

AUDITORS' REPORT TO STANWAY SCREENS LIMITED

UNDER SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 5 together with the financial statements of the company for the year ended 31 December 1998 prepared under Section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the abbreviated accounts in accordance with Section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with Section 246 (5) and (6) of the Act to the Register of Companies and whether the accounts to be delivered 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 financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

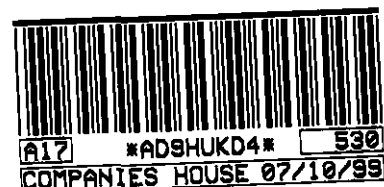
In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with Sections 246 (5) and (6) of the Companies Act 1985 and the abbreviated accounts to be delivered on pages 2 to 5 are properly prepared in accordance with those provisions.


HAZLEWOODS

Cheltenham

Registered Auditors

29 June 1999



STANWAY SCREENS LIMITED**BALANCE SHEET**

31 December 1998

	Note	1998	1997 (as restated)
FIXED ASSETS			
Tangible assets	3	485,806	515,363
CURRENT ASSETS			
Stocks		126,640	156,356
Debtors		462,588	666,156
Investments		3,500	7,000
Cash at bank and in hand		1,019	416
		593,747	829,928
CREDITORS			
due within one year	4	459,638	662,351
		134,109	167,577
NET CURRENT ASSETS			
TOTAL ASSETS LESS			
CURRENT LIABILITIES		619,915	682,940
CREDITORS			
due after more than one year	4	98,496	103,832
PROVISIONS FOR LIABILITIES			
AND CHARGES		21,000	21,000
		£ 500,419	£ 558,108
CAPITAL AND RESERVES			
Called up share capital	5	100	100
Profit and loss account		500,319	558,008
SHAREHOLDERS' FUNDS		£ 500,419	£ 558,108

These accounts are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

Approved by the board on 18-6-1999

M Priest - Director

STANWAY SCREENS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

1 ACCOUNTING POLICIES

The accounts have been prepared under the historical cost convention, adopting the following principal accounting policies.

Turnover

Turnover represents the amounts, excluding value added tax, receivable during the year for goods and services supplied.

Depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible assets over their estimated useful lives at the following rates per annum:

Freehold land	Nil
Freehold buildings	Nil
Fixtures, fittings and equipment	10-20% of written down value
Tools	10% of cost
Motor vehicles	25% of written down value

Freehold buildings are not depreciated, it being company policy to maintain buildings to such an extent that the estimated aggregate residual values exceed the net book value in the accounts. The maintenance costs are charged to the profit and loss account as incurred.

Stocks

Stock and work in progress are valued at the lower of cost and net realisable value. Cost is represented by direct materials and labour together with attributable amounts of fixed and variable overheads incurred in bringing each product to its present location and condition. Net realisable value is estimated selling price less further costs expected to be incurred to completion and disposal.

Foreign Currencies

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date, or if appropriate at the forward contract date. Non-monetary assets denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of acquisition of the asset. Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction, or at the contracted rate if the transaction is covered by a forward exchange contract. All revaluation differences and realised foreign exchange differences are taken to the profit and loss account.

STANWAY SCREENS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

1 ACCOUNTING POLICIES (continued)

Deferred Taxation

Provision is made for deferred taxation using the liability method (calculated at the rate at which it is estimated that tax will be payable) in respect of timing differences between profits as computed for tax purposes and profits as stated in the accounts, to the extent that those differences will give rise to tax liabilities in the foreseeable future.

Operating Leases

The cost of operating leases is charged to the profit and loss account on a straight line basis over the lease term.

Hire Purchase

Assets acquired under hire purchase contracts are recorded in the balance sheet as tangible fixed assets at their equivalent capital value. The corresponding liability is included under creditors due within or after one year. The interest element is charged to the profit and loss account on a straight line basis.

Finance Costs

All finance costs in connection with borrowings are allocated to the profit and loss account at a constant rate on the carrying amount shown in the balance sheet.

Pension Costs

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

2 PRIOR YEAR ADJUSTMENT

A prior year adjustment was reflected in the financial statements for the year ended 31 December 1997 amounting to £22,401. This adjustment reflected an estimated under provision of pension contributions for each of the years commencing 31 December 1988 to 31 December 1997. The details of this under-provision are now fully known and a further provision of £12,000 was found to be required. Accordingly this adjustment has been made in the financial statements for the year ended 31 December 1998.

STANWAY SCREENS LIMITED

NOTES TO THE ACCOUNTS

for the year ended 31 December 1998

3 FIXED ASSETS

	Tangible Assets
Cost	
At 1 January 1998	819,010
Additions	17,247
Disposals	-
At 31 December 1998	836,257
Depreciation	
At 1 January 1998	303,647
Charge for year	46,804
Disposals	-
At 31 December 1998	350,451
Net Book Value	
At 31 December 1998	£ 485,806
At 31 December 1997	£ 515,363

4 CREDITORS

1998

1997

Creditors include the following borrowings:-

Hire purchase obligations	13,832	29,107
Bank overdraft	90,995	199,638
Other loan	90,000	90,000
	£ 194,827	£ 318,745

5 SHARE CAPITAL

Authorised, allotted and fully paid:

100 Ordinary shares of £1 each	£ 100	£ 100