

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**ANNUAL REPORT**  
**YEAR ENDED 31 DECEMBER 1998**



**ROBERT FLETCHER (GREENFIELD) LIMITED**

**ANNUAL REPORT**

**YEAR ENDED 31 DECEMBER 1998**

**PANNELL KERR FORSTER**

Chartered Accountants

# **ROBERT FLETCHER (GREENFIELD) LIMITED**

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**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**DIRECTORS' REPORT**  
**YEAR ENDED 31 DECEMBER 1998**

The directors submit their report and the financial statements for the year ended 31 December 1998.

**Results and dividends**

The loss for the year, after taxation, amounted to £(969,744) (1997 - £1,147,883 profit).

The directors do not recommend the payment of a dividend.

**Principal activity and review of business**

The principal activity of the company during the year was the manufacture of cigarette paper.

The results for 1998 were disappointing due to the high value of sterling and difficulties in the Asian markets.

During the year the Company's subsidiary, Robert Fletcher & Son Limited, continued its investment and development with a joint venture company in China.

**Directors**

The directors who served during the year were:

J E Philpotts

B E Wild

N G D Robertson

D J H Robertson

S Todd (appointed September 1998)

None of the directors have any interest in the share capital of the company or any other body corporate in the group.

**Political and charitable contributions**

During the year, the company made charitable donations of £471 (1997 : £1085.)

**Employee involvement and employment of disabled persons**

The directors give special attention to the health and safety of their employees and endeavour to ensure that as far as possible the training, career development and promotion of disabled persons is the same as other employees. Should employees become disabled while employed every effort is made to ensure that their employment continues and appropriate retraining is received.

Regular meetings with employees representatives are held to inform them of the development of the business.

**Research and Development**

The company has maintained its commitment in the area of research and development. Continuity of investment in this area is essential for the company to retain a competitive position in the market.

**ROBERT FLETCHER (GREENFIELD) LIMITED**

**DIRECTORS' REPORT (continued)**

**YEAR ENDED 31 DECEMBER 1998**

**Year 2000**

The directors have considered the potential impact and extent of year 2000 issues on the business and operations and are of the opinion that these will not have a material effect on the ability of the company to continue as a going concern.

**Auditors**

The auditors, Pannell Kerr Forster, are deemed to be reappointed in accordance with section 386 of the Companies Act 1985 by virtue of an elective resolution passed by the members.

By order of the board

  
**M M Secretariat Limited**

Secretary

18 June 1999

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**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 of the profit or loss of the company 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 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.

**AUDITORS' REPORT TO THE SHAREHOLDERS OF  
ROBERT FLETCHER (GREENFIELD) LIMITED**

We have audited the financial statements on pages 5 to 18 which have been prepared under the accounting policies set out on page 8 to 9.

**Respective responsibilities of directors and auditors**

As described on page 3 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. 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 as at 31 December 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**PANNELL KERR FORSTER**  
Chartered Accountants  
Registered Auditors

Nottingham  
21 June 1999

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**PROFIT AND LOSS ACCOUNT**  
**YEAR ENDED 31 DECEMBER 1998**

|   | Notes    | 1998<br>£          | 1997<br>£    |
|---|----------|--------------------|--------------|
| <b>TURNOVER</b>   | <b>2</b> | <b>13,147,197</b>  | 16,952,534   |
| Cost of sales   |          | (11,780,082)       | (13,042,657) |
| <b>GROSS PROFIT</b>   |          | <b>1,367,115</b>   | 3,909,877    |
| Distribution costs  |          | (850,152)          | (979,073)    |
| Administrative expenses   |          | (1,374,003)        | (1,174,263)  |
| <b>OPERATING (LOSS)/PROFIT</b>                                  | <b>3</b> | <b>(857,040)</b>   | 1,756,541    |
| Interest receivable and similar items                           | <b>6</b> | <b>13,973</b>      | 222,291      |
| Interest payable and similar items                              | <b>7</b> | <b>(524,617)</b>   | (358,962)    |
| <b>(LOSS)/PROFIT ON ORDINARY ACTIVITIES<br/>BEFORE TAXATION</b> |          | <b>(1,367,684)</b> | 1,619,870    |
| <b>TAXATION</b>   | <b>8</b> | <b>397,940</b>     | (471,987)    |
| <b>(LOSS)/PROFIT FOR THE FINANCIAL YEAR</b>                     |          | <b>(969,744)</b>   | 1,147,883    |
| <b>DIVIDENDS</b>  | <b>9</b> | -                  | (600,000)    |
|   |          | <b>(969,744)</b>   | 547,883      |

All amounts relate to continuing operations.

