

Company number: 792690

KEYMER BRICK AND TILE COMPANY LIMITED

STATEMENT OF ACCOUNTS

FOR THE YEAR ENDED

31ST DECEMBER 1996



**SLATER, CHAPMAN & COOKE,
CHARTERED ACCOUNTANTS,
7, ST. JAMES'S SQUARE,
LONDON, SW1Y 7JU.**

KEYMER BRICK AND TILE COMPANY LIMITED

DIRECTORS' REPORT

The directors present their report and statement of accounts for the year ended 31st December 1996.

Principal activities and business review

The group is engaged in the manufacture of hand-made tiles, fittings and terracotta and the supply and repair of agricultural, horticultural and ground care equipment.

The directors are pleased to report that the substantial losses of previous years were overturned in 1996 with the group returning to profitability. The construction industry is at last showing signs of moving out of recession and this, together with the steps taken to strengthen management and improve production, gives the directors renewed confidence in predicting a further increase in profitability for the tile business in 1997.

The agricultural dealership companies have experienced exceptional trading conditions during 1996 and report significantly increased profits. The directors do not believe that these conditions will continue in the forthcoming year but anticipate that the companies will continue to trade profitably.

Results and dividend

	£
Profit on ordinary activities before taxation	415,078
Taxation	<u>119,271</u>
Profit on ordinary activities after taxation transferred to reserves	<u>£295,807</u>

The directors do not propose the payment of a dividend in respect of the year.

Directors and their interests

The directors during the year were as follows:-

P.S. Lord	(Chairman)
C.C. Tobin	(Managing director)
R.F. Gradwell	
C.N. Wilkins	(appointed 18th July 1996)
S. Hirst	(resigned 17th January 1996)


No director had any interests in the shares of group companies during the year.

A partner in the firm of auditors is non-beneficially interested as a joint trustee in the entire issued share capital of the company.

Auditors

The auditors, Slater, Chapman & Cooke, have indicated their willingness to continue in office and a resolution proposing their re-appointment will be considered at the next Annual General Meeting.

BY ORDER OF THE BOARD



G.J. NORRIS
SECRETARY

30th April 1997

**REPORT OF THE AUDITORS TO THE MEMBERS OF
KEYMER BRICK AND TILE COMPANY LIMITED**

We have audited the financial statements on pages 3 to 17 which have been prepared under the historical cost convention as modified by the revaluation of land and buildings and the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

As described on page 7 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 judgments 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 and the group as at 31st December 1996 and of the profit and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

LONDON
30th April 1997

Slater, Chapman & Cooke

SLATER, CHAPMAN & COOKE
Chartered Accountants and
Registered Auditors

KEYMER BRICK AND TILE COMPANY LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED

31ST DECEMBER 1996

	Notes	1996 £	1995 £
TURNOVER	3	17,989,294	16,911,245
Cost of sales		<u>15,073,954</u>	<u>14,679,875</u>
GROSS PROFIT		2,915,340	2,231,370
Administrative expenses	4	<u>2,343,550</u>	<u>2,454,941</u>
OPERATING PROFIT (1995-LOSS)	5	571,790	(223,571)
Exceptional item: Provision against the cost of tangible fixed assets		-	(86,550)
Net interest payable	6	<u>(156,712)</u>	<u>(176,452)</u>
PROFIT (1995-LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	3	415,078	(486,573)
Tax on profit (1995-loss) on ordinary activities	7	<u>119,271</u>	<u>(62,995)</u>
PROFIT (1995-LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION		<u>£295,807</u>	<u>£(423,578)</u>

Movements on reserves are set out on page 14.

