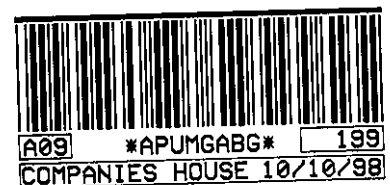


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**MAYER COHEN INDUSTRIES LIMITED**  
**FINANCIAL STATEMENTS**  
**31 DECEMBER 1997**

**Company Registration Number 322715**

**WATTS GREGORY & DANIEL**  
Chartered Accountants & Registered Auditors  
10/14 Museum Place  
CARDIFF  
CF1 3NZ



# **MAYER COHEN INDUSTRIES LIMITED**

## **FINANCIAL STATEMENTS**

**YEAR ENDED 31 DECEMBER 1997**

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# **MAYER COHEN INDUSTRIES LIMITED**

## **OFFICERS AND PROFESSIONAL ADVISERS**

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### **THE BOARD OF DIRECTORS**

J.B. Roberts  
R.A. Mortimer  
P.J. Roberts  
K. Kendall - Williams

### **COMPANY SECRETARY**

A.B. Leck

### **REGISTERED OFFICE**

Newtown Industrial Estate  
Crosskeys  
Newport  
Gwent  
NP1 7PZ

### **AUDITORS**

Watts Gregory & Daniel  
Chartered Accountants & Registered Auditors  
10/14 Museum Place  
CARDIFF  
CF1 3NZ

### **BANKERS**

National Westminster Bank PLC  
St James & Piccadilly W1 Branch  
PO Box 2 DG 208 Piccadilly  
London  
W1A 2DG

### **SOLICITORS**

Harold Benjamin & Collins  
Hill House  
67-71 Lowlands Road  
Harrow  
Middlesex HA1 3EX

# MAYER COHEN INDUSTRIES LIMITED

## THE DIRECTORS' REPORT

YEAR ENDED 31 DECEMBER 1997

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The directors present their report and the financial statements of the company for the year ended 31 December 1997.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The principal activity of the company is that of providing storage and logistics facilities.

After the loss of a major contract from the previous telephone manufacturing operation, the company embarked upon providing a complete warehouse and logistics operation in South Wales. The premises have been refurbished over the last 12 months and 60,000 square feet have been equipped with modern racking. After steady growth throughout 1997, the company now boasts in 1998 that its warehouse (150,000 square feet) is almost completely filled by virtue of storage contracts from customers.

1998 also saw the company move into profit and the forecast is for an overall profit for the year.

In 1998 the company has invested heavily in major capital expenditure to ensure that it offers a first class warehouse facility.

The Directors have decided to write off, in 1997, all balances associated with the previous operation, to ensure that the new venture starts afresh with a clean sheet.

The company has received substantial loans from its shareholders with a further £300,000 being received in 1998 to assist in the further development of the company and to improve its financial position.

### 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 together with their beneficial interests in the shares of the company were as follows:

		Ordinary Shares of £1 each	
		At 31 Dec 97	At 1 Jan 97
			or later date of appointment
R.O. Cohen		-	-
J.B. Roberts		69,873	-
R.A. Mortimer		-	-
P.J. Roberts		-	-
K. Kendall - Williams	(Appointed 14 Nov 97)	-	-
D.A.H. Davies	(Retired 31 Jan 97)	-	-
		<hr/>	<hr/>

R.O. Cohen resigned as a director on 31 January 1998.

# MAYER COHEN INDUSTRIES LIMITED

## THE DIRECTORS' REPORT *(continued)*

YEAR ENDED 31 DECEMBER 1997

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### 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 pages 10 to 11, and then apply them consistently;

make judgements and estimates that are reasonable and prudent;

state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and

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. 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 Watts Gregory & Daniel 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:  
Newtown Industrial Estate  
Crosskeys  
Newport  
Gwent  
NP1 7PZ

Signed on behalf of the directors



A.B. Leck  
Company secretary

Approved by the directors on .....5/10.....1998

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Watts Gregory & Daniel

# MAYER COHEN INDUSTRIES LIMITED

## AUDITORS' REPORT TO THE SHAREHOLDERS

YEAR ENDED 31 DECEMBER 1997

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We have audited the financial statements on pages 5 to 23 which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 10 to 11.

### RESPECTIVE RESPONSIBILITIES OF THE DIRECTORS AND THE AUDITORS

As described on pages 2 to 3, 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 company's state of affairs as at 31 December 1997 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.

