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STATUTORY COPY

S. BLACK (IMPORT & EXPORT) LIMITED

DIRECTORS' REPORT AND FINANCIAL STATEMENTS
FOR THE YEAR ENDED 30 JUNE 1996



STATUTORY COPY

S. BLACK (IMPORT & EXPORT) LIMITED

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S. BLACK (IMPORT & EXPORT) LIMITED

REPORT OF THE DIRECTORS

The directors present their annual report and the audited financial statements for the year ended 30 June 1996.

BUSINESS REVIEW

The principal activity of the group continued to be that of distributor of speciality chemicals and pigments.

The results for the group are set out on page 4. The company has continued to expand its core business in the UK with a resulting growth in turnover and underlying profitability. In addition, encouraging results were achieved by the new German subsidiary. The directors expect that the group will continue to make satisfactory progress during the current financial year.

An interim dividend of £285,600 (1995 : £263,900) was paid on 1 April 1996. No final dividend (1995 : nil) is proposed.

DIRECTORS AND THEIR INTERESTS

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

	Ordinary shares of £1 each			
	At 30 June 1996		At 1 July 1995 or later date of appointment	
	Shares	Options	Shares	Options
S. Black	32,080	-	33,000	-
Mrs. Z. Black	14,970	-	32,000	-
A.G.F. Difford	5,100	-	5,000	-
N.L. Berry	500	3,500	500	3,500
D.G. Saunter	1,500	2,500	1,000	3,000
A.G. Raybould	-	4,000	-	4,000
C Davies (appointed 1 August 1995)	-	1,000	-	1,000

The directors held no other interests in the share capital of group companies during the year. There have been no changes in directors' share holdings since the year end.

On 14 June 1996 the company gave financial assistance amounting to £24,600 to two directors in connection with their selling of 17,850 Ordinary shares in the company.

FIXED ASSETS

Changes in tangible fixed assets are shown in notes 9 and 10 to the financial statements. During the year the company acquired a site in the Fox Holes Business Park, Hertford for £1.07m. Work is currently being undertaken to erect a new head office and warehouse.

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 charitable donations of £920 (1995 : nil).

S. BLACK (IMPORT & EXPORT) LIMITED

REPORT OF THE DIRECTORS (continued)

EMPLOYEES

It is the group's policy to provide disabled persons with 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.

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The following statement, which should be read in conjunction with the Report of the Auditors, is made to distinguish the responsibilities of the directors for the financial statements from those of the auditors.

The directors are required by the Companies Act 1985 to prepare financial statements which give a true and fair view of the state of affairs of the company and the group at the end of the financial year and of the results for that period.

In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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 company and group will continue in business.

The directors are responsible for ensuring the company keeps adequate accounting records which disclose with reasonable accuracy the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 1985. The directors have a general responsibility for taking reasonable steps to safeguard the assets of the group and to detect fraud and other irregularities.

The directors, having prepared the financial statements, have requested the Auditors to take whatever steps and to undertake whatever inspections they consider appropriate for the purposes of giving their report.

AUDITORS

Whiteleys will resign at the next Annual General Meeting and a resolution for the appointment of new auditors will be proposed.

By order of the Board



C. Davies
Secretary

11 November 1996

S. BLACK (IMPORT & EXPORT) LIMITED

REPORT OF THE AUDITORS
TO THE MEMBERS OF S. BLACK (IMPORT & EXPORT) LIMITED

We have audited the financial statements on pages 4 to 19 which have been prepared under the historical cost convention and the accounting policies set out in note 1.

Respective responsibilities of directors and auditors

As described on page 2 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 judgments 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 1996 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



