

REGISTERED NUMBER

3068022

England and Wales

CRESCO INDUSTRIAL SUPPLIES LIMITED

STATEMENT OF ACCOUNTS

30 NOVEMBER 1998

MONTGOMERY & CO

Chartered Accountants

Norham House
Moutenoy Road
Moorgate
ROTHERHAM



CRESCO INDUSTRIAL SUPPLIES LIMITED

DIRECTORS

D P C H GOODING

SECRETARY

MRS K WHARMSBY

REGISTERED OFFICE

BRUNEL CLOSE
BRUNEL INDUSTRIAL ESTATE
HARWORTH
DONCASTER
DN11 8QA

REGISTERED NUMBER

3068022

England and Wales

AUDITORS

MONTGOMERY & CO
Chartered Accountants
Norham House
Mountenoy Road
Moorgate
ROTHERHAM
S60 2AJ

ANNUAL REPORT AND ACCOUNTS 30 NOVEMBER 1998

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The following page does not form part of the Statutory Accounts.

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TRADING, PROFIT AND LOSS ACCOUNT

CRESKO INDUSTRIAL SUPPLIES LIMITED

DIRECTORS' REPORT

The Directors present their Report with the audited Balance Sheet and Accounts for the year ended 30 November 1998.

PRINCIPAL ACTIVITIES

The Company's principal activities during the year were the manufacture and supply of hydraulic mining hose and fittings.

DIRECTORS

The Directors during the year and their share interests, including family interests, at the beginning and end of the year, were as follows:-

	<u>1998</u>	<u>1997</u>
D P C H Gooding	30	30

D P C H Gooding, retires by rotation and, being eligible, offers himself for re-election.

DIRECTORS' RESPONSIBILITIES

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 as at the end of the financial year and of the profit or loss of the company for that period. In preparing those accounts, the Directors are required to:

- * select suitable accounting policies and then apply them consistently;
- * make judgements and estimates that are reasonable and prudent;
- * follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts.

The Directors are responsible for maintaining proper accounting records, which disclose with reasonable accuracy at any times the financial position of the company and enables 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.

HOLDING COMPANY

Reeds Investments Limited, a Company incorporated in the Isle of Man, owns 70% of the Share Capital and as such is the Company's ultimate Holding Company.

DONATIONS

During the year the Company made charitable donations of £510.

CLOSE COMPANY

The Company is a Close Company within the provisions of the Income and Corporation Taxes Act 1988.

AUDITORS

A resolution to re-appoint Montgomery & Co, Chartered Accountants, Norham House, Mountenoy Road, Moorgate, Rotherham as Auditors will be put to the Members at the Annual General Meeting in accordance with section 385 of the Companies Act 1985.

The Directors report is prepared in accordance with special provisions of Part VII of the Companies Act 1985 relating to Small Companies.

Signed on behalf of the Board of Directors:

MRS K WHARMSBY
SECRETARY

Date 11/3/99

**AUDITORS' REPORT TO THE SHAREHOLDERS OF
CRESCO INDUSTRIAL SUPPLIES LIMITED**

We have audited the Accounts on pages 4 to 9 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the Company's Directors are responsible for the preparation of accounts. It is our responsibility to form an independent opinion, based on our audit of 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 accounts. It also includes an assessment of the significant estimates and judgements 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, reliable and relevant evidence to give reasonable assurance that the accounts are free from material mis-statements, 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 1998 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small Companies.

Montgomery & Co

MONTGOMERY & CO

Chartered Accountants and Registered Auditors

Norham House
Moutenoy Road
Moorgate
ROTHERHAM
S60 2AJ

Date 29.3.99

CRESCO INDUSTRIAL SUPPLIES LIMITED

BALANCE SHEET at 30 November 1998

	<u>£</u>	<u>1998</u> <u>£</u>	<u>NOTES</u>	<u>£</u>	<u>1997</u> <u>£</u>
<u>FIXED ASSETS</u>					
Tangible Assets		73,098	(5)		80,442
<u>CURRENT ASSETS</u>					
Stocks	135,513		(6)	157,891	
Debtors	298,464		(7)	451,274	
Cash at Bank and in Hand	<u>317,496</u>			<u>82,484</u>	
	751,473			691,649	
CREDITORS: amounts falling due within one year	<u>807,044</u>		(8)	<u>745,003</u>	
Net Current (Liabilities)		<u>(55,571)</u>			<u>(53,354)</u>
<u>TOTAL ASSETS LESS</u> <u>CURRENT LIABILITIES</u>		17,527			27,088
CREDITORS: amounts falling due after more than one year	-			-	
<u>PROVISION FOR</u> <u>LIABILITIES AND CHARGES</u>					
Deferred Taxation	-		(9)	-	
		<u>£17,527</u>			<u>£27,088</u>
<u>CAPITAL AND RESERVES</u>					
Called up Share Capital		100	(10)		100
Profit and Loss Account		<u>17,427</u>			<u>26,988</u>
		<u>£17,527</u>	(11)		<u>£27,088</u>

The notes on pages 7 to 9 inclusive form an integral part of these Accounts.

The Accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and in accordance with the financial reporting standards for smaller entities.

Signed on behalf of the Board of Directors

D P C H GOODING

Approved by the Board:

Date 11.3.99

CRESO INDUSTRIAL SUPPLIES LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 November 1998

		<u>1998</u>	<u>NOTES</u>		<u>1997</u>
	£	£		£	£
<u>TURNOVER</u>		1,891,544	(2)		1,843,783
Cost of Sales		<u>1,463,255</u>			<u>1,502,416</u>
Gross Profit		428,289			341,367
Distribution Costs	18,454			24,687	
Administrative Expenses	<u>246,547</u>			<u>211,737</u>	
		<u>265,001</u>			<u>236,424</u>
		163,288			104,943
Other Operating Income		<u>33,655</u>			<u>16,067</u>
<u>OPERATING PROFIT</u>		196,943	(3)		121,010
Interest Payable		<u>-</u>			<u>-</u>
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES BEFORE TAXATION</u>		196,943			121,010
Taxation on ordinary activities		<u>56,504</u>	(4)		<u>25,435</u>
<u>PROFIT ON ORDINARY</u> <u>ACTIVITIES AFTER TAXATION</u>		140,439			95,575
Dividends paid and proposed		<u>150,000</u>			<u>100,000</u>
<u>(LOSS) FOR THE FINANCIAL</u> <u>YEAR</u>		(9,561)			(4,425)
<u>RETAINED PROFIT AT 1.10.1997</u>		<u>26,988</u>			<u>31,413</u>
<u>RETAINED PROFIT AT 30.11.1998</u>		<u>£17,427</u>			<u>£26,988</u>

The notes on pages 7 to 9 inclusive form an integral part of these Accounts.

CONTINUING OPERATIONS

Turnover and operating profit derive wholly from continuing operations.

TOTAL RECOGNISED GAINS AND LOSSES

The Company has no recognised gains or losses other than the profit or loss for the two above financial periods

CRESKO INDUSTRIAL SUPPLIES LIMITED**SCHEDULE OF TANGIBLE FIXED ASSETS 30 NOVEMBER 1998**

	MOTOR VEHICLES	ALTERATIONS TO LEASEHOLD PROPERTY	PLANT & MACHINERY	FIXTURES & FITTINGS	TOTAL
	£	£	£	£	£
<u>COST AT 1.12.1997</u>	33,420	5,157	48,875	18,925	106,377
<u>ADDITIONS</u>	20,125	-	20,822	3,650	44,597
<u>DISPOSALS</u>					
Proceeds	(20,784)	-	(600)	-	(21,384)
Accumulated Depreciation	(672)	-	-	-	(672)
Depreciation this year	(6,395)	-	-	-	(6,395)
Deficit	(433)	-	(200)	-	(633)
<u>At 30.11.1998</u>	<u>£25,261</u>	<u>£5,157</u>	<u>£68,897</u>	<u>£22,575</u>	<u>£121,890</u>
<u>DEPRECIATION</u>					
<u>At 1.12.1997</u>	1,547	1,032	15,207	7,477	25,263
Charge for the year	5,053	1,032	13,780	3,664	23,529
<u>At 30.11.1998</u>	<u>£6,600</u>	<u>£2,064</u>	<u>£28,987</u>	<u>£11,141</u>	<u>£48,792</u>
<u>NET BOOK VALUES</u>					
<u>At 30.11.1998</u>	<u>£18,661</u>	<u>£3,093</u>	<u>£39,910</u>	<u>£11,434</u>	<u>£73,098</u>
<u>At 30.11.1997</u>	<u>£31,201</u>	<u>£4,125</u>	<u>£33,668</u>	<u>£11,448</u>	<u>£80,442</u>

CRESO INDUSTRIAL SUPPLIES LIMITED
NOTES TO THE ACCOUNTS

1 **ACCOUNTING POLICIES**

Basis of Accounting

The Accounts are prepared under the Historical Cost Convention and in accordance with the financial reporting standards for smaller entities.

Depreciation

Depreciation is provided on all Fixed Assets, at rates calculated to write off the cost or valuation, less estimated residual value of each asset evenly over its expected useful life as follows:

Vehicles	- Over 5years
Plant & Machinery	- Over 5 years
Fixtures & Fittings	- Over 10 years
Computer Equipment	- Over 3 years
Alterations to Leasehold Property	- Over lease term to 2001

STOCKS

Stocks are stated at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cash Flow

The accounts do not include a cash flow statement because the Company, as a small reporting entity is exempt from the requirement to prepare such a statement under Financial Reporting Standard 1 'Cash flow statements'.

