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ALAN DICK & COMPANY LIMITED

REPORT AND ACCOUNTS

For the year ended 31st March 1997

Richards & Co.,
Chartered Accountants,
Bristol.



ALAN DICK & COMPANY LIMITED

DIRECTORS

M.B. Anders
A.W. Dick
C.A.J. Dick
E.R. Dick
C.M. Figgitt
C.J. Mearns
W.S. Thorneycroft

SECRETARY

E.R. Dick

REGISTERED OFFICE

The Barlands, London Road,
Cheltenham, Glos., GL52 6UT.

BANKERS

National Westminster Bank plc
ABN AMRO Bank N.V.
Barclays Bank plc
The British Bank of the Middle East Limited
The Hong Kong and Shanghai Banking
Corporation Limited
The Royal Bank of Scotland plc

AUDITORS

Richards & Co.

ALAN DICK & COMPANY LIMITED

REPORT OF THE DIRECTORS

The directors submit their report and accounts for the year ended 31st March 1997.

RESULTS AND DIVIDENDS

The group trading profit for the year, after taxation, amounted to £606,929. The directors do not recommend the payment of a dividend.

REVIEW OF THE BUSINESS

The group's principal activities during the year were antennae engineering, civil engineering and contract structuring. The directors are satisfied that the accounts as set out give an adequate review of the group's activities during the year and of its position at the year end. The directors do not anticipate any significant change in the group's activities.

STATEMENT OF DIRECTORS RESPONSIBILITIES

in respect of the preparation of financial statements.

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 period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue to operate; and
- prepare the financial statements in accordance with applicable accounting standards.

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.

DIRECTORS AND THEIR INTERESTS

The directors at 31st March 1997 and their interests in the share capital of the company were as follows:

	£1 Ordinary Shares	
	at 31.3.97	at 1.4.96
M.B. Anders	-	-
A.W. Dick	51,000	51,000
C.A.J. Dick	4,800	4,800
E.R. Dick	39,400	39,400
C.M. Figgitt	-	-
C.J. Mearns	-	-
W.S. Thorneycroft	-	-

continued.....

ALAN DICK & COMPANY LIMITED

REPORT OF THE DIRECTORS continued

CHARITABLE DONATIONS

During the year the company made charitable donations amounting to £285 including an individual donation to Sue Ryder Foundation of £250.

AUDITORS

The auditors, Messrs. Richards & Co., have indicated their willingness to accept re-appointment under Section 384 (1) of the Companies Act 1985.

By order of the board

E.R. DICK

A handwritten signature in dark ink, appearing to read 'E.R. Dick', is written over the typed name.

Secretary.

20th November 1997

ALAN DICK & COMPANY LIMITED

REPORT OF THE AUDITORS

to the members of Alan Dick & Company Limited

We have audited the financial statements on pages 5 to 19 which have been prepared under the historical cost convention and the accounting policies set out on pages 9 and 10.

Respective responsibilities of directors and auditors

As described on page 2 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 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 affairs of the company and the group at 31st March 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



RICHARDS & CO.
Registered Auditors,
Chartered Accountants,
Bristol.
20th November 1997

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

PROFIT AND LOSS ACCOUNT

For the year ended 31st March 1997

	Notes	1997 £	1996 £
TURNOVER	2	23,202,496	18,922,073
Cost of sales		(18,618,832)	(14,852,891)
Gross profit		4,583,664	4,069,182
Administrative expenses		(3,526,138)	(3,222,902)
OPERATING PROFIT	3	1,057,526	846,280
Interest receivable	4	29,109	20,799
Interest payable and similar charges	5	(168,236)	(88,903)
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		918,399	778,176
Taxation	6	(311,470)	(272,340)
PROFIT FOR THE FINANCIAL YEAR		<u>606,929</u>	<u>505,836</u>
Profit (loss) for the year retained in:			
The company		586,939	517,652
Subsidiary companies		<u>19,990</u>	<u>(11,816)</u>
		<u>606,929</u>	<u>505,836</u>

All of the group's operations are classified as continuing.

