

Company Number: 02422319

MAIN MAN SUPPLIES LIMITED

ACCOUNTS
31 December 1997



MAIN MAN SUPPLIES LIMITED

COMPANY INFORMATION

DIRECTORS: D A Williams
P J Howles
A W Cook
M A Brooker
M W West

SECRETARY: Mrs E C Williams

REGISTERED OFFICE: Unit 15, Charlton Drive
Corngreaves Trading Estate
Cradley Heath
West Midlands
B64 7BJ

REGISTERED NUMBER: 02422319 England & Wales

AUDITOR: Norman C.Sands BSc, FCA
Chartered Accountant and
Registered Auditor
333 Hagley Road
Pedmore
Stourbridge
DY9 0RF

ANNUAL REPORT AND ACCOUNTS
31 December 1997

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1 & 2	Report of the Directors
3	Auditors Report
4	Profit and Loss Account
5	Balance Sheet
6	Cash Flow Statement
7 to 14	Notes to the Accounts

The following pages do not form part of the statutory accounts:

15 & 16	Detailed Profit and Loss Account
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REPORT OF THE DIRECTORS

The directors present their report together with the accounts of the company for the year ended 31 December 1997.

PRINCIPAL ACTIVITY

The principal activity of the company is the sale of protective clothing and industrial consumables.

REVIEW OF THE BUSINESS

A summary of the results of the year's trading is given on page 4 of the accounts. The results for the year are considered to be satisfactory.

DIVIDEND

The directors do not recommend the payment of a dividend.

DIRECTORS

The directors who served during the year and their interests in the share capital of the company were as follows:-

	<u>31 December</u> <u>1997</u>	<u>31 December</u> <u>1996</u>
D A Williams	9,800	9,800
P J Howles	100	100
A W Cook		
M A Brooker		
M W West		

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts 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 accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- follow applicable accounting standards, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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.

REPORT OF THE DIRECTORS (continued)

FIXED ASSETS

Details of the movement in fixed assets is given in note 9 to the accounts.

AUDITOR

The auditor, Norman C.Sands, Chartered Accountant, will be proposed for re-appointment in accordance with Section 385 of the Companies Act 1985.

Signed on behalf of the Board of Directors:

.....*E. Williams*.....

MRS E C WILLIAMS
Secretary

Approved by the Board: 14 April 1998

AUDITORS' REPORT TO THE SHAREHOLDERS OF
MAIN MAN SUPPLIES LIMITED

I have audited the accounts on pages 4 to 14 which have been prepared in accordance with the accounting policies set out on page 7.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1, the company's directors are responsible for the preparation of accounts. It is my responsibility to form an independent opinion, based on my audit, on those accounts and to report my opinion to you.

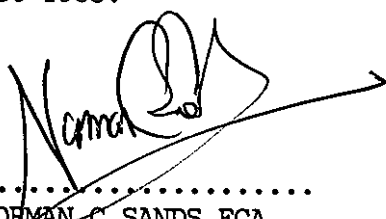
BASIS OF OPINION

I conducted my 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the company's circumstances, consistently applied and adequately disclosed.

I planned and performed my audit so as to obtain all the information and explanations which I considered necessary in order to provide me with sufficient evidence to give reasonable assurance that the accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming my opinion I also evaluated the overall adequacy of the presentation of information in the accounts.

OPINION

In my opinion the accounts give a true and fair view of the state of the company's affairs as at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


.....
NORMAN C. SANDS FCA
Chartered Accountant and
Registered Auditor

333 Hagley Road
Pedmore
Stourbridge
DY9 0RF

15 April 1998

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 1997

	Note	<u>1997</u> £	<u>1996</u> £
<u>GROSS PROFIT</u>		1,349,545	1,032,268
Distribution costs		(130,099)	(92,781)
Administrative expenses		(934,315)	(708,827)
		<hr/>	<hr/>
<u>OPERATING PROFIT</u>	3	285,131	230,660
Profit on disposal of fixed assets		16,011	907
Interest payable	6	(141,399)	(84,270)
Interest received	7	3	593
		<hr/>	<hr/>
<u>PROFIT ON ORDINARY ACTIVITIES</u> <u>BEFORE TAXATION</u>		159,746	147,890
Taxation	8	(35,840)	(37,321)
		<hr/>	<hr/>
<u>PROFIT FOR THE FINANCIAL YEAR</u> <u>AFTER TAXATION, RETAINED</u>	18	£123,906	£110,569
		<hr/>	<hr/>

TOTAL RECOGNISED GAINS AND LOSSES

There were no recognised gains or losses either in the current year or the preceding year other than those recorded in the profit and loss account.

