

Registered no: 3075502

CPL Distribution Limited

Annual report

for the year ended 29 March 1997



CPL Distribution Limited

Annual report for the year ended 29 March 1997

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CPL Distribution Limited

Directors and advisers

Directors

D E Foster (Chairman)
S Howarth
K Broom
B A Williams
W F Clarke

Secretary and Registered Office

B J Bean
Mill Lane
Wingerworth
Chesterfield
Derbyshire
S42 6NG

Registered Auditors

Coopers & Lybrand
1 East Parade
Sheffield
S1 2ET

Solicitors

Dibb Lupton Alsop
Fountain Precinct
Balm Green
Sheffield
S1 1RZ

Bankers

National Westminster Bank plc
5 Market Place
Chesterfield
Derbyshire
S40 1TJ

CPL Distribution Limited

Directors' report for the nine months ended 29 March 1997

The directors present their report and the audited financial statements for the year ended 29 March 1997.

Principal activities

The principal activities of the company are the wholesale and retail of solid fuel.

Review of business and future developments

The profit and loss account for the year is set out on page 7.

Both the level of business and the year end financial position remain satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend (1996:£Nil).

Directors

The directors of the company at 29 March 1997 all of whom have been directors for the whole of the year ended on that date, are listed below:

D E Foster (Chairman)
S Howarth
K Broom
B A Williams
W F Clarke

There is no requirement for directors to retire by rotation.

Directors' interests in the shares of the company

According to the register kept in accordance with the Companies Act 1985, the directors at 29 March 1997 had no interests in the shares of the company.

All the directors at 29 March 1997 are also directors of the ultimate holding company and their interests in the shares of group companies are disclosed in the directors report of that company.

Charitable donations

During the year the company made charitable donations of £913 (1996:£779).

CPL Distribution Limited

Employment policy

The policy of the directors is to encourage the involvement of all employees in the development and performance of the company. All employees receive notification of important developments, acquisitions and other matters of interest through regular editions and of the parent company's journal.

The company pursues a policy of providing, wherever possible, the same employment opportunities to disabled persons as to others, having regard to the aptitudes and abilities of each applicant. Efforts are made to enable employees who become disabled during their employment to continue their careers with the company. Training, career development and promotion of disabled persons is, as far as possible, identical to that of other employees who are not disabled.

The company recognises the high standards required to ensure the health, safety and welfare of its employees at work, its customers and the general public. The policies in this regard are regularly reviewed with the objective of ensuring these standards are maintained.

Auditors

A resolution to reappoint the auditors, Coopers & Lybrand, will be proposed at the annual general meeting.

By order of the board



B J Bean
Company Secretary

10 July 1997

CPL Distribution Limited

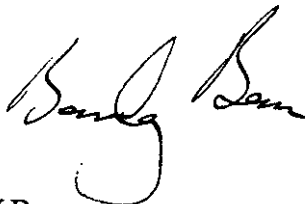
Statement of directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that year.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 29 March 1997. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

By order of the Board

A handwritten signature in black ink, appearing to read 'B J Bean', written in a cursive style.

B J Bean
Company Secretary
10 July 1997

CPL Distribution Limited

Report of the auditors to the members of CPL Distribution Limited

We have audited the financial statements on pages 7 to 18.

Respective responsibilities of directors and auditors

As described on page 5 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.

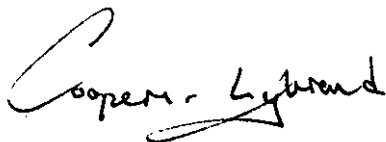
Basis of opinion

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 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 at 29 March 1997 and of its result for the year ended and have been properly prepared in accordance with the Companies Act 1985.



