

# **Anthony Best Dynamics Limited**

## **Annual report**

**for the year ended 31 August 1999**

**Registered no: 1658222**



# **Anthony Best Dynamics Limited**

## **Annual report for the year ended 31 August 1999**

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## **Directors and advisers**

### **Executive directors**

Managing Director

Anthony Best

Directors

Andrew Middleton

Andrew Rumble

Stephen Neads

### **Secretary and registered office**

Naemi Best

Holt Road

Bradford on Avon

Wiltshire

BA15 1AJ

### **Auditors**

PricewaterhouseCoopers

Bull Wharf

Redcliff Street

Bristol

BS1 6QR

### **Bankers**

Bank of Scotland

**Report of the directors  
for the year ended 31 August 1999**

The directors present their report and the audited financial statements for the year ended 31 August 1999.

**Principal activities**

The profit and loss account for the year is set out on page 6.

The principal activities of the company are described below.

**Review of business and future developments**

The Company continues to concentrate in the specialised field of noise, vibration and vehicle suspension, providing a range of services which includes analysis, design, prototype manufacture, test and development, to a wide range of industries. It has further developed and supplied to industry its computer based test and measurement systems for noise and vibration. A number of new developments on these systems have been initiated, driven both by customer requirements and the consultancy activities undertaken by the company. ABD's test and measurement systems are established in the UK, Europe and the USA and are being marketed in the Far East.

The Steering Robot for vehicle handling tests has been further developed. More orders for this product have been received during the year and we are optimistic of further orders in the coming year.

Development and marketing of the Suspension Parameter Measuring Machine (SPMM) has continued during the year. The first machine with Windows NT software was delivered in May 1999 and all the earlier machines will have had their software updated by the middle of the coming year. Discussions are progressing with a number of other potential customers for the SPMM around the world.

The Board's perception of the potential of overseas markets is proving fully justified and it will maintain its policy of expansion in overseas markets. To assist this process the company will continue to forge links with overseas organisations to support its sales and technical efforts. We are optimistic that these commitments will prove beneficial in the coming year.

**Dividends**

In accordance with the Articles of Association a dividend of 26.5p per share per annum on the issued "A" Ordinary shares is payable half-yearly. The dividend for the half year to 31 August 1999 was proposed by the directors. The directors recommend the payment of a dividend of 10p per share on the ordinary shares.

**Directors**

The directors of the company at 31 August 1999, all of whom, with the exception of S. Neads, have been directors for the whole of the year ended on that date were;

Anthony Best  
Naemi Best  
Andrew H Middleton  
Anne G Middleton  
Andrew W Rumble  
Stephen J Neads (appointed 16 November 1998)

**Directors' interests in shares of the company**

The interests of the directors of the company at 31 August 1999 in the shares of the company, according to the register required to be kept by Section 325 of the Companies Act 1985, were as follows:

	Ordinary shares of £1 each			
	31 August 1999		31 August 1998	
	Number	Amount £	Number	Amount £
A Best	44,752	44,752	44,752	44,752
N Best	248	248	248	248
AH Middleton	12,500	12,500	12,500	12,500
AG Middleton	2,500	2,500	2,500	2,500
S J Neads	2,000	2,000	-	-
AW Rumble	2,000	2,000	2,000	2,000
	<u>64,000</u>	<u>64,000</u>	<u>62,000</u>	<u>62,000</u>

**Directors' responsibilities**

The directors are required by UK company law to prepare financial statements for each financial year that 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.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 31 August 1999. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

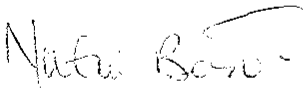
## Year 2000

The Year 2000 date issue has been addressed and remedial actions are being implemented to prevent any problems. The directors foresee further expenditure on this will be less than £2,000.

## Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

## By order of the board

A handwritten signature in dark ink, appearing to read 'Naemi Best', with a stylized flourish at the end.

Naemi Best

**Report of the auditors to the members of  
Anthony Best Dynamics Limited**

We have audited the financial statements on pages 6 to 20, which have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets, and the accounting policies set out on pages 9 to 10.

