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SUTTON TRADING COMPANY LIMITED
FINANCIAL STATEMENTS FOR THE YEAR ENDED
30TH SEPTEMBER 1996



THE SUTTON TRADING COMPANY LIMITED

Directors

J.G. Phillips (Chairman)
D.H. Addison
J.C. Lowe (resigned)
J.R. Dunn

Registered Office

Empire House
Mount Stuart Square,
CARDIFF.
CF1 6QZ

Company No. 173850

DIRECTORS' REPORT

FOR THE YEAR ENDED 30TH SEPTEMBER, 1996


1. The directors present their Report and Audited Financial Statements for the above year.
2. The company's business is that of coal factors.
3. The company made a loss for the year after taxation of £8,213. The directors do not recommend the payment of a dividend.
4. The Chairman served throughout the year. Mr. J.C. Lowe resigned as a director on 31st May 1996, but continued as an employee. Mr. D.H. Addison and Mr. J.R. Dunn, were appointed as directors on 1st June 1996 and 6th September 1996 respectively. The directors do not hold any shares in the company.
5. The ultimate parent undertaking is Evans & Reid Investment Co. Ltd., incorporated in Great Britain.

Company law requires the 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 year. In preparing those financial statements, the directors are required to:

- a) select suitable accounting policies and then apply them consistently;
- b) make judgements and estimates that are reasonable and prudent;
- c) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- d) prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

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

By Order of the Board,


Company Secretary.

4th February, 1997.

REPORT OF THE AUDITORS

TO THE MEMBERS OF THE SUTTON TRADING COMPANY LIMITED

We have audited the financial statements on pages 3 to 8, which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1 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 our opinion to you.

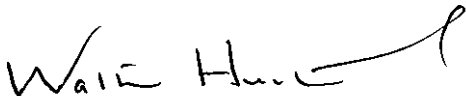
Basis of opinion

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.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company as at 30th September 1996 and of the result of the company for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
and Registered Auditors.

NEWPORT, Gwent.

11th February, 1997.

THE SUTTON TRADING COMPANY LIMITED
PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH SEPTEMBER, 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
TURNOVER	2	1,693,181	1,745,993
Cost of Sales		<u>1,575,342</u>	<u>1,654,038</u>
GROSS PROFIT		117,839	91,955
Administrative expenses		<u>127,500</u>	<u>91,914</u>
OPERATING (LOSS)/PROFIT	3	(9,661)	41
Interest receivable and similar income		<u>11,338</u>	<u>2,017</u>
PROFIT on ordinary activities before taxation		1,677	2,058
TAXATION	5	<u>9,890</u>	<u>1,393</u>
(LOSS)/PROFIT FOR THE FINANCIAL YEAR		(8,213)	665
RETAINED PROFIT BROUGHT FORWARD		<u>239,417</u>	<u>238,752</u>
RETAINED PROFIT CARRIED FORWARD		£ 231,204	£ 239,417

The turnover and expenses all relate to continuing operations.

The profit on ordinary activities before taxation and the (loss)/profit for the financial year have been calculated on the historical cost basis.

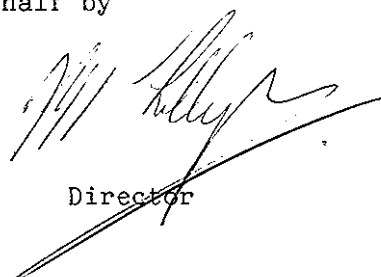
There are no recognised gains or losses other than the (loss)/profit for the financial year.

THE SUTTON TRADING COMPANY LIMITED

BALANCE SHEET AT 30TH SEPTEMBER 1996

	<u>Notes</u>	<u>1996</u>	<u>1995</u>
		£	£
FIXED ASSETS			
Tangible assets	6	25,607	19,254
CURRENT ASSETS			
Stock		243	536
Debtors	7	327,182	375,718
Cash at bank and in hand		<u>73,537</u>	<u>71,104</u>
		400,962	447,358
CREDITORS: amounts falling due within one year	8	<u>112,605</u>	<u>144,435</u>
NET CURRENT ASSETS		<u>288,357</u>	<u>302,923</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>£313,964</u>	<u>£322,177</u>
CAPITAL AND RESERVES			
Called up share capital	9	50,000	50,000
Other reserves	10	32,760	32,760
Profit and Loss Account		<u>231,204</u>	<u>239,417</u>
SHAREHOLDERS' FUNDS	13	<u>£313,964</u>	<u>£322,177</u>

Approved by the Board on 4th February 1997
and signed on its behalf by


Director

THE SUTTON TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER 1996

1. ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards.

(a) Basis of accounting

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

(b) Turnover

Turnover represents net invoiced sales of goods, excluding value added tax.

(c) Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life:

Office equipment	25% on reducing balance
Cars	25% on reducing balance

(d) Stocks

Stock is valued at the lower of cost and net realisable value.

