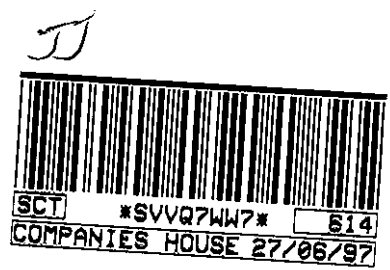


NEWTON FRICTION LIMITED

**ABBREVIATED
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED
31 MARCH 1997**



C H A R T E R E D A C C O U N T A N T S

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NEWTON FRICTION LIMITED

**FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997**

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NEWTON FRICTION LIMITED

**COMPANY INFORMATION
AS AT 31 MARCH 1997**

DIRECTORS

Mrs E M Scott (resigned 16 May 1997)
Tom Liddell (appointed 16 May 1997)
Mrs Margaret Liddell (appointed 16 May 1997)

SECRETARY

Mrs Margaret Liddell

REGISTERED OFFICE

8 Glen Lyon
St Leonards
East Kilbride
Glasgow

REGISTERED NUMBER

80299

BUSINESS ADDRESS

Unit A
20 Mearns Street
Aberdeen
AB1 2AT

ACCOUNTANTS

Bain Henry Reid
Chartered Accountants
4 West Craibstone Street
Aberdeen
AB11 6YL

SOLICITORS

John Laurie & Co
17 Victoria Street
Aberdeen

PRINCIPAL BANKERS

The Royal Bank of Scotland plc
12 Golden Square
Aberdeen



ACCOUNTANTS' REPORT TO THE DIRECTORS

We have examined the abbreviated financial statements set out on pages 3 to 6, and compared them to the full financial statements of the company.

On 13 June 1997 we reported, as accountants of the company, to the shareholders on the statutory accounts of the company for the year ended 31 March 1997. These financial statements were prepared in accordance with the provisions of section 249 of the Companies Act 1985, applicable to small companies. Our accountants' report was as follows:

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND REPORTING ACCOUNTANT

As described on the Balance Sheet, the company's directors are responsible for the preparation of financial statements, and they believe that the company is exempt from an audit. It is our responsibility to examine the financial statements and, based on our examination, report our opinion, as set out below, to the members.

BASIS OF OPINION

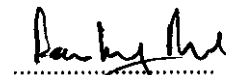
We conducted our examination in accordance with appropriate standards for reporting accountants issued by the Auditing Practices Board. This examination consisted of comparing the financial statements and accounting records kept by the company, and making such limited enquiries of the officers of the company as we considered necessary for the purpose of this report.

The examination was not an audit conducted in accordance with Auditing Standards. Accordingly we do not express an audit opinion on the financial statements. Therefore our examination does not provide any assurance that the accounting records and the financial statements are free from material misstatement.

OPINION

In our opinion:

- (a) the financial statements 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, the financial statements have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Companies Act 1985;
- (c) having regard only to, and on the basis of, the information contained in those accounting records kept by the company under Section 221, the company satisfied the conditions for exemption from an audit of the financial statements for the year specified in Section 249A(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 249B(1) of the Companies Act 1985.



.....
Bain Henry Reid
Registered Auditors
Chartered Accountants
4 West Craibstone Street
Aberdeen
AB11 6YL

13 June 1997

NEWTON FRICTION LIMITED**ABBREVIATED BALANCE SHEET
AT 31 MARCH 1997**

	Notes	1997	1996
		£	£
FIXED ASSETS	2		
Tangible assets		11,000	13,400
CURRENT ASSETS			
Stocks		13,971	18,498
Debtors		27,863	89,673
Cash at bank and in hand		113,829	54,651
		155,663	162,822
CREDITORS: amounts falling due within one year	3	(24,242)	(59,784)
NET CURRENT ASSETS		131,421	103,038
TOTAL ASSETS LESS CURRENT LIABILITIES		142,421	116,438

The notes on pages 5 to 6 form part of these financial statements.

Compiled without audit or independent verification - refer accountants' report.



**ABBREVIATED BALANCE SHEET
AT 31 MARCH 1997**

	Notes	1997	1996
		£	£
CAPITAL AND RESERVES			
Called up share capital	4	100	100
Profit and loss account		142,321	116,338
TOTAL SHAREHOLDERS' FUNDS		<u>142,421</u>	<u>116,438</u>

The directors have taken advantage of the exemption conferred by section 249A(2) not to have these financial statements audited and confirm that no notice has been deposited under section 249B(2) of the Companies Act 1985. The directors acknowledge their responsibilities for ensuring that:

- i) The company keeps accounting records which comply with section 221 of the Companies Act 1985;
- ii) The financial statements give a true and fair view of the state of affairs of the company as at 31 March 1997 and of its profit or loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to financial statements, so far as applicable to the company.

The directors have taken advantage of the exemptions conferred by Part III of Schedule 8 to the Companies Act 1985 and have done so on the grounds that, in their opinion, the company is entitled to those exemptions as a small company.

The financial statements were approved by the board of directors on 13 June 1997 and signed on its behalf by:

Tom Liddell) *T Liddell*
) Directors
Mrs Margaret Liddell) *M. Liddell*

The notes on pages 5 to 6 form part of these financial statements.

Compiled without audit or independent verification - refer accountants' report.

**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997**

1. STATEMENT OF ACCOUNTING POLICIES

The financial statements have been prepared on the basis of historical costs and do not take into account changing money values or, except where stated, current valuations of non-current assets. Cost is based on the fair values of the consideration given in exchange for assets. The accounting policies have been consistently applied, unless otherwise stated.

The following is a summary of the significant accounting policies adopted by the company in the preparation of the financial statements.

(a) Turnover

Turnover represents the total invoice value, excluding value added tax, of goods sold and services rendered during the year.

(b) Depreciation of tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its useful life:

Plant and equipment	20% on reducing balance basis
Motor vehicles	25% on reducing balance basis
Fixtures and fittings	20% on reducing balance basis

(c) Stocks

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

Net realisable value is based on estimated selling price less further costs to completion and disposal.

(d) Deferred taxation

Deferred taxation is provided using the liability method on all timing differences to the extent that they are expected to reverse in the future without being replaced, calculated at the rate at which it is anticipated the timing differences will reverse. No provision is deemed necessary meantime.

Compiled without audit or independent verification - refer accountants' report.

NEWTON FRICTION LIMITED**NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 1997****2. FIXED ASSETS**

	Tangible assets £
Cost or valuation:	
At 1 April 1996	35,661
Additions	877
At 31 March 1997	36,538
Depreciation:	
At 1 April 1996	22,261
Charge for year	3,277
At 31 March 1997	25,538
Net book value:	
At 31 March 1997	11,000
At 31 March 1996	13,400

3. CREDITORS: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	4,049	-
Trade creditors	3,610	28,938
Corporation tax	9,034	15,356
Other taxes and social security costs	5,422	12,008
Accruals and deferred income	2,127	3,482
	24,242	59,784

4. SHARE CAPITAL

	1997 £	1996 £
Authorised:		
Equity interests:		
100 Ordinary shares of £1	100	100
Allotted, called up and fully paid:		
Equity interests:		
100 Ordinary shares of £1	100	100

Compiled without audit or independent verification - refer accountants' report.