WHITELEYS

Chartered Accountants
and Registered Auditors

11 November 1996

3 Manchester Square
London W1M 5RF

S. BLACK (IMPORT & EXPORT) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30 JUNE, 1996

	Note	<u>1996</u>		<u>1995</u>	
		£	£	£	£
TURNOVER	2.				
Continuing operations			17,099,416		15,489,373
Acquisitions			351,041		-
			<u>17,450,457</u>		<u>15,489,373</u>
Cost of sales			<u>(13,728,498)</u>		<u>(12,296,383)</u>
			3,721,959		3,192,990
Distribution costs			(142,727)		(139,318)
Administration expenses			(2,053,001)		(1,263,155)
Exceptional item	4.		-		(30,780)
Other operating income			<u>5,708</u>		<u>-</u>
OPERATING PROFIT	3.				
Continuing operations		1,647,111		1,759,737	
Acquisitions		<u>(115,172)</u>		<u>-</u>	
			1,531,939		1,759,737
Profit/(loss) on sale of fixed assets			<u>12,420</u>		<u>(8,882)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE INTEREST AND OTHER INCOME			1,544,359		1,750,855
Other interest receivable and similar income			158,278		140,483
Interest payable on bank overdrafts			(2,119)		(4,262)
Revaluation of investment	10.		<u>569</u>		<u>(4,337)</u>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	5.		1,701,087		1,882,739
Tax on profit on ordinary activities	8.		<u>(544,707)</u>		<u>(644,569)</u>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			1,156,380		1,238,170
Minority interests			21,142		-
PROFIT FOR THE FINANCIAL YEAR			<u>1,177,522</u>		<u>1,238,170</u>
Dividend - Ordinary interim paid			<u>(285,600)</u>		<u>(263,900)</u>
RETAINED PROFIT FOR THE FINANCIAL YEAR					
TRANSFERRED TO RESERVES	15.		<u>891,922</u>		<u>974,270</u>

The notes on pages 9 to 19 form part of these financial statements.

S. BLACK (IMPORT & EXPORT) LIMITED

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 30 JUNE, 1996

	1996 £	1995 £
PROFIT FOR THE FINANCIAL YEAR	1,177,522	1,238,170
Currency translation differences on foreign currency net investments	(6,343)	-
TOTAL GAINS AND LOSSES RECOGNISED SINCE LAST ANNUAL REPORT	<u>1,171,179</u>	<u>1,238,170</u>

The notes on pages 9 to 19 form part of these financial statements.

S. BLACK (IMPORT & EXPORT) LIMITED

CONSOLIDATED BALANCE SHEET AT 30 JUNE, 1996

	Note	1996		1995	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9.		2,726,063		1,263,069
Investments	10.		13,240		2,673
			<u>2,739,303</u>		<u>1,265,742</u>
CURRENT ASSETS					
Stock of goods for resale		2,327,830		2,333,009	
Debtors	11.	3,765,510		2,484,701	
Cash		2,916,913		3,668,955	
		<u>9,010,253</u>		<u>8,486,665</u>	
CREDITORS: amounts falling due within one year	12.	<u>(4,514,600)</u>		<u>(3,337,320)</u>	
NET CURRENT ASSETS			<u>4,495,653</u>		<u>5,149,345</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,234,956		6,415,087
PROVISIONS FOR LIABILITIES AND CHARGES	13.		-		(74,210)
NET ASSETS			<u>7,234,956</u>		<u>6,340,877</u>
CAPITAL AND RESERVES					
Called up share capital	14.		102,000		101,500
Share premium account	15.		33,500		25,500
Profit and loss account	15.		7,099,456		6,213,877
			<u>7,234,956</u>		<u>6,340,877</u>
MINORITY INTEREST			-		-
			<u>7,234,956</u>		<u>6,340,877</u>
Equity interests			7,217,106		6,340,877
Non-equity interests			17,850		-
			<u>7,234,956</u>		<u>6,340,877</u>

These accounts were approved by the board of directors on 11 November 1996 and signed on its behalf by

A.G.F. Difford

}

} Directors

N.L. Berry

}

The notes on pages 9 to 19 form part of these financial statements.

