

BRENT SMELTING WORKS LIMITED

DIRECTORS' REPORT AND ACCOUNTS

31ST MARCH 1997

REGISTERED NUMBER : 0370429

Kidsons Impey
Chartered Accountants
Spectrum House
20-26 Cursitor Street
London EC4A 1HY



BRENT SMELTING WORKS LIMITED

DIRECTORS' REPORT

31st March 1997

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

Principal activities and business review

The principal activity of the group continues to be the manufacture of aluminium ingots. The directors consider the results for the year and the year end position to be satisfactory.

Profits and dividends

The profit for the year after tax amounted to £118,511. The directors do not recommend the payment of a dividend and this amount is transferred to reserves.

Directors

The following were directors of the company at 31st March 1997 and served throughout the year:-

D.H. Barker (Chairman)
J.C. Barker (Managing Director)

Neither of the directors is subject to annual retirement.

Directors' shareholdings

The interests of the directors in the company's share capital are set out below:-

Directors	Ordinary shares of £1 each	
	At 31st March 1997	At 31st March 1996
D.H. Barker	9,009	9,009
J.C. Barker	7,491	7,491

Fixed assets

The directors are of the opinion that the market value of land and buildings is substantially in excess of the cost price shown in the accounts. No provision is made for any surplus. This asset is fully used in the business and is not held for realisation in the foreseeable future. The directors consider it would be impractical and serve no useful purpose to revalue the asset annually.

Close company provisions

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

BRENT SMELTING WORKS LIMITED

DIRECTORS' REPORT

31st March 1997

(continued)

Directors' responsibilities

We are required under company law 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 these accounts we are required to:

- select suitable accounting policies and apply them consistently
- make reasonable and prudent judgements and estimates
- state whether applicable accounting standards have been followed, and give details of any departures
- prepare the accounts on a going concern basis unless in our view the group will be unable to continue in business.

We are also responsible for:

- keeping proper accounting records
- safeguarding the group's assets
- taking reasonable steps for the prevention and detection of fraud.

Auditors

Kidsons Impey have agreed to offer themselves for re-appointment as auditors of the company.

By order of the board



J.C. Barker

Secretary

Registered office:-

Spectrum House
20-26 Cursitor Street
London EC4A 1HY

18th September 1997

BRENT SMELTING WORKS LIMITED

AUDITORS' REPORT

Auditors' report to the members of Brent Smelting Works Limited

We have audited the accounts on pages 4 to 12 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of accounts. 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 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 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 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 the affairs of the company and the group at 31st March 1997, and of the profit of the group for the year ended on that date and have been properly prepared in accordance with the Companies Act 1985.



Kidsons Impey

Registered Auditors

Chartered Accountants

London

18th September 1997

**BRENT SMELTING WORKS LIMITED
AND SUBSIDIARY COMPANY**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1997

	Note	1997 £	1996 £
Turnover	2	6,922,657	8,217,263
Cost of sales	1	<u>(6,088,682)</u>	<u>(7,086,847)</u>
Gross profit		833,975	1,130,416
Administrative expenses		(674,176)	(1,081,279)
Other operating income		<u>21,000</u>	<u>-</u>
Operating profit	3	180,799	49,137
Interest receivable		70	796
Interest payable	4	<u>(20,058)</u>	<u>(10,148)</u>
Profit on ordinary activities before taxation		160,811	39,785
Taxation	7	<u>(42,300)</u>	<u>(15,106)</u>
Profit on ordinary activities after taxation retained for the financial year	16	<u>118,511</u>	<u>24,679</u>

The retained profit for the financial year is attributable to the members of the holding company.

A separate statement of recognised gains and losses has not been prepared as the group has no recognised gains and losses other than the profit for the year.

