

S Black (Import & Export) Limited

**Directors' report and consolidated
financial statements**

For the year ended 30 June 1997
Registered number 934139



Directors' report and financial statements

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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 1997.

Business review

The principal activity of the group continued to be the technical sale and distribution of speciality chemicals and pigments.

The results and the position of the group are set out on pages 5 to 7. The results clearly indicate that the company has continued to expand its core business within the UK with a resulting growth in turnover and underlying operating profitability.

This has been achieved during a year which considerable changes have been made which have served to strengthen the company's position for future growth. In February 1997, the company relocated to new, purpose built premises in Hertford. This is the first time in the company's history that both the warehousing/distribution centre and the technical sales offices have been on the same site. In addition to providing significantly more space for expansion, this will result in numerous operational advantages. The company continued to develop its policy of involving its staff in its success through the introduction of an employee share option plan which provides an additional means of incentivising and rewarding key staff. Also during the year, A G F Difford retired as Financial Director after 26 years of service. He has been replaced by J B Lowten with effect from 1st January 1997.

In addition to the significant changes and advances to the UK business, encouraging results were achieved by the German subsidiary. Initial acceptance by both the German customers and the supplier base has now been achieved. Significant advances in this area are anticipated in the years ahead.

Their directors are therefore confident that the group will continue to make satisfactory progress during the current financial year.

Information regarding dividends is set out in note 8 to the Financial statements.

Directors and directors' interests

The directors who held office during the year and their interests in the shares of the company were as follows:

	Ordinary shares of £1 each			At 1 July 1996 or date of appointment if later	
	At 30 June 1997	Options		Shares	Options
	Shares	Executive Share Option Scheme	Employee Share Trust Share Option Scheme		Executive Share Option Scheme
S Black	74,500	-	-	62,080	-
NL Berry	2,030	3,500	-	500	3,500
DG Saunter	2,520	2,500	-	1,500	2,500
AG Raybould	1,020	4,000	-	-	4,000
C Davies	255	1,000	-	-	1,000
JB Lowten (appointed 1 January 1997)	-	-	600	-	-
Mrs Z Black (resigned 31 December 1996)	-	-	-	14,970	-
AGF Difford (resigned 31 December 1996)	-	-	-	5,100	-

No options were exercised during the year.

Directors' Report (continued)

The directors who held office at the end of the financial year had no other disclosable interest in the shares of group companies.

Dr G Ewart OBE was appointed as a non executive director on 4th August 1997. He had no interest in the shares of the company or group.

Fixed assets

The movements in tangible fixed assets are set out in note 9 to the financial statements. The major additions relate to the new premises in Hertford to which the company relocated in February 1997.

In the directors' opinion, the market value of land and buildings does not differ significantly from that stated in the financial statements.

Charitable donations

The group made no political contributions during the year. Donations to UK charities amounted to £317 (1996: £ 920).

Employees

It is the group's policy to provide disabled persons with the opportunities of employment equal to those which are available to all other employees.

The group recognises the benefits of keeping employees informed on matters which are of specific concern to them as employees and it is its policy to provide them with such information on a regular basis whenever appropriate.

Auditors

During the year Whiteleys resigned as auditors and KPMG were appointed. A resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



C Davies
Secretary

Foxholes Business Park
John Tate Road
Hertford
Herts
SG13 7YH

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 state of affairs of the company and group and of the 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 presume 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 company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Aquis Court
31 Fishpool Street
St Albans
Hertfordshire, AL3 4RF

Report of the auditors to the members of S Black (Import & Export) Limited

We have audited the financial statements on pages 5 to 26.

Respective responsibilities of directors and auditors

As described on page 3 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 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 information in the financial statements.