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 31st March 1997

	Company		Group	
	1997	1996	1997	1996
	£	£	£	£
Profit for the financial year	586,939	517,652	606,929	505,836
Unrealised movement in provisions for investment in and loans to subsidiary companies	<u>6,188</u>	<u>15,471</u>	<u>-</u>	<u>-</u>
	593,127	533,123	606,929	505,836
Currency translation differences on foreign currency net investments	<u>-</u>	<u>-</u>	<u>(13,802)</u>	<u>27,287</u>
Total recognised gains and losses relating to the year	<u>593,127</u>	<u>533,123</u>	<u>593,127</u>	<u>533,123</u>

RECONCILIATION OF MOVEMENTS IN
SHAREHOLDERS FUNDS

Profit for the financial year	586,939	517,652	606,929	505,836
Other recognised gains and losses relating to the year	<u>6,188</u>	<u>15,471</u>	<u>(13,802)</u>	<u>27,287</u>
Net addition to shareholders funds	593,127	533,123	593,127	533,123
Opening shareholders funds	<u>3,461,802</u>	<u>2,928,679</u>	<u>3,461,722</u>	<u>2,928,599</u>
Closing shareholders funds	<u>4,054,929</u>	<u>3,461,802</u>	<u>4,054,849</u>	<u>3,461,722</u>

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

BALANCE SHEETS AT 31ST MARCH 1997

		Company		Group	
	Notes	1997 £	1996 £	1997 £	1996 £
FIXED ASSETS					
Tangible assets	7	2,669,583	2,570,595	2,722,545	2,618,007
Intangible assets	8	30,000	35,000	30,000	45,928
Investments	9	4,064	4,064	-	-
		<u>2,703,647</u>	<u>2,609,659</u>	<u>2,752,545</u>	<u>2,663,935</u>
CURRENT ASSETS					
Stocks	10	3,443,576	3,290,529	3,483,876	3,300,685
Debtors	11	5,337,346	4,470,903	5,236,810	4,492,144
Cash at bank and in hand		<u>526,936</u>	<u>530,262</u>	<u>586,823</u>	<u>566,993</u>
		9,307,858	8,291,694	9,307,509	8,359,822
CREDITORS: amounts falling due within one year	12	(7,380,572)	(6,778,350)	(7,429,201)	(6,900,834)
NET CURRENT ASSETS		<u>1,927,286</u>	<u>1,513,344</u>	<u>1,878,308</u>	<u>1,458,988</u>
TOTAL ASSETS LESS CURRENT LIABILITIES		4,630,933	4,123,003	4,630,853	4,122,923
CREDITORS: amounts falling due after more than one year					
Bank loans	13	(359,808)	(462,962)	(359,808)	(462,962)
Obligations under finance leases and hire purchase contracts	14	<u>(53,526)</u>	<u>(31,039)</u>	<u>(53,526)</u>	<u>(31,039)</u>
		4,217,599	3,629,002	4,217,519	3,628,922
PROVISION FOR LIABILITIES AND CHARGES					
Deferred taxation	15	<u>(162,670)</u>	<u>(167,200)</u>	<u>(162,670)</u>	<u>(167,200)</u>
		<u>4,054,929</u>	<u>3,461,802</u>	<u>4,054,849</u>	<u>3,461,722</u>
CAPITAL AND RESERVES					
Called up share capital	16	100,000	100,000	100,000	100,000
Profit and loss account	17	<u>3,954,929</u>	<u>3,361,802</u>	<u>3,954,849</u>	<u>3,361,722</u>
		<u>4,054,929</u>	<u>3,461,802</u>	<u>4,054,849</u>	<u>3,461,722</u>

Signed on behalf of the Board

A.W. DICK)
) Directors
 C.M. FIGGITT)

Dated: 20th November 1997

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

CASH FLOW STATEMENT

For the year ended 31st March 1997

	Notes	£	1997 £	£	1996 £	£
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	24		1,583,026		(454,137)	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE						
Interest received		29,109		20,799		
Interest paid		(161,116)		(79,831)		
Interest element of finance lease and hire purchase payments		<u>(7,120)</u>		<u>(9,072)</u>		
			(139,127)		(68,104)	
TAXATION PAID			(195,000)		(360,000)	
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT						
Payments to acquire tangible fixed assets		(446,902)		(472,371)		
Receipts from disposals of tangible fixed assets		<u>24,460</u>		<u>13,129</u>		
			(422,442)		(459,242)	
NET CASH INFLOW (OUTFLOW) BEFORE FINANCING			826,457		(1,341,483)	
FINANCING						
Repayment of bank loans		(106,999)		(149,308)		
Finance lease and hire purchase advances		98,653		49,434		
Capital element of finance lease and hire purchase payments		<u>(52,069)</u>		<u>(57,237)</u>		
			(60,415)		(157,111)	
INCREASE (DECREASE) IN CASH	25		<u>766,042</u>		<u>(1,498,594)</u>	

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS

1. ACCOUNTING POLICIES

a) Basis of accounts

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

b) Consolidation

The consolidated financial statements incorporate the financial statements of the company and its subsidiary companies. In accordance with the Companies Act 1985, s228(7), a separate profit and loss account of Alan Dick & Company Limited is not presented, as the results of the company are included in the consolidated profit and loss account. The associated company is dealt with in the accounts by way of the equity method of valuation.

c) Foreign currencies

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.

