MARINE DIESEL SERVICES LIMITED

DIRECTOR'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1999

Company No 2014088 (England and Wales)

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Marine Diesel Services Limited

Contents

The following page does not form part of the statutory accounts

Marine Diesel Services Limited

Director's Report

for the year ended 31 May 1999

The director presents his report and the accounts for the year ended 31 May 1999.

Principal Activities

The company's principal activity continues to be that of Marine Engineers.

Director and Director's Interests

The director who served during the year and his beneficial interest in the company's issued ordinary share capital was as follows:-

	Number of shares	
	1999	1998
J Gavin	5000	5000

Mrs P Gavin, the wife of the director, also held 5000 shares throughout the year.

This report was approved by the board, and has been prepared in accordance with the special provisions of part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors, 30 March 2000.

PG

.....Secretary

P. GAVIN.

MARINE DIESEL SERVICES LIMITED

Accountants' Report
To the Director on the unaudited accounts of
Marine Diesel Services Limited

We report on the accounts for the year ended 31 May 1999 set out on pages 3 to 8.

Respective responsibilities of directors and reporting accountants
As described on the balance sheet the company's director is responsible for the preparation of the accounts and he considers that the company is exempt from an audit.

In order to assist you to fulfil your statutory responsibilites, you have instructed us to compile the annual accounts based on the accounting records maintained by the company and the information and explanations supplied to us.

Basis of engagement
We have a professional duty to compile accounts which conform with generally accepted accounting principles. We planned our work on the basis that no report is required by statute or regulation for the year. Our work as the compilers of the annual accounts is not an audit of the accounts in accordance with auditing standards. Consequently, our work does not provide assurance that the accounting records or accounts are free from material mis-statement, whether caused by fraud, other irregularities or error and, accordingly, no such assurance or opinion is given by us, whether implied or expressed.

Report
We report that, in accordance with your instructions and in order to assist you to fulfil your responsibilities, we have compiled, without carrying out an audit, the accounts from the accounting records of the company and from the information and explanations supplied to us.

FISCHER CROWNE
NORTH MERSEY BUSINESS CENTRE
WOODWARD ROAD
KNOWSLEY PARK NORTH
MERSEYSIDE
L33 7UZ

30 March 2000

Marine Diesel Services Limited

Profit and Loss Account

For the year ended 31 May 1999

	Notes	1999 £	1998 £
Turnover	2	346,451	315,812
Cost of sales		(-)	(-)
Gross Profit		346,451	315,812
Administrative expenses		(298,497)	(278,953)
Operating profit	3	47,954	36,859
Interest payable		(7,050)	(7,800)
Interest receivable		2,803	2,642
Profit on ordinary activities before taxation		43,707	31,701
Tax on profit on ordinary activities	4	(8,637)	(6,338)
Profit on ordinary activities after taxation		35,070	25,363
Dividends		(30,000)	(30,000)
Retained profit / (loss) for the financial year	11	5,070	(4,637)

None of the company's activities were acquired or discontinued during the above two financial years.

There were no recognised gains or losses other than those included in the profit and loss account.

The profit on ordinary activities before taxation and the retained profit / (loss) have been calculated on the historical cost basis.

The notes on pages 5 to 8 form part of these accounts.

Marine Diesel Services Limited

Balance Sheet

As at 31 May 1999

	Notes	1999		1998	
		£	£	£	£
Fixed assets					
Tangible assets	5		182,734		181,941
Current assets					
Debtors	6	43,880		58,113	
Cash at bank and in hand		101,860		82,211	
		145,740		140,324	
Creditors: amounts falling due within one year	7	(106,468)		(91,714)	
Net current assets			39,272		48,610
Total assets less current liabilities			222,006		230,551
Creditors: amounts falling due after more than one year	8		(63,604)		(69,282)
Provisions for liabilities and Charges	9		(3,973)		(3,973)
Accruals and Deferred Income	10		(15,872)		(23,809)
			138,557		133,487
Capital and reserves					
Called up share capital	11		10,000		10,000
Profit and loss account	12		128,557		123,487
Equity shareholders' funds	13		138,557		133,487

For the financial year ended 31 May 1999 the company was entitled to exemption from the requirement to have an audit under provision of Section 249 A (1) of the Companies Act 1985. Shareholders holding 10% or more of the company's share capital have not issued a notice requiring an audit. The director acknowledges his responsibility for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 31 May 1999 and of its profit for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

The 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.

Approved by the board of directors on 30 March 2000

..... Director
J GAVIN

The notes on pages 5 to 8 form part of these accounts.