**Respective responsibilities of directors and auditors**

The directors are responsible for preparing the Annual Report, including, as described on page 3, the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies 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 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 31 August 1999 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Chartered Accountants and Registered Auditors

Bristol 11 November 1999

**Profit and loss account  
for the year ended 31 August 1999**

	Notes	1999 £	1998 £
Turnover	2	1,623,201	2,105,318
Cost of sales		<u>(1,268,275)</u>	<u>(1,726,935)</u>
Gross profit		354,926	378,383
Administrative expenses		<u>(287,859)</u>	<u>(281,069)</u>
Operating profit		67,067	97,314
Interest payable and similar charges	5	<u>(36,634)</u>	<u>(41,600)</u>
Profit on ordinary activities before taxation	6	30,433	55,714
Tax on profit on ordinary activities	7	<u>(14,077)</u>	<u>(12,542)</u>
Profit on ordinary activities after taxation		16,356	43,172
Dividends	8	<u>(10,375)</u>	<u>(10,175)</u>
Retained profit for the year		<u>5,981</u>	<u>32,997</u>
<b>Statement of retained profits</b>			
Retained profits at 1 September 1998		274,937	235,802
Profit for year		5,981	32,997
Transfer from revaluation reserve	16	6,138	6,138
Retained profits at 31 August 1999		<u>287,056</u>	<u>274,937</u>

The company has no recognised gains and losses other than those included above and therefore no separate statement of total recognised gains and losses has been presented.

All of the results above are derived from continuing operations of the company.




**Note of historical cost profits and losses  
for the year ended 31 August 1999**

	1999	1998
	£	£
Reported profit on ordinary activities before taxation	30,433	55,714
Difference between historical cost depreciation charge and the actual depreciation charge of the year calculated on the revalued amount	6,138	6,138
<b>Historical cost profit on ordinary activities before taxation</b>	<b><u>36,571</u></b>	<b><u>61,852</u></b>
 <b>Historical cost profit for the year retained after taxation and dividends</b>	 <b><u>12,119</u></b>	 <b><u>39,135</u></b>

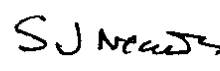
## Balance sheet at 31 August 1999

	Notes	1999		1998	
		£	£	£	£
<b>Fixed assets</b>					
Tangible assets	9	645,023		724,521	
<b>Current assets</b>					
Stocks	10	265,254		190,821	
Debtors	11	251,391		260,627	
Cash at bank and in hand		34,569		33,305	
		<u>551,214</u>		<u>484,753</u>	
<b>Creditors: amounts falling due within one year</b>	12	<u>(479,437)</u>		<u>(511,432)</u>	
<b>Net current assets (liabilities)</b>		<u>71,777</u>		<u>(26,679)</u>	
<b>Total assets less current liabilities</b>		<u>716,800</u>		<u>697,842</u>	
<b>Creditors: amounts falling due after more than one year</b>	13	(141,422)		(137,760)	
<b>Provisions for liabilities and charges</b>	14	(14,239)		(14,924)	
<b>Net assets</b>		<u>561,139</u>		<u>545,158</u>	
<b>Capital and reserves</b>					
Called up share capital	15	79,000		77,000	
Share premium account	16	43,500		35,500	
Revaluation reserve	16	151,583		157,721	
Profit and loss account		287,056		274,937	
<b>Equity shareholders' funds</b>		<u>546,139</u>		<u>530,158</u>	
<b>Non-equity shareholders' funds</b>	15	<u>15,000</u>		<u>15,000</u>	
<b>Total shareholders' funds</b>	17	<u>561,139</u>		<u>545,158</u>	

The financial statements on pages 6 to 20 were approved by the board of directors on 29 October 1999 and were signed on its behalf by:

  
Director

  
Director

  
Director

**Notes to the financial statements  
for the year ended 31 August 1999****1 Principal accounting policies**

The financial statements have been prepared in accordance with generally accepted accounting principles in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

**Basis of accounting**

The financial statements are prepared in accordance with the historical cost convention modified by the revaluation of certain fixed assets.

**Fixed assets**

The cost of tangible fixed assets is their purchase cost, together with any incidental expenses of acquisition. Included within test equipment, computers and in-house software and proprietorial designs is a proportion of the company's labour costs, relating to time spent in generating assets for continued use in the business.

Freehold land and buildings are stated at valuation.

The company capitalises a portion of the costs of in-house software and proprietorial designs on initial design. The portion capitalised is estimated by the directors. The directors believe that these costs will be fully recovered by future sales.

Depreciation is calculated so as to write off the cost, or valuation, of tangible fixed assets less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose which are consistent with those of last year, are:

	%
Freehold buildings	2
Computers and in-house software	20
Externally purchased software	10
Fixtures, fittings, and general equipment	10
Test equipment	10 - 20
Plant and machinery	10
Proprietorial designs	20

and on the reducing balance method at the following rates:

Motor vehicles	25
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Freehold land is not depreciated.