The net investments in the Group's overseas subsidiary and associated companies are translated into sterling at rates of exchange ruling at the balance sheet date. Exchange differences resulting from the translation of such net investments at rates ruling at the beginning and end of the year are dealt with in the Statement of Total Recognised Gains and Losses.

d) Stocks

Stocks are stated at the lower of cost and net realisable value. Cost, based on bringing each product to its present location and condition, is calculated as follows:-

Raw materials	- purchase cost on a first-in, first-out basis
Work in progress	- cost of direct materials and labour plus attributable overheads based on normal level of activity.

Net realisable value is calculated as the estimated selling price less further costs expected to be incurred to completion.

e) Depreciation

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

Freehold buildings	- over fifty years.
Leasehold buildings	- over the period of the lease.
Plant and equipment	- over three to ten years.
Motor vehicles	- over three to four years.
Office equipment	- over three to ten years.

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS continued

1. ACCOUNTING POLICIES continued

- f) Research and development
Research and development expenditure is written off to the profit and loss account in the year it is incurred.
- g) Deferred taxation
Deferred taxation is provided on the liability method on all timing differences.
- h) Goodwill
Goodwill, being the amount paid in connection with the acquisition of businesses is being written off evenly over its estimated economic life of twenty years.
- i) Leasing
Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges are included in creditors.
- Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the period of the lease.
- j) Pensions
Pension costs which are relative to defined contribution schemes are charged to the profit and loss account on the basis of contributions payable for the year.

2. TURNOVER

Turnover represents the value of work done and services provided, stated net of value added tax, outside the group during the year.

An analysis of turnover by geographical market is given below:

	1997 £	1996 £
United Kingdom and Europe	10,847,228	7,652,030
Asia and Pacific	5,598,217	2,670,888
Middle East, Indian Ocean and Africa	5,495,919	7,995,680
North and South America	<u>1,261,132</u>	<u>603,475</u>
	<u>23,202,496</u>	<u>18,922,073</u>

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS continued

	1997 £	1996 £
3. OPERATING PROFIT		
This is stated after charging:		
Auditors remuneration - audit services	13,250	12,720
- accountancy and taxation services	7,107	7,120
Depreciation - owned assets	269,111	227,901
- assets held under finance leases and hire purchase contracts	34,358	42,270
Amortisation of goodwill	15,234	5,780
Operating lease rentals - plant and machinery	53,109	55,703
- land and buildings	38,228	45,436
and crediting:		
Profit on disposal of tangible fixed assets	11,600	8,103
Directors emoluments		
Aggregate emoluments	430,567	411,405
Aggregate contributions to defined contribution pension schemes	44,818	44,514
	475,385	455,919
Retirement benefits are accruing to seven directors under defined contribution schemes.		
The above details include the following amounts in respect of the highest paid director:		
Aggregate emoluments	136,505	136,173
Aggregate contributions to defined contribution pension schemes	22,625	22,625
	159,130	158,798
4. INTEREST RECEIVABLE		
Bank deposit interest	29,109	20,799
5. INTEREST PAYABLE AND SIMILAR CHARGES		
Bank loans and overdraft	161,116	79,831
Finance leases and hire purchase contracts	7,120	9,072
	168,236	88,903
6. TAXATION		
Taxation based on the profit for the year		
U.K. taxation		
Corporation tax	171,555	170,530
Deferred taxation	(4,530)	(3,620)
	167,025	166,910
Overseas taxation	144,445	105,430
	311,470	272,340

