

CALEY OCEAN SYSTEMS LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDING 30 SEPTEMBER 2002

**COMPANY REGISTERED
NO: SC200730**



CALEY OCEAN SYSTEMS LIMITED

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CALEY OCEAN SYSTEMS LIMITED

COMPANY INFORMATION FOR THE YEAR ENDED 30 SEPTEMBER 2002

DIRECTORS : David R Cooper
James G McPherson

SECRETARY : David R Cooper

REGISTERED OFFICE : Mavor Avenue
East Kilbride
Glasgow
G74 4PU

REGISTERED NUMBER : SC200730 (Scotland)

AUDITORS : William Duncan & Co.
Registered Auditors
Bank Chambers
31 The Square
Cumnock KA18 1AT

BANKERS : The Bank of Scotland
110 Queen Street
Glasgow
G1 3BY

SOLICITORS : Biggart Ballie & Gifford
310 St Vincent Street
Glasgow
G2 5QR

CALEY OCEAN SYSTEMS LIMITED

REPORT OF THE DIRECTORS FOR THE YEAR ENDING 30 SEPTEMBER 2002

The directors presents their report with the financial statements of the company for the year ending 30 September 2002.

RESULTS AND DIVIDENDS

The loss after taxation for the year was £99,849 (2001 : Profit £210,946).

No dividend is recommended.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of the design of lift & handling equipment and other special purpose machinery.

DIRECTORS

The directors beneficial interest in the issued share capital was as follows:

| Ordinary £1 shares | 2002 £ | 2001 £ |
|--------------------|-----------|-----------|
| David R Cooper | 25,600 | 25,600 |
| James G McPherson | 25,600 | 25,600 |

STATEMENT OF DIRECTOR'S 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

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) 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. The directors 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

A resolution will be proposed to re-appoint William Duncan & Co as auditors at the forthcoming AGM.

On behalf of the board:



David R Cooper (Director)

Dated : 10 September 2003

CALEY OCEAN SYSTEMS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE SHAREHOLDERS OF CALEY OCEAN SYSTEMS LIMITED

We have audited the financial statements on pages 4 to 16 which comprise Profit and Loss Account, Balance Sheet, Cashflow Statement and related notes. The financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

The report is made solely to the company's members, as a body, in accordance with section 235 of the Companies Act 1985. Our work has been undertaken so that we might state to the company's members those matters we are required to state to them in the auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and Auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you, if in our opinion, the directors report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the directors' report and consider the implications for our report if we become aware of any apparent misstatements within it.

Basis of opinion

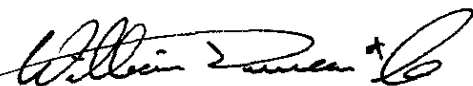
We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates 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 30 September 2002 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

William Duncan & Co
Chartered Accountants
Registered Auditor



10 September 2003
Bank Chambers
31 The Square
Cumnock

CALEY OCEAN SYSTEMS LIMITED

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDING 30 SEPTEMBER 2002

| | Notes | 2002 £ | 2001 £ |
|--|-------|-----------------------|-----------------------|
| TURNOVER | 2 | 5,317,565 | 7,401,141 |
| Cost of sales | | 4,739,419 | 6,344,436 |
| GROSS PROFIT | | <u>578,146</u> | <u>1,056,705</u> |
| Administrative expenses | | <u>679,999</u> | <u>785,558</u> |
| OPERATING (LOSS) / PROFIT | 3 | (101,853) | 271,147 |
| Interest receivable and similar income | | 22,448 | 22,706 |
| Other operating income | | 21,534 | 25,940 |
| Interest payable and similar charges | 6 | <u>41,130</u> | <u>43,379</u> |
| PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION | | (99,001) | 276,414 |
| Tax on profit on ordinary activities | 7 | <u>848</u> | <u>65,468</u> |
| PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION | | (99,849) | 210,946 |
| Dividends | 8 | <u>-</u> | <u>100,000</u> |
| RETAINED PROFIT FOR THE FINANCIAL YEAR | | (99,849) | 110,946 |
| RETAINED PROFIT BROUGHT FORWARD | | 774,203 | 663,257 |
| RETAINED PROFIT CARRIED FORWARD | | <u><u>674,354</u></u> | <u><u>774,203</u></u> |

The profit and loss account has been prepared on the basis that all operations are continuing operations.

