

RICHARD WESTERN LIMITED

Company Number: 1296660

FINANCIAL STATEMENTS

For the year ended 30 September 1998



RICHARD WESTERN LIMITED

I N D E X

Page No:

1 & 2	DIRECTORS' REPORT
3	AUDITORS' REPORT
4	PROFIT AND LOSS ACCOUNT
5	NOTE OF HISTORICAL COST PROFITS AND LOSSES
6	BALANCE SHEET
7	CASH FLOW STATEMENT
8 – 16	NOTES TO THE ACCOUNTS
17	DIRECTORS' DETAILED TRADING ACCOUNT

RICHARD WESTERN LIMITED

DIRECTORS' REPORT

The directors have pleasure in submitting their annual financial statements for the year ended 30 September 1998.

RESULTS AND DIVIDENDS

The trading profit for the year, after taxation, amounted to £60,119 (1997: Profit £46,158).

The directors do not recommend the payment of a dividend and therefore this amount has been transferred to reserves.

REVIEW OF THE BUSINESS

The principal activity of the company is that of engineers and trailer manufacturers.

The company operates via a number of agents.

The past efforts to take the company into different markets has started to bear fruit, an increased number of products are going into areas outside agriculture and sales of Green Waste Shredders show a steady increase.

There has again been a decrease in sales in both France and Denmark. The company is still currently investigating the possibilities of partial manufacture in France.

To continue to take the company away from selling in the British agricultural market we are investigating new markets for the company's products overseas.

RESEARCH AND DEVELOPMENT

Research and development has been carried out during the year in order to develop new uses for the company's products. The expenditure in the year amounted to £50,000 (1997: £50,000).

DIRECTORS AND THEIR INTERESTS

The directors at any time during the year were as follows:

R Western
R E Coe
R Benson

The directors' interests in the share capital of the company are shown in Note 23.

RICHARD WESTERN LIMITED

DIRECTORS' REPORT **(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 as at the end of the financial year 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.
- Comply with applicable accounting standards 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 maintaining 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.

YEAR 2000

The directors recognise that systems operating within the company and systems operated by suppliers and other parties with whom the company has a business relationship may fail as a result of problems arising from the date change at the millenium.

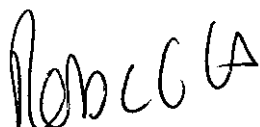
These system failures could potentially result in significant cost to the company if no action is taken.

The directors are currently assessing the risks to the company and taking action to deal with the key risks which are identified.

EURO

The directors consider that the Euro will not have a significant effect on the company.

By order of the board



RE COE
Secretary

20 JUNE 1999

AUDITORS' REPORT
TO THE SHAREHOLDERS OF
RICHARD WESTERN LIMITED

We have audited the financial statements on pages 4 to 16 which have been prepared under the accounting policies set out on page 8.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of 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.

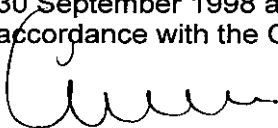
Basis of opinion

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 September 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants
Registered Auditor

Ipswich

14 July 1999

RICHARD WESTERN LIMITED

PROFIT AND LOSS ACCOUNT

For the year ended 30 September 1998

	<u>Note</u>	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
<u>TURNOVER</u>	2	3,860,240	4,525,445
Cost of sales		<u>2,868,863</u>	<u>3,385,061</u>
<u>GROSS PROFIT</u>		<u>991,377</u>	<u>1,140,384</u>
Distribution costs		62,465	84,705
Administrative expenses		<u>741,635</u>	<u>885,762</u>
		<u>804,100</u>	<u>970,467</u>
<u>OPERATING PROFIT</u>	3	187,277	169,917
Interest payable	4	<u>(114,227)</u>	<u>(106,839)</u>
Profit on ordinary activities before taxation		73,050	63,078
Taxation on profit on ordinary activities	7	<u>12,931</u>	<u>16,920</u>
<u>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</u>	16	<u>60,119</u>	<u>46,158</u>

The company's turnover and expenses all relate to continuing activities.

The company has no recognised gains or losses other than the profit for the year.

