

REPORT OF THE AUDITORS TO THE DIRECTORS OF
BAPP INDUSTRIAL SUPPLIES (MANSFIELD) LIMITED

(FOR THE PURPOSES OF PARAGRAPH 24 OF
SCHEDULE 8 TO THE COMPANIES ACT 1985)

We have examined the abbreviated accounts on pages 3 to 5 together with the full statutory accounts of the company. The scope of our work for the purpose of this report was limited to confirming the opinion as set out in the following paragraph.

In our opinion the company is entitled to deliver to the registrar of companies abbreviated accounts as a small company in respect of the year ended 30th June 1993. Furthermore, in our opinion, the abbreviated accounts have been properly prepared in accordance with Schedule 8 to the Companies Act 1985.

On 18th November 1993 we reported to the shareholders on the statutory accounts of the company prepared under Section 226 of the Companies Act 1985 for the year ended 30th June 1993 and our report was as follows:

We have audited the accounts on pages 3 to 8 which have been prepared under the historical cost convention and the accounting policies set out on page 5.

Respective responsibilities of directors and auditors

As described on page 1, the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgments 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.

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 accounts 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 accounts.

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REPORT OF THE AUDITORS TO THE DIRECTORS OF
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(FOR THE PURPOSES OF PARAGRAPH 24 OF
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continued..

Fundamental uncertainty

In forming our opinion, we have considered the adequacy of the disclosures made in the accounts concerning the assumptions of the continued support of the company's bankers and parties to the cross guarantee, and of an improvement in the company's trading performance. The accounts have been prepared on a going concern basis, the validity of which depends upon the company being able to continue trading. If the company were unable to continue trading for the foreseeable future, adjustments would have to be made to reduce the balance sheet values of assets to their recoverable amounts, and to provide for further liabilities that might arise, and to reclassify fixed assets and long term liabilities as current assets and liabilities. Further details of the circumstances relating to this fundamental uncertainty are described in note 1 to the accounts.

Our opinion is not qualified in this respect.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company at 30th June 1993 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985 applicable to small companies.

Moore Fletcher & Co.

MOORE FLETCHER & CO
Chartered Accountants and Registered Auditors
Sheffield
18th November 1993

BAPP INDUSTRIAL SUPPLIES (MANSFIELD) LIMITEDBALANCE SHEET 30th JUNE 19931992

11,025	<u>FIXED ASSETS</u> Tangible assets	16,878
	<u>CURRENT ASSETS</u>	
46,247	Stocks	46,311
175,501	Debtors	192,204
<u>221,748</u>		<u>238,515</u>
	<u>CREDITORS: amounts falling due within one year</u>	
29,696	Bank overdraft	62,861
178,096	Creditors	210,684
<u>207,792</u>		<u>273,545</u>
13,956	<u>NET CURRENT ASSETS (LIABILITIES)</u>	(35,030)
24,981	<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>	(18,152)
	<u>CREDITORS: amounts falling due after more than one year</u>	
22,014		15,945
<u>2,967</u>		<u>(34,097)</u>
99	Called up share capital	99
2,868	Profit and loss account	(34,196)
<u>2,967</u>		<u>(34,097)</u>

Advantage has been taken of the exemptions conferred by section A of Part III of Sch.8 of the Companies Act 1985 on the grounds that, in the directors' opinion, the company qualifies as a small company under s246 and s247 of the Companies Act 1985

Advantage has been taken in the preparation of the accounts of special exemptions applicable to small companies on the grounds that, in the directors' opinion, the company qualifies as a small company under s246 and s247 of the Companies Act 1985

Signed on behalf of the Board


P. McGrayner - Director



BAPP INDUSTRIAL SUPPLIES (MANSFIELD) LIMITED

NOTES TO THE ABBREVIATED ACCOUNTS

FOR THE YEAR ENDED 30th JUNE 1993

1. ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Going Concern

The accounts have been prepared on a going concern basis. This assumes the continued support of the company's bankers and other parties to the cross guarantee (see note 3), and an improvement in trading performance. Since the balance sheet date the company's banking facility has been confirmed, and the directors have made significant managerial changes which they believe will ensure the company returns to profitability in the coming financial year.

Cash flow statement

The company has taken advantage of the exemption provided by Reporting Standard No.1 and has not prepared a cash flow statement for the year.

Turnover

Turnover, which excludes value added tax, represents the invoiced value of goods and services supplied.

Depreciation

Depreciation of fixed assets is provided on a straight line basis at the following annual rates calculated to write off the assets over their useful lives:-

Plant and equipment	10% or 20%
Motor vehicles	25% or 33%

Leased assets

Rentals payable under operating leases are charged to the profit and loss account on a straight line basis over the lease term.

Assets which are financed by leasing agreements that give rights approximating to ownership are capitalised. Outstanding obligations under such agreements net of interest are included as liabilities within creditors. Depreciation on leased assets is charged to profit and loss account on the same basis as purchased assets. Interest is charged to profit and loss account using the sum of the digits method.

Stocks

Stocks which comprise goods held for resale are valued at the lower of cost and net realisable value.

Deferred taxation

Provision is made for deferred taxation calculated by the liability method to the extent that it is anticipated that a liability will arise in the foreseeable future.

BAPP INDUSTRIAL SUPPLIES (MANSFIELD) LIMITEDNOTES TO THE ABBREVIATED ACCOUNTSFOR THE YEAR ENDED 30th JUNE 1993

2. TANGIBLE FIXED ASSETS

	<u>Total</u>
COST	
1st July 1992	17,328
Additions	14,405
Disposals	(5,000)
30th June 1993	<u>26,733</u>
DEPRECIATION	
1st July 1992	6,303
Charge for the year	6,552
Disposals	(3,000)
30th June 1993	<u>9,855</u>
NET BOOK VALUE	<u>16,878</u>

3. BANK OVERDRAFT

The bank overdraft is secured by a fixed and floating charge over the assets of the company and by a cross guarantee given to support the banking facility provided to the company and the other guarantors (see note 5).

4. SHARE CAPITAL

	<u>1993</u>	<u>1992</u>
Authorised 100 ordinary shares of £1 each	100	100
Allotted, issued and fully paid	<u>99</u>	<u>99</u>

5. CONTINGENT LIABILITIES

During the year the company entered into an agreement to cross guarantee the bank overdrafts of various companies in which the directors Mr. B.M. Cook and Mr. P. McGraynor have a material interest.

6. APPROVAL OF ACCOUNTS

The accounts were approved by the board of directors on 18th November 1993.