The company has no recognised gains or losses other than those passing through the profit and loss account.

The notes set out on pages 7 to 16 form part of these financial statements.

CALEY OCEAN SYSTEMS LIMITED

BALANCE SHEET AS AT 30 SEPTEMBER 2002

| | Notes | 2002 £ | 2001 £ |
|--|-------|-----------------------|-----------------------|
| FIXED ASSETS | | | |
| Tangible assets | 9 | <u>236,301</u> | <u>291,831</u> |
| CURRENT ASSETS | | | |
| Stocks | 10 | 146,400 | 70,802 |
| Debtors | 11 | 2,872,352 | 3,647,793 |
| Cash at bank and in hand | | <u>192,271</u> | <u>177,900</u> |
| | | <u>3,211,023</u> | <u>3,896,495</u> |
| CREDITORS | | | |
| Amounts falling due within one year | 12 | 2,394,723 | 2,842,269 |
| NET CURRENT ASSETS | | <u>816,300</u> | <u>1,054,226</u> |
| TOTAL ASSETS LESS CURRENT LIABILITIES | | <u>1,052,601</u> | <u>1,346,057</u> |
| CREDITORS | | | |
| Amounts falling due after one year | 13 | <u>187,500</u> | <u>337,500</u> |
| | | 865,101 | 1,008,557 |
| PROVISION FOR LIABILITIES AND CHARGES | 15 | 70,001 | 105,460 |
| ACCRUALS AND DEFERRED INCOME | 16 | 40,746 | 48,894 |
| NET ASSETS | | <u><u>754,354</u></u> | <u><u>854,203</u></u> |
| CAPITAL AND RESERVES | | | |
| Called up share capital | 17 | 80,000 | 80,000 |
| Profit and loss account | | <u>674,354</u> | <u>774,203</u> |
| | | <u><u>754,354</u></u> | <u><u>854,203</u></u> |

On behalf of the Board

David R Cooper (Director)



Approved by the Board on 10 September 2003

The notes set out on pages 7 to 16 form part of these financial statements.

CALEY OCEAN SYSTEMS LIMITED

STATEMENT OF CASH FLOWS FOR THE YEAR YEAR ENDING 30 SEPTEMBER 2002

| | Notes | 2002 £ | 2001 £ |
|--|--------|------------------|------------------|
| Cash inflow from operating activities | 19 (a) | 60,948 | 164,040 |
| Returns on investment & servicing of finance | 19 (b) | (18,682) | (120,673) |
| Taxation | | (65,579) | (272,500) |
| Capital expenditure | 19 (b) | (10,530) | (7,903) |
| Financing | 19 (b) | (150,000) | (205,335) |
| (Decrease) In cash in the year | | <u>(183,842)</u> | <u>(442,371)</u> |

RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

| | | 2002 £ | 2001 £ |
|--|--------|------------------|------------------|
| (Decrease) In cash in the year | 19 (c) | (183,842) | (442,371) |
| Cash outflow from repayment of HP agreements & loans | | 150,000 | 205,335 |
| Movement in net debt | | <u>(33,842)</u> | <u>(237,036)</u> |
| Net debt as at 1 October 2001 | | (309,600) | (72,564) |
| Net debt as at 30 September 2002 | | <u>(343,442)</u> | <u>(309,600)</u> |

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS AS AT 30 SEPTEMBER 2002

1. ACCOUNTING POLICIES

Accounting Convention

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

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows :

| | |
|-----------------------|--------------------------------|
| Buildings | 10% p.a straight line |
| Motor vehicles | 25% p.a reducing balance |
| Plant and equipment | 20% p.a reducing balance |
| Fixtures and fittings | 20% p.a reducing balance |
| Office Equipment | 20% p.a reducing balance |
| Computer Equipment | 20% - 50% p.a reducing balance |

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments.

Grants of a revenue nature are credited to income so as to match them with the expenditure to which they relate.

