

Johnson Bros. Coal Factors Limited
Directors' Report and Financial Statements
for the year ended 30 April 1996



761527 (England and Wales)

Johnson Bros. Coal Factors Limited

Company Information

Directors	R A Johnson K Johnson M Johnson V H Johnson M L Johnson
Secretary	R A Johnson
Company Number	761527 (England and Wales)
Registered Office	Furze Bank 34 Hanover Street Swansea SA1 6BA
Auditors	Gerald Thomas & Co Furze Bank 34 Hanover Street Swansea SA1 6BA
Business Address	Abbey Site Neath Abbey Wharf Neath SA10 6BL
Bankers	Barclays Bank plc Pocketts Wharf Swansea SA1 3XL

Johnson Bros. Coal Factors Limited

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Johnson Bros. Coal Factors Limited

Directors' Report for the year ended 30 April 1996

The directors present their report and the financial statements for the year ended 30 April 1996.

Principal Activities and Review of the Business

The company's principal activities during the year were those of coal factors and coal processing operators. The directors consider the state of the company's affairs at the balance sheet date to be satisfactory.

The principal activities of the subsidiary companies are disclosed in note 10 to the financial statements. Quotecast Limited is currently operating its mine on a care and maintenance basis. The directors consider that the state of affairs of Johnson Brothers Coal Traders Limited, at the balance sheet date, to be satisfactory.

Results and Dividends

The results for the year are set out on page 4.

The directors have paid an interim dividend, amounting to £160,000, and they do not recommend payment of a final dividend.

Fixed Assets

The significant changes in fixed assets during the year are disclosed in notes 9 and 10 to the financial statements.

Future Developments

The directors consider that group turnover levels will be maintained in the current year. In line with group policy the directors will continue to review operations in order to maintain and improve efficiency and profitability.

Directors and their Interests

The directors who served during the year and their interests in the company were as stated below.

	Class of share	Number of shares	
		30 April 1996	1 May 1995
R A Johnson	Ordinary shares	125	125
K Johnson	Ordinary shares	125	125
M Johnson	Ordinary shares	125	125
V H Johnson	Ordinary shares	125	125
M L Johnson	Ordinary shares	-	-

Auditors

In accordance with Section 385 of the Companies Act 1985, a resolution proposing that Gerald Thomas & Co be reappointed as auditors of the company will be put to the Annual General Meeting.

Johnson Bros. Coal Factors Limited

Directors' Report for the year ended 30 April 1996 (continued)

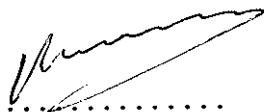
Directors' Responsibilities

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;
- 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.

This report was approved by the Board on *10 February 1997*



.....
R A Johnson
Secretary

Johnson Bros. Coal Factors Limited

Auditors' Report
to the shareholders of Johnson Bros. Coal Factors Limited

We have audited the financial statements on pages 4 to 17 which have been prepared under the historical cost convention and the accounting policies set out on pages 8 and 9.

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 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 the company's affairs as at 30 April 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Gerald Thomas & Co
Gerald Thomas & Co

Chartered Accountants
Registered Auditor

Date: *10. February. 1997.*

Furze Bank
34 Hanover Street
Swansea
SA1 6BA

Johnson Bros. Coal Factors Limited

Profit and Loss Account
for the year ended 30 April 1996

	Notes	1996 £	1995 £
Turnover	2	7,081,222	6,138,439
Cost of sales		(5,707,544)	(5,012,470)
Gross profit		1,373,678	1,125,969
Administrative expenses		(1,087,136)	(771,924)
Other operating income		354	-
Operating profit	3	286,896	354,045
Profit on disposal of fixed assets		14,094	7,999
Profit on ordinary activities before interest		300,990	362,044
Other interest receivable and similar income	4	855	151
Amount written off investments	5	-	(42,499)
Interest payable and similar charges	6	(56,427)	(45,214)
Profit on ordinary activities before taxation		245,418	274,482
Tax on profit on ordinary activities	7	(94,969)	(117,458)
Profit on ordinary activities after taxation		150,449	157,024
Dividends	8	(160,000)	(120,000)
Retained (loss)/profit for the year	18	£ (9,551)	£ 37,024

Continuing operations

None of the company's activities were acquired or discontinued during the above two financial years.

