Fieldens

FIELDENS PLC
REPORT AND ACCOUNTS

FOR THE YEAR ENDED 30 JUNE 1999

Fieldens

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DIRECTORS & PROFESSIONAL ADVISORS

Directors	Derek C Bonham *(Chairman)* Andrew Arends *(Chief Executive)* David P Morley Barbara Fielden *(Non-executive)* Robert J Steel *(Non-executive)*
Secretary	Jason N Ford
Nominated Adviser and Nominated Broker	Shore Capital Stockbrokers Limited One Maddox Street London W1R 9WA
Auditors	Pannell Kerr Forster Pannell House Charter Court Severalls Business Park Colchester Essex CO4 4YA
Solicitors	Eversheds Holland Court The Close Norwich NR1 4DX
Principal Bankers	Lloyds TSB Bank plc City Office St. Andrews Street Cambridge CB2 3AX
Registrars	IRG plc Balfour House 390/398 High Road Ilford Essex IG1 1NQ
Registered Office	Starhouse Onehouse Stowmarket Suffolk IP14 3EL
Registered Number	1631866

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CHAIRMAN'S STATEMENT

It is a year since I joined the Board of Fieldens as Chairman and I am pleased to be able to report an improvement in profits for the year to 30 June 1999.

Profit after tax for the year was £84,482 (1998:£27,754) on sales of £3.84m (1998:£3.93m).

Our core agricultural tyre and wheel business recovered in the second half after a difficult start to the year. Improved gross margins and the containment of indirect costs over the year served to move the operating profit forward to £107,363 (1998:£42,916) despite static overall sales. Further details are included in David Morley's review of operations overleaf.

The improved cash balance reported at the end of last year has been maintained, but in view of the seasonality of operating cash flows and our plans for acquisitions, the directors do not recommend an ordinary dividend for the year.

The operational management and staff have responded promptly and determinedly during the year to seasonal and market changes. On behalf of the shareholders I thank them for their continuing contribution to our business which depends on personal responsiveness to customers' service needs.

Our priority for the growth of the company continues to be development by acquisition. Although we have not yet been able to report the completion of a suitable transaction, considerable activity continues in this area. We have investigated a large number of opportunities, but none has yet afforded us that mix of price and potential that would add significant value for Fieldens' shareholders. The financial resources, management skills and professional support available to us are substantial and a successful first step in this new direction will not, I am sure, elude us indefinitely.

While the existing trading operations have started the new year on a satisfactory basis, I look forward to the day when we can take a significant new step in the development of our company.

D C Bonham

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REVIEW OF OPERATIONS

Debate on revisions to the Common Agricultural Policy of the European Union moved forward in early 1999 and the uncertainty over medium term farming subsidies has reduced. Farming incomes have however not improved and new tractor registrations remain low against historical levels.

We experienced a 17% reduction in agricultural wheel and tyre sales in the first half of the year. However, international tyre prices bottomed out and trading margins have improved despite continuing low sales volumes to farmers and farm machinery dealers. We identified structural changes in the supply and use of agricultural machinery and accordingly refocused our sales effort; we also took a number of measures to reduce indirect costs. Although these measures created some temporary shortages in capacity in the second half, we managed to reverse and partly offset the sales shortfall of the first half.

Export sales of tyres and wheels featured less strongly this year than last and reflect our success in the closing months of last year in meeting what we expected would be a transient overseas requirement. We have made up more wheels than in past years, and the strategy of seeking opportunities for the sale of tyres pre-fitted to wheels is in line with objectives mentioned last year. For the future, we have set up overseas sources for certain specialised tyres which we can supply to UK customers already fitted to wheels produced in our own workshops.

The all terrain vehicle (ATV), garden machinery and power equipment division had a good year with sales increased by the launch of the new Honda 450 - the largest machine in Honda's market-leading ATV range and offering an electric gear change. The servicing section again increased its throughput and continues to provide an important support for our growing customer base.

A lightweight aluminium version of the Cheetah bead seating tool was successfully developed during the year. Sales increased by 6%, but margins were temporarily eroded by costs associated with the new product's development.

The new year is not expected to benefit from the launch of a major new ATV product. However, the customer and product mix that we had at the end of the year seems more likely to generate sustained demand than has been the case at the end of some recent years. We continue to seek new customers who will find value in the differentiated service that we provide.

