

# **Pirtek Europe Limited**

Report and Accounts  
*March 31, 2000*



**Rees Pollock**  
**Chartered Accountants**

PIRTEK EUROPE LIMITEDDirectors

G C Summerfield  
F U Petrie  
P D Brennan  
P B Duncan  
P Jowett  
D R Calam  
J B Chaplin

Secretary

P Jowett

Auditors

Rees Pollock  
7 Pilgrim Street  
London  
EC4V 6DR

Bankers

Royal Bank of Scotland Plc  
Blackfriars Branch  
36/37 New Bridge Street  
London  
EC4V 6BJ

Solicitors

Hobson Audley  
7 Pilgrim Street  
London  
EC4V 6DR

Registered Office

36 Acton Park Estate  
The Vale  
Acton  
London  
W3 7QE

Registered Number

3232759

PIRTEK EUROPE LIMITEDDIRECTORS' REPORT

The directors present their report and accounts for the year ended March 31, 2000.

Results and dividends

The operating profit for the group, before amortisation of goodwill, was £1,036,715 (1999: loss of £108,555). Amortisation of goodwill of £335,249 (1999: £348,810), net interest payable and other charges of £1,040,748 (1999: £795,786) and a tax charge of £77,000 (1999: credit of £14,150) give a loss for the group after taxation of £416,282 (1999: £1,239,001).

The directors paid a dividend of £236,648 (1999: £23,849) during the period. A further dividend of £41,885 (1999: £132,850) has been accrued as payable in respect of the preference shares.

Review of the business

The company's principal activity during the year was that of a holding company of a group which distributes hydraulic hoses and associated fittings through a network of franchisees in six European countries.

Fixed assets

The changes in the fixed assets during the year are summarised in notes 8 and 9 to the accounts.

Directors and their interests

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

	At March 31, 2000		At March 31, 1999	
	£1 Ordinary shares		£1 Ordinary shares	
	'A'	'B'	'A'	'B'
P D Brennan	74,033	37,023	16,666	8,334
P B Duncan	142,801	71,400	30,000	15,000
W G Davey (resigned December 17, 1999)	-	-	20,000	10,000
W N Jackson (resigned March 23, 2000)	-	-	-	-
G C Summerfield	15,866	7,933	-	-
P Jowett	7,934	3,967	-	-
F U Petrie	156,022	78,011	33,333	16,667
D R Calam (appointed September 27, 1999)	-	-	-	-

D R Calam and W N Jackson have a small interest in the share capital of the company as a consequence of carried interest schemes associated with the Natwest Ventures Investments Limited's shareholding in the company.

At March 31, 2000 P Jowett had the following options to subscribe for £1 'A' ordinary shares:

	No. of shares	Dates between which option exercisable	Exercise price
(a)	18,594	August 1999 – July 2009	£1
(b)	12,396	September 1999 – August 2009	£1

PIRTEK EUROPE LIMITEDDIRECTORS' REPORT

(continued)

Directors and their interests (continued)

The options under (b), are exercisable only during a period of 14 days after the occurrence of certain events as specified in the rules of the option scheme.

On June 2, 2000 J B Chaplin was appointed as a director of the company

Year 2000

The company has not experienced any material problems with its computer systems as a result of the year 2000 conversion and no significant costs were incurred. The directors are continuing to monitor developments.

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 the affairs of the company and of the profit or loss of the company for that year. In preparing these accounts the directors are required to:

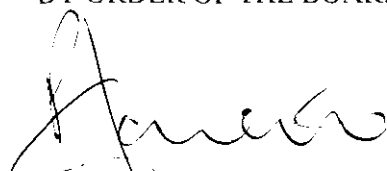
- o select suitable accounting policies and then apply them consistently;
- o make judgements and estimates that are reasonable and prudent;
- o state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the accounts;
- o prepare the accounts on the going concern basis unless it is inappropriate to presume 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 which 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 of fraud and other irregularities. The directors confirm that these accounts comply with these requirements.

Auditors

A resolution to re-appoint Rees Pollock will be put to the members at the Annual General Meeting.

