

REGISTRAR

Company No: 1181514

B & D CLAYS AND CHEMICALS LIMITED

REPORT AND ACCOUNTS

30TH JUNE 1996



**PRIDIE BREWSTER
CHARTERED ACCOUNTANTS
29/39 LONDON ROAD
TWICKENHAM
MIDDLESEX
TW1 3SZ**

B & D CLAYS AND CHEMICALS LIMITED

DIRECTORS: J.J.M. TROTTER

J.M. WALKER

SECRETARY: P.M. HARRISON

REGISTERED OFFICE: 10 WANDLE WAY
WILLOW LANE TRADING ESTATE
MITCHAM
SURREY CR4 4TE

AUDITORS: PRIDIE BREWSTER
CHARTERED ACCOUNTANTS
29-39 LONDON ROAD
TWICKENHAM
MIDDLESEX
TW1 3SZ

SUBSIDIARY: PARAGON TRANSPORT LIMITED

COMPANY NUMBER: 1181514

DIRECTORS' REPORT

The directors present their report and audited accounts for the year ended 30th June 1996.

ACTIVITIES

The principal activities of the company during the year were those of importing, supplying and dealing in clays and chemicals.

RESULTS

It is considered that the development of the company and its position at 30th June 1996 are fairly set out in the accompanying accounts.

DIVIDEND

A dividend of 67 pence per share was declared and paid during the year.

FIXED ASSETS

The movements in the fixed assets of the company are set out in the notes to the accounts.

DIRECTORS

The directors who served during the year and their interests in the ordinary shares of the company and subsidiaries, were as follows:-

	Holding Co.		ParagonTransport Ltd		Tradserv Int Ltd	
	1996	1995	1996	1995	1996	1995
J.J.M. TROTTER	15,000	15,000	25	25	NIL	1
J.M. WALKER	NIL	NIL	NIL	NIL	NIL	NIL

DIRECTORS' RESPONSIBILITIES

Company law requires the directors to prepare accounts for each financial year which give a fair view of the state of affairs of the company and of the profit and loss of the period. In preparing those accounts, the directors are required to:

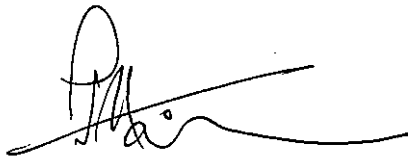
- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

DIRECTORS' REPORT (continued)

The directors are responsible for keeping proper accounting records which disclose with accuracy at any time the financial position of the company and to enable them to ensure accounts comply with the Companies Act 1985, as applicable to small companies. They are also responsible for safeguarding the company and hence for taking reasonable steps for the prevention and detection of irregularities.

AUDITORS

The auditors, Pridie Brewster, Chartered Accountants, are willing to continue in office.

A handwritten signature in black ink, consisting of a large, stylized capital 'P' followed by a series of loops and a long horizontal stroke extending to the right.

**BY ORDER OF THE BOARD
P.M. HARRISON - SECRETARY**

**REPORT OF THE AUDITORS
TO THE MEMBERS OF
B & D CLAYS AND CHEMICALS LIMITED**

We have audited the financial statements on pages 4 to 14 which have been prepared under the historical cost convention and the accounting policies set out on page 6.

Respective responsibilities of directors and auditors

As described in the directors' report, the company's directors are responsible for the preparation of the 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 at 30th June 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985, as applicable to small companies.

In our opinion the company is entitled to the exemption conferred by section 248 of the Companies Act and from the requirement to prepare group accounts for the year ended 30th June 1996.

