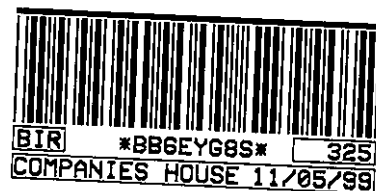


**Flexdart Limited**

**Directors' report and financial statements**

For the year ended 31 December 1998

Registered number 2052152



## **Directors' report and financial statements**

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## Directors' report

The directors present their report and the financial statements for the year ended 31 December 1998.

### Principal activities

The principal activities of the group are the recycling and trading of ferrous and non-ferrous metals, primary and secondary steel products and the refining of drosses and residues.

### Business review

The trading conditions have been difficult throughout the year. Business has been affected by the strength of sterling, the various troubles in the Asian, Far Eastern and Eastern European markets, and also the continuing fall in the price of all metals. Whilst the situation has not materially improved during 1999, it does appear to have stabilised for the time being.

### Results and dividends

The results of the group for the year are shown on page 5, together with transfers to and from reserves.

No dividends were paid or are proposed for the year.

### Year 2000

The year 2000 potentially has wide ranging financial and operational consequences. The company has carried out reviews to identify areas where year 2000 compliance is necessary. Where problems have been identified, rectification work will be carried out in order to minimise the level of year 2000 risk to which the company is exposed.

The company has undertaken a review of the implications of the year 2000 for the standard financial and operational systems and equipment. The company believes that no further costs will arise.

Given the complexity of the problem, it is impossible to guarantee that no year 2000 problems will remain since some level of failure may still occur. However, the board believes it will achieve an acceptable state of readiness by the due time.

### Directors

The directors who held office throughout the year and their interests in the shares of the company were as follows:

	Ordinary shares of £1 each	
	1998	1997
PD Bevan	80	80
MF Bevan	80	80
ND Bevan	80	80
IR Fraser	-	-
IP Cowling	-	-
DM Jones (resigned 24 February 1998)	-	-
SH Patel	-	-
	<hr/>	<hr/>

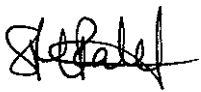
In accordance with the Articles of Association, all the directors retire and, being eligible, offer themselves for re-election.

## **Directors' report** *(continued)*

### **Auditors**

In accordance with Section 384 of the Companies Act 1985, a resolution for the re-appointment of KPMG is to be proposed at the forthcoming annual general meeting.

Approved by the Board on 22 April 1999 and signed on its behalf by:



**SH Patel**  
*Secretary*

Marsh Lane  
Water Orton  
Birmingham  
B46 1NS

## **Statement of 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 group and of the profit or loss 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 departures 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



2 Cornwall Street  
Birmingham  
B3 2DL

## **Report of the auditors to the members of Flexdart Limited**

We have audited the financial statements on pages 5 to 22.

### ***Respective responsibilities of directors and auditors***

As described on page 3, 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 of whether the accounting policies are appropriate to the group'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 affairs of the company and the group as at 31 December 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in dark ink, appearing to be 'KPMG' in a stylized, cursive script.

**KPMG**  
*Chartered Accountants*  
*Registered Auditors*

22 April 1999

**Consolidated profit and loss account**  
*for the year ended 31 December 1998*

	<i>Note</i>	1998 £	1997 £
<b>Turnover</b>	2	11,274,684	13,320,587
Cost of sales		(9,307,399)	(11,411,796)
<b>Gross profit</b>		<u>1,967,285</u>	<u>1,908,791</u>
Distribution costs		(996,383)	(1,019,989)
Administrative expenses		(770,927)	(764,008)
Other operating income		40,826	40,189
<b>Operating profit</b>		<u>240,801</u>	<u>164,983</u>
Profit from sale of assets held for re-sale		-	560,000
Profit from sale of fixed assets		27,671	30,428
<b>Profit on ordinary activities before interest</b>		<u>268,472</u>	<u>755,411</u>
Interest payable and similar charges	3	(51,571)	(186,952)
<b>Profit on ordinary activities before taxation</b>	4	<u>216,901</u>	<u>568,459</u>
Tax on profit on ordinary activities	7	(68,017)	(174,958)
<b>Profit for the financial year, being the amount transferred to reserves</b>	8, 19	<u><u>148,884</u></u>	<u><u>393,501</u></u>

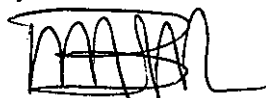
A statement of historic cost profit is not presented as the historical cost profit is not materially different from the reported profit.

