

Company Number: 00339277

**NICHOLLS & CLARKE
GLASS LIMITED**

**Financial statements
31 December 1997**

C H A N T R E Y V E L L A C O T T



NICHOLLS & CLARKE GLASS LIMITED

Directors' Report for the year ended 31 December 1997

The directors present their report and financial statements for the year ended 31 December 1997 which were approved on 17 April 1998.

Review of the business

The principal activity of the company was the sale and distribution of glass and glass related products.

The results for the year were satisfactory. The directors have confidence in the future of the company.

Dividends

The directors recommend the payment of a dividend of £300,000 (1996 - £400,000).

Directors

The directors who served during the year were:

K.S.A. Forbes (Chairman)
S.A. Forbes, B.A. (Hons) (Managing Director)
R.D. Knight, A.C.I.S.

The director retiring by rotation in accordance with the articles of association is Mr. K.S.A. Forbes who, being eligible, offers himself for re-election.

Directors' interests

No director had any interest in the shares of the company at 1 January 1997 or 31 December 1997. The interests of K.S.A. Forbes, S.A. Forbes, and R.D. Knight in the parent company are given in the directors' report of that company.

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 of the profit or loss of the company for that year. In preparing these financial statements, the directors are required to:

- select suitable accounting policies then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

NICHOLLS & CLARKE GLASS LIMITED

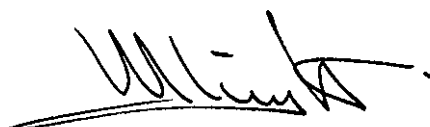
Directors' Report for the year ended 31 December 1997

Auditors

A resolution concerning the reappointment of Chantrey Vellacott as auditors will be proposed at the forthcoming Annual General Meeting.

BY ORDER OF THE BOARD

R.D. KNIGHT



Secretary

Date: 17 April 1998

CHANTREY VELLACOTT

NICHOLLS & CLARKE GLASS LIMITED

Auditors' Report to the Members of Nicholls & Clarke Glass Limited

We have audited the financial statements on pages 4 to 10 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described on page 1 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

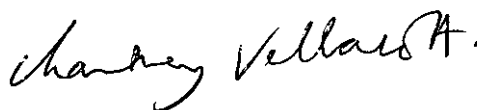
We conducted our audit in accordance with auditing standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company'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 at 31 December 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

CHANTREY VELLACOTT



Chartered Accountants
Registered Auditors

LONDON

Date: 17 April 1998

NICHOLLS & CLARKE GLASS LIMITED

Profit and loss account for the year ended 31 December 1997

	Notes	1997 £	1996 £
Turnover	2	13,485,422	13,243,250
Cost of sales		<u>(8,538,472)</u>	<u>(8,515,383)</u>
Gross profit		4,946,950	4,727,867
Distribution and selling costs		<u>(2,505,145)</u>	<u>(2,344,614)</u>
Administrative expenses		<u>(1,875,834)</u>	<u>(1,774,071)</u>
Profit on ordinary activities before taxation	3	565,971	609,182
Tax on profit on ordinary activities	4	<u>(181,023)</u>	<u>(160,662)</u>
Profit on ordinary activities after taxation		384,948	448,520
Dividends		<u>(300,000)</u>	<u>(400,000)</u>
Retained profit for the year	12	<u><u>84,948</u></u>	<u><u>48,520</u></u>

The company has no recognised gains and losses other than those included in the profits above, and therefore no separate statement of total recognised gains and losses has been presented.

The notes on pages 6 to 10 form part of these financial statements.

NICHOLLS & CLARKE GLASS LIMITED


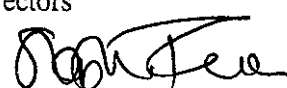
Balance sheet as at 31 December 1997

	Notes	1997 £	1996 £
Fixed assets			
Tangible assets	5	<u>922,319</u>	<u>922,679</u>
Current assets			
Stocks	6	564,923	809,603
Debtors	7	3,947,679	3,808,268
Cash in hand		870	1,001
		<u>4,513,472</u>	<u>4,618,872</u>
Creditors: amounts falling due within one year	8	4,966,147	5,056,855
Proposed dividend		300,000	400,000
		<u>5,266,147</u>	<u>5,456,855</u>
Net current liabilities		<u>(752,675)</u>	<u>(837,983)</u>
Net assets		<u>169,644</u>	<u>84,696</u>
Capital and reserves			
Called up share capital	9	1,500	1,500
Profit and loss account	12	168,144	83,196
Shareholders' funds	13	<u>169,644</u>	<u>84,696</u>

Approved by the Board of Directors on 17 April 1998

K.S.A. FORBES

S.A. FORBES

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) Directors
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The notes on pages 6 to 10 form part of these financial statements.

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements

For the year ended 31 December 1997

1. Accounting policies

a) Basis of accounting

The financial statements are prepared on the historical cost basis of accounting and in accordance with applicable accounting standards.

b) Depreciation of tangible fixed assets

Depreciation is charged on tangible fixed assets so as to write off their full cost, less estimated residual values, over their expected useful lives at the following rates:-

Leasehold improvements	- 4 - 25% of cost per annum
Plant and machinery	- 5 - 20% of cost per annum
Equipment	- 10 - 25% of cost per annum
Motor vehicles	- 15 - 25% of cost per annum

c) Stocks

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

d) Taxation

Deferred taxation is provided under the liability method in respect of all timing differences between profits as computed for taxation purposes and the profit as stated in the financial statements to the extent that it is probable that a liability or asset will crystallise. The rate of tax is that which is expected to be applied when the liability or asset is expected to crystallise.

e) Leasing

Rentals payable on assets held under operating leases are charged to revenue as incurred.