Marine Diesel Services Limited

Notes to the accounts

for the year ended 31 May 1999

1 Accounting Policies

1.1 Basis of preparation of accounts

The accounts are prepared under the historical cost convention and in accordance with the *Financial Reporting Standard for Smaller Entities,and incorporate the results of the principal* activity which is described in the Director's Report and which is continuing.

The company has taken advantage of the exemption in FRS 1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

1.2 Tangible fixed assets and deprecation

Tangible fixed assets are stated at cost less depreciation.

Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Freehold Property	2% straight line
Motor vehicles	25% reducing balance basis
Fixtures & fittings	15% reducing balance basis
Tools & equipment	15% reducing balance basis

1.3 Deferred taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability *that a liability or asset will crystallise in the near future.*

1.4 Grants

Revenue grants are credited to the Profit and Loss Account. Capital grants are credited to Deferred Income and released to the Profit and Loss Account in equal instalments over a period of five years from the date of receipt of the grant monies.

2 Turnover

All turnover has been included net of value added tax and is attributable to the principal activity of the company carried out wholly in the United Kingdom.

3 Operating profit

	1999 £	1998 £
Operating profit is stated after charging / (crediting)		
Release of Government Grants	(7,937)	(7,655)
Depreciation of tangible fixed assets - owned by the company	16,496	14,810
Operating lease rentals - hire of plant and machinery	2,045	1,524
Directors' emoluments (including pension contributions)	12,000	12,650

4 Tax on profit on ordinary activities

	1999 £	1998 £
UK current year taxation		
UK corporation tax at 20.83% (1998 – 21%)	1,137	6,357
Advance Corpration Tax	7,500	-
Overprovision previous year	-	(19)
	8,637	6,338

Marine Diesel Services Limited

Notes to the accounts (continued)

For the year ended 31 May 1999

5 Tangible fixed assets

	Freehold Property £	Motor Vehicles £	Tools & Equipment £	Fixtures & Fittings £	Total
Cost					
At 1June 1998	120,994	3,500	100,649	24,251	249,394
Additions	-	10,000	1,250	6,039	17,289
Disposals	-	-	-	-	-
At 31 May 1999	120,994	13,500	101,899	30,290	266,683
Depreciation					
At 1 June 1998	7,958	2,023	45,250	12,222	67,453
Charge for year	2,419	2,869	8,497	2,711	16,496
Disposals	-	-	-	-	-
At 31 May 1999	10,377	4,892	53,747	14,933	83,949
Net book amount					
At 31 May 1999	110,617	8,608	48,152	15,357	182,734
At 31 May 1998	113,036	1,477	55,399	12,029	181,941

6 Debtors

	1999 £	1998 £
Trade Debtors	38,771	53,149
Other Debtors	3,663	3,518
Advance Corporation Tax	1,446	1,446
	43,880	58,113

7 Creditors: amounts falling due within one year

	1999	1998
Bank Loan	5,446	4,745
Trade Creditors	2,231	2,276
Corporation tax	1,137	303
Other taxation and social security	2,749	3,255
Directors' current account	64,787	62,208
Other creditors	22,408	16,047
Accruals and deferred income	7,710	2,880
	106,468	91,714

8. Creditors: amounts falling due after more than one year

	1999	1998
Bank Loan	63,604	69,282
Debt due after more than one year		
-repayable between 2-5 years	25,984	31,230
-repayable in 5 years or more	37,620	38,052
	63,604	69,282

Marine Diesel Services Limited

Notes to the accounts (continued)

for the year ended 31 May 1999

9 Deferred taxation

	Provided for		Maximum potential liability	
	1999	1998	1999	1998
	£	£	£	£
Accelerated capital allowances	-	1,425	3,973	3,973

	1999	1998
	£	£
10 Accruals and Deferred Income		
Unamortised grants received at 1 June 1998	23,809	30,624
Grants received in year	-	840
Released to Profit and Loss Account	(7,937)	(7,655)
Unamortised grants received at 31 May 1999	15,872	23,809

11 Called up share capital	1999	1998
	£	£
Authorised		
Ordinary shares of £1 each	10000	10000
Allotted and fully paid		
Ordinary shares of £1 each	10000	10000

12 Profit and loss account	1999	1998
Balance brought forward	123,487	128,124
Retained profit / (loss) for the year	5,070	(4,637)
Balance carried forward	128,557	123,487

13 Reconciliation of movements in shareholders' funds	1999	1998
	£	£
Profit for the financial year	35,070	25,363
Dividends	(30,000)	(30,000)
Shareholders' funds brought forward	133,487	138,124
Shareholders' funds carried forward	138,557	133,487

14. Transactions with Director

Included in Creditors: Amounts falling due within one year (note 7) is a loan from the director of £64787. The loan is interest free and is repayable upon demand.