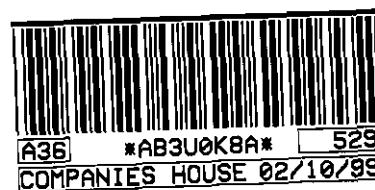


CHEVRONCIRCLE LIMITED

REGISTERED NUMBER : 1658911

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 1998**

Fox Evans
Chartered Accountants
Abbey House
Manor Road
Coventry



CHEVRONCIRCLE LIMITED

DIRECTORS	I.E. Jones M. Jones
SECRETARY	M.W.M. Gardner
REGISTERED OFFICE	3 Welton Road Wedgenock Industrial Estate Warwick CV34 5PZ
REGISTERED NUMBER	1658911
REGISTERED AUDITORS	Fox Evans Chartered Accountants Abbey House Manor Road Coventry CV1 2FW
BANKERS	Midland Bank Plc 11 High Street Warwick CV34 4AS

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CHEVRONCIRCLE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 1998

The directors present their annual report together with the financial statements for the year ended 31st December 1998.

PRINCIPAL ACTIVITIES

The principal activities of the company are that of building contractors.

REVIEW OF BUSINESS

A summary of the results of the year's trading is given on page 5 of the accounts. The directors' consider the state of affairs to be satisfactory.

DIVIDENDS

The directors do not recommend a dividend to be paid, which leaves a profit of £7,099 to be transferred to reserves.

FIXED ASSETS

The changes in the fixed assets of the company are as shown in note 6 to the accounts. The directors are of the opinion that the market value of the company's freehold property is in excess of the net book amount but, in the absence of a recent valuation, the amount of excess is not quantified.

DIRECTORS AND THEIR SHAREHOLDINGS

The directors in office in the year and their beneficial interests in the shares of the company were as follows:

	<u>31st December 1998</u>	<u>31st December 1997</u>
I.E. Jones	1	1
M. Jones	-	-

The directors' interests in the holding company were as follows:

I.E. Jones	296,667	416,667
M. Jones	83,333	83,333

The director retiring by rotation is M. Jones who, being eligible, offers herself for re-election.

POST BALANCE SHEET EVENTS

All events after the balance sheet date which have a material effect on the accounts are shown in note 15 to the accounts.

YEAR 2000 ISSUE

The company's actions in respect of this issue are shown in note 17.

AUDITORS

The auditors, Fox Evans will be proposed for re-appointment in accordance with S385 of the Companies Act 1985.

Signed on behalf of the
Board of Directors

M. Jones

M. Jones
M.W.M. Gardner
Secretary

Approved by the Board: 24th March 1999

CHEVRONCIRCLE LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

Company law requires us as 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 we are required to

- a. select suitable accounting policies and then apply them consistently;
- b. make judgements and estimates that are reasonable and prudent;
- c. prepare the financial statements on a going concern basis unless it is inappropriate to presume that the company will continue in business.

We are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and enable us to ensure that the financial statements comply with the Companies Act 1985. We 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.

Signed on behalf of the
Board of Directors

.....*M. Jones*

~~M.W.M. Gardner~~

M. Jones

Secretary

Approved by the Board: 24th March 1999

AUDITORS' REPORT**TO THE MEMBERS OF CHEVRONCIRCLE LIMITED**

We have audited the financial statements on pages 5 to 11 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 3 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report to you.

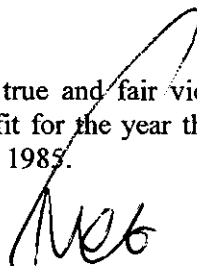
BASIS OF OPINION

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

OPINION

In our opinion, the financial statements give a true and fair view of the state of the company's affairs as at 31st December 1998, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**FOX EVANS**