## **Operating leases**

Costs in respect of operating leases are charged on a straight line basis over the lease term.

## **Stocks and work in progress**

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis and includes transport and handling costs. In the case of manufactured products cost includes all direct expenditure and production overheads based on the normal level of activity. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation and, where appropriate, the cost of conversion from their existing state to a finished condition. Provision is made where necessary for obsolete, slow moving and defective stocks.

## **Foreign currencies**

Assets and liabilities expressed in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of the transaction. Foreign exchange differences are taken to the profit and loss account in the year in which they arise.

## **Turnover**

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied. It also includes receipts from government grants gained under the SMART award scheme. Expenditure in relation to this scheme is shown in the profit and loss account in the year in which it was incurred.

## **Deferred taxation**

Provision is made for deferred taxation, using the liability method, on all material timing differences to the extent that it is probable that a liability or asset will crystallise.

## **Pension scheme arrangements**

The company operates a defined benefit pension scheme. The fund is valued every three years by a professionally qualified independent actuary, the rates of contribution payable being determined by the actuary. In the intervening years the actuary reviews the continuing appropriateness of the rates. Pension costs are accounted for on the basis of charging the expected cost of providing pensions over the period during which the company benefits from the employees' services. The effects of variations from regular cost are spread over the expected average remaining service lives of members of the scheme.

## **Cash flow statement**

The company qualifies as a small company under the terms of Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

**2 Turnover**

	1999	1998
	£	£
<b>Geographical segment</b>		
United Kingdom	539,111	539,549
Rest of Europe	651,088	612,954
North America	382,967	952,815
Rest of the world	50,035	-
	<u>1,623,201</u>	<u>2,105,318</u>

**3 Directors' emoluments**

Directors' emoluments are shown below:

	1999	1998
	£	£
Aggregate emoluments	<u>154,752</u>	<u>111,924</u>

Retiring benefits are accruing to all of the directors under the company's defined benefit pension scheme.

On 17 February 1999, S Neads was granted options to subscribe for 2000 ordinary shares in the company. These are exercisable on any date from 17 February 1999 to 31 October 2001 at a price of £5.

#### 4 Employee information

The average weekly number of persons employed by the company (including executive directors) during the year is analysed below:

	1999 Number	1998 Number
Administration	4	4
Engineering	22	21
	<u>26</u>	<u>25</u>
	1999	1998
	£	£
<b>Staff costs (for the above persons)</b>		
Wages and salaries	557,897	523,023
Social security costs	44,588	42,713
Other pension costs	68,943	68,165
	<u>671,428</u>	<u>633,901</u>

#### 5 Interest payable and similar charges

	1999 £	1998 £
On bank loans and overdrafts	20,904	28,879
On other loans	14,241	12,134
On finance leases	1,489	587
	<u>36,634</u>	<u>41,600</u>

#### 6 Profit on ordinary activities before taxation

Profit on ordinary activities before taxation is stated after charging/(crediting):

	1999 £	1998 £
(Profit)/loss on sale of fixed assets	88	(426)
Depreciation on owned assets	106,419	110,398
On assets held under finance leases	4,749	1,022
Auditors' remuneration	5,093	4,850
Hire of plant and machinery - operating leases	<u>4,014</u>	<u>3,486</u>

## 7 Tax on profit on ordinary activities

	1999 £	1998 £
United Kingdom corporation tax at 20% (1998: 21%)		
Current	14,633	12,542
Deferred	(685)	-
Under provision in respect of prior years:		
Current	129	-
Deferred	-	-
	<u>14,077</u>	<u>12,542</u>

## 8 Dividends

	1999 £	1998 £
On equity shares:		
Proposed final of 10.0p per share	6,400	6,200
On non-equity shares:		
Interim of 13.25p per share paid	1,987	1,987
Proposed final of 13.25p per share	1,988	1,988
	<u>10,375</u>	<u>10,175</u>

