
SOUTHERN PIPE SERVICES LIMITED
FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 1997

Company Number: 02870753

JOHN A TUFFIN & CO
CHARTERED ACCOUNTANTS



SOUTHERN PIPE SERVICES LIMITED

FINANCIAL ACCOUNTS FOR THE
YEAR ENDED 31 MARCH 1997

INDEX

Page

1	Report of the Directors
2	Statement of Directors Responsibilities
3	Report of the Auditors
4	Profit and Loss Account
5	Balance Sheet
6	Notes

The following page does not form part of the statutory accounts

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

SOUTHERN PIPE SERVICES LIMITEDREPORT OF THE DIRECTORS

The directors present their report and financial accounts for the year ended 31 March 1997.

PRINCIPAL ACTIVITY

The Principal activity of the company in the year under review was pipework, welding and fabrication.

DIRECTORS

The directors who served during the year and their beneficial interests in the company's issued ordinary share capital were as follows:

	Ordinary Shares of £1 each	
	<u>1997</u>	<u>1996</u>
K Beeney	Nil	Nil
B Johnson	Nil	Nil
J Manchester	24	24

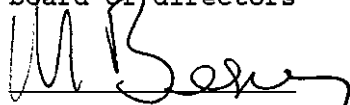
AUDITORS

The auditors, John A Tuffin & Co are to be re-appointed in accordance with Section 386 of the Companies Act 1985.

SMALL COMPANY EXEMPTIONS

The Directors Report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985.

Signed on behalf of the
board of directors



K. Beeney
Director

29-1-1998

Date

SOUTHERN PIPE SERVICES LIMITEDSTATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare financial 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 those financial accounts, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial 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 financial 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.

AUDITORS' REPORT TO THE SHAREHOLDERS OFSOUTHERN PIPE SERVICES LIMITED

We have audited the financial accounts on pages 4 to 6 which have been prepared under the historical cost convention and the accounting policies set out on page 6a.

Respective responsibilities of directors and auditors

As described on page 2, the company's directors are responsible for the preparation of financial accounts. It is our responsibility to form an independent opinion, based on our audit, on those 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 financial accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

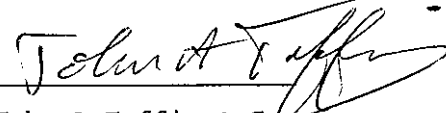
We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial accounts are free from material misstatement, whether caused by fraud or error or other irregularity. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial accounts.

FUNDAMENTAL UNCERTAINTY

In forming our opinion, we have reviewed the proposals and forecasts presented to the company's creditors as part of a creditors voluntary arrangement. The terms of the arrangement were accepted by the creditors at a meeting held on the 18th June 1996. We consider the company capable of meeting its obligation to pay the preferential and unsecured creditors identified within the creditors voluntary arrangement within the period of that arrangement being three years from the date of acceptance of it by the creditors. The Financial Statements have been prepared on a going concern basis, the validity of which depends on the terms contained in the creditors voluntary arrangement being met. The Financial Statements do not include any adjustment that would result from a failure to comply with the terms of the creditors voluntary arrangement and we consider that it is appropriate for the Directors to prepare financial statements drawn up on a going concern basis. Details of the circumstances relating to this fundamental uncertainty are described in Note 12.

Opinion

In our opinion the financial accounts give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985 as applicable to small companies.


John A Tuffin & Co
Registered Auditors
Chartered Accountants
12/13 Ship Street
Brighton
BN1 1AD

29-1-1998
Date

SOUTHERN PIPE SERVICES LIMITEDPROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 1997

	Note	<u>1997</u> £	<u>1996</u> £
TURNOVER	2	362,823	534,731
COST OF SALES		(265,477)	(488,135)
<u>GROSS PROFIT</u>		97,346	46,596
NET OPERATING EXPENSES			
Distribution Costs		(18,786)	(37,345)
Administrative Expenses		(61,334)	(68,059)
<u>OPERATING PROFIT/(LOSS)</u>	3	17,226	(58,808)
Interest Payable		(965)	(1,786)
<u>PROFIT/(LOSS) ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		16,261	(60,594)
Taxation	4	-	-
<u>RETAINED PROFIT/(LOSS) FOR THE YEAR</u>		16,261	(60,594)
<u>STATEMENT OF RETAINED EARNINGS</u>			
Loss Brought Forward		(69,566)	(8,972)
Profit/(Loss) for the year		16,261	(60,594)
<u>RETAINED LOSS CARRIED FORWARD</u>		(53,305)	(69,566)

None of the company's activities were acquired or discontinued during the above two financial years.

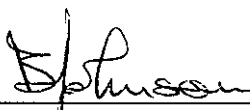
There were no recognised gains or losses other than the profit/(loss) for the above two financial years.

SOUTHERN PIPE SERVICES LIMITEDBALANCE SHEET
AS AT 31 MARCH 1997

	Note	£	1997	£	£	1996	£
FIXED ASSETS							
Tangible Assets	5		9,241			13,648	
CURRENT ASSETS							
Stock	6	40,860			51,962		
Debtors	7	58,559			43,095		
Cash at Bank and in Hand		10,172			751		
			109,591		95,808		
CREDITORS: Amounts Falling Due Within One Year	8	170,537			177,423		
NET CURRENT LIABILITIES			60,946			81,615	
CREDITORS: Amounts Falling Due After One Year	9		1,500			1,500	
TOTAL ASSETS LESS CURRENT LIABILITIES			(53,205)			(69,467)	
CAPITAL AND RESERVES							
Called Up Share Capital	11		100			100	
Profit and Loss Account			(53,305)			(69,567)	
<u>TOTAL SHAREHOLDERS' FUNDS</u>	10	£	(53,205)		£	(69,467)	

The accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the
board of directors


B. Johnson
Director

29-1-1998
Date

SOUTHERN PIPE SERVICES LIMITEDNOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1997**1. ACCOUNTING POLICIES****Basis of Accounting**

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

Turnover

Turnover is the amount derived from the provision of goods and services falling within the company's ordinary activities after deduction of value added tax.

