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ARTHUR  
ANDERSEN

ARTHUR ANDERSEN & CO. SC

PETROTECHNIK LIMITED  
ABBREVIATED ACCOUNTS  
TOGETHER WITH AUDITORS' REPORT  
FOR THE YEAR ENDED 31 OCTOBER 1994

The company's registered number is 2631843.



# ARTHUR ANDERSEN

## Auditors' report

Cambridge

To the Directors of PETROTECHNIK LIMITED:

In our opinion, the company is entitled to the exemptions claimed in the directors' statement on page 2, and the accounts to be delivered have been properly prepared in accordance with Schedule 8 of the Companies Act 1985.

We reported, as auditors of PetroTechnik Limited, to the members on 16 December 1994 on the company's accounts prepared under Section 226 of the Companies Act 1985 for the year ended 31 October 1994, and our audit opinion was as follows:

"We have audited the accounts on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on pages 7 and 8.

### Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

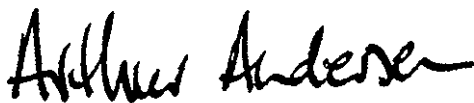
### Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes an examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, 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 accounts.

### Opinion

In our opinion the accounts give a true and fair view of the state of the company's affairs at 31 October 1994 and of its profit and cash flows for the year then ended, and have been properly prepared in accordance with the Companies Act 1985."



Chartered Accountants and Registered Auditors

Betjeman House  
104 Hills Road  
Cambridge  
CB2 1LH

16 December 1994

PETROTECHNIK LIMITED

ABBREVIATED BALANCE SHEET -- 31 OCTOBER 1994

	<u>Notes</u>	<u>1994</u>	<u>1993</u>
<b>FIXED ASSETS</b>			
Intangible assets	2	£33,512	£24,523
Tangible assets	3	179,745	97,894
Investment in subsidiary		<u>-</u>	<u>2</u>
		213,257	122,419
<b>CURRENT ASSETS</b>			
Stocks - goods for resale		324,384	59,926
Debtors	4	1,356,367	364,542
Cash at bank and in hand		<u>368,235</u>	<u>170,035</u>
		2,048,986	594,503
CREDITORS: Amounts falling due within one year		<u>1,587,323</u>	<u>452,806</u>
NET CURRENT ASSETS		<u>461,663</u>	<u>141,697</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		674,920	264,116
CREDITORS: Amounts falling due after more than one year	7	<u>78,600</u>	<u>121,875</u>
NET ASSETS		<u>£596,320</u>	<u>£142,241</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	8	£60,108	£80,008
Share premium account		9,994	9,994
Capital redemption reserve		19,900	-
Profit and loss account		<u>506,318</u>	<u>52,239</u>
TOTAL CAPITAL EMPLOYED		<u>£596,320</u>	<u>£142,241</u>

Advantage has been taken of the exemptions conferred by Part 1 of Schedule 8 to the Companies Act 1985 on the grounds that, in the directors' opinion, the company is entitled to the benefit of those exemptions as a small company.

SIGNED ON BEHALF OF THE BOARD

J.A. Boudry                      -              Director

J. Lee                                -              Director



16 December 1994

The accompanying notes are an integral part of this balance sheet.

PETROTECHNIK LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS -- 31 OCTOBER 1994

1. ACCOUNTING POLICIES:

A summary of the principal accounting policies, all of which have been applied consistently throughout the year and the preceeding period, is set out below.

a) Basis of accounting

The accounts are prepared under the historical cost convention in accordance with applicable accounting standards.

Dormant subsidiary companies are not consolidated and are treated as investments in accordance with Section 229 of the Companies Act 1985.

b) Fixed assets

Tangible and intangible fixed assets are stated at cost, less accumulated depreciation.

Depreciation is provided at rates calculated to write off the cost, less estimated residual value of each asset on a straight-line basis over its expected useful life, as follows:

Short term leasehold	20%
Furniture and fittings	20%
Motor Vehicles	25%
Equipment	20% to 33%
Patents	20%
Trademarks	20%

c) Stocks

Stocks are stated at the lower of first-in, first-out cost and net realisable value. Cost includes all expenditure incurred in bringing each product to its present location and condition.

d) Taxation

Corporation tax payable is provided on taxable profits at the current rate.

Deferred taxation (which arises from differences in the timing of the recognition of items, principally depreciation, in the accounts and by the tax authorities) is provided using the liability method on timing differences which will probably reverse, at the rates of tax likely to be in force at the time of reversal. Deferred tax is not provided on timing differences which in the opinion of the directors will probably not reverse.

Advance corporation tax payable on dividends paid or provided for in the year is written off, except when recoverability against corporation tax payable is considered to be reasonably assured.

e) Foreign currency

Normal trading activities denominated in foreign currencies are recorded in sterling at the actual exchange rate as of the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the year end are reported at the rates of exchange prevailing at the year end. Any gain or loss arising from a change in exchange rates subsequent to the date of the transaction is reported as an exchange gain or loss in the profit and loss account.

# NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

## 1. ACCOUNTING POLICIES (continued):

### f) Leases

Assets held under finance leases and hire purchase contracts are initially reported at the fair value of the asset, with an equivalent liability categorised as appropriate under creditors due within or after one year. The asset is depreciated over the shorter of the period of the lease term and its useful economic life. Finance charges are allocated to accounting periods over the period of the lease or hire purchase contract to produce a constant rate of return on the outstanding balance. Rentals are apportioned between finance charges and reduction of the liability, and allocated to cost of sales or other operating expenses as appropriate. Rentals under operating leases are charged on a straight-line basis over the lease term, even if the payments are not made on such a basis.

## 2. INTANGIBLE FIXED ASSETS:

The movement in the year was as follows-

	<u>Patents and Trademarks</u>
<b>COST-</b>	
Beginning of year	£27,248
Additions	<u>15,917</u>
End of year	<u>43,165</u>
<b>AMOUNTS WRITTEN OFF</b>	
Beginning of year	2,725
Charge	<u>6,928</u>
End of year	<u>9,653</u>
<b>NET BOOK VALUE</b>	
Beginning of year	<u>£24,523</u>
<b>NET BOOK VALUE</b>	
End of year	<u>£33,512</u>

## 3. TANGIBLE FIXED ASSETS:

The movement in the year was as follows-

	<u>1994</u>	<u>1993</u>
<b>COST-</b>		
beginning of year	£118,799	£35,531
Additions	126,413	83,783
Disposals	<u>(18,633)</u>	<u>(515)</u>
End of year	<u>226,579</u>	<u>118,799</u>
<b>DEPRECIATION</b>		
Beginning of year	20,905	953
Charge	32,408	19,952
Depreciation on disposals	<u>(6,479)</u>	<u>-</u>
End of year	<u>46,834</u>	<u>20,905</u>
<b>NET BOOK VALUE</b>		
Beginning of year	<u>£97,894</u>	<u>£34,578</u>
<b>NET BOOK VALUE</b>		
End of year	<u>£179,745</u>	<u>£97,894</u>

# NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

## 3 TANGIBLE FIXED ASSETS (Continued):

The net book value of tangible fixed assets includes an amount of £62,807 (1993 - £63,578 ) in respect of assets held under hire purchase contracts.

## 4. DEBTORS:

The following are included in the net book value of debtors-

	<u>1994</u>	<u>1993</u>
Amounts falling due within one year	<u>£1,356,367</u>	<u>£364,542</u>

## 5 LOAN TO DIRECTOR:

The maximum amount advanced to the director during the year was £2,214 (1993 - £14,500).

## 6 TRANSACTIONS WITH DIRECTORS:

Beaufort Lee Limited, of which J. Lee is a director, provided arm's length financial management services to the company, during the year, amounting to £34,104.

Limit AB and PetroTechnik AB, of which J. Ageheim is a director and shareholder, supplied goods and services on an arms length basis during the year amounting to £170,222 and £13,369 respectively.

## 7. CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR:

	<u>1994</u>	<u>1993</u>
Loan - secured	£60,000	£80,000
Obligations under hire purchase contracts	<u>18,600</u>	<u>41,875</u>
	<u>£78,600</u>	<u>£121,875</u>

On 29 May 1992 the company borrowed £100,000 under the Department of Trade and Industry loan guarantee scheme. The loan is secured by a second fixed and floating charge over the company's assets, and incurs interest at a fixed rate of 13.9% p.a. It is repayable in five equal annual instalments commencing on 31 March 1994. The first repayment was made on that date.

The hire purchase obligations are secured on certain fixed assets of the company.

## 8. CALLED-UP SHARE CAPITAL:

	<u>1994</u>	<u>1993</u>
Authorised:		
14,706 ordinary shares of £1 each	£14,706	£14,706
4,902 'A' ordinary shares of £1 each	4,902	4,902
60,400 11 % cumulative redeemable preference shares of £1 each	<u>60,400</u>	<u>60,400</u>
	<u>£80,008</u>	<u>£80,008</u>

NOTES TO THE ABBREVIATED ACCOUNTS (Continued)

8. CALLED-UP SHARE CAPITAL (Continued):

Allotted, called-up and fully paid:

14,706 ordinary shares of £1 each	£14,706	£14,706
4,902 'A' ordinary shares of £1 each	4,902	4,902
40,500 11 % cumulative redeemable preference shares of £1 each	<u>40,500</u>	<u>60,400</u>
	<u>£60,108</u>	<u>£80,008</u>

The holders of the redeemable preference shares are entitled to a fixed dividend of 11%. The preference shares shall be redeemed in equal annual tranches of £15,100 in the four years from 31 March 1994. However during the year certain preference shares were redeemed early and as a result 19,900 preference shares were redeemed at par value.