

Report of the Directors and
Financial Statements for the Year Ended 31 December 1998
for
British International Industries Limited



Maurice Braganza & Co
Chartered Accountants
Registered Auditors
Russell Chambers
The Piazza
Covent Garden
London WC2E 8AA



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for the Year Ended 31 December 1998

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British International Industries Limited

Company Information

for the Year Ended 31 December 1998

DIRECTORS:	Mr Victor Von Dewitz Mrs Ingrid Von Dewitz
SECRETARY:	Ingrid Von Dewitz
REGISTERED OFFICE:	Unit 12 Mitcham Industrial Estate Streatham Road Mitcham Surrey CR4 2AP
REGISTERED NUMBER:	03194808 (England and Wales)
AUDITORS:	Maurice Braganza & Co Chartered Accountants Registered Auditors Russell Chambers The Piazza Covent Garden London WC2E 8AA
BANKERS:	Barclays Bank Plc London EC3P 3AH

Report of the Directors
for the Year Ended 31 December 1998

The directors present their report with the financial statements of the company for the year ended 31 December 1998.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of distributing aviation equipment and allied products.

DIRECTORS

The directors during the year under review were:

Mr Victor Von Dewitz
Mrs Ingrid Von Dewitz

The directors holding office at 31 December 1998 did not hold any beneficial interest in the issued share capital of the company at 1 January 1998 or 31 December 1998.

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;
- 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 safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

The auditors, Maurice Braganza & Co, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

ON BEHALF OF THE BOARD:


Mr Victor Von Dewitz - DIRECTOR

Dated: 16.4.99

British International Industries Limited

Report of the Auditors to the Shareholders of
British International Industries Limited

We have audited the financial statements on pages four to eight which have been prepared in accordance with the Financial Reporting Standard for Smaller Entities, under the historical cost convention and the accounting policies set out on page six.

Respective responsibilities of directors and auditors

As described on page two 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.

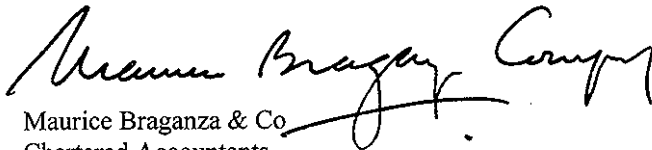
Basis of opinion

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 misstatement, 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 31 December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Maurice Braganza & Co
Chartered Accountants
Registered Auditors
Russell Chambers
The Piazza
Covent Garden
London WC2E 8AA

Dated: 16-4-99.

British International Industries Limited

Profit and Loss Account
for the Year Ended 31 December 1998

		31.12.98	31.12.97
	Notes	£	£
TURNOVER	2	295,804	438,344
Cost of sales		<u>230,273</u>	<u>281,587</u>
GROSS PROFIT		65,531	156,757
Administrative expenses		<u>65,305</u>	<u>151,970</u>
OPERATING PROFIT	3	226	4,787
Interest receivable and similar income	4	<u>-</u>	<u>18</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		226	4,805
Tax on profit on ordinary activities	5	<u>-</u>	<u>1,045</u>
PROFIT FOR THE FINANCIAL YEAR AFTER TAXATION		226	3,760
Deficit brought forward		<u>(4,745)</u>	<u>(8,505)</u>
DEFICIT CARRIED FORWARD		<u>£(4,519)</u>	<u>£(4,745)</u>

The notes form part of these financial statements


British International Industries Limited

Balance Sheet
31 December 1998

		31.12.98		31.12.97	
	Notes	£	£	£	£
FIXED ASSETS:					
Tangible assets	6		827		-
CURRENT ASSETS:					
Stocks		202		3,677	
Debtors	7	6,580		13,354	
Cash at bank		371		4,194	
		7,153		21,225	
CREDITORS: Amounts falling due within one year	8	12,401		25,872	
NET CURRENT LIABILITIES:			(5,248)		(4,647)
TOTAL ASSETS LESS CURRENT LIABILITIES:			£(4,421)		£(4,647)
CAPITAL AND RESERVES:					
Called up share capital	9		98		98
Profit and loss account			(4,519)		(4,745)
Shareholders' funds			£(4,421)		£(4,647)

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies and with the Financial Reporting Standard for Smaller Entities.

ON BEHALF OF THE BOARD:


Mr Victor Von Dewitz - DIRECTOR

Approved by the Board on 16.4.99

The notes form part of these financial statements

Notes to the Financial Statements
for the Year Ended 31 December 1998

1. **ACCOUNTING POLICIES**

Accounting convention

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

Turnover

Turnover represents net invoiced sales of goods, excluding 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.

Stocks

Stock is valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Deferred taxation

Provision is made at current rates for taxation deferred in respect of all material timing differences except to the extent that, in the opinion of the directors, there is reasonable probability that the liability will not arise in the foreseeable future.

2. **TURNOVER**

The turnover and profit before taxation are attributable to the one principal activity of the company.

3. **OPERATING PROFIT**

The operating profit is stated after charging:

	31.12.98	31.12.97
	£	£
Depreciation - owned assets	146	-
Auditors' remuneration	1,720	1,500
	<u> </u>	<u> </u>
Directors' emoluments and other benefits etc	-	-
	<u> </u>	<u> </u>

4. **INTEREST RECEIVABLE AND SIMILAR INCOME**

	31.12.98	31.12.97
	£	£
Deposit account interest	-	18
	<u> </u>	<u> </u>

Notes to the Financial Statements
for the Year Ended 31 December 1998

5. **TAXATION**

The tax charge on the profit on ordinary activities for the year was as follows:

	31.12.98	31.12.97
	£	£
UK corporation tax	-	1,045
	<u> </u>	<u> </u>

UK corporation tax was charged at 21.70% in 1997.

6. **TANGIBLE FIXED ASSETS**

	Plant and machinery etc
	£
COST:	
Additions	973
At 31 December 1998	<u>973</u>
DEPRECIATION:	
Charge for year	146
At 31 December 1998	<u>146</u>
NET BOOK VALUE:	
At 31 December 1998	<u>827</u>

7. **DEBTORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
Trade debtors	5,087	9,805
Other debtors	1,043	3,549
Prepayments & accrued income	450	-
	<u>6,580</u>	<u>13,354</u>

8. **CREDITORS: AMOUNTS FALLING
DUE WITHIN ONE YEAR**

	31.12.98	31.12.97
	£	£
Trade creditors	6,540	11,014
Other creditors	1,077	-
Amount owed to parent company	504	33
Taxation	-	1,045
Accrued expenses	4,280	13,780
	<u>12,401</u>	<u>25,872</u>

9. **CALLED UP SHARE CAPITAL**

Authorised:					
Number:	Class:	Nominal	31.12.98	31.12.97	
		value:	£	£	
1,000	Ordinary	£1	<u>1,000</u>	<u>1,000</u>	
Allotted, issued and fully paid:					
Number:	Class:	Nominal	31.12.98	31.12.97	
		value:	£	£	
98	Ordinary	£1	<u>98</u>	<u>98</u>	

10. **ULTIMATE PARENT COMPANY**

The ultimate parent company is Diesel Power Limited, a company incorporated in England & Wales.

11. **RELATED PARTY DISCLOSURES**

The administration charge of £9,055 was paid to Factorprime Limited, a company under the control of the director, Mr Victor Von Dewitz.

12. **GOING CONCERN**

The parent company, Diesel Power Limited, has undertaken to provide continued financial support and consequently, it is considered appropriate to prepare the financial statements on a going concern basis.