

**SKELGATE HOLDINGS LIMITED**  
**REPORT AND ACCOUNTS**  
**YEAR ENDED 30TH SEPTEMBER 1998**



**SKELGATE HOLDINGS LIMITED**

**REPORT AND ACCOUNTS FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

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**SKELGATE HOLDINGS LIMITED****COMPANY INFORMATION****30th September 1998**

<b>Company number</b>	3312588
<b>Chairman</b>	W.S. Skelton
<b>Other directors</b>	D.W. Wingate H. Cole
<b>Secretary</b>	D.W. Wingate
<b>Registered Office</b>	Holly House Spring Gardens Lane Keighley BD20 6LE
<b>Bankers</b>	Yorkshire Bank PLC Main Street Cross Hills Keighley BD20 8TT
<b>Auditors</b>	Horwath Clark Whitehill Chartered Accountants Holly House Spring Gardens Lane Keighley BD20 6LE

# SKELGATE HOLDINGS LIMITED

## DIRECTORS' REPORT

The directors present their report and the audited group financial statements for the year ended 30th September 1998.

### PRINCIPAL ACTIVITIES AND BUSINESS REVIEW

The consolidated profit and loss account is set out on page 5.

The principal activities of the group are the provision of transport and distribution services.

During the year the company acquired interests in a joint venture undertaking, details of which are set out in note 11 to the financial statements.

The directors consider the results for the year to be satisfactory and are as shown in the attached financial statements.

### RESULTS AND DIVIDENDS

A dividend amounting to £117,000 has already been paid and the directors do not recommend payment of a further dividend.

The group profit for the year after taxation amounted to £277,000.

### MOVEMENTS IN FIXED ASSETS

These are set out in note 10 to the accounts. In the opinion of the directors there is no significant difference between the market value of the company's properties and the amounts at which they are stated in the accounts.

### YEAR 2000 MATTERS

The directors have assessed the group's computer systems and equipment controlled by software or computer chips with respect to the advent of the year 2000 and are satisfied that no material problems are likely. They are also satisfied that no material problems associated with the year 2000 will arise in connection with their major suppliers and customers.

### DIRECTORS AND THEIR INTERESTS IN THE SHARES OF THE COMPANY

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

	30th September 1998 ordinary shares	30th September 1997 ordinary shares
W.S. Skelton	105,234	109,125
D.W. Wingate	25,626	27,293
H. Cole	1,399	1,399

W.S. Skelton retires by rotation and, being eligible, offers himself for re-election.

On 27<sup>th</sup> April 1998, N. Skelton and E. Wingate resigned.

No directors were interested at any time during the year in the share capital of the company's subsidiary undertakings.

### AUDITORS

On 1st January 1998 the auditors, Clark Whitehill Josolyne, changed the name under which they practice to Horwath Clark Whitehill and have signed their report in their new name.

Horwath Clark Whitehill have agreed to offer themselves for re-appointment as auditors to the company.

Holly House  
Spring Gardens Lane  
KEIGHLEY

Date: 26th February 1999

BY ORDER OF THE BOARD



D.W. Wingate  
Director

**SKELGATE HOLDINGS LIMITED****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 group's state of affairs at the end of the year and of its 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- prepare the financial statements on the going concern basis unless it is inappropriate to assume that the group 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 group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the group and hence for taking reasonable steps for the prevention and detection of fraud or other irregularities.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
SKELGATE HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 20 which have been prepared under the historical cost accounting rules and the accounting policies set out on pages 9 and 10.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 3 the group's directors are responsible for the preparation of the financial statements. It is our responsibility to form an independent opinion, based on our audit, on those financial 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 the information in the financial statements.