*Watts Gregory & Daniel*

WATTS GREGORY & DANIEL  
Chartered Accountants  
& Registered Auditors  
10/14 Museum Place  
CARDIFF  
CF1 3NZ

*21.10.1998*

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Watts Gregory & Daniel

# MAYER COHEN INDUSTRIES LIMITED

## PROFIT AND LOSS ACCOUNT

YEAR ENDED 31 DECEMBER 1997

	Note	1997 £	1996 £
<b>TURNOVER:</b>	2		
Continuing operations		203,882	-
Discontinued operations		146,310	2,274,821
		<u>350,192</u>	<u>2,274,821</u>
Cost of sales	3	(346,897)	(1,299,776)
<b>GROSS PROFIT</b>		<u>3,295</u>	<u>975,045</u>
Net operating expenses	3	(1,032,718)	(1,090,945)
<b>OPERATING LOSS:</b>	5		
Continuing operations		(329,125)	-
Discontinued operations		(700,298)	(115,900)
		<u>(1,029,423)</u>	<u>(115,900)</u>
Income from other fixed asset investments	8	-	5,860
Amounts written off investments	9	-	(60,786)
Interest payable	10	(81,098)	(95,757)
<b>LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<u>(1,110,521)</u>	<u>(266,583)</u>
Tax on loss on ordinary activities	11	-	33,828
<b>LOSS ON ORDINARY ACTIVITIES AFTER TAXATION</b>		<u>(1,110,521)</u>	<u>(232,755)</u>
Balance brought forward		(286,641)	(53,886)
Balance carried forward		<u>(1,397,162)</u>	<u>(286,641)</u>

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

The notes on pages 10 to 23 form part of these financial statements.

# MAYER COHEN INDUSTRIES LIMITED

## BALANCE SHEET

31 DECEMBER 1997

	Note	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	12	1,582,363	1,712,033
Investments	13	19,000	19,000
		<u>1,601,363</u>	<u>1,731,033</u>
<b>CURRENT ASSETS</b>			
Stocks	14	-	208,263
Debtors	15	451,111	997,289
Cash at bank and in hand		475	1,277
		<u>451,586</u>	<u>1,206,829</u>
<b>CREDITORS: Amounts falling due within one year</b>	16	(656,484)	(1,102,634)
<b>NET CURRENT (LIABILITIES)/ASSETS</b>		<u>(204,898)</u>	<u>104,195</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		1,396,465	1,835,228
<b>CREDITORS: Amounts falling due after more than one year</b>	17	(1,050,000)	(359,306)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred taxation	19	-	(18,936)
		<u>346,465</u>	<u>1,456,986</u>
<b>CAPITAL AND RESERVES</b>			
Called-up equity share capital	24	735,510	735,510
Revaluation reserve		1,008,117	1,008,117
Profit and loss account		(1,397,162)	(286,641)
<b>SHAREHOLDERS' FUNDS</b>	25	<u>346,465</u>	<u>1,456,986</u>

These financial statements were approved by the directors on the 5/10/1998 and are signed on their behalf by:

J.B. Roberts.  
J.B. Roberts  
Director

The notes on pages 10 to 23 form part of these financial statements.



# MAYER COHEN INDUSTRIES LIMITED

## CASH FLOW STATEMENT

YEAR ENDED 31 DECEMBER 1997

	1997 £	1996 £
<b>NET CASH (OUTFLOW)/INFLOW FROM OPERATING ACTIVITIES</b>	(764,080)	179,117
<b>RETURNS ON INVESTMENTS AND SERVICING OF FINANCE</b>		
Income from other fixed asset investments	-	5,860
Interest paid	(74,462)	(87,629)
Interest element of finance lease rental payments	(6,636)	(8,128)
<b>Net cash outflow from returns on investments and servicing of finance</b>	(81,098)	(89,897)
<b>TAXATION</b>	-	(1,172)
<b>CAPITAL EXPENDITURE</b>		
Payments to acquire tangible fixed assets	(41,854)	(8,174)
Receipts from sale of fixed assets	182,342	11,492
<b>Net cash inflow from capital expenditure</b>	140,488	3,318
<b>ACQUISITIONS AND DISPOSALS</b>		
Net outflow from shares in group undertakings	(19,000)	-
Net inflow from investments in participating interests	19,000	328,167
<b>Net cash inflow from acquisitions and disposals</b>	-	328,167
<b>Cash (outflow)/inflow before financing</b>	(704,690)	419,533

Carried forward

(704,690)

419,533

The notes on pages 10 to 23 form part of these financial statements.

