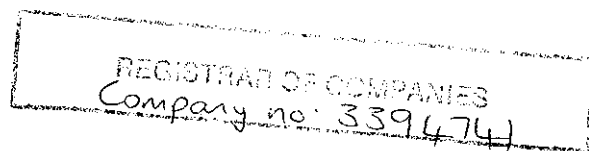


PENTHAM POWERSPRING LIMITED

Abbreviated Accounts for the Year Ended 31 July 2002



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**INDEPENDENT AUDITORS' REPORT TO PENTHAM POWERSPRING LIMITED
PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985**

We have examined the abbreviated accounts consisting of the Balance Sheet and related notes 1 to 4, together with the financial statements of the company for the year ended 31 July 2002 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm, by reference to the audited financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985, and the abbreviated accounts have been properly prepared in accordance with those provisions.

Mazars

Mazars
Chartered Accountants and Registered Auditors
37 Frederick Place
Brighton BN1 4EA

12 March 2003

PENTHAM POWERSPRING LIMITED

Abbreviated Balance Sheet at 31 July 2002

	Notes	£	2002 £	£	2001 £
FIXED ASSETS					
Intangible assets	2		53,897		-
Tangible assets	2		90,430		-
Investments	3		-		575,231
			<u>144,327</u>		<u>575,231</u>
CURRENT ASSETS					
Stock		78,435		-	
Debtors		80,454		-	
Cash at bank and in hand		68,706		7	
		<u>227,595</u>		<u>7</u>	
CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR		<u>(110,633)</u>		<u>(150,000)</u>	
NET CURRENT ASSETS			<u>116,962</u>		<u>(149,993)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			261,289		425,238
CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR			<u>(16,668)</u>		<u>(41,668)</u>
			<u>£244,621</u>		<u>£383,570</u>
CAPITAL AND RESERVES					
Called up share capital	4		3,792		2,906
Share premium account			711,816		401,333
Profit and loss account			<u>(470,987)</u>		<u>(20,669)</u>
SHAREHOLDERS' FUNDS - EQUITY INTERESTS			<u>£244,621</u>		<u>£383,570</u>

These accounts have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 11 March 2003, and signed on its behalf by

C I Lepper

- Director



**Notes to the Abbreviated Accounts
For the Year Ended 31 July 2002**

1 ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable United Kingdom accounting standards.

(a) Accounting convention

The financial statements are prepared under the historical cost convention. The company is exempt by virtue of Section 248 of the Companies Act 1985 from the requirement to prepare group accounts. These financial statements present information about the company as an individual undertaking and not about its group.

(b) Basis of preparation

The financial statements have been prepared on a going concern basis.

(c) Turnover

Turnover represents amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers.

(d) Goodwill

Goodwill represents the excess of cost of acquisitions over the fair value of disposable net assets acquired. Goodwill is written off in equal annual instalments over its estimated useful economic life.

(e) Patents

Patents are valued at cost less accumulated amortisation. Amortisation is calculated to write off the cost in equal annual instalments over their estimated useful lives, which is expected to be ten years.

(f) Research and development

Research expenditure is written off to the profit and loss account in the year in which it is incurred. Development expenditure is written off in the same way unless the directors are satisfied as to the technical, commercial and financial viability of individual projects and then amortised over the period during which the company is expected to benefit.

(g) Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life.

(h) Leasing

Rentals payable under operating leases are charged on a straight line basis over the term of the lease.

**Notes to the Abbreviated Accounts
For the Year Ended 31 July 2002**

1 ACCOUNTING POLICIES (continued)

(i) Stock

Stock is valued at the lower of cost and net realisable value.

(j) Deferred taxation

Deferred tax is provided in respect of the tax effect of all timing differences at the rates of tax expected to apply when the timing differences reverse. A deferred tax asset is only provided where there is reasonable expectation funds will be recovered. Timing differences arise from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements. Deferred tax assets and liabilities are not discounted.

The above policy has been changed from the company's previous accounting policy for deferred taxation as a result of the implementation of the new Financial Reporting Standard 19. The required prior year adjustment has not been made by the company as in the opinion of the directors its effect would be immaterial to the financial statements.

(k) Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

PENTHAM POWERSPRING LIMITED

Notes to the Abbreviated Accounts For the Year Ended 31 July 2002

2 FIXED ASSETS

	Intangible assets £	Tangible assets £	Total £
COST			
At 1 August 2001	-	-	-
Transferred from Pentham Limited	58,907	83,972	142,879
Transferred from Kineteco International Limited	2	439	441
Additions	977	8,138	9,115
	<u>£59,886</u>	<u>£92,549</u>	<u>£152,435</u>
At 31 July 2002	<u>£59,886</u>	<u>£92,549</u>	<u>£152,435</u>
DEPRECIATION			
At 1 August 2001	-	-	-
Charge for the year	5,989	2,119	8,108
	<u>£5,989</u>	<u>£2,119</u>	<u>£8,108</u>
At 31 July 2002	<u>£5,989</u>	<u>£2,119</u>	<u>£8,108</u>
NET BOOK VALUE			
At 31 July 2002	<u>£53,897</u>	<u>£90,430</u>	<u>£144,327</u>
At 31 July 2001	-	-	-
Depreciation rates			
Plant and machinery	20-30% straight line		
Fixtures, fittings and office equipment	33-50% straight line		
Intangibles	10 years		

PENTHAM POWERSPRING LIMITED

Notes to the Abbreviated Accounts For the Year Ended 31 July 2002

3 FIXED ASSET INVESTMENTS

	Shares in group undertakings £	Loans to group undertakings £	Total £
COST			
At 1 August 2001	3,850	571,381	575,231
Change in year	-	(197,266)	(197,266)
At 31 July 2002	3,850	374,115	377,965
Provision against bad debt	(3,850)	(374,115)	(377,965)
	-	-	-

The above investments are unlisted.

Name	Country of registration or incorporation	Class	Shares held %
Pentham Limited	England & Wales	Ordinary £1	100
Kineteco International Limited	England & Wales	Ordinary £1	100

On 30 July 1997 Pentham Powespring Limited acquired the entire issued share capital of both Pentham Limited and Kineteco International Limited by the issue of shares.

Additional information on subsidiary undertakings:

Name	Principal activity	Capital and reserves	Results for the year
Pentham Limited	Trading agent	-	-
Kineteco International Limited	Trading agent	-	-

4 SHARE CAPITAL

	2002 £	2001 £
Authorised Ordinary shares of £1 each	£5,000	£5,000
Allotted, called up and fully paid Ordinary shares of £1 each	£3,792	£2,906