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

**Consolidated balance sheet**  
*at 31 December 1998*

	Note	1998		1997	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9		3,037,549		2,469,480
<b>Current assets</b>					
Stocks	11	961,279		841,441	
Debtors	12	2,157,624		2,808,298	
Cash in hand		11,952		38,221	
		<u>3,130,855</u>		<u>3,687,960</u>	
<b>Creditors: Amounts falling due within one year</b>	14	<u>(2,155,173)</u>		<u>(2,849,766)</u>	
<b>Net current assets</b>					
Due within one year		975,682		838,194	
Debtors due after more than one year	13	-		45,000	
		<u>975,682</u>		<u>883,194</u>	
<b>Total assets less current liabilities</b>			<u>4,013,231</u>		<u>3,352,674</u>
<b>Creditors: Amounts falling due after more than one year</b>	15		(617,574)		(176,893)
<b>Provisions for liabilities and charges</b>	16		(72,000)		-
<b>Net assets</b>			<u>3,323,657</u>		<u>3,175,781</u>
<b>Capital and reserves</b>					
Called up share capital	17		260		260
Share premium account	18		49,940		49,940
Revaluation reserve	19		956,823		956,823
Profit and loss account	19		2,316,634		2,168,758
<b>Equity shareholders' funds</b>	23		<u>3,323,657</u>		<u>3,175,781</u>

These financial statements were approved by the board of directors on 22 April 1999 and were signed on its behalf by:



**MF Bevan**  
*Director*



**Company balance sheet**  
**at 31 December 1998**

	Note	1998		1997	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9	3,028,845		2,456,857	
Investments	10	64,900		64,900	
			3,093,745		2,521,757
<b>Current assets</b>					
Stocks	11	731,976		387,670	
Debtors	12	2,081,245		2,734,443	
Cash at bank and in hand		11,952		38,221	
		2,825,173		3,160,334	
<b>Creditors: Amounts falling due within one year</b>	14	(1,738,471)		(2,264,590)	
<b>Net current assets</b>					
Due within one year		1,086,702		895,744	
Debtors due after more than one year	13	-		45,000	
			1,086,702		940,744
<b>Total assets less current liabilities</b>			4,180,447		3,462,501
<b>Creditors: Amounts falling due after more than one year</b>	15		(770,374)		(329,693)
<b>Provisions for liabilities and charges</b>	16		(72,000)		-
<b>Net assets</b>			3,338,073		3,132,808
<b>Capital and reserves</b>					
Called up share capital	17		260		260
Share premium account	18		49,940		49,940
Revaluation reserve	19		956,823		956,823
Profit and loss account	19		2,331,050		2,125,785
<b>Equity shareholders' funds</b>	23		3,338,073		3,132,808

These financial statements were approved by the board of directors on 22 April 1999 and were signed on its behalf by:



**MF Bevan**  
*Director*

**Cash flow statement**  
*for the year ended 31 December 1998*

	<i>Note</i>	1998 £	1997 £
<b>Cash flow statement</b>			
Cash inflow/(outflow) from operating activities		571,166	(78,142)
Returns on investments and servicing of finance	20(a)	(53,088)	(198,262)
Taxation		(91,393)	(106,977)
Capital expenditure and financial investment and proceeds from the sale of assets	20(a)	19,495	2,157,359
<b>Cash inflow before financing</b>		<b>446,180</b>	<b>1,773,978</b>
<b>Financing</b>	20(a)	<b>(380,875)</b>	<b>(825,433)</b>
<b>Increase in cash in the period</b>		<b>65,305</b>	<b>948,545</b>
<b>Reconciliation of net cash flow to movement in net debt</b>			
	20(b)		
<b>Increase in cash in the period</b>		<b>65,305</b>	<b>948,545</b>
Cash outflow from decrease in debt and lease financing		380,875	825,433
<b>Change in net debt resulting from cash flows</b>		<b>446,180</b>	<b>1,773,978</b>
New finance leases		(835,570)	(215,952)
<b>Movement in net debt in the period</b>		<b>(389,390)</b>	<b>1,558,026</b>
Net debt at the start of the period		(936,959)	(2,494,985)
<b>Net debt at the end of the period</b>		<b>(1,326,349)</b>	<b>(936,959)</b>
<b>Reconciliation of operating profit to net cash flow from operating activities</b>			
Operating profit		240,801	164,983
Depreciation charges		274,669	196,107
(Increase)/decrease in stocks		(119,838)	607,587
Decrease/(increase) in debtors		703,426	(384,107)
(Decrease) in creditors		(527,892)	(662,712)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>571,166</b>	<b>(78,142)</b>