BY ORDER OF THE BOARD



P Jowett  
Secretary

1 September, 2000

**REES POLLOCK**

Chartered Accountants

7 Pilgrim Street  
London EC4V 6DR  
Telephone 020 7329 6404  
Fax 020 7329 6408

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
PIRTEK EUROPE LIMITED**

We have audited the accounts on pages 7 to 23 which have been prepared under the historical cost convention and on the basis of the accounting policies set out on pages 12 and 13.

**Respective responsibilities of directors and auditors**

As described on page 5 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 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.

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.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the group and of the company at March 31, 2000 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Rees Pollock*

Rees Pollock  
Chartered Accountants  
Registered Auditor

September 4, 2000

PIRTEK EUROPE LIMITEDGROUP PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED MARCH 31, 2000

	Notes	2000 £	1999 £
Turnover	2	12,083,410	11,470,046
Cost of sales		6,032,517	6,110,342
Gross profit		6,050,893	5,359,704
Distribution expenses		(624,346)	(589,137)
Administration expenses		(4,389,832)	(4,879,122)
Profit/(loss) before amortisation of goodwill		1,036,715	(108,555)
Amortisation of goodwill	8	(335,249)	(348,810)
Operating profit/(loss)	3	701,466	(457,365)
Exchange losses on retranslation of intragroup borrowings		(236,983)	-
Interest receivable		46,794	26,425
Interest payable	6	(850,559)	(822,211)
Loss on ordinary activities before taxation		(339,282)	(1,253,151)
Taxation	7	(77,000)	14,150
Loss on ordinary activities after taxation		(416,282)	(1,239,001)
Preference dividends		(145,683)	(156,699)
Retained loss for the year		(561,965)	(1,395,700)

GROUP STATEMENT OF RECOGNISED GAINS AND LOSSES

	£	£
Loss for the year	(561,965)	(1,239,001)
Currency translation differences on foreign currency investments	166,917	(17,247)
Total recognised gains and losses for the year	(395,048)	(1,256,248)

The notes on pages 12 to 23 form part of these accounts

PIRTEK EUROPE LIMITEDGROUP BALANCE SHEET AT MARCH 31, 2000

	Notes	£	2000 £	1999 £
Fixed assets				
Intangible assets	8		6,022,925	6,358,174
Tangible assets	9		741,078	751,940
			-----	-----
			6,764,003	7,110,114
Current assets				
Stocks	12	1,616,750		1,647,559
Debtors	13	4,223,047		3,594,328
Cash at bank and in hand		373,058		1,104,117
		-----		-----
		6,212,855		6,346,004
Creditors: amounts falling due within one year	14	(5,785,914)		(3,758,561)
		-----		-----
Net current assets			426,941	2,587,443
			-----	-----
Total assets less current liabilities			7,190,944	9,697,557
			=====	=====
Creditors: amounts falling due after more than one year	15		6,732,134	9,733,699
Capital and reserves				
Called up share capital	17	1,211,000		321,000
Share premium account	18	2,079,000		2,079,000
Profit and loss account	18	(2,831,190)		(2,436,142)
		-----		-----
Shareholders' funds including non-equity interests	18		458,810	(36,142)
			-----	-----
			7,190,944	9,697,557
			=====	=====

G C Summerfield  
Director

1 September, 2000

The notes on pages 12 to 23 form part of these accounts

PIRTEK EUROPE LIMITEDCOMPANY BALANCE SHEET AS AT MARCH 31, 2000

	Notes	£	2000 £	1999 £
Fixed assets				
Tangible assets	9		189,027	206,194
Investments	10		9,334,885	9,263,631
			-----	-----
			9,523,912	9,469,825
Current assets				
Debtors	13	4,130,002		2,880,632
Cash at bank and in hand		79		688,434
			-----	-----
			4,130,081	3,569,066
Creditors: amounts falling due within one year	14	(3,362,955)		(965,825)
			-----	-----
Net current assets			767,126	2,603,241
			-----	-----
Total assets less current liabilities			10,291,038	12,073,066
			=====	=====
Creditors: amounts falling due after more than one year	15		6,605,817	9,524,990
Capital and reserves:				
Called up share capital	17	1,211,000		321,000
Share premium account	18	2,079,000		2,079,000
Profit and loss account	18	395,221		148,076
			-----	-----
Shareholders' funds	18		3,685,221	2,548,076
			-----	-----
			10,291,038	12,073,066
			=====	=====

