

FLEXDART LIMITED
DIRECTORS' REPORT AND ACCOUNTS
FOR THE YEAR ENDED 31st DECEMBER 1990

COMPANIES HOUSE
10 JUN 1992
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(Registered in England, Number 2052152)

KPMG PricewaterhouseCoopers

FLEXDART LIMITED**DIRECTORS' REPORT**

The directors present their report and the accounts for the year ended 31st December 1990.

Review of the business

The principal activity of the group is the recycling and trading of ferrous and non-ferrous metals, the refining of drosses and residues and the manufacture of aluminium ingots.

Results and dividends

The directors do not recommend the payment of a dividend (1989: £750 per share).

The results of the group for the year are shown on page 4. Transfers to and from reserves are shown on page 5.

Fixed assets

Details of changes in tangible fixed assets are given in note 10 to the accounts. The group's properties were revalued at 31st December 1990, the deficit on revaluation of £2786,219 being debited to the revaluation reserve.

Directors

The directors set out below held office during the year unless otherwise stated. The interests of the directors holding office on 31st December 1990 in the shares of the company, were as shown below:

	Ordinary shares of £1 each 1990 and 1989
J.M. Wardle (resigned 20th June 1990)	-
P.D. Bevan	40
M.F. Bevan	40

In accordance with the articles of association, all the directors retire and, being eligible, offer themselves for re-election.

Post balance sheet event

On 1st January 1991 the company purchased the tangible fixed assets and stocks of its subsidiary company, Heart of England Compounding Limited, for their net book value at 31st December 1990 which amounted to £20,050 and £42,453 respectively.

FLEXDART LIMITED

DIRECTORS' REPORT

(continued)

Auditors

During the year Neville Russell resigned as auditors of the company and KPMG Peat Marwick were appointed in their place. In accordance with Section 385 of the Companies Act 1985, a resolution for the re-appointment of KPMG Peat Marwick is to be proposed at the forthcoming annual general meeting.

Approved by the Board of Directors on 31st December 1991 and signed on its behalf by:

A. J. Blagrove



Secretary

Fairforal Works,
Marsh Lane,
Water Orton,
Birmingham.
B46 1NS

REPORT OF THE AUDITORS, KPMG PEAT MARWICK, TO THE MEMBERS OF
FLEXDART LIMITED

We have audited the accounts on pages 4 to 22 in accordance with Auditing Standards.

In our opinion the accounts give a true and fair view of the state of affairs of the company and the group at 31st December 1990 and of loss and source and application of funds of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG Peat Marwick

Birmingham

Chartered Accountants
Registered Auditor

31st December 1991

FLEXDART LIMITED**CONSOLIDATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31st DECEMBER 1990**

	Note	1990 £	1989 £
Turnover	2	14,712,096	18,884,529
Cost of sales		(13,206,788)	(17,114,734)
Gross profit		<u>1,505,308</u>	<u>1,769,795</u>
Distribution costs		(824,618)	(460,308)
Administrative expenses		(581,513)	(505,650)
Other operating income		12,060	9,823
Operating profit		<u>111,237</u>	<u>813,660</u>
Other interest receivable and similar income		85,269	4,996
Interest payable and similar charges	3	(307,063)	(256,196)
Exceptional items	4	(265,917)	(301,316)
(Loss)/profit on ordinary activities before taxation	4	<u>(376,474)</u>	<u>261,144</u>
Tax on (loss)/profit on ordinary activities	7	(53,801)	(138,224)
(Loss)/profit on ordinary activities after taxation		<u>(430,275)</u>	<u>122,920</u>
(Loss)/profit on ordinary activities attributable to minority interests		<u>(3,955)</u>	<u>4,055</u>
(Loss)/profit on ordinary activities after taxation and before extraordinary item		<u>(434,230)</u>	<u>126,975</u>
Extraordinary item	8	(140,907)	-
(Loss)/profit for the financial year		<u>(575,137)</u>	<u>126,975</u>
Dividend	9	-	(75,000)
Retained (loss)/profit for the year	18	<u>(575,137)</u>	<u>51,975</u>