Stocks

Stocks are stated at the lower of cost or net realisable value. Cost includes all costs incurred in bringing each product to its present location and condition, as follows :

| | |
|---|--|
| Raw materials, consumables and goods for resale | - purchase cost on a first in, first-out basis. |
| Work in progress and finished goods | - cost of direct materials and labour plus attributable overheads based on a normal level of activity. |

Net realisable value is based on estimated selling price less any further cost expected to be incurred to completion and disposal.

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002

1. ACCOUNTING POLICIES

Long-term contracts

Profit on long-term contracts is taken as the work is carried out if the final outcome can be assessed with reasonable certainty. The profit included is calculated on a prudent basis to reflect the proportion of the work carried out at the year end, by recording turnover and related costs (as defined in Stocks above) as contract activity progresses. Turnover is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract. Full provision is made for losses on all contracts in the year in which they are first foreseen.

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences .

Foreign currencies

Transactions expressed on foreign currencies have been translated into sterling at the rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities existing at the balance sheet date have been translated at rates ruling at the balance sheet date.

All differences are taken to the profit and loss account

Leases

Assets held under finance leases are included in tangible assets at cost and are depreciated over the shorter of the lease term or its useful life. Obligations relating to finance leases, net of finance charges, in respect of future periods, are included as appropriate under creditors due within or after one year.

Finance charges are allocated to accounting periods over the lease term to reflect a constant rate of interest on the remaining balance of the obligation. Rentals under operating leases are charged against profits as incurred.

Pension scheme

The company operates a defined contribution pension scheme. Contributions are charged in the profit and loss account as they become payable in accordance with the rules of the scheme.

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002

2. TURNOVER

Turnover, which is stated net of value added tax, represents amounts invoiced to third parties, except in respect of long-term contracts where turnover represents the sales value of work done in the year, including estimates in respect of amounts not invoiced. Turnover in respect of long-term contracts is calculated as that proportion of total contract value which costs incurred to date bear to total expected costs for that contract.

Turnover is attributable to one continuing activity, the design of lift & handling equipment and other special purpose machinery.

An analysis of turnover by geographical market is given below :

| | 2002 | 2001 |
|----------------|------------------|------------------|
| | £ | £ |
| United Kingdom | 1,454,607 | 3,686,366 |
| Asia | 2,039,999 | 785,960 |
| Australasia | 41,489 | 196,032 |
| North America | 508,668 | 107,031 |
| Africa | 2,507 | 107,703 |
| Europe | 1,258,102 | 2,447,706 |
| Middle East | 12,193 | 70,343 |
| | <u>5,317,565</u> | <u>7,401,141</u> |

3. OPERATING PROFIT

| | 2002 | 2001 |
|--|----------------|----------------|
| | £ | £ |
| This is stated after charging / (crediting): | | |
| Depreciation of owned fixed assets | 66,060 | 71,073 |
| Auditors Remuneration | 5,800 | 5,800 |
| Operating lease rentals - plant & machinery | 2,013 | 2,025 |
| Government grants released | <u>(8,148)</u> | <u>(8,148)</u> |

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002

4. DIRECTORS' EMOLUMENTS

| | 2002 £ | 2001 £ |
|--|----------------|----------------|
| Emoluments | <u>221,938</u> | <u>301,937</u> |
| Company contributions paid to money purchase pension schemes | <u>18,464</u> | <u>13,241</u> |

| | 2002 No. | 2001 No. |
|---|-------------|-------------|
| Members of money purchase pension schemes | <u>2</u> | <u>2</u> |

Number of directors with emoluments between :

| | 2002 No. | 2001 No. |
|---------------------|-------------|-------------|
| £160,000 - £165,000 | - | 1 |
| £150,000 - £155,000 | - | 1 |
| £110,000 - £115,000 | 1 | - |
| £105,000 - £110,000 | 1 | - |

The amounts in respect of the highest paid director are as follows :

| | 2002 £ | 2001 £ |
|--|----------------|----------------|
| Emoluments | <u>111,990</u> | <u>153,548</u> |
| Company contributions paid to money purchase pension schemes | <u>9,232</u> | <u>6,721</u> |