Coopers & Lybrand

Chartered Accountants and Registered Auditors
Sheffield

10 July 1997

CPL Distribution Limited

Profit and loss account for the nine months ended 29 March 1997

	Notes	Year ended 29 March 1997 £'000	Nine months ended 30 March 1996 £'000
Turnover	2	104,551	66,182
Net operating expenses	3	(102,840)	(64,503)
Exceptional operating expenses	3	(120)	(742)
Operating profit			
Continuing operations		1,591	-
Acquisitions		-	937
Total operating profit		1,591	937
Non operating income		139	-
Trading profit		1,730	937
Net interest charges	6	(2,186)	(964)
Loss on ordinary activities before taxation	7	(456)	(27)
Tax on loss on ordinary activities	8	568	(456)
Retained profit/(loss) for the financial period	16	112	(483)

The company has no recognised gains and losses other than the profit/(losses) above and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the loss on ordinary activities before taxation and the retained profit for the period stated above, and their historical cost equivalents.

All of the above turnover and operating profit in 1996 relates to acquisitions made in the period. In the current year the company made no material acquisitions and had no discontinued operations.

CPL Distribution Limited

Reconciliation of movements in shareholders funds

	Year ended 29 March 1997 £'000	Nine months ended 30 March 1996 £'000
Opening shareholders funds	(7,226)	-
Profit/(loss) for the financial year	112	(483)
Goodwill acquired during the year (see note 17)	(477)	(6,743)
Closing shareholders funds	<u>(7,591)</u>	<u>(7,226)</u>

CPL Distribution Limited

Balance sheet at 30 March 1997

	Notes	1997 £'000	1996 £'000
Fixed assets			
Tangible assets	9	<u>3,353</u>	<u>3,668</u>
Current assets			
Stocks	10	3,746	3,846
Debtors	11	17,894	22,913
Cash at bank and in hand		<u>1,474</u>	<u>2,162</u>
		<u>23,114</u>	<u>28,921</u>
Creditors: amounts falling due within one year	12	<u>(19,106)</u>	<u>(23,908)</u>
Net current assets		<u>4,008</u>	<u>5,013</u>
Total assets less current liabilities		<u>7,361</u>	<u>8,681</u>
Creditors: amounts falling due after more than one year	13	<u>(14,952)</u>	<u>(15,907)</u>
Net liabilities		<u>(7,591)</u>	<u>(7,226)</u>
Capital and reserves			
Called up share capital	16	-	-
Other reserves	17	(5,824)	(6,743)
Profit and loss account	17	<u>(1,767)</u>	<u>(483)</u>
Equity shareholders' funds		<u>(7,591)</u>	<u>(7,226)</u>

The financial statements on pages 7 to 18 were approved by the board of directors on 10 July 1997 and were signed on its behalf by:



K Broom
Finance Director

CPL Distribution Limited

Notes to the financial statements for the year ended 29 March 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Fundamental accounting concept

The accounts have been prepared under the going concern concept which assumes the continual financial support of Coal Products Holdings Limited. Coal Products Holdings Limited has confirmed that support will be forthcoming for the foreseeable future.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Goodwill

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries and associates is written off immediately against unrealised reserves and amortised over its useful economic life of ten years.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purpose are:

Freehold buildings and leasehold properties	50 years or over period of lease if less than 50 years
Plant and machinery	3-20 years
Motor vehicles	5 years

Freehold land is not depreciated.

CPL Distribution Limited

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Leasing agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitment is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Turnover

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

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise. Full provision is made for deferred taxation on timing differences arising from the provision of employee pensions.

Pension scheme arrangements

The company operates a defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

The company provides no other post retirement benefits to its employees.

CPL Distribution Limited

Cash flow statement

The company is a wholly owned subsidiary of Coal Products Holdings Limited and the cash flows of the company are included in the consolidated group cash flow statement of Coal Products Holdings Limited. Consequently the company is exempt under the terms of FRS1 "Cash Flow Statements" from publishing a cash flow statement.

Related party transactions

In accordance with the exemption allowed by FRS8 "Related Party Transactions" transactions with Coal Products Holdings Limited and fellow subsidiary undertakings are not disclosed.

2 Segmental Information

The directors are at the opinion that there is only one business, that of wholesale and retail sales of solid fuel, and as the turnover is wholly within the United Kingdom a geographical analysis would not be appropriate.