D P Morley

Fieldens

DIRECTORS' REPORT

The directors present their annual report together with the financial statements for the year ended 30 June 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 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 then 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 in business;
- state whether applicable accounting standards have been followed, subject to any material departure disclosed and explained in the financial statements.

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.

GOING CONCERN

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. For this reason they continue to adopt the going concern basis in preparing the financial statements.

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DIRECTORS' REPORT (Continued)

PRINCIPAL ACTIVITIES AND REVIEW OF THE BUSINESS

The company's principal activities during the year continued to be the sale of agricultural tyres and wheels; the production of wheels from rims, custom built to suit the operation and vehicle; the supply of wheels and tyres for original equipment to the agriculture and construction industries and the supply of all terrain vehicles, grass cutting equipment and all ancillary equipment.

The company continues to assemble and distribute tools for the tyre fitting industry.

A detailed review of the company's performance and prospects is set out in the Chairman's Statement and Review of Operations on pages 4 and 5.

RESULTS AND DIVIDENDS

The results for the year are set out in the profit and loss account on page 11. The directors do not recommend the payment of a final dividend per ordinary share (1998 - Nil) and recommend payment of the fixed dividend of 0.05p (1998 - 0.05p) per convertible preferred share. The retained profit of £84,457 (1998 - £27,254) has been transferred to reserves.

DIRECTORS' INTEREST IN SHARES

The directors of the company are shown below together with their interests in the shares of the company at the beginning and end of the financial year.

		1999		1998	
		5p Ordinary Shares Fully Paid	**5p Convertible Preferred Shares Fully Paid**	5p Ordinary Shares Fully Paid	5p Convertible Preferred Shares Fully Paid
K A Arends	(appointed 29.7.98)	**747,500**	-	-	-
D C Bonham	(appointed 29.7.98)	**747,500**	-	-	-
B Fielden		**1,250,000**	-	1,416,640	-
D P Morley		-	-	-	-
J Seymour	(resigned 29.7.98)	**65,000**	**16,666**	83,287	16,666
R J Steel		**3,000**	-	5,000	-
D A Williams	(resigned 29.7.98)	-	-	-	-

On 29 July 1998, 950,000 Convertible preferred shares were transferred from the Fielden Settlement to the company for nil consideration and have consequently been cancelled. The transfer and subsequent cancellation represents 15.8% of allotted, called up and fully paid share capital. The reason for this transaction was to enhance the long term shareholder value of the company, by appointing two new directors to the board.

The Fielden Settlement held throughout the year a total of 250,000 Ordinary Shares in the company. J P Fielden and B Fielden had a non-beneficial interest in these holdings by virtue of being settlors and trustees of the Fielden Settlements.

On 9 May 1996 J P Fielden and B Fielden were granted a joint assignable option to subscribe for up to 600,000 ordinary shares at a price of 60p exercisable at any time within seven years of the date of grant. As the result of agreements made during December 1998 J P Fielden and B Fielden agreed to assign, subject to conditions, their interests in options over 500,000 of these shares to various individuals.

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DIRECTORS' REPORT (Continued)

DIRECTORS' INTEREST IN SHARES

Of the above, options over 150,000 shares have been assigned to D P Morley and options over 100,000 shares have been assigned to R J Steel (both directors of the company) subject, in each case, to performance-related conditions. The conditions to such assignments are that the assignee remains a director or employee of the Company and that the Company's audited profit before tax in any accounting year exceeds the profit before tax for the year ended 30 June 1998.

On 29 July 1998 the company entered into an agreement with D C Bonham and K A Arends whereby they were appointed directors.

On 29 July 1998 D C Bonham and K A Arends were granted options over 2,700,000 new ordinary shares exercisable at an option price of 28p per share. In respect of 1,700,000 option shares, the option is conditional on the company having completed one or more acquisitions with an aggregate value (determined by value of consideration paid) of at least £7 million. The option may be exercised in respect of up to 2,000,000 option shares at any time during the next four years and in respect of 700,000 of the conditional share options at any time during the next five years. The option shares will be issued fully paid and will rank pari passu in all respects with the existing shares in issue. In the event of any consolidation or sub-division of the share capital of the company, any bonus or capitalisation issue, any rights issue, any capital distribution or any other event which affects the value of the shares in the company, then the option shares shall be adjusted as certified by the auditors. The options will lapse upon both Mr Bonham and Mr K A Arends ceasing to be directors of the company as a result of their death, incapacity, voluntary resignation and in certain other circumstances.

