

**JOSEPH METCALF  
LIMITED**

**DIRECTORS' REPORT AND  
FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED  
31 AUGUST 1999**

**Company Number: 221152**

**Porter Matthews and Marsden  
Chartered Accountants  
Oakmount  
6 East Park Road  
Blackburn  
Lancashire  
BB1 8BW**



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JOSEPH METCALF LIMITED

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**COMPANY INFORMATION**

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**Directors**

B.Metcalf  
G.Abbott

**Secretary**

J.D.Metcalf

**Company Number**

221152

**Registered Office**

Brookside Lane  
Oswaldtwistle  
Accrington  
Lancashire  
BB5 3NY

**Auditors**

Porter Matthews and Marsden  
Chartered Accountants  
Oakmount  
6 East Park Road  
Blackburn  
Lancashire  
BB1 8BW

**Bankers**

The Royal Bank of Scotland PLC  
Blackburn Road  
Accrington  
Lancashire  
BB5 1JJ

## JOSEPH METCALF LIMITED

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 1999

The directors present their report and the financial statements for the year ended 31 August 1999.

**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 of the company and group 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 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 group 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 company and group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities

**Results and dividends**

The profit for the year after taxation, amounted to £368,535 (1998 - £280,455) .

The directors recommend that no dividend is paid and that the retained profit be carried forward to reserves.

**Principal activities and review of business**

The group's principal activity continues to be that of manufacturing and merchanting horticultural fertilisers, growing media and pesticides.

Market conditions remain difficult due to low cost imports of growing media the strength of sterling and industry consolidation.

**Directors**

The directors who served during the year and their beneficial interests in the company's issued share capital were :

	<u>Ordinary shares of £1 each</u>	
	<u>1999</u>	<u>1998</u>
B.Metcalf	192,000	192,000
G.Abbott	-	-

JOSEPH METCALF LIMITED

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 AUGUST 1999

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**Auditors**

The auditors, Porter Matthews and Marsden, will be proposed for reappointment in accordance with section 385 of the Companies Act 1985.

This report was approved by the board on 14 January 2000 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J.D. Metcalf', with a stylized flourish at the end.

J.D.Metcalf  
Secretary

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
JOSEPH METCALF LIMITED**

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention and the accounting policies set out on page 10.

**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 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 of the group as at 31 August 1999 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

**Porter Matthews and Marsden**

Chartered Accountants and Registered Auditors  
Blackburn

14 January 2000

**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**FOR THE YEAR ENDED 31 AUGUST 1999**

	Note	1999 £	1998 £
<b>TURNOVER</b>	1,2	<b>12,294,894</b>	<b>11,993,132</b>
Cost of sales		<b>(6,976,425)</b>	<b>(7,291,729)</b>
<b>GROSS PROFIT</b>		<b>5,318,469</b>	<b>4,701,403</b>
Selling and distribution costs		<b>(1,355,171)</b>	<b>(1,236,590)</b>
Administrative expenses		<b>(3,361,361)</b>	<b>(3,037,370)</b>
<b>OPERATING PROFIT</b>	3	<b>601,937</b>	<b>427,443</b>
Interest receivable	6	<b>4,422</b>	<b>6,932</b>
Interest payable	7	<b>(92,962)</b>	<b>(93,995)</b>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		<b>513,397</b>	<b>340,380</b>
Taxation on profit on ordinary activities	8	<b>(144,862)</b>	<b>(59,925)</b>
<b>RETAINED PROFIT FOR THE YEAR</b>		<b>368,535</b>	<b>280,455</b>
<b>RETAINED PROFIT BROUGHT FORWARD</b>		<b>5,522,937</b>	<b>5,242,482</b>
<b>RETAINED PROFIT CARRIED FORWARD</b>		<b>£ 5,891,472</b>	<b>£ 5,522,937</b>

All amounts relate to continuing operations.

There were no recognised gains and losses for 1999 or 1998 other than those included in the profit and loss account.

