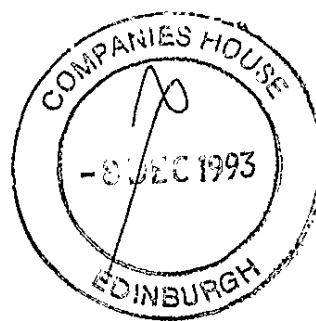


SPECIALISED PETROLEUM MANUFACTURING LIMITED
ANNUAL REPORT
YEAR ENDED 30 JUNE 1993



Registered in Scotland Number 131809

**PANNELL
KERR
FORSTER**
CHARTERED ACCOUNTANTS

SPECIALISED PETROLEUM MANUFACTURING LIMITED
ANNUAL REPORT
YEAR ENDED 30 JUNE 1993

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SPECIALISED PETROLEUM MANUFACTURING LIMITED
DIRECTORS' REPORT

The directors submit their report and audited financial statements for the year ended 30 June 1993.

RESULTS AND DIVIDENDS

The trading loss for the year after taxation was £127,941. This increases the company deficit.

DIRECTORS

The directors during the year and their interests in shares of the company were as follows:

	<u>At 30/6/93</u>	<u>At 30/6/92</u>
D E Lowrance	1	1
A McDonald	-	-
R Gilbert	-	-

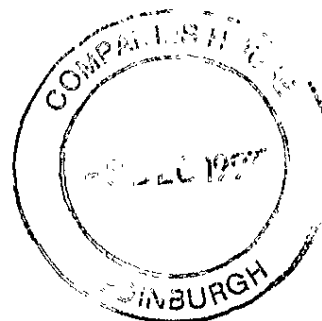
A McDonald who retires by rotation, being eligible, offers himself for re-election.

STATUS

The company is a close company under the provisions of the Taxes Acts.

AUDITORS

A resolution to reappoint the auditors, Pannell Kerr Forster, will be proposed at the annual general meeting.



**SPECIALISED PETROLEUM MANUFACTURING LIMITED
DIRECTORS' REPORT**

SPECIAL EXEMPTIONS

We have taken advantage in the preparation of the Directors' Report of the special exemptions applicable to small companies conferred by Part II of Schedule 8 to the Companies Act 1985.

ON BEHALF OF THE BOARD

Date 14.11. NOVEMBER 1993

A.M. Donald

Director

**AUDITORS' REPORT TO THE MEMBERS OF
SPECIALISED PETROLEUM MANUFACTURING LIMITED**

We have audited the financial statements on pages 4 to 10 in accordance with Auditing Standards.

In our opinion, the financial statements give a true and fair view of the state of the company's affairs at 30 June 1993 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.



Chartered Accountants
Registered Auditor

ABERDEEN

Date *1st December 1993*

SPECIALISED PETROLEUM MANUFACTURING LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 30 JUNE 1993

	<u>Notes</u>	<u>1993</u>	<u>9 Months</u>
		<u>£</u>	<u>Ended</u>
			<u>30/6/92</u>
		<u>£</u>	<u>£</u>
TURNOVER		588,353	327,537
COST OF SALES		<u>354,480</u>	<u>272,172</u>
GROSS PROFIT		233,873	55,365
ADMINISTRATIVE EXPENSES		<u>369,173</u>	<u>124,129</u>
OPERATING LOSS		(135,300)	(68,764)
OTHER OPERATING INCOME		<u>6,000</u>	<u>-</u>
		(129,300)	(68,764)
INTEREST RECEIVABLE	1,654	-	-
INTEREST PAYABLE	<u>(295)</u>	<u>(16)</u>	<u>(16)</u>
		<u>1,359</u>	<u>(16)</u>
LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION	2	(127,941)	(68,780)
TAX ON ORDINARY ACTIVITIES	3	<u>-</u>	<u>-</u>
LOSS FOR THE FINANCIAL YEAR		(127,941)	(68,780)
PROFIT AND LOSS ACCOUNT BROUGHT FORWARD		<u>(68,780)</u>	<u>-</u>
PROFIT AND LOSS ACCOUNT CARRIED FORWARD		<u>(196,721)</u>	<u>(68,780)</u>