Opinion

In our opinion the financial statements give a true and fair view of the state of affairs of the company and the group as at 30 June 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG 15 October 1997

KPMG
Chartered Accountants
Registered Auditors

Consolidated profit and loss account
for the year ended 30 June 1997

	<i>Note</i>	1997 £000	1996 £000
Turnover	2	19,338	17,450
Cost of sales		(14,873)	(13,728)
Gross profit		4,465	3,722
Distribution costs		(167)	(143)
Administration expenses including exceptional costs of £611,000 (1996: £213,000).	3	(2,689)	(2,053)
Other operating income		6	6
Operating profit		1,615	1,532
(Loss)/profit relating to disposal of fixed assets		(72)	12
Profit on ordinary activities before interest and other income		1,543	1,544
Other interest receivable and similar income		108	159
Interest payable and similar charges	6	(50)	(2)
Revaluation of investment	10	2	1
Profit on ordinary activities before taxation	3	1,603	1,702
Tax on profit on ordinary activities	7	(707)	(545)
Profit on ordinary activities after taxation		896	1,157
Minority interests		-	21
Profit for the financial year		896	1,178
Dividends on equity and non-equity shares	8	(329)	(286)
Additional finance costs of non equity interests	8	(75)	-
Retained profit for the financial year transferred to reserves		492	892

All the above amounts derive from continuing activities.

Consolidated statement of total recognised gains and losses
for the year ended 30 June 1997

	1997 £000	1996 £000
Profit for the financial year	896	1,178
Currency translation differences on foreign currency net investments	2	(6)
Total gains and losses recognised since last annual report	898	1,172

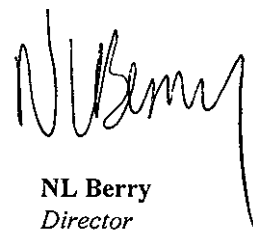
Consolidated balance sheet
at 30 June 1997

	Note	1997 £000	1996 £000
Fixed assets			
Tangible assets	9	4,688	2,726
Investments	10	551	13
		<u>5,239</u>	<u>2,739</u>
Current assets			
Stock of goods for resale		2,672	2,328
Debtors	11	2,949	3,766
Cash at bank and in hand		1,925	2,917
		<u>7,546</u>	<u>9,011</u>
Creditors: amounts falling due within one year	12	<u>(3,981)</u>	<u>(4,515)</u>
Net current assets		<u>3,565</u>	<u>4,496</u>
Total assets less current liabilities		<u>8,804</u>	<u>7,235</u>
Creditors: amounts falling due after one year	13	<u>(1,000)</u>	<u>-</u>
Net assets		<u>7,804</u>	<u>7,235</u>
Capital and reserves			
Called up share capital	15	102	102
Share premium account	16	34	34
Profit and loss account	16	7,668	7,099
		<u>7,804</u>	<u>7,235</u>
Shareholders' funds			
Equity interests		7,786	7,217
Non-equity interests		18	18
		<u>7,804</u>	<u>7,235</u>

These financial statements were approved by the board of directors on 15 October 1997 and were signed on its behalf by:



JB Lowten
Director



NL Berry
Director

Company balance sheet
at 30 June 1997

	Note	1997 £000	1996 £000
Fixed assets			
Tangible assets	9	4,632	2,674
Investments	10	642	104
		<u>5,274</u>	<u>2,778</u>
Current assets			
Stock of goods for resale		2,634	2,259
Debtors	11	3,109	3,737
Cash at bank and in hand		1,849	2,833
		<u>7,592</u>	<u>8,829</u>
Creditors: amounts falling due within one year	12	<u>(3,844)</u>	<u>(4,272)</u>
Net current assets		<u>3,748</u>	<u>4,557</u>
Total assets less current liabilities		<u>9,022</u>	<u>7,335</u>
Creditors: amounts falling due after one year	13	<u>(1,000)</u>	<u>-</u>
Net assets		<u><u>8,022</u></u>	<u><u>7,335</u></u>
Capital and reserves			
Called up share capital	15	102	102
Share premium account	16	34	34
Profit and loss account	16	7,886	7,199
		<u>8,022</u>	<u>7,335</u>
Shareholders' funds			
Equity		8,004	7,317
Non-equity		18	18
		<u>8,022</u>	<u>7,335</u>

These financial statements were approved by the board of directors on *15 October 1997* and were signed on its behalf by:


JB Lowten
Director


NL Berry
Director

Consolidated cash flow statement
for the year ended 30 June 1997

	<i>Note</i>	1997 £000	1996 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		1,615	1,532
Depreciation charges		231	144
Exceptional item - gift of shares	10	535	-
(Increase)/decrease in stocks		(356)	5
Decrease/(increase) in debtors		773	(1,209)
(Decrease)/increase in creditors		(513)	1,123
Exchange loss		(86)	(6)
		<hr/>	<hr/>
Net cash inflow from operating activities		2,199	1,589
		<hr/>	<hr/>
Cash flow statement			
Cash flow from operating activities		2,199	1,589
Returns on investments and servicing of finance	20	17	156
Taxation		(634)	(650)
Capital expenditure and financial investment	20	(3,289)	(1,605)
Equity dividends paid		(225)	(286)
		<hr/>	<hr/>
Cash outflow before use of liquid resources and financing		(1,932)	(796)
Management of liquid resources		-	-
Financing	20	1,000	30
		<hr/>	<hr/>
Decrease in cash in the period		(932)	(766)
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds			
	21		
Decrease in cash in the period		(932)	(766)
Cash inflow from increase in loan finance		(1,000)	-
		<hr/>	<hr/>
Change in net debt resulting from cash flows		(1,932)	(766)
Translation difference		(31)	-
		<hr/>	<hr/>
Movement in net funds in the period		(1,963)	(766)
Net funds at the start of the period		2,888	3,654
		<hr/>	<hr/>
Net funds at the end of the period		925	2,888
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

Accounting policies

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

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules modified to include the revaluation of listed investments.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 1997 using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

Goodwill arising on consolidation (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) is written off against reserves on acquisition. Any excess of the fair value of the separable net assets acquired over the fair value of the consideration given (negative goodwill) is credited direct to reserves.

In the company's financial statements, investments in subsidiary and associated undertakings are stated at cost. The company's Financial Statements include the assets, liabilities and result of the S Black (Import & Export) Limited Employee Share Trust.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The profit of the company for the year before tax and before the result of S Black (Import & Export) Limited Employee Share Trust was £2,207,000 (1996: £1,816,000). The profit after tax for the company for the year was £1,016,000 (1996: £1,271,000).

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	-	1% per annum straight line
Computer equipment	-	between 20% and 33 1/3% per annum straight line
Fixtures, fittings and equipment	-	between 10% and 20% per annum straight line and 20% p.a. reducing balance
Motor vehicles	-	25% per annum reducing balance and 25% straight line

No depreciation is provided on freehold land.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

Notes (continued)

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Government grants

Revenue based grants are credited to operating profit on receipt.

Leases

Operating lease rentals are charged to the profit and loss account as they are incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value.

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

Taxation

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

Advanced corporation tax recoverable by deduction from future corporation tax is carried forward within deferred taxation or as ACT recoverable within debtors as appropriate.

Post retirement benefits

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

The group operates a pension scheme providing benefits based on final pensionable pay for one employee. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pension over the employee's working life with the company.

Notes (continued)

Segmental information

The group's sole business is the technical sale and distribution of speciality chemicals and pigments. A geographical analysis of turnover is as follows:

	1997 £000	1996 £000
United Kingdom	15,866	15,103
Rest of the World	3,472	2,347
	<hr/> 19,338	<hr/> 17,450
	<hr/> <hr/>	<hr/> <hr/>

Profit on ordinary activities before taxation

	1997 £000	1996 £000
<i>Profit on ordinary activities before taxation is stated after charging/(crediting)</i>		
Auditors' remuneration:		
Group - audit	23	15
- other services	22	38
Company - audit	20	13
- other services	14	9
Depreciation and other amounts written off tangible owned fixed assets	231	144
Hire of plant and machinery - rentals payable under operating leases	6	7
Hire of other assets - operating leases	35	37
Government grant	(6)	(6)
Exceptional item - relocation costs	62	-
Exceptional item - Employee Share Trust costs (comparative numbers not disclosed in 1996 financial statements)	549	213
	<hr/> 549	<hr/> 213
	<hr/> <hr/>	<hr/> <hr/>

Exceptional costs

During the year ended 30 June 1997 the company relocated to a new building in Hertford. Relocation expenses primarily consist of the physical relocation of assets and redundancy payments.