S. BLACK (IMPORT & EXPORT) LIMITED

BALANCE SHEET AT 30 JUNE, 1996

	Note	<u>1996</u>		<u>1995</u>	
		£	£	£	£
FIXED ASSETS					
Tangible assets	9.		2,674,201		1,263,069
Investments	10.		<u>104,150</u>		<u>2,673</u>
			2,778,351		1,265,742
CURRENT ASSETS					
Stock of goods for resale		2,259,313		2,333,009	
Debtors	11.	3,736,954		2,484,701	
Cash		<u>2,833,186</u>		<u>3,668,955</u>	
		8,829,453		8,486,665	
CREDITORS: amounts falling due within one year	12.	<u>(4,272,734)</u>		<u>(3,337,320)</u>	
NET CURRENT ASSETS			<u>4,556,719</u>		<u>5,149,345</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			7,335,070		6,415,087
PROVISIONS FOR LIABILITIES AND CHARGES	13.		-		(74,210)
NET ASSETS			<u><u>7,335,070</u></u>		<u><u>6,340,877</u></u>
CAPITAL AND RESERVES					
Called up share capital	14.		102,000		101,500
Share premium account	15.		33,500		25,500
Profit and loss account	15.		<u>7,199,570</u>		<u>6,213,877</u>
			<u><u>7,335,070</u></u>		<u><u>6,340,877</u></u>
Equity interests			7,317,220		6,340,877
Non-equity interests			<u>17,850</u>		<u>-</u>
			<u><u>7,335,070</u></u>		<u><u>6,340,877</u></u>

These accounts were approved by the board of directors on 11 November 1996 and signed on its behalf by

A.G.F. Difford

}

} Directors

N.L. Berry

}



The notes on pages 9 to 19 form part of these financial statements.

S. BLACK (IMPORT & EXPORT) LIMITED

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 30 JUNE, 1996

	Note	<u>1996</u>		<u>1995</u>	
		£	£	£	£
NET CASH INFLOW FROM					
OPERATING ACTIVITIES	17.(a)	1,589,141		2,123,022	
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest received		158,278		140,483	
Interest paid		(2,119)		(4,262)	
Ordinary dividends paid		<u>(285,600)</u>		<u>(263,900)</u>	
Net cash (outflow) from returns on investments and servicing of finance		(129,441)		(127,679)	
TAXATION					
UK corporation tax paid		<u>(650,159)</u>		<u>(571,058)</u>	
Tax paid		(650,159)		(571,058)	
INVESTING ACTIVITIES					
Purchase of investment		(9,998)		0	
Purchase of tangible fixed assets		(1,660,649)		(116,636)	
Sale of tangible fixed assets		<u>65,732</u>		<u>4,300</u>	
Net cash (outflow) from investing activities		<u>(1,604,915)</u>		<u>(112,336)</u>	
NET CASH (OUTFLOW)/INFLOW BEFORE FINANCING		<u>(795,374)</u>		<u>1,311,949</u>	
FINANCING					
Issue of share capital	17.(b)	8,500		0	
Minority interest in shares of subsidiary undertaking		<u>21,142</u>		<u>0</u>	
Net cash inflow from financing		29,642		0	
(DECREASE)/INCREASE IN CASH AND CASH EQUIVALENTS	17.(c)	<u><u>(765,732)</u></u>		<u><u>1,311,949</u></u>	

The notes on pages 9 to 19 form part of these financial statements.

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. PRINCIPAL 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.

(a) Basis of accounting

The accounts have been prepared under the historical cost convention as modified by the revaluation of listed investments and in accordance with applicable accounting standards.

(b) Consolidation

The consolidated financial statements incorporate the accounts of S. Black (Import & Export) Limited and all of its subsidiary undertakings, the accounts of which are made up to 30 June using the acquisition method of accounting. The results of subsidiary undertakings are included from the date of acquisition.

No profit and loss account is presented for the holding company as permitted by Section 230 of the Companies Act 1985. The profit after tax of the company for the year was £1,271,293.

(c) Employee benefit trust

The company is deemed to have control of the assets, liabilities, income and costs of S. Black (Import & Export) Trustee Limited. It has therefore been included in the financial statements of the group in accordance with Urgent Issues Task Force Abstract 13.

(d) Depreciation

Depreciation on tangible fixed assets is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life. The rates predominantly applied are as follows:

Freehold land	- not depreciated
Freehold buildings	- 1% p.a. straight line
Computer equipment	- between 20% p.a. and 33.1/3% p.a. straight line
Fixtures, fittings & equipment	- 10% p.a. and 20% p.a. straight line and 20% p.a. reducing balance
Motor vehicles	- 25% p.a. reducing balance and 25% p.a. straight line

(e) Investments

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

(f) Stock

Stock is valued at the lower of cost and net realisable value.

(g) Foreign exchange

Foreign currency transactions are translated at the rates ruling when they occurred. The accounts of overseas subsidiary undertakings and balances denominated in foreign currencies are translated into Sterling at the exchange rates ruling on the balance sheet date. Exchange differences arising from the translation of the opening net investment in overseas subsidiary undertakings are taken to reserves. All other exchange differences are taken to the profit and loss account.