There was no material difference between the reported result and the result calculated on an unmodified historical cost basis.



**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**YEAR ENDED 31 DECEMBER 1998**

|   | 1998<br>£                 | 1997<br>£               |
|---|---------------------------|-------------------------|
| (Loss)/profit for the financial year                          | (969,744)                 | 1,147,883               |
| Unrealised deficit on revaluation of properties               | (2,280,830)               | -                       |
| <b>Total recognised gains and losses relating to the year</b> | <u><u>(3,250,574)</u></u> | <u><u>1,147,883</u></u> |

# ROBERT FLETCHER (GREENFIELD) LIMITED

## BALANCE SHEET 31 DECEMBER 1998

|  | Notes | 1998<br>£               | 1997<br>£               |
|--|-------|-------------------------|-------------------------|
| <b>FIXED ASSETS</b>  |       |                         |                         |
| Tangible   | 10    | 7,688,929               | 9,878,730               |
| Investments  | 11    | 100                     | 100                     |
|  |       | <u>7,689,029</u>        | <u>9,878,830</u>        |
| <b>CURRENT ASSETS</b>  |       |                         |                         |
| Stocks   | 12    | 1,582,386               | 1,920,349               |
| Debtors  | 13    | 7,378,213               | 8,054,091               |
| Cash at bank and in hand                                       |       | 69,054                  | 15,200                  |
|  |       | <u>9,029,653</u>        | <u>9,989,640</u>        |
| <b>CREDITORS: amounts falling due within one year</b>          | 14    | (4,487,879)             | (7,138,427)             |
| <b>NET CURRENT ASSETS</b>                                      |       | <u>4,541,774</u>        | <u>2,851,213</u>        |
| <b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>                   |       | <u>12,230,803</u>       | <u>12,730,043</u>       |
| <b>CREDITORS: amounts falling due after more than one year</b> | 15    | (5,628,501)             | (3,035,344)             |
| <b>PROVISIONS FOR LIABILITIES AND CHARGES</b>                  | 18    | (803,634)               | (645,457)               |
| <b>NET ASSETS</b>  |       | <u><u>5,798,668</u></u> | <u><u>9,049,242</u></u> |
| <b>CAPITAL AND RESERVES</b>                                    |       |                         |                         |
| Called up share capital  | 19    | 2,500,000               | 2,500,000               |
| Revaluation reserve  |       | 1,901,902               | 4,182,732               |
| Profit and loss account  | 20    | 1,396,766               | 2,366,510               |
| <b>SHAREHOLDERS' FUNDS</b>                                     | 21    | <u><u>5,798,668</u></u> | <u><u>9,049,242</u></u> |

The financial statements were approved by the board on 18 June 1999

Signed on behalf of the board of directors

N G D Robertson

Director



# ROBERT FLETCHER (GREENFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1998

### 1 ACCOUNTING POLICIES

#### (a) Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention as modified by the revaluation of (enter description of revalued assets here), and in accordance with applicable accounting standards

The company is itself a subsidiary company and is exempt from the requirement to prepare group accounts by virtue of section 228 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

#### (b) Turnover

Turnover comprises the value of work done and invoiced during the year, net of value added tax.

#### (c) 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 and equipment | 4 % to 20% |
| Motor vehicles      | 25 %       |

No depreciation is charged on freehold properties as it is the company's policy to maintain these properties in good condition to prolong their useful lives and in the opinion of the directors such charge would be immaterial. Company properties are subject to periodic revaluation by qualified surveyors and valuers.

#### (d) Finance and operating leases

Assets acquired under finance leases or hire purchase are treated as tangible fixed assets and depreciation is provided accordingly. The present value of future rentals is shown as a liability and the interest element of rental obligations is charged to the profit and loss account over the period of the lease in proportion to the capital balance outstanding.

Operating lease rentals are charged in the profit and loss account on a straight line basis over the lease term.