**29-39 London Road
Twickenham
Middlesex
TW1 3SZ**


**PRIDIE BREWSTER
CHARTERED ACCOUNTANTS
REGISTERED AUDITOR**

Date: 11th March 1997

**PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 30TH JUNE 1996**

	Notes	1996	1995
TURNOVER - Continuing operations	1	2,181,580	2,196,701
Cost of sales		<u>1,853,949</u>	<u>1,844,806</u>
GROSS PROFIT		327,631	351,895
Distribution costs	8,334	18,115	
Administrative expenses	<u>367,254</u>	<u>382,928</u>	
		375,588	401,043
		(47,957)	(49,148)
Profit/(Loss) on dissolution of Subsidiaries	3(b)	4,363	(18,928)
Reserve against Investments	3(c)	(23,115)	(4,000)
Other operating income	11,620	26,620	
Interest receivable and similar income	<u>93,083</u>	<u>108,334</u>	
		104,703	134,954
		37,994	62,878
Interest payable and similar charges		<u>19,813</u>	<u>19,229</u>
Profit on ordinary activities before tax	12	18,181	43,649
Tax on profit on ordinary activities	15	<u>8,634</u>	<u>10,316</u>
PROFIT FOR THE FINANCIAL YEAR		9,547	33,333
Dividends		<u>8,000</u>	<u>32,000</u>
RETAINED PROFIT FOR THE YEAR		1,547	1,333
Retained profits at beginning of year		<u>402,050</u>	<u>400,717</u>
RETAINED PROFITS AT END OF YEAR		<u><u>£403,597</u></u>	<u><u>£402,050</u></u>

All recognised gains and losses are included in the profit and loss account and arise from continuing operations.

BALANCE SHEET
AS AT 30TH JUNE 1996

	Notes	1996	1995
FIXED ASSETS			
Tangible assets	1,2	1,248,558	1,236,870
Investments	3(a)	75	7,624
CURRENT ASSETS			
Stocks	4	193,608	169,779
Debtors	5	354,103	421,411
Cash at bank and in hand		392	53,504
		548,103	644,694
CREDITORS (amounts falling due within one year)	6	1,065,986	1,164,206
Net current liabilities		(517,883)	(519,512)
Total assets less current liabilities		730,750	724,982
CREDITORS (amounts falling due after more than one year)	7	13,384	9,163
		<u>£717,366</u>	<u>£715,819</u>
CAPITAL AND RESERVES			
Called up share capital	9	15,000	15,000
Profit and loss account		403,597	402,050
Revaluation reserve	10	298,769	298,769
		<u>£717,366</u>	<u>£715,819</u>

The accounts were approved by the board of directors on 3rd MARCH 1997

 JAMES JEFFREY MELROSE TROTTER)

) DIRECTORS

 JAMES MORRISON WALKER)

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1996

1. ACCOUNTING POLICIES

The principal accounting policies which are adopted in the preparation of the company's accounts are as follows:-

Turnover

Turnover consists of invoiced sales net of returns and value added tax.

Depreciation

Depreciation has been provided at the following rates, in order to write off the assets over their estimated useful lives:-

Freehold land and buildings	- No depreciation provided
Motor Vehicles	- 25% Straight Line
Computer Equipment	- 33 1/3% Straight Line
Plant and Machinery	- 15% Straight Line
Office Fixtures & Fittings	- 15% Straight Line and 50% Straight Line

No charge to depreciation has been made in respect of freehold land and buildings as the directors are of the opinion that:-

- 1) The site is of a value at least equal to that stated in the accounts.
- 2) The land is the main value in the site. Therefore any depreciation charge in respect of the building would be immaterial.

Stocks and Goods in Transit

Stocks and goods in transit have been valued at the lower of cost and net realisable value.

Foreign Currency Transactions

Foreign currency transactions are translated into Sterling using the exchange rate in operation on the date on which the transaction occurred. Exchange gains or losses arising from settlement of transactions at an exchange rate which differs from that used on the initial recording of a transaction are reflected in the profit and loss account for the year.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1996**

1. ACCOUNTING POLICIES (continued)

Leasing

The company accounts for assets held under finance leases and hire purchase contracts by capitalising the assets at cost and by charging the profit and loss account with depreciation calculated over their estimated useful lives and finance charges calculated on a straight line basis over the primary lease term. The obligations to the lessors are shown in creditors, excluding finance charges relating to future periods.

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

Cashflow Statement

The company is exempt from preparing a cash flow statement under Financial Reporting Standard No.1 because it qualifies as a small company.