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

1. **PRINCIPAL ACCOUNTING POLICIES** (continued)

(h) Turnover

Turnover represents amounts receivable for goods and services (excluding VAT) invoiced by the group to third parties.

(i) Government grants

Grants towards revenue expenditure are released to the profit and loss account as the related expenditure is incurred.

(j) Leases

Rentals applicable to operating leases are charged to the profit and loss account as they are incurred.

(k) Pension costs

The regular cost of providing retirement pensions and related benefits is charged to the profit and loss account over the employees' service lives on the basis of a constant percentage of earnings.

(l) Deferred taxation

Provision is made for deferred taxation using the full provision method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes.

2. **TURNOVER**

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

	<u>1996</u> £	<u>1995</u> £
United Kingdom	15,102,843	13,288,209
Rest of the world	2,347,614	2,201,164
	<u>17,450,457</u>	<u>15,489,373</u>

3. **OPERATING PROFIT**

	1996			1995
	Continuing	Acquisition	Total	Continuing
	£	£	£	£
Cost of sales	13,430,920	297,578	13,728,498	12,296,383
Distribution costs	129,383	13,344	142,727	139,318
Administration expenses	1,892,002	160,999	2,053,001	1,263,155
Exceptional item	-	-	-	30,780
Other operating income	-	(5,708)	(5,708)	-

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

4. **EXCEPTIONAL ITEM**

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Legal and professional fees on abortive land acquisition	<u>-</u>	<u>30,780</u>

5. **PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION**

Profit on ordinary activities before taxation is after charging/(crediting) the following:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Depreciation of tangible fixed assets	144,343	116,568
Operating lease rental	7,191	6,041
- plant and machinery		
- other	37,367	38,399
Directors' emoluments	949,488	486,517
- Remuneration (note 7)		
- Received from third parties	(57,000)	(35,000)
	892,488	451,517
Auditors' remuneration and expenses	14,614	12,500
Government grant	(5,708)	-

6. **STAFF NUMBERS AND COSTS**

The average number of employees (including directors) during the year was 36 (1995 : 31) and their aggregate payroll costs were as follows:

	<u>1996</u>	<u>1995</u>
	<u>£</u>	<u>£</u>
Wages and salaries	1,445,326	868,282
Social security costs	125,760	86,045
Other pension costs	51,165	43,875
	<u>1,622,251</u>	<u>998,202</u>

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

7. EMOLUMENTS OF DIRECTORS

Excluding pension contributions, the emoluments of the chairman were £244,582 (1995 : £84,349) and those of the highest paid director were £244,582 (1995 : £103,351). The emoluments of the directors were within the following ranges:

	<u>1996</u> Number	<u>1995</u> Number
£15,001 - £20,000	1	1
£70,001 - £75,000	1	1
£80,001 - £85,000	-	2
£90,001 - £95,000	-	1
£100,001 - £105,000	-	1
£110,001 - £115,000	1	-
£130,001 - £135,000	1	-
£145,001 - £150,000	1	-
£180,001 - £185,000	1	-
£240,001 - £245,000	1	-

8. TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>1996</u> £	<u>1995</u> £
Taxation of profit for the year:		
UK Corporation tax at 33% (1995 : 33%)	618,917	650,075
Underprovision in prior years	-	132
Deferred taxation	(74,210)	(5,638)
	<u>544,707</u>	<u>644,569</u>