**BRENT SMELTING WORKS LIMITED
AND SUBSIDIARY COMPANY**

CONSOLIDATED BALANCE SHEET

31st March 1997

	Note	1997	1996
		£	£
Fixed assets			
Tangible assets	8	1,025,830	1,040,366
Current assets			
Stocks	10	398,062	466,942
Debtors	11	1,923,922	1,568,193
Cash at bank and in hand		<u>870</u>	<u>1,102</u>
		2,322,854	2,036,237
Creditors: amounts falling due within one year	12	<u>(1,837,796)</u>	<u>(1,695,226)</u>
Net current assets		<u>485,058</u>	<u>341,011</u>
Total assets less current liabilities		1,510,888	1,381,377
Provisions for liabilities and charges	13	(51,000)	(40,000)
Minority interests		<u>(36)</u>	<u>(36)</u>
Net assets		<u>1,459,852</u>	<u>1,341,341</u>
Equity capital and reserves			
Called up share capital	15	18,000	18,000
Profit and loss account	16	<u>1,441,852</u>	<u>1,323,341</u>
Equity shareholders' funds	17	<u>1,459,852</u>	<u>1,341,341</u>

The accounts on pages 4 to 12 were approved by the board of directors on 18th September 1997

D.H. Barker

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) Directors

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J.C. Barker

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BRENT SMELTING WORKS LIMITED

BALANCE SHEET

31st March 1997

	Note	1997	1996
		£	£
Fixed assets			
Tangible assets	8	1,025,830	1,040,366
Investments	9	-	-
Current assets			
Stocks	10	398,062	466,942
Debtors	11	1,923,922	1,568,193
Cash at bank and in hand		<u>870</u>	<u>1,102</u>
		2,322,854	2,036,237
Creditors: amounts falling due within one year	12	<u>(2,009,281)</u>	<u>(1,866,711)</u>
Net current assets		<u>313,573</u>	<u>169,526</u>
Total assets less current liabilities		1,339,403	1,209,892
Provisions for liabilities and charges	13	<u>(51,000)</u>	<u>(40,000)</u>
Net assets		<u>1,288,403</u>	<u>1,169,892</u>
Equity capital and reserves			
Called up share capital	15	18,000	18,000
Profit and loss account	16	<u>1,270,403</u>	<u>1,151,892</u>
Equity shareholders' funds	17	<u>1,288,403</u>	<u>1,169,892</u>

The accounts on pages 4 to 12 were approved by the board of directors on 18th September 1997

D.H. Barker

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Directors

J.C. Barker

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**BRENT SMELTING WORKS LIMITED
AND SUBSIDIARY COMPANY**

CONSOLIDATED CASH FLOW STATEMENT

for the year ended 31st March 1997

	Note	1997	1996
		£	£
Net cash (outflow)/inflow from operating activities	19	(315,269)	374,929
Interest received		70	796
Interest paid		<u>(19,058)</u>	<u>(10,148)</u>
Net cash (outflow) from returns on investment and servicing of finance		(18,988)	(9,352)
Corporation tax payments		(24,000)	(149,606)
Investing activities			
Tangible fixed assets acquired		(151,110)	(290,697)
Receipt from sales		<u>70,530</u>	<u>141,682</u>
Net cash (outflow) from investing activities		<u>(80,580)</u>	<u>(149,015)</u>
Net cash (outflow)/inflow before financing		(438,837)	66,956
Financing		<u>-</u>	<u>-</u>
(Decrease)/increase in cash and cash equivalents	19	<u>(438,837)</u>	<u>66,956</u>

Explanatory notes to the consolidated cash flow statement are given in note 19 to the accounts.

**BRENT SMELTING WORKS LIMITED
AND SUBSIDIARY COMPANY**

NOTES ON ACCOUNTS

31st March 1997

1 Principal accounting policies

Basis of accounting

The accounts have been prepared in accordance with applicable accounting standards and under the historical cost accounting convention, and incorporate the accounts of Brent Smelting Works Limited and its subsidiary company which also makes its accounts up to 31st March.

The company has taken advantage of the exemption contained in Section 228 (7) of the Companies Act 1985 and accordingly does not present a separate profit and loss account.

Cost of sales

Cost of sales is stated as all those costs directly incurred by the company and an appropriate proportion of overheads, in order to bring each product sold to its saleable condition.