The group accounts do not include a separate profit and loss account for the parent undertaking as permitted by section 230 of the Companies Act 1985. The amount of the group profits dealt with in the accounts of the parent undertaking is a profit of £368535 (1998 - £280455).

The notes on pages 10 to 21 form part of these financial statements.

## JOSEPH METCALF LIMITED

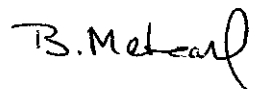
## CONSOLIDATED BALANCE SHEET

AS AT 31 AUGUST 1999

	Note	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	9		3,695,477		3,704,433
<b>CURRENT ASSETS</b>					
Stocks	11	2,249,291		1,836,850	
Debtors		2,041,860		1,911,601	
Cash at bank and in hand		2,096		2,449	
		<u>4,293,247</u>		<u>3,750,900</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(1,826,240)</u>		<u>(1,638,358)</u>	
<b>NET CURRENT ASSETS</b>			<u>2,467,007</u>		<u>2,112,542</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,162,484</u>		<u>5,816,975</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14		<u>(64,085)</u>		<u>(87,111)</u>
<b>NET ASSETS</b>			<u>£ 6,098,399</u>		<u>£ 5,729,864</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		200,000		200,000
Revaluation reserve	16		6,927		6,927
Profit and loss account			<u>5,891,472</u>		<u>5,522,937</u>
<b>SHAREHOLDERS' FUNDS - All equity</b>	17		<u>£ 6,098,399</u>		<u>£ 5,729,864</u>

The financial statements were approved by the board on 14 January 2000 and signed on its behalf

B Metcalf



Director

The notes on pages 10 to 21 form part of these financial statements.



## JOSEPH METCALF LIMITED

## COMPANY BALANCE SHEET

AS AT 31 AUGUST 1999

	Note	£	1999 £	£	1998 £
<b>FIXED ASSETS</b>					
Tangible fixed assets	9		3,695,477		3,704,433
Investments	10		102		102
			<u>3,695,579</u>		<u>3,704,535</u>
<b>CURRENT ASSETS</b>					
Stocks	11	2,249,291		1,836,850	
Debtors		2,026,330		1,897,192	
Cash at bank and in hand		2,096		2,449	
		<u>4,277,717</u>		<u>3,736,491</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	(1,810,760)		(1,623,999)	
<b>NET CURRENT ASSETS</b>			<u>2,466,957</u>		<u>2,112,492</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>6,162,536</u>		<u>5,817,027</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14		(64,085)		(87,111)
<b>NET ASSETS</b>			<u>£ 6,098,451</u>		<u>£ 5,729,916</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	15		200,000		200,000
Revaluation reserve	16		6,927		6,927
Profit and loss account			<u>5,891,524</u>		<u>5,522,989</u>
<b>SHAREHOLDERS' FUNDS - all equity</b>	17		<u>£ 6,098,451</u>		<u>£ 5,729,916</u>

The financial statements were approved by the board on 14 January 2000 and signed on its behalf

B Metcalf *B. Metcalf.* Director

The notes on pages 10 to 21 form part of these financial statements.

**CONSOLIDATED CASH FLOW STATEMENT**  
**FOR THE YEAR ENDED 31 AUGUST 1999**

	Note	1999 £	1998 £
Net cash inflow/(outflow) from operating activities (Page 9)		721,428	(107,668)
Returns on investments and servicing of finance	18	(91,253)	(113,798)
Taxation		(60,219)	(192,144)
Capital expenditure and financial investment	18	(387,713)	(281,491)
Cash inflow/(outflow) before use of liquid resources and financing		182,243	(695,101)
Financing:	18		
Decrease in debt		(27,438)	(440,187)
		(27,438)	(440,187)
Increase/(decrease) in cash in the period		£ 154,805	£ (1,135,288)

The notes on pages 10 to 21 form part of these financial statements.