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

9. TANGIBLE FIXED ASSETS

Group	Land & buildings freehold	Land & buildings under construction	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost:						
At 1 July 1995	1,079,065	-	229,448	239,601	252,103	1,800,217
Additions	-	1,343,351	54,884	23,913	238,501	1,660,649
Disposals	-	-	(8,265)	(2,175)	(147,190)	(157,630)
At 30 June 1996	<u>1,079,065</u>	<u>1,343,351</u>	<u>276,067</u>	<u>261,339</u>	<u>343,414</u>	<u>3,303,236</u>
Depreciation:						
At 1 July 1995	72,110	-	170,312	165,237	129,489	537,148
Charge	8,167	-	44,064	17,689	74,423	144,343
On disposals	-	-	(8,265)	(1,320)	(94,733)	(104,318)
At 30 June 1996	<u>80,277</u>	<u>-</u>	<u>206,111</u>	<u>181,606</u>	<u>109,179</u>	<u>577,173</u>
Net book value:						
At 30 June 1996	<u>998,788</u>	<u>1,343,351</u>	<u>69,956</u>	<u>79,733</u>	<u>234,235</u>	<u>2,726,063</u>
At 30 June 1995	<u>1,006,955</u>	<u>-</u>	<u>59,136</u>	<u>74,364</u>	<u>122,614</u>	<u>1,263,069</u>
Company						
	Land & buildings freehold	Land & buildings under construction	Computer equipment	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£	£
Cost:						
At 1 July 1995	1,079,065	-	229,448	239,601	252,103	1,800,217
Additions	-	1,343,351	40,364	5,588	212,616	1,601,919
Disposals	-	-	(8,265)	(2,175)	(147,190)	(157,630)
At 30 June 1996	<u>1,079,065</u>	<u>1,343,351</u>	<u>261,547</u>	<u>243,014</u>	<u>317,529</u>	<u>3,244,506</u>
Depreciation:						
At 1 July 1995	72,110	-	170,312	165,237	129,489	537,148
Charge	8,167	-	42,793	15,821	70,694	137,475
On disposals	-	-	(8,265)	(1,320)	(94,733)	(104,318)
At 30 June 1996	<u>80,277</u>	<u>-</u>	<u>204,840</u>	<u>179,738</u>	<u>105,450</u>	<u>570,305</u>
Net book value:						
At 30 June 1996	<u>998,788</u>	<u>1,343,351</u>	<u>56,707</u>	<u>63,276</u>	<u>212,079</u>	<u>2,674,201</u>
At 30 June 1995	<u>1,006,955</u>	<u>-</u>	<u>59,136</u>	<u>74,364</u>	<u>122,614</u>	<u>1,263,069</u>

The gross book value of land and buildings includes £816,646 (1995 : £816,646) of depreciable assets.

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS (HELD AS FIXED ASSETS)

	Group		Company	
	Listed	Subsidiary	Listed	Total
	investments	undertakings	investments	
	£	£	£	£
Cost:				
At 1 July 1995	7,010	-	7,010	7,010
Additions	9,998	90,910	9,998	100,908
At 30 June 1996	<u>17,008</u>	<u>90,910</u>	<u>17,008</u>	<u>107,918</u>
Provisions:				
At 1 July 1995	4,337	-	4,337	4,337
Revaluation	(569)	-	(569)	(569)
At 30 June 1996	<u>3,768</u>	<u>-</u>	<u>3,768</u>	<u>3,768</u>
Net book value:				
At 30 June 1996	<u>13,240</u>	<u>90,910</u>	<u>13,240</u>	<u>104,150</u>
At 30 June 1995	<u>2,673</u>	<u>-</u>	<u>2,673</u>	<u>2,673</u>

At 30 June 1996 the market value of the listed investments was £13,240 (1995 : £2,673).

The company holds investments in the following subsidiary undertakings:

	Group interest in Ordinary shares	Country of registration	Activity
	%		
S. Black (Import & Export) GmbH	80	Germany	Distribution of speciality chemicals and pigments
S. Black (Import & Export) Trustee Limited	100	England	Trustee

During the year the company subscribed for an 80% interest in a newly incorporated company, S. Black (Import & Export) GmbH, for a cash consideration of £90,909.

During the year the company subscribed for an 100% interest in a newly incorporated company, S. Black (Import & Export) Trustee Limited, for a cash consideration of £1. This company will act as trustee for the S. Black (Import & Export) Employee Share Trust. In this connection it has entered into agreements with certain directors for options to acquire 7,650 Ordinary shares at £140.06 per share. Such options are exercisable before 14 June 1997.