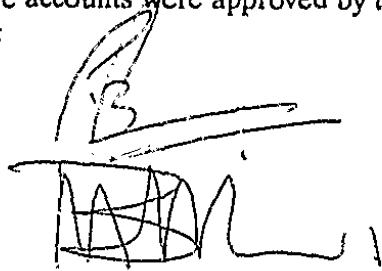
FLEXDART LIMITED
CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31st DECEMBER 1990
 (continued)

	Note	£	1990 £	£	1989 £
Statement of retained profits					
Retained (loss)/profit for the year			(575,137)		51,975
Retained profit at beginning of year					
As previously reported		616,280		553,157	
Prior year adjustments	19	37,835		-	
As restated			654,115		553,157
Revaluation reserve transfer	18		156,757		48,983
Retained profit at end of year			235,735		654,115

FLEXDART LIMITED**BALANCE SHEETS****AT 31st DECEMBER 1990**

	Note	1990 £	Group 1989 £	1990 £	Company 1989 £
Fixed assets					
Tangible assets	10	2,997,770	3,356,965	2,810,673	2,786,702
Investment in subsidiary undertakings	11	-	-	647,493	647,493
		<u>2,997,770</u>	<u>3,356,965</u>	<u>3,458,166</u>	<u>3,434,195</u>
Current assets					
Stocks	12	567,733	920,255	331,099	348,397
Debtors	13	2,367,986	2,923,080	1,760,685	2,360,107
Asset held for resale	10	204,509	-	204,509	-
Cash at bank and in hand		6,162	41,447	5,934	32,050
		<u>3,146,390</u>	<u>3,884,782</u>	<u>2,302,227</u>	<u>2,740,554</u>
Creditors: Amounts falling due within one year	14	(4,048,492)	(4,326,442)	(2,466,221)	(2,583,496)
Net current (liabilities)/assets		<u>(902,102)</u>	<u>(441,660)</u>	<u>(163,994)</u>	<u>157,058</u>
Total assets less current liabilities		<u>2,095,668</u>	<u>2,915,305</u>	<u>3,294,172</u>	<u>3,591,253</u>
Creditors: Amounts falling due after more than one year	15	(1,117,168)	(579,404)	(1,755,639)	(1,098,123)
Net assets		<u>978,500</u>	<u>2,335,901</u>	<u>1,538,533</u>	<u>2,493,130</u>
Capital and reserves					
Called up share capital	17	100	100	100	100
Profit and loss account	18	235,735	654,115	493,913	594,972
Other reserves	18	742,665	1,685,641	1,044,520	1,898,058
		<u>978,500</u>	<u>2,339,856</u>	<u>1,538,533</u>	<u>2,493,130</u>
Minority interests		-	(3,955)	-	-
		<u>978,500</u>	<u>2,335,901</u>	<u>1,538,533</u>	<u>2,493,130</u>

The accounts were approved by the board of directors on 31st December 1991 and signed on its behalf by:



P.D. Bevan)
) Directors
 M.F. Bevan)

FLEXDART LIMITED**CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS****FOR THE YEAR ENDED 31st DECEMBER 1990**

	1990 £	1989 £
Source of funds		
(Loss)/profit on ordinary activities before taxation	(376,474)	261,144
Extraordinary item	(140,907)	-
Adjustments for items not involving the movement of funds:		
Depreciation of tangible fixed assets	534,210	276,977
Loss on disposal of tangible fixed assets	43,784	36,427
Funds generated from operations	<u>60,613</u>	<u>574,548</u>
Funds from other sources		
Proceeds on disposal of tangible fixed assets	90,747	37,220
Creditors falling due after more than one year		
- bank loans	362,921	-
- other	174,843	86,722
	<u>689,124</u>	<u>698,490</u>
Application of funds		
Creditors falling due after more than one year	-	(7,991)
Dividend paid	-	(75,000)
Purchase of tangible fixed assets	(1,300,274)	(835,817)
Tax paid	(131,183)	(272,956)
Decrease in working capital	<u>(743,333)</u>	<u>(493,274)</u>
Components of decrease in working capital		
Stocks	(352,522)	(100,163)
Debtors	(553,776)	(7,422)
Creditors falling due within one year	466,182	(37,099)
	<u>(440,116)</u>	<u>(144,684)</u>
Movement in net liquid funds:		
Cash at bank and in hand	(35,285)	10,570
Bank loans and overdrafts	(267,932)	(359,160)
	<u>(743,333)</u>	<u>(493,274)</u>

