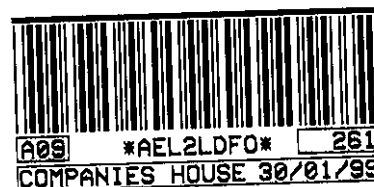


DELTA ELECTRICAL REPAIRS LTD

**DIRECTORS' REPORT AND
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31ST DECEMBER 1998**



COMPANY NUMBER : 1770708 (ENGLAND & WALES)

DELTA ELECTRICAL REPAIRS LTD

CONTENTS

PAGE

Directors Report

1

Auditors Report

2

Profit and Loss Account

3

Balance Sheet

4

Notes to the Financial Statements

5 - 7

The following page does not form part of the statutory accounts.

Detailed Trading and Profit and Loss Account

8

DELTA ELECTRICAL REPAIRS LTD

DIRECTORS REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1998

The directors present their report and the financial statements for the year ended 31st December 1998.

PRINCIPAL ACTIVITIES

The company's principle activity continues to be that of the sale and repair of electric motors.

DIRECTORS

The directors who served during the period and their beneficial interest in the company's issued ordinary share capital were:

	<u>Number of Shares</u>	
	<u>1998</u>	<u>1997</u>
B. Haworth	750	750
J. Haworth	750	750

DIRECTORS' 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:

- select suitable accounting policies and then apply them consistently.
- make judgements and estimates that are reasonable and prudent.
- 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. They 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

The auditors, Hargreaves & Co., will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

This report was approved by the board on 14th January 1999 and signed on its behalf by:

 Director

DELTA ELECTRICAL REPAIRS LTD

AUDITORS REPORT

TO THE MEMBERS OF DELTA ELECTRICAL REPAIRS LTD

We have audited the financial statements on pages 3 to 7 which have been prepared under the historical cost convention and the accounting policies on Page 5.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on Page 1, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

BASIS OF OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes 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 mis-statement, 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 31st December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Hargreaves & Co.

Registered Auditors and Chartered Accountants

Regency House

Blackburn Road

Accrington

BB5 1HF

14th January 1999

DELTA ELECTRICAL REPAIRS LTD

PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED
31ST DECEMBER 1998

	<u>NOTES</u>	<u>1998</u>	<u>1997</u>
Turnover	2	800170	754349
Cost of Sales		<u>449204</u>	<u>463479</u>
Gross Profit		350966	290870
Distribution Costs		24917	25962
Administration Costs		<u>340058</u>	<u>364975</u>
		<u>226557</u>	<u>252519</u>
Operating profit (loss)		[14009]	38351
Interest receivable		<u>131</u>	<u>1658</u>
		[13878]	40009
Interest payable		<u>8189</u>	<u>8368</u>
Profit (loss) on ordinary activities before taxation	3	[22067]	31641
Tax on profit on ordinary activities	4	[2]	<u>4767</u>
Profit (loss) on ordinary activities after taxation for the financial year		[22065]	26874
Dividends		<u>-</u>	<u>11000</u>
		[22065]	15874
Retained profits brought forward		<u>425202</u>	<u>409328</u>
Retained profits carried forward		£ <u>403137</u>	£ <u>425202</u>

TOTAL RECOGNISED GAINS AND LOSSES

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

CONTINUING OPERATIONS

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

The notes on pages 5 to 7 form part of these financial statements.

DELTA ELECTRICAL REPAIRS LTD

BALANCE SHEET AS AT 31ST DECEMBER 1998

	<u>NOTES</u>	<u>1998</u>		<u>1997</u>
		£	£	£
<u>FIXED ASSETS</u>				
Tangible Assets	5		401830	383765
<u>CURRENT ASSETS</u>				
Stocks	6	31239		27211
Debtors	7	167065		178790
Bank Balance & Cash		<u>145</u>		<u>37497</u>
		198449		243498
<u>CREDITORS</u>				
Amounts falling due within one year	8	<u>141030</u>		<u>137310</u>
<u>NET CURRENT ASSETS</u>			<u>57419</u>	<u>106188</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			459249	489953
<u>CREDITORS</u>				
Amounts falling due after more than one year	9		<u>54612</u>	<u>63251</u>
<u>TOTAL NET ASSETS</u>			£ <u>404637</u>	£ <u>426702</u>
<u>REPRESENTED BY</u>				
Share capital	10		1500	1500
Revenue reserve			<u>403137</u>	<u>425202</u>
Shareholders funds	12		£ <u>404637</u>	£ <u>426702</u>

The financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the board on 14th January 1999 and signed on its behalf by:

 Director

The notes on pages 5 to 7 form part of these financial statements.

DELTA ELECTRICAL REPAIRS LTD

NOTES TO THE FINANCIAL STATEMENTS AT 31ST DECEMBER 1998

1. ACCOUNTING POLICIES

Basis of Preparation of Accounts

The financial statements are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the directors report and which is continuing. The company has taken advantage of the exemption in FRS1 from the requirement to prepare a cash flow statement on the grounds that it is a small company.

Depreciation

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset evenly over its expected useful life as follows:

Plant, machinery and equipment	:	15% reducing balance
Fixtures and fittings	:	15% reducing balance
Motor vehicles	:	25% reducing balance
Leasehold property	:	Nil

Stocks

Stocks are valued at the lower part of cost and net realisable value.

2. TURNOVER

Turnover comprises the net invoiced values, excluding VAT, made to customers for goods and services supplied. There were no export sales in the year.