Total recognised gains and losses

The company has no recognised gains or losses other than the profit or loss for the above two financial years.

Johnson Bros. Coal Factors Limited

Balance Sheet as at 30 April 1996

	Notes	1996 £	1995 £
Fixed Assets			
Tangible assets	9	518,498	304,261
Investments	10	6,001	6,001
		<u>524,499</u>	<u>310,262</u>
Current Assets			
Stocks	11	823,349	873,499
Debtors	12	750,480	620,265
		<u>1,573,829</u>	<u>1,493,764</u>
Creditors: amounts falling due within one year	13	(1,514,295)	(1,329,114)
Net Current Assets		<u>59,534</u>	<u>164,650</u>
Total Assets Less Current Liabilities		584,033	474,912
Creditors: amounts falling due after more than one year	14	(116,334)	-
Provision for Liabilities and Charges	15	(17,344)	(15,006)
		<u>£ 450,355</u>	<u>£ 459,906</u>
Capital and Reserves			
Called up share capital	17	500	500
Profit and loss account	18	449,855	459,406
Shareholders' Funds (equity interests)	19	<u>£ 450,355</u>	<u>£ 459,906</u>

The financial statements were approved by the Board on 10 February 1997

.....
Director
R A Johnson

.....
Director
V H Johnson

Johnson Bros. Coal Factors Limited

Cash Flow Statement
for the year ended 30 April 1996

	1996		1995	
	£	£	£	£
Net cash inflow from operating activities		549,232		291,567
Returns on investments and servicing of finance				
Interest received	855		151	
Interest paid	(56,427)		(45,214)	
Dividends paid	(160,000)		(120,000)	
Net cash outflow from returns on investments and servicing of finance		(215,572)		(165,063)
Taxation				
Corporation tax paid (including advance corporation tax)	(114,312)		(53,122)	
Corporation tax repaid	981		-	
Tax paid		(113,331)		(53,122)
Investing activities				
Payments to acquire tangible assets	(40,793)		(4,539)	
Receipts from sales of tangible assets	17,999		8,000	
Net cash in/outflow from investing activities		(22,794)		3,461
Net cash in/outflow before financing		197,535		76,843
Financing				
Capital element of hire purchase contracts	(167,882)		-	
Net cash outflow from financing		(167,882)		-
Increase/(decrease) in cash and cash equivalents		£ 29,653		£ 76,843

Johnson Bros. Coal Factors Limited

Notes to the Cash Flow Statement for the year ended 30 April 1996

1	Reconciliation of operating profit to net cash inflow from operating activities	1996 £	1995 £	
	Operating profit	286,896	354,045	
	Depreciation of tangible assets	150,501	63,149	
	Decrease in stocks	50,150	(45,075)	
	Increase in debtors	(130,215)	146,150	
	Increase in creditors due within one year	191,899	(226,702)	
	Net cash inflow from operating activities	<u>£ 549,232</u>	<u>£ 291,567</u>	
2	Analysis of changes in cash and cash equivalents during the year	1996 £	1995 £	
	Balance at 1 May 1995	(551,076)	(627,919)	
	Net cash in/outflow	29,653	76,843	
	Balance at 30 April 1996	<u>£ (521,423)</u>	<u>£ (551,076)</u>	
3	Analysis of the balances of cash and cash equivalents as shown in the balance sheet	1996 £	1995 £	Change in year £
	Bank overdrafts	(521,423)	(551,076)	29,653
		<u>£ (521,423)</u>	<u>£ (551,076)</u>	<u>£ 29,653</u>
4	Analysis of changes in financing during the year	Share capital £	Loans and finance lease obligations £	
	Balance at 1 May 1995	-	-	
	Cash outflow from financing	-	(167,882)	
	Inception of finance lease contracts	-	402,854	
	Balance at 30 April 1996	<u>£ -</u>	<u>£ 234,972</u>	

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements
for the year ended 30 April 1996

1. Accounting Policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention and include the results of the company's operations as indicated in the directors' report, all of which are continuing.