FLEXDART LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 1990****1. Accounting policies**

The group accounts are prepared under the historical cost convention modified to include the revaluation of land and buildings and certain plant and machinery. The group's accounting policies which conform with applicable Accounting Standards are set out below:

Consolidation

The group accounts include the accounts of the parent company and of its subsidiary undertakings for the year ended 31st December 1990.

The results of subsidiary undertakings acquired during the year are included from the date of acquisition. The results of subsidiary undertakings disposed of during the year are included up to the date of disposal.

A separate profit and loss account dealing with the results of the company has not been presented as permitted by S230(4) of the Companies Act 1985.

Turnover

Turnover represents the amounts invoiced, excluding value added tax, in respect of the sale of goods and services to customers outside the group.

Depreciation

Depreciation is calculated to write off the cost less estimated residual value of tangible fixed assets on a straight line basis over their estimated useful lives as follows.

Freehold land	Nil
Freehold buildings	2%
Plant and machinery	20%
Fixtures, fittings, tools and equipment	20%
Motor vehicles	25%

Stocks

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

Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that it is probable that liabilities will crystallise in the foreseeable future.

FLEXDART LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1990

(continued)

1. Accounting policies (continued)

Foreign currencies

Assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All exchange differences are reported as part of the result for the year.

Leasing

Rentals payable in respect of operating leases are charged to the profit and loss account as they fall due.

Assets acquired under finance lease and hire purchase contracts are capitalised and the capital element of the lease rentals is included in creditors. Finance charges are charged to the profit and loss account so as to produce a constant rate of return on the outstanding balance.

Pensions

The company and certain of its subsidiary undertakings operate contributory pension schemes which are administered by trustees and are independent of the group's finances. Contributions are paid into the schemes in accordance with the recommendations of independent actuaries who carry out valuations at regular intervals.

2. Turnover

The turnover and pre-tax result for the year are attributable to the principal activity of the group. A geographical analysis of turnover is given below:

	1990 £	1989 £
U.K.	13,150,482	17,024,475
Export	1,561,614	1,860,054
	<u>14,712,096</u>	<u>18,884,529</u>

3. Interest payable and similar charges

	1990 £	1989 £
Interest payable on bank loans and overdrafts and other loans wholly repayable within five years	206,002	224,804
Finance lease and hire purchase interest	94,540	31,392
Other interest	6,514	-
	<u>307,063</u>	<u>256,196</u>

FLEXDART LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1990

(continued)

4. (Loss)/profit on ordinary activities before taxation

The (loss)/profit on ordinary activities before taxation is stated after charging/(crediting) the following:

	1990 £	1989 £
Loss on disposal of tangible fixed assets	43,784	36,427
Depreciation of tangible fixed assets (see below)	347,537	276,977
Auditors' remuneration	25,000	17,650
Other operating leases - land and buildings	30,000	30,000
Interest receivable	(85,269)	(4,996)
Exceptional items:		
Bad debts	190,151	-
Accelerated depreciation in subsidiary company	75,766	-
Losses incurred on a one off contract	-	263,235
Cost of unusable kiln facilities	-	38,081

The depreciation charge for the year comprises the following:

Normal charge for the year	347,537	276,977
Exceptional item - accelerated depreciation	75,766	-
Charged in arriving at (loss)/profit on ordinary activities before taxation	423,303	276,977
Extraordinary item - depreciation charged on closure of subsidiary undertaking	110,907	-
Total charge for the year (note 10)	534,210	276,977

