

FILTER ENGINEERING LIMITED

FIRST REPORT AND
FINANCIAL STATEMENTS

31 MARCH 1995

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KINGSCOTT, DIX & CO.
CHARTERED ACCOUNTANTS
GLOUCESTER



FILTER ENGINEERING LIMITED

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

ACCOUNTANTS

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

COMPANY REGISTRATION NO. 2685622

FILTER ENGINEERING LIMITED

DIRECTORS' REPORT

The Directors submit their Annual Report and the Financial Statements for the year ended 31 March 1995.

PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

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

The Company achieved an improved performance during the year and the Directors are hopeful this will continue for the forthcoming year.

RESULTS AND DIVIDENDS

The Company's profit for the year amounted to £3,654 which when added to losses brought forward shows a total of £32,565 losses to date.

FIXED ASSETS

The movements in the Company's Fixed Assets are shown in Note 5 to the Accounts.

DIRECTORS

The Directors of the Company who held office during the year and their interests in its Share Capital throughout the year were:-

	<u>Shareholding</u>
S.A. Sherwood-Rogers	70
N.R.C. Shepherd	30

FILTER ENGINEERING LIMITED

DIRECTORS' REPORT [cont'd]

DIRECTORS RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

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 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 to operate.

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.

CLOSE COMPANY

The close company provisions of Section 414 Income and Corporation Taxes Act 1988 apply to the Company.

By Order of the Board



S.A. SHERWOOD-ROGERS

Secretary

KINGSCOTT, DIX & COMPANY

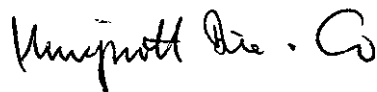
CHARTERED ACCOUNTANTS

60 KINGS WALK, GLOUCESTER. GL1 1LA

ACCOUNTANTS' REPORT

TO THE MEMBERS OF
FILTER ENGINEERING LIMITED

In accordance with instructions given to us, we have prepared the financial statements for the year ended 31 March 1995 set out on pages 5 to 10 from the accounting records of Filter Engineering Limited, and from the information and explanations supplied to us by the management of the Company. We have not audited the accompanying financial statements and, accordingly, do not express an opinion or any other form of assurance on them.



KINGSCOTT, DIX & CO.
CHARTERED ACCOUNTANTS
1 APRIL 1996

FILTER ENGINEERING LIMITED
 PROFIT AND LOSS ACCOUNT
 YEAR ENDED 31 MARCH 1995

	NOTE	1995 £	1994 £
TURNOVER		23,028	17,447
COST OF SALES		<u>6,276</u>	<u>8,674</u>
GROSS PROFIT		16,752	8,773
ADMINISTRATIVE EXPENSES		<u>12,960</u>	<u>14,284</u>
OPERATING PROFIT/(LOSS)	2	3,792	(5,511)
INTEREST PAYABLE	4	<u>138</u>	<u>159</u>
NET PROFIT/(LOSS) FOR THE YEAR BEFORE TAXATION		3,654	(5,670)
TAXATION		<u>-</u>	<u>-</u>
NET PROFIT/(LOSS) FOR THE YEAR AFTER TAXATION		<u>3,654</u>	<u>(5,670)</u>

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

The notes on Pages 7 to 10 form part of these accounts.

FILTER ENGINEERING LIMITED
BALANCE SHEET
31 MARCH 1995

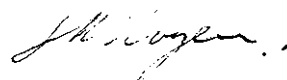
		1995	1994
	NOTE	£	£
TANGIBLE FIXED ASSETS	5	858	1,537
CURRENT ASSETS			
Stock and Work in Progress		1,210	4,258
Debtors	6	-	40
		<u>1,210</u>	<u>4,298</u>
CREDITORS: Amounts falling due within one year	7	<u>4,563</u>	<u>11,984</u>
NET CURRENT LIABILITIES		(3,353)	(7,686)
NET LIABILITIES		<u>(2,495)</u>	<u>(6,149)</u>
REPRESENTED BY:			
CAPITAL AND RESERVES:			
ATTRIBUTABLE TO EQUITY INTERESTS			
Called Up Share Capital	8	100	100
Share Premium		29,970	29,970
Accumulated Losses	9	<u>(32,565)</u>	<u>(36,219)</u>
SHAREHOLDERS' DEFICIENCY	10	<u>(2,495)</u>	<u>(6,149)</u>