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS continued

7. TANGIBLE FIXED ASSETS

	Land and buildings £	Plant and machinery £	Office equipment £	Motor vehicles £	Total £
COMPANY					
Cost:					
At 1st April 1996	2,367,893	1,007,526	740,563	498,837	4,614,819
Additions	881	79,250	213,794	120,192	414,117
Disposals	-	-	-	(100,974)	(100,974)
Exchange adjustment	(13,624)	(5,590)	(3,729)	(10,840)	(33,783)
At 31st March 1997	2,355,150	1,081,186	950,628	507,215	4,894,179
Depreciation:					
At 1st April 1996	410,725	748,469	563,295	321,735	2,044,224
Provided during the year	45,634	79,814	80,583	76,349	282,380
Disposals	-	-	-	(91,249)	(91,249)
Exchange adjustment	(530)	(2,515)	(2,058)	(5,656)	(10,759)
At 31st March 1997	455,829	825,768	641,820	301,179	2,224,596
Net book value at 1st April 1996	1,957,168	259,057	177,268	177,102	2,570,595
Net book value at 31st March 1997	1,899,321	255,418	308,808	206,036	2,669,583
GROUP					
Cost:					
At 1st April 1996	2,367,893	1,103,001	806,084	498,837	4,775,815
Additions	881	100,738	225,091	120,192	446,902
Disposals	-	(14,809)	-	(100,974)	(115,783)
Exchange adjustment	(13,624)	(11,653)	(7,889)	(10,840)	(44,006)
At 31st March 1997	2,355,150	1,177,277	1,023,286	507,215	5,062,928
Depreciation:					
At 1st April 1996	410,725	819,316	606,032	321,735	2,157,808
Provided during the year	45,634	91,417	90,069	76,349	303,469
Disposals	-	(11,674)	-	(91,249)	(102,923)
Exchange adjustment	(530)	(7,013)	(4,772)	(5,656)	(17,971)
At 31st March 1997	455,829	892,046	691,329	301,179	2,340,383
Net book value at 1st April 1996	1,957,168	283,685	200,052	177,102	2,618,007
Net book value at 31st March 1997	1,899,321	285,231	331,957	206,036	2,722,545

The cost of depreciable assets included in land and buildings for the company and the group at 31st March 1997 was £1,813,492 (1996 : £1,826,235).

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS continued

7. TANGIBLE FIXED ASSETS - continued

	Company £	Group £
The net book value of land and buildings comprises:		
Freehold	1,719,044	1,719,044
Short leasehold	<u>180,277</u>	<u>180,277</u>
	<u>1,899,321</u>	<u>1,899,321</u>

Included above are the following amounts relating to assets acquired under finance leases and hire purchase contracts:

	Plant and machinery and office equipment		Motor vehicles	
	Company £	Group £	Company £	Group £
Cost:				
At 1st April 1996	<u>93,254</u>	<u>118,379</u>	<u>25,393</u>	<u>25,393</u>
At 31st March 1997	<u>80,710</u>	<u>80,710</u>	<u>126,111</u>	<u>126,111</u>
Accumulated depreciation:				
At 1st April 1996	<u>15,403</u>	<u>19,403</u>	<u>6,348</u>	<u>6,348</u>
At 31st March 1997	<u>28,423</u>	<u>28,423</u>	<u>25,168</u>	<u>25,168</u>

8. INTANGIBLE FIXED ASSETS

	Goodwill	
	Company £	Group £
Cost:		
At 1st April 1996	100,000	115,609
Fully amortised	-	(14,618)
Exchange adjustment	<u>-</u>	<u>(991)</u>
At 31st March 1997	<u>100,000</u>	<u>100,000</u>
Amortisation:		
At 1st April 1996	65,000	69,681
Provided during the year	5,000	15,234
Fully amortised	-	(14,618)
Exchange adjustment	<u>-</u>	<u>(297)</u>
At 31st March 1997	<u>70,000</u>	<u>70,000</u>
Net book value at 1st April 1996	<u>35,000</u>	<u>45,928</u>
Net book value at 31st March 1997	<u>30,000</u>	<u>30,000</u>

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS continued

9. FIXED ASSET INVESTMENTS

	Shares in subsidiary companies £	Shares in associated companies £	Total £
COMPANY			
Cost:			
At 1st April 1996	73,257	33,185	106,442
At 31st March 1997	73,257	33,185	106,442
Provisions:			
At 1st April 1996	69,193	33,185	102,378
At 31st March 1997	69,193	33,185	102,378
Net book value at 1st April 1996	4,064	-	4,064
Net book value at 31st March 1997	4,064	-	4,064

The companies in which the company's interest is more than 10% are as follows:-

	Country of incorporation	Activity	Class and percentage of shares held
SUBSIDIARY COMPANIES			
Alan Dick (Canada) Inc.	Canada	Dormant	100% of ordinary shares
Alan Dick & Co. (USA) Inc.	U.S.A.	Antennae engineering	100% of ordinary shares
ASSOCIATED COMPANY			
Alan Dick and Company (Nigeria) Limited	Nigeria	Civil engineering	40% of ordinary shares