5. Directors' emoluments

	1990 £	1989 £
Management services	69,342	51,690
Fees	1,250	5,000
Pension contributions	2,568	24,236
	73,160	80,926
The emoluments of the directors (excluding pension contributions) includes amounts paid to:		
The chairman (from 1st January to 20th June 1990)	1,250	5,000
The highest paid director	36,624	30,450

FLEXDART LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1990

(continued)

5. Directors' emoluments (continued)

The number of directors who received emoluments (excluding pension contributions) in the following ranges were:

	1990 Number	1989 Number
£0 - £5,000	1	1
£20,001 - £25,000	-	1
£30,001 - £35,000	1	1
£35,001 - £40,000	1	-
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Transactions:

Ryknild Trading Limited (formerly Beaver Metals Limited) is a company under common ownership with Flexdart Limited. Both M.F. Bevan and P.D. Bevan are directors of Ryknild Trading Limited.

6. Staff costs

	1990 £	1989 £
Wages and salaries	1,144,863	934,170
Social security costs	97,896	80,776
Other pension costs	16,265	23,898
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	1,259,024	1,038,844
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The average number of persons employed by the group (including directors) during the year was as follows:

	Number	Number
Management	9	16
Administration	13	11
Works	97	92
	<hr/>	<hr/>
Total employees	119	119
	<hr/>	<hr/>

FLEXDART LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1990
(continued)

7. Tax on (loss)/profit on ordinary activities

Based on the (loss)/profit on ordinary activities for the year:

	1990 £	1989 £
Corporation tax at 34.25% (1989: 35%)	-	135,666
Under provision in respect of prior years	53,801	2,558
	<u>53,801</u>	<u>138,224</u>

8. Extraordinary item

	1990 £	1989 £
Closure costs of subsidiary undertaking:		
Future property lease costs	30,000	-
Additional depreciation on closure	110,907	-
	<u>140,907</u>	<u>-</u>

9. Dividend

	1990 £	1989 £
Final dividend paid of £Nil (1989: £750) per share	-	75,000
	<u>-</u>	<u>75,000</u>

FLEXDART LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 1990**
(continued)

10. Tangible fixed assets

(a) Group

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1st January 1990	2,351,916	1,126,578	51,804	362,928	3,893,226
Additions	662,336	532,208	23,107	82,623	1,300,274
Disposals	-	(158,890)	(3,129)	(56,314)	(218,333)
Revaluation in year	(799,296)	-	-	-	(799,296)
Reclassification as a current asset	(214,956)	-	-	-	(214,956)
At 31st December 1990	<u>2,000,000</u>	<u>1,499,896</u>	<u>71,782</u>	<u>389,237</u>	<u>3,960,915</u>
Comprising:					
Cost	-	1,130,164	71,782	389,237	1,591,183
Valuation 1987	-	200,000	-	-	200,000
Valuation 1988	-	169,732	-	-	169,732
Valuation 1990	2,000,000	-	-	-	2,000,000
	<u>2,000,000</u>	<u>1,499,896</u>	<u>71,782</u>	<u>389,237</u>	<u>3,960,915</u>
Accumulated depreciation					
At 1st January 1990	-	321,504	20,360	194,397	536,261
Charge for the year	23,524	397,675	13,912	99,099	534,210
Eliminated on disposals	-	(54,679)	(1,972)	(27,151)	(83,802)
Revaluation in year	(13,077)	-	-	-	(13,077)
Reclassification as a current asset	(10,447)	-	-	-	(10,447)
At 31st December 1990	<u>-</u>	<u>664,500</u>	<u>32,300</u>	<u>266,345</u>	<u>963,145</u>
Net book values					
At 31st December 1990	2,000,000	835,396	39,482	122,892	2,997,770
At 31st December 1989	<u>2,351,916</u>	<u>805,074</u>	<u>31,444</u>	<u>168,581</u>	<u>3,356,965</u>

FLEXDART LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

10. **Tangible fixed assets (continued)**(b) **Tangible fixed assets held under finance lease or hire purchase contracts**