5. STAFF COSTS

| | 2002 £ | 2001 £ |
|-----------------------|----------------|------------------|
| Wages and salaries | 830,683 | 969,450 |
| Social security costs | 91,322 | 102,763 |
| Other pension costs | <u>69,005</u> | <u>56,806</u> |
| | <u>991,010</u> | <u>1,129,019</u> |

The average number of employees during the year was as follows :

| | 2002 No. | 2001 No. |
|----------------|-------------|-------------|
| Administration | 7 | 7 |
| Manufacturing | <u>19</u> | <u>19</u> |
| | <u>26</u> | <u>26</u> |

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002

6. INTEREST PAYABLE AND SIMILAR CHARGES

| | 2002 | 2001 |
|---------------------------|---------------|---------------|
| | £ | £ |
| Bank loans and overdrafts | <u>41,130</u> | <u>43,379</u> |

7. TAX ON PROFIT ON ORDINARY ACTIVITIES

| | 2002 | 2001 |
|---|------------|---------------|
| | £ | £ |
| <i>UK Corporation Tax @ 10% / 30%</i> | | |
| Current tax on income for the year | - | 64,731 |
| Adjustments in respect of prior periods | 848 | 737 |
| | <u>848</u> | <u>65,468</u> |

8. DIVIDENDS

| | 2002 | 2001 |
|---------------------------------------|----------|----------------|
| | £ | £ |
| Equity dividends on ordinary shares : | | |
| Final proposed | <u>-</u> | <u>100,000</u> |

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002

9. TANGIBLE FIXED ASSETS

| | Land & Buildings £ | Plant & Machinery £ | Total £ |
|-------------------------|--------------------------|---------------------------|----------------|
| COST / VALUATION | | | |
| At 1 October 2001 | 306,521 | 127,056 | 433,577 |
| Additions | - | 10,530 | 10,530 |
| Disposals | | | - |
| At 30 September 2002 | <u>306,521</u> | <u>137,586</u> | <u>444,107</u> |
| DEPRECIATION | | | |
| At 1 October 2001 | 77,372 | 64,374 | 141,746 |
| Charge for the year | 38,687 | 27,373 | 66,060 |
| On disposals | - | - | - |
| At 30 September 2002 | <u>116,059</u> | <u>91,747</u> | <u>207,806</u> |
| NET BOOK VALUE | | | |
| At 30 September 2002 | <u>190,462</u> | <u>45,839</u> | <u>236,301</u> |
| At 30 September 2001 | <u>229,149</u> | <u>62,682</u> | <u>291,831</u> |

10. STOCKS

| | 2002 £ | 2001 £ |
|-------------------------------|----------------|---------------|
| Raw materials and consumables | 49,228 | 50,821 |
| Work in progress | 19,595 | 5,054 |
| Long-term contract balances | 77,577 | 14,927 |
| | <u>146,400</u> | <u>70,802</u> |

The difference between purchase price or production cost of stocks and their replacement cost is not material.

| | 2002 £ | 2001 £ |
|--|---------------|---------------|
| Long-term contract balances consist of : | | |
| Costs to date less provisions for losses | <u>77,577</u> | <u>24,826</u> |

11. DEBTORS

| Amounts falling due within one year: | 2002 £ | 2001 £ |
|--|------------------|------------------|
| Trade debtors | 1,394,922 | 1,899,135 |
| Other debtors | 111,598 | 226,475 |
| Amounts recoverable on long-term contracts | 1,365,832 | 1,522,183 |
| | <u>2,872,352</u> | <u>3,647,793</u> |

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002

12. CREDITORS

| Amounts falling due within one year: | 2002 | 2001 |
|---|------------------|------------------|
| | £ | £ |
| Bank overdraft | 198,213 | 291,602 |
| Current instalment due on bank loan (note 15) | 150,000 | 150,000 |
| Payments on account on long-term contracts | 13,158 | 20,633 |
| Contract accruals | 574,824 | 284,222 |
| Trade creditors | 702,125 | 1,112,513 |
| Corporation tax | - | 64,731 |
| Other taxes and social security costs | 78,397 | 35,312 |
| Other creditors | 18,591 | 9,225 |
| Accruals | 559,415 | 1,065,633 |
| Proposed dividend | 100,000 | 100,000 |
| | <u>2,394,722</u> | <u>3,133,871</u> |

Bank loans and overdrafts are secured by a bond and floating charge over the whole of the company's assets.