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS continued

	Company		Group	
	1997	1996	1997	1996
	£	£	£	£
10. STOCKS				
Work in progress	2,600,471	2,728,291	2,603,158	2,980,727
Payments on account	(993,003)	(1,226,479)	(994,041)	(1,472,035)
	<u>1,607,468</u>	<u>1,501,812</u>	<u>1,609,117</u>	<u>1,508,692</u>
Raw materials and consumables	1,836,108	1,788,717	1,874,759	1,791,993
	<u>3,443,576</u>	<u>3,290,529</u>	<u>3,483,876</u>	<u>3,300,685</u>
11. DEBTORS				
Trade debtors	4,768,439	4,181,867	4,831,909	4,321,821
Amount due from subsidiary company	186,400	130,984	-	-
Amount due from associated company	143,887	-	143,887	-
Prepayments and accrued income	238,620	158,052	261,014	170,323
	<u>5,337,346</u>	<u>4,470,903</u>	<u>5,236,810</u>	<u>4,492,144</u>
Included in trade debtors are amounts of £30,675 (1996 : £Nil) not due within one year.				
12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR				
Current instalments on loans (see note 13)	103,154	106,999	103,154	106,999
Obligations under hire purchase contracts (see note 14)	62,367	32,563	62,367	38,270
Bank overdraft (see below)	-	746,212	-	746,212
Trade creditors	6,361,625	5,143,461	6,402,030	5,247,034
Amount due to subsidiary company	3,984	3,984	-	-
Current corporation tax	382,520	261,520	382,520	261,520
Other taxes and social security costs	278,914	260,356	278,914	260,356
Accruals	103,819	155,881	116,027	173,069
Other creditors	84,189	67,374	84,189	67,374
	<u>7,380,572</u>	<u>6,778,350</u>	<u>7,429,201</u>	<u>6,900,834</u>

The bank overdraft is secured by charges over the assets of the company.

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS continued

	Company		Group	
	1997	1996	1997	1996
	£	£	£	£
13. BANK LOANS				
Long term loan bearing interest at $1\frac{1}{2}$ per cent per annum above the base rate chargeable by National Westminster Bank plc and repayable by 156 monthly instalments commencing June 1989.				
Amounts repayable after one year and within five years	292,615	292,615	292,615	292,615
Amounts repayable in more than five years	<u>12,193</u>	<u>85,347</u>	<u>12,193</u>	<u>85,347</u>
	304,808	377,962	304,808	377,962
The current portion of the loan amounting to £73,154 (1996 : £73,153) is shown in current liabilities.				
Commercial fixed rate loan bearing interest of 9 per cent per annum and repayable by 60 monthly instalments commencing February 1995.				
Amounts repayable after one year and within five years	<u>55,000</u>	<u>85,000</u>	<u>55,000</u>	<u>85,000</u>
	<u>359,808</u>	<u>462,962</u>	<u>359,808</u>	<u>462,962</u>
The current portion of the loan amounting to £30,000 (1996 : £30,000) is shown in current liabilities.				
The loans are secured by charges over the assets of the company.				
14. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE CONTRACTS				
Year ending 31st March 1998	69,848		69,848	
31st March 1999	39,456		39,456	
31st March 2000	15,254		15,254	
31st March 2001	<u>6,221</u>		<u>6,221</u>	
	130,779		130,779	
less: Finance charges allocated to future periods	<u>(14,886)</u>		<u>(14,886)</u>	
	<u>115,893</u>		<u>115,893</u>	
Hire purchase contracts shown as:				
Current obligations (Note 12)	62,367		62,367	
Non-current obligations	<u>53,526</u>		<u>53,526</u>	
	<u>115,893</u>		<u>115,893</u>	