CONTINUING OPERATIONS

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

TOTAL RECOGNISED GAINS AND LOSSES

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

NOTE OF HISTORICAL COST PROFIT AND LOSSES	1996 £	1995 £
Reported profit (1995-loss) on ordinary activities before taxation	415,078	(486,573)
Difference between a historical cost depreciation charge and the actual depreciation charge for the year calculated on the revalued amount	<u>20,666</u>	<u>20,666</u>
Historical cost profit (1995-loss) on ordinary activities before taxation	<u>£435,744</u>	<u>£(465,907)</u>
Historical cost profit (1995-loss) for the year after taxation	<u>£316,473</u>	<u>£(402,912)</u>

KEYMER BRICK AND TILE COMPANY LIMITED

CONSOLIDATED BALANCE SHEET AT 31ST DECEMBER 1996

	Notes	£	1996 £	£	1995 £
FIXED ASSETS					
Tangible assets	8		4,288,822		4,440,877
CURRENT ASSETS					
Stocks	9	2,868,519		2,892,931	
Debtors	10	1,442,012		1,627,751	
Cash at bank and in hand		<u>50,325</u>		<u>1,035</u>	
		4,360,856		4,521,717	
CREDITORS: amounts falling due within one year	11	<u>3,511,110</u>		<u>4,413,659</u>	
NET CURRENT ASSETS			<u>849,746</u>		<u>108,058</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,138,568		4,548,935
CREDITORS: amounts falling due after more than one year	12		<u>758,093</u>		<u>464,267</u>
			<u>£4,380,475</u>		<u>£4,084,668</u>
CAPITAL AND RESERVES					
Called up share capital	13		300		300
Revaluation reserve	14		2,420,381		2,441,047
Other reserves	15		64,881		64,881
Profit and loss account	16		<u>1,894,913</u>		<u>1,578,440</u>
SHAREHOLDERS' FUNDS (including non-equity interests)	17		<u>£4,380,475</u>		<u>£4,084,668</u>

Approved by the Board on 30th April 1997


 P.S. LORD
 CHAIRMAN

KEYMER BRICK AND TILE COMPANY LIMITED
COMPANY BALANCE SHEET AT 31ST DECEMBER 1996

	Notes	£	1996 £	1995 £
FIXED ASSETS				
Tangible assets	8		3,703,075	3,747,115
Investment in subsidiary undertakings	18		<u>100</u>	<u>100</u>
			3,703,175	3,747,215
CURRENT ASSETS				
Stocks	9	682,696		753,361
Debtors	10	1,877,084		1,811,838
Cash at bank and in hand		<u>143</u>		<u>398</u>
		2,559,923		2,565,597
CREDITORS: amounts falling due within one year	11	<u>1,262,658</u>		<u>1,937,620</u>
NET CURRENT ASSETS			<u>1,297,265</u>	<u>627,977</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			5,000,440	4,375,192
CREDITORS: amounts falling due after more than one year	12		<u>625,297</u>	<u>295,856</u>
			<u>£4,375,143</u>	<u>£4,079,336</u>
CAPITAL AND RESERVES				
Called up share capital	13		300	300
Revaluation reserve	14		2,420,381	2,441,047
Profit and loss account	16		<u>1,954,462</u>	<u>1,637,989</u>
SHAREHOLDERS' FUNDS (including non-equity interests)	17		<u>£4,375,143</u>	<u>£4,079,336</u>

Approved by the Board on 30th April 1997

P.S.LORD
CHAIRMAN

KEYMER BRICK AND TILE COMPANY LIMITED

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED

31ST DECEMBER 1996

	Notes	£	1996 £	£	1995 £
Net cash inflow from operating activities	24		805,654		566,655
Returns on investments and servicing of finance					
Interest received		2,958		2,037	
Interest paid		(132,602)		(151,324)	
Interest element of finance lease rentals		<u>(27,068)</u>		<u>(22,382)</u>	
Net cash outflow from returns on investments and servicing of finance			(156,712)		(171,669)
Taxation					
Corporation tax recovered (1995-paid)			5,752		(5,752)
Capital expenditure					
Purchase of tangible fixed assets		(262,786)		(430,684)	
Disposal of tangible fixed assets		<u>166,758</u>		<u>90,194</u>	
Net cash outflow from capital expenditure			<u>(96,028)</u>		<u>(340,490)</u>
Net cash inflow before use of liquid resources and financing			558,666		48,744
Management of liquid resources					
Cash placed on short call deposits	25		(49,308)		-
Financing					
Receipts from bank and other loans		800,000		300,000	
Bank and other loans repaid		(666,829)		(150,000)	
Capital element of finance lease rentals		<u>(163,505)</u>		<u>(66,528)</u>	
Net cash outflow (1995-inflow) from financing	25		<u>(30,334)</u>		<u>83,472</u>
Increase in cash	25		<u>£479,024</u>		<u>£132,216</u>