## JOSEPH METCALF LIMITED

## CONSOLIDATED CASH FLOW STATEMENT INFORMATION

FOR THE YEAR ENDED 31 AUGUST 1999

	Note	1999 £	1998 £
<b>RECONCILIATION OF OPERATING PROFIT TO NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES</b>			
Operating profit		601,937	427,443
Depreciation of tangible fixed assets		384,121	351,913
Profit on disposal of tangible fixed assets		(24,432)	(122,977)
Increase in debtors		(130,259)	(122,360)
(Increase)/decrease in stocks		(412,441)	39,310
Increase/(decrease) in creditors		302,502	(680,997)
<b>Net cash inflow/(outflow) from operating activities</b>		<b>£ 721,428</b>	<b>£ (107,668)</b>
<b>RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT</b>			
	19		
Increase/(decrease) in cash in the period		154,805	(1,135,288)
Cash outflow from increase/(decrease) in debt and lease financing		(27,438)	(440,187)
Change in net debt resulting from cash flows		182,243	(695,101)
New finance leases		-	(135,846)
<b>Movement in net debt in the period</b>		<b>182,243</b>	<b>(830,947)</b>
<b>Net debt at 1 September 1998</b>		<b>(577,175)</b>	<b>253,772</b>
<b>Net debt at 31 August 1999</b>		<b>£ (394,932)</b>	<b>£ (577,175)</b>

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1999

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**1. ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with applicable accounting standards in the United Kingdom.

**1.1 Basis of accounting**

The financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and include the results of the company's operations which are described in the Directors' Report and all of which are continuing.

**1.2 Basis of consolidation**

The group accounts consolidate the accounts of the company and its subsidiaries made up to the end of each financial period. The results of companies acquired or disposed of during the period are included from the date of acquisition or up to the date of disposal.

**1.3 Turnover**

Turnover comprises the invoiced value of goods and services supplied by the group net of Value Added Tax and trade discounts.

**1.4 Tangible fixed assets and depreciation**

Tangible fixed assets are stated at cost or valuation less depreciation. depreciation is provided at rates calculated to write off the cost or valuation of fixed assets, less their estimated residual value, over their expected useful lives on the following bases:

Plant & machinery	-	rates between 12.5% and 25%
Motor vehicles	-	25% on cost

**1.5 Leasing and hire purchase**

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets. Assets acquired by finance lease are depreciated over the shorter of the lease term and their useful lives. Assets acquired by hire purchase are depreciated over their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

**1.6 Operating leases**

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to profit and loss account as incurred.

**1.7 Stocks**

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow-moving stocks. Cost includes all direct costs and an appropriate proportion of fixed and variable overheads.

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 AUGUST 1999

**1.8 Deferred taxation**

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that, in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

**1.9 Pensions**

The company operates a defined contribution pension scheme and the pension charge represents the amounts payable by the company to the fund in respect of the year.

**2. Turnover**

A geographical analysis of turnover is as follows:

	1999 £	1998 £
United Kingdom	12,186,384	11,955,496
Europe	108,510	37,636
	<u>£12,294,894</u>	<u>£11,993,132</u>

All profit before tax arose within the United Kingdom

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1999

**3. OPERATING PROFIT**

The operating profit is stated after charging:

	1999 £	1998 £
Depreciation of tangible fixed assets		
- owned by the company	353,894	316,444
- held under finance leases and hire purchase contracts	30,227	35,469
Audit fees	15,577	16,275
Operating lease rentals		
- other	89,874	221,011
Profit on disposal of fixed assets	(25,805)	(122,977)
Foreign exchange differences	4,491	-
	<u>          </u>	<u>          </u>

**4. STAFF COSTS**

Staff costs, including directors' remuneration, were as follows:

	1999 £	1998 £
Wages and salaries	2,445,995	2,440,424
Social security costs	220,255	218,288
Other pension costs	87,836	77,986
	<u>          </u>	<u>          </u>
	<u>£ 2,754,086</u>	<u>£ 2,736,698</u>

