



THE EUROPEAN PIPELINE COMPANY LIMITED

ABBREVIATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED 30 NOVEMBER 1996



W D Johnston & Carmichael  
Chartered Accountants  
30 West High Street  
Inverurie  
AB51 3QR

THE EUROPEAN PIPELINE COMPANY LIMITED

DIRECTORS

John Bell  
Brian Thomson

SECRETARY AND REGISTERED OFFICE

Brian Thomson  
Waterton House  
Stoneywood  
Aberdeen  
AB2 9HX

AUDITORS

W D Johnston & Carmichael  
30 West High Street  
Inverurie  
AB51 3QR

BANKERS

Clydesdale Bank plc  
Victoria Street  
Dyce  
Aberdeen  
AB2 0AX

SOLICITORS

Ledingham Chalmers  
1 Golden Square  
Aberdeen  
AB9 1HA

Registered in Scotland Number 145795

AUDIT REPORT OF THE EUROPEAN PIPELINE COMPANY LIMITED PURSUANT TO SECTION 247B OF THE COMPANIES ACT 1985

We have examined the abbreviated accounts on pages 3 to 5 together with the financial statements of The European Pipeline Company Limited, prepared under Section 226 of the Companies Act 1985 for the year ended 30 November 1996.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS & AUDITORS**

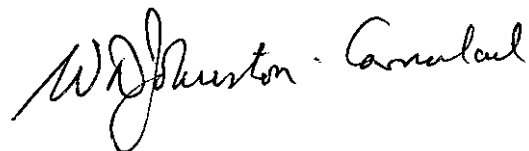
The directors are responsible for preparing the abbreviated accounts in accordance with Schedule 8A to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated accounts and whether the abbreviated accounts are properly prepared 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 deliver abbreviated accounts prepared in accordance with Schedule 8A to that Act, in respect of the year ended 30 November 1996 and the abbreviated accounts on pages 3 to 5 have been properly prepared in accordance with that schedule.



W D JOHNSTON & CARMICHAEL CA  
Registered Auditors

22 May 1997  
Inverurie

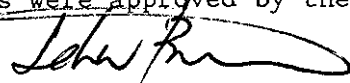
ABBREVIATED BALANCE SHEET  
AS AT 30 NOVEMBER 1996

	<u>Notes</u>	<u>1996</u> £	<u>1995</u> £
<b>FIXED ASSETS</b>			
Tangible assets	2	52737	9592
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Stocks		6401	22699
Debtors		97775	71378
Cash at bank and in hand		30420	38553
		<hr/>	<hr/>
		134596	132630
<b>CREDITORS: amounts falling due within one year</b>		( 135792)	( 109839)
		<hr/>	<hr/>
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		( 1196)	22791
		<hr/>	<hr/>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		51541	32383
<b>CREDITORS: amounts falling due after one year</b>		( 8430)	-
		<hr/>	<hr/>
<b>NET ASSETS</b>		43111	32383
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	3	100	100
Profit and loss account		43011	32283
		<hr/>	<hr/>
<b>EQUITY SHAREHOLDERS FUNDS</b>		43111	32383
		<hr/>	<hr/>

The directors have taken advantage of the special provisions of Part VII of the Companies Act 1985 on the grounds that the company is entitled to the benefit of those exemptions as a small company.

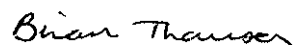
The financial statements were approved by the board on 22 May 1997.

JOHN BELL



Director

BRIAN THOMSON



Director

NOTES TO THE ABBREVIATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 NOVEMBER 1996

**1 Accounting policies**

The following accounting policies have been applied consistently in dealing with items which are considered to be material to the financial statements.

**BASIS OF ACCOUNTING**

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

**CASH FLOW STATEMENT**

The financial statements do not include a cash flow statement because the company, as a small company, is exempt from the requirement to prepare such a statement under Financial Report Standard 1 "Cash Flow Statements".

**DEPRECIATION**

Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost less estimated residual value, of each asset over its expected useful life, as follows:

Motor vehicles	-	25% reducing balance
Machinery and equipment	-	25% reducing balance
Fixtures and fittings	-	25% reducing balance

**STOCKS**

Stocks are stated at the lower of cost and net realisable value with proper provision being made for obsolete and slow moving stock. Cost comprises the invoiced price of goods and materials purchased on a first in first out basis. Net realisable value is based on estimated selling price less further costs expected to be incurred on disposal.

**DEFERRED TAXATION**

Deferred taxation is provided under the liability method at current rates of taxation for all short term timing differences. Provision is also made for long term timing differences except those which are not expected to reverse in the foreseeable future.

**TURNOVER**

Turnover consists of the value of goods and services supplied in the year, excluding VAT.

**LEASING AND HIRE PURCHASE COMMITMENTS**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their expected useful lives or, in the case of finance leases, the lease term whichever is shorter.

The interest element of the rental obligation is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

**FOREIGN CURRENCIES**

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

NOTES TO THE ABBREVIATED ACCOUNTS  
FOR THE YEAR ENDED 30 NOVEMBER 1996

2 Fixed assets

	<u>Tangible fixed assets</u> £
<b>COST</b>	
At 30 November 1995	10134
Additions	60721
Disposals	-
	<hr/>
At 30 November 1996	70855
	<hr/>
<b>DEPRECIATION</b>	
At 30 November 1995	542
Charge for the year	17576
Disposals	-
	<hr/>
At 30 November 1996	18118
	<hr/>
<b>NET BOOK VALUE</b>	
At 30 November 1996	52737
	<hr/>

3 Share capital

	<u>1996</u> £	<u>1995</u> £
Authorised:		
500000 ordinary shares of £1 each	500000	500000
	<hr/>	<hr/>
Issued and fully paid:		
100 ordinary shares of £1 each	100	100
	<hr/>	<hr/>

4 Transactions with directors

The directors had a material interest in transactions with John Bell Pipeline Equipment Company Limited as directors and shareholders of that company. The transactions amounted to sales of £76660 and purchases of £88982. All of these transactions were entered into under normal conditions of trade and at arm's length.