Plant and machinery of the group, included in (a) above, held under finance lease or hire purchase contracts is as follows:

	1990 £	1989 £
Net book value	576,768	241,196
Depreciation charged in the year	201,916	68,357

(c) **Company**

	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Motor vehicles £	Total £
Cost or valuation					
At 1st January 1990	2,351,916	521,268	44,518	274,134	3,191,836
Additions	662,336	513,235	21,441	62,009	1,259,021
Disposals	-	(52,590)	(3,129)	(38,800)	(94,519)
Revaluation in year	(799,296)	-	-	-	(799,296)
Reclassification as a current asset	(214,956)	-	-	-	(214,956)
At 31st December 1990	2,000,000	981,913	62,830	297,343	3,342,086
Comprising:					
Cost	-	781,913	62,830	297,343	1,142,086
Valuation 1987	-	200,000	-	-	200,000
Valuation 1990	2,000,000	-	-	-	2,000,000
	2,000,000	981,913	62,830	297,343	3,342,086
Accumulated depreciation					
At 1st January 1990	-	230,755	19,197	155,182	405,134
Charge for the year	23,524	108,776	10,339	73,625	216,264
Eliminated on disposals	-	(46,039)	(1,972)	(18,450)	(66,461)
Revaluation in year	(13,077)	-	-	-	(13,077)
Reclassification as a current asset	(10,447)	-	-	-	(10,447)
At 31st December 1990	-	293,492	27,564	210,357	531,413
Net book values					
At 31st December 1990	2,000,000	688,421	35,266	86,986	2,810,673
At 31st December 1989	2,351,916	290,513	25,321	118,952	2,786,702

FLEXDART LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 1990**

(continued)

10. **Tangible fixed assets (continued)**(d) **Tangible fixed assets held under finance lease or hire purchase contracts**

Plant and machinery of the company, included in (c) above, held under finance lease or hire purchase contracts is as follows:

	1990 £	1989 £
Net book value	529,807	123,871
Depreciation charged in the year	<u>55,163</u>	<u>30,382</u>

(e) **The amount of land and buildings and plant and machinery included above at valuation determined according to the historical cost accounting rules is as follows:**

	Freehold land and buildings £	Group Plant and machinery £	Freehold land and buildings £	Company Plant and machinery £
Cost				
At 1st January 1990 and 31st December 1990	613,108	491,000	613,108	321,268
Accumulated depreciation				
At 1st January 1990	-	315,303	-	180,003
Charge for the year	3,065	77,238	3,065	64,254
At 31st December 1990	3,065	392,541	3,065	244,257
Net book values				
At 31st December 1990	610,043	98,459	610,043	77,011
At 31st December 1989	613,108	175,697	613,108	141,265

Freehold land and buildings were revalued in September 1991 by qualified chartered surveyors on the basis of the open market value for existing use.

Some plant and machinery in the company and the group was revalued at directors' valuation during 1987 and 1988.

FLEXDART LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 1990**
(continued)**11. Fixed assets - investments in subsidiary undertakings**

Cost	Company £
At 1st January and 31st December 1990	1,032,104
Provisions for diminution in value	
At 1st January and 31st December 1990	384,611
Net book value	
At 1st January and 31st December 1990	647,493

Details of the company's subsidiary undertakings at 31st December 1990 are as follows:

Name	Country of registration	Nature of trade	Class of shares held	Percentage holding
Heart of England Compounding Limited	England and Wales	Plastic recycling (note a)	Ordinary	90%
John Phillips Metals Limited	England and Wales	Metal merchants and ingot producers	Ordinary	100%
Beaver Metals (London) Limited, (formerly L.H. Dowling Limited)	England and Wales	Traders in steel coil and tin plate (note b)	Ordinary	100%
Metallic Extractors (Non-Ferrous) Limited	England and Wales	Dormant	Ordinary	100%

(a) Ceased to trade on 31st December 1990
(b) Commenced trading on 1st January 1991.