**UNQUALIFIED OPINION**

In our opinion the financial statements give a true and fair view of the state of the affairs of the company and the group as at 30th September 1998 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



HORWATH CLARK WHITEHILL

Chartered Accountants and  
Registered Auditors

Keighley

Date: 3.3.99

**SKELGATE HOLDINGS LIMITED**  
**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 30TH SEPTEMBER 1998**

	Notes	1998 £'000	1997 £'000
<b>Turnover</b>			
Group and share of joint ventures		8,421	5,174
Less: share of joint ventures		(160)	-
		<hr/>	<hr/>
Group turnover	2	8,261	5,174
Cost of sales		(6,487)	(3,958)
		<hr/>	<hr/>
<b>Gross profit</b>		1,774	1,216
Administrative expenses		(1,357)	(958)
		<hr/>	<hr/>
<b>Group operating profit</b>	3	417	258
Share of operating loss of joint ventures		(26)	-
		<hr/>	<hr/>
		391	258
Interest receivable and similar income (group)	4	6	1
<b>Interest payable and similar charges</b>			
Group	6	(27)	(29)
Joint ventures		(1)	-
		<hr/>	<hr/>
<b>Profit on ordinary activities</b>			
<b>Before taxation</b>		369	230
Taxation on profit on ordinary activities (group)	7	(92)	(49)
		<hr/>	<hr/>
<b>Profit on ordinary activities after taxation</b>		277	181
<b>Dividends</b>	8	(117)	(54)
		<hr/>	<hr/>
<b>Profit retained for the year</b>	20	160	127
		<hr/> <hr/>	<hr/> <hr/>

The results of the joint venture arise from an acquisition in the year. The rest of the results derive from continuing activities.

There is no material difference between profit on an historical cost basis and the profit shown above.

There are no recognised gains or losses other than the retained profit for the year.

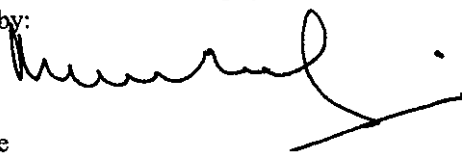
The notes on pages 9 to 20 form part of these accounts.

## SKELGATE HOLDINGS LIMITED

## CONSOLIDATED BALANCE SHEET AS AT 30TH SEPTEMBER 1998

	Notes	1998 £'000	1997 £'000
<b>Fixed assets</b>			
Tangible assets	10	586	549
Investments	11	30	-
<b>Investments in joint ventures</b>			
Share of gross assets	241	-	-
Share of gross liabilities	(253)	-	-
		(12)	-
		604	549
<b>Current assets</b>			
Stock	12	143	43
Debtors	13	1,010	666
Cash at bank and in hand		325	107
		1,478	816
<b>Creditors:</b>			
Amounts falling due within one year	14	(1,303)	(649)
<b>Net current assets</b>		175	167
<b>Total assets less current liabilities</b>		779	716
<b>Creditors:</b>			
Amounts falling due after more than one year	15	(186)	(185)
		593	531
<b>Capital and reserves</b>			
Called up share capital	18	201	201
Share premium account	19	1	1
Profit and loss account	20	391	329
<b>Shareholders' equity funds</b>	17	593	531

The financial statements on pages 5 to 20 were approved by the board of directors on 26th February 1999 and signed on its behalf by:

  
H. Cole  
Director

The notes on pages 9 to 20 form part of these accounts.

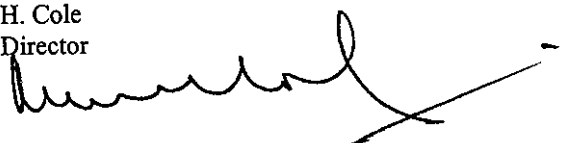


**SKELGATE HOLDINGS LIMITED**  
**BALANCE SHEET AS AT 30TH SEPTEMBER 1998**

	Notes	1998 £'000	1997 £'000
<b>Fixed assets</b>			
Tangible assets	10	1	-
Investments	11	343	200
		<u>344</u>	<u>200</u>
<b>Current assets</b>			
Debtors	13	26	86
Cash at bank and in hand		-	1
		<u>26</u>	<u>87</u>
<b>Creditors</b>			
Amounts falling due within one year	14	(151)	(80)
<b>Net current assets</b>		<u>(125)</u>	<u>7</u>
<b>Total assets less current liabilities</b>		<u>219</u>	<u>207</u>
<b>Capital and reserves</b>			
Called up share capital	18	201	201
Share premium account	19	1	1
Profit and loss account	20	17	5
<b>Equity shareholders' funds</b>	17	<u>219</u>	<u>207</u>

The accounts were approved by the board of directors on 26th February 1999 and signed on its behalf by:

H. Cole  
 Director



The notes on pages 9 to 20 form part of these accounts.