With the exception of D P Morley, none of the directors has a service agreement with the company.

YEAR 2000

The company has assessed the risk from the potential year 2000 problem by a review of all its systems.

No matters have come to light which suggest the business will be adversely affected by the date change around the turn of the century and the anticipated cost of year 2000 compliance is regarded as minimal.

THE EURO

The company does not consider that the introduction of the Euro will have a significant effect on the business.

CHARITABLE DONATIONS

During the year the company made charitable donations of £250.

LAND AND BUILDINGS

The directors do not consider that the market value of the land and buildings is materially different from the historic value stated in the accounts.

FAIR VALUE OF ASSETS AND LIABILITIES

The directors' consider the assets and liabilities included within the financial statements to be stated at their fair value.

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DIRECTORS' REPORT (Continued)

CORPORATE GOVERNANCE

There is no requirement for the directors to report on compliance with the accountability and audit aspects of the Combined Code ("the code") of the Committee on Corporate Governance. However, the board supports the principles contained in the code and, given the company's size and structure, has sought to comply generally with the provisions of the code as follows:

- The board approves the rolling forecast, the long term plans and all major investment and finance matters of the company. Board meetings are held on a regular basis and a formal schedule of matters reserved for decision by the board is in place.

- A formal procedure exists for directors in the furtherance of their duties to take independent professional advice, if necessary, at the company's expense.

- The company operates remuneration and audit committees, in each case consisting of the non-executive directors.

- Internal financial control. With a relatively small number of employees reporting to executive directors the company operates a "hands-on" approach to control. A number of written procedures and a structure of delegated responsibilities for certain matters are in place. There is no separate audit department due to the size of the company. The company operates a financial forecasting system with detailed reports prepared regularly. These include a cash flow statement projected for 12 months which is used to determine the adequacy of funding for future needs.

SUBSTANTIAL SHAREHOLDINGS

On 6 October 1999 the company had been advised of two shareholdings, other than those of the directors, amounting to 3% or more of the share capital of the company.

AIM Distribution Trust plc	350,000	5p Ordinary Shares Fully Paid	7%
Ivory and Sime plc	165,000	5p Ordinary Shares Fully Paid	3.3%

PAYMENT POLICY ON CREDITORS

It is not the company's policy to follow a code or standard on payment practice. The company settles the terms of payment with suppliers when agreeing the terms of transactions and abides by those terms. Creditor days at 30 June 1999 were 77 (1998: 101). The decrease in trade creditor days seen in 1999 relates in part to less attractive credit terms being offered by major suppliers. The exceptional level of creditor days in 1998 was in part the result of extended credit volunteered by a major supplier and the effect of a contract ongoing at the year end which had a similar effect on debtor days.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Pannell Kerr Forster be re-appointed as auditors of the company will be put to the Annual General Meeting.

This report was approved by the board.

8 October 1999

J N Ford

J N Ford
Secretary

Fieldens

AUDITORS' REPORT TO THE SHAREHOLDERS OF FIELDENS PLC

We have audited the financial statements on pages 11 to 26 which have been prepared under the accounting policies set out on pages 15 and 16.

Respective responsibilities of directors and auditors

As described on page 6 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. 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 30 June 1999 and of its profit for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.

8.10.1999
Colchester

Pannell Kerr Forster

Pannell Kerr Forster
Chartered Accountants
Registered Auditors

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PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1999 £	1998 £
Turnover	2	**3,841,158**	3,928,217
Cost of sales		**(3,082,308)**	(3,254,020)
Gross profit		**758,850**	674,197
Selling and distribution costs		**(293,822)**	(334,360)
Administrative expenses		**(357,665)**	(296,921)
Operating profit	3	**107,363**	42,916
Interest receivable and similar income	4	**16,428**	4,332
Interest payable and similar charges	5	**(3,386)**	(10,569)
Profit on ordinary activities before taxation		**120,405**	36,679
Tax on profit on ordinary activities	6	**(35,923)**	(8,925)
Profit on ordinary activities after taxation		**84,482**	27,754
Dividends	7	**(25)**	(500)
Retained profit transferred to reserves		**84,457**	27,254
Earnings per ordinary share	8		
Undiluted		1.69p	0.55p
Diluted		1.23p	0.53p*

* Re-stated to comply with FRS14.

The company has no recognised gains or losses other than the profit for the year.

All amounts relate to continuing operations.

The retained profit for the year is equivalent to the historical cost profit.