The notes on pages 8 to 16 form part of these financial statements.

RICHARD WESTERN LIMITED

NOTE OF HISTORICAL COST PROFITS AND LOSSES

For the year ended 30 September 1998

	<u>1998</u> £	<u>1997</u> £
Retained profit on ordinary activities before taxation	73,050	63,078
Additional depreciation on revalued amount	<u>1,830</u>	<u>2,657</u>
Historical cost profit on ordinary activities before taxation	<u>74,880</u>	<u>65,735</u>
Historical cost profit for the year retained after taxation	<u>61,949</u>	<u>48,815</u>

The notes on pages 8 to 16 form part of these financial statements.

RICHARD WESTERN LIMITED

BALANCE SHEET

At 30 September 1998

	<u>Note</u>	<u>1998</u> £	<u>1997</u> £
<u>FIXED ASSETS</u>			
Tangible assets	8	590,657	584,136
Investments	9	22,637	-
		<u>613,294</u>	<u>584,136</u>
<u>CURRENT ASSETS</u>			
Stocks	10	813,953	900,671
Debtors	11	1,165,063	1,078,461
Cash in hand		6,823	42,441
		<u>1,985,839</u>	<u>2,021,573</u>
<u>CREDITORS: amounts falling due within one year</u>	12	<u>1,906,633</u>	<u>1,941,450</u>
<u>NET CURRENT ASSETS</u>		<u>79,206</u>	<u>80,123</u>
<u>TOTAL ASSETS LESS CURRENT LIABILITIES</u>		<u>692,500</u>	<u>664,259</u>
<u>CREDITORS: amounts falling due after more than one year</u>	13	<u>303,751</u>	<u>335,629</u>
		<u>388,749</u>	<u>328,630</u>
<u>CAPITAL AND RESERVES</u>			
Called up share capital	15	1,000	1,000
Revaluation reserve	16	25,796	27,626
Profit and loss account	16	361,953	300,004
<u>SHAREHOLDERS' FUNDS</u>	16	<u>388,749</u>	<u>328,630</u>

Shareholders funds relate wholly to equity interests.



)
) Directors
)

Approved by the board on 20 June 1999

The notes on pages 8 to 16 form part of these financial statements.

RICHARD WESTERN LIMITED

CASH FLOW STATEMENT

For the year ended 30 September 1998

	<u>Notes</u>	<u>1998</u> £	<u>1997</u> £
Net cash inflow from operating activities	17	294,378	377,260
<u>Returns on investments and servicing of finance</u>	18	(114,137)	(106,864)
<u>Taxation</u>		(16,608)	(12,545)
<u>Capital expenditure</u>	18	(38,105)	(27,090)
<u>Financing</u>	18	(169,198)	(96,275)
(Decrease)/Increase in cash	19,20	<u>(43,670)</u>	<u>134,486</u>

The notes on pages 8 to 16 form part of these financial statements.

RICHARD WESTERN LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 September 1998

1. ACCOUNTING POLICIES

Basis of Accounting

The company's financial statements have been prepared in accordance with applicable accounting standards on the historical cost basis, as modified by the revaluation of certain fixed assets.

Depreciation

Tangible fixed assets are depreciated at rates calculated to write off their cost or valuation over their anticipated useful lives in the company's business as follows:-

Machinery, equipment and vehicles	- 25% on written down value
Tenant's expenditure on short leasehold property	- over the lease term

Stock

Stocks of raw materials are valued at the lower of cost and net realisable value. Stocks of finished goods are valued at the lower of cost plus attributable overheads and net realisable value.

Work in progress

Work in progress is valued at cost plus attributable overheads.

Deferred taxation

Deferred taxation is provided on the liability method on all short term timing differences at the rate of tax expected to apply when the timing differences reverse. Provision is also made for long term timing differences, except for those which are not expected to reverse in the future.

Hire purchase and finance lease commitments

Assets obtained under hire purchase and finance lease contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the agreements is charged to the profit and loss account over the period of the agreements on a straight line basis.

Operating lease commitments

Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the term of the lease.

Foreign currencies

Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the profit and loss account.