#### (e) Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. Cost is determined on a first in first out basis, and includes all direct costs incurred and attributable production overheads. Net realisable value is based on estimated selling price allowing for all further costs of completion and disposal.

#### (f) Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to profit over the expected useful lives of the relevant assets by equal annual instalments. Revenue grants are released to profit over the life of the project to which they relate.

# ROBERT FLETCHER (GREENFIELD) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED 31 DECEMBER 1998

**(g) Foreign currencies**

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate ruling on the date of the transaction. Exchange differences are taken into account in arriving at the operating profit.

**(h) Deferred taxation**

Provision is made for deferred tax using the liability method to the extent that it is probable that a liability will crystallise.

**(i) Pensions**

The company participates in a group contributory defined benefit pension scheme which is externally funded and covers all eligible staff employees. The scheme funds are administered by trustees and are independent of the company's finances. The scheme is fully funded and contributions are paid to the scheme in accordance with the recommendations of independent actuaries. The company's contributions are based on pension costs across the group and are charged against profits in the year in which contributions are made. Particulars of the actuarial valuation of the group scheme are given in the financial statements of Melton Medes Limited.

**(j) Research and development**

Expenditure on research and development is charged to the profit and loss account in the year in which it is incurred.

## 2 TURNOVER

Turnover is attributable to one class of business.

Turnover is analysed by geographical market as follows:

|                | 1998              | 1997              |
|----------------|-------------------|-------------------|
|                | £                 | £                 |
| United Kingdom | 6,606,251         | 7,502,034         |
| European Union | 240,156           | 709,662           |
| Other          | 6,300,790         | 8,740,838         |
| Total          | <u>13,147,197</u> | <u>16,952,534</u> |

**ROBERT FLETCHER (GREENFIELD) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 1998****3 OPERATING PROFIT**

The operating profit is stated after charging:

|   | 1998<br>£ | 1997<br>£ |
|---|-----------|-----------|
| Depreciation of tangible fixed assets:                |           |           |
| - owned by the company                                | 282,565   | 283,552   |
| - held under finance lease or hire purchase contracts | 45,899    | 35,981    |
| Audit fees  | 9,310     | 9,310     |
| Auditors' remuneration - non-audit services           | 2,000     | 2,000     |
| Operating lease rentals:                              |           |           |
| - plant & machinery                                   | 4,117     | 3,613     |
| - other   | 5,253     | 2,626     |
| Amortisation of Government grants                     | (10,000)  | (10,000)  |
| Research and development costs                        | 13,796    | 51,922    |
| Group service charge                                  | 444,000   | 444,000   |
| (Profit)/loss on exchange of foreign currency         | 53,453    | (9,859)   |
| Exceptional item:                                     |           |           |
| Redundancy costs                                      | 117,000   | -         |

**4 DIRECTORS' EMOLUMENTS AND BENEFITS**

|                       | 1998<br>£ | 1997<br>£ |
|-----------------------|-----------|-----------|
| Directors' emoluments | 156,283   | 131,179   |

The numbers of directors who were members of company pension schemes were:

|                         | No | No |
|-------------------------|----|----|
| Defined benefit schemes | 4  | 4  |

**ROBERT FLETCHER (GREENFIELD) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****YEAR ENDED 31 DECEMBER 1998****5 STAFF COSTS**

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

|                       | 1998             | 1997             |
|-----------------------|------------------|------------------|
|                       | £                | £                |
| Wages and salaries    | 4,164,606        | 4,540,754        |
| Social security costs | 351,590          | 373,535          |
|                       | <u>4,516,196</u> | <u>4,914,289</u> |

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

|                               | No.        | No.        |
|-------------------------------|------------|------------|
| Manufacturing and production  | 222        | 229        |
| Sales and distribution        | 9          | 8          |
| Administration and management | 29         | 30         |
|                               | <u>260</u> | <u>267</u> |

**Pension costs**

The company operates a pension scheme for the majority of its employees.

The scheme is of the defined benefit type and an actuarial valuation of the fund is carried out triennially by the fund's external consulting actuaries to establish contribution rates. The latest actuarial valuation of the scheme was at 1 July 1997 using the attained age method.

The principal actuarial assumptions made are an investment rate of return of 8.5% per annum and an increase in pensionable salaries of 6.5% per annum compound.