Approved by the Board on 29 March 1996
and signed on its behalf

The Company is entitled to exemption from an audit for the year ended 31 March 1995 under S.249A(1) Companies Act 1985. No notice has been deposited under S.249B(2) of the Act in relation to the accounts for the financial year. We acknowledge our responsibilities as Directors for:

- [i] ensuring that the Company keeps accounting records which comply with S.221 Companies Act 1985; and
- [ii] preparing accounts which give a true and fair view of the state of affairs of the Company as at 31 March 1994, and of its loss for the financial year in accordance with the requirements of S.226 Companies Act 1985, and which otherwise comply with the requirements of that Act relating to accounts, so far as applicable to the Company.

.....S.A. SHERWOOD-ROGERS.....Director



The notes on page 7 to 10 form part of these accounts.

FILTER ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
31 MARCH 1995

[1] ACCOUNTING POLICIES

[a] BASIS OF ACCOUNTING

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost basis of accounting and include the results of the activities described in the Directors' Report, all of which are continuing.

[b] TURNOVER

Turnover comprises the net sales to customers during the period, 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

[d] STOCK AND WORK IN PROGRESS

Stock and Work in Progress 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.

[2] OPERATING PROFIT	1995	1994
This is stated after charging:-	£	£
Staff Costs [see Note 3]	30	1,420
Depreciation	679	679
	<hr/>	<hr/>
Directors' Emoluments (Included Above)	-	1,250
	<hr/>	<hr/>

FILTER ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
31 MARCH 1995

[3]	STAFF COSTS (Including Directors)	1995	1994	
		£	£	
	Wages and Salaries	30	1,420	
	Social Security Costs	-	-	
		<u>30</u>	<u>1,420</u>	
	The weekly average number of employees during the year was made up as follows:	Number	Number	
	Office and Management	<u>2</u>	<u>2</u>	
[4]	INTEREST PAYABLE	1995	1994	
		£	£	
	On Bank Loans, Overdrafts and Other Loans:			
	- repayable within five years, not by instalments	<u>138</u>	<u>159</u>	
[5]	TANGIBLE FIXED ASSETS	Total	Fixtures & Fittings	Motor Vehicles
	COST	£	£	£
	As at 1 April 1994 and 31 March 1995	<u>2,895</u>	<u>895</u>	<u>2,000</u>
	AGGREGATE DEPRECIATION			
	As at 1 April 1994	1,358	358	1,000
	Charged in Year	679	179	500
	As at 31 March 1995	<u>2,037</u>	<u>537</u>	<u>1,500</u>
	NET BOOK VALUE			
	As at 31 March 1995	<u>858</u>	<u>358</u>	<u>500</u>
	As at 31 March 1994	<u>1,537</u>	<u>537</u>	<u>1,000</u>

FILTER ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
31 MARCH 1995

[6]	DEBTORS	1995	1994
		£	£
	Prepayments	-	40
		-	40
[7]	CREDITORS: Amounts falling due within one year:-	1995	1994
		£	£
	Bank Overdraft	8	1,422
	Trade Creditors	1,190	6,746
	Taxes and Social Security	345	520
	Directors Loan Account	270	2,446
	Accruals	2,750	850
		4,563	11,984
[8]	SHARE CAPITAL	1995	1994
		£	£
	Authorised 100,000 Shares of £1 each	100,000	100,000
	Issued and Fully Paid 100 Ordinary Shares of £1 each	100	100

FILTER ENGINEERING LIMITED
NOTES TO THE ACCOUNTS
31 MARCH 1995

[9]	ACCUMULATED LOSSES	1995	1994
		£	£
	Accumulated Losses		
	at 1 April 1994	(36,219)	(30,549)
	Profit/(Loss) for Year	<u>3,654</u>	<u>(5,670)</u>
	Accumulated Losses		
	at 31 March 1995	<u>(32,565)</u>	<u>(36,219)</u>
[10]	RECONCILIATION OF MOVEMENT ON DEFICIENCY OF SHAREHOLDERS FUNDS	1995	1994
		£	£
	Profit/(Loss) for Year	3,654	(5,670)
	Deficiency at 1 April 1994	<u>(6,149)</u>	<u>(479)</u>
	Deficiency at 31 March 1995	<u>(2,495)</u>	<u>(6,149)</u>