Tangible Fixed Assets

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

Plant and Machinery	25% Reducing Balance
Office equipment	15% Reducing Balance
Motor Vehicles	25% Reducing Balance

Work in Progress

Work in progress is valued at the lower of cost and net realisable value, after making allowance for obsolete and slow moving items. Cost includes all direct expenditure and an appropriate proportion of fixed and variable overheads.

Deferred Taxation

Deferred Taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised at the estimated fair value at date of inception of each lease or contract. The assets are depreciated over their expected useful lives. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

Cash Flow Statement

The company has taken advantage of the exemption provided by Financial Reporting Standard 1 and has not prepared a Cash Flow statement for the year.

2. TURNOVER

The turnover and profit before taxation is attributable to the principal activity of the company which is pipework, welding and fabrication. The turnover has arisen entirely within the United Kingdom.

SOUTHERN PIPE SERVICES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1997

3. OPERATING PROFIT/(LOSS)

	<u>1997</u>	<u>1996</u>
	£	£
Operating Profit/(Loss) is stated after charging:		
Depreciation of Tangible Assets	(1,688)	6,677
Hire of Plant and Equipment	4,917	24,779
Directors, Emoluments	17,260	33,656
Auditors' Remuneration	4,550	6,375
	<u> </u>	<u> </u>

4. TAXATION

There is no liability to Corporation Tax arising from results for the year (1996 Nil)

5. TANGIBLE FIXED ASSETS

	Motor Vehicles	Plant and Equipment	Fixtures and Fittings	Total
	£	£	£	£
COST				
At 1 April 1996	4,500	14,852	2,952	22,304
Additions	-	-	200	200
Disposals	(4,500)	-	-	(4,500)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1997	-	14,852	3,152	18,004
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
DEPRECIATION				
At 1 April 1996	2,250	5,540	578	8,368
Charge for the	-	2,259	386	2,645
Disposals	(2,250)	-	-	(2,250)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1997	-	7,799	964	8,763
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
NET BOOK VALUE				
At 31 March 1997	-	7,053	2,188	9,241
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 31 March 1996	2,250	9,024	2,374	13,648
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

6. STOCKS AND WORK IN PROGRESS

	<u>1997</u>	<u>1996</u>
	£	£
Work in Progress	40,860	51,962
	<u> </u>	<u> </u>

SOUTHERN PIPE SERVICES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1997

7. DEBTORS

	<u>1997</u>	<u>1996</u>
	£	£
Amounts falling due within one year:		
Trade Debtors	53,940	35,421
Other Debtors	4,619	7,674
	<u>58,559</u>	<u>43,095</u>

8. CREDITORS - Amounts Falling Due
Within One Year

	<u>1997</u>	<u>1996</u>
	£	£
Bank Overdrafts	-	34,909
Trade Creditors	17,487	90,783
Other Creditors	101,145	-
Other Tax and Social Security	47,957	39,390
Directors Current Account	13	13
Accruals	3,935	5,693
Finance Leases & HP contracts	-	6,635
	<u>170,537</u>	<u>177,423</u>

Loans and Overdrafts comprises:

Overdrafts	-	34,909
	<u>-</u>	<u>34,909</u>

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

9. CREDITORS - Amounts Falling Due
After More Than One Year

	<u>1997</u>	<u>1996</u>
	£	£
Loan	1,500	1,500
	<u>1,500</u>	<u>1,500</u>

10. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>1997</u>	<u>1996</u>
	£	£
PROFIT/(LOSS) FOR THE FINANCIAL YEAR	16,261	(60,595)
Opening shareholders' funds	(69,466)	(8,871)
<u>CLOSING SHAREHOLDERS' FUNDS</u>	<u>(53,205)</u>	<u>(69,466)</u>

SOUTHERN PIPE SERVICES LIMITED

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 31 MARCH 1997

11. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
Ordinary Shares of £1 each		
	£	£
Authorised	1000	1000
	<u> </u>	<u> </u>
Allotted		
Issued and Fully Paid	100	100
	<u> </u>	<u> </u>

12. GOING CONCERN

As a result of the death of a principal Director during the year ended the 31st March 1996, difficulties were encountered with a major contract. A settlement was reached with this customer that necessitated a significant write off of work in progress. This loss of potential income caused the company cash flow difficulties and subsequently resulted in the proposal of and agreement to a creditors voluntary arrangement on the 18th June 1996. During the year a 50p in the pound distribution has been made to preferential creditors in accordance with the terms of the creditors voluntary arrangement.

Unaudited Management Accounts and forecasts of the company indicate that for the year ended the 31st March 1998, the company should show improving profits after taking into account the costs of the creditors voluntary arrangement. The Directors are of the opinion that the company has a viable future and can maintain and improve its profitability and consider that the preparation of the of the accounts under the going concern basis is appropriate in the circumstances. Assets and liabilities are therefore included at their full value and take no account of any adjustments to them in the event of the company being wound up.

13. ULTIMATE HOLDING COMPANY

The ultimate holding company is Thermal Fluid Systems Limited a company incorporated in England and Wales.