**SKELGATE HOLDINGS LIMITED**  
**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

	Notes	1998 £'000	1997 £'000
Cashflow from operating activities	21 (a)	643	336
Returns on investments and servicing of finance	21 (c)	(21)	(28)
Taxation		(64)	(45)
Capital expenditure and financial investment	21 (c)	(246)	36
		<u>312</u>	<u>299</u>
Equity dividends paid		(117)	(54)
Financing:			
Inception of finance lease contracts		12	(20)
Repayment of bank loans		(17)	(14)
Increase in cash	21 (b)	<u>190</u>	<u>211</u>

The notes on pages 9 to 20 form part of these financial statements.

**SKELGATE HOLDINGS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

**1. Principal accounting policies**

**Basis of accounting**

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

**Basis of consolidation**

The consolidated accounts include the company and its subsidiary undertaking. Intra group sales and profits are eliminated fully on consolidation.

**Joint ventures**

These are defined as investments in an entity together with one or more other venturers, none of whom alone can control the entity but all together can do so. The group's share of the profits less losses of the joint venture is included in the consolidated profit and loss account, and the group's share of gross assets and liabilities is included in the consolidated balance sheet.

**Turnover**

Turnover represents the amount derived from the provision of goods and services falling within the group's activities after deduction of trade discounts and value added tax.

**Tangible fixed assets**

Depreciation of fixed assets is calculated to write off their cost or valuation, less any residual value, over their estimated useful lives as follows:

Freehold land	nil
Freehold buildings	2.5% straight line
Motor vehicles	25% reducing balance
Fixtures and fittings	10%-33.33% straight line

**Leases and hire purchase contracts**

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

Rentals paid under operating leases are charged to income as incurred.

**Stocks**

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis.

Net realisable value is based on estimated selling price less the estimated cost of disposal.

**SKELGATE HOLDINGS LIMITED**

**NOTES TO THE ACCOUNTS**

**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

**Accounting policies (continued)**

**Deferred taxation**

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

**Pensions**

The group operates defined contribution schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the schemes.

**2 Turnover**

The turnover for the year was derived from the group's principal activities. The whole of the turnover is attributable to the UK market.

	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
<b>3. Operating profit</b>		
<b>This is stated after charging (crediting):</b>		
Staff costs (Note 5)	3,854	2,512
Auditors' remuneration - audit (company £1,000; 1997 £900)	6	6
non audit (company £7,853; 1997 £900)	8	1
Depreciation - owned assets	39	30
- Leased assets	21	25
Hire of plant and machinery	1,073	684
Other operating leases	68	11
Loss/(profit) on sale of tangible fixed assets	<u>6</u>	<u>(5)</u>

## SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

## 4. Interest receivable and similar income

	1998 £'000	1997 £'000
Interest receivable	<u>6</u>	<u>1</u>

## 5. Directors and employees

The average weekly number of employees, including executive directors, during the year was made up as follows:

	1998 Number	1997 Number
Haulage	166	136
Administration and management	<u>33</u>	<u>26</u>
	<u>199</u>	<u>162</u>

Staff costs for the above persons during the year amounted to:

	1998 £'000	1997 £'000
Wages and salaries	3,523	2,285
Social security costs	283	177
Other pension costs	<u>48</u>	<u>50</u>
	<u>3,854</u>	<u>2,512</u>

## Directors' emoluments

Emoluments (including pension contributions)	<u>148</u>	<u>92</u>
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The number of directors accruing benefits under money purchase pension schemes was 3 (1997: 5).

