

Richard Austin Alloys Limited

Report and Accounts

31 March 1997

Company Registration Number SC 074125

11.



Richard Austin Alloys Limited

DIRECTORS

S T Kelly
T McFadden
R J Weir

SECRETARY

W S Wright

AUDITORS

Ernst & Young
George House
50 George Square
Glasgow
G2 1RR

BANKERS

Bank of Scotland
Head Office
PO Box 5
The Mound
Edinburgh
EH1 1YZ

SOLICITORS

Sample Fraser WS
130 St Vincent Street
Glasgow
G2 5HF

REGISTERED OFFICE

Easter Queenslie Industrial Estate
Glasgow
G33 4TP

COMPANY REGISTRATION NUMBER

SC 074125

DIRECTORS' REPORT

The directors present their report and the group accounts for the year ended 31 March 1997.

RESULTS AND DIVIDENDS

The group profit for the year, after taxation and minority interests, amounted to £268,503. The directors do not recommend payment of a dividend, leaving a retained profit of £268,503.

REVIEW OF THE BUSINESS AND PRINCIPAL ACTIVITY

The group's principal activity during the year was that of stockholders of non-ferrous metals.

The operating performance of the group companies was satisfactory in the year ended 31 March 1997 in terms of profitability and market share achieved.

FUTURE DEVELOPMENTS

The directors aim to maintain the management policies adopted during the year to 31 March 1997 and consider the company is well placed to take advantage of opportunities which may arise in the current year.

FIXED ASSETS

Movements in fixed assets during the year are shown in the notes to the accounts.

DIRECTORS AND THEIR INTERESTS

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

	<i>At 31 March 1997</i>	<i>Ordinary shares of £1 At 31 March 1996</i>
S T Kelly	20,000	20,000
T McFadden	11,250	11,250
R J Weir	11,250	11,250

AUDITORS

A resolution to re-appoint Ernst & Young as auditors will be put to the members at the Annual General Meeting.

By order of the board



W S WRIGHT

Secretary

5 September 1997

STATEMENT OF DIRECTORS' RESPONSIBILITIES
IN RESPECT OF THE ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and of the group and of the profit or loss of the group for that period. In preparing those accounts, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the accounts on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the accounts 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 and other irregularities.

REPORT OF THE AUDITORS

to the members of Richard Austin Alloys Limited

We have audited the accounts on pages 5 to 22, which have been prepared under the historical cost convention and on the basis of the accounting policies set out on page 10.

Respective responsibilities of directors and auditors

As described on page 3 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and to report our opinion to you.

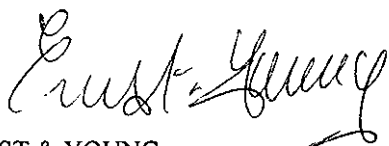
Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, and of whether the accounting policies are appropriate to the 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 accounts are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the accounts.

Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company and of the group as at 31 March 1997 and of the profit of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



ERNST & YOUNG

Chartered Accountants
Registered Auditor
Glasgow

5 September 1997

Richard Austin Alloys Limited

GROUP PROFIT AND LOSS ACCOUNT for the year ended 31 March 1997

	<i>Note</i>	<i>1997</i> £	<i>1996</i> £
TURNOVER	2	18,055,263	19,265,314
Cost of sales		14,632,846	15,785,980
GROSS PROFIT		3,422,417	3,479,334
Selling and distribution costs		1,767,219	1,538,866
Administrative expenses		1,117,229	1,295,513
		2,884,448	2,834,379
Income from interest in associated company		537,969 85,004	644,955 26,163
OPERATING PROFIT	3	622,973	671,118
Interest payable	5	136,377	131,954
Interest receivable		(2,638)	-
		133,739	131,954
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		489,234	539,164
Tax on profit on ordinary activities	6	187,672	176,067
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION		301,562	363,097
Minority interests		33,059	51,495
PROFIT ATTRIBUTABLE TO MEMBERS OF HOLDING COMPANY	7, 17 & 18	268,503	311,602

There are no recognised gains or losses other than the profit attributable to shareholders of the company of £268,503 in the year ended 31 March 1997 and of £311,602 in the year ended 31 March 1996.