KEYMER BRICK AND TILE COMPANY LIMITED

NOTES FORMING PART OF THE ACCOUNTS

31ST DECEMBER 1996

1. 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 and loss of the company for that period. In preparing those financial statements, the directors are required to:

- (i) select suitable accounting policies and then apply them consistently;
- (ii) make judgments and estimates that are reasonable and prudent;
- (iii) state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- (iv) 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 steps for the prevention and detection of fraud and other irregularities.

2. Accounting policies

- (i) Basis of accounting

The accounts have been prepared on the basis of historical cost as modified by the revaluation of freehold land and buildings and in accordance with applicable accounting standards.

- (ii) Basis of consolidation

The accounts consolidate the results of the company and its subsidiaries and their assets and liabilities at 31st December 1996. The acquisition method of accounting is adopted. The results of companies acquired during the year are included from the date of acquisition.

A separate profit and loss account for the parent company is not presented in accordance with Section 230. Companies Act 1985.

Goodwill is written off to reserves in the year in which it arises. Negative goodwill is credited to other reserves.

- (iii) Turnover

Turnover represents sales less allowances and returns during the year.

- (iv) Depreciation of tangible fixed assets

No depreciation is provided on freehold land. Other assets are depreciated at annual rates estimated to write off each asset evenly over its useful life as follows:-

Freehold buildings	5-10%
Leasehold land and buildings	5-25%
Plant, machinery, fixtures, fittings, tools and equipment	10-25%

KEYMER BRICK AND TILE COMPANY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

2. Accounting policies (continued)

(v) Stocks

Stocks are stated at the lower of cost and net realisable value in the normal course of business. Cost of manufactured goods includes materials, direct labour costs and an allocation of operating overheads.

(vi) Lease and hire purchase agreements

Tangible fixed assets which are acquired under finance leases and hire purchase agreements but provide the group with substantially all the benefits and risks of ownership are capitalised at the original cost to the lessor. Liabilities under finance leases and hire purchase agreements represent outstanding instalments, less interest charges allocated to future periods. Rental payments under operating leases are charged to profit and loss account as incurred. Rentals receivable under operating leases are credited to profit and loss account as received.

(vii) Deferred taxation

Deferred taxation is provided at the rate at which it is expected to be paid on the excess of capital allowances received in advance of the corresponding depreciation charge where it is considered that tax on such excess is payable within the foreseeable future. Provision is not made for the taxation which would become payable should the freehold land and buildings be sold at the value shown in the accounts.

(viii) Pension costs

The group operates defined contribution pension schemes and contributions to the insured pension funds, made in accordance with the advice of the scheme managers, are charged to profit and loss account as incurred.

(ix) Foreign currency

Balances in foreign currencies are translated at the rates of exchange prevailing at the year end and any exchange differences are charged or credited to the profit and loss account.