G C Summerfield  
Director

1 September, 2000

The notes on pages 12 to 23 form part of these accounts



PIRTEK EUROPE LIMITEDGROUP STATEMENT OF CASH FLOWS

	2000	1999
	£	£
Cashflow from continuing operating activities	935,518	(513,511)
Returns on investments and servicing of finance		
Interest received	46,794	26,425
Interest paid	(1,136,906)	(468,304)
Dividends paid on preference shares	(236,648)	(28,649)
	-----	-----
	(1,326,760)	(470,528)
Taxation		
Corporation tax paid	-	(144,165)
Capital expenditure and financial investment		
Purchase of tangible fixed assets	(208,695)	(197,704)
Sale of fixed assets	106,812	186,775
	-----	-----
	(101,883)	(10,929)
	-----	-----
Net cash outflow before financing	(493,125)	(1,139,133)
Financing		
Issue of share capital	890,000	1,500,000
Repayment of capital element of finance leases	(244,741)	(104,470)
Shareholder loan advanced	110,000	-
Bank loans advanced	-	262,538
Bank loans repaid	(800,000)	-
	-----	-----
	(44,741)	1,658,068
	-----	-----
(Decrease)/increase in cash in the year	(537,866)	518,935
	=====	=====

PIRTEK EUROPE LIMITED

GROUP STATEMENT OF CASH FLOWS

Notes to the cashflow statement

(a) Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
(Decrease)/increase in cash in the year	(537,866)	518,935
New debt – shareholder loan	(110,000)	-
New bank debt	-	(262,538)
Repayment of bank debt	800,000	-
New hire purchase agreements	(164,925)	(172,082)
Repayment of capital element of finance leases	244,741	104,470
Exchange rate differences	(50,999)	(17,247)
	-----	-----
Movement in net funds in the year	180,951	171,538
Net debt at April 1, 1999	(9,595,668)	(9,767,206)
	-----	-----
Net debt at March 31, 2000	(9,414,717)	(9,595,668)
	=====	=====

(b) Analysis of changes in net debt

	At April 1, 1999 £	Cashflows £	Other changes £	Exchange movement £	At March 31, 2000 £
Cash at bank	1,104,117	(537,866)	(142,194)	(50,999)	373,058
Bank loans, overdrafts and other loans due within one year	(754,650)	-	(2,038,352)	-	(2,793,002)
Shareholder loan	-	(110,000)	-	-	(110,000)
Debt due after one year	(9,524,990)	800,000	2,180,546	-	(6,544,444)
Obligations under finance leases and hire purchase contracts	(420,145)	244,741	(164,925)	-	(340,329)
	-----	-----	-----	-----	-----
	(9,595,668)	396,875	(164,925)	(50,999)	(9,414,717)
	=====	=====	=====	=====	=====

(c) Reconciliation of operating profit/(loss) to net cash flows from operating activities

	2000 £	1999 £
Operating profit/(loss)	701,466	(457,365)
Loss/(profit) on disposal	2,986	(74,535)
Depreciation and amortisation of goodwill	590,866	638,391
Decrease/(increase) in stocks	30,809	(484,085)
(Increase)/decrease in debtors	(628,719)	95,542
Increase/(decrease) in creditors	238,110	(231,459)
	-----	-----
	935,518	(513,511)
	=====	=====

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 20001. Accounting policiesAccounting convention

The accounts are prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided on all tangible assets at rates calculated to write off the cost, less estimated residual value, of each asset evenly over its expected useful life

Fixtures and fittings	-	over 5 to 10 years
Furniture and office equipment	-	over 5 years
Motor vehicles	-	over 4 to 5 years

Stocks

Stocks are stated at the lower of cost incurred in bringing each product to its present location and condition, and net realisable value as follows:

Goods for resale - purchase cost on a first in, first out basis

Net realisable value is based on estimated selling price less any further costs expected to be incurred to completion and disposal.

