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**EVANS & REID COAL COMPANY LIMITED**  
**FINANCIAL STATEMENTS**  
**FOR**  
**30TH SEPTEMBER 1999**



**Company Registration Number 180263**

**WALTER HUNTER & CO**  
Chartered Accountants & Registered Auditors  
24 Bridge Street,  
Newport,  
South Wales  
NP20 4SF

# **EVANS & REID COAL COMPANY LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 30TH SEPTEMBER 1999**

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# **EVANS & REID COAL COMPANY LIMITED**

## **THE DIRECTORS' REPORT**

**YEAR ENDED 30TH SEPTEMBER 1999**

The directors have pleasure in presenting their report and the financial statements of the company for the year ended 30th September 1999.

### **PRINCIPAL ACTIVITIES AND BUSINESS REVIEW**

The principal activity of the company during the year was that of factors supplying customers in the E.C.

Its subsidiary undertakings are similarly involved as factors, secondary aluminium smelting and cellular rubber production.

The directors consider the financial position of the company at the year end to be satisfactory.

### **RESULTS AND DIVIDENDS**

The trading results for the year, and the company's financial position at the end of the year are shown in the attached financial statements.

The directors have not recommended a dividend.

### **THE DIRECTORS AND THEIR INTERESTS IN SHARES OF THE COMPANY**

The directors who served the company during the year were as follows:

G. Lewis

A.D.N Davies

J.R. Dunn

D.I. Williams

J.G. Phillips

(Retired 30th September 1999)

The directors have no beneficial interest in the share capital of the company.

W. Bayley was appointed as a director on 1st October 1999.

### **DIRECTORS' RESPONSIBILITIES**

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 at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 6, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

# EVANS & REID COAL COMPANY LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 30TH SEPTEMBER 1999

### DIRECTORS' RESPONSIBILITIES *(continued)*

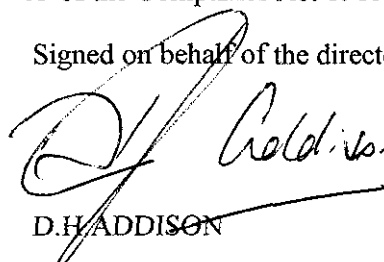
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. The directors are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### AUDITORS

A resolution to re-appoint Walter Hunter & Co as auditors for the ensuing year will be proposed at the annual general meeting in accordance with section 385 of the Companies Act 1985.

Registered office:  
Empire House  
Mount Stuart Square  
Cardiff  
CF10 5QZ

Signed on behalf of the directors

A handwritten signature in black ink, appearing to read 'D.H. Addison', is written over a horizontal line.

D.H. ADDISON

Company Secretary

Approved by the directors on 6th July 2000

# **EVANS & REID COAL COMPANY LIMITED**

## **AUDITORS' REPORT TO THE DIRECTORS**

**YEAR ENDED 30TH SEPTEMBER 1999**

We have audited the financial statements on pages 4 to 15 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

### **RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS**

As described on pages 1 to 2, the company's directors are responsible for the preparation of the 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**

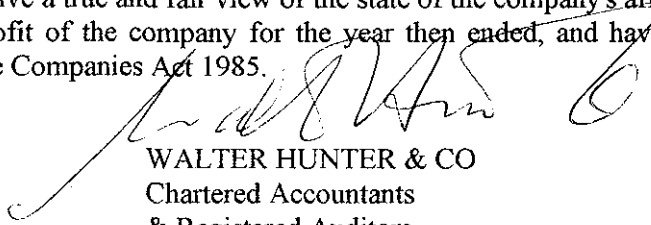
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 the company's affairs as at 30th September 1999 and of the profit of the company for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

24 Bridge Street,  
Newport,  
South Wales  
NP20 4SF



WALTER HUNTER & CO  
Chartered Accountants  
& Registered Auditors

12th July 2000

# EVANS & REID COAL COMPANY LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 30TH SEPTEMBER 1999

	Note	1999 £	1998 £
<b>TURNOVER</b>	<b>2</b>	16,250,981	14,403,157
Cost of sales		(15,287,803)	(13,613,350)
<b>GROSS PROFIT</b>		963,178	789,807
Administrative expenses		(458,312)	(449,757)
<b>OPERATING PROFIT</b>	<b>3</b>	504,866	340,050
Amounts written off loans to group undertakings		15,476	-
		520,342	340,050
Income from shares in group undertakings	<b>6</b>	74,000	205,340
Interest receivable and similar income	<b>7</b>	18,455	26,509
Amounts written off investments	<b>8</b>	(6,612)	-
Interest payable and similar charges	<b>9</b>	(215,695)	(193,669)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		390,490	378,230
Tax on profit on ordinary activities	<b>10</b>	(96,695)	(58,707)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		293,795	319,523
Dividends	<b>11</b>	-	(120,000)
<b>RETAINED PROFIT FOR THE FINANCIAL YEAR</b>		293,795	199,523
Balance brought forward		1,175,151	975,628
Balance carried forward		1,468,946	1,175,151

The company has no recognised gains or losses other than the results for the year as set out above.