3 Net operating expenses

	Year ended 30 March 1997 £'000	Nine months ended 30 March 1996 £'000
Continuing operations		
Raw materials and components	87,089	53,559
Other external charges	1,724	2,015
Employee costs	8,111	3,724
Depreciation	286	256
Other operating costs	5,655	3,113
	<hr/> 102,865	<hr/> 62,677
Decrease in stocks	100	2,497
Other operating income	(125)	(661)
	<hr/> 102,840	<hr/> 64,503
Exceptional operating costs	<hr/> 120	<hr/> 742
	<hr/> 102,960	<hr/> 65,245

Exceptional operating costs

Exceptional operating costs of £120,000 during 1997 relate to redundancy costs incurred in the retail division at St Ives. Restructuring costs of £742,000 during 1996 relate to the post-acquisition reorganisation and integration of the assets and liabilities of Anglo Coal Limited.

4 Directors' emoluments

None of the directors received any emoluments from the company for their services.

CPL Distribution Limited

5 Employee information

The average weekly number of persons (including executive directors) employed by the company during the period was:

	1997 Number	1996 Number
By activity		
Selling and distribution	471	207
Administration	29	43
	<u>500</u>	<u>250</u>
	Year ended	Nine months ended
	30 March 1997	30 March 1996
	£'000	£'000
Staff costs (for the above persons)		
Wages and salaries	7,231	3,971
Social security costs	462	262
Other pension costs	418	233
	<u>8,111</u>	<u>4,466</u>

6 Net interest payable and similar charges

	Year ended	Nine months ended
	30 March 1997	30 March 1996
	£'000	£'000
Interest payable		
Bank overdraft	-	124
Finance leases and hire purchase	6	-
Group borrowings	2,485	865
	<u>2,491</u>	<u>989</u>
Bank interest receivable	(305)	(25)
	<u>2,186</u>	<u>964</u>

7 Loss on ordinary activities before taxation

	Year ended	Nine months ended
	30 March 1997	30 March 1996
	£'000	£'000
Loss on ordinary activities before taxation is stated after charging:		
Profit on disposal of tangible fixed assets	4	12
Depreciation charge for the year:		
- Tangible owned fixed assets	247	254
- Tangible fixed assets held under finance leases	39	2
Auditors remuneration for:		
- Audit	37	60
Hire of other assets - operating leases	180	382

CPL Distribution Limited

8 Tax on loss on ordinary activities

	Year ended 30 March 1997 £'000	Nine months ended 30 March 1996 £'000
United Kingdom corporation tax at 33%(1996:33%)		
Current	-	456
Group relief receivable	(568)	-
	<u>(568)</u>	<u>456</u>

9 Tangible fixed assets

	Freehold land and buildings £'000	Short leasehold £'000	Plant and machinery £'000	Motor vehicles £'000	Long leasehold £'000	Total £'000
Cost						
At 30 March 1996	1,986	284	6,568	22	156	9,016
Additions	15	-	291	-	-	306
Disposals	-	(74)	(657)	(19)	-	(705)
Group transfers in/(out)	-	-	(1,054)	5	-	(1,049)
At 30 March 1997	2,001	210	5,148	8	156	7,523
Depreciation						
At 30 March 1996	3	206	5,091	13	35	5,348
Charge for period	1	14	263	1	8	287
Disposals	-	(74)	(535)	(10)	-	(619)
Group transfers in/(out)	-	-	(848)	2	-	(846)
At 30 March 1997	4	146	3,971	6	43	4,170
Net book value						
At 30 March 1997	<u>1,997</u>	<u>64</u>	<u>1,177</u>	<u>2</u>	<u>113</u>	<u>3,353</u>
Net book value						
At 30 March 1996	<u>1,983</u>	<u>78</u>	<u>1,477</u>	<u>9</u>	<u>121</u>	<u>3,668</u>

The net book value of tangible fixed assets includes an amount of £166,000 (1996:£15,000) in respect of assets held under finance leases.