Richard Austin Alloys Limited

GROUP BALANCE SHEET

at 31 March 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	8	1,452,800	537,908
Investments	9	50,050	50,050
		<u>1,502,850</u>	<u>587,958</u>
CURRENT ASSETS			
Stocks	10	5,101,669	2,771,530
Debtors	11	4,504,698	4,183,399
Cash at bank and in hand		290	334
		<u>9,606,657</u>	<u>6,955,263</u>
CREDITORS - amounts falling due within one year	12	8,646,327	5,699,755
		<u>960,330</u>	<u>1,255,508</u>
NET CURRENT ASSETS			
		<u>2,463,180</u>	<u>1,843,466</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS - amounts falling due after more than one year			
Loans	13	727,345	408,000
Hire purchase creditors	14	-	5,183
		<u>727,345</u>	<u>413,183</u>
MINORITY INTEREST		212,596	158,287
		<u>939,941</u>	<u>571,470</u>
		<u>1,523,239</u>	<u>1,271,996</u>
CAPITAL AND RESERVES			
Called up share capital	16 & 18	42,500	42,500
Profit and loss account	17 & 18	1,480,739	1,229,496
		<u>1,523,239</u>	<u>1,271,996</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>1,523,239</u>	<u>1,271,996</u>

T MCFADDEN

Director

5 September 1997

Richard Austin Alloys Limited

BALANCE SHEET

at 31 March 1997

	Note	1997 £	1996 £
FIXED ASSETS			
Tangible assets	8	446,167	335,107
Investments	9	375,319	179,309
		<u>821,486</u>	<u>514,416</u>
CURRENT ASSETS			
Stocks	10	-	1,419,762
Debtors	11	786,645	1,728,510
Cash at bank and in hand		116,093	160
		<u>902,738</u>	<u>3,148,432</u>
CREDITORS - amounts falling due within one year	12	130,642	2,387,795
		<u>772,096</u>	<u>760,637</u>
NET CURRENT ASSETS			
		<u>1,593,582</u>	<u>1,275,053</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			
CREDITORS - amounts falling due after more than one year			
Loans	13	727,345	408,000
		<u>866,237</u>	<u>867,053</u>
CAPITAL AND RESERVES			
Called up share capital	16 & 18	42,500	42,500
Profit and loss account	17 & 18	823,737	824,553
		<u>866,237</u>	<u>867,053</u>
EQUITY SHAREHOLDERS' FUNDS			
		<u>866,237</u>	<u>867,053</u>

T MCFADDEN

Director

5 September 1997

GROUP STATEMENT OF CASH FLOWS

for the year ended 31 March 1997

	Note	1997 £	1996 £
Reconciliation of operating profit to net cash outflow from operating activities:			
Operating profit		622,973	671,118
Depreciation		158,353	164,619
Loss/(gain) on sale of tangible fixed assets		181	(3,003)
Share of profits of associated undertaking		(53,904)	(26,163)
Diminution in value of investment		53,904	25,351
Goodwill written off		(17,260)	(8,634)
(Increase)/decrease in stocks		(2,330,139)	10,011
(Increase)/decrease in debtors		(321,299)	109,065
Increase in creditors		<u>688,015</u>	<u>101,884</u>
Net cash (outflow)/inflow from operating activities		<u>(1,199,176)</u>	<u>1,044,248</u>
CASH FLOW STATEMENT			
Net cash (outflow)/inflow from operating activities		<u>(1,199,176)</u>	<u>1,044,248</u>
Returns on investments and servicing:			
Interest received		2,638	-
Interest paid		(131,333)	(121,305)
Interest element of hire purchase payments		<u>(5,044)</u>	<u>(10,649)</u>
		<u>(133,739)</u>	<u>(131,954)</u>
Taxation:			
Corporation taxation paid		<u>(205,800)</u>	<u>(172,723)</u>
Capital expenditure and financial investment:			
Payment to acquire tangible fixed assets		(1,093,362)	(208,150)
Receipts from disposals of tangible fixed assets		<u>19,936</u>	<u>8,852</u>
		<u>(1,073,426)</u>	<u>(199,298)</u>
Acquisitions and disposals:			
Sale of minority interest in subsidiary undertakings		25,000	-
Payment to acquire minority interest in subsidiary undertakings		(3,750)	-
Investment in associated undertaking		<u>-</u>	<u>(50,050)</u>
		<u>21,250</u>	<u>(50,050)</u>
Financing:			
Bank loan received	13	400,000	215,000
Bank loan payments	13	(23,512)	(17,167)
Capital element of hire purchase instalments paid	14	<u>(38,086)</u>	<u>(85,757)</u>
		<u>338,402</u>	<u>112,076</u>
(Decrease)/increase in cash	15	<u>(2,252,489)</u>	<u>602,299</u>

