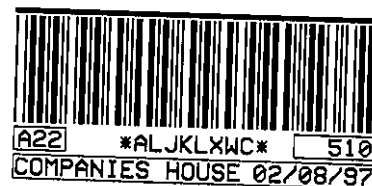


CHEVRONCIRCLE LIMITED

REGISTERED NUMBER : 1658911

**FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31ST DECEMBER 1996**

Fox Evans & Partners
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 & Partners Chartered Accountants Abbey House Manor Road Coventry CV1 2FW
BANKERS	Midland Bank Plc 11 High Street Warwick CV34 4AS

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Schedule of Cost of Sales & Expenses	16

CHEVRONCIRCLE LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER 1996

The directors present their annual report together with the financial statements for the year ended 31st December 1996.

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 £19,529 to be transferred to reserves.

FIXED ASSETS

The changes in the fixed assets of the company are as shown in note 7 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 1996</u>	<u>31st December 1995</u>
I.E. Jones	1	1
M. Jones	-	-

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

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

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

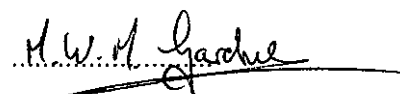
POST BALANCE SHEET EVENTS

All events after the balance sheet date which have a material effect on the accounts are shown in note 16 to the accounts.

AUDITORS

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

Signed on behalf of the
Board of Directors



M.W.M. Gardner

Secretary

CHEVRONCIRCLE LIMITED

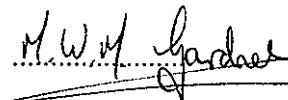
STATEMENT OF DIRECTORS' RESPONSIBILITIES

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.W.M. Gardner

Secretary

Approved by the Board: 17th March 1997

AUDITORS' REPORT
TO THE MEMBERS OF CHEVRONCIRCLE LIMITED

We have audited the financial statements on pages 5 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 9.

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.

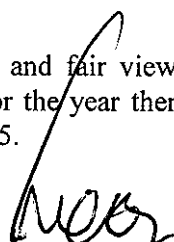
BASIS OF OPINION

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 1996, and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



FOX EVANS & PARTNERS

**CHARTERED ACCOUNTANTS
REGISTERED AUDITORS**

Abbey House
Manor Road
Coventry
CV1 2FW

24th March 1997

CHEVRONCIRCLE LIMITED
PROFIT & LOSS ACCOUNT
FOR THE YEAR ENDED 31ST DECEMBER 1996

	Notes	1996 £	1995 £
TURNOVER	2	446,199	445,018
Cost of Sales		<u>407,366</u>	<u>414,857</u>
GROSS PROFIT		38,833	30,161
Distribution Costs		383	579
Administrative Expenses		<u>12,295</u>	<u>15,484</u>
		<u>12,678</u>	<u>16,063</u>
OPERATING PROFIT	3	26,155	14,098
Interest Payable	5	<u>-</u>	<u>47</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAX		26,155	14,051
Taxation	6	<u>6,626</u>	<u>3,878</u>
PROFIT FOR FINANCIAL YEAR		19,529	10,173
Retained Profits brought forward		<u>81,553</u>	<u>71,380</u>
RETAINED PROFITS CARRIED FORWARD		<u>101,082</u>	<u>81,553</u>

The only recognised gain for the year is the profit for the year of £19,529 (1995 £10,173). 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 1996

	Notes	1996 £	1995 £
FIXED ASSETS			
Tangible Assets	7	6,840	7,350
CURRENT ASSETS			
Stocks	8	3,000	37,218
Debtors	9	612,934	145,023
Cash at Bank and in Hand	10	100	100
		<u>616,034</u>	<u>182,341</u>
CREDITORS			
Amounts due within one year	11	<u>521,692</u>	<u>108,038</u>
NET CURRENT ASSETS		94,342	74,303
NET ASSETS		<u>101,182</u>	<u>81,653</u>
CAPITAL AND RESERVES			
Called Up Share Capital	12	100	100
Profit and Loss Account	13	101,082	81,553
SHAREHOLDERS' FUNDS		<u>101,182</u>	<u>81,653</u>

Signed on behalf of the Board of Directors

I.E. Jones

 I.E. Jones
 Director

M. Jones

 M. Jones
 Director

Approved by the Board: 17th March 1997

The annexed notes form part of these financial statements.

CHEVRONCIRCLE LIMITED

CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST DECEMBER 1996

	1996	1995
	£	£
NET CASH INFLOW FROM OPERATING ACTIVITIES	(399,510)	151,028
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		
Interest Paid - On Bank Loans		
Overdrafts	-	(47)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE	-	(47)
TAX PAID	(3,548)	(2,709)
INVESTING ACTIVITIES		
Receipts from sales of Tangible Fixed Assets	-	331,439
NET CASH OUTFLOW FROM INVESTING ACTIVITIES	-	331,439
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING	(403,058)	479,711
FINANCING		
Repayments of Loans		
NET CASH INFLOW (OUTFLOW) FROM FINANCING	-	-
INCREASE IN CASH AND CASH EQUIVALENTS	(403,058)	479,711