The S Black (Import & Export) Limited Employee Share Trust gifted 3,825 ordinary shares in S Black (Import & Export) Limited, cost £535,000, to certain employees in the year (also see note 10). The remaining £14,000 of costs relates to professional fees and stamp duty in respect of the Trust.

Notes (continued)

Remuneration of directors

	1997 £000	1996 £000
Directors' emoluments	801	911
Company contributions to money purchase pension schemes	85	38
Amounts received from third parties in respect of directors' services	(28)	(57)
	<u>858</u>	<u>892</u>

The aggregate of emoluments of the highest paid director was £225,000 (1996 :£245,000), and company pension contributions of £3,000 (1996 :£nil) were made to a money purchase scheme on his behalf.

	Number of directors 1997 £000	1996 £000
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	<u>6</u>	<u>7</u>
The number of directors who exercised share options was	<u>-</u>	<u>1</u>

Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, was 40 (1996: 36):

The aggregate payroll costs of these persons were as follows:

	1997 £000	1996 £000
Wages and salaries	1,179	1,445
Social security costs	121	126
Other pension costs	103	51
	<u>1,403</u>	<u>1,622</u>

Notes (continued)

Interest payable and similar charges

	1997 £000	1996 £000
On bank overdrafts	3	2
On bank loans	47	-
	<hr/> 50	<hr/> 2
	<hr/> <hr/>	<hr/> <hr/>

Taxation

	1997 £000	1996 £000
UK corporation tax at 32.5 % (1996 : 33 %)	708	619
Deferred taxation	-	(74)
Adjustments relating to an earlier year	(1)	-
	<hr/> 707	<hr/> 545
	<hr/> <hr/>	<hr/> <hr/>

The tax charge for the year has been reduced by the effect of accelerated capital allowances of £nil (1996: £74,000).

During the year S Black (Import & Export) Limited Employee Share Trust gifted shares in S Black (Import & Export) Limited with a cost of £535,000. Tax relief on this gift is not available to the group, consequently increasing the group's effective tax rate.

Dividends and other appropriations

	1997 £000	1996 £000
Equity shares:		
Interim dividend paid	225	286
Non-equity shares:		
Dividend paid	63	-
Dividend accrued	41	-
	<hr/> 104	<hr/> -
	<hr/> 329	<hr/> 286
	<hr/> <hr/>	<hr/> <hr/>
Additional finance costs of non equity interest	75	-
	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

In accordance with FRS 4 finance costs on the 'A' ordinary shares must be spread over the term of the shares. These shares have no fixed conversion date. A dividend of £9.80 per share per annum is payable from 1 August 2000 on 17,850 'A' ordinary shares in perpetuity (see note 15). Therefore the total annual charge of the non-equity shares under FRS 4 approximates to £175,000.

Tangible fixed assets

	Land and buildings freehold	Land & buildings under construction	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Group						
<i>Cost</i>						
At beginning of year	1,079	1,343	276	262	343	3,303
Exchange rate movement	-	-	(2)	(4)	(5)	(11)
Additions	1,727	-	82	384	53	2,246
Disposals	-	-	-	(50)	(54)	(104)
Transfers	1,343	(1,343)	-	-	-	-
At end of year	4,149	-	356	592	337	5,434
<i>Depreciation</i>						
At beginning of year	80	-	206	182	109	577
Exchange rate movement	-	-	-	(1)	(1)	(2)
Charge for year	28	-	52	90	61	231
On disposals	-	-	-	(39)	(21)	(60)
At end of year	108	-	258	232	148	746
<i>Net book value</i>						
At 30 June 1997	4,041	-	98	360	189	4,688
At 30 June 1996	999	1,343	70	80	234	2,726

The gross book value of land and buildings freehold includes £2,814,000 (1996: £817,000) of depreciable assets.