13. CREDITORS

| Amounts falling due after one year: | 2002 | 2001 |
|-------------------------------------|----------------|----------------|
| | £ | £ |
| <i>Bank Loans</i> | <u>187,500</u> | <u>337,500</u> |

14. LOANS AND OVERDRAFTS

| An analysis of the maturity of loans and overdrafts is given below : | 2002 | 2001 |
|--|----------------|----------------|
| | £ | £ |
| Within : | | |
| 1 year on demand | 150,000 | 150,000 |
| 1 to 2 years | 150,000 | 150,000 |
| 2 to 5 years | 37,500 | 187,500 |
| | <u>337,500</u> | <u>487,500</u> |
| Less : amounts due within one year | (150,000) | (150,000) |
| | <u>187,500</u> | <u>337,500</u> |

£750,000 Bank of Scotland loan at 2% per annum above the bank's base rate repayable in twenty quarterly instalments.

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002

15. PROVISIONS FOR LIABILITIES AND CHARGES

| | | |
|----------------------|---------------|----------------|
| Warranty provisions | 2002 | 2001 |
| | £ | £ |
| At 1 October 2001 | 105,460 | 105,460 |
| Movement in year | (35,460) | - |
| At 30 September 2002 | <u>70,000</u> | <u>105,460</u> |

16. ACCRUALS AND DEFERRED INCOME

| | | |
|----------------------------|---------------|---------------|
| Deferred government grants | 2002 | 2001 |
| | £ | £ |
| At 1 October 2001 | 48,894 | 57,042 |
| Released during the year | (8,148) | (8,148) |
| At 30 September 2002 | <u>40,746</u> | <u>48,894</u> |

17. CALLED UP SHARE CAPITAL

| | | |
|------------------------------------|---------------|---------------|
| | 2002 | 2001 |
| | No | £ |
| Authorised Ordinary A £1 shares | <u>51,200</u> | <u>51,200</u> |

| | | |
|--|---------------|---------------|
| Allotted issued and Fully paid Ordinary A £1 shares | <u>51,200</u> | <u>51,200</u> |
|--|---------------|---------------|

| | | |
|------------------------------------|---------------|---------------|
| | 2002 | 2001 |
| | No | £ |
| Authorised Ordinary B £1 shares | <u>28,800</u> | <u>28,800</u> |

| | | |
|--|---------------|---------------|
| Allotted issued and Fully paid Ordinary B £1 shares | <u>28,800</u> | <u>28,800</u> |
|--|---------------|---------------|

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS FUNDS

| | | | |
|-------------------------------|-----------------------|-----------------------|----------------|
| | Share capital £ | P & L account £ | Total £ |
| At 1 October 2001 | 80,000 | 774,203 | 854,203 |
| Profit for the financial year | - | (99,849) | (99,849) |
| At 30 September 2002 | <u>80,000</u> | <u>674,354</u> | <u>754,354</u> |

CALEY OCEAN SYSTEMS LIMITED

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002

19. NOTES TO THE STATEMENT OF CASH FLOWS

| (a) Cash inflow from operating activities | 2002 £ | 2001 £ |
|---|---------------|----------------|
| Operating profit | (101,853) | 262,999 |
| Depreciation charge | 66,059 | 71,073 |
| (Increase) / Decrease in stocks | (75,598) | 367,719 |
| Decrease / (Increase) in debtors | 775,441 | (606,008) |
| (Decrease)/ Increase in creditors | (624,635) | 42,317 |
| Grant released | 21,534 | 25,940 |
| | <u>60,948</u> | <u>164,040</u> |

(b) Analysis of cash flows for headings netted in the statement of cash flows

RETURNS ON INVESTMENT AND SERVICING OF FINANCE

| | 2002 £ | 2001 £ |
|-------------------|-----------------|------------------|
| Dividend paid | - | (100,000) |
| Interest received | 22,448 | 22,706 |
| Interest paid | (41,130) | (43,379) |
| | <u>(18,682)</u> | <u>(120,673)</u> |

CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT

| | 2002 £ | 2001 £ |
|---|-----------------|----------------|
| Payments to acquire tangible fixed assets | <u>(10,530)</u> | <u>(7,903)</u> |

FINANCING

| | 2002 £ | 2001 £ |
|-----------------------------|------------------|------------------|
| New Loans | - | (205,335) |
| Repayment of existing loans | (150,000) | - |
| | <u>(150,000)</u> | <u>(205,335)</u> |

CALEY OCEAN SYSTEMS LIMITED**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED) AS AT 30 SEPTEMBER 2002****19. NOTES TO THE STATEMENT OF CASH FLOWS****(c) Analysis of changes in net debt**

| | At 2001 | Cash flow | At 2002 |
|---------------------------|------------------|------------------|------------------|
| Cash in bank and at hand | 177,900 | 14,371 | 192,271 |
| Overdrafts | - | (198,213) | (198,213) |
| | <u>177,900</u> | <u>(183,842)</u> | <u>(5,942)</u> |
| Loans due within one year | (150,000) | - | (150,000) |
| Loans due after one year | (337,500) | 150,000 | (187,500) |
| | <u>(309,600)</u> | <u>(33,842)</u> | <u>(343,442)</u> |

20. CONTINGENT LIABILITIES

At the end of the year under review advance payment and performance bonds and guarantees totalling £1,006,979 were in issue to customers by Lloyds Bank and the Bank of Scotland. These guarantees are payable if the company fails to fulfil the terms of the contracts covered by them.

CALEY OCEAN SYSTEMS LIMITED

TRADING ACCOUNT FOR THE YEAR ENDING 30 SEPTEMBER 2002

| | 2002 £ | 2001 £ |
|--|------------------|------------------|
| SALES | <u>5,317,565</u> | <u>7,401,141</u> |
| COST OF SALES | | |
| Staff costs | 620,827 | 638,391 |
| External costs | 4,118,592 | 5,706,045 |
| | <u>4,739,419</u> | <u>6,344,436</u> |
| GROSS PROFIT | 578,146 | 1,056,705 |
| OTHER INCOME | | |
| LDA support | 13,386 | 17,792 |
| Grant release | 8,148 | 8,148 |
| Bank interest receivable | 7,263 | 22,706 |
| | <u>28,797</u> | <u>48,646</u> |
| | <u>606,943</u> | <u>1,105,351</u> |
| EXPENSES | | |
| Salaries | 370,183 | 490,628 |
| Other staff costs | 9,243 | 18,036 |
| Rates and insurance | 58,493 | 58,585 |
| Heat and light | 8,073 | 8,242 |
| Motor expenses | 5,947 | 12,154 |
| Travel & expenses | 42,773 | 40,251 |
| Repairs & maintenance | 29,955 | 21,752 |
| Printing, postage & stationery | 17,123 | 13,128 |
| Telephone | 15,377 | 27,168 |
| Advertising | 13,356 | 25,004 |
| Legal & professional fees | 8,593 | 6,811 |
| Consultancy fees | 20,004 | 26,313 |
| Patents | 468 | 2,363 |
| Subscriptions and donations | 1,364 | 1,323 |
| Lease of equipment | 2,013 | 2,025 |
| General expenses | 7,317 | 6,413 |
| Loan interest | 26,067 | 43,379 |
| Bank interest | 15,063 | - |
| Depreciation | 66,059 | 71,073 |
| Bad debts / (recovery) | 3,659 | (55,206) |
| Research and development | - | 3,540 |
| Currency (gain) / loss | (15,185) | 5,955 |
| | <u>705,944</u> | <u>828,937</u> |
| (LOSS) / PROFIT BEFORE TAXATION | <u>(99,001)</u> | <u>276,414</u> |
| TAXATION | 848 | 65,468 |
| (LOSS) / PROFIT AFTER TAXATION | <u>(99,849)</u> | <u>210,946</u> |
| DIVIDENDS | - | 100,000 |
| (LOSS) / RETAINED PROFIT FOR THE PERIOD | <u>(99,849)</u> | <u>110,946</u> |