## 6. Interest payable and similar charges

	1998 £'000	1997 £'000
Bank interest	20	22
On finance leases and hire purchase contracts	<u>7</u>	<u>7</u>
	<u>27</u>	<u>29</u>

**SKELGATE HOLDINGS LIMITED**  
**NOTES TO THE ACCOUNTS**  
**FOR THE YEAR ENDED 30TH SEPTEMBER 1998**

	1998 £'000	1997 £'000
<b>7. Taxation on profit on ordinary activities</b>		
UK corporation tax at an average rate of 24.6% (22.1%)	<u>92</u>	<u>49</u>
<b>8. Dividends</b>		
Equity ordinary dividends of £1.89 per share	<u>117</u>	<u>54</u>
Waivers of dividend totalling £263,814 were received in respect of dividends paid.		
<b>9. Profit for the year</b>		
As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these accounts. The parent company's profit for the year after taxation amounted to £129,215 (1997 profit: £58,596)		

## SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

## 10. Tangible fixed assets

## Group

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Freehold land and buildings £'000	Total £'000
<b>Cost or valuation</b>				
At 1st October 1997	228	61	398	687
Additions	121	35	-	156
Disposals	(108)	-	-	(108)
At 30th September 1998	<u>241</u>	<u>96</u>	<u>398</u>	<u>735</u>
<b>Accumulated depreciation</b>				
At 1st October 1997	102	36	-	138
Charge for year	47	9	4	60
Disposals	(49)	-	-	(49)
At 30th September 1998	<u>100</u>	<u>45</u>	<u>4</u>	<u>149</u>
<b>Net book value</b>				
At 30th September 1998	<u>141</u>	<u>51</u>	<u>394</u>	<u>586</u>
<b>Net book value</b>				
At 30th September 1997	<u>126</u>	<u>25</u>	<u>398</u>	<u>549</u>

The net book value of group assets includes an amount of £120,569 (1997: £95,823) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

Freehold land and buildings includes a valuation at 30<sup>th</sup> September 1995 of £320,000.

If freehold land and buildings had not been revalued, they would have been included on the historical cost basis at £439,812 (1997: £439,812).

Freehold land of £238,000 is not being depreciated.

## SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

## 10. Tangible fixed assets (continued)

## Company

	Motor vehicles £'000	Fixtures, fittings and equipment £'000	Total £'000
<b>Cost or valuation</b>			
Additions	20	1	21
Disposals	(20)	-	(20)
	<hr/>	<hr/>	<hr/>
At 30th September 1998	-	1	1
	<hr/>	<hr/>	<hr/>
<b>Accumulated depreciation</b>			
Charge for year	2	-	2
Disposals	(2)	-	(2)
	<hr/>	<hr/>	<hr/>
At 30th September 1998	-	-	-
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30th September 1998	-	1	1
	<hr/>	<hr/>	<hr/>
<b>Net book value</b>			
At 30th September 1997	-	-	-
	<hr/>	<hr/>	<hr/>

## 11. Investments

Own shares  
at cost  
£'000

## a) Group

At 1 <sup>st</sup> October 1997	-
Acquisitions	30
	<hr/>
At 30 <sup>th</sup> September 1998	30
	<hr/>

## Own shares held by employee share schemes

During the year the company set up the Skelgate Holdings Limited Employee Settlement, an employee share scheme set up as a trust.

A contribution of £30,000 was made by the company to the trust which enabled the trust to purchase 11,115 ordinary shares in the company in order to meet obligations under the scheme.

Shares are to be held in the trust until such time as they may be transferred to employees in accordance with the terms of the scheme. No detailed transfer arrangements, however, have yet been agreed upon.

In accordance with the Accounting Standards Board Urgent Issues Task Force abstract number 13, the contribution has been capitalised as a fixed asset investment in the financial statements of the company and group.

No costs in respect of the employee share scheme trust have been recognised in the profit and loss account.



## SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

## 11. Investments (continued)

## b) Company

	Shares in group undertakings (unlisted) £'000	Shares in joint ventures £'000	Own shares at cost £'000	Total £'000
<b>Cost</b>				
1st October 1997	200	-	-	200
Additions	-	113	30	143
30th September 1998	<u>200</u>	<u>113</u>	<u>30</u>	<u>343</u>
<b>Net book amount</b>				
30th September 1998	<u>200</u>	<u>113</u>	<u>30</u>	<u>343</u>
1st October 1997	<u>200</u>	<u>-</u>	<u>-</u>	<u>200</u>

Details of the company's investments in subsidiary and joint venture undertakings are as follows:

**Subsidiary undertaking:**

Name of undertaking:	Description of issued shares held by the company	Proportion of nominal value of issued shares held	Nature of business
SHL Delivery Plus Limited	50,022 ordinary shares of £1 each	100%	Transport and distribution services

**Joint venture undertaking:**

Name of undertaking	Description of issued shares held by the company	Proportion of nominal value of issued shares held	Nature of business
Home Lane Limited	50,000 'B' ordinary shares of £1 each	50%	Distribution services

## SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

## 12. Stock

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Work in progress	73	-	-	-
Raw materials and consumable stocks	70	43	-	-
	<u>143</u>	<u>43</u>	<u>-</u>	<u>-</u>

## 13. Debtors

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
<b>Amounts falling due within one year:</b>				
Trade debtors	632	343	3	-
Other debtors	106	4	3	-
Prepayments and accrued income	252	256	-	23
Directors' loan account	-	63	-	63
	<u>990</u>	<u>666</u>	<u>6</u>	<u>86</u>
<b>Amounts falling due after more than one year:</b>				
Other debtors	20	-	20	-
	<u>1,010</u>	<u>666</u>	<u>26</u>	<u>86</u>

## 14. Creditors: Amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
Bank loans and overdrafts	43	15	26	-
Amounts owed to group undertaking	-	-	78	3
Trade creditors	463	260	-	-
Corporation tax	67	36	1	3
Other taxes and social security costs	310	179	11	46
Other creditors	16	15	16	1
Accruals and deferred income	371	105	19	27
Obligation under finance leases and hire purchase contracts	33	39	-	-
	<u>1,303</u>	<u>649</u>	<u>151</u>	<u>80</u>

## SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
15. Creditors: Amounts falling due after more than one year				
Bank loans	144	161	-	-
Obligations under finance leases and hire purchase contracts	42	24	-	-
	<u>186</u>	<u>185</u>	<u>-</u>	<u>-</u>

## Maturing of bank loans and overdrafts

Bank loans and overdrafts are repayable as follows:

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
In one year or less	17	15	26	-
Between one and two years	19	17	-	-
Between two and five years	71	64	-	-
Over five years	54	80	-	-
	<u>161</u>	<u>176</u>	<u>26</u>	<u>-</u>
Included in current liabilities	(17)	(15)	(26)	-
	<u>144</u>	<u>161</u>	<u>-</u>	<u>-</u>

The bank loans and overdrafts are secured by way of a mortgage debenture and a fixed and floating charge over all the assets of SHL Delivery Plus Limited.

The bank loan is repayable by equal monthly instalments, with interest charged at 3% above the bank base rate. The last instalment falls due in 2005.

## Obligations under finance leases and hire purchase contracts

Obligations under finance leases and hire purchase agreements are repayable as follows:

	Group		Company	
	1998	1997	1998	1997
	£'000	£'000	£'000	£'000
In the next year	33	39	-	-
In the second to fifth years inclusive	42	24	-	-
	<u>75</u>	<u>63</u>	<u>-</u>	<u>-</u>

## SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

## 16. Deferred taxation

No provision for deferred tax arises.

## 17. Reconciliation of movements in shareholders' funds

	1998 £'000	1997 £'000
<b>Group</b>		
Profit for the financial year	277	181
Dividends	(117)	(54)
	<u>160</u>	<u>127</u>
Net share capital subscribed	-	202
Capital reserve arising upon merger	-	(150)
Goodwill on acquisition of joint venture	(98)	-
	<u>62</u>	<u>179</u>
Net addition to shareholders' funds	531	352
<b>Opening shareholders' funds</b>	<u>593</u>	<u>531</u>
<b>Closing shareholders' funds</b>	<u><u>593</u></u>	<u><u>531</u></u>
<b>Company</b>		
Profit for the financial year	129	59
Dividends	(117)	(54)
	<u>12</u>	<u>5</u>
New share capital subscribed	-	202
	<u>12</u>	<u>207</u>
Net addition to shareholders' funds	207	-
<b>Opening shareholders' funds</b>	<u>219</u>	<u>207</u>
<b>Closing shareholders' funds</b>	<u><u>219</u></u>	<u><u>207</u></u>