Movements on reserves are set out in Notes 17 and 18 to the financial statements.

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BALANCE SHEET
AS AT 30 JUNE 1999

	Notes	1999 £	1999 £	1998 £	1998 £
FIXED ASSETS					
Tangible assets	9		577,861		586,671
CURRENT ASSETS					
Stocks	10	750,641		850,099	
Debtors	11	633,446		584,890	
Cash at bank and in hand		327,130		341,702	
		1,711,217		1,776,691	
CREDITORS					
Amounts falling due within one year	12	(761,854)		(919,720)	
NET CURRENT ASSETS			949,363		856,971
TOTAL ASSETS LESS CURRENT LIABILITIES			1,527,224		1,443,642
CREDITORS					
Amounts falling due after more than one year	12a		-		(288)
PROVISION FOR LIABILITIES AND CHARGES	13		(1,217)		(1,804)
			1,526,007		1,441,550
CAPITAL AND RESERVES					
Called up share capital	15		252,500		300,000
Share premium account	16		799,195		799,195
Profit and loss account	17		426,812		342,355
Capital redemption reserve	18		47,500		-
Shareholders' Funds (including non-equity interests)	19		1,526,007		1,441,550

Approved by the Board on 8|10|1999 .

D C Bonham DCBonham
Director

D P Morley DPMorley
Director

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CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 1999

	Notes	1999		1998	
		£	£	£	£
Net cash inflow from operating activities	1		59,973		572,389
Returns on investments and servicing of finance					
Interest received		16,428		4,332	
Interest paid		(3,386)		(10,569)	
Net cash inflow/(outflow) from returns on investments and servicing of finance			13,042		(6,237)
Taxation					
Corporation tax paid			(11,885)		(1,139)
Corporation tax received			-		11,747
Capital expenditure and financial investment					
Payments to acquire tangible fixed assets		(79,426)		(37,451)	
Receipts from sales of tangible assets		15,214		13,720	
Net cash outflow from capital expenditure and financial investment			(64,212)		(23,731)
Non equity dividend paid			(1,475)		-
Net cash (outflow)/inflow before financing			(4,557)		553,029
Financing					
Capital element of hire purchase repaid		(10,015)		(36,965)	
Net cash outflow from financing			(10,015)		(36,965)
(Decrease)/Increase in cash			(14,572)		516,064
Reconciliation of net cash flow to movement in net debt	2				
(Decrease)/Increase in cash			(14,572)		516,064
Cash outflow from decrease in lease financing			10,015		36,965
Change in net debt resulting from cash flows			(4,557)		553,029
New finance leases			-		(13,850)
			(4,557)		539,179

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NOTES TO THE CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE 1999

1 **Reconciliation of operating profit to net cash inflow from operating activities**

	1999 £	1998 £
Operating profit	**107,363**	42,916
Depreciation of tangible assets	**70,277**	67,013
Loss on disposal of tangible assets	**2,745**	864
Decrease in stocks	**99,458**	248,447
Increase in debtors	**(48,553)**	(167,484)
(Decrease)/Increase in creditors due within one year	**(171,317)**	380,633
Net cash inflow from operating activities	**59,973**	572,389

2 **Analysis of changes in net debt**

	At 1 July 1998 £	Cash Flows £	At 30 June 1999 £
Cash at bank and in hand	341,702	(14,572)	327,130
Finance leases	(10,304)	10,015	(289)
	331,398	(4,557)	326,841

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999

1. **ACCOUNTING POLICIES**

1.1 **Accounting convention**

The financial statements have been prepared using applicable accounting standards under the historical cost convention and include the results of the company's operations as indicated in the directors' report.

1.2 **Turnover**

Turnover represents amounts receivable for goods and services provided, net of VAT and trade discounts.

1.3 **Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write-off the cost less estimated residual value of each asset over its expected useful life, as follows:-

Plant & Machinery	-	25% reducing balance
Fixtures, Fittings & Equipment	-	25% reducing balance
Motor Vehicles	-	33% reducing balance

Freehold buildings are written off on a straight line basis over 25 years. No depreciation charge is made in respect of freehold land.

1.4 **Finance and operating leases**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

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

1.5 **Stock**

Stock is valued at the lower of cost and net realisable value. Cost is determined on an average cost basis.

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)**

1. ACCOUNTING POLICIES (continued)

1.6 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with Statement of Standard Accounting Practice 24. As referred to in note 14 the payments are to an independently administered defined contribution scheme.