CONTINUING OPERATIONS

None of the company's activities were acquired or discontinued during the above two financial years.

The notes on pages 7 to 14 form part of these accounts.

BALANCE SHEET
31 December 1997

	Note	£	1997	£	£	1996	£
<u>FIXED ASSETS</u>							
Tangible assets	9		263,064			225,166	
<u>CURRENT ASSETS</u>							
Stocks	10		975,214			698,354	
Debtors	11		2,255,423			1,918,328	
Cash at bank and in hand			2,693			690	
			3,233,330			2,617,372	
<u>CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR</u>	12		(2,979,209)			(2,451,733)	
<u>NET CURRENT ASSETS</u>			254,121			165,639	
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>			517,185			390,805	
<u>CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</u>	13		(61,653)			(58,516)	
<u>PROVISION FOR LIABILITIES AND CHARGES - deferred taxation</u>	16		(800)			(1,463)	
<u>NET ASSETS</u>			£454,732			£330,826	
<u>CAPITAL AND RESERVES</u>							
CALLED UP SHARE CAPITAL	17		10,000			10,000	
PROFIT AND LOSS ACCOUNT	18		444,732			320,826	
<u>SHAREHOLDERS FUNDS</u>	19		£454,732			£330,826	

The accounts were approved by the board of directors on 14 April 1998 and were signed on its behalf by:

.....
D A WILLIAMS
Director

The notes on pages 7 to 14 form part of these accounts.

CASH FLOW STATEMENT
for the year ended 31 December 1997

	Note	£	1997	£	1996	£
<u>NET CASH INFLOW/(OUTFLOW)</u> <u>FROM OPERATING ACTIVITIES</u>	21			36,893		(374,601)
<u>RETURNS ON INVESTMENTS AND</u> <u>SERVICING OF FINANCE</u>						
Interest received			3		593	
Interest paid		(141,398)			(84,270)	
				(141,395)		(83,677)
<u>TAXATION</u>						
Corporation tax paid				(37,430)		(36,598)
<u>INVESTING ACTIVITIES</u>						
Payments to acquire tangible fixed assets		(138,876)			(173,120)	
Receipts from sales of tangible fixed assets		24,300			16,201	
<u>NET CASH OUTFLOW FROM INVESTING</u> <u>ACTIVITIES</u>				(114,576)		(156,919)
<u>NET CASH OUTFLOW BEFORE FINANCING</u>				(256,508)		(651,795)
<u>FINANCING</u>						
Hire purchase		3,136			36,412	
<u>NET CASH IN/(OUT)FLOW FROM FINANCING</u>				3,136		36,412
<u>DECREASE IN CASH AND CASH</u> <u>EQUIVALENTS</u>				£(253,372)		£(615,383)
<u>CHANGES IN CASH AND CASH</u> <u>EQUIVALENTS DURING YEAR</u>						
Balance at 1 January 1997:						
Cash in hand		690			-	
Bank overdraft and discounting account		(1,374,884)			(758,811)	
				(1,374,194)		(758,811)
<u>NET CASH OUTFLOW</u>				(253,372)		(615,383)
Balance at 31 December 1997	22	£(1,627,566)			£(1,374,194)	

NOTES TO THE ACCOUNTS

31 December 1997

1 ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the company's accounts.

(a) BASIS OF ACCOUNTING

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

(b) TURNOVER

Turnover comprises the invoiced value of goods sold to third parties, excluding VAT.

(c) TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost less accumulated depreciation.

Depreciation is provided, after taking account of any grants receivable, at the following annual rates in order to write off each asset over its estimated useful life:-

Leasehold improvements	- over the remaining period of the lease
Fixtures, fittings and equipment	- 20% on cost
Motor vehicles	- 25% on cost

(d) STOCKS

Stock is valued at the lower of weighted average cost and net realisable value, after making due allowance for obsolete and slow moving items.

(e) TAXATION

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

(f) LEASED ASSETS

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

Assets held under finance leases and hire purchase contracts are capitalised and depreciated in accordance with the company policy. The lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of these obligations is charged to profit and loss on a straight line basis over the period of the agreement.

NOTES TO THE ACCOUNTS31 December 19972 TURNOVER

The turnover and profit on ordinary activities before taxation is attributable to the one principal activity of the company.