The pension cost for the year of £nil (1997 : £Nil) has been assessed after allowing for the amortisation of past service surpluses which are being amortised over the expected working lifetime of the members.

The total market value of the assets of the scheme at the valuation date was £32.5m the actuarial value of those assets represented 107% of the value of the benefits which had accrued to members, after allowing for expected future increases in salaries to retirement or early withdrawal or death.

**6 INTEREST RECEIVABLE AND SIMILAR ITEMS**

|  | 1998          | 1997           |
|--|---------------|----------------|
|  | £             | £              |
| Interest receivable from group companies | <u>13,973</u> | <u>222,291</u> |

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**7 INTEREST PAYABLE AND SIMILAR ITEMS**

|  | 1998           | 1997           |
|--|----------------|----------------|
|  | £              | £              |
| Bank loans and overdrafts  | 429,547        | 155,538        |
| Other loans  | -              | 167,732        |
| Interest payable to group companies                                | 69,492         | 23,710         |
| Finance charges under finance lease<br>and hire purchase contracts | 25,578         | 11,982         |
|  | <u>524,617</u> | <u>358,962</u> |

**8 TAXATION**

|  | 1998             | 1997           |
|--|------------------|----------------|
|  | £                | £              |
| <b>Current year taxation</b>           |                  |                |
| UK corporation tax at 31% (1997 - 33%) | (439,117)        | 511,620        |
| Transfer to/(from) deferred taxation   | 41,177           | (39,633)       |
|  | <u>(397,940)</u> | <u>471,987</u> |

**9 DIVIDENDS**

|                        | 1998     | 1997           |
|------------------------|----------|----------------|
|                        | £        | £              |
| <b>Ordinary shares</b> |          |                |
| Final proposed         | -        | 600,000        |
|                        | <u>-</u> | <u>600,000</u> |

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**10 TANGIBLE FIXED ASSETS**

|                          | Freehold<br>property<br>£ | Plant,<br>equipment<br>and Motor<br>vehicles<br>£ | Total<br>£  |
|--------------------------|---------------------------|---|-------------|
| <b>Cost or valuation</b> |                           |   |             |
| At 1 January 1998        | 5,355,830                 | 7,214,478   | 12,570,308  |
| Additions                | -                         | 419,493   | 419,493     |
| Disposals                | -                         | (84,066)  | (84,066)    |
| Revaluations             | (2,280,830)               | -   | (2,280,830) |
|                          | <hr/>                     | <hr/>   | <hr/>       |
| At 31 December 1998      | 3,075,000                 | 7,549,905   | 10,624,905  |
|                          | <hr/>                     | <hr/>   | <hr/>       |
| <b>Depreciation</b>      |                           |   |             |
| At 1 January 1998        | -                         | 2,691,578   | 2,691,578   |
| Charge for year          | -                         | 328,464   | 328,464     |
| On disposals             | -                         | (84,066)  | (84,066)    |
|                          | <hr/>                     | <hr/>   | <hr/>       |
| At 31 December 1998      | -                         | 2,935,976   | 2,935,976   |
|                          | <hr/>                     | <hr/>   | <hr/>       |
| <b>Net book amount</b>   |                           |   |             |
| At 31 December 1998      | 3,075,000                 | 4,613,929   | 7,688,929   |
|                          | <hr/>                     | <hr/>   | <hr/>       |
| At 31 December 1997      | 5,355,830                 | 4,522,900   | 9,878,730   |
|                          | <hr/>                     | <hr/>   | <hr/>       |

The net book amounts of plant, equipment and motor vehicles above include **£438,228** (1997 - £221,734) in respect of assets held under finance leases or hire purchase contracts.

The company's freehold property was reviewed by the directors' and has been adjusted to the directors' assessment of estimated realisation price.

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

|                         | 1998<br>£ | 1997<br>£ |
|-------------------------|-----------|-----------|
| Cost                    | 1,624,829 | 1,624,829 |
| Cumulative depreciation | (446,714) | (446,714) |
|                         | <hr/>     | <hr/>     |
| Net book amount         | 1,178,115 | 1,178,115 |
|                         | <hr/>     | <hr/>     |



**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**11 FIXED ASSET INVESTMENTS**

Investments consist of an investment in Robert Fletcher & Son Limited, a wholly owned subsidiary incorporated in the United Kingdom, and comprising a holding of 100% of its issued ordinary capital.