**Statement of total recognised gains and losses**  
*for the year ended 31 December 1998*

	1998 £	1997 £
<b>Profit for the financial year</b>	<b>148,884</b>	393,501
Currency translation difference on foreign currency net investment	(1,008)	-
<b>Total gains and losses since last annual report</b>	<b>147,876</b>	393,501

## **Notes**

*(forming part of the financial statements)*

### **Accounting policies**

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

#### **Consolidation**

The group financial statements include the financial statements of the parent company and all of its subsidiary undertakings for the year ended 31 December 1998.

Details of dormant subsidiaries included within the consolidated financial statements are not included in note 10 as the directors believe that this would lead to a statement of excessive length.

A separate profit and loss account dealing with the results of the company has not been presented as permitted by Section 230(4) of the Companies Act 1985.

The acquisition method of accounting has been adopted. Under this method, the results of subsidiary and associated undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal. Goodwill arising on consolidation (representing the excess of fair value of consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. Where the merger relief provisions of the Companies Act 1985 apply, the premium arising on shares issued is credited to the merger reserve and is available for the write off of goodwill.

#### **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% (50% for some computer equipment)
Fixtures, fittings, tools and equipment	20%
Motor vehicles	25%

#### **Stocks**

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

#### **Deferred taxation**

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

#### **Foreign currencies**

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate 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.

## **Notes (continued)**

### **Accounting policies (continued)**

#### **Finance leases**

Assets acquired under finance lease 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 operates two defined contribution pension schemes which are administered by trustees and are independent to 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.

#### **Related party transactions**

The company is partially exempt from the requirements of Financial Reporting Standard No 8 (Related Party Disclosures) to disclose transactions with other group undertakings or transactions with investees of the group qualifying as related parties as all its subsidiaries are more than 90% owned and their financial statements are included in these consolidated financial statements and these financial statements are publicly available.

#### **Turnover**

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

	1998 £	1997 £
UK	5,660,253	8,619,354
Asia	3,438,294	2,698,051
Europe	1,777,321	1,128,014
United States	398,816	875,168
	<hr/> 11,274,684 <hr/>	<hr/> 13,320,587 <hr/>

The cash flows relating to these items are included within the cash inflow from operating activities.

#### **Interest payable and similar charges**

	1998 £	1997 £
Interest payable on bank loans and overdrafts	26,896	163,564
Hire purchase interest	24,675	23,388
	<hr/> 51,571 <hr/>	<hr/> 186,952 <hr/>

**Notes (continued)**

**Profit on ordinary activities before taxation**

	1998 £	1997 £
<i>Profit on ordinary activities before taxation is stated</i>		
<i>after charging</i>		
Depreciation of tangible fixed assets	274,669	196,107
Auditors' remuneration:		
Audit		
Parent company	6,550	6,550
Subsidiary companies	2,250	2,250
Other services		
Parent company	53,900	3,900
Hire of plant and machinery	-	8,662
Other operating leases:		
Land and buildings	11,400	11,400
	<u>274,669</u>	<u>196,107</u>

**Directors' emoluments**

	1998 £	1997 £
Directors' emoluments	291,183	325,642
Company contributions to money purchase pension schemes	5,705	5,362
	<u>296,888</u>	<u>331,004</u>
Highest paid director:		
Total remuneration excluding pension contributions	82,499	101,910
	<u>82,499</u>	<u>101,910</u>

	Number of directors
Retirement benefits are accruing to the following number of directors under:	
Money purchase schemes	3
	<u>3</u>

**Transactions:**

MF Bevan and PD Bevan were materially interested as beneficiaries to the pension fund, to which the company paid rent of £15,000.