1.7 Deferred Taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.8 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the accounting 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.

2. TURNOVER AND GROSS PROFIT

The turnover and gross profit of the company for the year has been derived from its principal activities undertaken throughout the world.

Segmental analysis	**Turnover 1999 £**	**Turnover 1998 £**	**Gross Profit 1999 £**	**Gross Profit 1998 £**
Tyres and wheels	**2,781,462**	3,080,811	**514,880**	461,709
Cheetah bead seating tool	**197,698**	187,203	**94,912**	96,329
All terrain vehicles	**861,998**	660,203	**149,058**	116,159
	3,841,158	3,928,217	**758,850**	674,197

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

2. TURNOVER AND GROSS PROFIT (continued)

The directors do not consider it practical to allocate selling and distribution costs and administrative expenses between business activities so segmental disclosure of results before interest and of net assets is not possible.

The analysis of turnover by geographical market, all of which originates in the United Kingdom, was as follows:-

	1999 £	1998 £
United Kingdom	**3,531,557**	3,513,170
Other markets throughout the world	**309,601**	415,047
	3,841,158	3,928,217

3. OPERATING PROFIT

	£	£
Operating profit is stated after charging:		
Directors' emoluments	**80,024**	97,744
Depreciation of tangible fixed assets	**70,277**	67,013
Loss on disposal of fixed assets	**2,745**	864
Hire of plant and machinery	**246**	227
Operating lease rentals - Land and building	**3,081**	8,233
Operating lease rentals - Other	**4,390**	-
Auditors' remuneration - Audit fees	**5,750**	5,500
Auditors' remuneration - Other services	**900**	3,505
Net (gain)/loss on foreign currency conversion	**(222)**	1,660

4. INTEREST RECEIVABLE AND SIMILAR INCOME

	£	£
Bank interest received	**16,428**	4,332

5. INTEREST PAYABLE AND SIMILAR CHARGES

	£	£
On bank loans and overdrafts	**454**	7,186
Hire purchase interest	**1,223**	3,383
Other interest payable	**1,709**	-
	3,386	10,569

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

6. TAX ON PROFIT ON ORDINARY ACTIVITIES

	1999 £	1998 £
The taxation charge for the year represented:		
UK corporation tax at 20% (1998 - 21%)		
Previous year	**(490)**	-
Current year	**37,000**	12,000
Transfer from deferred taxation	**(587)**	(3,075)
	35,923	8,925

7. DIVIDENDS

	£	£
Proposed dividend of 0.05p (1998 - 0.05p) per preference share	**25**	500
	25	500

8. EARNINGS PER SHARE

Earnings per ordinary share is calculated by dividing the profit, after charging tax and preference dividends, of £84,457, by the weighted average number of ordinary shares in issue during the period of 5,000,000 (1998: 5,000,000).

Fully diluted earnings per share is calculated using FRS14, on the weighted average number of ordinary shares in issue after allowing for full exercise of conversion rights and options during the period of 6,857,828 (1998: 5,109,091).

Reconciliation of weighted average number of shares

	1999 £	1998 £
Basic weighted average number of shares	**5,000,000**	5,000,000
Weighted average number of shares under option	**3,210,959**	1,600,000
Equivalent number of shares under option at fair value	**(1,353,131)**	(1,490,909)
Diluted number of ordinary shares	**6,857,828**	5,109,091

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

9. TANGIBLE FIXED ASSETS

	Freehold Land & Building	Plant & Machinery	Fixtures, Fittings & Equipment	Motor Vehicles	Total
	£	£	£	£	£
Cost					
At 1 July 1998	465,179	163,177	91,643	129,894	849,893
Additions	2,127	24,949	40,919	11,431	79,426
Disposals	-	(33,881)	(11,303)	(13,825)	(59,009)
At 30 June 1999	**467,306**	**154,245**	**121,259**	**127,500**	**870,310**
Depreciation					
At 1 July 1998	20,207	101,664	61,820	79,531	263,222
On disposals	-	(22,152)	(10,031)	(8,867)	(41,050)
Charge for the year	10,693	20,237	20,008	19,339	70,277
At 30 June 1999	**30,900**	**99,749**	**71,797**	**90,003**	**292,449**
Net book values					
At 30 June 1999	**436,406**	**54,496**	**49,462**	**37,497**	**577,861**
At 30 June 1998	444,972	61,513	29,823	50,363	586,671

Included within Freehold Land & Buildings is non-depreciated land, with a cost brought forward and carried forward of £200,000 (1998: £200,000).