1.2 Turnover

Turnover represents amounts receivable for goods and services provided in the United Kingdom net of Value Added Tax.

1.3 Tangible fixed assets and depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost less estimated residual value of each asset over its expected useful life, as follows:

Leasehold improvements	-	Over the period of the lease
Plant and machinery	-	20% to 50% Straight line
Fixtures, fittings and equipment	-	10% Straight line
Motor vehicles	-	25% Straight line

1.4 Leasing

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

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible assets and depreciated in accordance with the policy stated above. Obligations under such agreements are included in creditors net of finance charges allocated to future periods. The finance element of the rental payments 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.

1.5 Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.6 Stock

Stock is valued at the lower of cost and net realisable value. Cost comprises all direct expenditure.

1.7 Pensions

The pension costs charged in the financial statements represent the contributions payable by the company during the year in accordance with Statement of Standard Accounting Practice No. 24.

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements for the year ended 30 April 1996

1.8 Deferred taxation

Provision is made for deferred taxation using the liability method to take account of timing differences between the incidence of income and expenditure for taxation and accounting purposes except to the extent that the directors consider that a liability to taxation is unlikely to crystallise.

1.9 Group Accounts

The financial statements present information about the company as an individual undertaking and not about its group. The company and its subsidiary undertakings comprise a medium sized group. The company has taken advantage of the exemption provided by Section 248 of the Companies Act 1985 not to prepare group accounts.

2. Turnover

The total turnover of the company for the year has been derived from its principal activity wholly undertaken in the United Kingdom.

3. Operating Profit

	1996 £	1995 £
Operating profit is stated after charging:		
Depreciation of tangible assets	150,501	63,149
Hire of plant and machinery	42,076	6,151
Operating lease rentals		
- Land and buildings	32,000	25,583
Auditors' remuneration	9,000	10,951
	<u> </u>	<u> </u>

4. Other Interest Receivable and Similar Income

	1996 £	1995 £
Bank interest received	838	151
Other interest received	17	-
	<u> </u>	<u> </u>
	£ 855	£ 151
	<u> </u>	<u> </u>

5. Amounts Written off Investments

	1996 £	1995 £
Amounts written off fixed asset investments:		
Permanent diminution in value	-	42,499
	<u> </u>	<u> </u>

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements
for the year ended 30 April 1996

6.	Interest Payable	1996 £	1995 £
	On bank loans and overdrafts	20,264	36,949
	On other loans wholly repayable within 5 years	18,251	8,265
	Hire purchase interest	17,912	-
		<u>£ 56,427</u>	<u>£ 45,214</u>

7.	Taxation	1996 £	1995 £
	U.K. Current year taxation		
	U.K. Corporation tax at 33% (1995 - 33%)	92,299	113,981
	Transfer to deferred taxation	2,338	4,454
		<u>94,637</u>	<u>118,435</u>
	Prior years		
	U.K. Corporation tax	332	(977)
		<u>£ 94,969</u>	<u>£ 117,458</u>

Group losses of £2,484 (1995: £7,093) have been utilised in arriving at the Corporation Tax charge stated above. This is subject to the agreement of the Inland Revenue.

8.	Dividends	1996 £	1995 £
	Ordinary interim paid 28 April 1996	<u>160,000</u>	<u>120,000</u>

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements
for the year ended 30 April 1996