GROUP STATEMENT OF CASH FLOWS (continued)
for the year ended 31 March 1997

	1997 £	1996 £
Reconciliation of net cash to movement in net debt (note 15)		
(Decrease)/increase in cash in period	(2,252,489)	602,299
Cash net flow from increase in debt and hire purchase financing	(338,402)	(112,076)
	<hr/>	<hr/>
Change in net debt	(2,590,891)	490,223
Net debt at 1 April	(758,265)	(1,248,488)
	<hr/>	<hr/>
Net debt at 31 March	(3,349,156)	(758,265)
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NOTES ON THE ACCOUNTS

at 31 March 1997

1 ACCOUNTING POLICIES

Accounting convention

The accounts are prepared under the historical cost convention.

Basis of consolidation

The group accounts consolidate the accounts of Richard Austin Alloys Limited and its subsidiaries, Richard Austin Alloys (Scotland) Limited, Richard Austin Alloys (Northern) Limited, Richard Austin Alloys (North West) Limited and Richard Austin Alloys (East Midlands) Limited.

Companies, other than subsidiary companies, in which the group has an investment and over which it is in a position to exercise a significant influence are treated as associated undertakings. The group accounts include the appropriate share of these undertakings' results and reserves based on audited accounts to 31 March 1997.

Goodwill

Goodwill arising on consolidation is written off to reserves in the year in which it arises.

Depreciation

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

Freehold buildings	- over 50 years
Motor vehicles	- over 4 years
Plant and machinery	- over 5 years
Fixtures and fittings	- over 5 years

Stocks

Stocks are stated at the lower of cost and net realisable value where cost is defined as the cost incurred in bringing each product to its present location and condition, taking the purchase costs on a first-in, first-out basis.

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

Deferred taxation

Deferred taxation is provided on the liability method on all timing differences which are expected to reverse in the future, calculated at the rate at which it is anticipated the timing differences will reverse.

Leasing and hire purchase commitments

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

Rentals paid under operating leases are charged to income on a straight line basis over the lease term.

Pension costs

Contributions payable by the group to a defined contribution pension scheme are charged against profit in the accounting period to which they relate.

NOTES ON THE ACCOUNTS

at 31 March 1997

2 TURNOVER

Turnover represents the invoiced amount of goods sold during the year (stated net of value added tax).

The turnover and pre-tax profit is attributable to one activity, that of stockholders of non-ferrous metals.

3 OPERATING PROFIT

(a) This is stated after charging/(crediting):

	1997 £	1996 £
Auditors' remuneration		
- audit services	21,700	12,500
- non audit services	9,450	23,975
Depreciation		
- Assets held under HP contracts	15,109	56,140
- Others	143,244	108,479
Loss/(gain) on disposal of fixed assets	181	(3,003)
	<u> </u>	<u> </u>

(b) Directors' remuneration:

	£	£
Fees	-	-
Other emoluments (including pension contributions)	328,446	333,078
	<u> </u>	<u> </u>
	328,446	333,078
	<u> </u>	<u> </u>

The emoluments of the highest paid director, were £143,870 (1996 - £153,343).

4 STAFF COSTS

	1997 £	1996 £
Wages and salaries	1,337,616	1,244,212
Social security costs	114,605	106,681
Other pension costs	104,246	101,834
	<u> </u>	<u> </u>
	1,556,467	1,452,727
	<u> </u>	<u> </u>

Richard Austin Alloys Limited

NOTES ON THE ACCOUNTS

at 31 March 1997

4 STAFF COSTS (continued)

The average weekly number of employees during the year was made up as follows:

	1997 Number	1996 Number
Office and management	36	31
Warehouse	34	27
	<u>70</u>	<u>58</u>

5 INTEREST PAYABLE

	1997 £	1996 £
Finance charges payable under hire purchase contracts	5,044	10,649
Bank loans and overdrafts	105,422	90,486
Other loan wholly repayable within five years	25,911	30,819
	<u>136,377</u>	<u>131,954</u>

6 TAX ON PROFIT ON ORDINARY ACTIVITIES

	1997 £	1996 £
Based on the profit for the year:		
Corporation tax at 31.4% (1996 - 30.1%)	157,126	175,255
Deferred taxation	-	-
	<u>157,126</u>	<u>175,255</u>
Overprovision in previous year	(554)	-
	<u>156,572</u>	<u>175,255</u>
Associated company	31,100	812
	<u>187,672</u>	<u>176,067</u>