All of the activities of the company are classed as continuing.

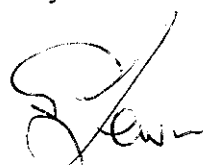
# EVANS & REID COAL COMPANY LIMITED

## BALANCE SHEET

30TH SEPTEMBER 1999

	Note	1999		1998	
		£	£	£	£
<b>FIXED ASSETS</b>					
Tangible assets	12		83,044		50,197
Investments	13		2,906,383		2,908,055
			<u>2,989,427</u>		<u>2,958,252</u>
<b>CURRENT ASSETS</b>					
Stocks	14	262,626		96,436	
Debtors	15	5,261,211		4,357,745	
Cash at bank and in hand		179,319		154,538	
		<u>5,703,156</u>		<u>4,608,719</u>	
<b>CREDITORS: Amounts falling due within one year</b>	16	(4,485,262)		(3,131,118)	
<b>NET CURRENT ASSETS</b>			<u>1,217,894</u>		<u>1,477,601</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>4,207,321</u>		<u>4,435,853</u>
<b>CREDITORS: Amounts falling due after more than one year</b>	17		(1,824,873)		(2,347,200)
			<u>2,382,448</u>		<u>2,088,653</u>
<b>CAPITAL AND RESERVES</b>					
Called-up equity share capital	21		863,150		863,150
Other reserves	22		50,352		50,352
Profit and loss account			1,468,946		1,175,151
<b>SHAREHOLDERS' FUNDS</b>	23		<u>2,382,448</u>		<u>2,088,653</u>

These financial statements were approved by the directors on the 6th July 2000 and are signed on their behalf by:



G. LEWIS  
DIRECTOR

**EVANS & REID COAL COMPANY LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 30TH SEPTEMBER 1999****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention, and in accordance with applicable accounting standards.

**Cash flow statement**

The directors have taken advantage of the exemption in Financial Reporting Standard No 1 (revised) from including a cash flow statement in the financial statements on the grounds that the company is wholly owned and its parent publishes a consolidated cash flow statement.

**Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

**Depreciation**

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Motor vehicles	-	25% on reducing balance
Office equipment	-	25% on reducing balance

**Investment properties**

The company has not complied with the requirements of SSAP 19, Accounting for Investment Properties, which requires properties to be included in the balance sheet at open market value as, in the opinion of the directors, the cost of obtaining a professional valuation is unwarranted. In accordance with SSAP 19, no depreciation is charged in the accounts.

**Stocks**

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

**Foreign currencies**

Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Exchange differences are taken into account in arriving at the operating result.



# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	1999	1998
	£	£
United Kingdom	<u>16,250,981</u>	<u>14,403,157</u>
Sales - group undertakings	177,390	488,275
- outside customers	<u>16,073,591</u>	<u>13,914,882</u>
	<u>£16,250,981</u>	<u>£14,403,157</u>

### 3. OPERATING PROFIT

Operating profit is stated after charging:

	1999	1998
	£	£
Depreciation	13,824	15,200
Auditors' remuneration		
- as auditors	<u>4,725</u>	<u>4,350</u>

### 4. PARTICULARS OF EMPLOYEES

The average number of staff employed by the company during the financial year amounted to:

	1999	1998
	No.	No.
Office and management	3	3
Sales	5	5
	<u>8</u>	<u>8</u>

# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 4. PARTICULARS OF EMPLOYEES *(continued)*

The aggregate payroll costs of the above were:

	1999	1998
	£	£
Wages and salaries	193,844	194,324
Social security costs	18,521	19,271
Staff pension contributions	40,629	32,036
Other pension costs	11,493	12,106
	<u>264,487</u>	<u>257,737</u>

### 5. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments, including pension contributions and amounts from subsidiary undertakings, in respect of qualifying services were:

	1999	1998
	£	£
Emoluments receivable	187,016	177,028
Value of company pension contributions to final salary scheme	30,211	22,017
Excess retirement benefits funded by the company:		
Pensions to former directors	11,076	10,856
	<u>228,303</u>	<u>209,901</u>

Of the aggregate emoluments (excluding pension premiums):

	1999	1998
	£	£
The chairman received	£12,774	£26,071
The highest paid director received	£50,129	£44,456
The emoluments of the other director was within the following ranges :-		
£ 5,001 - £10,000	1	-
£30,001 - £35,000	-	1
£35,001 - £40,000	-	2
£40,001 - £45,001	1	-
£45,001 - £50,000	1	-