Watts Gregory & Daniel

# MAYER COHEN INDUSTRIES LIMITED

## CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 1997

	1997 £	1996 £
Brought forward	(704,690)	419,533
<b>FINANCING</b>		
Net outflow from bank loans	(31,402)	(200,173)
Net inflow from long-term amounts owed to group undertakings	400,000	-
Net outflow in respect of finance leases	(42,156)	(53,449)
Net inflow from other long-term creditors	134,000	-
Net inflow from directors' long-term loans	516,000	-
<b>Net cash inflow/(outflow) from financing</b>	<u>976,442</u>	<u>(253,622)</u>
<b>INCREASE IN CASH</b>	<u>271,752</u>	<u>165,911</u>

This cash flow statement has been prepared in accordance with the revised Statement of Standard Accounting Practice set out in Financial Reporting Standard 1 (Revised 1996) issued in October 1996 by the Accounting Standards Board. All comparatives have been restated to comply with the new Standard.

## RECONCILIATION OF OPERATING LOSS TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating loss	(1,029,423)	(115,900)
Depreciation	37,260	142,577
(Profit)/Loss on disposal of fixed assets	(48,078)	423
Decrease in stocks	208,263	319,051
Decrease/(Increase) in debtors	527,242	(195,428)
(Decrease)/Increase in creditors	(459,344)	28,394
<b>Net cash (outflow)/inflow from operating activities</b>	<u>(764,080)</u>	<u>179,117</u>

The notes on pages 10 to 23 form part of these financial statements.

# MAYER COHEN INDUSTRIES LIMITED

## CASH FLOW STATEMENT *(continued)*

YEAR ENDED 31 DECEMBER 1997

### RECONCILIATION OF NET CASH FLOW MOVEMENT TO MOVEMENT IN NET DEBT

	1997 £	1996 £
Increase in cash in the period	271,752	165,911
Cash outflow from bank loans	31,402	200,173
Net inflow from long-term amounts owed to group undertakings	(400,000)	-
Net outflow in respect of finance leases	42,156	53,449
Net inflow from other long-term creditors	(134,000)	-
Net inflow from directors' long-term loans	(516,000)	-
<b>Change in net debt</b>	<b>(704,690)</b>	<b>419,533</b>
<b>Net debt at 1 January 1997</b>	<b>(894,611)</b>	<b>(1,253,357)</b>
<b>Net debt at 31 December 1997</b>	<b><u>(1,599,301)</u></b>	<b><u>(894,611)</u></b>

### ANALYSIS OF CHANGES IN NET DEBT

	1 Jan 97 £	Cash flows £	31 Dec 97 £
Cash in hand, at bank	1,277	(802)	475
Overdrafts	(460,420)	272,554	(187,866)
		<u>271,752</u>	
Debt due within 1 year	(76,162)	(285,748)	(361,910)
Debt due after 1 year	(359,306)	(690,694)	(1,050,000)
		<u>(976,442)</u>	
	<u>(894,611)</u>	<u>(704,690)</u>	<u>(1,599,301)</u>

The notes on pages 10 to 23 form part of these financial statements.

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

---

### 1. ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets, and in accordance with applicable accounting standards.

#### **Turnover**

The turnover shown in the profit and loss account represents amounts invoiced during the year.

#### **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:

Plant and machinery	3 to 10 years
Motor vehicles	3 to 4 years

The property is fully maintained to prevent its deterioration. In the opinion of the directors, the residual value is not less than the valuation in the financial statements. Accordingly no depreciation has been provided for the year.

#### **Stocks**

Stocks are stated at the lower of cost and net realisable value.

#### **Hire purchase agreements**

Assets held under hire purchase agreements are capitalised and disclosed under tangible fixed assets at their fair value. The capital element of the future payments is treated as a liability and the interest is charged to the profit and loss account.

#### **Finance lease agreements**

Where the company enters into a lease which entails taking substantially all the risks and rewards of ownership of an asset, the lease is treated as a finance lease. The asset is recorded in the balance sheet as a tangible fixed asset and is depreciated in accordance with the above depreciation policies. Future instalments under such leases, net of finance charges, are included with creditors. Rentals payable are apportioned between the finance element, which is charged to the profit and loss account, and the capital element which reduces the outstanding obligation for future instalments.