NOTES ON THE ACCOUNTS

at 31 March 1997

7 PROFIT ATTRIBUTABLE TO MEMBERS OF THE HOLDING COMPANY

	1997 £	1996 £
Dealt with in the accounts of the holding company	(816)	112,964
Retained by the subsidiaries	269,319	198,638
	<u>268,503</u>	<u>311,602</u>

8 TANGIBLE FIXED ASSETS

<i>GROUP</i>	<i>Freehold land and buildings £</i>	<i>Motor vehicles £</i>	<i>Plant and machinery £</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost:					
At 1 April 1996	281,623	452,027	402,522	23,110	1,159,282
Additions	780,475	177,271	135,616	-	1,093,362
Disposals	-	(56,222)	-	-	(56,222)
	<u>1,062,098</u>	<u>573,076</u>	<u>538,138</u>	<u>23,110</u>	<u>2,196,422</u>
At 31 March 1997					
Depreciation:					
At 1 April 1996	44,961	222,130	331,173	23,110	621,374
Provided during the year	4,695	115,044	38,614	-	158,353
Disposals	-	(36,105)	-	-	(36,105)
	<u>49,656</u>	<u>301,069</u>	<u>369,787</u>	<u>23,110</u>	<u>743,622</u>
At 31 March 1997					
Net book value:					
At 31 March 1997	<u>1,012,442</u>	<u>272,007</u>	<u>168,351</u>	<u>-</u>	<u>1,452,800</u>
At 1 April 1996	<u>236,662</u>	<u>229,897</u>	<u>71,349</u>	<u>-</u>	<u>537,908</u>

The net book value of motor vehicles and plant and machinery includes an amount of £8,282 (1996 - £50,017) and £17,857 (1996 - £25,868) respectively in respect of assets held under hire purchase contracts.

NOTES ON THE ACCOUNTS

at 31 March 1997

8 TANGIBLE FIXED ASSETS (continued)

<i>COMPANY</i>	<i>Freehold land and buildings £</i>	<i>Motor vehicles £</i>	<i>Plant and machinery £</i>	<i>Fixtures and fittings £</i>	<i>Total £</i>
Cost:					
At 1 April 1996	281,623	165,755	310,627	23,110	781,115
Additions	209,715	-	-	-	209,715
Transfer from subsidiary	-	31,075	-	-	31,075
Transfer to subsidiary	-	(165,754)	(310,627)	(23,110)	(499,491)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	491,338	31,076	-	-	522,414
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation:					
At 1 April 1996	44,961	97,189	280,748	23,110	446,008
Provided during the year	4,695	7,764	-	-	12,459
Transfer from subsidiary	-	18,824	-	-	18,824
Transfer to subsidiary	-	(97,186)	(280,748)	(23,110)	(401,044)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 1997	49,656	26,591	-	-	76,247
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value:					
At 31 March 1997	441,682	4,485	-	-	446,167
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 1996	236,662	68,566	29,879	-	335,107
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of motor vehicles includes an amount of £nil (1996 - £nil) in respect of assets held under hire purchase contracts.

Richard Austin Alloys Limited

NOTES ON THE ACCOUNTS

at 31 March 1997

9 FIXED ASSET INVESTMENTS

GROUP

	£
Cost:	
At 1 April 1996	50,050
Share of profit retained by associated company	53,904
	<hr/>
	103,954
Provision for diminution in value of investment	(53,904)
	<hr/>
At 31 March 1997	50,050
	<hr/> <hr/>

COMPANY

	£
Cost:	
1 April 1996	179,309
Additions	196,010
	<hr/>
At 31 March 1997	375,319
	<hr/> <hr/>

Details of the investments which the group or the company hold are as follows:-

<i>Name of company</i>	<i>Country of Registration</i>	<i>Holding</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Subsidiary undertakings All held by the company unless indicated				
Richard Austin Alloys (Scotland) Limited	Scotland	Ordinary shares	100%	Stockholders of non-ferrous metals
Richard Austin Alloys (Northern) Limited	Scotland	Ordinary shares	82.5%	Stockholders of non-ferrous metals
Richard Austin Alloys (North West) Limited	Scotland	Ordinary shares	77.8% (1)	Stockholders of non-ferrous metals
Richard Austin Alloys (East Midlands) Limited	Scotland	Ordinary shares	75%	Stockholders of non-ferrous metals

NOTES ON THE ACCOUNTS

at 31 March 1997

9 FIXED ASSET INVESTMENTS (continued)

<i>Name of company</i>	<i>Country of Registration</i>	<i>Holding</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Associated undertakings All held by the company unless indicated				
Lite Structures (GB) Limited	England	Ordinary shares	33 1/3%	Manufacturers and suppliers of aluminium trussing equipment
		Preference shares	100%	

(1) 15.3% held by a subsidiary undertaking.

