

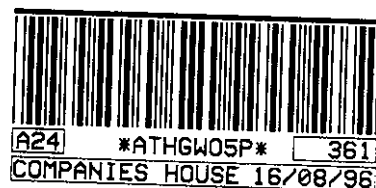
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FILTRATION ENGINEERING LTD

**The Mill
Brock Road
Chorley
Lancashire
PR6 0DB**

Accounts for the year ended 31 March 1996

PREMIER ACCOUNTS



FILTRATION ENGINEERING LTD

DIRECTORS REPORT

ACTIVITIES

During the second year of trading the company recorded a similar net profit to the previous year despite a significant increase in turnover to over 600K. The company purchased a high proportion of its products from the associated company, Lefco Ltd. A good position has been established within the market place during this year and the company is in a very strong position to build on this strong base. The net profit before tax was equal to 17% of the turnover.

RESULTS AND DIVIDENDS

Profitability was similar to the level recorded last year. Retained earnings were equal to 6% of turnover. Further growth of earnings is envisaged in 1996/97. Dividends were paid to both directors.

DIRECTORS

The Share Capital of 100 shares consisted of the following:-

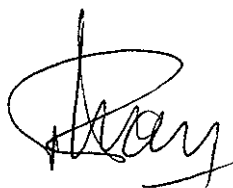
Mr R S Wray	70 shares
Mr M A Smith	30 shares

Both directors also held directorships in the associated company, Lefco Ltd.

AUDITORS

A resolution proposing the reappointment of Premier Accounts, Sale will be put to the members at the Annual General Meeting.

PREMIER ACCOUNTS



FILTRATION ENGINEERING LTD

AUDITORS REPORT

TO THE DIRECTORS OF FILTRATION ENGINEERING LTD

We have audited the financial statements for the second year of trading. In addition to the normal auditing procedures we have satisfied ourselves that the practices being used are consistent and reflect a true and fair position of the business.

The information provided by the directors to substantiate their accounts was concisely prepared and a full reconciliation with the cash and bank statements was made. The directors assurances were requested in certain instances and found to be properly reflected in the records.

Mention has been made of the company associated to FEL, namely Lefco Ltd. We are satisfied that all transactions between the two companies have been dealt with in a precise manner and do not in any way distort the accounts of either company.

It is therefore my belief that these accounts give a true and fair view of the state of the company's affairs and have been prepared to comply with the Companies Acts.

T E Williams A C M A
Premier Accounts
92 Carrington Lane
Sale
Cheshire
M33 5NG

A handwritten signature in cursive script, appearing to read 'T E Williams', with a horizontal line underneath.

FILTRATION ENGINEERING LTD

STATUTORY PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31 MARCH 1996

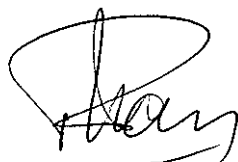
302830	TURNOVER	608466
<u>132146</u>	Less: Cost of Sales	<u>293683</u>
170684		314783
	Investment Income	<u>1788</u>
		316571
<u>69782</u>	Less: Administration Costs	<u>211924</u>
100902	PROFIT BEFORE TAX	104647
<u>25226</u>	Taxation	<u>26145</u>
75676	PROFIT AFTER TAX	78502
<u>36820</u>	Dividends	<u>41237</u>
<u>38856</u>	RETAINED PROFIT FOR YEAR	<u>37265</u>

Note

Administration costs do not include any charges for directors remuneration or Audit fees as these have been borne by the associated company, Lefco Ltd. A management charge to cover costs of this nature associated with FEL have been administered from that company.

Depreciation included above amounted to 258.00.

PREMIER ACCOUNTS



FILTRATION ENGINEERING LTD

BALANCE SHEET AS AT 31 MARCH 1996

FIXED ASSETS

0	Equipment	1072
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WORKING CAPITAL

0	Stock	3547	
84305	Debtors	149838	
44432	Bank	<u>24412</u>	177797
	Less:-		
55464	Creditors and Accruals	43261	
26067	Taxation Reserve	39587	
<u>8250</u>	Proposed Dividends	<u>19800</u>	<u>102648</u>
			<u>75149</u>
<u>38956</u>			<u>76221</u>

CAPITAL

100	Share Capital	100
<u>38856</u>	Profit and Loss Account	<u>76121</u>
<u>38956</u>		<u>76221</u>

PREMIER ACCOUNTS



FILTRATION ENGINEERING LTD

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

The accounts comply with the normal standards required for Limited Companies. Stocks and Work in Progress values have been based on the lower of cost or net realisable value.

2. SHARE CAPITAL

Ordinary shares of 1.00 each

Authorised	100
Ordinary	100

3. EMPLOYMENT COSTS

All sub-contractors have produced evidence of their exemption certificates thereby eliminating the necessity to deduct tax at source. Wage costs and directors remuneration have been borne by the associated company, Lefco Ltd.

4. CORPORATION TAX

U K Corporation tax at the small companies rate of 25% has been provided.

5. CREDITORS

Trade Creditors are short term which should be repaid within six months. The Taxation Reserve covers the liability for VAT, Corportion tax and ACT due.

6. PROFIT AND LOSS

The retained profit shown on the Balance Sheet includes the following:-

Balance brought forward	38856
Added during year	<u>37265</u>
	<u>76121</u>

PREMIER ACCOUNTS