#### **Operating lease agreements**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits as incurred.

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

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### 1. ACCOUNTING POLICIES *(continued)*

#### **Pension costs**

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The annual contributions payable are charged to the profit and loss account

#### **Deferred taxation**

Provision is made, under the liability method, to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may arise.

#### **Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. 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 profit.

#### **Research and development**

Research and development expenditure is written off when incurred.

#### **Development grants**

Development grants are credited to the profit and loss account at the rate at which the related assets are depreciated.

Discretionary government grants are accounted for only when received.

Grants received prior to the revision of SSAP 4 in July 1990 were netted against the original cost of the related assets.

### 2. TURNOVER

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

An analysis of turnover is given below:

	1997 £	1996 £
United Kingdom	226,290	986,850
Overseas	123,902	1,287,971
	<u>350,192</u>	<u>2,274,821</u>

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

### 3. ANALYSIS OF COST OF SALES AND NET OPERATING EXPENSES

	Continuing Operations £	Discontinued Operations £	Total £
<b>YEAR ENDED 31 DECEMBER 1997</b>			
Cost of sales	<u>152,745</u>	<u>194,152</u>	<u>346,897</u>
Distribution costs	1,624	1,417	3,041
Administrative expenses	378,638	687,159	1,065,797
Other operating income (Note 4)	<u>-</u>	<u>(36,120)</u>	<u>(36,120)</u>
Net operating expenses	<u>380,262</u>	<u>652,456</u>	<u>1,032,718</u>
<b>YEAR ENDED 31 DECEMBER 1996</b>			
Cost of sales	<u>-</u>	<u>1,299,776</u>	<u>1,299,776</u>
Distribution costs	-	73,688	73,688
Administrative expenses	-	1,060,965	1,060,965
Other operating income	<u>-</u>	<u>(43,708)</u>	<u>(43,708)</u>
Net operating expenses	<u>-</u>	<u>1,090,945</u>	<u>1,090,945</u>

### 4. OTHER OPERATING INCOME

	1997 £	1996 £
Rent receivable	<u>36,120</u>	<u>43,708</u>

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

---

### 5. OPERATING LOSS

Operating loss is stated after charging/(crediting):

	1997 £	1996 £
Staff pension contributions	2,812	18,693
Depreciation	37,260	142,577
(Profit)/Loss on disposal of fixed assets	(48,078)	423
Auditors' remuneration		
- as auditors	3,500	6,000
- taxation	-	900
Operating lease costs:		
Plant and equipment	27,964	54,413
Redundancy costs	<u>44,895</u>	<u>141,754</u>

Included within operating loss for discontinued operations are the following exceptional items :

Stock written off	159,102
Exceptional bad debts written off	<u>654,393</u>

### 6. PARTICULARS OF EMPLOYEES

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

	1997 No.	1996 No.
Factory	8	70
Office and management	8	18
	<u>16</u>	<u>88</u>

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

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

The aggregate payroll costs of the above were:

	1997 £	1996 £
Wages and salaries	221,953	864,272
Social security costs	20,014	69,331
Other pension costs	10,890	36,015
	<u>252,857</u>	<u>969,618</u>

### 7. DIRECTORS' EMOLUMENTS

The directors' aggregate emoluments, including pension contributions, in respect of qualifying services were:

	1997 £	1996 £
Emoluments receivable	53,548	97,419
Value of company pension contributions to money purchase schemes	8,078	17,322
	<u>61,626</u>	<u>114,741</u>

The number of directors who are accruing benefits under company pension schemes were as follows:

	1997 No.	1996 No.
Money purchase schemes	<u>2</u>	<u>3</u>

### 8. INCOME FROM OTHER FIXED ASSET INVESTMENTS

	1997 £	1996 £
Investment Income	<u>-</u>	<u>5,860</u>



# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

---

### 9. AMOUNTS WRITTEN OFF INVESTMENTS

	1997 £	1996 £
Loss on disposal of fixed asset investment	-	60,786

### 10. INTEREST PAYABLE

	1997 £	1996 £
Interest payable on bank borrowing	74,462	87,629
Other similar charges payable	6,636	8,128
	<u>81,098</u>	<u>95,757</u>

### 11. TAX ON LOSS ON ORDINARY ACTIVITIES

	1997 £	1996 £
Corporation tax	-	-
Tax on franked investment income	-	1,172
Decrease in deferred tax provision		
Capital allowances	(18,936)	(56,951)
Losses	18,261	19,295
Other	675	2,656
	<u>-</u>	<u>(35,000)</u>
	<u>-</u>	<u>(33,828)</u>