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE ACCOUNTS continued

	Company		Group	
	1997	1996	1997	1996
	£	£	£	£
15.DEFERRED TAXATION				
Balance attributable to:				
Excess capital allowances	161,825	166,355	161,825	166,355
Deferred capital gain	<u>845</u>	<u>845</u>	<u>845</u>	<u>845</u>
	<u>162,670</u>	<u>167,200</u>	<u>162,670</u>	<u>167,200</u>
16.SHARE CAPITAL				
Authorised, allotted, called up and fully paid				
Ordinary shares of £1 each	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>	<u>100,000</u>
17.PROFIT AND LOSS ACCOUNT				
Balance brought forward	3,361,802	2,828,679	3,361,722	2,828,599
Total recognised gains and losses relating to the year	<u>593,127</u>	<u>533,123</u>	<u>593,127</u>	<u>533,123</u>
	<u>3,954,929</u>	<u>3,361,802</u>	<u>3,954,849</u>	<u>3,361,722</u>
18.CAPITAL COMMITMENTS				
Authorised and contracted for	<u>80,059</u>	<u>-</u>	<u>80,059</u>	<u>-</u>
			1997	1996
			£	£
19.STAFF COSTS				
Wages and salaries			5,760,287	4,341,556
Social security costs			521,096	403,996
Other pension costs			<u>89,216</u>	<u>84,069</u>
			<u>6,370,599</u>	<u>4,829,621</u>
The average monthly number of employees during the year was made up as follows:-			No.	No.
Office and management			119	98
Manufacture and contracting			<u>140</u>	<u>104</u>
			<u>259</u>	<u>202</u>

ALAN DICK & COMPANY LIMITED

NOTES TO THE ACCOUNTS continued

20. CONTINGENT LIABILITIES

a) Performance bonds

As part of its trading practices the company arranges bank guarantees for performance bonds given to customers. At 31st March 1997 the contingent liability of the company and the group under these bonds amounted to £944,722 (1996 : £1,402,844). The contingent liability to the bank under these bonds is secured by charges over the assets of the company.

b) Bid bonds

As part of its trading practices the company arranges bank guarantees for bid bonds given to customers. At 31st March 1997 the contingent liability of the company and the group under these bonds amounted to £21,472 (1996 : £14,189). The contingent liability to the bank under these bonds is secured by charges over the assets of the company.

21. LEASING COMMITMENTS

At 31st March 1997 the company and group had annual commitments under non-cancellable operating leases as detailed below:-

	Company		Group	
	Land and buildings £	Other £	Land and buildings £	Other £
Operating leases which expire:				
Within one year	-	-	-	-
Within two to five years	-	36,521	36,518	36,521
After more than five years	8,351	-	8,351	-
	<u>8,351</u>	<u>-</u>	<u>8,351</u>	<u>-</u>

22. PENSION COSTS

The company operates contributory pension schemes and contributions are charged in the profit and loss account as they accrue. The charge for the year was £89,216.

23. RELATED PARTY RELATIONSHIPS AND TRANSACTIONS

In accordance with the provisions of Financial Reporting Standard 8 it is disclosed that A.W. Dick controls the majority of the voting rights of the ordinary share capital of the company.

The amount owed to directors of £84,189 included in other creditors is attributable to A.W. Dick.

ALAN DICK & COMPANY LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES TO THE CASH FLOW STATEMENT

	1997 £	1996 £
24.RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES		
Operating profit	1,057,526	846,280
Depreciation	303,469	270,171
Amortisation of goodwill	15,234	5,780
(Profit) on sale of fixed assets	(11,600)	(8,103)
Effect of foreign exchange rate changes	12,927	22,657
(Increase) decrease in stocks	(183,191)	(1,341,507)
(Increase) decrease in debtors	(744,666)	(849,265)
Increase (decrease) in creditors	1,133,327	599,850
NET CASH INFLOW (OUTFLOW) FROM OPERATING ACTIVITIES	<u>1,583,026</u>	<u>(454,137)</u>

25.RECONCILIATION OF NET CASH FLOW TO MOVEMENTS IN
NET FUNDS (DEBT)

Increase (decrease) in cash	766,042	(1,498,594)
Cash inflow from increase in debt and lease financing	<u>60,415</u>	<u>157,111</u>
Change in net funds (debt)	826,457	(1,341,483)
Net funds (debt) at 31st March 1996	<u>(818,489)</u>	<u>522,994</u>
Net funds (debt) at 31st March 1997	<u>7,968</u>	<u>(818,489)</u>

26.ANALYSIS OF CHANGES IN NET FUNDS (DEBT)

	At 31st March 1996 £	Cash Flows £	Other Changes £	At 31st March 1997 £
Cash at bank and in hand	566,993	19,830	-	586,823
Bank overdraft	<u>(746,212)</u>	<u>746,212</u>	-	-
	(179,219)	766,042	-	586,823
Debt due within one year	(145,269)	107,411	(127,663)	(165,521)
Debt due after more than one year	<u>(494,001)</u>	<u>(46,996)</u>	<u>127,663</u>	<u>(413,334)</u>
	<u>(818,489)</u>	<u>826,457</u>	-	<u>7,968</u>