SPECIALISED PETROLEUM MANUFACTURING LIMITED
BALANCE SHEET
AS AT 30 JUNE 1993

	<u>Notes</u>	<u>1993</u>	<u>1992</u>
		£	£
FIXED ASSETS			
Tangible assets	4	138,601	102,152
CURRENT ASSETS			
Stock		211,228	183,918
Debtors	5	145,124	205,984
Cash at bank and in hand		<u>171,754</u>	<u>58,044</u>
		528,106	447,946
CREDITORS			
Amounts falling due within one year	6	<u>685,662</u>	<u>479,223</u>
NET CURRENT LIABILITIES		<u>(157,556)</u>	<u>(31,277)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		(18,955)	70,875
CREDITORS			
Amounts falling due after more than one year	6	<u>176,766</u>	<u>138,655</u>
		<u>(195,721)</u>	<u>(67,780)</u>
CAPITAL AND RESERVES			
Called up share capital	8	1,000	1,000
Profit and loss account		<u>(196,721)</u>	<u>(68,780)</u>
		<u>(195,721)</u>	<u>(67,780)</u>

We have taken advantage in the preparation of the accounts of the special exemptions conferred by Part I of Schedule 8 to the Companies Act 1985 on the grounds that the company qualifies as a small company.

Approved by the board on 4TH NOVEMBER 1993

.....A.M. Donald..... Director

SPECIALISED PETROLEUM MANUFACTURING LIMITED
NOTES AND ACCOUNTING POLICIES
YEAR ENDED 30 JUNE 1993

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared under the historical cost convention and comply with applicable accounting standards.

(b) Tangible fixed assets and depreciation

Tangible fixed assets are depreciated by the straight line method over their anticipated useful lives at the following annual rates:

Lease premium	Over period of lease
Plant & Equipment	20%
Fixtures & Fittings	20%
Motor Vehicles	25%
Office Equipment	20%

(c) Stock

Stock is stated at the lower of cost and net realisable value using the first in first out method.

(d) Deferred taxation

Provision is made for deferred tax, using the liability method for timing differences except where there is reasonable probability that such taxation will not become payable in the foreseeable future. Deferred taxation is computed at the rates of tax estimated to be applicable when the timing differences reverse.

(e) Turnover

Turnover represents sales at invoice value less trade discounts allowed and excluding value added tax.

(f) Operating leases

Rentals payable under operating leases are charged to profit and loss account on the straight line basis over the lease term.

(g) Foreign currencies

Profit and loss account transactions in foreign currencies are translated into sterling at the exchange rate in operation on the date of transaction. Assets and liabilities denominated in foreign currencies are translated into sterling at the closing rates. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

SPECIALISED PETROLEUM MANUFACTURING LIMITED
NOTES AND ACCOUNTING POLICIES
YEAR ENDED 30 JUNE 1993

(h) Pensions

The company operates a defined contribution pension scheme. Contributions payable for the year are charged in the profit and loss account.

**2. LOSS ON ORDINARY ACTIVITIES
BEFORE TAXATION**

	<u>1993</u>	<u>9 Months Ended 30/6/92</u>
	<u>£</u>	<u>£</u>
The loss on ordinary activities before taxation is after charging:		
Directors' emoluments:		
Other emoluments (including taxable benefits and pension contributions)	44,004	33,901
Auditors' remuneration	2,750	2,750
Pension costs	4,551	1,301
Depreciation included in administrative expenses	27,671	15,531
Hire of plant	12,938	3,912
Foreign exchange losses/(gains)	<u>128,645</u>	<u>(30,082)</u>

3. TAX ON ORDINARY ACTIVITIES

There is no charge to corporation tax due to losses being incurred.