**9 Tangible fixed assets**

	Freehold land and Buildings	Plant & Machinery	Test Equipment	Motor Vehicles	Computers	Software	In-House Software	Fixtures, Fittings & General Equipment	Propri- etorial Designs	Total
	£	£	£	£	£	£	£	£	£	£
<b>Cost or Valuation</b>										
At 1.9.98	340,503	57,217	333,829	7,300	153,173	93,721	157,172	88,812	111,190	1,342,917
Transfer	-	-	2,694	-	(3,044)	522	-	(172)	-	-
Additions	-	-	1,308	-	15,712	12,754	-	1,984	-	31,758
Disposals	-	(142)	-	-	(484)	-	-	(58)	-	(684)
<b>At 31.8.99</b>	<u>340,503</u>	<u>57,075</u>	<u>337,831</u>	<u>7,300</u>	<u>165,357</u>	<u>106,997</u>	<u>157,172</u>	<u>90,566</u>	<u>111,190</u>	<u>1,373,991</u>
<b>Depreciation</b>										
At 1.9.98	53,597	29,095	190,730	6,282	92,553	30,079	128,032	41,484	46,544	618,396
Charge in year	4,829	3,865	30,590	251	23,598	9,215	9,972	6,610	22,238	111,168
Disposals	-	(142)	-	-	(396)	-	-	(58)	-	(596)
<b>At 31.8.99</b>	<u>58,426</u>	<u>32,818</u>	<u>221,320</u>	<u>6,533</u>	<u>115,755</u>	<u>39,294</u>	<u>138,004</u>	<u>48,036</u>	<u>68,782</u>	<u>728,968</u>
<b>Net book value</b>										
<b>At 31.8.99</b>	<u>282,077</u>	<u>24,257</u>	<u>116,511</u>	<u>767</u>	<u>49,602</u>	<u>67,703</u>	<u>19,168</u>	<u>42,530</u>	<u>42,408</u>	<u>645,023</u>
<b>Net book value</b>										
<b>At 31.8.98</b>	<u>286,906</u>	<u>28,122</u>	<u>143,099</u>	<u>1,018</u>	<u>60,620</u>	<u>63,642</u>	<u>29,140</u>	<u>47,328</u>	<u>64,646</u>	<u>724,521</u>

Fixed assets include assets held under finance leases with a N.B.V of £8,493 (1998: £13,243).

The freehold land and buildings, which the company occupies, were valued independently in 1989. A further independent valuation was performed in the year ended 31 August 1998. This further valuation exceeded the current book value, so no amendment has been made to the book value in the year. Test equipment was valued as at 31 August 1997 on the basis of the directors' estimate of its existing use value.



If freehold land and buildings and test equipment had not been revalued they would have been included at the following amounts:

	Freehold land and buildings		Test equipment	
	1999	1998	1999	1998
	£	£	£	£
Cost	183,474	183,474	295,137	293,829
Aggregate depreciation based on cost	(33,137)	(31,268)	(202,218)	(173,563)
Net book value based on cost	<u>150,337</u>	<u>152,206</u>	<u>92,919</u>	<u>120,266</u>

Depreciation has not been charged on freehold land, which is stated at its revalued amount of £99,000 (1998: £99,000).

## 10 Stocks

	1999	1998
	£	£
Raw materials and consumables	38,679	33,824
Work in progress	226,575	156,997
	<u>265,254</u>	<u>190,821</u>

## 11 Debtors

	1999	1998
	£	£
Trade debtors	214,767	224,680
Other debtors	10,393	27,175
Prepayments and accrued income	26,231	8,772
	<u>251,391</u>	<u>260,627</u>

All the above fall due within one year except £Nil other debtors (1998: £2,047).

**12 Creditors: amounts falling due within one year**

	1999	1998
	£	£
Debenture loans (see note 13)	-	5,000
Directors' loans (see note 13)	67,427	49,427
Staff loans	7,500	-
Bank loans and overdrafts (see note 13)	20,000	20,000
Payments received on account	233,703	137,240
Trade creditors	81,019	218,653
Corporation tax and ACT	12,089	14,589
Other taxation and social security costs	13,312	12,408
Accruals and deferred income	35,999	45,927
Dividends payable	8,388	8,188
	<u>479,437</u>	<u>511,432</u>

For details of security relating to the various loans see note 13.

**13 Creditors: amounts falling due after more than one year**

	1999	1998
	£	£
Directors' loans	81,000	61,000
Bank loans	60,422	76,760
	<u>141,422</u>	<u>137,760</u>

The directors' loans are unsecured and bear interest as described in note 21. The directors' loans included in creditors amounts falling due within one year are repayable on demand. The directors' loans included in creditors amounts falling due after more than one year are repayable on demand at any time after 31 August 1999

The Company's bank have an all monies debenture over the company's assets and the bank loans and the overdraft are secured by a second legal charge over the freehold land & buildings.