2. Turnover

Turnover represents the amount invoiced for goods sold during the year and is exclusive of VAT. All sales were to the United Kingdom market and were of glass and glass related products.

3. Profit on ordinary activities before taxation

	1997 £	1996 £
a) Profit on ordinary activities is stated after charging/(crediting):		
Directors' emoluments	1,166	3,500
Depreciation	210,546	202,800
Auditors' remuneration	18,266	25,095
Operating lease rentals of land and buildings	334,613	324,807
Operating lease rentals on motor cars and equipment	81,772	90,555
Profit on sale of tangible fixed assets	(1,987)	-
	<hr/>	<hr/>
b) Directors' emoluments		
Fees	1,166	3,500
	<hr/>	<hr/>

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements

For the year ended 31 December 1997

3. Profit on ordinary activities before taxation

b) Directors' emoluments

The directors received remuneration from other group companies for their services to those companies.

	1997 £	1996 £
c) Employee information (including directors)		
Employee costs during the year were:		
Wages and salaries	1,835,554	1,751,512
Social security costs	150,386	142,895
Other pension costs	15,556	16,993
	<u>2,001,496</u>	<u>1,911,400</u>

	1997 Number	1996 Number
The average number of persons employed during the year was:		
Selling and distribution	87	99
Administration	27	32
	<u>114</u>	<u>131</u>

d) Operating lease commitments in the year ended 31 December 1998

	£
Operating lease rentals payable on land and buildings:	
On leases expiring between 1999 and 2002	92,200
On leases expiring after 2002	<u>235,000</u>

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements For the year ended 31 December 1997

4.

Tax on profit on ordinary activities	1997	1996
	£	£
Overprovision in prior years	-	(25,113)
Corporation tax for the year at 31.5% (1996 - 33%)	181,023	185,775
	181,023	160,662

5.

Tangible fixed assets	Leasehold improvements	Plant, machinery, and equipment	Motor vehicles	Total
	£	£	£	£
Cost				
At 1 January 1997	193,328	869,396	610,020	1,672,744
Additions	123,745	87,653	57,106	268,504
Disposals	(53,483)	(79,799)	(30,984)	(164,266)
Transfers to group undertakings	-	(733)	-	(733)
At 31 December 1997	263,590	876,517	636,142	1,776,249
Depreciation				
At 1 January 1997	81,422	281,658	386,985	750,065
Charge for the year	12,189	89,919	108,438	210,546
Disposals	(29,779)	(45,632)	(30,983)	(106,394)
Transfer to group undertakings	-	(287)	-	(287)
At 31 December 1997	63,832	325,658	464,440	853,930
Net book value				
At 31 December 1997	199,758	550,859	171,702	922,319
At 31 December 1996	111,906	587,738	223,035	922,679

6.

Stocks
Stocks consist solely of goods for resale.

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements

For the year ended 31 December 1997

7.	Debtors	1997	1996
		£	£
	Trade debtors	2,764,205	2,788,764
	Amounts owed by group undertakings	1,016,092	820,146
	Prepayments	167,382	173,240
	Other debtors	-	1,654
	Corporation tax recoverable	-	24,464
		<u>3,947,679</u>	<u>3,808,268</u>
8.	Creditors: amounts falling due within one year	1997	1996
		£	£
	Trade creditors	805,940	1,052,817
	Bank overdraft	520,196	1,441,985
	Amounts owed to group undertakings	3,257,816	2,128,045
	Corporation tax	85,000	139,000
	Other taxes and social security costs	162,371	141,088
	Accruals	108,801	107,145
	Group relief creditor	26,023	46,775
		<u>4,966,147</u>	<u>5,056,855</u>
9.	Called up share capital	1997	1996
		£	£
	Authorised, allotted and fully paid		
	Ordinary shares of £1 each	1,500	1,500

10. **Contingent liabilities**

The company participates in a group registration for VAT purposes and whilst each company takes up its own liability this company is contingently liable for the unpaid VAT of all other group companies. That contingency amounted to £207,865 at 31 December 1997 (1996 - £137,851). In addition the company has entered into an unlimited cross guarantee in favour of National Westminster Bank plc in respect of borrowings from the bank by other group companies. The contingent liability in respect of this at 31 December 1997 was £1,959,643 (1996 - £1,024,689).

NICHOLLS & CLARKE GLASS LIMITED

Notes to the financial statements

For the year ended 31 December 1997

11. Pension contributions

The financial statements include a charge for contributions paid during the year to the group's defined benefit Retirement Benefits Plan for current employees. From 1 January 1998, a defined contribution scheme is in operation and all contributions to this scheme are charged to profit and loss as they became payable.

12. Profit and loss account

	1997 £	1996 £
At 1 January 1997	83,196	34,676
Retained profit for the year	84,948	48,520
At 31 December 1997	<u>168,144</u>	<u>83,196</u>

13. Reconciliation of movement in shareholders' funds

	1997 £	1996 £
Profit for the financial year	384,948	448,520
Dividends	(300,000)	(400,000)
Net addition to shareholders' funds	<u>84,948</u>	<u>48,520</u>
Opening shareholders' funds	84,696	36,176
Closing shareholders' funds	<u>169,644</u>	<u>84,696</u>

14. Ultimate parent company

The ultimate parent company is Nicholls & Clarke Limited, which is registered in England.