Tax losses available for carry forward now exceed £200,000.

SPECIALISED PETROLEUM MANUFACTURING LIMITED
NOTES AND ACCOUNTING POLICIES (Continued)
YEAR ENDED 30 JUNE 1993

4. FIXED ASSETS - TANGIBLE

Cost	At 30/6/92 £	Additions £	At 30/6/93 £
Lease Premium	10,700	-	10,700
Plant & Equipment	73,819	57,726	131,545
Fixtures & Fittings	1,678	-	1,678
Motor Vehicles	17,684	-	17,684
Office Equipment	<u>13,802</u>	<u>6,394</u>	<u>20,196</u>
	<u>117,683</u>	<u>64,120</u>	<u>181,803</u>
 Depreciation	 At 30/6/92 £	 Charge for year £	 At 30/6/93 £
Lease Premium	617	823	1,440
Plant & Equipment	9,668	18,772	28,440
Fixtures & Fittings	224	336	560
Motor Vehicles	3,315	4,422	7,737
Office Equipment	<u>1,707</u>	<u>3,318</u>	<u>5,025</u>
	<u>15,531</u>	<u>27,671</u>	<u>43,202</u>
 Net book amount	 At 30/6/92 £		 At 30/6/93 £
Lease Premium	10,083		9,260
Plant & Equipment	64,151		103,105
Fixtures & Fittings	1,454		1,118
Motor Vehicles	14,369		9,947
Office Equipment	<u>12,095</u>		<u>15,171</u>
	<u>102,152</u>		<u>138,601</u>

SPECIALISED PETROLEUM MANUFACTURING LIMITED
NOTES AND ACCOUNTING POLICIES (Continued)
YEAR ENDED 30 JUNE 1993

5. DEBTORS	<u>1993</u> £	<u>1992</u> £
Trade debtors	126,109	164,408
Other debtors:		
Due within one year	9,242	38,706
Due after more than one year	<u>9,773</u>	<u>2,870</u>
	<u>145,124</u>	<u>205,984</u>
 6. CREDITORS		
Amounts falling due within one year:		
Trade creditors	12,266	23,458
Due to holding company	644,287	424,632
Other taxes and social security	17,631	3,136
Other creditors	<u>11,478</u>	<u>27,997</u>
	<u>685,662</u>	<u>479,223</u>
 Amounts falling due after more than one year:		
Due to holding company	<u>176,766</u>	<u>138,655</u>
 7. PROVISION FOR LIABILITIES AND CHARGES DEFERRED TAXATION		
At the balance sheet date, the potential liability for deferred taxation was in respect of the following:		
Accelerated capital allowances	5,448	570
Losses	<u>(5,448)</u>	<u>(570)</u>
	<u>-</u>	<u>-</u>

SPECIALISED PETROLEUM MANUFACTURING LIMITED
NOTES AND ACCOUNTING POLICIES (Continued)
YEAR ENDED 30 JUNE 1993

8. SHARE CAPITAL	<u>1993</u> £	<u>1992</u> £
Authorised: 100,000 ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>
Allotted, Issued and fully paid: 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>

9. COMMITMENTS

The commitments under non-cancellable operating leases are as follows:

Due within one year	<u>2,536</u>	<u>2,536</u>
Due after more than one year	<u>7,607</u>	<u>10,143</u>

10. GOING CONCERN BASIS

The accounts have been prepared on a going concern basis. The holding company has confirmed that it will continue to make available such financial support as is required to enable the company to meet its liabilities for the foreseeable future.

11. ULTIMATE HOLDING COMPANY

The company considers the ultimate holding company to be Special Projects Manufacturing Co Inc, a company incorporated in the USA.

12. TRANSACTIONS INVOLVING DIRECTORS

In accordance with the Companies Act 1985 S232, it is noted that during the year the company traded on an arms length basis with the company Speciality Tools Ltd, one of whose directors, Mr A McDonald, is also a director of this company.