Deferred taxation

*Deferred taxation is provided using the liability method on all timing differences which are expected to reverse in the foreseeable future, calculated at the rate at which it is estimated that tax will be payable.*

Foreign currencies*Group*

The accounts of overseas subsidiaries are translated at the rate of exchange ruling at the balance sheet date. The exchange rate differences arising on the retranslation of opening net assets is taken directly to reserves. All other translation differences are taken to the profit and loss account.

*Company*

Assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. Transactions in foreign currencies during the year are recorded at the rate ruling at the date of the transaction. All differences are taken to the profit and loss account.

Pensions

The company operates a defined contribution pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

1. Accounting policies (continued)Leasing and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis.

Basis of consolidation

The group accounts consolidate, using the acquisition method, the accounts of Pirtek Europe Limited and its subsidiaries made up to March 31, 2000. No profit and loss account is presented for Pirtek Europe Limited as provided by s.230 of the Companies Act 1985. The profit attributable to the members of Pirtek Europe Limited was £464,373 (1999: £143,619).

Goodwill

Purchased and consolidation goodwill is amortised through the profit and loss account over the directors' estimate of its useful life.

As required by Financial Reporting Standard No.10 ('Goodwill and Intangible Assets') goodwill is being amortised so as to write off its value over its useful life of 20 years from the acquisition of the subsidiary to which the goodwill relates.

If a subsidiary, associate or business is sold or closed, any goodwill arising on acquisition that has not been amortised through the profit and loss account is taken into account in determining the profit or loss on sale or closure.

2. Turnover and segmental analysis

Turnover represents the amounts derived from the provision of goods and services which fall within the company's ordinary activities, and is stated net of value added tax.

The group operates in one principal geographical segment, being Western Europe and in one principal area of activity being that of the supply and fitting of hydraulic hoses and associated components.

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

3. Operating profit

	2000	1999
	£	£
This is stated after charging/(crediting):		
Auditors' remuneration - audit services	36,000	29,000
- non audit services	12,000	19,000
Depreciation of owned fixed assets	175,846	219,380
Depreciation of assets held under finance leases and hire purchase contracts	79,771	70,201
Amortisation	335,249	348,810
Loss/(profit) on disposal of fixed assets	2,986	(74,535)
	=====	=====

4. Directors' emoluments

	£	£
Aggregate emoluments	324,610	237,477
Company pension contributions	38,115	23,769
Sums paid to third parties for directors' services	20,000	20,000
	=====	=====
Number of directors to whom benefits were accruing under company pension scheme	3	3
	=====	=====
Highest paid director:	£	£
Aggregate emoluments	124,014	108,612
Company pension contributions	15,145	8,045
	=====	=====

5. Staff costs

	£	£
Wages and salaries	2,381,433	2,281,155
Social security costs	408,291	324,549
Pension costs	40,539	41,866
	-----	-----
	2,830,263	2,647,570
	=====	=====

The average monthly number of employees during the year was 83 (1999: 76).

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

6. Interest payable

	2000 £	1999 £
Bank loans and overdrafts	109,321	104,850
Other loans wholly repayable within five years	705,929	696,366
Finance charges payable under finance leases and hire purchase contracts	35,309	20,995
	-----	-----
	850,559	822,211
	=====	=====

7. Taxation

	2000 £	1999 £
UK taxation on UK profit	77,000	-
Over provision for tax in earlier year	-	(14,150)
	-----	-----
	77,000	(14,150)
	=====	=====

8. Intangible fixed assets

<u>Group</u>	Goodwill £
Cost:	
At March 31, 1999	6,706,984
Additions	-
	-----
At March 31, 2000	6,706,984
	-----
Amortisation:	
At March 31, 1999	348,810
Provided during the period	335,249
	-----
At March 31, 2000	684,059
	-----
Carrying value:	
At March 31, 2000	6,022,925
	=====
At March 31, 1999	6,358,174
	=====

As required by Financial Reporting Standard No.10 ('Goodwill and Intangible Assets') goodwill is being amortised so as to write off its value over its useful life of 20 years from the acquisition of the subsidiary to which the goodwill relates.