Notes (continued)

Tangible fixed assets (continued)

	Land and buildings freehold	Land & buildings under construction	Computer equipment	Fixtures, fittings and equipment	Motor vehicles	Total
	£000	£000	£000	£000	£000	£000
Company						
<i>Cost</i>						
At beginning of year	1,079	1,343	262	243	317	3,244
Additions	1,727	-	72	379	40	2,218
Disposals	-	-	-	(50)	(54)	(104)
Transfers	1,343	(1,343)	-	-	-	-
At end of year	4,149	-	334	572	303	5,358
<i>Depreciation</i>						
At beginning of year	80	-	205	180	105	570
Charge for year	28	-	47	86	55	216
On disposals	-	-	-	(39)	(21)	(60)
At end of year	108	-	252	227	139	726
<i>Net book value</i>						
At 30 June 1997	4,041	-	82	345	164	4,632
At 30 June 1996	999	1,343	57	63	212	2,674

Notes (continued)

Fixed asset investments

Group	Own shares £000	Listed investments £000	Total £000
<i>Cost</i>			
At beginning of the year	-	17	17
Additions	1,071	-	1,071
Disposals	(535)	-	(535)
	<hr/>	<hr/>	<hr/>
At end of year	536	17	553
	<hr/>	<hr/>	<hr/>
<i>Provisions</i>			
At beginning of year	-	4	4
Released in year	-	(2)	(2)
	<hr/>	<hr/>	<hr/>
At end of year	-	2	2
	<hr/>	<hr/>	<hr/>
<i>Net book value</i>			
At 30 June 1997	536	15	551
	<hr/>	<hr/>	<hr/>
At 30 June 1996	-	13	13
	<hr/>	<hr/>	<hr/>

At 30 June 1997 the market value of the listed investments was £15,000 (1996: £13,000)

Investment in own shares

The S Black (Import & Export) Limited Employee Share Trust was established by the company on 14 June 1996. Its purpose is to facilitate the recruitment, retention and motivation of employees of the group. Own shares costing £535,000 were gifted to employees during the year. The Trust is administered by S Black (Import & Export) Trustee Limited, a wholly owned subsidiary of S Black (Import & Export) Limited.

Investments include £536,000 relating to 3,825 £1 Ordinary shares of S Black (Import & Export) Limited acquired by the S Black (Import & Export) Limited Employee Share Trust and held at cost. The dividends on these shares have been waived. The amounts of the Trust have been included in these financial statements in accordance with FRS 5 - Reporting the Substance of Transactions.

Notes (continued)

10 Fixed asset investments (continued)

	Own shares	Shares in group undertakings	Listed investments	Total
Company	£000	£000	£000	£000
<i>Cost</i>				
At beginning of year	-	91	17	108
Additions	1,071	-	-	1,071
Disposals	(535)	-	-	(535)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	536	91	17	644
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Provisions</i>				
At beginning of year	-	-	4	4
Released in year	-	-	(2)	(2)
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	-	-	2	2
	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>				
At 30 June 1997	536	91	15	642
	<hr/>	<hr/>	<hr/>	<hr/>
At 30 June 1996	-	91	13	104
	<hr/>	<hr/>	<hr/>	<hr/>

	Country of registration or incorporation	Principal activity	Class and percentage of ordinary shares held
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Subsidiary undertakings

S Black (Import & Export) GmbH	Germany	Technical sale and distribution of speciality chemicals and pigments	80
S Black (Import & Export) Trustee Limited	England & Wales	Trustee	100

The directors are of the opinion that there has been no unprovided permanent diminution in the carrying value of the company's and group's investments.

Notes (continued)

Debtors

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Trade debtors	2,806	3,618	2,693	3,478
Amounts owed by subsidiary undertakings	-	-	286	129
Other debtors	40	55	31	38
Prepayments and accrued income	31	21	27	20
ACT recoverable	72	72	72	72
	<u>2,949</u>	<u>3,766</u>	<u>3,109</u>	<u>3,737</u>
	<u><u>2,949</u></u>	<u><u>3,766</u></u>	<u><u>3,109</u></u>	<u><u>3,737</u></u>

All debtors are due within one year.

