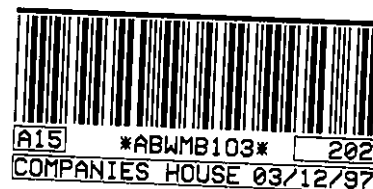


2129607

HYDRA-CAPSULE LIMITED
(REGISTERED NUMBER 2129607)
DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED
31 MARCH 1997

Beard + Company
Burleigh, Old Church Road
Colwall.



HYDRA-CAPSULE LIMITED
YEAR ENDED 31 MARCH 1997

DIRECTORS

C.J. Davies
M. Hughes
H.N. Davies

COMPANY SECRETARY

C.J. Davies

REGISTERED OFFICE

Hydra House,
Bishops Frome,
Worcestershire.

REGISTERED NUMBER

2129607 (England and Wales)

REPORTING ACCOUNTANTS

Beard + Company,
Burleigh,
Old Church Road,
Colwall,
Worcestershire.
WR13 6EZ

HYDRA-CAPSULE LIMITED
REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

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HYDRA-CAPSULE LIMITED

DIRECTORS' REPORT

The directors present their report and the financial statements for the year ended 31 March 1997.

PRINCIPAL ACTIVITIES

The Company's principal activities continue to be the provision of hydraulic jacking and lifting apparatus and temporary support work in the field of mechanical engineering.

DIRECTORS

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

	Number of ordinary shares of £1 each			
	Beneficial		Non Beneficial	
	31.3.97	31.3.96	31.3.97	31.3.96
C.J. Davies	1400	1400	600	600
M. Hughes	Nil	Nil	Nil	Nil
H.N. Davies (appointed 22.4.96)	Nil	Nil	Nil	Nil

This report was approved by the board on 1 December 1997, 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



C.J. DAVIES
Director

ACCOUNTANTS' REPORT TO THE SHAREHOLDERS ON THE UNAUDITED ACCOUNTS OF
HYDRA-CAPSULE LIMITED

We report on the accounts for the year ended 31 March 1997 set out on pages 4 to 9.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND REPORTING ACCOUNTANTS

As described on page 5 the company's directors are responsible for the preparation of the accounts, and they believe that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

BASIS OF OPINION

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records, and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

OPINION

In our opinion:

- (a) the accounts are in agreement with those accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249 C (6) of the act; and
 - (ii) the company satisfies the conditions for exemption from an audit of the accounts for the year specified in Section 249 A (4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in Section 249 B (1).



BEARD + COMPANY

Reporting Accountants

Burleigh,
Old Church Road,
Colwall.

1 December 1997

HYDRA-CAPSULE LIMITED
 PROFIT AND LOSS ACCOUNT
 FOR THE YEAR ENDED 31 MARCH 1997

	Notes	1997 £	1996 £
TURNOVER - continuing activities		233206	186854
Cost of sales		<u>(87240)</u>	<u>(77498)</u>
GROSS PROFIT		145966	109356
Administration expenses		<u>(76210)</u>	<u>(80356)</u>
OPERATING PROFIT	2	69756	29000
(Loss)profit on disposal of fixed assets		<u>-</u>	<u>(2297)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST PAYABLE		69756	26703
Interest payable		<u>(4476)</u>	<u>(5938)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		65280	20765
Taxation	3	<u>(15816)</u>	<u>(5292)</u>
RETAINED PROFIT FOR THE YEAR	9	<u>49464</u>	<u>15473</u>

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

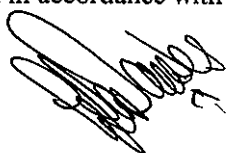
The notes on pages 6 to 9 form part of these financial statements.

HYDRA-CAPSULE LIMITED
BALANCE SHEET
AT 31 MARCH 1997

	Notes	1997 £	1996 £
FIXED ASSETS			
Tangible assets	4	<u>140429</u>	<u>151956</u>
CURRENT ASSETS			
Stock and work in progress		83116	65718
Debtors	5	54488	30117
Cash at bank and in hand		<u>-</u>	<u>36</u>
		137604	95871
CREDITORS: Amounts falling due within one year	6	<u>(91572)</u>	<u>(110286)</u>
NET CURRENT ASSETS(LIABILITIES)		<u>46032</u>	<u>(14415)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		186461	137541
PROVISIONS FOR LIABILITIES AND CHARGES			
Deferred tax	7	<u>(6244)</u>	<u>(6788)</u>
NET ASSETS		<u>180217</u>	<u>130753</u>
CAPITAL AND RESERVES			
Called-up share capital	8	2000	2000
Profit and loss account	9	<u>178217</u>	<u>128753</u>
Shareholders' funds	10	<u>180217</u>	<u>130753</u>

The directors consider that the company is entitled to exemption from the requirements to have an audit under the provisions of Section 249A(2) 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 directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing financial statements which give a true and fair view of the state of affairs of the company as at 31 March 1997 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 financial statements so far as applicable to the company.