The average monthly number of employees, including directors, during the year was as follows:

	1999	1998
Production	89	94
Other	58	58
	<u>          </u>	<u>          </u>
	<u>147</u>	<u>152</u>

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1999

## 6. INTEREST RECEIVABLE

	1999	1998
	£	£
Other interest receivable	£ 4,422	£ 6,932

## 7. INTEREST PAYABLE

	1999	1998
	£	£
On bank loans and overdrafts	75,703	84,461
On finance leases and hire purchase contracts	17,259	9,534
	£ 92,962	£ 93,995

## 8. TAXATION

	1999	1998
	£	£
<b>Current year taxation</b>		
UK Corporation Tax at 30.5% (1998 - 31.9%)	156,000	50,000
<b>Prior years</b>		
UK corporation tax	(11,138)	9,925
	£ 144,862	£ 59,925

NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 31 AUGUST 1999

## 9. TANGIBLE FIXED ASSETS

<u>Group</u>	<u>Freehold Land &amp; Buildings</u> £	<u>Plant &amp; Machinery</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<b>Cost or valuation</b>				
At 1 September 1998	2,541,782	3,467,278	228,592	6,237,652
Additions	81,852	305,114	-	386,966
Disposals	(844)	(44,213)	(101,301)	(146,358)
	<u>2,622,790</u>	<u>3,728,179</u>	<u>127,291</u>	<u>6,478,260</u>
<b>Depreciation</b>				
At 1 September 1998	131,953	2,282,864	118,402	2,533,219
Charge for year	26,595	318,887	38,639	384,121
On disposals	(657)	(35,526)	(98,374)	(134,557)
	<u>157,891</u>	<u>2,566,225</u>	<u>58,667</u>	<u>2,782,783</u>
<b>Net Book Value</b>				
At 31 August 1999	<u>£ 2,464,899</u>	<u>£ 1,161,954</u>	<u>£ 68,624</u>	<u>£ 3,695,477</u>
At 31 August 1998	<u>£ 2,409,829</u>	<u>£ 1,184,414</u>	<u>£ 110,190</u>	<u>£ 3,704,433</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	1999 £	1998 £
Plant & machinery	<u>£ 113,212</u>	<u>£ 143,439</u>

On the historical cost basis, land and buildings would have been included as follows:

	1999 £	1998 £
Cost	423,073	423,073
Cumulative depreciation	-	-
Net book amount	<u>£ 423,073</u>	<u>£ 423,073</u>



## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 AUGUST 1999

<u>Company</u>	<u>Freehold Land &amp; Buildings</u> £	<u>Plant &amp; Machinery</u> £	<u>Motor Vehicles</u> £	<u>Total</u> £
<b>Cost or valuation</b>				
At 1 September 1998	2,541,782	3,467,278	228,592	6,237,652
Additions	81,852	305,114	-	386,966
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At 31 August 1999	<u>157,891</u>	<u>2,566,225</u>	<u>58,667</u>	<u>2,782,783</u>
<b>Net Book Value</b>				
At 31 August 1999	<u>£ 2,464,899</u>	<u>£ 1,161,954</u>	<u>£ 68,624</u>	<u>£ 3,695,477</u>
At 31 August 1998	<u>£ 2,409,829</u>	<u>£ 1,184,414</u>	<u>£ 110,190</u>	<u>£ 3,704,433</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	<b>1999</b> £	<b>1998</b> £
Plant & machinery	<u>£ 113,212</u>	<u>£ 143,439</u>

On the historical cost basis, land and buildings would have been included as follows:

	<b>1999</b> £	<b>1998</b> £
Cost	423,073	423,073
Cumulative depreciation	-	-
Net book amount	<u>£ 423,073</u>	<u>£ 423,073</u>