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

9. Tangible fixed assets

<u>Group</u>	Motor vehicles £	Fixtures and fittings £	Furniture and office equipment £	Total £
Cost:				
At March 31, 1999	431,938	204,382	608,448	1,244,768
Foreign exchange adjustment	(10,092)	(5,260)	(14,985)	(30,337)
Additions	228,993	82,908	61,719	373,620
Disposals	(211,083)	(319)	(30,157)	(241,559)
	-----	-----	-----	-----
At March 31, 2000	439,756	281,711	625,025	1,346,492
	-----	-----	-----	-----
Depreciation:				
At March 31, 1999	162,440	113,102	217,286	492,828
Foreign exchange adjustment	(5,661)	(1,025)	(4,584)	(11,270)
Charge in period	127,479	27,885	100,253	255,617
Disposals	(103,648)	(40)	(28,073)	(131,761)
	-----	-----	-----	-----
At March 31, 2000	180,610	139,922	284,882	605,414
	-----	-----	-----	-----
Net book value:				
At March 31, 2000	259,146	141,789	340,143	741,078
	=====	=====	=====	=====
At March 31, 1999	269,498	91,280	391,162	751,940
	=====	=====	=====	=====

Included in the net book value are amounts relating to assets held under hire purchase and finance leases amounting to £244,256 (1999: £226,817).

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

9. Tangible fixed assets (continued)Company

	Motor vehicles £	Fixtures and fittings £	Furniture and office equipment £	Total £
Cost:				
At March 31, 1999	118,780	60,226	79,961	258,967
Additions	53,017	7,536	2,781	63,334
Disposals	(47,659)	-	-	(47,659)
	-----	-----	-----	-----
At March 31, 2000	124,138	67,762	82,742	274,642
	-----	-----	-----	-----
Depreciation:				
At March 31, 1999	18,206	10,672	23,895	52,773
Charge in year	23,058	6,516	17,117	46,691
Disposals	(13,849)	-	-	(13,849)
	-----	-----	-----	-----
At March 31, 2000	27,415	17,188	41,012	85,615
	-----	-----	-----	-----
Net book value:				
At March 31, 2000	96,723	50,574	41,730	189,027
	=====	=====	=====	=====
At March 31, 1999	100,574	49,554	56,066	206,194
	=====	=====	=====	=====

Included in the net book value are amounts relating to assets held under hire purchase and finance leases amounting to £82,113 (1999: £47,310).

10. Fixed asset investments in subsidiary undertakingsCompany

	£
Cost:	
At March 31, 1999	9,263,631
Additions	71,254
	-----
March 31, 2000	9,334,885
	=====

During the year FF700,000 was provided to SARL France as further capitalisation in accordance with French company law.

See note 11 for additional information regarding the company's subsidiaries.



PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

11. Principal fixed asset investments

The company holds 100% of the share capital of the following:

Name	Country of incorporation	Class of share		Nature of business
Pirtek (UK) Limited	UK	Ordinary	}	Distribution of hydraulic hoses and associated fittings
SARL Pirtek France	France	Ordinary	}	
Pirtek (Deutschland) GmbH	Germany	Ordinary	}	
Pirtek BV	Holland	Ordinary	}	
Pirtek Investments Limited	UK	Ordinary		Dormant

12. Stocks

	Group		Company	
	March 31 2000	March 31 1999	March 31 2000	March 31 1999
	£	£	£	£
Goods for resale	1,616,750	1,647,559	-	-
	=====	=====	=====	=====

PIRTEK EUROPE LIMITED

NOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

13. Debtors

	Group		Company	
	March 31	March 31	March 31	March 31
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	3,992,709	3,278,999	39,012	-
Other debtors	136,613	253,747	24,257	1,797
Amounts due from group companies	-	-	4,051,865	2,858,920
Prepayments and accrued income	93,725	61,582	14,868	19,915
	-----	-----	-----	-----
	4,223,047	3,594,328	4,130,002	2,880,632
	=====	=====	=====	=====

Included in trade debtors are amounts totalling £221,590 (1999: £317,221) which are due after more than one year.