Chartered Accountants
Registered Auditors

Abbey House
Manor Road
Coventry
CV1 2FW

24th March 1999

CHEVRONCIRCLE LIMITED

PROFIT & LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1998

	Notes	1998 £	1997 £
TURNOVER	2	330,290	275,190
Cost of Sales		<u>305,748</u>	<u>247,914</u>
GROSS PROFIT		24,542	27,276
Distribution Costs		1,908	1,033
Administrative Expenses		<u>13,575</u>	<u>13,477</u>
		<u>15,483</u>	<u>14,510</u>
OPERATING PROFIT	3	9,059	12,766
Interest		-	-
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		9,059	12,766
Taxation	5	<u>1,960</u>	<u>2,599</u>
PROFIT FOR FINANCIAL YEAR		7,099	10,167
Retained Profits brought forward		<u>111,250</u>	<u>101,082</u>
RETAINED PROFITS CARRIED FORWARD		<u>118,349</u>	<u>111,249</u>

The only recognised gain for the year is the profit for the year of £7,099 (1997 £10,167). There were no acquisitions and no discontinued operations in the year.

The annexed notes form part of these financial statements.

CHEVRONCIRCLE LIMITED

BALANCE SHEET AS AT 31ST DECEMBER 1998

	Notes	1998 £	1997 £
FIXED ASSETS			
Tangible Assets	6	6,060	6,330
CURRENT ASSETS			
Stocks	7	72,344	106,137
Debtors	8	193,943	83,283
Cash at Bank and in Hand	9	10	100
		<u>266,297</u>	<u>189,520</u>
CREDITORS			
Amounts due within one year	10	<u>153,908</u>	<u>84,501</u>
NET CURRENT ASSETS		<u>112,389</u>	<u>105,019</u>
NET ASSETS		<u><u>118,449</u></u>	<u><u>111,349</u></u>
CAPITAL AND RESERVES			
Called Up Share Capital	11	100	100
Profit and Loss Account	12	<u>118,349</u>	<u>111,249</u>
SHAREHOLDERS' FUNDS		<u><u>118,449</u></u>	<u><u>111,349</u></u>

Signed on behalf of the Board of Directors

I.E. Jones

Director

Approved by the Board: 24th March 1999

M. Jones

Director

The annexed notes form part of these financial statements.

CHEVRONCIRCLE LIMITED**NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998**

1. ACCOUNTING POLICIES**a. Basis of Accounting**

The financial statements have been prepared under the historical cost convention.

b. Turnover

The turnover represents the amount derived from the provision of goods and services which fall within the company's ordinary activities exclusive of value added tax.

c. Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land, at rates calculated to write off the cost or valuation, over their anticipated useful life in equal annual instalments at the following rates :

Motor Vehicles	20%
Other Assets	10%

No depreciation is provided in respect of freehold buildings. It is the policy of the company to maintain its buildings in a satisfactory condition and amounts are provided to cover foreseeable major items of maintenance.

d. Stocks

Stocks and work-in-progress are valued on a first-in, first-out basis at the lower of cost or net realisable value. In respect of finished goods and work-in-progress, cost includes direct materials and labour with addition of appropriate overheads. Net realisable value is based on an estimated selling price less further costs expected to be incurred to completion and disposal.

e. Deferred Taxation

Provision is made at appropriate rates for taxation deferred in respect of all material timing differences only to the extent that, in the opinion of the directors, there is reasonable probability that a liability or asset will crystallize in the foreseeable future.

f. Leased Assets

Rentals paid under operating leases are charged to the profit and loss account in the period in which they are incurred. Assets held under finance leases are capitalised and depreciated over their expected useful life. The finance charges are allocated over the primary period of the lease in proportion to the capital element outstanding.

CHEVRONCIRCLE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

2. TURNOVER

All the company's turnover was derived from its principal activity and the analysis was as follows:

	1998 £	1997 £
United Kingdom	<u>330,290</u>	<u>275,190</u>

3. OPERATING PROFIT

This is stated after charging:

Audit Fee	1,000	1,000
Depreciation of Tangible Fixed Assets	570	510
Hire of Plant and Machinery	<u>2,382</u>	<u>3,410</u>

The remuneration paid to Directors was :-

-	-
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4. STAFF COSTS

	1998 £	1997 £
Wages and Salaries	83,582	78,114
Social Security Costs	<u>8,361</u>	<u>7,820</u>
	<u>91,943</u>	<u>85,934</u>

The average weekly number of employees during the year was as follows

	1998 Number	1997 Number
	<u>4</u>	<u>5</u>

5. TAXATION

Tax on profit on ordinary activities at 21%, (1997 21%).