In the directors opinion the aggregate value of the assets of the company is not less than the aggregate of the amounts at which these assets are stated in the ultimate parent company's balance sheet.

**12 STOCKS**

|                  | 1998             | 1997             |
|------------------|------------------|------------------|
|                  | £                | £                |
| Raw materials    | 895,624          | 1,114,160        |
| Work in progress | 169,186          | 77,567           |
| Finished goods   | 517,576          | 728,622          |
|                  | <u>1,582,386</u> | <u>1,920,349</u> |

**13 DEBTORS**

|                                     | 1998             | 1997             |
|-------------------------------------|------------------|------------------|
|                                     | £                | £                |
| <b>Due within one year</b>          |                  |                  |
| Trade debtors                       | 1,458,302        | 1,828,887        |
| Amounts due from group undertakings | 8,628            | 167,550          |
| Other debtors                       | 10,205           | 70,047           |
| Prepayments & accrued income        | 79,204           | 145,685          |
|                                     | <u>1,556,339</u> | <u>2,212,169</u> |
| <b>Due after one year</b>           |                  |                  |
| Amounts due from group undertakings | 3,738,874        | 3,823,922        |
| Pension fund prepayment             | 2,083,000        | 2,018,000        |
|                                     | <u>7,378,213</u> | <u>8,054,091</u> |

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**14 CREDITORS:**

**Amounts falling due within one year**

|  | 1998             | 1997             |
|--|------------------|------------------|
|  | £                | £                |
| Bank loans and overdrafts  | 632,933          | 217,750          |
| Trade creditors  | 1,175,027        | 1,142,509        |
| Amounts owed to group undertakings   | 443,030          | 996,833          |
| Corporation tax  | 15,706           | 511,620          |
| Other tax and social security  | 86,199           | 112,678          |
| Proposed dividends   | -                | 600,000          |
| Net obligations under finance lease and<br>hire purchase contracts (note 17) | 110,961          | 115,586          |
| Other creditors  | 538,793          | 1,887,639        |
| Accruals and deferred income   | 1,485,230        | 1,553,812        |
|  | <u>4,487,879</u> | <u>7,138,427</u> |

Other creditors includes amounts due under a debt factoring finance agreement of £428,672 (1997 : £1,778,908).

Debt factoring finance is secured by a floating charge over the trade debtors of the company.

**15 CREDITORS:**

**Amounts falling due after more than one year**

|  | 1998             | 1997             |
|--|------------------|------------------|
|  | £                | £                |
| Bank loans (note 16)   | 3,810,400        | 1,469,812        |
| Amounts owed to group undertakings   | 1,500,000        | 1,500,000        |
| Net obligations under finance lease and<br>hire purchase contracts (note 17) | 301,851          | 39,282           |
| Other creditors  | 16,250           | 26,250           |
|  | <u>5,628,501</u> | <u>3,035,344</u> |

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**16 LOANS**

Loans fall due for payment as follows:

|                            | 1998<br>£        | 1997<br>£        |
|----------------------------|------------------|------------------|
| <b>Bank loans</b>          |                  |                  |
| Within one year            | 632,933          | 217,750          |
| Between one and two years  | 632,933          | 217,750          |
| Between two and five years | 1,898,800        | 653,250          |
| After more than five years | 1,278,667        | 598,812          |
|                            | <u>4,443,333</u> | <u>1,687,562</u> |

The bank loan is secured by a legal mortgage over the freehold property and a debenture over the company's property assets.

The bank loans are repayable in quarterly installments, and the interest charged is 2% over base rate.

**17 FINANCE LEASES**

Net obligations under finance lease and hire purchase agreements fall due as follows:

|                            | 1998<br>£      | 1997<br>£      |
|----------------------------|----------------|----------------|
| Within one year            | 110,961        | 115,586        |
| Between one and five years | 301,851        | 39,282         |
|                            | <u>412,812</u> | <u>154,868</u> |

Finance lease and hire purchase creditors are secured on the assets concerned.