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

10. INVESTMENTS (HELD AS FIXED ASSETS) (continued)

The aggregate amount of capital and reserves and the results of these undertaking since incorporation were as follows:

	<u>Capital and reserves</u> £	<u>Profit/(loss)</u> £
S. Black (Import & Export) GmbH	<u>(9,154)</u>	<u>(114,862)</u>
S. Black (Import & Export) Trustee Limited	<u>1</u>	<u>-</u>

11. DEBTORS

	<u>1996</u>		<u>1995</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Trade debtors	3,617,704	3,478,089	2,455,048	2,455,048
Amounts due from group undertakings	-	129,024	-	-
Amounts due from connected company	-	-	1,146	1,146
Other debtors	55,134	38,481	5,355	5,355
Prepayments and accrued income	21,272	19,960	23,152	23,152
ACT recoverable	71,400	71,400	-	-
	<u>3,765,510</u>	<u>3,736,954</u>	<u>2,484,701</u>	<u>2,484,701</u>

All debtors are due within one year.

12. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<u>1996</u>		<u>1995</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	£	£	£	£
Bank loans and overdrafts	28,586	28,586	14,896	14,896
Trade creditors	2,606,967	2,386,467	2,169,377	2,169,377
Other creditors	25,917	25,917	-	-
Corporation tax	618,833	618,833	650,075	650,075
ACT payable	71,400	71,400	-	-
Other taxation and social security costs	534,863	531,588	223,090	223,090
Accruals and deferred income	628,034	609,943	279,882	279,882
	<u>4,514,600</u>	<u>4,272,734</u>	<u>3,337,320</u>	<u>3,337,320</u>

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

13. PROVISIONS FOR LIABILITIES AND CHARGES

Deferred tax is fully provided at 33% (1995 : 33%) analysed over the following timing differences:

	<u>1996</u>	<u>1995</u>
	<u>Group and</u>	<u>Group and</u>
	<u>company</u>	<u>company</u>
	<u>£</u>	<u>£</u>
Accelerated capital allowances	<u>-</u>	<u>74,210</u>
Movements in the provision for deferred taxation are:		
At 1 July	74,210	79,848
Taxation charge	<u>(74,210)</u>	<u>(5,638)</u>
At 30 June	<u>-</u>	<u>74,210</u>

14. SHARE CAPITAL

	<u>1996</u>		<u>1995</u>	
	<u>No '000</u>	<u>£</u>	<u>No '000</u>	<u>£</u>
Authorised:				
Ordinary shares of £1 each	182,150	182,150	200,000	200,000
'A' Ordinary shares of £1 each	<u>17,850</u>	<u>17,850</u>	<u>-</u>	<u>-</u>
	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>	<u>200,000</u>
Allotted, called up and fully paid				
Ordinary shares of £1 each	84,150	84,150	101,500	101,500
'A' Ordinary shares of £1 each	<u>17,850</u>	<u>17,850</u>	<u>-</u>	<u>-</u>
	<u>102,000</u>	<u>102,000</u>	<u>101,500</u>	<u>101,500</u>

On 14 June 1996, at an extraordinary general meeting, it was resolved that 17,850 of the Ordinary share capital be redesignated as 17,850 'A' Ordinary shares. 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 this class of share the 'A' Ordinary shares may at any time, be converted to a like number of Ordinary shares. In the event of a capital reduction, the 'A' Ordinary shares have preferential rights compared with the Ordinary shares up to a value of £140.06 plus accrued dividends.

During the year 500 Ordinary shares were issued on the exercise of options under the Executive Share Option Scheme at their exercise price of £17 per share.

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

14. **SHARE CAPITAL** (continued)

Options outstanding under the Executive Share Option Scheme at 30 June 1996 together with their exercise price were as follows:

<u>Price per share</u>	<u>Normal dates of exercise</u>	<u>Number of Ordinary shares</u>	
		<u>1996</u>	<u>1995</u>
£17	1991 - 1998	500	1,000
£20	1993 - 2000	7,500	7,500
£38	1996 - 2003	5,000	5,000
		<u>13,000</u>	<u>13,500</u>

15. **RESERVES**

	<u>1996</u>		<u>1995</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Share premium account:				
At 1 July	25,500	25,500	25,500	25,500
On exercise of share options	8,000	8,000	-	-
At 30 June	<u>33,500</u>	<u>33,500</u>	<u>25,500</u>	<u>25,500</u>
Profit and loss account:				
At 1 July	6,213,877	6,213,877	5,239,607	5,239,607
Retained profit for the year	891,922	985,693	974,270	974,270
Exchange differences	(6,343)	-	-	-
At 30 June	<u>7,099,456</u>	<u>7,199,570</u>	<u>6,213,877</u>	<u>6,213,877</u>