9. Tangible Assets

	Leasehold improvements (short)	Plant and machinery	Fixtures, fittings & equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
At 1 May 1995	119,198	1,243,251	44,382	45,091	1,451,922
Additions	-	334,000	978	33,665	368,643
Disposals	-	(55,800)	-	(28,538)	(84,338)
At 30 April 1996	<u>119,198</u>	<u>1,521,451</u>	<u>45,360</u>	<u>50,218</u>	<u>1,736,227</u>
Depreciation					
At 1 May 1995	24,722	1,054,756	30,221	37,962	1,147,661
On disposals	-	(55,800)	-	(24,633)	(80,433)
Charge for year	18,895	120,375	2,399	8,832	150,501
At 30 April 1996	<u>43,617</u>	<u>1,119,331</u>	<u>32,620</u>	<u>22,161</u>	<u>1,217,729</u>
Net book values					
At 30 April 1996	<u>£ 75,581</u>	<u>£ 402,120</u>	<u>£ 12,740</u>	<u>£ 28,057</u>	<u>£ 518,498</u>
At 30 April 1995	<u>£ 94,476</u>	<u>£ 188,495</u>	<u>£ 14,161</u>	<u>£ 7,129</u>	<u>£ 304,261</u>

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

	Net book value £	Depreciation charge £
Plant and machinery	<u>328,032</u>	<u>74,818</u>

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements
for the year ended 30 April 1996

10. Fixed Asset Investments	1996 £	1995 £
Subsidiary undertakings	2,001	2,001
Other investments	4,000	4,000
	<u>£ 6,001</u>	<u>£ 6,001</u>
Investment in subsidiary undertakings		Shares £
Cost		
At 1 May 1995 & at 30 April 1996		<u>87,000</u>
Provisions for diminution in value		
At 1 May 1995 & at 30 April 1996		<u>84,999</u>
Net Book Values		
At 30 April 1996		<u>£ 2,001</u>
At 30 April 1995		<u>£ 2,001</u>
In the opinion of the directors the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.		
Other investments		Unlisted £
Cost		
At 1 May 1995 & at 30 April 1996		<u>4,000</u>
Net Book Values		
At 30 April 1996		<u>£ 4,000</u>
At 30 April 1995		<u>£ 4,000</u>

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements for the year ended 30 April 1996

10. Fixed Asset Investments (continued)

Holdings of more than 10%

The company holds more than 10% of the share capital of the following companies:

Company	Country of registration or incorporation	Shares held Class	%
Subsidiary undertakings			
Johnson Brothers Coal Traders Limited	England and Wales	Ordinary	100
Quotecast Limited	England and Wales	Ordinary	100

The aggregate amount of capital and reserves and the results of these undertakings for the last relevant financial year were as follows:

	Capital and reserves	Profit/(loss) for the year
Johnson Brothers Coal Traders Limited	£89,521	£35,053
Quotecast Limited	£(474,015)	£(1,947)

Both subsidiary companies are registered in England and Wales. The principal activity of Quotecast Limited is that of a small mine operator, whilst the principal activity of Johnson Brothers Coal Traders Limited is that of a coal trader.

The financial statements of Quotecast Limited include disclosures in respect of the subsidiary company's ability to continue as a going concern, which is dependent upon the support of the holding company. The audit report draws attention to these disclosures, but is not qualified in this respect.

11. Stocks	1996 £	1995 £
Raw materials and consumables	<u>823,349</u>	<u>873,499</u>
12. Debtors	1996 £	1995 £
Trade debtors	279,893	336,130
Amounts owed by group undertakings	430,318	249,792
Other debtors	-	1,102
Prepayments and accrued income	<u>40,269</u>	<u>33,241</u>
	<u>£ 750,480</u>	<u>£ 620,265</u>

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements
for the year ended 30 April 1996

13. Creditors: amounts falling due within one year	1996 £	1995 £
Bank loans and overdrafts (secured)	521,423	551,076
Net obligations under finance lease and hire purchase contracts	118,638	-
Trade creditors	285,971	363,786
Corporation tax	92,298	113,000
Other taxes and social security costs	181,406	90,653
Directors' current accounts	241,096	187,073
Other creditors	52,956	526
Accruals and deferred income	20,507	23,000
	<u>£1,514,295</u>	<u>£1,329,114</u>

The company's bank borrowings are secured by a debenture on a bank's standard form, together with an unlimited cross guarantee and debenture between the company, Johnson Brothers Coal Traders Limited, a subsidiary company and Abertawe Transport Limited, a connected company.