14. Creditors: amounts falling due within one year

	Group		Company	
	March 31	March 31	March 31	March 31
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	593,002	754,650	593,002	-
Unsecured 8% loan notes (see note 15)	2,200,000	-	2,200,000	-
Shareholder loan	110,000	-	110,000	-
Obligations under finance leases and hire purchase contracts (see note 16)	152,639	211,436	18,168	-
Trade creditors	1,570,960	1,307,845	22,730	11,280
Other taxes and social security costs	303,687	373,591	14,355	103,744
Corporation tax	77,000	-	-	-
Other creditors and accruals	778,626	1,111,039	404,700	850,801
	-----	-----	-----	-----
	5,785,914	3,758,561	3,362,955	965,825
	=====	=====	=====	=====

The overdraft is secured by a fixed and floating charge over the assets of the company.

The shareholder loan is unsecured and has no set repayment date.

PIRTEK EUROPE LIMITED

NOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

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

	Group		Company	
	March 31	March 31	March 31	March 31
	2000	1999	2000	1999
	£	£	£	£
Wholly repayable within five years:				
£8,800,000 unsecured 8% loan notes				
repayable in annual instalments of £2,200,000				
commencing July 31, 2000	6,544,444	8,724,990	6,544,444	8,724,990
Bank loan repayable in July 2000	-	800,000	-	800,000
	-----	-----	-----	-----
	6,544,444	9,524,990	6,544,444	9,524,990
Obligations under finance leases and				
hire purchase contracts (see note 16)	187,690	208,709	61,373	-
	-----	-----	-----	-----
	6,732,134	9,733,699	6,605,817	9,524,990
	=====	=====	=====	=====
The loans are repayable as follows:				
Within one year	2,200,000	-	2,200,000	-
Between two and five years	6,600,000	9,600,000	6,600,000	9,600,000
In five years or more	-	-	-	-
No set repayment date	110,000	-	110,000	-
	-----	-----	-----	-----
	8,910,000	9,600,000	8,910,000	9,600,000
Less: unamortised issue expenses	(55,556)	(75,010)	(55,556)	(75,010)
	-----	-----	-----	-----
	8,854,444	9,524,990	8,854,444	9,524,990
	=====	=====	=====	=====

The bank loan at March 31, 1999 was repayable in July 2000, but was repaid early. It was secured by a fixed and floating charge over the assets of the company.

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

16. Obligations under finance leases and hire purchase contracts

The maturity of these amounts is as follows:	Group		Company	
	March 31	March 31	March 31	March 31
	2000	1999	2000	1999
	£	£	£	£
Amounts payable (net of future finance charges):				
Within one year	152,639	211,436	18,168	-
In the second to fifth years inclusive	187,690	208,709	61,373	-
	-----	-----	-----	-----
	340,329	420,145	79,541	-
	=====	=====	=====	=====

17. Share capital

	Authorised		Allotted, called up and fully paid	
	March 31	March 31	March 31	March 31
	2000	1999	2000	1999
	No.	No.	£	£
Preferred ordinary £1	1,040,000	150,000	595,000	150,000
Ordinary 'A' shares £1	791,343	100,000	396,667	100,000
Ordinary 'B' shares £1	386,667	90,000	198,333	50,000
Preference shares 1p	2,100,000	2,100,000	21,000	6,000
Deferred ordinary shares £1	1,000,000	50,000	-	-
	=====	=====	=====	=====

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

17. Share capital (continued)

The shares have the following rights:

*Preferred ordinary shares*

The Preferred ordinary shares carry 49% of the voting rights (increasing to 60% if certain operational targets are not met). For each financial year commencing on or after March 31, 2001 they are entitled to a cumulative preferential dividend equal to 20% of the profit after tax. The holders of the Preferred ordinary shares are entitled to appoint one director. The Preferred ordinary shares are convertible to A ordinary shares and Deferred ordinary shares upon the sale of the Company or quotation on the London Stock Exchange. On a winding up any accrued dividend would be payable in priority to a return of capital to the ordinary shareholders.