Creditors: amounts falling due within one year

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Bank overdrafts	-	29	-	29
Trade creditors	2,183	2,607	2,073	2,386
Corporation Tax	708	619	708	619
ACT payable	56	71	56	71
Other taxation and social security	212	535	203	531
Other creditors	41	26	41	26
Accruals and deferred income	781	628	763	610
	<u>3,981</u>	<u>4,515</u>	<u>3,844</u>	<u>4,272</u>
	<u><u>3,981</u></u>	<u><u>4,515</u></u>	<u><u>3,844</u></u>	<u><u>4,272</u></u>

Notes (continued)

5 Creditors: amounts falling due after one year

Group and Company

	1997 £000	1996 £000
Bank loans can be analysed as falling due:		
Between one and two years	250	-
Between two and five years	250	-
In five years or more	500	-
	<hr/> 1,000 <hr/>	<hr/> - <hr/>

The bank loan was taken out by S Black (Import and Export) Limited Employee Share Trust to facilitate the acquisition of shares in S Black (Import and Export) Limited. The final £500,000 repayment is due on 1 July 2002 or flotation of S Black (Import & Export) Limited if earlier. The rate of interest on the outstanding capital is 8.87%. The loan is guaranteed by S Black (Import & Export) Limited.

4 Provisions for liabilities and charges

The amounts provided and not provided for deferred taxation are set out below.

Group and Company

	1997 Provided £000	Unprovided £000	1996 Provided £000	Unprovided £000
Difference between accumulated depreciation and accelerated capital allowances	-	103	-	-
Other timing differences	-	(24)	-	-
	<hr/> - <hr/>	<hr/> 79 <hr/>	<hr/> - <hr/>	<hr/> - <hr/>

Notes (continued)

Called up share capital

	1997		1996	
	No	£000	No	£000
Authorised				
Equity: Ordinary shares of £1 each	182,150	182	182,150	182
Non equity: 'A' ordinary shares of £1 each	17,850	18	17,850	18
	<u>200,000</u>	<u>200</u>	<u>200,000</u>	<u>200</u>
	<u><u>200,000</u></u>	<u><u>200</u></u>	<u><u>200,000</u></u>	<u><u>200</u></u>
Allotted, called up and fully paid				
Equity: Ordinary shares of £1 each	84,150	84	84,150	84
Non equity: 'A' ordinary shares of £1 each	17,850	18	17,850	18
	<u>102,000</u>	<u>102</u>	<u>102,000</u>	<u>102</u>
	<u><u>102,000</u></u>	<u><u>102</u></u>	<u><u>102,000</u></u>	<u><u>102</u></u>

Each 'A' Ordinary share is entitled to a cumulative preference net dividend of £5.60 per annum until 31 July 1998, £7.00 per annum between 1 August 1998 and 31 July 2000 and £9.80 per annum thereafter. If dividends payable on Ordinary shares exceed these amounts the 'A' Ordinary shares shall be entitled to receive the higher amount. At the option of 75% of the shareholders of this class of share the 'A' Ordinary shares may at any time, be converted to a like number of Ordinary shares at no additional cost. In the event of a capital reduction or winding up, the 'A' Ordinary shares have preferential rights compared with the Ordinary shares up to a value of £140.06 plus accrued dividends.

No options were granted or exercised under the Executive Share Option Scheme during the year. Details of options outstanding are as follows:

Price per share	Normal dates of exercise	Number of Ordinary shares	
		1997	1996
£17	1991 - 1998	500	500
£20	1993 - 2000	7,500	7,500
£38	1996 - 2003	5,000	5,000
		<u>13,000</u>	<u>13,000</u>
		<u><u>13,000</u></u>	<u><u>13,000</u></u>

Notes (continued)

Called up share capital (continued)

During the year, 1,600 options were granted under the Employee Share Trust Share Option Scheme. Details of options outstanding are as follows:

Price per share	Normal dates of exercise	Number of ordinary shares	
		1997	1996
£140.06	1997 - 2004	1,000	-
£140.06	1998 - 2004	600	-
		<hr/>	<hr/>
		1,600	-
		<hr/>	<hr/>

Share premium and reserves

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At beginning of year	34	7,099	34	7,199
Exchange adjustments	-	2	-	-
Retained profit for the year	-	492	-	612
Additional finance cost of non-equity interests	-	75	-	75
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	34	7,668	34	7,886
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