3. Turnover and profit (1995-loss) on ordinary activities before taxation

The turnover and profit (1995-loss) on ordinary activities before taxation for the group are as follows:-

	Turnover		Profit (loss) before taxation	
	1996	1995	1996	1995
	£	£	£	£
Manufacture of hand-made clay tiles	2,666,795	2,533,384	49,492	(501,864)
Supply and repair of agricultural and horticultural machinery	15,322,499	14,377,861	365,586	101,841
Exceptional provision against the cost of tangible fixed assets	-	-	-	(86,550)
	<u>£17,989,294</u>	<u>£16,911,245</u>	<u>£415,078</u>	<u>£(486,573)</u>

KEYMER BRICK AND TILE COMPANY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

4. Administrative expenses

	1996 £	1995 £
Sales and marketing	824,839	869,240
Finance	73,472	92,536
Administration	<u>1,445,239</u>	<u>1,493,165</u>
	<u>£2,343,550</u>	<u>£2,454,941</u>

5. Operating profit (1995-loss)

	1996 £	1995 £
This is arrived at after charging:-		
Depreciation of tangible fixed assets	456,013	448,822
Auditors' remuneration - audit	31,544	33,915
- non-audit	41,488	33,500
Staff costs (see below)	2,684,125	2,754,164
Property rents	110,613	97,965
Hire of plant and machinery	<u>142,533</u>	<u>97,627</u>
Staff costs comprise:-		
Wages and salaries	2,407,528	2,444,168
Social security costs	211,584	227,529
Pension costs	<u>65,013</u>	<u>82,467</u>
	<u>£2,684,125</u>	<u>£2,754,164</u>

The average weekly number of persons employed was as follows:-

	Number	Number
Operations	90	96
Administration and selling	<u>39</u>	<u>45</u>
	<u>129</u>	<u>141</u>

Directors' emoluments, including pension contributions, was £142,251 (1995-£184,101) and includes £20,000 (1995-£31,667) in respect of services as a director. The directors' remuneration, excluding pension contributions, was as follows:-

	£	£
Chairman	20,000	31,667
Highest paid director	55,281	46,189

The remuneration of the directors fell within the following ranges:

	Number	Number
0 - £5,000	One	Two
£10,001 - £15,000	One	-
£15,001 - £20,000	One	-
£30,001 - £35,000	-	One
£35,001 - £40,000	One	One
£40,001 - £45,000	-	One
£45,001 - £50,000	-	One
£55,001 - £60,000	One	-

KEYMER BRICK AND TILE COMPANY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

6. Net interest payable

	1996 £	1995 £
Interest on bank loans and overdrafts	84,480	114,985
Other short term interest	48,122	41,122
Interest paid under leasing and hire purchase agreements	<u>27,068</u>	<u>22,382</u>
	159,670	178,489
Interest receivable	<u>2,958</u>	<u>2,037</u>
	<u>£156,712</u>	<u>£176,452</u>

7. Taxation

The charge (1995-credit) for taxation shown in the consolidated profit and loss account comprises:-

	1996 £	1995 £
Corporation tax payable at the rate of 33%	119,271	-
Transfer from deferred taxation	-	(63,000)
Prior year adjustment	<u>-</u>	<u>5</u>
	<u>£119,271</u>	<u>£(62,995)</u>

Unutilised taxation reliefs at 31st December 1996 amounted to approximately £480,000 (1995 - £620,000).

KEYMER BRICK AND TILE COMPANY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

8. Tangible fixed assets

Group	Freehold land and buildings £	Short leasehold land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost or valuation:					
At 1st January 1996	3,527,180	96,920	3,024,550	966,162	7,614,812
Additions	21,531	20,665	179,756	201,114	423,066
Disposals	—	(5,066)	(292,085)	(176,291)	(473,442)
At 31st December 1996	<u>3,548,711</u>	<u>112,519</u>	<u>2,912,221</u>	<u>990,985</u>	<u>7,564,436</u>
Depreciation:					
At 1st January 1996	303,901	39,109	2,366,535	464,390	3,173,935
Provided during the year	84,758	8,577	190,087	172,591	456,013
Disposals	—	(1,885)	(262,315)	(90,134)	(354,334)
At 31st December 1996	<u>388,659</u>	<u>45,801</u>	<u>2,294,307</u>	<u>546,847</u>	<u>3,275,614</u>
Net book amounts:					
At 31st December 1996	<u>£3,160,052</u>	<u>£66,718</u>	<u>£ 617,914</u>	<u>£444,138</u>	<u>£4,288,822</u>
At 31st December 1995	<u>£3,223,279</u>	<u>£57,811</u>	<u>£ 658,015</u>	<u>£501,772</u>	<u>£4,440,877</u>