16. **RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	<u>1996</u>		<u>1995</u>	
	<u>Group</u>	<u>Company</u>	<u>Group</u>	<u>Company</u>
	<u>£</u>	<u>£</u>	<u>£</u>	<u>£</u>
Profit for the financial year	1,177,522	1,271,293	1,238,170	1,238,170
Dividends	(285,600)	(285,600)	(263,900)	(263,900)
	891,922	985,693	974,270	974,270
Other recognised gains and losses	(6,343)	-	-	-
New share capital subscribed	8,500	8,500	-	-
Net addition to shareholders' funds	894,079	994,193	974,270	974,270
Opening shareholders' funds	6,340,877	6,340,877	5,366,607	5,366,607
Closing shareholders' funds	<u>7,234,956</u>	<u>7,335,070</u>	<u>6,340,877</u>	<u>6,340,877</u>

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

17. CASH FLOW

(a) Reconciliation of operating profit to net cash inflow from operating activities

	<u>1996</u>	<u>1995</u>
	£	£
Operating profit	1,531,939	1,759,737
Depreciation	144,343	116,568
Decrease/(increase) in stock	5,179	(153,504)
(Increase) in debtors	(1,209,409)	(25,934)
Increase in creditors	1,123,432	426,155
Exchange (gain)/loss on consolidation	(6,343)	-
Net cash inflow from operating activities	<u>1,589,141</u>	<u>2,123,022</u>

(b) Analysis of changes in financing during the year

	<u>1996</u>	<u>1995</u>
	Share capital and premium £	Share capital and premium £
At 1 July	127,000	127,000
Cash inflow from financing	8,500	0
At 30 June	<u>135,500</u>	<u>127,000</u>

(c) Analysis of changes in cash and cash equivalents during the year

	<u>1996</u>	<u>1996</u>
	£	£
At 1 July	3,654,059	2,342,110
Net cash (outflow)/inflow before adjustments for the effect of foreign exchange rate changes	(765,732)	1,311,949
At 30 June	<u>2,888,327</u>	<u>3,654,059</u>

(d) Analysis of the balances of cash and cash equivalents as shown on the balance sheet

	<u>1996</u>	<u>1995</u>	<u>Change in year</u>
	£	£	£
Cash at bank and in hand	2,916,913	3,668,955	(752,042)
Bank overdrafts	(28,586)	(14,896)	(13,690)
	<u>2,888,327</u>	<u>3,654,059</u>	<u>(765,732)</u>

S. BLACK (IMPORT & EXPORT) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

18. CAPITAL COMMITMENTS

Group capital commitments contracted for at the end of the financial year in respect of which no provision has been made amounted to £1,587,945 (1995 : £28,850).

19. FINANCIAL COMMITMENTS

At 30 June 1996 the group had commitments under non-cancellable operating leases as follows:

	1996		1995	
	Land and buildings	Other	Land and buildings	Other
	£	£	£	£
Operating leases which expire:				
Between 2 and 5 years	19,500	19,500	-	6,032

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

20. PENSIONS

The group operates several pension schemes, the total cost of which for the year was £51,165 (1995 : £43,875) of which £1,691 (1995 : nil) relates to overseas schemes. The increase in pension costs during the year reflects the higher average number of employees in the schemes and their increased pensionable earnings.

The group operates a Small Self Administered scheme which was established under an irrevocable deed of trust. It is managed by a corporate trustee accountable to the pension scheme members. Contributions to this scheme have been made in accordance with the advice of a qualified actuary.

The group also operates a defined contributions scheme the assets of which are held separately from those of the company in an independently administered fund. Current company contributions are 5% of qualifying salaries.

21. RELATED PARTY TRANSACTIONS

Mr. S. Black and Mr. A. Difford are directors and major shareholders of S. Black (Shipping) Limited which invoiced the group £277,490 in respect of freight charges on imported materials during the year. The group invoiced a service charge of £97,279 during the year to S. Black (Shipping) Limited. All transactions were conducted at an arms length basis on normal trading terms. At 30 June 1996 the net amount due to S. Black (Shipping) Limited was £25,916.