

COMPANY REGISTRATION NUMBER 4566495

KELSTON TRANSMISSIONS LIMITED
ABBREVIATED FINANCIAL STATEMENTS
31 MAY 2003

BURTON SWEET

Chartered Accountants & Registered Auditors
Cooper House
Lower Charlton Estate
Shepton Mallet
Somerset
BA4 5QE



KELSTON TRANSMISSIONS LIMITED

ABBREVIATED ACCOUNTS

PERIOD FROM 18 OCTOBER 2002 TO 31 MAY 2003

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KELSTON TRANSMISSIONS LIMITED

INDEPENDENT AUDITORS' REPORT TO THE COMPANY

PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 2 to 4, together with the financial statements of the company for the period from 18 October 2002 to 31 May 2003 prepared under Section 226 of the Companies Act 1985.

This report is made solely to the company, in accordance with Section 247B of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's shareholder those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's shareholder as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act to the Registrar of Companies and whether the accounts to be delivered are properly prepared in accordance with those provisions and report our opinion to you.

BASIS OF OPINION

We have carried out the procedures we consider necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated accounts and that the abbreviated accounts to be delivered are properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

OPINION

In our opinion the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (6) of the Act, and the abbreviated accounts on pages 2 to 4 are properly prepared in accordance with those provisions.

Cooper House
Lower Charlton Estate
Shepton Mallet
Somerset
BA4 5QE

W. J. J. J.



BURTON SWEET
Chartered Accountants
& Registered Auditors

KELSTON TRANSMISSIONS LIMITED

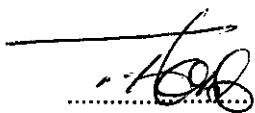
ABBREVIATED BALANCE SHEET

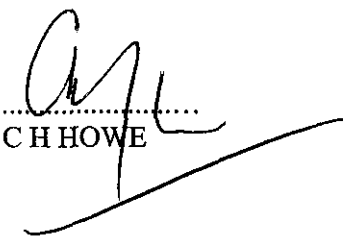
31 MAY 2003

	Note	31 May 03 £	£
FIXED ASSETS	2		
Intangible assets			31,075
Tangible assets			<u>19,293</u>
			50,368
CURRENT ASSETS			
Stocks		74,587	
Debtors		99,810	
Cash at bank and in hand		<u>25,728</u>	
		200,125	
CREDITORS: Amounts falling due within one year		<u>209,495</u>	
NET CURRENT LIABILITIES			<u>(9,370)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			<u>40,998</u>
CAPITAL AND RESERVES			
Called-up equity share capital	3		4
Profit and loss account			<u>40,994</u>
SHAREHOLDER'S FUNDS			<u>40,998</u>

These abbreviated financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

These abbreviated accounts were approved by the directors on 19.01.2004 and are signed on their behalf by:


T H HOWE


C H HOWE


H L SELL

The notes on pages 3 to 4 form part of these abbreviated accounts.

KELSTON TRANSMISSIONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

PERIOD FROM 18 OCTOBER 2002 TO 31 MAY 2003

1. ACCOUNTING POLICIES

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 (effective June 2002).

Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the period, exclusive of Value Added Tax.

Amortisation

Amortisation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Goodwill - 10% per annum straight line

Fixed assets

All fixed assets are initially recorded at cost.

Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Fixtures & Fittings - 10% per annum straight line
Motor Vehicles - 25% per annum straight line
Computer Equipment - 33.3% per annum straight line

Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Work in progress

Work in progress is valued on the basis of direct costs plus attributable overheads based on normal level of activity. Provision is made for any foreseeable losses where appropriate. No element of profit is included in the valuation of work in progress.

Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

KELSTON TRANSMISSIONS LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

PERIOD FROM 18 OCTOBER 2002 TO 31 MAY 2003

1. ACCOUNTING POLICIES *(continued)*

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

2. FIXED ASSETS

	Intangible Assets £	Tangible Assets £	Total £
COST			
Additions	<u>33,000</u>	<u>22,413</u>	<u>55,413</u>
At 31 May 2003	<u>33,000</u>	<u>22,413</u>	<u>55,413</u>
DEPRECIATION			
Charge for period	<u>1,925</u>	<u>3,120</u>	<u>5,045</u>
At 31 May 2003	<u>1,925</u>	<u>3,120</u>	<u>5,045</u>
NET BOOK VALUE			
At 31 May 2003	<u>31,075</u>	<u>19,293</u>	<u>50,368</u>

3. SHARE CAPITAL

Authorised share capital:

	31 May 03 £
1,000 Ordinary shares of £1 each	<u>1,000</u>

Allotted, called up and fully paid:

	No	£
Ordinary shares of £1 each	<u>4</u>	<u>4</u>

On 18 October 1 ordinary share and on 31 October 2002 3 ordinary shares of £1 was issued at par.

4. ULTIMATE PARENT COMPANY

The ultimate parent company is Kelston Precision Gears Limited.