Depreciation

Depreciation is calculated to write off the cost of tangible fixed assets other than freehold land which is not depreciated, over their estimated useful lives at the following annual rates:-

Freehold buildings	2%
Office equipment and furniture	10%
Plant and machinery	10%
Motor vehicles	12½-25%

Stocks

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

Deferred taxation

Deferred taxation is provided at current taxation rates under the liability method to take account of all timing differences between profits as stated in the accounts and as computed for tax purposes.

Pensions

The company operates two defined contribution pension schemes in respect of certain employees. Such contributions are charged to profit and loss account in the period to which they relate. At the year end, contributions of £5,000 have been prepaid.

2 Turnover

Turnover represents the invoiced value excluding value added tax of goods sold to customers. All activities are classed as continuing.

**BRENT SMELTING WORKS LIMITED
AND SUBSIDIARY COMPANY**

NOTES ON ACCOUNTS

31st March 1997
(continued)

3 Operating profit	1997	1996
	£	£
This is stated after charging/(crediting):		
Depreciation	120,721	125,921
Auditors' remuneration	8,750	8,500
Directors' emoluments (including pension contributions) (see note 5)	253,428	560,610
Profit on sale of tangible fixed assets	(25,605)	(19,642)
Hire of plant and machinery	<u>402</u>	<u>-</u>
4 Interest payable		
Interest payable on loans repayable within 5 years:		
Bank overdraft	16,058	6,148
Director's loan account	<u>4,000</u>	<u>4,000</u>
	<u>20,058</u>	<u>10,148</u>
5 Directors' emoluments		
For management	<u>253,428</u>	<u>560,610</u>
Emoluments, excluding pension contributions, are analysed as follows:-		
Highest paid director	<u>126,856</u>	<u>283,780</u>
Defined contribution scheme	Number	Number
Number of directors qualifying for benefits	<u>1</u>	<u>1</u>
	£	£
Total contributions paid	<u>5,000</u>	<u>5,000</u>
6 Employees		
The average number of persons including directors employed by the company during the year was:		
Production and sales staff	8	8
Management and administration	<u>6</u>	<u>6</u>
	<u>14</u>	<u>14</u>
Staff costs:	£	£
Wages and salaries	394,927	726,974
Social security costs	41,630	79,574
Other pension costs	<u>10,000</u>	<u>3,250</u>
	<u>446,557</u>	<u>809,789</u>

**BRENT SMELTING WORKS LIMITED
AND SUBSIDIARY COMPANY**

NOTES ON ACCOUNTS

31st March 1997
(continued)

7 Taxation						1997	1996
						£	£
United Kingdom corporation tax on the profit for the year at 24%						31,300	24,000
Movement on deferred taxation						11,000	(6,500)
Adjustment in respect of prior years						<u>-</u>	<u>(2,394)</u>
						<u>42,300</u>	<u>15,106</u>
8 Fixed assets							
		Freehold land and buildings	Plant, machinery and equipment	Furniture and fittings	Motor vehicles		Total
The company and the group		£	£	£	£		£
Cost							
At 1st April 1996		405,235	899,993	40,251	342,644		1,688,123
Additions		-	17,830	-	133,280		151,110
Disposals		<u>-</u>	<u>-</u>	<u>-</u>	<u>(150,973)</u>		<u>(150,973)</u>
At 31st March 1997		<u>405,235</u>	<u>917,823</u>	<u>40,251</u>	<u>324,951</u>		<u>1,688,260</u>
Depreciation							
At 1st April 1996		56,497	453,053	26,920	111,287		647,757
Charge for year		3,610	73,574	4,023	39,514		120,721
Disposals		<u>-</u>	<u>-</u>	<u>-</u>	<u>(106,048)</u>		<u>(106,048)</u>
At 31st March 1997		<u>60,107</u>	<u>526,627</u>	<u>30,943</u>	<u>44,753</u>		<u>662,430</u>
Net book amount							
At 31st March 1997		<u>345,128</u>	<u>391,196</u>	<u>9,308</u>	<u>280,198</u>		<u>1,025,830</u>
At 31st March 1996		<u>348,738</u>	<u>446,940</u>	<u>13,331</u>	<u>231,357</u>		<u>1,040,366</u>
9 Fixed asset investment						1997 and 1996	
						£	
Shares in subsidiary company							
At cost						55,989	
Less: Provisions and amount written off						<u>(55,989)</u>	
						<u>-</u>	
The subsidiary company is Jabez Barker & Sons Limited, 99.98% of the issued share capital of ordinary shares is held by this company. The subsidiary company ceased to trade on 31st March 1989.							
10 Stocks						The company and the Group	
						1997	1996
						£	£
Raw materials and consumables						193,429	162,689
Finished goods and goods for resale						<u>204,633</u>	<u>304,253</u>
						<u>398,062</u>	<u>466,942</u>