10 STOCKS

	<i>1997</i>	<i>Group 1996</i>	<i>1997</i>	<i>Company 1996</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Non-ferrous metals	5,101,669	2,771,530	-	1,419,762

In the opinion of the directors, the difference between the purchase price of stocks and their replacement cost is not material.

11 DEBTORS

	<i>1997</i>	<i>Group 1996</i>	<i>1997</i>	<i>Company 1996</i>
	<i>£</i>	<i>£</i>	<i>£</i>	<i>£</i>
Trade debtors	4,285,445	4,130,834	-	1,644,455
Other debtors	154,666	34,131	60,523	20,958
Prepayments and accrued income	64,587	18,434	-	-
Amounts due from group companies	-	-	726,122	63,097
	<u>4,504,698</u>	<u>4,183,399</u>	<u>786,645</u>	<u>1,728,510</u>

The group's trade debtors include £86,594 due from its associated company.

NOTES ON THE ACCOUNTS

at 31 March 1997

12 CREDITORS - amounts falling due within one year

	1997	Group 1996	1997	Company 1996
	£	£	£	£
Current instalments due on loans (note 13)	77,476	20,333	77,476	20,333
Bank overdraft (see below)	2,539,443	286,998	-	24,462
Trade creditors	5,605,228	4,736,757	1,762	2,083,072
Current corporation tax	157,126	175,254	3,135	80,804
Other taxes and social security costs	120,335	219,560	10,197	63,288
Obligations under hire purchase contracts (note 14)	5,182	38,085	-	-
Accruals	131,570	162,640	13,072	83,461
Other creditors	9,967	60,128	-	32,375
Amounts due to group companies	-	-	25,000	-
	<u>8,646,327</u>	<u>5,699,755</u>	<u>130,642</u>	<u>2,387,795</u>

Included within the bank overdraft is an amount used to finance building work. Shortly after the year end it was replaced by loans totalling £650,000.

13 LOANS - GROUP AND COMPANY

The business term loan bears interest at 1% over bank base rate with a minimum rate of 8½% and is repayable in quarterly instalments of £3,500.

Another term loan bears interest at 1½% over bank base rate and is repayable in monthly instalments of £1,583.

A new term loan of £400,000 was received during the year which bears interest at 1¼% over bank base rate and is repayable in monthly instalments of £4,762.

The pension fund loan bear interest at rates ranging from 3.25% to 5.25% over bank base rate.

NOTES ON THE ACCOUNTS

at 31 March 1997

13 LOANS - GROUP AND COMPANY (continued)

	1997 £	1996 £
Repayable within one year:		
Term loans	77,476	20,333
Pension fund loans	-	-
	<u>77,476</u>	<u>20,333</u>
Repayable within one and two years:		
Term loans	73,976	20,333
Pension fund loans	-	-
	<u>73,976</u>	<u>20,333</u>
Repayable between two and five years:		
Term loans	190,429	29,499
Pension fund loans	-	-
	<u>190,429</u>	<u>29,499</u>
Repayable after five years:		
Term loans	164,940	60,168
Pension fund loans	298,000	298,000
	<u>462,940</u>	<u>358,168</u>
Total	<u>804,821</u>	<u>428,333</u>
Amounts repayable by instalments:		
Within five years	341,881	70,165
After five years	462,940	358,168
	<u>804,821</u>	<u>428,333</u>
Included in creditors: amounts falling due within one year	<u>77,476</u>	<u>20,333</u>
	<u>727,345</u>	<u>408,000</u>

The bank holds a standard security over the company's factory premises and flatted property together with a bond and floating charge.