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

9. TANGIBLE FIXED ASSETS (continued)

Included in the above are assets held under finance leases or hire purchase contracts as follows:-

	Net Book Value		Depreciation Charge	
	1999	1998	1999	1998
	£	£	£	£
Plant and machinery	-	9,140	-	3,047
Motor vehicles	**6,217**	27,420	**3,062**	13,506
	6,217	36,560	**3,062**	16,553

10. STOCKS

	£	£
Finished goods and goods for resale	**750,641**	850,099

11. DEBTORS

	£	£
Amounts recoverable within one year:		
Trade debtors	**592,013**	538,013
Prepayments and accrued income	**40,335**	44,267
ACT recoverable	**375**	-
Other debtors	**720**	2,235
	633,443	584,515
Amounts recoverable after more than one year		
ACT recoverable	**3**	375
	633,446	584,890

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

12. CREDITORS	1999	1998
	£	£
Amounts falling due within one year:		
Net obligations under finance lease and hire purchase contracts	**289**	10,016
Trade creditors	**627,320**	830,634
Corporation tax	**37,000**	12,000
Advance corporation tax payable	**3**	375
Other taxes and social security costs	**55,386**	51,358
Dividends payable	**50**	1,500
Other creditors	**54**	10
Accruals and deferred income	**41,752**	13,827
	761,854	919,720

The bank facilities are secured by a first mortgage debenture being a fixed and floating charge over the company's assets.

The obligations under finance lease and hire purchase contracts are secured on the relevant fixed assets.

12a. CREDITORS	£	£
Amounts falling due after more than one year:		
Net obligations under finance leases and hire purchase contracts:		
Repayable within one year	**315**	11,158
Repayable between one and five years	**-**	290
	315	11,448
Finance charges and interest allocated to future accounting periods	**(26)**	(1,144)
	289	10,304
Included in current liabilities	**(289)**	(10,016)
	-	288

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

13. PROVISION FOR LIABILITIES AND CHARGES

Full provision for deferred tax is provided at 20% (1998 - 21%) analysed over the following timing differences:

	1999	1998
	£	£
Accelerated capital allowances	**1,217**	1,804

Movements on the provision for deferred taxation are:

At 1 July 1998	**1,804**	4,879
Transferred to profit and loss account	**(587)**	(3,075)
At 30 June 1999	**1,217**	1,804

14. PENSION COSTS

Pension costs of £8,325 (1998 - £9,364) represent amounts payable to independently administered defined contribution schemes.

15. SHARE CAPITAL

	£	£
Authorised		
10,000,000 Ordinary Shares of 5p each	**500,000**	500,000
1,000,000 Convertible Preferred Shares of 5p each	**50,000**	50,000
	550,000	550,000
Allotted, called up and fully paid		
5,000,000 Ordinary Shares of 5p each	**250,000**	250,000
50,000 (1998:1,000,000) Convertible Preferred Shares of 5p each	**2,500**	50,000
	252,500	300,000

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

15. SHARE CAPITAL (Continued)

The convertible preferred shares shall be entitled to a dividend of 0.05p (net) per share prior to the payment of any dividend on any other class of share in the company, such dividend to be paid yearly in arrears on 31 October in each year.

The convertible preferred shares shall rank pari passu with the ordinary shares for the return of capital on a winding-up.

The convertible preferred shares are convertible into ordinary shares at the option of the holders of the shares at any time on the basis of one ordinary share for every convertible preferred share held provided that the after-tax earnings of the company as derived from the then latest audited accounts of the company is equal to or greater than two times the amount that would be required to pay a fixed dividend of 2.4 pence net on the aggregate number of ordinary shares and convertible preferred shares in issue at that time.

The convertible preferred shares are also convertible into ordinary shares on the basis of one ordinary share for every convertible preferred share following any part of the share capital of the company being admitted to the Official List of the London Stock Exchange or an offer being made for over 50 per cent of the ordinary shares of the company becoming unconditional as to acceptances.

The convertible preferred shares do not carry any voting rights. They may be converted in full but not in part. On 29 July 1998, 950,000 Convertible Preferred shares were transferred from the Fielden Settlement to the company for nil consideration and have consequently been cancelled.