Freehold land and buildings costing £1,401,322 owned by the company are included at a valuation of £3,350,000 at 31st March 1992 on the basis of open market value with vacant possession, with subsequent additions at cost. Freehold land and buildings owned by a subsidiary undertaking at an effective cost to the group of £160,000 were revalued by the directors at 31st December 1994, on the basis of open market value with vacant possession, at £85,000 and this valuation has been incorporated into the accounts.

Freehold land and buildings costing £398,192 (1995-£398,192) and valued at £1,860,000 (1995-£1,860,000) are not depreciated.

Plant and machinery and fixtures, fittings, tools and equipment include assets acquired under finance leases and hire purchase agreements at net book amounts of £332,731 (1995-£330,595) and on which depreciation provided during the year was £72,966 (1995-£77,138).

Included in plant and machinery and fixtures, fittings, tools and equipment are assets costing £227,515 (1995-£292,401) with related accumulated depreciation of £113,348 (1995-£123,537) used in operating leases. Rentals receivable from operating leases during the year amounted to £215,832 (1995-£188,952).

KEYMER BRICK AND TILE COMPANY LIMITED
NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

8. Tangible fixed assets (continued)

Company	Freehold land and buildings £	Plant and machinery £	Fixtures, fittings, tools and equipment £	Total £
Cost or valuation:				
At 1st January 1996	3,442,180	2,904,696	89,977	6,436,853
Additions	21,531	179,756	20,721	222,008
Disposals	<u>-</u>	<u>(218,453)</u>	<u>-</u>	<u>(218,453)</u>
At 31st December 1996	<u>3,463,711</u>	<u>2,865,999</u>	<u>110,698</u>	<u>6,440,408</u>
Depreciation:				
At 1st January 1996	303,901	2,318,267	67,570	2,689,738
Provided during the year	84,758	168,147	13,139	266,044
Disposals	<u>-</u>	<u>(218,449)</u>	<u>-</u>	<u>(218,449)</u>
At 31st December 1996	<u>388,659</u>	<u>2,267,965</u>	<u>80,709</u>	<u>2,737,333</u>
Net book amounts:				
At 31st December 1996	<u>£3,075,052</u>	<u>£ 598,034</u>	<u>£29,989</u>	<u>£3,703,075</u>
At 31st December 1995	<u>£3,138,279</u>	<u>£ 586,429</u>	<u>£22,407</u>	<u>£3,747,115</u>

Freehold land costing £238,192 (1995-£238,192) and valued at £1,775,000 (1995-£1,775,000) is not depreciated.

Plant and machinery includes assets acquired under hire purchase agreements at net book amounts of £120,449 (1995-£57,384) and on which depreciation provided during the year was £23,885 (1994-£11,665).

9. Stocks

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Raw materials and consumables	91,588	113,116	91,588	113,116
Work in progress	152,696	122,690	152,696	122,690
Finished goods and goods for resale	<u>2,624,235</u>	<u>2,657,125</u>	<u>438,412</u>	<u>517,555</u>
	<u>£2,868,519</u>	<u>£2,892,931</u>	<u>£682,696</u>	<u>£753,361</u>

Goods for resale of the group includes stocks of £114,068 (1995-nil) subject to finance leases and hire purchase agreements.