14. Creditors: amounts falling due after more than one year	1996 £	1995 £
Net obligations under finance leases and hire purchase contracts		
Repayable within one year	131,424	-
Repayable between one and five years	120,774	-
	<u>252,198</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(17,226)	-
	<u>234,972</u>	<u>-</u>
Included in current liabilities	(118,638)	-
	<u>£ 116,334</u>	<u>£ -</u>

The net obligations are secured on the related assets.

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements for the year ended 30 April 1996

15. Provisions for Liabilities and Charges

Deferred tax is provided at 33% (1995 - 33%) analysed over the following timing differences:

	Fully Provided	
	1996	1995
	£	£
Accelerated capital allowances	17,344	15,006
	<u>£ 17,344</u>	<u>£ 15,006</u>

Movements on the provision for deferred taxation are:

	£
At 1 May 1995	15,006
Transferred from profit and loss account	2,338
	<u>£ 17,344</u>

16. Pension Costs

The company operates defined contribution schemes in respect of certain directors and employees. Pension costs charged of £81,514 (1995: £63,943) represent contributions payable to the scheme in respect of the year. There were no outstanding or prepaid contributions at the balance sheet date.

17. Share Capital

	1996	1995
	£	£
Authorised		
5,000 Ordinary shares of £1 each	<u>5,000</u>	<u>5,000</u>
Allotted, called up and fully paid		
500 Ordinary shares of £1 each	<u>500</u>	<u>500</u>

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements for the year ended 30 April 1996

18.	Profit And Loss Account	1996 £	1995 £
	Retained profits at 1 May 1995	459,406	422,382
	Retained (loss)/profit for the year	(9,551)	37,024
	Retained profits at 30 April 1996	<u>£ 449,855</u>	<u>£ 459,406</u>

19.	Reconciliation of Movements in Shareholders' Funds	1996 £	1995 £
	Profit for the financial year	150,449	157,024
	Dividends	(160,000)	(120,000)
	Net movement in shareholders' funds	(9,551)	37,024
	Opening shareholders' funds	459,906	422,882
	Closing shareholders' funds	<u>£ 450,355</u>	<u>£ 459,906</u>

20. Contingent Liabilities

As disclosed in note 13 the company, together with a subsidiary company and a connected company, has given an unlimited cross guarantee and debenture to the bank. At the balance sheet date, the amounts advanced under this facility totalled £502,715.

21. Financial Commitments

At 30 April 1996 the company had annual commitments under non-cancellable operating leases as follows:

	Land and buildings	
	1996	1995
	£	£
Expiry date:		
Between two and five years	32,000	32,000
	<u>£ 32,000</u>	<u>£ 32,000</u>

22. Capital Commitments

There were no capital commitments contracted for at the balance sheet date.

Johnson Bros. Coal Factors Limited

Notes to the Financial Statements for the year ended 30 April 1996

23. Directors' Emoluments	1996 £	1995 £
Fees	274,166	81,500
Remuneration	277,823	250,742
	<u>£ 551,989</u>	<u>£ 332,242</u>

Fees and other Emoluments disclosed above (excluding pension contributions) include amounts paid to:

The chairman	<u>£ 115,864</u>	<u>£ 65,346</u>
The highest-paid director	<u>£ 116,427</u>	<u>£ 65,688</u>

Directors' emoluments (excluding pension contributions) were in the following ranges:

	Number	Number
£ 5,001 - £ 10,000	1	1
£ 65,001 - £ 70,000	-	4
£115,001 - £120,000	4	-
	<u> </u>	<u> </u>

24. Transactions With Directors

During the year storage charges of £50,000 were paid in respect of coal stored on land owned equally by the directors.

25. Employees

Number of employees

The average weekly number of employees (including directors) during the year was:

	1996 Number	1995 Number
Office and management	9	11
Direct labour	18	18
	<u>27</u>	<u>29</u>

Employment costs

	£	£
Wages and salaries	770,320	542,977
Social security costs	74,113	52,399
Other pension and healthcare costs	87,808	69,238
	<u>£ 932,241</u>	<u>£ 664,614</u>