3 OPERATING PROFIT

The operating profit is arrived at after charging:-

	<u>1997</u> £	<u>1996</u> £
Depreciation - owned assets	32,162	29,535
Depreciation - assets held under hire purchase or finance leases	60,527	38,040
Staff costs (see note 4)	637,478	491,748
Operating lease rentals - property	65,851	39,726
- vehicles/equipment	12,748	11,468
Auditors remuneration	2,000	1,750
	<hr/>	<hr/>

4 STAFF COSTS

	<u>1997</u> £	<u>1996</u> £
Wages and salaries	574,107	441,710
Social security costs	52,660	41,703
Other pension costs	10,711	8,335
	<hr/>	<hr/>
	£637,478	£491,748
	<hr/>	<hr/>

The average weekly number of employees during the year was as follows:-

	Number of employees	
Office and management	14	11
Warehouse and sales	32	27
	<hr/>	<hr/>
	46	38
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS
31 December 1997

5 DIRECTORS' REMUNERATION

	<u>1997</u> £	<u>1996</u> £
Fees as directors	141,012	108,984
Other emoluments including pension contributions	38,921	25,283
	<hr/>	<hr/>
	£179,933	£134,267
	<hr/>	<hr/>

The emoluments of the chairman, excluding pension contributions, were £40,531 (1996 £34,885). The emoluments of the highest paid director were £41,351.

The emoluments, excluding pension contributions, of the other directors were within the following ranges:

	<u>Number of directors</u> <u>1997</u>	<u>1996</u>
£15,001 - £20,000		1
£20,001 - £25,000		2
£25,001 - £30,000	1	1
£30,001 - £35,000	2	

6 INTEREST PAYABLE

	<u>1997</u> £	<u>1996</u> £
Bank overdraft and bank discounting account interest	131,294	76,983
Finance lease interest	10,105	7,287
	<hr/>	<hr/>
	£141,399	£84,270
	<hr/>	<hr/>

7 INTEREST RECEIVED

	<u>1997</u> £	<u>1996</u> £
Interest on bank deposit account	£3	£593
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS31 December 19978 TAXATION

	<u>1997</u> £	<u>1996</u> £
Corporation tax at 21.7% (1996 24.25%) on the adjusted profit for the year	36,500	37,427
Underprovision for previous year	3	-
Transfer from deferred taxation	(663)	(106)
	<hr/> £35,840	<hr/> £37,321

9 TANGIBLE FIXED ASSETS

<u>COST</u>	Motor vehicles £	Fixtures and equipment £	Leasehold improvements £	Total £
At 1 January 1997	261,666	85,313	8,633	355,612
Additions	117,275	21,601	-	138,876
Disposals	(63,772)	-	-	(63,772)
	<hr/> 315,169	<hr/> 106,914	<hr/> 8,633	<hr/> 430,716
	<hr/>	<hr/>	<hr/>	<hr/>
<u>DEPRECIATION</u>				
At 1 January 1997	104,571	22,509	3,366	130,446
Charge for year	71,651	19,802	1,236	92,689
On disposals	(55,483)	-	-	(55,483)
	<hr/> 120,739	<hr/> 42,311	<hr/> 4,602	<hr/> 167,652
	<hr/>	<hr/>	<hr/>	<hr/>
<u>NET BOOK VALUE</u>				
At 31 December 1997	194,430	64,603	4,031	£263,064
	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 1996	157,095	62,804	5,267	£225,166
	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of motor vehicles includes £187,241 (1996 £143,216) in respect of assets held under finance leases. The depreciation charge for the year in respect of these assets was £60,527 (1996 £38,040).

NOTES TO THE ACCOUNTS31 December 199710 STOCKS

	<u>1997</u> £	<u>1996</u> £
Goods for resale	£975,214	£698,354

The replacement cost of the above stocks would not be significantly different from the value stated.