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**18 PROVISIONS FOR LIABILITIES AND CHARGES**

|                            | Deferred<br>taxation<br>£ | Other<br>provisions<br>£ | Total<br>£     |
|----------------------------|---------------------------|--------------------------|----------------|
| At 1 January 1998          | 612,457                   | 33,000                   | 645,457        |
| Charged to profit and loss | 41,177                    | 117,000                  | 158,177        |
| <b>At 31 December 1998</b> | <b>653,634</b>            | <b>150,000</b>           | <b>803,634</b> |

Deferred tax is analysed as follows:

|                          | Provided       |                | Not provided   |                |
|--------------------------|----------------|----------------|----------------|----------------|
|                          | 1998           | 1997           | 1998           | 1997           |
|                          | £              | £              | £              | £              |
| Capital allowances       | 1,105,610      | 1,097,138      | 363,001        | 357,611        |
| Other timing differences | (417,876)      | (450,581)      | -              | -              |
| Capital Gains            | (34,100)       | (34,100)       | -              | 301,630        |
|                          | <b>653,634</b> | <b>612,457</b> | <b>363,001</b> | <b>659,241</b> |

No provision has been made for the potential capital gain which would arise on the disposal of the property as capital losses are available within the group for relief.

**19 SHARE CAPITAL**

|   | Authorised<br>£ | Allotted, called up and<br>fully paid<br>No. £ |
|---|-----------------|--|
| At 1 January 1998<br>and 31 December 1998 |                 |  |
| Ordinary shares of £1 each                | 2,500,000       | 2,500,000 2,500,000                            |

**20 RESERVES**

|                                |             |
|--------------------------------|-------------|
| <b>Revaluation reserve</b>     | £           |
| At 1 January 1998              | 4,182,732   |
| Revaluation during the year    | (2,280,830) |
| At 31 December 1998            | 1,901,902   |
| <b>Profit and loss account</b> | £           |
| At 1 January 1998              | 2,366,510   |
| Loss for the year              | (969,744)   |
| At 31 December 1998            | 1,396,766   |

**ROBERT FLETCHER (GREENFIELD) LIMITED**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**YEAR ENDED 31 DECEMBER 1998**

**21 SHAREHOLDERS' FUNDS**

|   | 1998             | 1997             |
|---|------------------|------------------|
|   | £                | £                |
| Shareholders' funds at 1 January 1998   | 9,049,242        | 8,501,359        |
| (Loss)/profit for the year              | (969,744)        | 1,147,883        |
| Other recognised gains and losses       | (2,280,830)      | -                |
| Dividends                               | -                | (600,000)        |
| Shareholders' funds at 31 December 1998 | <u>5,798,668</u> | <u>9,049,242</u> |

**22 CAPITAL COMMITMENTS**

At 31 December 1998 the company had entered into contracts for capital expenditure not provided for in these accounts amounting to £NIL (1997 - £412,081).

**23 OTHER COMMITMENTS**

At 31 December 1998 the company had annual commitments under operating leases as follows:

|                      | 1998  | Other | 1997  |
|----------------------|-------|-------|-------|
|                      | £     |       | £     |
| <b>Expiry date:</b>  |       |       |       |
| In more than 5 years | 5,253 |       | 5,253 |

**24 TRANSACTIONS WITH RELATED PARTIES**

The company has taken advantage of the exemptions available under FRS 8 from the disclosures relating to transactions with other group companies.

During the year, the company made purchases on behalf of Minfeng Robert Paper Company Limited, a 51% owned subsidiary undertaking of Robert Fletcher & Son Limited. The total of these transactions amounted to £124,222 (1997: £663,018), all of which were recharged to Minfeng Robert during the year.

**25 PARENT UNDERTAKINGS AND CONTROLLING PARTIES**

The company is controlled by Melton Medes Limited

The parent undertaking of the smallest group for which consolidated accounts are prepared is Melton Medes Group Limited. Consolidated accounts are available from Environment House, 6 Union Road, Nottingham, NG3 1FH.

The parent undertaking of the largest group for which consolidated accounts are prepared is Tournex Plc. Consolidated accounts are available from Environment House, 6 Union Road, Nottingham, NG3 1FH.

In the opinion of the directors the ultimate parent company is Grainwave Developments Limited, incorporated in the Isle of Man.

Grainwave Developments Limited is ultimately controlled by Mr N R Puri.