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

### 12. TANGIBLE FIXED ASSETS

	Freehold Property £	Plant & Machinery £	Motor Vehicles £	Total £
<b>COST OR VALUATION</b>				
At 1 January 1997	1,500,000	979,556	12,298	2,491,854
Additions	-	32,854	9,000	41,854
Disposals	-	(706,325)	(12,298)	(718,623)
At 31 December 1997	<u>1,500,000</u>	<u>306,085</u>	<u>9,000</u>	<u>1,815,085</u>
<b>DEPRECIATION</b>				
At 1 January 1997	-	767,523	12,298	779,821
Charge for the year	-	37,260	-	37,260
On disposals	-	(572,061)	(12,298)	(584,359)
At 31 December 1997	<u>-</u>	<u>232,722</u>	<u>-</u>	<u>232,722</u>
<b>NET BOOK VALUE</b>				
At 31 December 1997	<u>1,500,000</u>	<u>73,363</u>	<u>9,000</u>	<u>1,582,363</u>
At 31 December 1996	<u>1,500,000</u>	<u>212,033</u>	<u>-</u>	<u>1,712,033</u>

#### Revaluation of fixed assets

The freehold property was revalued by professional valuers on the 11 May 1995 at £1,500,000. The revalued sum has been included above.

#### Hire purchase and finance lease agreements

Included within the net book value of £1,582,363 is £7,631 (1996 - £78,768) relating to assets held under hire purchase agreements, and £Nil (1996 - £Nil) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of assets held under hire purchase agreements amounted to £13,707 (1996 - £42,298), and £Nil (1996 - £Nil) in respect of assets held under finance lease agreements.

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

---

### 13. INVESTMENTS

	Total £
<b>COST</b>	
At 1 January 1997 and 31 December 1997	<u>19,000</u>
<b>NET BOOK VALUE</b>	
At 31 December 1997	<u>19,000</u>
At 31 December 1996	<u>19,000</u>

The investment comprises:

100% of the ordinary share capital of Anglo Telecom Limited, a company registered in the Republic of Latvia. The aggregate of the company's share capital and reserves at 31 December 1997 was £100,655 and its loss for the year then ended £34,913. The investment is disclosed at cost of £19,000.

### 14. STOCKS

	1997 £	1996 £
Raw materials	-	23,335
Finished goods	-	<u>184,928</u>
	<u>-</u>	<u>208,263</u>

### 15. DEBTORS

	1997 £	1996 £
Trade debtors	130,193	431,340
Amounts owed by group undertakings	295,172	515,716
Other debtors	3,623	7,071
Prepayments and accrued income	<u>22,123</u>	<u>24,226</u>
	<u>451,111</u>	<u>978,353</u>

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

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

	1997 £	1996 £
Bank loans and overdrafts	543,567	494,328
Trade creditors	40,827	215,345
Other creditors including taxation and social security:		
PAYE and social security	24,118	32,908
Hire purchase agreements	6,209	42,254
Pension creditor	4,900	2,933
Other creditors	6,395	124,298
Accruals and deferred income	30,468	190,568
	<u>656,484</u>	<u>1,102,634</u>

The following liabilities disclosed under creditors falling due within one year are secured by the company:

	1997 £	1996 £
Bank loans and overdrafts	<u>543,567</u>	<u>494,328</u>

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

	1997 £	1996 £
Bank loans and overdrafts	-	353,195
Amounts owed to group undertakings	400,000	-
Other creditors:		
Hire purchase agreements	-	6,111
Loan from Orex Limited	134,000	-
Directors' loan accounts	516,000	-
	<u>1,050,000</u>	<u>359,306</u>

The following liabilities disclosed under creditors falling due after more than one year are secured by the company:

	1997 £	1996 £
Bank loans and overdrafts	<u>-</u>	<u>353,195</u>

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

### 17. CREDITORS: Amounts falling due after more than one year *(continued)*

The following aggregate liabilities disclosed under creditors falling due after more than one year are due for repayment after more than five years from the balance sheet date:

	1997	1996
	£	£
Bank loans and overdrafts	-	182,013

The following liabilities disclosed under creditors falling due after more than one year are repayable by instalments, some of which fall due for payment after more than five years from the balance sheet date:

	1997	1996
	£	£
Bank loans and overdrafts	-	353,195

Of the liabilities repayable by instalments, the following are the aggregate amounts of the instalments falling due for repayment after more than five years from the balance sheet date:

	1997	1996
	£	£
Bank loans and overdrafts	-	182,013

### 18. CREDITORS - CAPITAL INSTRUMENTS

Creditors include finance capital which is due for repayment as follows:

	1997	1996
	£	£
In one year or less, or on demand	355,701	33,908
Between one and two years	-	37,158
Between two and five years	-	134,024
In five years or more	-	182,013
	<u>355,701</u>	<u>387,103</u>

The above liabilities comprise bank loans.