3. PROFIT (LOSS) BEFORE TAXATION

Profit (loss) before taxation, on ordinary activities, is stated after charging:

	<u>1998</u>	<u>1997</u>
	£	£
Directors remuneration	176000	102759
Directors and Employees Pension contributions	83666	41509
Auditors Remuneration	3600	3000
Hire of Plant and Equipment	437	515
Bank Interest	7456	7635
Depreciation of Tangible Fixed Assets	22398	20427
Hire Purchase Interest	<u>733</u>	<u>733</u>

And after crediting:

Interest Received	131	1658
Profit on Sale of Tangible Fixed Assets	<u>3271</u>	<u>234</u>

DELTA ELECTRICAL REPAIRS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

4. TAXATION

The corporation tax charge is calculated on the profits of the year, after allowing for capital expenditure, and is due for payment on 1st October 1999.

	<u>1998</u>	<u>1997</u>
Current year	-	4768
Prior year	<u>[2]</u>	<u>[1]</u>
	<u>[2]</u>	<u>4767</u>

5. TANGIBLE FIXED ASSETS

	<u>Leasehold Property</u>	<u>Plant & Equipment</u>	<u>Fixtures & Fittings</u>	<u>Motor Vehicles</u>	<u>Total</u>
	£	£	£	£	£
Cost					
At 1st January 1998	269760	113493	34317	104674	522244
Additions	-	20909	3604	18679	43192
Disposals	-	-	-	[23361]	[23361]
At 31st December 1998	<u>269760</u>	<u>134402</u>	<u>37921</u>	<u>99992</u>	<u>542075</u>
Depreciation					
At 1st January 1998	-	58373	16097	64009	138479
Charge for the year	-	9399	2754	10245	22398
Disposals	-	-	-	[20632]	[20632]
At 31st December 1998	<u>-</u>	<u>67772</u>	<u>18851</u>	<u>53622</u>	<u>140245</u>
Net Book Value					
At 31st December 1998	269760	66630	19070	46370	401830
At 31st December 1997	<u>269760</u>	<u>55120</u>	<u>18220</u>	<u>40665</u>	<u>383765</u>

6. STOCKS

	<u>1998</u>	<u>1997</u>
	£	£
Raw materials and consumables	27982	22808
Work in progress	3257	4403
	<u>31239</u>	<u>27211</u>

7. DEBTORS

	<u>1998</u>	<u>1997</u>
	£	£
Trade Debtors	160441	172604
Prepayments	6585	6147
Directors loan accounts	39	39
	<u>167065</u>	<u>178790</u>

DELTA ELECTRICAL REPAIRS LTD

NOTES TO THE FINANCIAL STATEMENTS (CONT'D)

8. CREDITORS

	<u>1998</u>	<u>1997</u>
	£	£
Trade Creditors	31036	44113
Bank Loan and Overdraft	26651	34036
Corporation tax	-	2018
Other taxes and social security costs	28973	49208
Accruals	53120	2935
Hire purchase creditors	1250	5000
	<u>141030</u>	<u>137310</u>

9. CREDITORS

	<u>1998</u>	<u>1997</u>
	£	£
Amounts falling due after more than one year		
Other creditors: Hire purchase creditors	-	1250
Bank Loan	54612	62001
	<u>54612</u>	<u>63251</u>

10. SHARE CAPITAL

	<u>Authorised</u>	<u>Issued and Fully Paid</u>
	31.12.98 31.12.97	31.12.98 31.12.97
Ordinary shares of £1 each	<u>10000 10000</u>	<u>1500 1500</u>

11. LOAN CAPITAL - DIRECTORS

Directors loans are interest free and have no fixed repayment date.

12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	<u>1998</u>	<u>1997</u>
	£	£
Net profit (loss) for the year	[22065]	26874
Dividend	-	11000
Net additions (deductions) during the year	[22065]	15874
Shareholders funds at 1st January 1998	<u>426702</u>	<u>410828</u>
Shareholders funds at 31st December 1998	<u>404637</u>	<u>426702</u>

DELTA ELECTRICAL REPAIRS LTD

TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1998

	<u>Current</u>	<u>Year</u>	<u>Previous</u>	<u>Year</u>
	£	£	£	£
Sales and Work Done		800170		754349
<u>Less Cost of Sales</u>				
Commencing Stock & W.I.P	27211		25072	
Purchases	204549		221002	
Wages and N.H.I	248683		244616	
	4480443		490690	
<u>Deduct: Final Stock and W.I.P</u>	31239	449204	27211	463479
<u>GROSS PROFIT On Turnover</u>		350966		290870
<u>Add: Other Income - Bank Interest</u>		131		1658
<u>TOTAL GROSS INCOME</u>		351097		292528
<u>Less Expenses:</u>				
Directors Remuneration	176000		102759	
Rates, Insurance & Telephone	32368		30744	
Lighting and Heating	2518		3863	
Repairs and Renewals	4624		8873	
Printing, Stationery & Advertising	7086		8269	
Equipment Hire	437		515	
Motor Expenses	17943		16795	
Sundry Expenses	15965		11040	
Audit and Accountancy	3600		3000	
Directors' & Employees Pension				
Contributions	83666		41509	
Consultancy	1045		1205	
Loan Interest	7454		7633	
Bank Charges & Interest	930		856	
Depreciation	22398		20427	
Bad Debts Recovered	[332]		2900	
Hire Purchase Interest	733		733	
Profit on Sale of Vehicle	[3271]	373164	[234]	260887
<u>NET PROFIT(LOSS)</u>		<u>[22067]</u>		<u>31641</u>