*A ordinary shares*

The A ordinary shares together with the B ordinary shares carry 51% of the voting rights (which reduces to 40% if certain operational targets are not met).

*B ordinary shares*

The B ordinary shares are convertible into A ordinary shares upon the sale of the company or quotation on the London Stock Exchange.

*Preference shares*

The Preference shares pay a cumulative dividend of 8% per annum net, calculated on the issue price, as from July 31, 1997 which is payable half yearly in arrears on December and June 30.

They are redeemable at their issue price between July 31, 2000 and September 30, 2003. The holders of the preference shares have no voting rights unless the company is in default in respect of dividend payments or redemption. On a winding up of the company the preference shareholders have a right to receive, in preference to payments to ordinary shareholders, £1 per share plus any accrued dividend.

*Deferred ordinary shares*

The Deferred ordinary shares carry no voting rights or dividend entitlement. They are redeemable by the company at a price not exceeding 1p.

During the year there was a rights issue resulting in the issuing of 296,667 'A' ordinary shares 148,333 'B' ordinary shares and 445,000 Preferred ordinary shares at par fully paid up for cash consideration.

At March 31, 2000 options were outstanding carrying the rights of holders to subscribe for 'A' ordinary shares as follows:

	No. of shares	Dates between which option exercisable	Exercise price
(a)	18,594	August 1999 – July 2009	£1
(b)	30,990	September 1999 – August 2009	£1

The options under (b), are exercisable only during a period of 14 days after the occurrence of certain events as specified in the rules of the option scheme.

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

18. Movement on shareholders' funds

<u>Group</u>	Profit and loss account £	Share capital £	Share premium £	Total £
At March 31, 1999	(2,436,142)	321,000	2,079,000	(36,142)
Issue of ordinary shares	-	890,000	-	890,000
Retained loss for the year	(561,965)	-	-	(561,965)
Other recognised gains	166,917	-	-	166,917
	-----	-----	-----	-----
At March 31, 2000	(2,831,190)	1,211,000	2,079,000	458,810
	=====	=====	=====	=====

			2000 £	1999 £
Equity			(1,641,190)	(2,136,142)
Non-equity			2,100,000	2,100,000
			-----	-----
			458,810	(36,142)
			=====	=====

<u>Company</u>	Profit and loss account £	Share capital £	Share premium £	Total £
At March 31, 1999	148,076	321,000	2,079,000	2,548,076
Issue of ordinary shares	-	890,000	-	890,000
Retained profit for the year	247,145	-	-	247,145
	-----	-----	-----	-----
At March 31, 2000	395,221	1,211,000	2,079,000	3,685,221
	=====	=====	=====	=====

			2000 £	1999 £
Equity			1,765,221	448,076
Non-equity			2,100,000	2,100,000
			-----	-----
			3,685,221	2,548,076
			=====	=====

19. Contingent liabilities

The group has guaranteed a £65,000 overdraft facility of a franchisee of one of its subsidiary companies.

PIRTEK EUROPE LIMITEDNOTES TO THE ACCOUNTS AT MARCH 31, 2000

(continued)

20. Related parties

During the year the group made sales of £96,260 and £189,739 to Bestarena Limited and Air Half Limited, respectively. Bestarena Limited and Air Half Limited are companies incorporated in Great Britain, both of which are controlled by G Summerfield, a director of Pirtek Europe Limited. At the balance sheet date the amount due from Bestarena Limited was £21,722 and the amount due from Air Half Limited was £44,311.

All transactions with the two companies were on normal commercial terms.