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 AUGUST 1999

## 10. FIXED ASSET INVESTMENTS

Company

Shares  
in subsidiary  
undertakings  
£

**Cost**

At 1 September 1998

530,017

At 31 August 1999

530,017

**Provisions**

At 1 September 1998

529,915

At 31 August 1999

529,915

**Net Book Value**

At 31 August 1999

£ 102

At 31 August 1998

£ 102

Details of the investments, all of which are held by Joseph Metcalf Limited, where the company holds more than 20% of the nominal value of any class of share capital are as follows:

Name of company	Country of incorporation	Holding	Proportion Held	Nature of business
E.F.G.(Horticultural Products) Limited	England & Wales	2 Ordinary shares	100%	Process and sale of peat.
Sta-Brite Supplies Limited	England & Wales	100 Ordinary share	100%	Sale of amenity products

## 11. STOCKS

Group

1999

£

1998

£

Raw materials, packaging and goods for resale

£ 2,249,291

£ 1,836,850

Company

1999

£

1998

£

Raw materials, packaging and goods for resale

£ 2,249,291

£ 1,836,850

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1999

## 12. DEBTORS

<u>Group</u>	1999 £	1998 £
<b>Due within one year</b>		
Trade debtors	1,742,074	1,514,385
Amounts owed by group undertakings	100	-
Other debtors	9,009	114,443
Prepayments and accrued income	290,677	282,773
	<u>£ 2,041,860</u>	<u>£ 1,911,601</u>

<u>Company</u>	1999 £	1998 £
<b>Due within one year</b>		
Trade debtors	1,742,174	1,514,385
Other debtors	7,359	113,238
Prepayments and accrued income	276,797	269,569
	<u>£ 2,026,330</u>	<u>£ 1,897,192</u>

## 13. CREDITORS:

<b>Amounts falling due within one year</b>	1999	1998
<u>Group</u>	£	£
Bank loans and overdrafts	305,774	460,932
Net obligations under finance lease and hire purchase contracts	27,169	31,581
Trade creditors	477,161	400,168
Corporation tax	156,000	71,357
Social security and other taxes	102,960	85,573
Accruals and deferred income	757,176	588,747
	<u>£ 1,826,240</u>	<u>£ 1,638,358</u>

<u>Company</u>	1999 £	1998 £
Bank loans and overdrafts	305,774	460,932
Net obligations under finance lease and hire purchase contracts	27,169	31,581
Trade creditors	466,361	394,900
Amounts owed to group undertakings	33,932	7,592
Corporation tax	156,000	71,357
Social security and other taxes	102,960	85,573
Accruals and deferred income	718,564	572,064
	<u>£ 1,810,760</u>	<u>£ 1,623,999</u>

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1999

## 14. CREDITORS:

Amounts falling due after more than one year

GroupNet obligations under finance lease and  
hire purchase contracts

	1999	1998
	£	£
	64,085	87,111
	<u>£ 64,085</u>	<u>£ 87,111</u>
	1999	1998
	£	£

Included within the above are amounts falling due as follows:

**In 2 - 5 years:**

Finance lease and hire purchase obligations

	64,085	87,111
	<u>1999</u>	<u>1998</u>
	£	£
	64,085	87,111
	<u>£ 64,085</u>	<u>£ 87,111</u>
	£	£

CompanyNet obligations under finance lease and  
hire purchase contractsCompany

Included within the above are amounts falling due as follows:

**In 2 - 5 years:**

Finance lease and hire purchase obligations

	64,085	87,111
	<u>1999</u>	<u>1998</u>
	£	£

## 15. CALLED UP SHARE CAPITAL

**Authorised**

200,000 ordinary shares of £1 each

**Authorised, allotted, called up and fully paid**

200,000 ordinary shares of £1 each

	1999	1998
	£	£
	200,000	200,000
	<u>£ 200,000</u>	<u>£ 200,000</u>
	200,000	200,000
	<u>£ 200,000</u>	<u>£ 200,000</u>