## Notes (continued)

### Staff costs

The average number of persons employed by the group (including directors) during the year was as follows:

	Number of employees	
	1998	1997
Management	13	12
Administration	6	6
Works	37	39
	<hr/>	<hr/>
Total employees	56	57
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	1998	1997
	£	£
Wages and salaries	873,372	949,883
Social security costs	83,142	70,674
Other pension costs	12,696	9,922
	<hr/>	<hr/>
	969,210	1,030,479
	<hr/>	<hr/>

### Tax on profit on ordinary activities

	1998	1997
	£	£
Tax charge based on the profit on ordinary activities for the year:		
Corporation tax at 31% (1996: 33%)	(1,752)	176,981
Adjustments in respect of prior years	(2,231)	(2,023)
Deferred tax	72,000	-
	<hr/>	<hr/>
	68,017	174,958
	<hr/>	<hr/>

### Profit for the financial year

	1998	1997
	£	£
Attributable to the parent company	205,265	397,077
Attributable to subsidiary undertakings	(56,381)	(3,576)
	<hr/>	<hr/>
	148,884	393,501
	<hr/>	<hr/>

## Notes (continued)

### Tangible fixed assets

#### Group

	Freehold land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At beginning of year	2,148,855	440,529	50,351	555,397	3,195,132
Exchange difference	-	-	(89)	(1,250)	(1,339)
Additions	-	504,991	1,109	371,320	877,420
Disposals	-	(54,172)	-	(68,268)	(122,440)
At end of year	2,148,855	891,348	51,371	857,199	3,948,773
Comprising:					
Cost	298,855	891,348	51,371	857,199	2,098,773
Valuation 1991	1,850,000	-	-	-	1,850,000
	2,148,855	891,348	51,371	857,199	3,948,773
<b>Accumulated depreciation</b>					
At beginning of year	51,491	211,084	29,913	433,164	725,652
Exchange difference	-	-	(19)	(312)	(331)
Charge for the year	7,467	183,396	6,717	77,089	274,669
Eliminated on disposals	-	(20,502)	-	(68,264)	(88,766)
At end of year	58,958	373,978	36,611	441,677	911,224
<b>Net book value</b>					
At 31 December 1998	2,089,897	517,370	14,760	415,522	3,037,549
At 31 December 1997	2,097,364	229,445	20,438	122,233	2,469,480

The gross amount of depreciable assets included within freehold land and buildings is £373,333 (1997: £373,333).



## Notes (continued)

### Tangible fixed assets (continued)

#### (c) Company

	Freehold land and buildings	Plant and machinery	Fixtures, fittings, tools and equipment	Motor vehicles	Total
	£	£	£	£	£
<b>Cost or valuation</b>					
At beginning of year	2,148,855	440,529	31,450	539,774	3,160,608
Additions	-	504,991	-	371,320	876,311
Disposals	-	(54,172)	-	(68,268)	(122,440)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	2,148,855	891,348	31,450	842,826	3,914,479
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Comprising:					
Cost	298,855	891,348	31,450	842,826	2,064,479
Valuation 1991	1,850,000	-	-	-	1,850,000
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
	2,148,855	891,348	31,450	842,826	3,914,479
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>					
At beginning of year	51,491	211,084	11,918	429,258	703,751
Charge for the year	7,467	183,396	6,290	73,496	270,649
Eliminated on disposals	-	(20,502)	-	(68,264)	(88,766)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	58,958	373,978	18,208	434,490	885,634
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>Net book value</b>					
At 31 December 1998	2,089,897	517,370	13,242	408,336	3,028,845
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1997	2,097,364	229,445	19,532	110,516	2,456,857
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The gross amount of depreciable assets included within freehold land and buildings is £373,333 (1997: £373,333).

#### (d) Tangible fixed assets held under finance lease or hire purchase contracts

Plant and machinery and motor vehicles of the group and company, included in (a) and (b), held under finance lease or hire purchase contracts are as follows:

	1998 £	1997 £
Net book value	808,425	251,935
	<hr/>	<hr/>
Depreciation charged in the year	140,924	88,323
	<hr/>	<hr/>

## Notes (continued)

### Tangible fixed assets (continued)

1) The amount of land and buildings, included above at valuation, determined according to the historical cost accounting rules, is as follows:

	Group and company Freehold land and buildings £
<i>Cost</i>	
At beginning and end of year	475,804
	<hr/>
<i>Accumulated depreciation</i>	
At beginning of year	53,238
Charge for the year	2,379
	<hr/>
At end of year	55,617
	<hr/>
<i>Net book value</i>	
At 31 December 1998	420,187
	<hr/>
At 31 December 1997	422,566
	<hr/>

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

### 2) Investments (held as fixed assets)

<i>Company</i>	Investments £
<i>Cost</i>	
At beginning and end of year	449,511
	<hr/>
<i>Provisions for diminution in value</i>	
At beginning and end of year	384,611
	<hr/>
<i>Net book value</i>	
At 31 December 1998 and 31 December 1997	64,900
	<hr/>