	1998 £	1997 £
Corporation Tax	<u>1,960</u>	<u>2,599</u>

CHEVRONCIRCLE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

6. TANGIBLE FIXED ASSETS

	Motor Vehicles	Plant & Equipment	Fixtures & Fittings	Land & Buildings	Total
	£	£	£	£	£
COST OR VALUATION					
At 31st December 1997	500	4,100	-	5,000	9,600
Additions	300	-	-	-	300
At 31st December 1998	800	4,100	-	5,000	9,900
DEPRECIATION					
At 31st December 1997	400	2,870	-	-	3,270
Charge for the Year	160	410	-	-	570
At 31st December 1998	560	3,280	-	-	3,840
NET BOOK VALUE					
At 31st December 1998	240	820	-	5,000	6,060
At 31st December 1997	100	1,230	-	5,000	6,330

The net book value of land & buildings at 31st December 1998 comprised :

	1998 £	1997 £
Freehold	5,000	5,000
7. STOCKS	1998 £	1997 £
Raw Materials	9,979	-
Work in Progress	60,365	104,137
Tools	2,000	2,000
	72,344	106,137

CHEVRONCIRCLE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

8. DEBTORS	1998 £	1997 £
Amounts due within one year:-		
Trade Debtors	19,578	6,226
Amounts Owed by Group Companies	174,365	77,057
	<u>193,943</u>	<u>83,283</u>
 9. CASH AT BANK AND IN HAND	 1998 £	 1997 £
Cash	<u>10</u>	<u>100</u>
 10. CREDITORS	 1998 £	 1997 £
a.Amounts due within one year:-		
Bank Overdraft	132,308	38,687
Trade Creditors	13,778	34,400
Corporation Tax	1,960	2,835
Other Tax and Social Security	2,489	3,575
Accruals	3,373	5,004
	<u>153,908</u>	<u>84,501</u>
 The bank borrowings are secured by a floating charge over the assets of the company, together with a guarantee by group companies.		
 11. SHARE CAPITAL	 1998 £	 1997 £
Authorised Ordinary Shares of £1 each	<u>100</u>	<u>100</u>
 Allotted, Called Up and Fully Paid Ordinary Shares of £1 each	<u>100</u>	<u>100</u>

CHEVRONCIRCLE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1998

12. SHAREHOLDERS' FUNDS

	1998 £	1997 £
Profit for the Year	7,099	10,167
Dividends	-	-
Other recognised gains and losses	-	-
Net addition to shareholders' funds	7,099	10,167
Opening Shareholders' Funds	111,349	101,182
Closing Shareholders' Funds	118,449	111,349

13. COMMITMENTS**Other Financial Commitments**

There were no capital commitments at the balance sheet date.

14. CONTINGENT LIABILITIES

There were no pending legal actions, guarantees, materialised damages, or any other contingent liabilities at the balance sheet

15. POST BALANCE SHEET EVENTS

There have been no events since the balance sheet date which will have a material effect on the financial statements of the company to that date.

16. RELATED PARTY TRANSACTIONS

During the year the company carried out work for Mr & Mrs I.E.Jones to a value of £64,601 (1997 £2,385).

During the year the company carried out work for CTP Pension Scheme, a small self-administered scheme in which Mr & Mrs I.E.Jones are members, to a value of £14,318 (1997 £5,942).

All transactions were carried out on a normal commercial basis.

17. YEAR 2000 ISSUES

The company is aware of the Millennium Problem and has taken steps to ensure that its computer system and equipment will not be adversely affected by the problem.

18. ULTIMATE HOLDING COMPANY

The ultimate holding company is regarded as Coventry Turned Parts Limited a company incorporated in England.