

CRADLEY INTERNATIONAL LEASING LIMITED

FINANCIAL STATEMENTS AND REPORT  
For the year ended 30 April 1998

Co. No. 3177159

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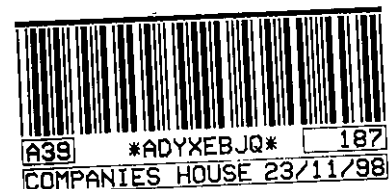
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# CRADLEY INTERNATIONAL LEASING LIMITED

## REPORT OF THE DIRECTORS

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The Directors present their report and the audited financial statements of the Company for the year ended 30 April 1998.

### PRINCIPAL ACTIVITIES

The principal activity of the Company is that of tanker leasing.

### BUSINESS REVIEW AND FUTURE DEVELOPMENTS

The Profit and Loss Account for the year is set out on page 5.

Both the level of business and the year end financial position were satisfactory and the Directors expect that the present level of activity will be sustained.

### DIVIDENDS

The Directors do not recommend the payment of a dividend, leaving a retained profit of £166447 to be transferred to reserves.

### FIXED ASSETS

The movements in fixed assets are shown in note 6.

### DIRECTORS

The Directors in office during the year were as follows:-

A.M. Sutton	
Mrs. D.P. Broadhurst	
S. Dunn	(appointed 3 April 1998)

The Company is a wholly owned subsidiary of Thomas Cradley Holdings Limited. The interests of the Directors in the share capital of the holding company are shown in the accounts of that Company.

# CRADLEY INTERNATIONAL LEASING LIMITED

## REPORT OF THE DIRECTORS - Continued

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### 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 state of affairs of the Company and of the profit or loss of the Company for that period. In preparing those financial statements, the Directors are required to:-

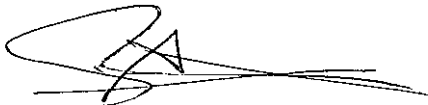
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to 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 statements comply with the Companies Act 1985. They are also responsible for safe-guarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution to re-appoint the Auditors, Barrowman Jackson Stephen, will be proposed at the Annual General Meeting.

By Order of the Board



S. Dunn

Secretary  
20 October 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF  
CRADLEY INTERNATIONAL LEASING LIMITED

We have audited the financial statements on pages 5 to 10 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 2, 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 those 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 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 financial statements.

OPINION

In our opinion the financial statements give a true and fair view of the state of the Company's affairs as at 30 April 1998 and of the Profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Barrowman Jackson Stephen,  
Chartered Accountants,  
Registered Auditor.

21 October 1998

Broseley House,  
116 Bradshawgate,  
LEIGH,  
Lancs. WN7 4NT

CRADLEY INTERNATIONAL LEASING LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 April 1998

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
TURNOVER		1033160	1072104
Cost of sales		( <u>493160</u> )	( <u>472104</u> )
GROSS PROFIT		540000	600000
Administrative expenses		( <u>453553</u> )	( <u>70</u> )
OPERATING PROFIT	3	86447	599930
Interest payable	4	<u>-</u>	<u>350000</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		86447	249930
Taxation credit/(charge)	5	<u>80000</u>	( <u>80000</u> )
RETAINED PROFIT FOR THE YEAR	10	£ <u>166447</u>	£ <u>169930</u>

All amounts relate to continuing operations.

All recognised gains and losses are included in the Profit and Loss Account.

CRADLEY INTERNATIONAL LEASING LIMITED

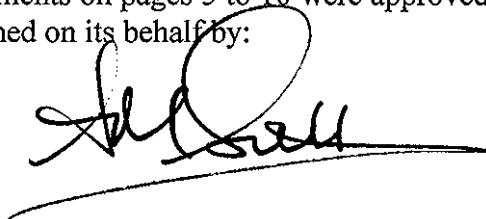
BALANCE SHEET

30 April 1998

	Note	1998		1997	
		£	£	£	£
FIXED ASSETS					
Tangible assets	6		6413658		6935069
CURRENT ASSETS					
Debtors	7	50000		-	
Cash at bank and in hand		<u>-</u>		<u>507</u>	
		50000		507	
CREDITORS: Amounts falling due within one year					
	8a	<u>28828</u>		<u>437260</u>	
NET CURRENT ASSETS/(LIABILITIES)			<u>21172</u>		<u>( 436753)</u>
Total assets less current liabilities			6434830		6498316
CREDITORS: Amounts falling due after more than one year					
	8b		<u>6088453</u>		<u>6318386</u>
NET ASSETS		£	<u>346377</u>	£	<u>179930</u>
CAPITAL AND RESERVES					
Called up share capital	9		10000		10000
Profit and loss account	10		<u>336377</u>		<u>169930</u>
SHAREHOLDERS' FUNDS	11	£	<u>346377</u>	£	<u>179930</u>