## 18. Called up share capital

	1998		1997	
	Number of shares	£'000	Number of shares	£'000
<b>Authorised</b>				
Ordinary shares of £1 each	<u>1,000,000</u>	<u>1,000</u>	<u>1,000,000</u>	<u>1,000</u>
<b>Allotted called up and fully paid</b>				
Ordinary shares of £1 each	<u>201,489</u>	<u>201</u>	<u>201,489</u>	<u>201</u>

## SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

## FOR THE YEAR ENDED 30TH SEPTEMBER 1998

	Group £'000	Company £'000
<b>19. Share premium account</b>		
1st October 1997 and 30th September 1998	<u>1</u>	<u>1</u>
<b>20. Profit and loss account</b>		
1st October 1997	329	5
Retained profit for the year	160	12
Goodwill on acquisition of joint venture	(98)	-
30th September 1998	<u>391</u>	<u>17</u>
	<b>1998</b>	<b>1997</b>
	<b>£'000</b>	<b>£'000</b>
<b>21. Cash flow statement</b>		
<b>(a) Reconciliation of operating profit to cash flow from operating activities</b>		
Operating profit	417	258
Depreciation charge	60	55
Loss (profit) on sale of tangible fixed assets	6	(5)
(Increase) in stock	(101)	(22)
(Increase) decrease in debtors	(340)	7
Increase in creditors	601	43
<b>Cash flow from operating activities</b>	<u>643</u>	<u>336</u>
	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>(b) Analysis of changes in net cash</b>		
Cash at bank	107	325
Overdrafts	(15)	(43)
	<u>92</u>	<u>282</u>
	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
<b>(c) Analysis of cash flows for headings netted in the cash flow statement</b>		
Interest paid	(27)	(29)
Interest received	6	1
<b>Net cash flow for returns on investments and servicing of finance</b>	<u>(21)</u>	<u>(28)</u>
<b>Capital expenditure and financial investments</b>		
Purchase of tangible fixed assets	(156)	(45)
Sale of tangible fixed assets	53	81
Purchase of fixed asset investments	(143)	-
<b>Net cash flow for capital expenditure and financial investment</b>	<u>(246)</u>	<u>36</u>

# SKELGATE HOLDINGS LIMITED

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 30TH SEPTEMBER 1998

#### 22. Pension schemes

The group operates money purchase pension schemes in respect of its directors, staff and employees. The assets of the scheme are held separately from those of the group in independently administered funds. The pension cost charge represents contributions payable by the group to the schemes and amounted to approximately £48,000 (1997: £50,000). There were no prepaid or outstanding contributions at the balance sheet date.

#### 23. Financial commitments

At 30th September 1998 the group and company had annual commitments under non-cancellable operating leases resulting in the following payments:

	1998		1997	
	Land and buildings £'000	Plant and other £'000	Land and buildings £'000	Plant and other £'000
On leases expiring:				
In the next year	-	277	-	105
In the second to fifth years inclusive	-	395	-	346
In more than five years	275	-	-	-
	<u>275</u>	<u>672</u>	<u>-</u>	<u>451</u>

#### 24. Contingent liabilities

The company has given cross guarantees on the overdrafts and loans repayable by SHL Delivery Plus Limited.

#### 25. Related party transactions

During the period Home Lane Limited made purchases of £7,875 from, and made sales of £1,784 to, SHL Delivery Plus Limited. During the period SHL Delivery Plus Limited made a loan to Home Lane Limited of £80,000. At the period end the amount due to SHL Delivery Plus Limited was £81,217. On 29th September 1998 the company transferred a car to Elaine Wingate for nil consideration.

#### 26. Control

The company is controlled by W.S. Skelton, who is also a director of the company.