2. TURNOVER

The turnover and profit before taxation is attributable to the one principal activity of the company. An analysis of turnover is given below:-

	<u>1996</u> £	<u>1995</u> £
Sales to - Group undertakings	909	-
- Outside customers	<u>1,692,272</u>	<u>1,745,993</u>
	<u>£1,693,181</u>	<u>£1,745,993</u>

3. OPERATING (LOSS)/PROFIT

The operating (loss)/profit is stated after charging:-

Depreciation of tangible fixed assets	5,481	6,432
Staff costs (Note 4)	73,005	65,431
Audit fee	2,150	2,150
	<u> </u>	<u> </u>

THE SUTTON TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER 1996
(CONTINUED)

4. STAFF COSTS (including directors)	<u>1996</u>	<u>1995</u>
	£	£
(a) Salaries	62,320	51,691
Social Security costs	5,740	6,141
Other pension costs	<u>4,945</u>	<u>7,599</u>
	£73,005	£65,431
	<u> </u>	<u> </u>

(b) The average weekly number of employees during the year was as follows:-

	<u>1996</u>	<u>1995</u>
Office	1	1
Sales	<u>2</u>	<u>2</u>
	3	3
	=	=
(c) Directors' emoluments	<u>1996</u>	<u>1995</u>
(included in (a) above)	£	£
Fees	1,000	1,000
Other emoluments	<u>38,035</u>	<u>34,308</u>
	£39,035	£35,308
	<u> </u>	<u> </u>

(d) Directors' emoluments excluding pension contributions:-

The current Chairman received	£ 500	£ 500
Highest paid director	<u>£32,597</u>	<u>£29,428</u>

	<u>1996</u>	<u>1995</u>
The emoluments of the other directors in the year were within the following range:-		
£1 to £5,000	2	-

5. TAXATION

The tax charge on the profit on ordinary activities for the year was as follows:-

	<u>1996</u>	<u>1995</u>
	£	£
Corporation Tax at 33% based on the adjusted profit for the year	10,205	1,393
Adjustment relating to previous year	<u>(315)</u>	<u>-</u>
	£9,890	£1,393
	<u> </u>	<u> </u>

THE SUTTON TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER 1996
(CONTINUED)

6. TANGIBLE FIXED ASSETS	<u>Office Equipment</u>	<u>Cars</u>	<u>Total</u>
	£	£	£
Cost			
At 1st October 1995	14,620	30,918	45,538
Additions	-	16,584	16,584
Disposals	<u>-</u>	<u>(13,418)</u>	<u>(13,418)</u>
At 30th September 1996	<u>£14,620</u>	<u>£34,084</u>	<u>£48,704</u>
Depreciation			
At 1st October 1995	13,626	12,658	26,284
Charge for year	249	5,232	5,481
On disposals	<u>-</u>	<u>(8,668)</u>	<u>(8,668)</u>
At 30th September 1996	<u>£13,875</u>	<u>£ 9,222</u>	<u>£23,097</u>
Written down values:			
1996	<u>£ 745</u>	<u>£24,862</u>	<u>£25,607</u>
1995	<u>£ 994</u>	<u>£18,260</u>	<u>£19,254</u>
7. DEBTORS: Amounts falling due within one year		<u>1996</u> £	<u>1995</u> £
Trade debtors		281,882	356,147
Amounts owed by group undertakings		44,293	19,360
Prepayments		<u>1,007</u>	<u>211</u>
		<u>£327,182</u>	<u>£375,718</u>
8. CREDITORS: Amounts falling due within one year			
Trade creditors		49,642	87,908
Amounts owed to group undertakings		28,742	46,717
Social Security and other taxes		5,445	3,932
Other creditors		5,921	1,742
Accruals		12,650	2,743
Corporation tax		<u>10,205</u>	<u>1,393</u>
		<u>£112,605</u>	<u>£144,435</u>

THE SUTTON TRADING COMPANY LIMITED

NOTES TO THE FINANCIAL STATEMENTS - 30TH SEPTEMBER 1996
(CONTINUED)

9. SHARE CAPITAL	<u>1996</u>	<u>1995</u>
Authorised		
50,000 Ordinary Shares of £1	£50,000	£50,000
	<u> </u>	<u> </u>
Allotted, issued and fully paid		
50,000 Ordinary Shares of £1	£50,000	£50,000
	<u> </u>	<u> </u>
10. OTHER RESERVES		
Accumulated profits not distributable by immediate parent undertaking	£32,760	£32,760
	<u> </u>	<u> </u>

11. CONTINGENT LIABILITY

Under a right of set off given to its bankers the company is contingently liable to the extent of its credit balance at any time for overdraft facilities provided by the bank for the company and thirteen group undertakings. At 30th September 1996, the contingent liability amounted to £87,779 (1995 £63,975).

12. PENSION COMMITMENTS

The company participates in the Evans & Reid Investment Company Limited's group defined benefit pension scheme, the contribution rates of which are based on pension costs across the group as a whole. The scheme funds are administered by an independent insurance company and the scheme is fully funded based on a recent actuarial valuation.

The cost of each annual contribution is charged against profit evenly over the year to which it relates. The charge for the year amounted to £4,945 (1995 £7,599).

13. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>Share Capital</u>	<u>Other Reserves</u>	<u>Profit and Loss Account</u>	<u>Total Shareholders' Funds</u>
	£	£	£	£
Balance				
1st October 1995	50,000	32,760	239,417	322,177
Loss for the year	<u>-</u>	<u>-</u>	(8,213)	(8,213)
Balance				
30th September 1996	£50,000	£32,760	£231,204	£313,964
	<u> </u>	<u> </u>	<u> </u>	<u> </u>