## Notes (continued)

### 0 Investments (held as fixed assets) (continued)

Details of the company's operating subsidiary undertakings at 31 December 1998 which are included in the consolidated financial statements, are as follows:

Name	Country of incorporation	Nature of trade	Class of shares held	Percentage holding
Beaver Metals (London) Limited	Great Britain	Trades in primary and secondary steel products	Ordinary	100
Beaver Metals Pty Limited	Australia	Trades in primary and secondary steel products	Ordinary	100

### 1 Stocks

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Raw materials and consumables	110,048	286,784	110,048	278,505
Finished goods and goods for resale	851,231	554,657	621,928	109,165
	<u>961,279</u>	<u>841,441</u>	<u>731,976</u>	<u>387,670</u>

### 2 Debtors: due within one year

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Trade debtors	1,964,285	2,205,077	1,911,802	2,088,028
Amounts due from subsidiary undertakings	-	-	-	63,031
Corporation tax debtor	7,752	-	-	-
Other debtors	131,739	423,269	128,103	416,697
Prepayments	53,848	179,952	41,340	166,687
	<u>2,157,624</u>	<u>2,808,298</u>	<u>2,081,245</u>	<u>2,734,443</u>

### 3 Debtors: due in more than one year

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Other debtors	-	45,000	-	45,000
	<u>-</u>	<u>45,000</u>	<u>-</u>	<u>45,000</u>

**Notes (continued)**

**Creditors: Amounts falling due within one year**

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans and overdrafts (secured)	484,897	700,018	244,547	506,724
Trade creditors	971,544	1,290,899	767,341	976,880
Amounts due to subsidiary undertakings	-	-	65,449	-
Corporation tax	89,357	176,981	89,357	166,998
Other taxation and social security costs	54,723	108,763	49,984	108,763
Amounts due under finance lease contracts	235,830	98,269	235,830	98,269
Accruals	318,822	474,836	285,963	406,956
	<u>2,155,173</u>	<u>2,849,766</u>	<u>1,738,471</u>	<u>2,264,590</u>

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

The amounts due under finance lease contracts are secured over the assets to which they relate.

**Creditors: Amounts falling due after more than one year**

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank loans (secured)	-	26,571	-	26,571
Amounts due under finance lease contracts	617,574	150,322	617,574	150,322
Amounts due to subsidiary undertakings	-	-	152,800	152,800
	<u>617,574</u>	<u>176,893</u>	<u>770,374</u>	<u>329,693</u>

Bank loans are repayable as follows:

Between one and two years	-	26,571	-	26,571
	<u>-</u>	<u>26,571</u>	<u>-</u>	<u>26,571</u>

Finance lease contracts are repayable as follows:

Between one and two years	212,633	94,304	212,633	94,304
Between two and five years	404,941	56,018	404,941	56,018
	<u>617,574</u>	<u>150,322</u>	<u>617,574</u>	<u>150,322</u>

## Notes (continued)

### 6 Provision for liabilities and charges

#### *Deferred taxation*

	Group and Company 1998	1997
	£	£
Provision at 1 January 1998	-	-
Provided in year	72,000	-
	<hr/>	<hr/>
Provision at 31 December 1998	72,000	-
	<hr/> <hr/>	<hr/> <hr/>

The amounts provided for deferred taxation and the amounts not provided are set out below:

	1998		1997
	Provided £	Unprovided £	Provided £
			Unprovided £
Difference between accumulated depreciation and capital allowances	72,000	-	-
On revaluation of land and buildings	-	325,000	360,000
	<hr/>	<hr/>	<hr/>
	72,000	325,000	360,000
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

No provision has been made for deferred taxation in respect of the revaluation of land and buildings as directors do not envisage the disposal of these assets.

