

1490328

KONTOOR SOUTH WALES LIMITED
FINANCIAL STATEMENTS FOR THE
YEAR ENDED 31 JULY 1997



KONTOOR SOUTH WALES LIMITED

FINANCIAL STATEMENTS

YEAR ENDED 31 JULY 1997

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**ASPIL & CO
ACCOUNTANTS**

**122 ST PANCRAS WAY
LONDON NW1 9NB**

KONTOOR SOUTH WALES LIMITED

GENERAL INFORMATION

COMPANY NUMBER:

1490328

DIRECTORS:

J Stergides
J Collinson
D Parris

SECRETARY:

J Stergides

REGISTERED OFFICE:

247-249 Gray's Inn Road
London WC1X 8JR

ACCOUNTANTS:

Aspil & Co
122 St. Pancras Way
London NW1 9NB

AUDITORS:

A.L.Charles & Co.
247-249 Gray's Inn Road
London WC1X 8JR

KONTOOR SOUTH WALES LIMITED

REPORT OF THE DIRECTORS

FOR THE YEAR ENDED 31ST JULY 1997

The directors present herewith their report together with the audited financial statements of the company for the year ended 31st July 1997.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of manufacturing cabinets for amusement machines.

REVIEW OF BUSINESS AND DIVIDENDS

The company has made a profit before taxation of £269798 (1996 £292013) and the directors are confident that the company is well placed to take advantage of any market opportunities.

A dividend of £80000 was voted to the shareholders (1996 £80000).

DIRECTORS

The directors in office during the year and their beneficial interests in the issued share capital of the company were as follows:

	£1 Ordinary Shares	
	<u>1997</u>	<u>1996</u>
J Stergides Esq	35	35
J Collinson Esq	35	35
D H Parris Esq	30	30

AUDITORS

A resolution to re-appoint Messrs A L Charles & Co as the company's auditors will be put to the members at the next annual general meeting.

BY ORDER OF THE BOARD


J Stergides

SECRETARY

Date 26/2/98

REPORT OF THE AUDITORS' TO THE MEMBERS OF

KONTOOR SOUTH WALES LIMITED

We report on the financial statements on pages 5 to 11. The financial statements provide information about the financial performance of the company and its financial position as at 31 July 1997 and stated in accordance with the accounting policies set out on page 7.

Directors' responsibilities

The company's directors are responsible for the preparation of financial statements which present 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, total recognised gains or losses and cash flows of the company for that period.

Auditor's responsibilities

It is our responsibility to form an independent opinion on the financial statements presented by the directors based on our audit and to report our opinion to you. The Companies Act 1985 also requires us to report to you if the following requirements are not met:

- * that the company has maintained proper accounting records;
- * that the financial statements are in agreement with the accounting records;
- * that directors' emoluments and other transactions with directors are properly disclosed in the financial statements;
- * that we have obtained all the information and explanations which, to the best of our knowledge and belief, are necessary for the purpose of our audit.

Our opinion does not encompass the directors' report on page 2. However, the Companies Act 1985 requires us to report to you if the matters contained in the directors' report are inconsistent with the financial statements.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board.

An audit includes examinations, 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.

REPORT OF THE AUDITORS' TO THE MEMBERS OF

KONTOOR SOUTH WALES LIMITED

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, reliable and relevant evidence to give reasonable assurance that the financial statements are free from material misstatements, whether caused by error, fraud, or other irregularity. 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 31 July 1997 and of its profits, total recognised gains for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**A L Charles & Co
Registered Auditors**

**247-249 Gray's Inn Road
London WC1X 8JR**

FEBRUARY 1998

KONTOOR SOUTH WALES LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST JULY 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
Turnover	1b,2	2330383	2631418
Cost of sales		<u>1659257</u>	<u>1957237</u>
GROSS PROFIT		671126	674181
Distribution costs		(20629)	(23827)
Administrative expenses		<u>(346851)</u>	<u>(335477)</u>
Operating Profit	3	303646	314877
Interest payable & similar charges	4	(33848)	(22866)
Interest receivable		<u>-</u>	<u>2</u>
Profit before taxation		269798	292013
Tax on profit on ordinary activities	5	<u>80975</u>	<u>94002</u>
Profit on ordinary activities after taxation		188823	198011
Dividends	6	<u>80000</u>	<u>80000</u>
Retained profit for the year		108823 =====	118011 =====

Statement of retained profits

Balance brought forward	529466	411455
Retained profit for the year	<u>108823</u>	<u>118011</u>
Balance carried forward	£ 638289 =====	£ 529466 =====

The notes on pages 7-11 form part of these financial statements.

KONTOOR SOUTH WALES LIMITED

BALANCE SHEET AS AT 31ST JULY 1997

	<u>Notes</u>	<u>1997</u>	<u>1996</u>
FIXED ASSETS			
Tangible assets	7	961960	727109
CURRENT ASSETS			
Stock	8	24625	85670
Debtors	9	636202	495448
Cash at bank		-	2489
		-----	-----
		660827	583607
CREDITORS: Amounts falling due within one year	10	(491936)	(483556)
		-----	-----
Net Current Assets/Liabilities		<u>168891</u>	<u>100051</u>
Total Assets Less Current Liabilities		1130851	827160
CREDITORS: Amounts falling due after more than one year	11	<u>492462</u>	<u>297594</u>
		£ 638389	£ 529566
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	12	100	100
Profit and loss account		<u>638289</u>	<u>529466</u>
		£ 638389	£ 529566
		<u> </u>	<u> </u>

Approved by the board

J Stergides

J Collinson

D Parris

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Directors

Date: 26/2/98

The notes on pages 7-11 form part of these financial statements.

