



FIFTH RING LIMITED

Abbreviated accounts

28 February 1998

Deloitte & Touche
66 Queen's Road
Aberdeen

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AUDITORS' REPORT TO FIFTH RING LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5 together with the financial statements of Fifth Ring Limited prepared under section 226 of the Companies Act 1985 for the year ended 28 February 1998.

Respective responsibilities of directors and auditors

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

Basis of opinion

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

Opinion

In our opinion the company is entitled under sections 247 and 247A of the Companies Act 1985 to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Companies Act 1985, in respect of the year ended 28 February 1998, and the abbreviated accounts on pages 2 to 5 have been properly prepared in accordance with those provisions.

Chartered Accountants and
Registered Auditors

24 December 1998



BALANCE SHEET
28 February 1998

| | Note | 1998 £ | 1997 £ |
|--|------|-----------|-----------|
| FIXED ASSETS | | | |
| Tangible assets | 2 | 80,860 | 50,667 |
| CURRENT ASSETS | | | |
| Stocks | | 81,790 | 43,927 |
| Debtors | | 327,264 | 229,163 |
| Cash at bank and in hand | | 701 | 42,727 |
| CREDITORS: amounts falling due within one year | 3 | 409,755 | 315,817 |
| | | 309,973 | 213,025 |
| NET CURRENT ASSETS | | 99,782 | 102,792 |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | 180,642 | 153,459 |
| CREDITORS: amounts falling due after more than one year | 4 | - | (7,883) |
| | | 180,642 | 145,576 |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 5 | 50,000 | 50,000 |
| Profit and loss account | | 130,642 | 95,576 |
| TOTAL EQUITY SHAREHOLDERS' FUNDS | | 180,642 | 145,576 |

These accounts have been prepared in accordance with the special provisions relating to small companies under section 246 of the Companies Act 1985 with respect to the delivery of individual accounts.

Signed on behalf of the Board of Directors

P Anderson

Director

26 December 1998

NOTES TO THE BALANCE SHEET
28 February 1998

1 ACCOUNTING POLICIES

Accounting convention

The financial statements are prepared under the historical cost convention.

Tangible fixed assets

Depreciation is provided on cost in equal annual instalments over the estimated useful lives of the assets. The rates of depreciation are as follows:

| | |
|-----------------------|---------------|
| Plant and equipment | 25% per annum |
| Fixtures and fittings | 25% per annum |
| Computer equipment | 33% per annum |
| Motor vehicles | 25% per annum |

Stocks

Stocks and work in progress are stated at the lower of cost and net realisable value as follows:

Cost incurred in bringing each product to its present location and condition.

Work in progress and finished goods - cost of direct materials and labour based on normal level of activity.

Net realisable value is based on estimated selling price less all further costs to completion and all relevant marketing, selling and distribution costs.

Deferred taxation

Deferred taxation is provided on timing differences, arising from the different treatment of items for accounts and taxation purposes, which are expected to reverse in the future, calculated at rates at which it is estimated that tax will arise.

Leases

Operating lease rentals are charged to income in equal amounts over the lease term.

**NOTES TO THE BALANCE SHEET
28 February 1998**

2 TANGIBLE FIXED ASSETS

| | |
|---------------------------------|----------------------|
| Cost | £ |
| At 1 March 1997 | 235,166 |
| Additions in year | 75,854 |
| At 28 February 1998 | <u>311,020</u> |
| Accumulated depreciation | |
| At 1 March 1997 | 184,499 |
| Charge in year | 45,661 |
| At 28 February 1998 | <u>230,160</u> |
| Net book value | |
| At 28 February 1998 | <u><u>80,860</u></u> |

3 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

| | 1998 | 1997 |
|--|---------------|---------------|
| | £ | £ |
| Creditors, amounts falling due within one year includes: | | |
| Bank loans and overdrafts | <u>58,444</u> | <u>71,057</u> |

4 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

| | 1998 | 1997 |
|--|-------------|--------------|
| | £ | £ |
| Creditors, amounts falling due after more than one year include: | | |
| Bank loans | <u>-</u> | <u>7,883</u> |



**NOTES TO THE BALANCE SHEET
28 February 1998**

5 CALLED UP SHARE CAPITAL

| | 1998 £ | 1997 £ |
|---------------------------------------|-----------|-----------|
| Authorised | | |
| 250,000 Ordinary shares of £1.00 each | 250,000 | 250,000 |
| Called up, allotted and fully paid | | |
| 50,000 Ordinary shares of £1.00 each | 50,000 | 50,000 |

6 RELATED PARTY TRANSACTIONS

At the balance sheet date Clif Collier, a member of senior management, had a loan outstanding from the company of £3,319 (1997: £3,319). No interest is payable on this loan.