KEYMER BRICK AND TILE COMPANY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

10. Debtors	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Trade debtors	1,160,946	1,315,577	268,073	268,749
Amounts owed by subsidiary undertakings	-	-	1,586,286	1,512,285
Corporation tax recoverable	-	5,752	-	5,752
Group taxation relief recoverable	-	-	-	3,916
Other debtors	62,644	58,229	645	1,234
Prepayments and accrued income	<u>105,585</u>	<u>115,810</u>	<u>22,080</u>	<u>19,902</u>
	1,329,175	1,495,368	1,877,084	1,811,838
Due after more than one year:				
Trade debtors	23,787	30,333	-	-
Prepayments and accrued income	<u>89,050</u>	<u>102,050</u>	-	-
	<u>£1,442,012</u>	<u>£1,627,751</u>	<u>£1,877,084</u>	<u>£1,811,838</u>

11. Creditors: amounts falling due within one year

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Bank loan	140,000	150,000	140,000	150,000
Bank overdrafts	435,466	914,508	524,058	959,812
Loans	650,000	800,000	250,000	400,000
Payments received on account	5,253	22,477	5,253	22,477
Trade creditors	1,487,963	1,864,744	88,070	72,658
Amounts owed to subsidiary undertakings	-	-	5,432	-
Corporation tax	119,273	-	-	-
Other taxation and social security costs	139,073	182,804	102,607	94,484
Leasing and hire purchase liabilities	261,915	135,478	35,887	17,642
Other creditors	31,559	105,194	31,559	105,194
Accruals and deferred income	<u>240,608</u>	<u>238,454</u>	<u>79,792</u>	<u>115,353</u>
	<u>£3,511,110</u>	<u>£4,413,659</u>	<u>£1,262,658</u>	<u>£1,937,620</u>

The bank loan and overdrafts are secured by fixed charges over the book debts of the group and a floating charge over all other assets together with a first charge over the freehold property of the company. A loan of £400,000 is secured by a floating charge over the stocks of a subsidiary undertaking.

12. Creditors: amounts falling due after more than one year

	Group		Company	
	1996	1995	1996	1995
	£	£	£	£
Bank loan	695,671	412,500	695,671	412,500
Payable in less than one year	<u>140,000</u>	<u>150,000</u>	<u>140,000</u>	<u>150,000</u>
	555,671	262,500	555,671	262,500
Leasing and hire purchase liabilities payable in less than five years	<u>202,422</u>	<u>201,767</u>	<u>69,626</u>	<u>33,356</u>
	<u>£758,093</u>	<u>£464,267</u>	<u>£625,297</u>	<u>£295,856</u>

The bank loan is secured as set out in note 11.

KEYMER BRICK AND TILE COMPANY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

13. Called up share capital

1996 and 1995

Authorised, allotted and fully paid:	£
100 ordinary shares of £1 each	100
200 deferred shares of £1 each	<u>200</u>
	<u>£300</u>

The deferred shares have no right to receive any dividend paid by the company, are limited to the return of the capital paid up upon a distribution of the assets of the company and carry no voting rights.

14. Revaluation reserve

Group and Company
£

Balance at 1st January 1996	2,441,047
Transfer to profit and loss account	<u>(20,666)</u>
Balance at 31st December 1996	<u>£2,420,381</u>

15. Other reserves

1996 and 1995

Group:	
Premium less goodwill on acquisition of subsidiary undertakings	<u>£64,881</u>

16. Profit and loss account

Group Company
£ £

Balance at 1st January 1996	1,578,440	1,637,989
Profit for the financial year	295,807	295,807
Transfer from revaluation reserve	<u>20,666</u>	<u>20,666</u>
Balance at 31st December 1996	<u>£1,894,913</u>	<u>£1,954,462</u>

KEYMER BRICK AND TILE COMPANY LIMITED

NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

17. Reconciliation of movement in shareholders' funds

	1996 £	Group 1995 £	1996 £	Company 1995 £
Balance at 1st January 1996	4,084,668	4,508,246	4,079,336	4,508,246
Profit (1995-loss) for the financial year	<u>295,807</u>	<u>(423,578)</u>	<u>295,807</u>	<u>(428,910)</u>
Balance at 31st December 1996	<u>£4,380,475</u>	<u>£4,084,668</u>	<u>£4,375,143</u>	<u>£4,079,336</u>
Shareholders' funds are attributable as follows:-				
Equity shareholders' interests	4,380,275	4,084,468	4,374,943	4,079,136
Non-equity shareholders' interests	<u>200</u>	<u>200</u>	<u>200</u>	<u>200</u>
	<u>£4,380,475</u>	<u>£4,084,668</u>	<u>£4,375,143</u>	<u>£4,079,336</u>

18. Investment in subsidiary undertakings

	1996 and 1995 £
Cost	25,325
Provisions	<u>25,225</u>
Net book amounts	<u>£ 100</u>

The company owns the entire issued share capital of 100 ordinary shares of £1 in Wealden Roof Tile Co. Limited which is dormant.