KONTOOR SOUTH WALES LIMITED
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31ST JULY 1997

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared under the historical cost convention.

b) Turnover

Turnover represents the net sales invoiced during the year and excludes Value Added Tax.

c) Depreciation

Fixed assets are depreciated over their expected useful lives on the reducing balance basis using the following rates per annum:

Motor cars	25% on written down values
Fixtures & fittings	15% on written down values
Plant and machinery	15% on written down values

No depreciation has been provided on the freehold property. It is the company's policy to maintain properties in such condition that the value of the properties taken as a whole is not impaired by the passage of time. As a consequence any element of depreciation would in the opinion of the directors, be immaterial and no provision for depreciation has been made.

d) Stock and work in progress

Stock and work in progress are stated at the lower of cost and net realisable value. Cost represents direct materials and labour and production overheads.

2. TURNOVER

Turnover and profit before tax arise from the company's principal activity.

KONTOOR SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - Continued

FOR THE YEAR ENDED 31ST JULY 1997

3. OPERATING PROFIT

The operating profit is stated after charging:

	<u>1997</u>	<u>1996</u>
Depreciation of tangible fixed assets	78996	54121
Directors' emoluments (note 13)	112000	129334
Staff costs (note 14)	527250	560188
Audit and accountancy fees	13000	9000
Hire of equipment	16855	17628
	<u>=====</u>	<u>=====</u>

4. INTEREST PAYABLE

Bank overdraft interest and charges	15494	12450
Hire purchase interest	<u>18354</u>	<u>10416</u>
	<u>£ 33848</u>	<u>£ 22866</u>

5. TAX ON ORDINARY ACTIVITIES

Based on the results for the year:

UK Corporation tax @ 33%	<u>80975</u>	<u>94002</u>
	<u>80975</u>	<u>94002</u>
	<u>=====</u>	<u>=====</u>

6. DIVIDENDS

Final dividend £800 per share	<u>£ 80000</u>	<u>£ 80000</u>
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KONTOOR SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31ST JULY 1997

7. FIXED ASSETS

	<u>Freehold Property</u>	<u>Fixtures Fittings Equipment</u>	<u>Motor Car</u>	<u>Leshld. Property</u>	<u>Plant & Mach.</u>	<u>Total</u>
COST						
As at 31.7.1996	205907	197937	42355	235693	342453	1024345
Additions	88599	-	-	-	225248	313847
Disposals	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
As at 31.7.1997	294506	197937	42355	235693	567701	1338192
	-----	-----	-----	-----	-----	-----
DEPRECIATION						
As at 31.7.1996	-	149676	18530	-	129030	297236
Charge for the year	-	7239	5956	-	65801	78996
Disposals	-	-	-	-	-	-
	-----	-----	-----	-----	-----	-----
As at 31.7.1997	-	156915	24486	-	194831	376232
	-----	-----	-----	-----	-----	-----
Written down values						
As at 31.7.1997	294506	41022	17869	235693	372870	961960
	=====	=====	=====	=====	=====	=====
As at 31.7.1996	205907	48261	23825	235693	213423	727109
	=====	=====	=====	=====	=====	=====

8. STOCK

	<u>1997</u>	<u>1996</u>
Raw Materials	14945	17327
Work in progress	9680	24890
Finished goods	-	43453
	<u>£ 24625</u>	<u>£ 85670</u>

9. DEBTORS AND PREPAYMENTS

Trade debtors	619090	470103
Other debtors and prepayments	<u>17112</u>	<u>25345</u>
	<u>£ 636202</u>	<u>£ 495448</u>

KONTOOR SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31ST JULY 1997

**10. CREDITORS: Amounts falling due
within one year**

	<u>1997</u>	<u>1996</u>
Bank overdraft	4350	-
Trade creditors	288070	267222
Social Security and other taxes	92416	100990
Corporation tax	80975	94002
Directors loan account	13125	11125
Other creditors and accruals	<u>13000</u>	<u>10217</u>
	£ 491936	£ 483556
	=====	=====

The bank overdraft is secured by a charge over the company's freehold property.

**11. CREDITORS: Amounts falling due
after more than one year**

Directors loan account	220000	160000
Hire purchase creditors	229672	137594
Bank loan	42790	-
	-----	-----
	£ 492462	£ 297594
	=====	=====

12. SHARE CAPITAL

	<u>1997</u>	<u>1996</u>
Authorised issued and fully paid 100 ordinary shares of £1 each	£ 100	£ 100
	===	===

KONTOOR SOUTH WALES LIMITED

NOTES TO THE FINANCIAL STATEMENTS - CONTINUED

FOR THE YEAR ENDED 31ST JULY 1997

13. DIRECTORS EMOLUMENTS

Chairman	-	-
Highest paid director	112000	112000
	<div style="text-align: center;"> Number <u>1997</u> <u>1996</u> </div>	
£ 15001 - £ 20000	-	-
£ 10001 - £ 15000	-	-
£ 0 - £ 10000	-	2
	112000	129334
Pension scheme contributions	<u>21120</u>	<u>23360</u>
	£ 133120	£ 152694
	=====	=====

14. STAFF COSTS AND EMPLOYEES (Including directors)

Wages and social security costs	639250	689522
Pension costs	<u>21120</u>	<u>23360</u>
	£ 660370	£ 712882
	=====	=====

The average weekly number of employees during the year was:

Administrative staff	7	8
Production staff	49	49
	--	--
	56	57
	==	==

15. CAPITAL COMMITMENTS AND CONTINGENT LIABILITIES

The company had no capital commitments or contingent liabilities as at the balance sheet date. (1996 - £ Nil).