12. Stocks

	1990 £	Group 1989 £	1990 £	Company 1989 £
Raw materials and consumables	567,733	920,255	331,099	348,397

FLEXDART LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1990

(continued)

13. Debtors

	1990 £	Group 1989 £	1990 £	Company 1989 £
Trade debtors	2,029,082	2,643,074	1,470,089	1,747,826
Amounts owed by subsidiary undertakings	-	-	189	381,931
Ryknild Trading Limited	150,758	154,610	146,444	154,610
Other debtors	174,046	49,536	136,177	38,720
Prepayments	14,100	74,542	7,786	37,020
Corporation tax	-	1,318	-	-
	<u>2,367,986</u>	<u>2,923,080</u>	<u>1,760,685</u>	<u>2,360,107</u>

14. Creditors: Amounts falling due within one year

	1990 £	Group 1989 £	1990 £	Company 1989 £
Bank loans and overdrafts	1,963,705	1,695,773	926,663	756,891
Trade creditors	1,291,757	1,929,260	781,178	1,203,097
Corporation tax	98,966	153,666	190,541	172,166
Other taxation and social security costs	102,165	48,021	50,519	75,602
Other creditors	59,975	30,223	52,140	20,000
Amounts due under finance lease and hire purchase contracts	255,432	157,333	249,534	64,526
Ryknild Trading Limited	-	199,528	-	199,528
Accruals	276,492	87,638	215,646	66,686
Advance corporation tax	-	25,000	-	25,000
	<u>4,048,492</u>	<u>4,326,442</u>	<u>2,466,221</u>	<u>2,583,496</u>

The bank loans and overdrafts are secured by a fixed and floating charge over the assets of the company and its subsidiary undertakings.

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STATE OF THE ACCOUNTS

FOR THE YEAR ENDED 31st DECEMBER 1990
(continued)

15. Creditors: Amounts falling due after more than one year

	1990 £	Group 1989 £	1990 £	Company 1989 £
Bank loans	629,286	266,365	629,286	266,365
Amounts due under finance lease and hire purchase contracts	413,882	203,039	404,860	62,654
Directors' loans	40,000	40,000	40,000	40,000
Shareholders' loans	20,000	20,000	20,000	20,000
Loan stock	14,000	50,000	14,000	50,000
Amounts due to subsidiary undertakings	-	-	647,493	659,164
	<u>1,117,168</u>	<u>579,404</u>	<u>1,755,639</u>	<u>1,098,123</u>

The loan stock is unsecured and bears interest at 8% per annum. It is repayable in tranches of £10,000 per annum from 6th April 1990.

The bank loans bear interest at 1.5% above base rate and are secured by fixed and floating charges over the assets of the company and its subsidiary undertakings.

Bank loans are payable as follows:

	1990 £	Group 1989 £	1990 £	Company 1989 £
Between one and two years	32,520	25,574	32,520	25,574
Between two and five years	197,560	104,940	197,560	104,940
Over five years	399,206	135,851	399,206	135,851
	<u>629,286</u>	<u>266,365</u>	<u>629,286</u>	<u>266,365</u>

Amounts due under finance lease and hire purchase contracts are wholly repayable within five years as follows:

	1990 £	Group 1989 £	1990 £	Company 1989 £
Between one and two years	186,481	157,333	180,583	62,654
Between two and five years	227,401	45,706	224,277	-
	<u>413,882</u>	<u>203,039</u>	<u>404,860</u>	<u>62,654</u>

FLEXDART LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1990

(continued)

16. Provisions for liabilities and charges

Deferred taxation:

The unprovided potential liability of the company and the group is as follows:

	1990 £	1989 £
Excess of tax allowances over depreciation	-	(2,000)
Property revaluation	370,000	665,000
	<u>370,000</u>	<u>663,000</u>

17. Share capital

	1990 £	1989 £
Authorised:		
Ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid:		
Ordinary shares of £1 each	<u>100</u>	<u>100</u>