NOTES ON THE ACCOUNTS

at 31 March 1997

13 LOANS - GROUP AND COMPANY (continued)

Analysis of changes in loan financing during the year:

	1997 £	1996 £
At 1 April	428,333	230,500
Net cash inflow from financing	400,000	215,000
Repayment of long term loans	(23,512)	(17,167)
At 31 March	804,821	428,333

14 OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

(a) Amounts payable

	1997 £	Group 1996 £	1997 £	Company 1996 £
Within one year	5,879	43,137	-	-
In the second to fifth years	-	5,880	-	-
Less: Finance charges allocated to future periods	5,879 697	49,017 5,749	- -	- -
	5,182	43,268	-	-
Hire purchase contracts are analysed as follows:				
Current obligations	5,182	38,085	-	-
Non-current obligations	-	5,183	-	-
	5,182	43,268	-	-

(b) Analysis of changes in hire purchase contracts

	1997 £	Group 1996 £	1997 £	Company 1996 £
At 1 April	43,268	129,025	-	32,584
Inception of hire purchase contracts	-	-	-	-
Capital element of finance lease rental payments	(38,086)	(85,757)	-	(32,584)
At 31 March	5,182	43,268	-	-

NOTES ON THE ACCOUNTS

at 31 March 1997

15 ANALYSIS OF NET DEBT

	<i>At 1 April £</i>	<i>Cash flow £</i>	<i>Non cash changes £</i>	<i>At 31 March £</i>
Cash at bank	334	116,048	-	116,382
Bank overdraft	(286,998)	(2,368,537)	-	(2,655,535)
	<u>(286,664)</u>	<u>(2,252,489)</u>	<u>-</u>	<u>(2,539,153)</u>
Debt due after one year	(408,000)	(342,857)	23,512	(727,345)
Debt due within one year	(20,333)	(33,631)	(23,512)	(77,476)
Finance leases	(43,268)	38,086	-	(5,182)
	<u>(471,601)</u>	<u>(338,402)</u>	<u>-</u>	<u>(810,003)</u>
Total	<u>(758,265)</u>	<u>(2,590,891)</u>	<u>-</u>	<u>(3,349,156)</u>

16 SHARE CAPITAL

	<i>1997 No</i>	<i>Authorised 1996 No</i>	<i>Allotted, called up and fully paid 1997 £</i>	<i>1996 £</i>
Ordinary shares of £1 each	42,500	42,500	42,500	42,500

17 RESERVES

	<i>Profit and loss account Group £</i>	<i>Company £</i>
At 1 April 1996	1,229,496	824,553
(Loss)/profit for the year	268,503	(816)
Goodwill written off	(17,260)	-
	<u>1,480,739</u>	<u>823,737</u>
At 31 March 1997		

NOTES ON THE ACCOUNTS

at 31 March 1997

18 RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

	<i>Share capital £</i>	<i>Profit and loss account £</i>	<i>Total £</i>
<i>Group</i>			
At 1 April 1995	42,500	926,528	969,028
Profit for year	-	311,602	311,602
Goodwill written off	-	(8,634)	(8,634)
	<hr/>	<hr/>	<hr/>
At 1 April 1996	42,500	1,229,496	1,271,996
Profit for year	-	268,503	268,503
Goodwill written off	-	(17,260)	(17,260)
	<hr/>	<hr/>	<hr/>
At 31 March 1997	42,500	1,480,739	1,523,239
	<hr/>	<hr/>	<hr/>
<i>Company</i>			
At 1 April 1995	42,500	686,238	728,738
Profit for year	-	138,315	138,315
	<hr/>	<hr/>	<hr/>
At 1 April 1996	42,500	824,553	867,053
(Loss)/profit for year	-	(816)	(816)
	<hr/>	<hr/>	<hr/>
At 31 March 1997	42,500	823,737	866,237
	<hr/>	<hr/>	<hr/>

19 PENSION COMMITMENTS

The group operates a defined contribution scheme. The assets of the scheme are held separately from those of the group in an independently administered fund. The outstanding contributions at 31 March 1997 were £nil (1996 - £60,060).

20 OTHER FINANCIAL COMMITMENTS

At 31 March 1997, the group had annual commitments under non-cancellable operating leases which expire in over 5 years as follows:

	<i>1997 £</i>	<i>1996 £</i>
Land and buildings	63,000	-
	<hr/>	<hr/>

NOTES ON THE ACCOUNTS
at 31 March 1997

21 CONTINGENT LIABILITIES

- (a) Cross guarantees exist between all group companies in favour of the group's bankers. At 31 March 1997 the group companies' combined bank borrowings amounted to £2,539,443.
- (b) Cross guarantees exist between all group companies in favour of a group's supplier. At 31 March 1997, the group companies' combined liability to that supplier amounted to £462,740.

22 RELATED PARTIES

During the year the company received rent of £75,000 from one of its subsidiary companies in the normal course of business.