurred in bringing products to their present location and condition.

d) DEFERRED TAXATION

Deferred taxation is accounted for using the liability method on all material timing differences to the extent that it is probable that liabilities or assets will crystallise. Timing differences are taxable items, allowances or reliefs which are given effect to in taxation periods different from those in which they have effect in the financial statements. They comprise mainly of accelerated tax depreciation allowances and short term timing differences.

e) FOREIGN CURRENCIES

Transactions denominated in foreign currency are translated into sterling at the rate of exchange ruling at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the exchange rates ruling at the balance sheet date. All exchange differences are taken to the profit and loss account.

ARUNHITHE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (continued)
FOR THE YEAR ENDED 31 JANUARY 1999

1. ACCOUNTING POLICIES (Continued)

f) FINANCE LEASES AND HIRE PURCHASE CONTRACTS

Where the company has entered into finance leases, the obligations to the lessor are shown as part of the borrowings and the rights in the corresponding assets are treated in the same way as owned fixed assets. Leases are regarded as finance leases where their terms transfer to the lessee substantially all of the benefits and burdens of ownership other than the right to legal title. Assets acquired under hire purchase contracts are dealt with in the same way as owned assets.

g) OPERATING LEASES

Payments in respect of operating lease agreements (being agreements not giving rights approximating to ownership) are charged to the profit and loss account on a straight - line basis.

h) PENSIONS

The company makes contributions to individual pension plans of certain employees. The pension charge for the year is limited to the amounts paid in accordance with SSAP24.

2. TURNOVER

Turnover represents amounts invoiced to customers less trade discounts, excluding value added tax and sales of fixed assets.

3. OPERATING PROFIT	<u>1999</u>	<u>1998</u>
	£	£
This is stated after charging (crediting) :		
Directors remuneration	34,813	29,997
Depreciation	1,338	2,270
Finance lease interest	-	969
Operating lease rentals	214	-
Exchange loss/(gain)	<u>3,601</u>	<u>(6,216)</u>
4. STAFF COSTS (including directors)	<u>1999</u>	<u>1998</u>
	£	£
Salaries	100,198	79,090
Social security costs	8,977	6,806
Pension costs	<u>9,450</u>	<u>8,270</u>
	<u>£118,625</u>	<u>£94,166</u>

ARUNHITHE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JANUARY 1999

5. TANGIBLE FIXED ASSETS

	<u>Plant & Machinery etc</u> £	<u>Total</u> £
<u>Cost</u>		
1 February 1998	7,136	7,136
Additions	3,068	3,068
Disposals	<u>(512)</u>	<u>(512)</u>
31 January 1999	<u>9,692</u>	<u>9,692</u>
<u>Depreciation</u>		
1 February 1998	4,969	4,969
Provision for year	1,338	1,338
Eliminated on disposals	<u>(511)</u>	<u>(511)</u>
31 January 1999	<u>5,796</u>	<u>5,796</u>
<u>Net book values:</u>		
31 January 1999	<u>£3,896</u>	<u>£3,896</u>
31 January 1998	<u>£2,167</u>	<u>£2,167</u>

6. DEBTORS	<u>1999</u> £	<u>1998</u> £
Trade debtors	43,690	57,004
Other debtors	<u>2,479</u>	<u>3,275</u>
	<u>£46,169</u>	<u>£60,279</u>
7. CREDITORS: Amounts falling due within one year	<u>1999</u> £	<u>1998</u> £
Trade creditors	4,267	17,349
Taxation	10,175	2,174
Other creditors	<u>52,525</u>	<u>40,837</u>
	<u>£66,967</u>	<u>£60,360</u>

ARUNHITHE LIMITED
NOTES TO THE FINANCIAL STATEMENTS (Continued)
FOR THE YEAR ENDED 31 JANUARY 1999

8. OPERATING LEASES

At 31 January 1999 the company had annual commitments under non-cancellable operating leases expiring after more than five years of £855 (1998 - £nil)

9. SHARE CAPITAL

	<u>1999</u>	<u>1998</u>
	£	£
Authorised:		
1,000 Ordinary shares of £1 each	<u>£1,000</u>	<u>£1,000</u>
Issued and fully paid:		
100 Ordinary shares of £1 each	<u>£100</u>	<u>£100</u>

10. SHAREHOLDERS' FUNDS

	<u>Share</u> <u>Capital</u>	<u>Profit and</u> <u>Loss Account</u>	<u>Total</u>
	£	£	£
At 1 February 1997	20	(28,791)	(28,771)
Retained profit	-	35,755	35,755
New share issue	<u>80</u>	<u>-</u>	<u>80</u>
At 31 January 1998	100	6,964	7,064
Retained profit	-	<u>38,098</u>	<u>38,098</u>
At 31 January 1999	<u>£100</u>	<u>£45,062</u>	<u>£45,162</u>

11. RELATED PARTY TRANSACTIONS

During the year management charges of £85,494 (1998 - £67,050) were made to Katella Limited, a company controlled by R H Martin and Y H Martin. The transactions concerned were entered into in the ordinary course of business on normal commercial terms, representing direct reimbursement of costs and net expenses borne by Arunhithe Limited on behalf of Katella Limited. At 31 January 1999 an amount of £38,188 was due to Katella Limited (1998 - £29,058).