Pension commitments

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 charge is based on amounts paid.

Research and development

Research and development expenditure is written off in the year when incurred.

RICHARD WESTERN LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 September 1998
(Continued)

2. TURNOVER

Turnover represents the net sale of goods, excluding value added tax and is attributable to the principal activity of the company. All turnover originates in the UK. A geographical analysis of turnover by destination is as follows:-

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
United Kingdom	3,323,728	3,908,819
Europe	198,364	534,978
Africa	279,260	49,570
Middle East	48,190	15,750
West Indies	10,698	16,328
	<u>3,860,240</u>	<u>4,525,445</u>

The directors do not consider it practical to segregate the year's result according to geographical segment.

3. OPERATING PROFIT

The operating profit is stated after charging:

Directors' remuneration including pension contributions	73,713	74,686
Auditors' remuneration	7,775	7,500
Depreciation - owned assets	41,511	51,570
- assets held under hire purchase and finance lease contracts	47,210	39,198
Amortisation of leasehold property	10,020	10,020
Loss on sale of fixed assets	256	685
Equipment hire	18,186	19,090
Research and development expenditure	<u>50,000</u>	<u>50,000</u>

4. INTEREST PAYABLE

Repayable by instalments:

Bank loan	25,238	24,120
Finance leases and hire purchase contracts	20,088	17,373

Repayable other than by instalments:

Bank overdraft	16,293	12,310
Other loans	<u>52,608</u>	<u>53,036</u>
	<u>114,227</u>	<u>106,839</u>

RICHARD WESTERN LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 September 1998
(Continued)

5. STAFF COSTS

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Wages and salaries	889,134	1,038,993
Social security costs	96,031	99,999
Other pension costs	5,834	7,162
	<u>990,999</u>	<u>1,146,154</u>

The average number of persons, including directors, employed by the company during the year was:

	<u>No.</u>	<u>No.</u>
Distribution	2	3
Selling and marketing	2	3
Administration	10	11
Production	48	54
	<u>62</u>	<u>71</u>

6. DIRECTORS

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
Emoluments of directors of the company were as follows:		
Management remuneration and benefits	67,879	67,524
Pension contributions	5,834	7,162
	<u>73,713</u>	<u>74,686</u>

During the year 2 directors (1997: 2) accrued benefits under money purchase pension schemes.

No right to subscribe shares in the company was granted to or exercised by the directors during the year.

7. TAXATION

Based on the profit for the year

Corporation tax at 21% (1997: 21%)	<u>12,931</u>	<u>16,920</u>
------------------------------------	---------------	---------------

RICHARD WESTERN LIMITED**NOTES TO THE ACCOUNTS****For the year ended 30 September 1998****(Continued)****8. TANGIBLE FIXED ASSETS**

	Freehold land £	Machinery equipment & vehicles £	Tenant's Expenditure on short Leasehold Property £	Total £
<u>Cost or valuation</u>				
As at 1 October 1997	17,500	1,101,902	295,561	1,414,963
Additions	-	117,517	-	117,517
Disposals	-	(24,374)	-	(24,374)
As at 30 September 1998	17,500	1,195,045	295,561	1,508,106
<u>Comprising</u>				
Cost	17,500	1,195,045	85,561	1,298,106
Valuation	-	-	210,000	210,000
	17,500	1,195,045	295,561	1,508,106
<u>Depreciation</u>				
As at 1 October 1997	-	780,472	50,355	830,827
Charge	-	88,721	10,020	98,741
On disposals	-	(12,119)	-	(12,119)
As at 30 September 1998	-	857,074	60,375	917,449
<u>Net Book Value</u>				
At 30 September 1998	17,500	337,971	235,186	590,657
At 30 September 1997	17,500	321,430	245,206	584,136

Included in the amounts for machinery, equipment and vehicles above are the following amounts relating to assets acquired under hire purchase and finance lease contracts:

	£
<u>Net Book Values</u>	
At 30 September 1998	177,187
At 30 September 1997	152,221

The comparable amounts of tenant's expenditure on short leasehold property included above at valuation determined according to the historical cost accounting rules are as follows:-

	£
Cost	238,473
Accumulated depreciation	122,007
Net book value at 30 September 1998	116,466
Net book value at 30 September 1997	124,656

Tenant's expenditure on short leasehold property was revalued in 1992 by the directors on the basis of the open market value for existing use.