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1999

## 16. RESERVES

	<u>Group</u>	<u>Company</u>
<b>Profit &amp; Loss Account</b>		
At 1 September 1998	5,522,937	5,522,989
Retained profit for the year	368,535	368,535
	<hr/>	<hr/>
At 31 August 1999	£ 5,891,472	£ 5,891,524
	<hr/>	<hr/>
	<u>Group</u>	<u>Company</u>
	£	£
<b>Revaluation Reserve</b>		
At 1 September 1998	6,927	6,927
	<hr/>	<hr/>
At 31 August 1999	£ 6,927	£ 6,927
	<hr/>	<hr/>

## 17. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999	1998
<u>Group</u>	£	£
Profit for the year	368,535	280,455
Opening shareholders' funds	5,729,864	5,449,409
	<hr/>	<hr/>
Closing shareholders' funds	£ 6,098,399	£ 5,729,864
	<hr/>	<hr/>
	1999	1998
<u>Company</u>	£	£
Profit for the year	368,535	280,455
Opening shareholders' funds	5,729,916	5,449,461
	<hr/>	<hr/>
Closing shareholders' funds	£ 6,098,451	£ 5,729,916
	<hr/>	<hr/>

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 AUGUST 1999

18. ANALYSIS OF CASH FLOWS FOR HEADINGS  
NETTED IN THE CASH FLOW STATEMENT

	1999 £	1998 £
<b>Returns on investments and servicing of finance</b>		
Interest received	4,422	6,932
Interest paid	(78,416)	(111,196)
Interest element of finance lease rentals	(17,259)	(9,534)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<b>£ (91,253)</b>	<b>£ (113,798)</b>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(423,946)	(453,352)
Sale of tangible fixed assets	36,233	171,861
<b>Net cash outflow for capital expenditure</b>	<b>£ (387,713)</b>	<b>£ (281,491)</b>
<b>Financing</b>		
Repayment of loans	-	(400,000)
Capital element of finance lease rentals	(27,438)	(40,187)
<b>Decrease in debt</b>	<b>(27,438)</b>	<b>(440,187)</b>
<b>Net cash outflow from financing</b>	<b>£ (27,438)</b>	<b>£ (440,187)</b>

## 19. ANALYSIS OF NET DEBT

	At 1 Sep 1998 £	Cash flow £	Other changes £	At 31 Aug 1999 £
<b>Net cash:</b>				
Cash at bank and in hand	2,449	(353)		2,096
Bank overdrafts	(460,932)	155,158		(305,774)
	<u>(458,483)</u>	<u>154,805</u>		<u>(303,678)</u>
<b>Debt:</b>				
Finance leases	(118,692)	27,438	-	(91,254)
	<u>(118,692)</u>	<u>27,438</u>	<u>-</u>	<u>(91,254)</u>
<b>Net debt</b>	<b>£ (577,175)</b>	<b>£ 182,243</b>	<b>£ -</b>	<b>£ (394,932)</b>

## 20. CONTINGENT LIABILITIES

The company has provided unlimited cross guarantees to the group's bankers in favour of other group companies. At 31 August 1999 there were no potential liabilities under these guarantees. In addition the company's bankers have provided guarantees to third parties in the normal course of trade. At 31 August 1999 potential liabilities under these guarantees amounted to £20,000.

## JOSEPH METCALF LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

## FOR THE YEAR ENDED 31 AUGUST 1999

**21. OTHER COMMITMENTS**

At 31 August 1999 there were annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	1999	1998	1999	1998
	£	£	£	£
<b><u>Group</u></b>				
<b>Expiry date:</b>				
Within 1 year	-	-	<b>12,155</b>	<b>14,849</b>
Between 2 and 5 years	<b>147,000</b>	<b>143,000</b>	<b>107,905</b>	<b>51,608</b>

**Company**

<b>Expiry date:</b>				
Within 1 year	-	-	<b>12,155</b>	<b>14,849</b>
Between 2 and 5 years	<b>147,000</b>	<b>143,000</b>	<b>107,905</b>	<b>51,608</b>

**22. CONTROLLING PARTY**

Mr B. Metcalf has ultimate control of the company.