18. Reserves

	Profit and loss account £	Group Revaluation reserve £	Profit and loss account £	Company Revaluation reserve £
At 31st December 1989	616,280	1,685,641	522,234	1,898,058
Prior year adjustments (note 19)	37,835	-	72,738	-
At 31st December 1989 as restated	<u>654,115</u>	<u>1,685,641</u>	<u>594,972</u>	<u>1,898,058</u>
Retained loss for the financial year	(575,137)	-	(168,378)	-
Deficit on revaluation of properties in year	-	(786,219)	-	(786,219)
Transfer	156,757	(156,757)	67,319	(67,319)
At 31st December 1990	<u>235,735</u>	<u>742,665</u>	<u>493,913</u>	<u>1,044,520</u>

The cumulative goodwill written off is £312,771 (1990: £312,771).

FLEXDART LIMITEDNOTES TO THE ACCOUNTSFOR THE YEAR ENDED 31st DECEMBER 1990

(continued)

19. Prior year adjustments

The accounts of the prior year have been restated to reflect the correction of the errors referred to below, in accordance with Statement of Standard Accounting Practice No. 6.

	Group £	Company £
Understatement of profits arising on metal dealing and amounts due from a company under common ownership	111,904	111,904
Overstatement of value of stocks in subsidiary undertaking	(53,403)	-
	<u>58,501</u>	<u>111,904</u>
Less: Corporation tax thereon	(20,666)	(39,166)
	<u>37,835</u>	<u>72,738</u>

20. Financial commitments

(a) Capital commitments

	1990 £	Group 1989 £	1990 £	Company 1989 £
Capital expenditure for which contracts have been placed but which has not been provided for in these accounts	39,670	Nil	39,670	Nil
Capital expenditure authorised by the directors but for which contracts had not been placed at 31st December 1990	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>	<u>Nil</u>

FLEXDART LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 1990**
(continued)**20. Financial commitments (continued)****(b) Obligations under operating leases**

At 31st December 1990 the group had annual commitments under non-cancellable operating leases as set out below:

	Land and buildings £	Other £	Total £
Leases which expire:			
In less than one year	30,000	-	30,000
Between two and five years	-	12,000	12,000
	<u>30,000</u>	<u>12,000</u>	<u>42,000</u>

21. Pensions

The group operates three defined contribution pension schemes. The assets of each scheme are held separately from those of the group in independently administered funds. The pension charge represents contributions payable by the group to the funds and amounted to £16,265 (1989: £23,898). Contributions to the funds vary from time to time within limits specified by the actuary. The maximum contribution is that required to provide the Inland Revenue maximum benefits.

22. Contingent liabilities

The company is party to composite banking arrangements with certain other group companies and companies under common ownership. These companies are as follows:

Group companies:

Heart of England Compounding Limited
John Phillips Metals Limited
Beaver Metals (London) Limited
Metallic Extractors (Non-Ferrous) Limited

Companies under common ownership:

Ryknild Trading Limited

FLEXDART LIMITED**NOTES TO THE ACCOUNTS****FOR THE YEAR ENDED 31st DECEMBER 1990****(continued)****22. Contingent liabilities (continued)**

The bank arrangements are such that the bank has a right of set-off in respect of the current accounts of the company and the above companies. In addition, these companies are party to an unlimited multilateral guarantee given to the bank in respect of all bank borrowings (including the bank borrowings of two additional common ownership companies, namely Rowmill Metal Alloys Limited and Beaver Leisure Services Limited) giving rise to a contingent liability at 31st December 1990 of £Nil in respect of the group and £409,455 in respect of the company. The multilateral guarantee is secured by a fixed charge over certain assets and a floating charge over the whole of the assets and undertaking of the company and its subsidiary undertakings.

The directors are of the opinion that the bank facilities are adequate for the above companies foreseeable requirements. Accordingly, the accounts of the company do not include any provision for any liability in respect of the guarantee.

23. Post balance sheet event

On 1st January 1991 the company purchased the tangible fixed assets and stocks of its subsidiary company, Heart of England Compounding Limited, for their net book value at 31st December 1990 which amounted to £20,050 and £42,453 respectively.