### 6. INCOME FROM SHARES IN GROUP UNDERTAKINGS

	1999	1998
	£	£
Intra-group dividends	<u>74,000</u>	<u>205,340</u>

# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 7. INTEREST RECEIVABLE AND SIMILAR INCOME

	1999	1998
	£	£
Bank interest receivable	9,955	14,509
Rent receivable	8,500	12,000
	<u>18,455</u>	<u>26,509</u>

### 8. AMOUNTS WRITTEN OFF INVESTMENTS

	1999	1998
	£	£
Amount written off investment in group undertaking	<u>6,612</u>	<u>-</u>

### 9. INTEREST PAYABLE AND SIMILAR CHARGES

	1999	1998
	£	£
Bank interest	27,810	12,401
Other interest payable	187,885	181,268
	<u>215,695</u>	<u>193,669</u>

### 10. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999	1998
	£	£
In respect of the year:		
Corporation tax based on the results for the year at 30.50% (1998 - 31%)	97,080	57,000
Adjustment in respect of previous years:		
Corporation tax	(385)	1,707
	<u>96,695</u>	<u>58,707</u>

### 11. DIVIDENDS

No dividend has been recommended for the year ended 30th September 1999.

	1999	1998
	£	£
Dividends paid on equity shares	<u>-</u>	<u>120,000</u>

# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 12. TANGIBLE FIXED ASSETS

	Freehold Property £	Motor Vehicles £	Office Equipment £	Total £
<b>COST</b>				
At 1st October 1998	4,940	69,034	50,437	124,411
Additions	-	37,105	1,618	38,723
Disposals	-	(32,016)	-	(32,016)
Transfer from group undertakings	-	28,384	-	28,384
Transfer to fixed asset investments	(4,940)	-	-	(4,940)
<b>At 30th September 1999</b>	<u>-</u>	<u>102,507</u>	<u>52,055</u>	<u>154,562</u>
<b>DEPRECIATION</b>				
At 1st October 1998	-	27,088	47,126	74,214
Charge for the year	-	12,996	828	13,824
On disposals	-	(16,520)	-	(16,520)
<b>At 30th September 1999</b>	<u>-</u>	<u>23,564</u>	<u>47,954</u>	<u>71,518</u>
<b>NET BOOK VALUE</b>				
<b>At 30th September 1999</b>	<u>-</u>	<u>78,943</u>	<u>4,101</u>	<u>83,044</u>
At 30th September 1998	<u>4,940</u>	<u>41,946</u>	<u>3,311</u>	<u>50,197</u>

### 13. INVESTMENTS

	Shares in subsidiary undertakings £	Freehold investment property £	Unlisted investment £	Total £
<b>COST</b>				
At 1st October 1998	3,105,064	-	2,050	3,107,114T
Transfer from tangible fixed assets	-	4,940	-	4,940
<b>At 30th September 1999</b>	<u>3,105,064</u>	<u>4,940</u>	<u>2,050</u>	<u>3,112,054</u>
<b>AMOUNTS WRITTEN OFF</b>				
At 1st October 1998	199,059	-	-	199,059
Written off in year	6,612	-	-	6,612
<b>At 30th September 1999</b>	<u>205,671</u>	<u>-</u>	<u>-</u>	<u>205,671</u>
<b>NET BOOK VALUE</b>				
<b>At 30th September 1999</b>	<u>2,899,393</u>	<u>4,940</u>	<u>2,050</u>	<u>2,906,383</u>
At 30th September 1998	<u>2,906,005</u>	<u>-</u>	<u>2,050</u>	<u>2,908,055</u>

# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 13. INVESTMENTS *(continued)*

Directors' valuation - unlisted investment

£ 2,050

#### SUBSIDIARY UNDERTAKINGS

	Cost £	Amount Written off £	Balance Sheet Value £
D.T. Williams (Cardiff) Ltd., 3,000 Shares of £1 each, fully paid	3,000	3,000	-
Braithwaite Heslop & Co. Ltd., 12,617 Shares of £1 each, fully paid	3,612	3,612	-
Evans & Reid Coal Concentration (Cardiff) Ltd., 100 Shares of £1 each, fully paid	65	-	65
Evans & Reid Alloys Ltd., 25,000 Shares of £1 each, fully paid	127,110	127,109	1
The Sutton Trading Co. Ltd., 50,000 Shares of £1 each, fully paid	164,450	71,950	92,500
Baker & Kernick Ltd., 100,008 Shares of £1 each, fully paid	197,392	-	197,392
Advanced Cellular Products Ltd., 7,824 Shares of 1p each fully paid	2,609,435	-	2,609,435
	<u>£3,105,064</u>	<u>£205,671</u>	<u>£2,899,393</u>
	<u>Proportion of issued shares held</u>	<u>Principal activity</u>	
Evans & Reid Concentration (Cardiff) Ltd.	100%	Coal Factors	
Evans & Reid Alloys Ltd.	100%	Secondary Aluminium Smelting	
The Sutton Trading Co. Ltd.	100%	Dormant	
Baker & Kernick Ltd.	100%	Coal Factors	
Advanced Cellular Products Ltd.	78.24%	Cellular Rubber Production	

Advanced Cellular Products Ltd. owns 100% of the issued share capital of St Albans Rubber Ltd. whose principal activity is also cellular rubber production.