The financial statements on pages 5 to 10 were approved by the Board of Directors on 20 October 1998 and were signed on its behalf by:

A.M. Sutton  
Director



# CRADLEY INTERNATIONAL LEASING LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 1998

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### 1. PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies is set out below.

a) Basis of Accounting

The financial statements are prepared in accordance with the historical cost convention.

b) Turnover

Turnover represents the invoiced value of services supplied excluding value added tax and trade discounts.

c) Tangible Fixed Assets

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Depreciation is calculated so as to write off the cost of tangible fixed assets less their estimated residual values over the expected useful economic lives of the assets as follows:-

Tankers	6.6% per annum (straight line basis)
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d) Deferred Taxation

Deferred taxation is accounted for using the liability method, in respect of all material timing differences to the extent that they are expected to reverse in the future without replacement.

e) Cash Flow Statement

No cash flow statement has been presented as the Company is a wholly owned subsidiary of a company registered in England preparing consolidated financial statements.

### 2. DIRECTORS AND EMPLOYEES

#### Employees

The average weekly number of persons (including Directors) employed by the Company during the year was:-

	<u>1998</u>	<u>1997</u>
	Number	Number
Administration	3	2
	<u>          </u>	<u>          </u>

No Director was paid any emoluments by the Company during the year (1997: £Nil).

CRADLEY INTERNATIONAL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the year ended 30 April 1998

3. OPERATING PROFIT

	<u>1998</u>	<u>1997</u>
Operating profit is stated after crediting:		
Profit on disposal of tangible fixed assets	£ 6549	£ -
and after charging:		
Depreciation	£ 493160	£ 472104

4. INTEREST PAYABLE AND SIMILAR CHARGES

	<u>1998</u>	<u>1997</u>
Amounts payable to group company	£ -	£ 350000

5. TAXATION

	<u>1998</u>	<u>1997</u>
U.K. Corporation Tax:		
Current year	-	80000
Over charged in prior year	( 80000)	-
	£( 80000)	£ 80000

6. TANGIBLE FIXED ASSETS

	<u>Tankers</u>
COST	
At 1 May 1997	7407173
Additions	19400
Disposals	( 50874)
At 30 April 1998	7375699
DEPRECIATION	
At 1 May 1997	472104
Charge for the year	493160
Deleted on disposals	( 3223)
At 30 April 1998	962041
NET BOOK VALUE:	
At 30 April 1998	£ 6413658
At 30 April 1997	£ 6935069



CRADLEY INTERNATIONAL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the year ended 30 April 1998

7. DEBTORS

	<u>1998</u>	<u>1997</u>
Due within one year:		
Other debtors	£ 50000	£ -
	<u>          </u>	<u>          </u>

8. CREDITORS

	<u>1998</u>	<u>1997</u>
a) Amounts falling due within one year:		
Bank overdraft	39	-
Trade creditors	-	82
Corporation tax	-	80000
Other taxation and social security	28789	7178
Other creditors	<u>-</u>	<u>350000</u>
	£ 28828	£ 437260
	<u>          </u>	<u>          </u>

b) Amounts falling due after more than one year:

Amounts owed to group companies	£ 6088453	£ 6318386
	<u>          </u>	<u>          </u>

Amounts due to group companies after more than one year are secured by a debenture dated 18 November 1996.

9. CALLED UP SHARE CAPITAL

	<u>1998</u>	<u>1997</u>
Authorised, allotted and fully paid 10000 Ordinary Shares of £1 each	£ 10000	£ 10000
	<u>          </u>	<u>          </u>

10. RESERVES

	<u>Profit and Loss Account</u>
At 1 May 1997	169930
Retained profit for the year	<u>166447</u>
At 30 April 1998	£ 336377
	<u>          </u>

11. RECONCILIATION OF MOVEMENTS  
IN SHAREHOLDERS' FUNDS

	<u>1998</u>	<u>1997</u>
Opening shareholders' funds	179930	-
Allotment of shares during the year	-	10000
Retained profit for the year	<u>166447</u>	<u>169930</u>
Closing shareholders' funds	£ 346377	£ 179930
	<u>          </u>	<u>          </u>

CRADLEY INTERNATIONAL LEASING LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

For the year ended 30 April 1998

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12. RELATED PARTY DISCLOSURES

The Company is an exempt subsidiary undertaking as described by Financial Reporting Standard No. 8 and relies on the exemptions available for non disclosure of transactions.

13. ULTIMATE HOLDING COMPANY

The ultimate holding company is Thomas Cradley Holdings Limited, a company registered in England.