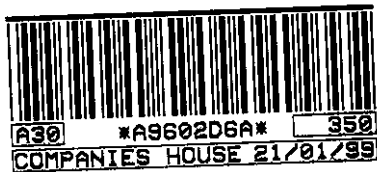


COMPANY REGISTRATION NUMBER 2685622

FILTER ENGINEERING LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 MARCH 1998



KINGSCOTT, DIX & CO.
CHARTERED ACCOUNTANTS
60 KINGS WALK
GLOUCESTER

FILTER ENGINEERING LIMITED

GENERAL INFORMATION

DIRECTORS

S.A. Sherwood-Rogers
N.R.C. Shepherd

SECRETARY

S.A. Sherwood-Rogers

REGISTERED OFFICE

60 Kings Walk
Gloucester
GL1 1LA

BANKERS

National Westminster Bank PLC
Market Place
Herefordshire
HR9 5BX

REPORTING ACCOUNTANTS

Kingscott, Dix & Co.
Chartered Accountants
60 Kings Walk
Gloucester
GL1 1LA

COMPANY REGISTRATION NO. 2685622

FILTER ENGINEERING LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED

31 MARCH 1998

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1	Directors' Report
2	Profit and Loss Account
3	Balance Sheet
4 - 7	Notes to the Accounts

The following pages do not form part of the statutory accounts

8	Accountants' Report
9	Detailed Trading and Profit and Loss Account

FILTER ENGINEERING LIMITED

DIRECTORS' REPORT

The Directors present their report and the financial statements for the year ended 31 March 1998.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the Company is that of the sale of fluid filters. There has been no significant change in this activity during the year.

DIRECTORS

The Directors of the Company who served during the year and their beneficial interests in the shares of the Company were as follows:-

	Ordinary Shares of £1 each 31 March 1998
S.A. Sherwood-Rogers	70
N.R.C. Shepherd	30

SMALL COMPANY EXEMPTIONS

The Directors report has been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

By Order of the Board



S.A. SHERWOOD-ROGERS

Secretary

FILTER ENGINEERING LIMITED
 PROFIT AND LOSS ACCOUNT
 YEAR ENDED 31 MARCH 1998

	Note	1998 £	1997 £
TURNOVER		32,906	19,110
COST OF SALES		<u>2,416</u>	<u>3,771</u>
GROSS PROFIT		30,490	15,339
ADMINISTRATIVE EXPENSES		<u>17,713</u>	<u>9,411</u>
OPERATING PROFIT	2	12,777	5,928
INTEREST PAYABLE AND SIMILAR CHARGES		<u>89</u>	<u>125</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		12,688	5,803
TAXATION ON PROFIT ON ORDINARY ACTIVITIES		<u>-</u>	<u>-</u>
RETAINED PROFIT TRANSFERRED TO RESERVES	9	<u>12,688</u>	<u>5,803</u>

All of the Company's activities are continuing.

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

The notes on page 4 to 7 form part of these accounts.

FILTER ENGINEERING LIMITED
BALANCE SHEET
AS AT 31 MARCH 1998

		1998	1997
	Note	£	£
TANGIBLE FIXED ASSETS	4	1,823	1,376
CURRENT ASSETS			
Stock	5	1,893	1,300
Debtors	6	16,348	5,673
		18,241	6,973
CREDITORS: Amounts falling due within one year	7	5,028	6,001
NET CURRENT ASSETS		13,213	972
		15,036	2,348
CAPITAL AND RESERVES			
Called Up Share Capital	8	100	100
Share Premium Account	9	29,970	29,970
Profit and Loss Account	9	(15,034)	(27,722)
SHAREHOLDERS' FUNDS		15,036	2,348


Exemption from Audit

For the year ended 31 March 1998 the Company was entitled to exemption under Section 249A(1) of the Companies Act 1985. No notice has been deposited under S249B(2) in relation to the accounts for the financial year. The Directors acknowledge their responsibility for ensuring that the Company keeps accounting records which comply with Section 221 of the Act and preparing accounts which give a true and fair view of the state of affairs of the Company as at the end of the financial year and of its profit for the financial year in accordance with the requirements of Section 226 of the Act, and which otherwise comply with the requirements of this Act relating to accounts so far as applicable to the Company.