RICHARD WESTERN LIMITED**NOTES TO THE ACCOUNTS**

For the year ended 30 September 1998
(Continued)

9. FIXED ASSET INVESTMENTS**1998**
£**1997**
£

Other shares

22,637-

The above investment represents a 22% interest in the ordinary shares of Alpheco Limited, a company incorporated in England and Wales.

No provision has been made for the liability to corporation tax on chargeable gains that would arise if the above investments were disposed of as no current market value can be ascertained. The loss of the company for the year ended 31 March 1998 amounted to £34,976 and the company's share of net assets as at 31 March 1998 amounted to £6,529.

10. STOCKS

Raw materials and spares

378,185

370,921

Work in progress

190,833

224,433

Finished goods

244,935305,317813,953900,671**11. DEBTORS**

Trade debtors

1,102,637

1,013,855

Other debtors

3,938

12,804

Prepayments

58,48851,8021,165,0631,078,461

Included within trade debtors is £753,841 which represents factored debts.

12. CREDITORS: amounts falling due within one year

Bank loan

21,750

19,916

Other loans

55,560

55,560

Bank overdraft

368,485

360,432

Hire purchase and finance lease commitments

93,180

142,284

Trade creditors

675,186

657,483

Corporation tax

13,243

16,920

Other taxation and social security costs

90,397

85,582

Other creditors

485,963

457,061

Directors loan account

92,980

100,833

Accruals

9,88945,3791,906,6331,941,450

RICHARD WESTERN LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 September 1998
(Continued)

13. CREDITORS: Amounts falling due after more than one year		<u>1998</u>	<u>1997</u>
		£	£
Bank loan		248,680	269,144
Hire purchase and finance lease commitments		55,071	66,485
		<u>303,751</u>	<u>335,629</u>
			Hire purchase and finance lease commitments
		<u>Bank loan</u>	<u>£</u>
		£	£
Amounts payable	- within one year	21,750	93,180
	- one to two years	23,891	28,866
	- in two to five years	86,734	26,205
	- after five years	138,055	-
		<u>270,430</u>	<u>148,251</u>

The bank overdraft and bank loan are secured by a mortgage on the freehold land, expenditure on leasehold property and land owned by the directors, and a debenture over all other assets. Included within other creditors is an amount owing in relation to factoring of sales invoices, secured by a charge over trade debtors.

The other loan is secured by a fixed charge over certain equipment.

The long term bank loan bears interest at a variable rate of 2.5% above base rate and at the balance sheet date was repayable in instalments of £3,830 per month. At the year end the rate was 9.5%.

The current portion of the loan amounting to £21,750 is shown in current liabilities.

14. DEFERRED TAXATION

Deferred taxation provided in the accounts and the potential amount is as follows:-

	<u>Potential</u>		<u>Provided</u>	
	<u>1998</u>	<u>1997</u>	<u>1998</u>	<u>1997</u>
Capital allowances in advance of depreciation	18,641	13,247	-	-
Other timing differences	733	977	-	-
	<u>19,374</u>	<u>14,224</u>	<u>-</u>	<u>-</u>

No provision for taxation has been made in respect of the revaluation reserve. There is no potential deferred taxation in respect of this reserve.