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

### 19. DEFERRED TAXATION

The movement in the deferred taxation provision during the year was:

	1997 £	1996 £
Provision brought forward	-	35,000
Decrease in provision	-	(35,000)
Provision carried forward	-	-

The elements of deferred taxation, which result in a nil balance at the end of the year, together with details of other amounts not provided for, are as follows:-

	1997		1996	
	Provided £	Unprovided £	Provided £	Unprovided £
Excess of taxation allowances over depreciation on fixed assets	-	(22,034)	18,936	-
Tax losses available	-	288,106	(18,261)	-
Revaluation surplus	-	(211,705)	-	(250,000)
Other timing differences	-	(1,029)	(675)	-
	-	53,338	-	(250,000)

### 20. COMMITMENTS UNDER HIRE PURCHASE AGREEMENTS

Future commitments under hire purchase agreements are as follows:

	1997 £	1996 £
Amounts payable within 1 year	6,992	48,121
Amounts payable between 2 to 5 years	-	6,992
	6,992	55,113
Less interest and finance charges relating to future periods	(783)	(6,748)
	6,209	48,365

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

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### 21. COMMITMENTS UNDER OPERATING LEASES

At 31 December 1997 the company had annual commitments under non-cancellable operating leases as set out below.

	Assets other than land and buildings	
	1997	1996
	£	£
Operating leases which expire:		
Within 1 year	4,040	7,792
Within 2 to 5 years	29,393	24,540
	<u>33,433</u>	<u>32,332</u>

### 22. TRANSACTIONS WITH THE DIRECTORS

A number of directors are also directors of companies who entered into transactions with the company. All these transactions were entered into on an arms length basis.

# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

### 23. RELATED PARTY TRANSACTIONS

The company was under the control of A. Cohen & Co. (Great Britain) Limited and Maynew Investments Limited, each of whom controlled 50% during the year. At the year end the company was under the control of Maynew Investments Limited only.

Maynew Investments Limited is under the ultimate control of J.B.Roberts.

The company's related parties at 31 December 1997, with whom the company has either entered into transactions or has balances with, which require disclosure under FRS8 are as follows:

Name	Nature of relationship
A. Cohen & Co. (Great Britain) Ltd	Parent company (part year)
Maynew Investments Ltd	Parent company
Orex Ltd	Common control: J.B.Roberts family
Anglo Telecom SIA	Subsidiary company

During the year the company transacted with related parties as follows:

Related party	Nature of transaction	1997	1996
A. Cohen & Co. (Great Britain) Ltd	Sales & rental	(47,244)	(106,251)
	Management fees	nil	110,000
	Other purchases	9,985	
Anglo Telecom SIA	Telephone sales	(88,330)	(133,468)
	Bad debt provision	424,339	
J.B. Roberts	Loan	480,000	36,000
Orex Ltd	Loan	134,000	
Maynew Investments Ltd	Loan	365,000	35,000

The following balances, included within Debtors and Creditors, are due to/from the company's related parties as at 31 December.

Name	1997	1996
A. Cohen & Co. (Great Britain) Ltd	Nil	(83,690)
Maynew Investments Ltd	(400,000)	(35,000)
J.B. Roberts	(516,000)	(36,000)
Orex Ltd	(134,000)	
Anglo Telecom SIA	295,172	515,716



# MAYER COHEN INDUSTRIES LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1997

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### 24. SHARE CAPITAL

#### Authorised share capital:

	1997 £	1996 £
1,000,000 Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000,000</u>

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

	1997 £	1996 £
Ordinary share capital	<u>735,510</u>	<u>735,510</u>

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

	1997 £	1996 £
Loss for the financial year	(1,110,521)	(232,755)
Opening shareholders' equity funds	<u>1,456,986</u>	<u>1,689,741</u>
Closing shareholders' equity funds	<u>346,465</u>	<u>1,456,986</u>

### 26. ULTIMATE PARENT COMPANY

The share capital of the company is controlled by Maynew Investments Limited, a company registered in the U.K. At 31 December 1997 it owned 90.5% of the companies ordinary share capital.