MARINE DIESEL SERVICES LIMITED

DIRECTOR'S REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31 MAY 1998

Company No 2014088 (England and Wales)

Marine Diesel Services Limited

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Marine Diesel Services Limited

Director's Report

for the year ended 31 May 1998

The director presents his report and the accounts for the year ended 31 May 1998.

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	
	1998	1997
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 special provisions of part VII of the Companies Act 1985 relating to small companies.

Signed on behalf of the board of directors, 24 March 1999.

.....Secretary
P. GAVIN.

Marine Diesel Services Limited

Accountants' Report

To the Director of Marine Diesel Services Limited

In accordance with instructions given to us, we have prepared without carrying out an audit, the accounts on pages 3 to 8 from the accounting records of Marine Diesel Services Limited from information and explanations given to us.

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

24 March 1999

Marine Diesel Services Limited

Profit and Loss Account

For the year ended 31 May 1998

	Notes	1998 £	1997 £
Turnover	2	315,812	287,712
Cost of sales		(-)	(-)
Gross Profit		315,812	287,712
Administrative expenses		(278,953)	(232,373)
Operating profit	3	36,859	55,339
Interest payable		(7,800)	(2,760)
Interest receivable		2,642	2,521
Profit on ordinary activities before taxation		31,701	55,100
Tax on profit on ordinary activities	4	(6,338)	(12,752)
Profit on ordinary activities after taxation		25,363	42,348
Dividends		(30,000)	(25,000)
Retained (loss) / profit for the financial year	11	(4,637)	17,348

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 (loss) / profit 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 1998

	Notes	1998 £	1998 £	1997 £	1997 £
Fixed assets					
Tangible assets	5		181,941		190,751
Current assets					
Debtors	6	58,113		63,987	
Cash at bank and in hand		82,211		68,830	
		140,324		132,817	
Creditors: amounts falling due within one year	7	(115,523)		(108,640)	
Net current assets			24,801		24,177
Total assets less current liabilities			206,742		214,928
Creditors: amounts falling due after more than one year	8		(69,282)		(72,831)
Provisions for liabilities and Charges	9		(3,973)		(3,973)
			133,487		138,124
Capital and reserves					
Called up share capital	10		10,000		10,000
Profit and loss account	11		123,487		128,124
Equity shareholders' funds	12		133,487		138,124

For the financial year ended 31 May 1998 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 1998 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.

Approved by the board of directors on 24 March 1999

..... J. Gavin ..... 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 1998

1 Accounting Policies

1.1 Basis of preparation of accounts

The accounts are prepared under the historical cost convention 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.

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

	1998 £	1997 £
Operating profit is stated after charging / (crediting)		
Depreciation of tangible fixed assets - owned by the company	14,810	16,014
Operating lease rentals - hire of plant and machinery	1,524	676
Amortisation of grant	(7,655)	(7,655)
Directors' emoluments (including pension contributions)	12,650	12,000

4 Tax on profit on ordinary activities

	1998 £	1997 £
UK current year taxation		
UK corporation tax at 21% (1997 – 24%)	6,357	12,091
Transfer (to) / from deferred taxation	-	1,425
Overprovision previous year	(19)	(764)
	6,338	12,752

Marine Diesel Services Limited

Notes to the accounts (continued)

For the year ended 31 May 1998

5 Tangible fixed assets

	Freehold Property £	Motor Vehicles £	Tools & Equipment £	Fixtures & Fittings £	Total
Cost					
At 1June 1997	120,994	3,500	96,584	22,316	243,394
Additions	-	-	4,065	1,935	6,000
Disposals	-	-	-	-	-
At 31 May 1998	120,994	3,500	100,649	24,251	249,394
Depreciation					
At 1 June 1997	5,539	1,531	35,474	10,099	52,643
Charge for year	2,419	492	9,776	2,123	14,810
Disposals	-	-	-	-	-
At 31 May 1998	7,958	2,023	45,250	12,222	67,453
Net book amount					
At 31 May 1998	113,036	1,477	55,399	12,029	181,941
At 31 May 1997	115,455	1,969	61,110	12,217	190,751

6 Debtors

	1998 £	1997 £
Trade Debtors	53,149	52,269
Other Debtors	3,518	5,468
Advance Corporation Tax	1,446	6,250
	58,113	63,987

7 Creditors: amounts falling due within one year

	1998	1997
Bank Loan	4,745	5,746
Trade Creditors	2,276	7,458
Corporation tax	303	12,091
Other taxation and social security	3,255	2,049
Directors' current account	62,208	47,167
Other creditors	39,856	31,329
Accruals and deferred income	2,880	2,800
	115,523	108,640

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

	1998	1997
Bank Loan	69,282	72,831
Debt due after more than one year		
-repayable between 1-5 years	31,230	32,729
-repayable in 5 years or more	38,052	40,102
	69,282	72,831

Marine Diesel Services Limited

Notes to the accounts (continued)

for the year ended 31 May 1998

9 Deferred taxation

	Provided for		Maximum potential liability	
	1998	1997	1998	1997
	£	£	£	£
Accelerated capital allowances	-	1,425	3,973	3,973

10 Called up share capital

	1998	1997
	£	£
Authorised		
Ordinary shares of £1 each	10000	10000
Allotted and fully paid		
Ordinary shares of £1 each	10000	10000

11 Profit and loss account

	1998	1997
Balance brought forward	128,124	110,776
Retained (loss) / profit for the year	(4,637)	17,348
Balance carried forward	123,487	128,124

12 Reconciliation of movements in shareholders' funds

	1998	1997
	£	£
Profit for the financial year	25,363	42,348
Dividends	(30,000)	(25,000)
Shareholders' funds brought forward	138,124	120,776
Shareholders' funds carried forward	133,487	138,124