### 7 Share capital

	1998 and 1997 £
<i>Authorised:</i>	
Ordinary shares of £1 each	1,000
	<hr/> <hr/>
	<b>Group and company</b>
<i>Allotted, called up and fully paid:</i>	
Ordinary shares of £1 each:	
At beginning and end of the year	260
	<hr/> <hr/>

### 8 Share premium account

	Group and company £
At beginning and end of year	49,940
	<hr/> <hr/>

## Notes (continued)

### Reserves

	Group		Company	
	Profit and loss account	Revaluation reserve	Profit and loss account	Revaluation reserve
	£	£	£	£
At 1 January 1998	2,168,758	956,823	2,125,785	956,823
Retained profit for the financial year	148,884	-	205,265	-
Currency translation differences on foreign currency net investments	(1,008)	-	-	-
At 31 December 1998	<u>2,316,634</u>	<u>956,823</u>	<u>2,331,050</u>	<u>956,823</u>

### (a) Analysis of cash flows

	1998 £	1997 £
<b>Returns on investment and servicing of finance</b>		
Interest paid	(53,088)	(198,262)
<b>Capital expenditure, financial investment and proceeds from the sale of assets</b>		
Purchase of tangible fixed assets	(41,850)	(137,141)
Sale of tangible fixed assets	61,345	129,500
Sale of intangible fixed assets	-	5,000
Sale of assets held for re-sale	-	2,160,000
	<u>19,495</u>	<u>2,157,359</u>
<b>Financing</b>		
Repayment of hire purchase	(230,757)	(173,569)
Repayment of bank loans	(150,118)	(651,864)
	<u>(380,875)</u>	<u>(825,433)</u>

### (b) Analysis of net debt

	At beginning of year £	Cash flow £	Other non- cash changes £	At end of year £
Cash in hand, at bank	38,221	(26,269)	-	11,952
Overdrafts	(552,476)	91,574	-	(460,902)
	<u>(514,255)</u>	<u>65,305</u>	<u>-</u>	<u>(448,950)</u>
Debt due after one year	(26,571)	-	26,571	-
Debt due within one year	(147,542)	150,118	(26,571)	(23,995)
Finance leases	(248,591)	230,757	(835,570)	(853,404)
	<u>(936,959)</u>	<u>446,180</u>	<u>(835,570)</u>	<u>(1,326,349)</u>

## Notes (continued)

### 1 Financial commitments

#### a) Obligations under operating leases

At 31 December 1998, the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1998	1997
	£	£
Leases which expire:		
Between two and five years	11,400	-
Greater than five years	-	11,400
	<u>11,400</u>	<u>11,400</u>

#### b) Capital commitments

Capital commitments of the group at 31 December 1998, for which no provision has been made in these financial statements, were as follows:

	1998	1997
	£	£
Contracted	-	190,000
	<u>-</u>	<u>190,000</u>

### 2 Pensions

The group operates two 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 £12,696 (1997: £9,922). Contributions to the funds vary from time to time within limits proposed by the actuaries. The maximum contribution is that required to provide the Inland Revenue maximum benefits.

### 3 Reconciliation of movements in shareholders' funds

	1998	1997
	£	£
<b>Group</b>		
Profit for the financial year	148,884	393,501
Other recognised gains and losses relating to the year	(1,008)	-
Opening shareholders' funds	3,175,781	2,782,280
	<u>3,323,657</u>	<u>3,175,781</u>
Closing shareholders' funds	<u>3,323,657</u>	<u>3,175,781</u>
<b>Company</b>		
Profit for the financial year	205,265	436,112
Opening shareholders' funds	3,132,808	2,696,696
	<u>3,338,073</u>	<u>3,132,808</u>
Closing shareholders' funds	<u>3,338,073</u>	<u>3,132,808</u>

## Notes (continued)

### 4 Contingencies

The parent company has contingent liabilities under guarantees given in respect of borrowings by a subsidiary company which, at 31 December 1998, amounted to £208,395 (1997: £145,816).

Guarantees have been given to the bank in the course of normal trading amounting to £33,030 (1997: £19,101).

### 5 Related party transactions

During the year, the company received income in respect of hire of plant and machinery of £12,000 (1997: £12,000) from Wishaw Golf Club Limited, a company of which Mr MF Bevan is a director. The amounts outstanding from Wishaw Golf Club Limited at 31 December 1998 were £3,155 (1997: £Nil). During the year, the company purchased various goods and services from Linda Vista Auto Engineers Limited with a value of £938 (1997: £2,271). The amounts outstanding at the year end were £Nil (1997: £356). Mr MF Bevan is a director of Linda Vista Auto Engineers Limited.

Commodity dealing was carried out on arms' length terms with the following clients, being the directors personally, their connected parties or companies under their control:

	Value of commission earned during the year	Client account balance at 31 December 1998 Due from/(to)	Client account balance at 31 December 1997 Due from/(to)
	£	£	£
<i>Client</i>			
MF Bevan	120	(1,059)	-
DF Bevan	601	-	-
	<hr/>	<hr/>	<hr/>