**Reconciliation of movements in shareholders' funds
for the year ended 30 June 1997**

	Group		Company	
	1997	1996	1997	1996
	£000	£000	£000	£000
Profit for the financial year	896	1,178	1,016	1,271
Dividends	(329)	(286)	(329)	(286)
Additional finance costs of non-equity interests	(75)	-	(75)	-
	<hr/>	<hr/>	<hr/>	<hr/>
Other recognised gains relating to the year	492	892	612	985
New share capital subscribed	2	(6)	-	-
Amount added back to profit and loss account in respect of additional finance cost of non-equity interests	-	9	-	9
	<hr/>	<hr/>	<hr/>	<hr/>
	75	-	75	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	569	895	687	994
Opening shareholders' funds	7,235	6,340	7,335	6,341
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	7,804	7,235	8,022	7,335
	<hr/>	<hr/>	<hr/>	<hr/>

Commitments

- (a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

Group and Company

	1997	1996
	£000	£000
Contracted	164	1,588
Authorised but not contracted	50	-
	<hr/>	<hr/>

Notes (continued)

Commitments (continued)

(b) Annual commitments under non-cancellable operating leases are as follows:

	1997		1996	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group				
Operating leases which expire:				
Within one year	22	-	-	-
In the second to fifth years inclusive	-	2	20	-
	<u>22</u>	<u>2</u>	<u>20</u>	<u>-</u>
	<u><u>22</u></u>	<u><u>2</u></u>	<u><u>20</u></u>	<u><u>-</u></u>
Company				
Operating leases which expire:				
Within one year	19	-	-	-
In the second to fifth years inclusive	-	-	20	-
	<u>19</u>	<u>-</u>	<u>20</u>	<u>-</u>
	<u><u>19</u></u>	<u><u>-</u></u>	<u><u>20</u></u>	<u><u>-</u></u>

The group enters into forward exchange contracts to hedge foreign currency transactions. At 30 June 1997 the group had contracts to exchange the equivalent of £1.35 million (1996: £1.10 million) into various international currencies, all of which were accounted for as hedges.

Pension scheme

The group operates three defined contribution pension schemes.

There is a single member defined benefits scheme which has back to back insurance. The actuarial liability at 30 June 1997 was £13,511 of which £11,306 was included in the balance sheet. The discontinuance value of the insurance policy at 30 June 1997 was £5,343 and this has been included in the balance sheet.

The pension cost charge for the period represents contributions payable by the group to the group pension schemes and amounted to £103,000 (1996: £51,000). There were no outstanding or prepaid pension contributions at the year end (1996: £nil).

Notes (continued)

Analysis of cash flows

	1997 £000	1997 £000	1996 £000	1996 £000
Returns on investment and servicing of finance				
Interest received	108		158	
Interest paid	(28)		(2)	
Non equity dividend paid	(63)		-	
	<u> </u>	17	<u> </u>	156
		<u> </u>		<u> </u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(2,246)		(1,661)	
Sale of tangible fixed assets	28		66	
Purchase of own shares	(1,071)		-	
Purchase of investment	-		(10)	
	<u> </u>	(3,289)	<u> </u>	(1605)
		<u> </u>		<u> </u>
Financing				
Issue of ordinary share capital	-		9	
Loan raised (note 13)	1,000		-	
Minority interest as shares of subsidiary undertaking	-		21	
	<u> </u>	1,000	<u> </u>	30
		<u> </u>		<u> </u>

Notes (continued)

21 Analysis of net funds

	At beginning of year £000	Cash flow £000	Other non cash changes £000	At end of year £000
Cash in hand, at bank	2,917	(956)	(36)	1,925
Overdrafts	(29)	24	5	-
		(932)		
Debt due after one year	-		(1,000)	(1,000)
Total	2,888	(932)	(1,031)	925

Other non cash changes

The £1,000,000 movement relates to the loan described in note 13. All other non cash changes relate to exchange movements.

Related party disclosures

Mr S. Black was a director and major shareholder of S. Black (Shipping) Limited which invoiced the group £308,000 (1996: £277,000) in respect of freight charges on imported materials during the year. The group invoiced a service charge of £36,000 (1996: £97,000) during the year to S. Black (Shipping) Limited. All transactions were conducted at an arms length basis on normal trading terms. At 30 June 1997 the net amount due to S. Black (Shipping) Limited was £41,000 (1996: £26,000).