Deferred Taxation

Deferred Taxation is provided on the liability method on all short term timing differences. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profit as incurred.

2 **TURNOVER**

Turnover amounting to £1,891,544 represents the invoiced amount of goods sold and services provided (stated net of Value Added Tax).

The Turnover and pre-tax profit is attributable to the principal activities of the Company.

3 **OPERATING PROFIT**

(a) This is stated after charging

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Directors' Remuneration	-	-
Auditors' Remuneration	3,440	2,950
Non audit services of the Company's auditors	1,339	1,635
Hire of Plant & Machinery	864	4,993
Depreciation	23,529	16,596

4 TAXATION ON ORDINARY ACTIVITIES

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Based on the results for the year 31% (1997 31%)	56,501	24,365
Prior year adjustment	<u>3</u>	<u>1,070</u>
	<u>£56,504</u>	<u>£25,435</u>

5 TANGIBLE FIXED ASSETS

A Schedule of Tangible Fixed Assets is shown as a Schedule to the Accounts.

6 STOCKS

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Raw Materials & Consumables	<u>£135,513</u>	<u>£157,891</u>

7 DEBTORS

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Associated Companies	3,173	-
Trade Debtors	278,317	433,031
Other Debtors	9,200	8,000
Prepayments and Accrued Income	7,774	6,818
Taxation Refund	<u>-</u>	<u>3,425</u>
	<u>£298,464</u>	<u>£451,274</u>

8 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Trade Creditors	415,145	405,952
Current Corporation Tax	19,001	2,791
Other Taxes and Social Security Costs	12,487	21,314
Accruals	4,695	4,477
Directors' Loan Account	40,590	45,725
Reed Investments Limited	277,626	264,743
Advance Corporation Tax	<u>37,500</u>	<u>-</u>
	<u>£807,044</u>	<u>£745,003</u>

Included in Trade Creditors are amounts due in respect of goods for which title does not pass until payment is made.

9 DEFERRED TAXATION

Deferred Taxation provided in the Accounts and the potential amounts, including the amounts for which provision has been made, are as follows:

	<u>1998</u>	<u>1997</u>
	<u>£</u>	<u>£</u>
Fixed Assets	3,720	3,190
Provided in the Accounts	<u>-</u>	<u>-</u>
Potential Liability not provided	<u>£3,720</u>	<u>£3,190</u>

10	<u>SHARE CAPITAL</u>	<u>1998</u> £	<u>1997</u> £
	Ordinary Shares £1 Each		
	Authorised	<u>10,000</u>	<u>10,000</u>
	Issued & Fully Paid	<u>100</u>	<u>100</u>
11	<u>RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS</u>	<u>1998</u> £	<u>1997</u> £
	Profit for the financial year after taxation	140,439	95,575
	Dividends	<u>150,000</u>	<u>100,000</u>
		(9,561)	(4,425)
	Opening Shareholders' funds 1.12.1997	<u>27,088</u>	<u>31,513</u>
	Closing Shareholders' funds 30.11.1998	<u>£17,527</u>	<u>£27,088</u>

12 POST BALANCE SHEET EVENTS

There are no significant Post Balance Sheet Events.

13 COMMITMENTS

Capital Commitments

There are no contracts in existence for present or future Capital Commitments.

Operating Leases

The Company has a commitment in respect of the lease of the business premises. The commitment over the next 12 Months is £33,800.

14 CONTINGENT LIABILITIES

There were no contingent liabilities.

15 DIRECTORS' INTERESTS AND RELATED PARTY TRANSACTIONS

a)	<u>LOANS</u>	<u>BALANCE</u> <u>1.12.1997</u>	<u>BALANCE</u> <u>30.11.1998</u>	<u>DIVIDEND</u> <u>IN YEAR</u>
i)	<u>D Gooding – Director</u>	£45,723 Credit	£40,590 Credit	£45,000
ii)	<u>Reed Investments Limited</u> (Holding Company)	£101,730 Credit	£89,426 Credit	£105,000

b) TRANSACTIONS WITH COMPANIES UNDER THE CONTROL OF D GOODING - DIRECTOR

<u>COMPANY</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>	<u>BALANCE</u> <u>30.11.1998</u>
Davgo Industrial Services	Trade Purchases	£130,437	} £43,664 Credit
Davgo Industrial Services	Management Costs Re; (D Gooding Director)	£71,315	
Davgo Industrial Services	Trade Sales	£2,473	NIL

c) TRANSACTIONS WITH REED INVESTMENTS LIMITED (HOLDING COMPANY)

Trade Purchases	<u>£25,187</u>	<u>£188,200</u> Credit
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