Approved by the board of directors on 1 December 1997, and signed on its behalf. The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.



C.J. DAVIES
Director

The notes on pages 6 to 9 form part of these financial statements.

HYDRA-CAPSULE LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997

1. ACCOUNTING POLICIES

1.1 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.

1.2 TURNOVER

Turnover comprises the invoiced value of goods and services supplied by the company net of value added tax.

TANGIBLE FIXED ASSETS

1.3 Tangible fixed assets are stated in the balance sheet at cost less depreciation.

DEPRECIATION

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

Freehold property	2% reducing balance basis
Plant and equipment	15% reducing balance basis
Office equipment	20% reducing balance basis
Motor vehicles	25% reducing balance basis

1.5 STOCK AND WORK IN PROGRESS

Stock and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow-moving stocks.

1.6 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.

OPERATING LEASES

1.7 Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

PENSIONS

1.8 The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

HYDRA-CAPSULE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (continued)

	1997	1996
	£	£

2. OPERATING PROFIT

The operating profit is stated after charging:

Depreciation of tangible fixed assets - owned

Directors remuneration

Pension costs

15241 17316

5900 725

725 725

During the year the company exported 1.1% of its turnover.

3. TAXATION

£ £

UK Corporation tax at 24%:

Current

16360 6665

(Over)under provision in prior years

- (1127)

Deferred tax

(544) (246)

15816 5292

4. TANGIBLE FIXED ASSETS

	Freehold property £	Plant and equipment £	Total £
COST			
At 1 April 1996	80832	163306	244138
Additions	-	3714	3714
At 31 March 1997	80832	167020	247852
DEPRECIATION			
At 1 April 1996	7379	84803	92182
Charge for the year	1469	13772	15241
At 31 March 1997	8848	98575	107423
NET BOOK VALUE			
At 31 March 1997	71984	68445	140429
At 31 March 1996	73453	78503	151956

HYDRA-CAPSULE LIMITED

NOTES TO THE FINANCIAL STATEMENTS - (continued)

5.	DEBTORS	1997	1996
		£	£
	Amounts falling due within one year:		
	Trade debtors	43562	24015
	Prepayments	2445	5899
	Other debtors (see note 11)	8481	203
		<u>54488</u>	<u>30117</u>
6.	CREDITORS	£	£
	Amounts falling due within one year:		
	Bank overdraft (secured)	41072	48649
	Trade creditors	18697	12581
	Corporation tax	16360	6665
	Other taxation and social security	9825	2512
	Accruals	5618	5579
	Directors loans (secured)	-	34300
		<u>91572</u>	<u>110286</u>
7.	DEFERRED TAXATION		
		Provided for	Maximum potential liability
		1997	1996
		£	£
	Accelerated capital allowances	<u>6244</u>	<u>6788</u>
8.	CALLED-UP SHARE CAPITAL	1997	1996
		£	£
	Authorised:		
	2000 ordinary shares of £1 each	<u>2000</u>	<u>2000</u>
	Allotted, called-up and fully paid:		
	2000 ordinary shares of £1 each	<u>2000</u>	<u>2000</u>
9.	PROFIT AND LOSS ACCOUNT	£	£
	At 1 April 1996	128753	113280
	Retained profit for the year	<u>49464</u>	<u>15473</u>
	At 31 March 1997	<u>178217</u>	<u>128753</u>

10. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS FUNDS

	1997 £	1996 £
Profit for the year	49464	15473
Shareholders' funds at 1 April 1996	<u>130753</u>	<u>115280</u>
Shareholders' funds at 31 March 1997	<u>180217</u>	<u>130753</u>

11. TRANSACTIONS WITH DIRECTORS AND CONNECTED PERSONS

During the year the company incurred costs on behalf of a company with which C.J. Davies, a director of the company, is connected. The maximum balance during the year, and the year end balance, was £550. The loan is interest free.

Other debtors also includes an amount due from C Davies, a director of the company. The balance outstanding at 31.3.97, which is the maximum balance during the year, was £7,931. The loan is interest free and has no fixed repayment terms.

For the whole year, the company was under the control of C Davies, a major shareholder and the managing director of the company.