11 DEBTORS

	<u>1997</u> £	<u>1996</u> £
Trade debtors	2,230,962	1,887,375
Prepayments	24,461	30,953
	<hr/>	<hr/>
	£2,255,423	£1,918,328

12 CREDITORS: AMOUNTS FALLING DUE
WITHIN ONE YEAR

	<u>1997</u> £	<u>1996</u> £
Trade creditors	1,129,130	921,919
Social security and other taxes	98,790	59,605
Obligations under finance leases (note 14)	71,804	51,018
Other creditors	1,000	1,000
Accruals	11,726	5,880
	<hr/>	<hr/>
Bank overdraft and discounting account	1,312,450	1,039,422
Corporation tax	1,630,259	1,374,884
	36,500	37,427
	<hr/>	<hr/>
	£2,979,209	£2,451,733

13 CREDITORS: AMOUNTS FALLING DUE AFTER
MORE THAN ONE YEAR

	<u>1997</u> £	<u>1996</u> £
Obligations under finance leases (note 14)	£61,653	£58,516

NOTES TO THE ACCOUNTS31 December 199714 OBLIGATIONS UNDER HIRE PURCHASE AND
FINANCE LEASES

	<u>1997</u> £	<u>1996</u> £
Gross obligations repayable:		
- within one year	82,256	58,646
- between one and five years	70,647	67,013
	<hr/>	<hr/>
	£152,903	£125,659
	<hr/>	<hr/>
Finance charges repayable:		
- within one year	10,452	7,628
- between one and five years	8,994	8,497
	<hr/>	<hr/>
	£19,446	£16,125
	<hr/>	<hr/>
Net obligations repayable:		
- within one year	71,804	51,018
- between one and five years	61,653	58,516
	<hr/>	<hr/>
	£133,457	£109,534
	<hr/>	<hr/>

15 SECURED DEBTS

The following secured debts are included
within creditors:

	<u>1997</u> £	<u>1996</u> £
Bank overdraft and discounting account	1,630,259	1,374,884
Obligations under hire purchase and finance leases	133,457	109,534
	<hr/>	<hr/>
	£1,763,716	£1,484,418
	<hr/>	<hr/>

16 PROVISION FOR LIABILITIES AND
CHARGES - deferred taxation

	<u>1997</u> £	<u>1996</u> £
Accelerated capital allowances	£800	£1,463
	<hr/>	<hr/>

The above figures represent the potential liability. There are no
amounts not provided.

NOTES TO THE ACCOUNTS31 December 199717 CALLED UP SHARE CAPITAL

	<u>1997</u> £	<u>1996</u> £
Authorised:		
20,000 Ordinary shares of £1 each	20,000	20,000
	<hr/>	<hr/>
Allotted, issued and fully paid:		
10,000 Ordinary shares of £1 each	10,000	10,000
	<hr/>	<hr/>

18 PROFIT AND LOSS ACCOUNT

	<u>1997</u> £	<u>1996</u> £
Balance at 1 January 1997	320,826	210,257
Retained profit for the year	123,906	110,569
	<hr/>	<hr/>
Balance at 31 December 1997	£444,732	£320,826
	<hr/>	<hr/>

19 RECONCILIATION OF MOVEMENT ON SHAREHOLDERS FUNDS

	<u>1997</u> £	<u>1996</u> £
Profit for the financial year after taxation	123,906	110,569
Opening shareholders funds at 1 January 1997	330,826	220,257
	<hr/>	<hr/>
Closing shareholders funds at 31 December 1997	£454,732	£330,826
	<hr/>	<hr/>

20 COMMITMENTS - OPERATING LEASES

	<u>1997</u> £	<u>1996</u> £
Annual commitments at 31 December 1997 for land and buildings are as follows:-		
Expiring within one year	5,650	3,450
Expiring between two and five years	66,200	2,200
Expiring after five years	-	56,200
Annual commitments at 31 December 1997 for vehicles and equipment are as follows:-		
Expiring between two and five years	6,250	8,372

NOTES TO THE ACCOUNTS31 December 199721 RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW FROM OPERATING ACTIVITIES

	<u>1997</u> £	<u>1996</u> £
Operating profit	301,143	231,567
Depreciation charges	92,689	67,575
Profit on sale of tangible fixed assets	(16,011)	(907)
Increase in stocks	(276,860)	(332,926)
Increase in debtors	(337,095)	(626,735)
Increase in creditors	273,027	286,825
	<hr/>	<hr/>
<u>NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</u>	<u>£36,893</u>	<u>£(374,601)</u>

22 ANALYSIS OF THE BALANCES OF CASH AND CASH EQUIVALENTS

	<u>1997</u> £	<u>1996</u> £
Cash in hand	2,693	690
Bank overdraft and discounting account	(1,630,259)	(1,374,884)
	<hr/>	<hr/>
Balance at 31 December 1997	<u>£(1,627,566)</u>	<u>£(1,374,194)</u>