10 Stocks

	1997 £'000	1996 £'000
Goods for resale	<u>3,746</u>	<u>3,846</u>

CPL Distribution Limited

11 Debtors

	1997 £'000	1996 £'000
Amounts falling due within one year		
Trade debtors	14,596	18,945
Amounts owed by group undertakings	1,433	1,418
Group relief receivable	112	-
Other debtors	1,162	2,178
Prepayments and accrued income	591	372
	<u>17,894</u>	<u>22,913</u>

12 Creditors: amounts falling due within one year

	1997 £'000	1996 £'000
Bank overdrafts (see below)	3,806	3,784
Obligations under finance leases	40	7
Trade creditors	11,111	14,570
Amounts owed to group undertakings	2,299	2,260
Group relief payable	-	456
Other taxation and social security	900	1,110
Other creditors	96	147
Accruals and deferred income	854	1,574
	<u>19,106</u>	<u>23,908</u>

The bank overdraft is secured by a fixed and floating charge over all assets of the company. Interest is payable at LIBOR plus 2.5%.

13 Creditors: amounts falling due after more than one year

	1997 £'000	1996 £'000
Obligations under finance leases	128	7
Amounts owed to parent company	14,824	15,900
	<u>14,952</u>	<u>15,907</u>

CPL Distribution Limited

Finance leases

The net finance lease obligations to which the company is committed are:

	1997 £'000	1996 £'000
In one year or less	40	7
Between one and five years	128	7
	<u>168</u>	<u>14</u>

14 Deferred Taxation

There is no potential liability for deferred taxation (1996:£Nil).

15 Pension and similar obligations

The company operates a defined benefit scheme. The assets of the scheme are held separately to those of the company.

Those employees who were formerly members of the Anglo Coal pension scheme were given the opportunity to join the CPL Distribution Scheme, which is a funded final salary scheme. The company will make contributions to the scheme over the remaining service lives of the employees.

The total pension cost of the company for the period was £418,007 (1996:£233,000).

The pension costs are assessed in accordance with the advice of an independent qualified actuary using the projected unit method. The initial level of employers' contributions for the scheme is set at 11%. The scheme will be valued on a triennial basis and contribution levels will be reviewed in light of such valuations.

16 Called up share capital

	1997 £	1996 £
Authorised 1,000 ordinary shares of £1 each	<u>1,000</u>	<u>1,000</u>
Allotted, called up and fully paid 2 ordinary shares of £1 each	<u>2</u>	<u>2</u>

CPL Distribution Limited

17 Movement on reserves

	Year ended 30 March 1997		Nine months ended 30 March 1996	
	Other reserves £'000	Profit and loss account £'000	Other reserves £'000	Profit and loss account £'000
Opening balance	(6,743)	(483)	-	-
Retained profit/(loss) for the year	-	112	-	(483)
Goodwill written off	-	-	(6,743)	-
Purchased goodwill acquired in year	(561)	-	-	-
Purchased goodwill disposed of in year	84	-	-	-
Amortisation of goodwill in year	1,396	(1,396)	-	-
Closing balance	<u>(5,824)</u>	<u>(1,767)</u>	<u>(6,743)</u>	<u>(483)</u>

18 Capital commitments

There were no capital commitments at 31 March 1997.

19 Contingent liabilities

	1997 £'000	1996 £'000
Amount of guarantee in respect of cross-guarantee on bank overdraft of subsidiaries within the group	<u>10,011</u>	<u>672</u>

20 Financial commitments

At 29 March 1997, the company had annual commitments under non-cancellable operating leases as follows:

	1997 Plant and machinery £'000	1996 Plant and machinery £'000
Expiring within one year	43	267
Expiring within two to five years	67	344
Expiring over five years	-	52
	<u>110</u>	<u>663</u>

CPL Distribution Limited

21 Ultimate parent company

The directors regard Coal Products Holdings Limited as the ultimate parent company. The holding company is preparing accounts for the year ended 29 March 1997. According to the register kept by the company, Coal Products Holdings Limited has a 100% interest in the equity capital of CPL Distribution Limited at 29 March 1997. Copies of the parents consolidated financial statements may be obtained from The Secretary, Coal Products Holdings Limited, Mill Lane, Wingerworth, Chesterfield, Derbyshire, S42 6NG.

22 Ultimate controlling party

The directors do not regard any one party to be the ultimate controlling party of Coal Products Holdings Limited.