The current cost of replacing stocks is not considered to be materially different from the value shown above.

**BRENT SMELTING WORKS LIMITED
AND SUBSIDIARY COMPANY**

NOTES ON ACCOUNTS

31st March 1997

(continued)

11 Debtors	The company		The group	
	1997	1996	1997	1996
	£	£	£	£
Trade debtors	1,903,783	1,499,769	1,903,783	1,499,769
Other debtors	-	55,377	-	55,377
Prepayments and accrued income	<u>20,139</u>	<u>13,047</u>	<u>20,139</u>	<u>13,047</u>
	<u>1,923,922</u>	<u>1,568,193</u>	<u>1,923,922</u>	<u>1,568,193</u>
12 Creditors: amounts falling due within one year				
Amount owed to subsidiary company	171,485	171,485	-	-
Bank loan and overdraft	845,082	406,457	845,082	406,457
Trade creditors	853,307	781,833	853,307	781,833
Taxation	31,300	24,000	31,300	24,000
Other taxes and social security costs	21,499	20,757	21,499	20,757
Other creditors	70,533	450,883	70,533	450,883
Accruals and deferred income	<u>16,075</u>	<u>11,296</u>	<u>16,075</u>	<u>11,296</u>
	<u>2,009,281</u>	<u>1,866,711</u>	<u>1,837,796</u>	<u>1,695,226</u>
The bank overdraft is secured by a charge over the company's freehold property.				
13 Provisions for liabilities and charges	The company and the group			1996
	1997	Profit and loss account		
	£	£		£
Deferred taxation (notes 7 and 14)	<u>51,000</u>	<u>(11,000)</u>		<u>40,000</u>
14 Deferred taxation	The company		The group	
	1997	1996	1997	1996
	£	£	£	£
The potential liability and the provision included in the balance sheet for deferred taxation consists of the following:-				
Short term timing differences	1,200	-	1,200	-
Accelerated capital allowances	<u>49,800</u>	<u>40,000</u>	<u>49,800</u>	<u>40,000</u>
	<u>51,000</u>	<u>40,000</u>	<u>51,000</u>	<u>40,000</u>
15 Called up equity share capital	1997 and 1996			
	Authorised		Allotted, called up and fully paid	
	£		£	
Ordinary shares of £1 each	<u>18,000</u>		<u>18,000</u>	
16 Profit and loss account	The company		The group	
	1997	1996	1997	1996
	£	£	£	£
At 31st March 1996	1,151,892	1,127,213	1,323,341	1,298,662
Retained profit for the year	<u>118,511</u>	<u>24,679</u>	<u>118,511</u>	<u>24,679</u>
At 31st March 1997	<u>1,270,403</u>	<u>1,151,892</u>	<u>1,441,852</u>	<u>1,323,341</u>

**BRENT SMELTING WORKS LIMITED
AND SUBSIDIARY COMPANY**

NOTES ON ACCOUNTS

31st March 1997
(continued)

17 Reconciliation of equity shareholders' funds	The company		The group	
	1997	1996	1997	1996
	£	£	£	£
1st April 1996	1,169,892	1,145,213	1,341,341	1,316,662
Retained profit for the year	<u>118,511</u>	<u>24,679</u>	<u>118,511</u>	<u>24,679</u>
31st March 1997	<u>1,288,403</u>	<u>1,169,892</u>	<u>1,459,852</u>	<u>1,341,341</u>

18 Financial commitments

The company has authorised and contracted capital commitments for plant and machinery of £Nil (1996: £Nil).