Preparation of Accounts

The financial statements have 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


..... S.A. SHERWOOD-ROGERS DIRECTOR

..... 17/1/99 DATE

The notes on pages 4 to 7 form part of these accounts.

FILTER ENGINEERING LIMITED

NOTES TO THE ACCOUNTS

31 MARCH 1998

[1] ACCOUNTING POLICIES

[a] BASIS OF ACCOUNTING

The financial statements have been prepared under the historical cost convention and in accordance with the Financial Reporting Standard for Smaller Entities.

[b] TURNOVER

Turnover comprises the net sales to customers during the year, exclusive of VAT.

[c] TANGIBLE FIXED ASSETS

Tangible fixed assets are depreciated so as to amortize their cost over their estimated useful lives, and the following annual values are used in respect of each major category:-

Fixtures and Fittings	20% on Cost
Motor Vehicles	25% on Cost
Computer Equipment	33 1/3% on Cost

[d] STOCKS

Stocks are stated at the lower of cost and net realisable value, and have been valued on bases consistent with previous years.

[e] RESEARCH AND DEVELOPMENT

Expenditure on research and development is written off as incurred.

FILTER ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
31 MARCH 1998

[2]	PROFIT/(LOSS) ON ORDINARY ACTIVITIES	1998	1997
	Profit/(Loss) on ordinary activities is stated after charging:	£	£
	Depreciation:		
	- assets owned by the Company	611	630
	Directors' Remuneration	<u>3,223</u>	<u>-</u>

[3] TAXATION

No charge for taxation arises due to the availability of losses brought forward to be offset against the profits made.

[4] TANGIBLE FIXED ASSETS

	Motor Vehicles	Fixtures and Fittings	Total
	£	£	£
COST			
As at 1 April 1997	3,545	1,214	4,759
Additions	1,860	479	2,339
Disposals	(4,055)	-	(4,055)
As at 31 March 1998	<u>1,350</u>	<u>1,693</u>	<u>3,043</u>
ACCUMULATED DEPRECIATION			
As at 1 April 1997	2,387	996	3,383
Charge for the Year	387	224	611
Eliminated on Disposals	(2,774)	-	(2,774)
As at 31 March 1998	<u>-</u>	<u>1,220</u>	<u>1,220</u>
NET BOOK VALUE			
As at 31 March 1998	<u>1,350</u>	<u>473</u>	<u>1,823</u>
As at 31 March 1997	<u>1,158</u>	<u>218</u>	<u>1,376</u>

FILTER ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
31 MARCH 1998

[5]	STOCK	1998	1997
		£	£
	Stock	<u>1,893</u>	<u>1,300</u>
[6]	DEBTORS	1998	1997
		£	£
	Trade Debtors	6,190	-
	Other Debtors	36	-
	Director's Loan Account	<u>10,122</u>	<u>5,673</u>
		<u>16,348</u>	<u>5,673</u>
[7]	CREDITORS: Amounts falling due within one year	1998	1997
		£	£
	Bank Loans and Overdrafts	3,343	887
	Trade Creditors	824	641
	Other Creditors	<u>861</u>	<u>4,473</u>
		<u>5,028</u>	<u>6,001</u>
[8]	SHARE CAPITAL	1998	1997
		£	£
	Authorised Ordinary Shares of £1 each	<u>100,000</u>	<u>100,000</u>
	Called Up and Fully Paid Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

FILTER ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
31 MARCH 1998

[9] RESERVES	Profit & Loss Account £	Share Premium Account £
Balance at beginning of the Year	(27,722)	29,970
Profit for the Year	<u>12,688</u>	<u>-</u>
Balance at the end of the Year	<u>(15,034)</u>	<u>29,970</u>

[10] RELATED PARTY TRANSACTIONS

DIRECTORS INTERESTS IN TRANSACTIONS

Amounts owing from Directors (included in other debtors) were as follows:-

	1998 £	1997 £
Mr. S.A. Sherwood-Rogers	<u>11,472</u>	<u>5,673</u>

CONTROLLING PARTY

By virtue of his controlling shareholding, Mr. S.A. Sherwood-Rogers is considered to be the controlling party of the Company.