On 9 May 1996 J P Fielden and B Fielden were granted a joint assignable option to subscribe for up to 600,000 ordinary shares at a price of 60p exercisable at any time within seven years of the date of the grant.

On 29 July 1998, D C Bonham and K A Arends were granted options over 2,700,000 new ordinary shares exercisable at an option price of 28p per share. In respect of 1,700,000 option shares, the option is conditional on the company having completed one or more acquisitions with an aggregate value (determined by value of consideration paid) of at least £7 million. The option may be exercised in respect of up to 2,000,000 option shares at any time during the next four years and in respect of 700,000 of the conditional share options at any time during the next five years. The option shares will be issued fully paid and will rank pari passu in all respects with the existing shares in issue. In the event of any consolidation or sub-division of the share capital of the company, any bonus or capitalisation issue, any rights issue, any capital distribution or any other event which affects the value of the shares in the company, then the option shares shall be adjusted as certified by the auditors. The options will lapse upon both Mr Bonham and Mr K A Arends ceasing to be directors of the company as a result of their death, incapacity, voluntary resignation and in certain other circumstances.

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

16. SHARE PREMIUM ACCOUNT

	1999 £	1998 £
Balance at 30 June 1999	**799,195**	799,195

17. PROFIT AND LOSS ACCOUNT

	1999 £	1998 £
Retained profit at 1 July 1998	**342,355**	315,101
Retained profit for the year	**84,457**	27,254
Retained profit at 30 June 1999	**426,812**	342,355

18. CAPITAL REDEMPTION RESERVE

	1999 £	1998 £
Balance at 1 July 1998	-	-
Transfer from share capital account on cancellation of 950,000 convertible preferred shares	**47,500**	-
Balance at 30 June 1999	**47,500**	-

19. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £	1998 £
Profit before dividends	**84,482**	27,754
Dividends	**(25)**	(500)
Net addition to shareholders' funds	**84,457**	27,254
Opening shareholders' funds	**1,441,550**	1,414,296
Closing shareholders' funds	**1,526,007**	1,441,550
Equity interests	**1,523,507**	1,391,550
Non-equity interests	**2,500**	50,000
	1,526,007	1,441,550

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

20. DIRECTORS' EMOLUMENTS

	£	£
Remuneration	**80,024**	97,744
Other pension costs	**1,516**	2,705
	81,540	100,449

During the year the number of directors to whom retirement benefits were accruing under money purchase schemes was 1 (1998: 3).

21. EMPLOYEES

Number of Employees
The average weekly number of employees (including directors) during the year was:

	1999 Number	1998 Number
Warehouse, workshop and distribution	**13**	15
Sales	**4**	4
Administration	**6**	5
	23	24

	£	£
Employment costs		
Wages and salaries	**417,922**	413,331
Social security costs	**37,596**	40,084
Other pension costs	**8,325**	9,364
	463,843	462,779

Fieldens

NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1999
(Continued)

22. RELATED PARTY TRANSACTIONS

During the year rent inclusive of rates totalling £4,537 (1998: £7,153) was paid to Mrs B Fielden, who was a director and a shareholder, and Mr J P Fielden, who was a shareholder of the company. The balance outstanding at the year end was £710 (1998: £871). This was considered by the directors to be a fair commercial rent for the property.

During the year fees totalling £250 (1998: £5,500) net of VAT were paid to City Management Services Ltd, a company in which J A Seymour has an interest.

During the year, sales of £358 were made to Mrs B Fielden, a director and shareholder of the company. At the year end, £nil was outstanding.

During the year, sales of £157 were made to R J Steel, a director and shareholder of the company. At the year end, £nil was outstanding.

23. OPERATING COMMITMENTS AND CONTINGENCIES

Operating lease commitments

The company had non-cancellable operating lease commitments as follows:

	1999	1998
	£	£
Leases which expire:		
Within one year	5,682	-
In the second to fifth years inclusive	17,046	
	22,728	-

At 30 June 1999 the company also had forward foreign exchange contracts totalling £91,259 (1998: £74,882).

Contingencies

At 30 June 1999 a H M Customs & Excise Deferment Bond of £15,000 (1998: £15,000) (maximum contingent liability £30,000) was held by the company's bankers.

At 30 June 1999 the company has a contingent liability in relation to guarantees given on some products sold by the company. Most of these liabilities are matched by guarantees from suppliers. The financial effects of the unmatched guarantees and the timing of any consequent cash flows cannot be reasonably assessed.