The company owns 225 ordinary shares of 50p each in Keymer Agricultural Services Limited being 90% of its issued share capital. This company is an intermediate parent company which does not trade in its own right and has the following wholly-owned subsidiaries:

The Burdens Group Limited	- supply and repairs of agricultural and horticultural machinery
Burdens Distribution Limited	- supply and repairs of agricultural machinery
First Tractors Limited	- leasing of agricultural machinery
Golf and Turf Equipment Limited	- supply and repairs of horticultural machinery

19. Capital commitments

At 31st December 1996, the directors had not contracted for any capital expenditure.

20. Contingent liabilities

The company has entered into an unlimited multilateral guarantee in favour of the bank covering the indebtedness of subsidiary undertakings. Subsidiary undertakings had no net borrowing at 31st December 1996.

KEYMER BRICK AND TILE COMPANY LIMITED
NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

21. Operating lease commitments

The group has annual commitments in respect of operating leases as follows:

	Land and buildings		Other	
	1996	1995	1996	1995
	£	£	£	£
Leases expiring:				
Within one year	-	-	23,839	39,598
Within two and five years	-	14,270	51,063	89,547
After more than five years	<u>87,850</u>	<u>87,850</u>	-	<u>2,176</u>
	<u>£87,850</u>	<u>£102,120</u>	<u>£74,902</u>	<u>£131,321</u>

22. Pension scheme

The group participates in contracted out money purchase pension schemes. The charge for the year relating to pension costs amounted to £65,013 (1995-£82,467). There were no material outstanding or prepaid contributions at 31st December 1996.

23. Ultimate controlling party

The ultimate controlling party is a trust of which J.R.F. Lulham and Mrs A.J. Wates are trustees.

24. Reconciliation of operating profit (1995-loss) to net cash flow from operating activities

	1996	1995
	£	£
Operating profit (1995-loss)	571,790	(223,571)
Depreciation	456,013	448,822
Profit on sale of fixed assets	(47,650)	(21,493)
Decrease in stocks	138,480	418,640
Decrease (1995-increase) in debtors	179,987	(225,086)
Decrease (1995-increase) in creditors	<u>(492,966)</u>	<u>169,343</u>
Net cash inflow from operating activities	<u>£805,654</u>	<u>£566,655</u>

KEYMER BRICK AND TILE COMPANY LIMITED
NOTES FORMING PART OF THE ACCOUNTS (CONTINUED)

31ST DECEMBER 1996

25. Analysis of changes in net debt

	At 1st January 1996 £	Cash flows £	Other non- cash changes £	At 31st December 1996 £
Cash at bank and in hand	1,035	249,912	-	250,947
Bank overdrafts	(914,508)	<u>229,112</u>	-	(685,396)
		<u>479,024</u>		
Debt due within one year	(950,000)	160,000	-	(790,000)
Debt due after more than one year	(262,500)	(293,171)	-	(555,671)
Finance leases	(337,245)	<u>163,505</u>	(290,598)	(464,338)
		<u>30,334</u>		
Deposits at short call	-	<u>49,308</u>	-	<u>49,308</u>
	<u>£(2,463,218)</u>	<u>£558,666</u>	<u>£(290,598)</u>	<u>£(2,195,150)</u>

26. Major non-cash transactions

During the year the group acquired tangible fixed assets under finance leases at a cost of £160,280 (1995-£183,764) and stock at a cost of £130,318 (1995-nil).