RICHARD WESTERN LIMITED**NOTES TO THE ACCOUNTS**

For the year ended 30 September 1998
(Continued)

15. SHARE CAPITAL

1998 and 1997
£

Authorised, allotted, issued and fully paid
1,000 ordinary shares of £1 each

1,000

16. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	<u>Share Capital</u> £	<u>Revaluation reserve</u> £	<u>Profit and loss account</u> £	<u>Total Shareholders' Funds</u> £
Balance at 1 October 1996	1,000	30,283	251,189	282,472
Profit for the year	-	-	46,158	46,158
Transfer of amount equal to additional depreciation on revalued assets	-	(2,657)	2,657	-
Balance at 30 September 1997	<u>1,000</u>	<u>27,626</u>	<u>300,004</u>	<u>328,630</u>
Profit for the year	-	-	60,119	60,119
Transfer of amount equal to additional depreciation on revalued assets	-	(1,830)	1,830	-
Balance at 30 September 1998	<u>1,000</u>	<u>25,796</u>	<u>361,953</u>	<u>388,749</u>

**17. RECONCILIATION OF OPERATING PROFIT TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

1998
£

1997
£

Operating profit	187,277	169,917
Depreciation	98,741	100,788
Loss on disposal of fixed assets	256	685
Decrease/(increase) in stocks	86,718	(62,616)
(Increase)/decrease in debtors	(86,602)	149,292
Increase in creditors	<u>7,988</u>	<u>19,194</u>
Net cash inflow from operating activities	<u>294,378</u>	<u>377,260</u>

RICHARD WESTERN LIMITED**NOTES TO THE ACCOUNTS****For the year ended 30 September 1998**
(Continued)**18. GROSS CASHFLOWS**

	<u>1998</u> <u>£</u>	<u>1997</u> <u>£</u>
<u>Returns on investments and servicing of finance</u>		
Interest paid	(114,137)	(106,864)
<u>Capital Expenditure</u>		
Payments to acquire tangible fixed assets	(27,468)	(40,290)
Receipts from sales of tangible fixed assets	12,000	13,200
Purchase of trade investment	(22,637)	-
	<u>(38,105)</u>	<u>(27,090)</u>
<u>Financing</u>		
Loan advance	-	55,560
Repayment of hire purchase obligations	(150,568)	(131,812)
Repayment of loans	(18,630)	(20,023)
	<u>(169,198)</u>	<u>(96,275)</u>

19. RECONCILIATION OF NET CASH FLOW TO MOVEMENT
IN NET DEBT

(Decrease)/Increase in cash in the period	(43,670)	134,486
Net debt at 1 October 1997	<u>(317,991)</u>	<u>(452,477)</u>
Net debt at 30 September 1998	<u>(361,661)</u>	<u>(317,991)</u>

20. ANALYSIS OF CHANGES IN NET DEBT

	<u>At 1 October</u> <u>1997</u>	<u>Cash</u> <u>Flows</u>	<u>At 30</u> <u>September</u> <u>1998</u>
Cash at bank and in hand	42,441	(35,617)	6,824
Overdrafts	<u>(360,432)</u>	<u>(8,053)</u>	<u>(368,485)</u>
	<u>(317,991)</u>	<u>(43,670)</u>	<u>(361,661)</u>

21. PENSION COMMITMENTS

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 £ 5,834, all of which were paid during the year.

RICHARD WESTERN LIMITED

NOTES TO THE ACCOUNTS

For the year ended 30 September 1998
(Continued)

22. OTHER FINANCIAL COMMITMENTS

At 30 September 1998 the company was committed to making the following payments under non-cancellable operating leases in the year to 30 September 1999.

	<u>1998</u>	<u>1997</u>
	£	£
Operating leases which expire:		
Within 1 to 2 years	-	6,140
Within 2 to 5 years	234	-
After five years	-	234
	<u>234</u>	<u>6,374</u>

23. RELATED PARTIES

The company is controlled by the directors.

The directors at any time during the year and their interests in the share capital of the company were as follows:

Ordinary shares of £1 each **30 September 1998 and 1997**

R Western	900
R E Coe	Nil
R Benson	Nil

During the year the company entered into transactions in the normal course of business with the following related parties:

<u>Name</u>	<u>Creditor balance</u> <u>at 30.9.98</u>	<u>Net transactions</u> <u>in year</u>	<u>Nature of</u> <u>relationship</u>
Paragon Parts Ltd	£9,529	£182,084	Common Control
Richard Western	£92,980	£2,546	Director
Richard Western Ltd			Sponsoring
Directors Pension Scheme	£55,560		employer
Alpheco Ltd	£(4,335)	£64,897	Investment Company