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 30TH JUNE 1996

2. TANGIBLE ASSETS

	Freehold Property	Motor Vehicles	Plant & Machinery	Computer Equipment	Fixtures & Fittings	TOTAL
COST OR VALUATION						
At beginning of year	1,200,000	103,623	72,229	30,765	20,067	1,426,684
Additions	-	10,825	23,414	987	-	35,226
Disposals	-	(3,800)	(23,725)	-	(2,345)	(29,870)
At end of year	£1,200,000	£110,648	£71,918	£31,752	£17,722	£1,432,040

DEPRECIATION

At beginning of year	-	79,458	62,894	28,729	18,733	189,814
Charge for year	-	13,399	6,452	1,647	665	22,163
Disposals adjustment	-	(3,800)	(22,350)	-	(2,345)	(28,495)
At end of year	£ -	£89,057	£46,996	£30,376	£17,053	£183,482

NET BOOK VALUE
at 30.6.96

£1,200,000	£21,591	£24,922	£1,376	£669	£1,248,558
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NET BOOK VALUE
at 30.6.95

£1,200,000	£24,165	£9,335	£2,036	£1,334	£1,236,870
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The net book value of fixed assets of £1,248,558 includes an amount of £36,746 in respect of assets held under finance leases and hire purchase contracts (1995 - £22,668).

The freehold property was valued by J. Trotter (director) on the basis of open market value at 30.6.95. The historical cost of the freehold property included in the valuation of £1,200,000 was £901,231.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1996

3. INVESTMENTS

	1996	1995
3(a) Investments in group undertakings.		
Cost of shares at beginning of year	11,624	880,477
Purchase of shares during the year	-	75
Disposal of shares during the year:		
Tradserv International Ltd	(4,999)	-
Gliddon Brothers & Sons Ltd	(6,550)	-
Mitcham Jig & Press Tool Co. Ltd	-	(868,928)
	<u>75</u>	<u>11,624</u>
Reserve - Gliddon Brothers & Sons Ltd	-	(4,000)
Cost of shares at end of year	<u>£75</u>	<u>£7,624</u>
3(b) Profit/(Loss) on dissolution of Subsidiaries:		
Tradserv International Ltd	6,912	-
Gliddon Brothers & Sons Ltd	(2,549)	-
Mitcham Jig & Press Tool Co. Ltd	-	(18,928)
	<u>£4,363</u>	<u>£(18,928)</u>
3(c) Reserve against Investments		
Paragon Transport Ltd - reserve against loan account	(23,115)	-
Gliddon Brothers & Sons Ltd	-	(4,000)
	<u>£(23,115)</u>	<u>£(4,000)</u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1996**

4. STOCKS

	1996	1995
Raw materials and consumables	<u>£193,608</u>	<u>£169,779</u>

5. DEBTORS

	1996	1995
Trade debtors	314,301	355,180
Other debtors	55	-
Amounts owed by group undertakings	-	22,685
Prepayments and accrued income	<u>39,747</u>	<u>43,546</u>
	<u>£354,103</u>	<u>£421,411</u>

6. CREDITORS (amounts falling due within one year)

	1996	1995
Loan - Merchant Investors Assurance Co Ltd	155,000	210,000
Bank loans and overdrafts	157,137	135,878
Trade creditors	435,855	509,451
Amounts owed to group undertakings	-	11,911
Directors current account	108,000	
Other creditors including taxation and social security £63,930 (1995 - £69,354)	91,133	194,075
Accruals and deferred income	<u>118,861</u>	<u>102,891</u>
	<u>£1,065,986</u>	<u>£1,164,206</u>

Bank loans and overdrafts are secured by way of floating charge. The loan from Merchant Investors Assurance Company Limited is secured by a first mortgage on the freehold property.

Other creditors includes £15,965 in respect of payments due on hire purchase and leasing contracts (1995 - £7,485).

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1996**

7. CREDITORS (amounts falling due after more than one year)

	1996	1995
Other creditors - H.P. instalments and obligations under finance leases, falling due within 5 years.	£13,384	£9,163
	<u> </u>	<u> </u>

8. PENSION COSTS

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £7,334.(1995 - £7,241). Contributions totalling £2,118 (1995 - £2,118) were payable to the fund at the year-end and are included in creditors.

9. SHARE CAPITAL

	Authorised 1996 & 1995	Issued and Fully Paid 1996 & 1995
Ordinary shares of £1 each	£15,000	£15,000
	<u> </u>	<u> </u>

A separate statement of the movement in shareholders' funds is not provided as there are no changes for the current or previous year other than the retained profit in the profit and loss account.

