

**Solway International Limited**

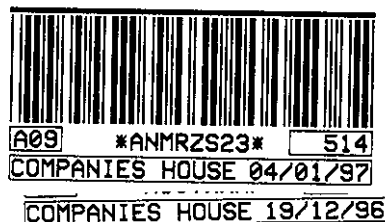
**Abbreviated accounts**

**For the year ended 31st May 1996**

<b>Contents</b>	<b>Page</b>
Auditors' report	1 - 2
Accounting policies	3
Balance sheet	4
Notes to the accounts	5



Chartered Accountants



**Auditors' report to the directors of Solway International Limited  
Pursuant to paragraph 24 of Schedule 8 to the Companies Act 1985**

We have examined the abbreviated accounts set out on pages 3 to 5 together with the financial statements of Solway International Limited prepared under section 226 of the Companies Act 1985 for the year ended 31st May 1996.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8 of the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to the exemptions claimed in the directors' statement on page 4 and whether the abbreviated accounts have been properly prepared in accordance with that Schedule.

**Basis of opinion**

We have carried out the procedures we considered necessary to confirm, by reference to the audited financial statements, that the company is entitled to the exemptions and that the abbreviated accounts have been properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the full financial statements.

**Opinion**

In our opinion the company is entitled under Sections 246 and 247 of the Companies Act 1985 to the exemptions conferred by Section A of Part III of Schedule 8 to that Act, in respect of the year ended 31st May 1996, and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that Schedule.

**Other information**

On 3rd December 1996 we reported, as auditors of Solway International Limited, to the members on the financial statements prepared under Section 226 of the Companies Act 1985 for the year ended 31st May 1996, and our audit report was as follows:

*"We have audited the financial statements on pages 5 to 13*

***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 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 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.*

**Auditors' report to the directors of Solway International Limited**  
**Pursuant to paragraph 24 of Schedule 8 to the Companies Act 1985**

**Opinion**

*In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st May 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985."*



HAWSONS

Chartered Accountants

and Registered Auditors

Sheffield

3rd December 1996

# Solway International Limited

## Accounting policies

For the year ended 31st May 1996

### 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 the 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 1996

	Note	1996 £	1995 £
<b>Fixed assets</b>			
Tangible assets	1	384,379	355,314
<b>Current assets</b>			
Stocks		403,380	424,980
Debtors		1,269,039	1,031,134
Cash at bank and in hand		1,683	968
		<u>1,674,102</u>	<u>1,457,082</u>
<b>Creditors - amounts falling due within one year</b>	2	1,549,172	1,374,585
<b>Net current assets</b>		<u>124,930</u>	<u>82,497</u>
<b>Total assets less current liabilities</b>		509,309	437,811
<b>Creditors - amounts falling due after more than one year</b>	2	306,484	263,945
<b>Net assets employed</b>		<u>202,825</u>	<u>173,866</u>
<b>Capital and reserves</b>			
Called up share capital	3	50,000	50,000
Profit and loss account		152,825	123,866
<b>Shareholders' funds</b>		<u>202,825</u>	<u>173,866</u>

The directors have taken advantage of the exemptions conferred by Section A of Part III of Schedule 8 to the Companies Act 1985 on the grounds that in their opinion the company is entitled to those exemptions as a small company.



W.S. Sellers  
Director

3rd December 1996

# Solway International Limited

## Notes to the abbreviated accounts

### 1. Fixed assets

	Tangible assets £
<b>Cost</b>	
At beginning of year	608,513
Additions	97,089
Disposals	(41,311)
At end of year	<u>664,291</u>
<b>Depreciation</b>	
At beginning of year	253,199
Charge for year	57,801
Disposals	(31,088)
At end of year	<u>279,912</u>
<b>Net book value</b>	
At end of year	<u>384,379</u>
At beginning of year	<u>355,314</u>

### 2. Creditors

	1996 £	1995 £
Included within creditors are the following amounts:		
Bank loans and overdraft due within one year	326,730	394,649
Bank loans due after more than one year	122,982	91,953
	<u>449,712</u>	<u>486,602</u>

The bank loans and overdraft are secured by way of a fixed and floating charge over all the assets of the company.

### 3. Share capital

	1996 Number	Authorised 1995 Number	Allotted and fully paid 1996 £	1995 £
Ordinary shares of £1 each	100,000	100,000	50,000	50,000
	<u>100,000</u>	<u>100,000</u>	<u>50,000</u>	<u>50,000</u>