	1999	1998
	£	£
<b>Debenture loans, directors' loans and bank loans</b>		
Repayable as follows:		
In one year or less	94,927	74,427
Between one and two years	81,000	81,000
Between two and five years	60,422	56,760
	<u>236,349</u>	<u>212,187</u>

## 14 Deferred taxation

Deferred tax provided in the financial statements, and the amount unprovided of the total potential liability, are as follows:

	Amount provided		Amount unprovided	
	1999	1998	1999	1998
	£	£	£	£
Accelerated capital allowances	<u>14,239</u>	<u>14,924</u>	<u>14,239</u>	<u>14,924</u>

The company's medium-term plans show that the amount of tax allowances in respect of eligible new plant and machinery to be acquired will fall short of the charge for depreciation on existing and new assets. Accordingly deferred tax is provided in respect of the estimated amount of this deficiency.

If the property was realised at the amount included in the balance sheet, in view of the company's policy of expansion and continued ownership of its assets it would be necessary to replace it by purchasing similar property; rollover relief would therefore be available. Accordingly, the revalued amount does not constitute a timing difference as defined by SSAP 15, and the potential amount of deferred tax if it was to be disposed of has not therefore been quantified.

**15 Called up share capital**

	1999	1998
	£	£
<b>Authorised</b>		
90,000 ordinary shares of £1 each	90,000	90,000
15,000 'A' ordinary shares of £1 each	15,000	15,000
	<u>105,000</u>	<u>105,000</u>
<b>Allotted, called up and fully paid</b>		
62,000 ordinary shares of £1 each	64,000	62,000
15,000 'A' ordinary shares of £1 each	15,000	15,000
	<u>79,000</u>	<u>77,000</u>

The "A" ordinary shares are irredeemable and the holders have a right to receive a dividend. On a winding up they have priority over the ordinary shares. The "A" ordinary shares carry the same voting rights as the ordinary shares. The "A" ordinary shares are convertible, one for one, into ordinary shares at the option of the holders of the majority of the "A" ordinary shares.

During the year, 2000 £1 ordinary shares were issued at a premium of £4 per share.

**16 Share premium account and revaluation reserve**

	Share Premium	Revaluation reserve
	£	£
At 1 September 1998	35,500	157,721
New shares issued	8,000	-
Transfer to profit and loss account	-	(6,138)
<b>At 31 August 1999</b>	<u>43,500</u>	<u>151,583</u>

**17 Reconciliation of movement in shareholders' funds**

	1999	1998
	£	£
Opening shareholders' funds	545,158	512,161
Proceeds from new shares issued	10,000	-
Retained profit for the financial year	5,981	32,997
<b>Closing shareholders' funds</b>	<u>561,139</u>	<u>545,158</u>

## 18 Operating lease commitments

At 31 August 1999 the company had annual commitments under non-cancellable operating leases in respect of plant and machinery as follows:

	1999	1998
	£	£
Expiring between two and five years inclusive	<u>3,169</u>	<u>3,486</u>

## 19 Obligations under finance leases

	1999	1998
	£	£
Within one year	3,720	3,720
2 – 5 years	3,720	7,440
	<u>7,440</u>	<u>11,160</u>

## 20 Pension obligations

On 1 September 1988 the company commenced a funded defined benefit pension scheme providing benefits based on final pensionable salary. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The contributions are determined by a qualified actuary on the basis of triennial valuations using the attained age method. A latest valuation was made on 1 September 1997. The major assumptions are those relating to the rate of return on investments and the rate of increase in salaries. It was assumed that the investment returns would be 8% for gilts and 9% for equities per annum and that salary increases would average 6% per annum.

The pension cost for the company for the year ended 31 August 1999 was £68,943 (1998: £68,165).

The contributions of the company and employees are at 11% and 7% of earnings respectively.

The actuarial value of the fund at 1 September 1997 was £542,000 and this exceeded the value of past service liabilities at that date by £23,600.

## 21 Related party disclosures

Loans have been made to the company by the following directors:

	A Best	A Best & N Best	A Middleton	S J Neads	Total
	£	£	£	£	£
Balance at 1 September 1998	26,000	52,641	31,786	-	110,427
Addition	-	18,000	-	20,000	38,000
Disposal	-	-	-	-	-
<b>Balance at 31 August 1999</b>	<u>26,000</u>	<u>70,641</u>	<u>31,786</u>	<u>20,000</u>	<u>148,427</u>

The loans bear interest at 2% and 3½% above base rate for loans less than one year and loans greater than one year respectively (see notes 12 and 13).

## 22 Controlling party

Mr A Best, the managing director, is the controlling party by virtue of his controlling interest in the company's equity capital.