

Co's House

Company number: 1915328

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Solway International Limited

Abbreviated accounts

For the year ended 31st May 1997

Contents	Page
Auditors' report	1
Accounting policies	2
Balance sheet	3
Notes to the accounts	4



Chartered Accountants

Pegasus House, 463a Glossop Road, Sheffield S10 2QD Telephone (0114) 266 7141

**Auditors' report to Solway International Limited
Under section 247B of the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 2 to 4 together with the financial statements of the company for the year ended 31st May 1997 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

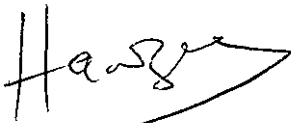
The directors are responsible for preparing the abbreviated accounts in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated accounts prepared in accordance with sections 246(5) and (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 to 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 Companies Act 1985, and the abbreviated accounts on pages 2 to 4 are properly prepared in accordance with those provisions.


HAWSONS

Chartered Accountants

and Registered Auditors

Sheffield

4th March 1998

Solway International Limited

Accounting policies

For the year ended 31st May 1997

Basis of accounting

The financial statements have been prepared on the historical cost basis.

Turnover

Turnover represents amounts receivable on sales negotiated during the year excluding value added tax.

Depreciation

Depreciation is provided at the following rates to write off all tangible fixed assets by equal instalments over their expected useful lives:

	%
Short leasehold property	4 - 10
Plant and machinery	15
Motor vehicles	25
Office equipment	10 - 20

Leased assets

Assets held under finance leases are capitalised and the resulting lease obligations are included in creditors net of finance charges. Each asset is depreciated over the shorter of the lease term or its expected useful life. Finance lease interest costs and all payments in respect of operating leases are charged directly to the profit and loss account.

Government grants

Grants received in respect of fixed assets are treated as deferred credits and credited to the profit and loss account over the useful lives of the assets. The remaining portion of the grant was credited to the profit and loss account in full in a previous year, on the basis that the grant would not become repayable. This treatment was in contravention of Statement of Standard Accounting Practice No. 4.

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation arising from timing differences between profits as computed for taxation purposes and profits as stated in the financial statements to the extent that it is probable that the liability will crystallise.

Foreign currency translation

Transactions in foreign currencies are translated at the exchange rate at the date of the transaction. Assets and liabilities denominated in foreign currencies are translated at year end exchange rates. All differences on exchange are dealt with through the profit and loss account.

Pension costs

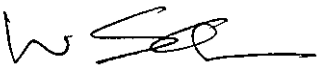
Contributions to the defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Solway International Limited

Balance sheet - 31st May 1997

	Note	1997 £	1996 £
Fixed assets	1		
Tangible assets		<u>380,322</u>	<u>384,379</u>
Current assets			
Stocks		534,590	403,380
Debtors		711,034	1,269,039
Cash at bank and in hand		443	1,683
		<u>1,246,067</u>	<u>1,674,102</u>
Creditors - amounts falling due within one year	2	<u>1,132,739</u>	<u>1,549,172</u>
Net current assets		<u>113,328</u>	<u>124,930</u>
Total assets less current liabilities		493,650	509,309
Creditors - amounts falling due after more than one year	2	268,320	306,484
Net assets employed		<u><u>225,330</u></u>	<u><u>202,825</u></u>
Capital and reserves			
Called up share capital	3	50,000	50,000
Profit and loss account		<u>175,330</u>	<u>152,825</u>
Shareholders' funds		<u><u>225,330</u></u>	<u><u>202,825</u></u>

The financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

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W.S. Sellers
Director

4th March 1998

Solway International Limited

Notes to the abbreviated accounts

1. Fixed assets

	Tangible assets £
Cost	
At beginning of year	664,291
Additions	72,282
Disposals	(43,960)
At end of year	<u>692,613</u>
Depreciation	
At beginning of year	279,912
Charge for year	71,034
Disposals	(38,655)
At end of year	<u>312,291</u>
Net book value	
At end of year	<u>380,322</u>
At beginning of year	<u>384,379</u>

2. Creditors

	1997 £	1996 £
Included within creditors are the following amounts:		
Bank loans and overdraft due within one year	326,730	326,730
Bank loans due after more than one year	122,982	122,982
	<u>449,712</u>	<u>449,712</u>

3. Share capital

	1997 Number	Authorised 1996 Number	Allotted and fully paid 1997 £	1996 £
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>