19 Notes to the consolidated cash flow statement

i) Reconciliation of operating profit to net cash inflow from operating activities	1997	1996
	£	£
Operating profit	180,799	49,137
Profit on disposals	(25,605)	(19,642)
Depreciation charges	120,721	125,921
Decrease/(increase) in stocks	68,880	(4,888)
(Increase)/decrease in debtors	(355,729)	602,251
(Decrease)/increase in creditors	<u>(304,335)</u>	<u>(377,850)</u>
Net cash (outflow)/inflow from operating activities	<u>(315,269)</u>	<u>374,929</u>

ii) Analysis of changes in cash and cash equivalents during the year

Balance at 31st March 1996	(405,355)	(472,311)
Net cash (outflow)/inflow	<u>(438,837)</u>	<u>66,956</u>
Balance at 31st March 1997	<u>(844,192)</u>	<u>(405,355)</u>

iii) Analysis of balances of cash and cash equivalents as shown in the balance sheet

				Change in year	
	1997	1996	1995	1997	1996
	£	£	£	£	£
Cash at bank and in hand	870	1,102	3,304	(232)	(2,202)
Bank overdraft	<u>(845,062)</u>	<u>(406,457)</u>	<u>(475,615)</u>	<u>(438,605)</u>	<u>69,158</u>
	<u>(844,192)</u>	<u>(405,355)</u>	<u>(472,311)</u>	<u>(438,837)</u>	<u>66,956</u>

20 Related party transactions

Included in other creditors is a loan of £50,000 to the company from D H Barker, the Chairman who is also a shareholder in the company. Interest paid to D H Barker on this balance is disclosed in Note 4.

BRENT SMELTING WORKS LIMITED
TRADING AND PROFIT AND LOSS ACCOUNT
for the year ended 31st March 1997

	1997	1996
	£	£
Sales	6,922,657	8,216,763
Stock at 1st April 1996	466,942	462,054
Purchases	<u>5,472,666</u>	<u>6,628,069</u>
	5,939,608	7,090,123
Less: Stock at 31st March 1997	<u>(381,599)</u>	<u>(466,942)</u>
	5,558,009	6,623,181
Wages and national insurance	154,186	133,479
Furnace operating expenses	<u>376,487</u>	<u>330,187</u>
	<u>(6,088,682)</u>	<u>(7,086,847)</u>
Gross profit	833,975	1,129,916
Other operating income	21,000	500
Interest received	(70)	(796)
Advertising	1,423	-
Directors' remuneration	204,000	551,000
Salaries	78,371	122,070
Rates	28,641	28,173
Printing, postage and stationery	1,230	1,546
Light, heat and power	22,482	26,922
Telephone	5,191	5,234
Repairs and maintenance	33,786	41,734
Repairs to property	4,500	1,726
Motor car and lorry expenses	17,462	14,381
Haulage and shipping	51,820	54,535
Entertaining	6,934	11,713
Pension contributions	10,000	3,250
Health insurance	3,513	2,253
Insurance	11,461	11,166
Packing	9,677	18,485
General expenses	18,986	26,209
Legal and professional	5,543	3,688
Audit and accountancy	14,680	14,075
Computer expenses	1,719	1,083
Depreciation	120,721	125,921
Profit on sale of fixed assets	(25,605)	(19,642)
Bank charges and interest	20,208	9,832
Interest on director's loan account	4,000	4,000
Sponsorship	10,000	10,350
Security	24,644	19,455
Bad debts written off	8,445	2,268
Plant hire	<u>402</u>	<u>-</u>
	<u>(694,164)</u>	<u>(1,090,631)</u>
Net profit for the year before taxation	160,811	39,785
Taxation charge	<u>(42,300)</u>	<u>(15,106)</u>
Net profit for the year after taxation	<u>118,511</u>	<u>24,679</u>