10. REVALUATION RESERVE

	1996	1995
At 1.7.95	298,769	-
Surplus on revaluation of property	-	298,769
	<u> </u>	<u> </u>
At 30.6.96	£298,769	£298,769
	<u> </u>	<u> </u>

11. SEGMENT INFORMATION

The directors consider that the company's activities constitute a single class of activity. In the opinion of the directors disclosure of geographical markets would be seriously prejudicial to the interests of the company.

NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1996

12. PROFIT ON ORDINARY ACTIVITIES

	1996	1995
	£	£
This is after charging/(crediting):-		
Depreciation - of owned assets	10,957	10,181
- of assets held under finance leases and H.P. contracts	11,206	10,193
Auditors' remuneration	5,000	5,000
H.P. interest	1,604	1,316
Leasing - Other equipment	-	53
Interest on borrowings repayable within 5 years	18,209	16,776
Loss/(Profit) on foreign currency transactions	(1,226)	3,058
Other interest receivable and similar income	(1,926)	(394)
Rent receivable (gross)	(91,157)	(107,940)
Other operating income	(11,620)	(26,620)
	<u> </u>	<u> </u>

13. EMPLOYEES

The average weekly number of employees, excluding directors, during the year was 11 (1995 - 10).

	1996	1995
The categories of staff were:-		
Administrative	5	6
Production and distribution	6	4
	<u> </u>	<u> </u>
	11	10
	<u> </u>	<u> </u>

The staff costs, excluding directors, were:-

	1996	1995
Salaries	125,098	125,824
Social Security costs (including directors)	17,869	16,793
Other pension costs	7,334	7,241
	<u> </u>	<u> </u>
	£150,301	£149,858
	<u> </u>	<u> </u>

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1996**

14. DIRECTORS' EMOLUMENTS

The aggregate emoluments, including pension contributions and benefits were £55,598 (1995 - £68,843).

The emoluments excluding pension contributions and benefits were:-

	1996	1995
Chairman	£27,000	£24,000

The emoluments, excluding pension contributions, of the remaining directors fell in the following bands:-

	1996 <u>Number</u>	1995 <u>Number</u>
£10,001 - £15,000.	1	-
£15,001 - £20,000	-	1

15. TAXATION

The taxation charge in the profit and loss account is made up as follows:

	1996	1995
Corporation Tax:		
At 25%/24% based on the profit on ordinary activities	4,634	10,316
Adjustment re prior year	4,000	-
	<u>£8,634</u>	<u>£10,316</u>
	1996	1995
Corporation Tax payable based on profit on ordinary activities	4,634	10,316
Corporation Tax payable in respect of previous years	-	440
ACT set-off	<u>(2,000)</u>	<u>(8,000)</u>
	<u>£2,634</u>	<u>£2,756</u>

16. CONTINGENT LIABILITIES AND SECURITY

Lloyds Bank PLC holds an unlimited debenture dated 26.8.87.

Merchant Investors Assurance Company Limited holds a first charge over the company's freehold property.

**NOTES TO THE ACCOUNTS
FOR THE YEAR ENDED 30TH JUNE 1996**

17. GROUP ACCOUNTS

- 1) The subsidiary companies are:

	Location	% held	Class of Shares
Paragon Transport Limited	England	75	Ordinary

Gliddon Brothers & Sons Ltd and Tradserv International Ltd were dissolved during the year.

- 2) The group is exempt from preparing group accounts because it qualifies as a medium group under section 248 of the Companies Act 1985.

- 3) The value of the investment in the shares of the subsidiary under the equity method of accounting at 30th June 1996 was as follows:-

	Share Capital	Share of Post-Acquisition Profit/(Loss)	Total
Paragon Transport Ltd	75	(28,542)	(28,467)

- 4) The aggregate amounts of the subsidiary companies' capital and reserves were as follows:-

	1996	1995
Paragon Transport Ltd		
Share capital	100	100
Profit and loss account	(38,156)	(20,179)
Retained (loss)/profit for the year	(17,977)	(20,179)