CHEVRONCIRCLE LIMITED

NOTES TO CASH FLOW STATEMENT
FOR THE YEAR ENDED 31ST DECEMBER 1996

1. RECONCILIATION OF OPERATING PROFIT (LOSS) TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating Profit (Loss)	26,155	14,098
Depreciation	510	510
Decrease (Increase) in Stocks	34,218	(18,748)
Decrease (Increase) in Debtors	(467,911)	150,141
Increase (Decrease) in Creditors	7,518	5,027
NET CASH INFLOW FROM OPERATING ACTIVITIES	(399,510)	151,028

2. ANALYSIS OF CHANGES IN CASH AND CASH EQUIVALENTS

	1996 £	1995 £	Change in Year £
Cash at Bank and in Hand	100	100	-
Bank Overdrafts	482,862	79,804	403,058
	<u>482,762</u>	<u>79,704</u>	<u>403,058</u>

CHEVRONCIRCLE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1996

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%

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 1996

2. TURNOVER

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

	1996 £	1995 £
United Kingdom	<u>446,199</u>	<u>445,018</u>

3. OPERATING PROFIT

	1996 £	1995 £
This is stated after charging:		
Audit Fee	1,000	1,000
Depreciation of Tangible Fixed Assets	510	510
Hire of Plant and Machinery	<u>4,562</u>	<u>2,659</u>
The remuneration paid to Directors was	<u>-</u>	<u>-</u>

RELATED PARTY TRANSACTIONS

During the year the company carried out work for Mr & Mrs I.E.Jones to a value of £53,139 (1995 £111,683)

During the year the company carried out work for Mrs S.Patten, daughter of I.E.Jones to a value of £38,000.

During the year the company carried out work for Backer Electric Company Limited, a company of which I.E.Jones is a director to the value of £7,094.

All work was carried out on a normal commercial basis.

CHEVRONCIRCLE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1996

4. STAFF COSTS

	1996 £	1995 £
Wages and Salaries	16,538	17,236
Social Security Costs	<u>1,680</u>	<u>1,746</u>
	<u>18,218</u>	<u>18,982</u>

	1996 Number	1995 Number
The average weekly number of employees during the year was as follows	<u>3</u>	<u>3</u>

5. INTEREST PAYABLE

	1996 £	1995 £
On sums wholly repayable within five years		
Interest on Overdue Taxation	<u>-</u>	<u>47</u>

6. TAXATION

	1996 £	1995 £
Tax on profit on ordinary activities at 24%, (1995 25%).		
Corporation Tax	<u>6,626</u>	<u>3,878</u>

CHEVRONCIRCLE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1996

7. TANGIBLE FIXED ASSETS

	Motor Vehicles	Plant & Equipment	Fixtures & Fittings	Land & Buildings	Total
	£	£	£	£	£
COST OR VALUATION					
At 1st January 1996	500	4,100	-	5,000	9,600
Additions	-	-	-	-	-
At 31st December 1996	500	4,100	-	5,000	9,600
DEPRECIATION					
At 1st January 1996	200	2,050	-	-	2,250
Charge for the Year	100	410	-	-	510
At 31st December 1996	300	2,460	-	-	2,760
NET BOOK VALUE					
At 31st December 1996	200	1,640	-	5,000	6,840
At 31st December 1995	300	2,050	-	5,000	7,350

The net book value of land & buildings at 31st December 1996 comprised :

	1996 £	1995 £
Freehold Land	5,000	5,000

8. STOCKS

	1996 £	1995 £
Work in Progress	1,000	35,218
Tools	2,000	2,000
	3,000	37,218

CHEVRONCIRCLE LIMITED

NOTES TO ACCOUNTS FOR THE YEAR ENDED 31ST DECEMBER 1996

9. DEBTORS	1996 £	1995 £
Amounts due within one year:-		
Trade Debtors	10,113	1,960
Amounts Owed by Group Companies	602,821	143,063
	<u>612,934</u>	<u>145,023</u>
10. CASH AT BANK AND IN HAND	1996 £	1995 £
Cash	<u>100</u>	<u>100</u>
11. CREDITORS	1996 £	1995 £
a.Amounts due within one year:-		
Bank Overdraft	482,862	79,804
Trade Creditors	27,186	18,085
Corporation Tax	6,626	3,548
Other Tax and Social Security	880	1,034
Accruals	4,138	5,567
	<u>521,692</u>	<u>108,038</u>
The bank borrowings are secured by a floating charge over the assets of the company, together with a first charge over the freehold property.		
12. SHARE CAPITAL	1996 £	1995 £
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 1996

13. SHAREHOLDERS' FUNDS

	1996 £	1995 £
Profit for the Year	19,529	10,173
Dividends	-	-
Net addition to shareholders' funds	19,529	10,173
Opening Shareholders' Funds	81,653	71,479
Closing Shareholders' Funds	101,182	81,653

14. COMMITMENTS

There were no capital commitments at the balance sheet date.

15. CONTINGENT LIABILITIES

The company has jointly guaranteed the bank overdraft of the group to a total of £2,397,424 (1995 £2,764,305) as at 31st December.

16. 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.

17. ULTIMATE HOLDING COMPANY

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