Group financial statements have not been prepared as the company itself is a wholly owned subsidiary of a company incorporated in Great Britain.

# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 14. STOCKS

	1999	1998
	£	£
Raw Materials	<u>262,626</u>	<u>96,436</u>

### 15. DEBTORS

	1999	1998
	£	£
Trade debtors	4,819,132	3,799,408
Amounts owed by group undertakings	66,609	59,204
VAT recoverable	27,178	-
Dividends receivable	74,000	205,340
Amounts owed by group undertakings - Loans	240,183	266,246
Other debtors	34,109	27,547
	<u>5,261,211</u>	<u>4,357,745</u>

### 16. CREDITORS: Amounts falling due within one year

	1999	1998
	£	£
Bank loans and overdrafts	1,279,454	391,183
Trade creditors	1,478,109	1,283,779
Amounts owed to group undertakings	320,321	335,797
Other creditors including taxation and social security:		
Corporation tax	97,080	57,000
PAYE and social security	10,799	18,138
Dividends payable	-	120,000
Income tax payable	428	1,435
Loan notes payable	391,200	195,600
VAT payable	-	106,164
Amounts owed to group undertakings	<u>813,505</u>	<u>559,790</u>
	1,313,012	1,058,127
Accruals and deferred income	<u>94,366</u>	<u>62,232</u>
	<u>4,485,262</u>	<u>3,131,118</u>

# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 17. CREDITORS: Amounts falling due after more than one year

	1999	1998
	£	£
Bank loans and overdrafts	1,824,873	1,956,000
Other creditors:		
Loan notes payable	-	391,200
	<u>1,824,873</u>	<u>2,347,200</u>
Amounts payable by instalments not wholly repayable within five years:		
Bank loan - between one and two years	188,108	131,127
- between two to five years	777,799	593,263
- after five years or more	858,966	1,231,610
	<u>1,824,873</u>	<u>1,956,000</u>

Borrowings include the following term loans:

Term	10 years
Principal	£1,956,000
Outstanding principal	£1,824,873
First drawn	Nov 1997
Interest	Fixed at 8.76% for 5 years
Repayment	By quarterly instalments commencing Feb 2000

The loan notes are repayable in November 1999 with interest charged at the High Interest Deposit Account rate of Barclays Bank Plc.

The bank overdraft and loan are secured by a debenture giving a legal mortgage over the freehold property, a first fixed charge over all book debts of the company, a first floating charge over all other assets and a cross guarantee and debenture on other Group undertakings.

# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 18. PENSIONS

(a) The company has pension commitments to former employees amounting to £ NIL per annum at 30th September 1999 (1998 £1,250).

(b) The company participates in the Evans & Reid Investment Company Limited group defined pension scheme, the contribution rates of which are based upon 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 £40,629 (1998 £32,036).

### 19. CONTINGENCIES

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 fourteen Group undertakings. At 30th September 1999, the contingent liability amounted to £NIL (1998 £NIL).

The company is also contingently liable to its bankers in respect of guarantees given for :-

	1999	1998
	£	£
Loan notes payable	391,200	586,800

### 20. RELATED PARTY TRANSACTIONS

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

### 21. SHARE CAPITAL

#### Authorised share capital:

	1999	1998
	£	£
900,000 Ordinary shares of £1 each	900,000	900,000

#### Allotted, called up and fully paid:

	1999	1998
	£	£
Ordinary share capital	863,150	863,150



# EVANS & REID COAL COMPANY LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 30TH SEPTEMBER 1999

### 22. OTHER RESERVES

	1999	1998
	£	£
Pre-acquisition profit ( not distributable by parent undertaking )	<u>50,352</u>	<u>50,352</u>

### 23. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
	£	£
Profit for the financial year	293,795	319,523
Dividends	<u>-</u>	<u>(120,000)</u>
	293,795	199,523
Opening shareholders' equity funds	<u>2,088,653</u>	<u>1,889,130</u>
Closing shareholders' equity funds	<u>2,382,448</u>	<u>2,088,653</u>

### 24. ULTIMATE PARENT COMPANY

The company is a wholly owned subsidiary of Evans & Reid Investment Company Limited, incorporated in Great Britain.