
Shep Group Limited
Financial Statements
for the year ended 31st December 1998



Chairperson

Mrs P J Sheppard

Registered Office

The Old Pottery
Lower Dicker
Hailsham
East Sussex
BN27 4AT

Directors

Mrs P J Sheppard
Mr D V Wallis
Mr M J Bradshaw

Secretary

Mr M J Bradshaw

Accountants

Brebner Allen & Trapp
Royal Victoria House
51 - 55 The Pantiles
Tunbridge Wells
Kent
TN2 5TD

Bankers

Midland Bank Plc
1 Market Place
Hailsham
East Sussex
BN27 2AA

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Accountants' Report

The directors submit their report together with the unaudited financial statements for the year ended 31st December 1998.

Directors' Statement

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 loss for that year. 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;

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 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.

Results and Dividends

The loss on the ordinary activities of the company before taxation amounted to £6,231. After deducting taxation, the deficit of £6,007 has been transferred from reserves.

The directors do not recommend a dividend.

Principal Activity and Business Review

The principal activity of the company continued to be that of the provision of management services.

The directors consider the company's state of affairs to be satisfactory.

Directors and their Interests

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

	Ordinary shares of £1 each	
	1998 No.	1997 No.
Mrs P J Sheppard	32,275	15,525
Mr D V Wallis	-	-
Mr M J Bradshaw	1,400	700

Millennium

After investigation, the directors are satisfied that the Company's computers and related equipment will not be affected by the problems which may arise at the Millennium.

By Order of the Board:

A handwritten signature in black ink, appearing to read 'M J Bradshaw', followed by a horizontal line.

Mr M J Bradshaw, Secretary

Oct 25, 1999

Shep Group Limited**Profit and Loss Account****for the year ended 31st December 1998**

	Notes	1998 £	1997 £
Turnover	2	61,750	84,000
Administrative expenses		(67,981)	(80,804)
Income from other fixed asset investments	3	-	28,360
(Loss)/Profit on ordinary activities before Taxation		(6,231)	31,556
Tax on (loss)/profit on ordinary activities	5	224	(301)
(Loss)/Profit on ordinary activities after Taxation		(6,007)	31,255
Dividends	6	-	(28,705)
Retained (loss)/profit transferred (from)/to reserves	13	(6,007)	2,550

All amounts relate to continuing activities.

Total Recognised Gains and Losses

for the year ended 31st December 1998

	1998 £	1997 £
Statement of Total Recognised Gains and Losses		
(Loss)/Profit for the financial year	(6,007)	31,255
Unrealised (Deficit) on revaluations of investments	(34,853)	(12,851)
Total recognised (losses)/gains since the last financial statements	<u>(40,860)</u>	<u>18,404</u>

Note of Historical Cost Profits and Losses

(Loss)/Profit on ordinary activities before taxation	(6,231)	31,556
Historical cost (loss)/profit before taxation	<u>(6,231)</u>	<u>31,556</u>
Historical cost (loss)/profit transferred (from)/to reserves	<u>(6,007)</u>	<u>2,550</u>

Shep Group Limited

Balance Sheet

as at 31st December 1998

	Notes	1998 £	1998 £	1997 £	1997 £
Fixed Assets					
Investments	7		84,083		101,484
Current Assets					
Stock	9	7,800		1,000	
Debtors	10	731		1,327	
Cash at bank		68		6,991	
		8,599		9,318	
Creditors:					
Amounts falling due within one year	11	(13,856)		(8,566)	
Net Current (Liabilities)/Assets			(5,257)		752
Total Assets Less Current Liabilities			78,826		102,236
Capital and Reserves					
Share capital	12		36,150		18,700
Revaluation reserve	13		50,131		84,984
Capital redemption reserve	13		30,800		30,800
Profit and loss account	13		(38,255)		(32,248)
Equity Shareholders' Funds	14		78,826		102,236

In the directors' opinion the company was entitled under Section 249A(1) of the Companies Act 1985 to exemption from the audit of its accounts for the year ended 31st December 1998. No notice from members requiring an audit has been deposited under Section 249B(2) of the Companies Act 1985 in relation to its accounts for the financial year.

The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with section 221 and for preparing accounts which give a true and fair view of the state of the affairs of the company as at 31st December 1998 and of its loss for the year then ended in accordance with the requirements of section 226, and which otherwise comply with the requirements of the Companies Act 1985 relating to accounts, so far as applicable to the company.

These accounts were approved by the board on . *October 25, 1999*

Mrs P J Sheppard

P J Sheppard

Mr M J Bradshaw
Directors

M J Bradshaw

Notes to the Financial Statements

for the year ended 31st December 1998

1 Principal Accounting Policies***Accounting Convention***

The Financial Statements have been prepared under the historical cost convention, modified to include the revaluation of certain fixed assets.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Income from Investments

Investment income comprises dividends declared during the accounting period from unlisted investments.

Investments

Investments are included at revaluation. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities. Profits or losses arising on revaluation are dealt with through the revaluation reserve.

Work in progress

Work in progress is stated at the lower of cost and net realisable value. The cost of work in progress includes the attributable proportion of indirect overheads based on the normal level of activity. Net realisable value is based on estimated selling price less the estimated cost of disposal.

2 Turnover

The turnover and operating (loss)/profit for the year was derived from the company's principal activity and was carried out wholly in the UK.

3 Other Fixed Asset Investment Income

	1998	1997
	£	£
Income from fixed asset investments - unlisted	-	28,360
	-	28,360

Notes to the Financial Statements

for the year ended 31st December 1998

4 Directors and Employees

Staff costs during the year were as follows:

	1998	1997
	£	£
Wages and salaries	58,171	67,589
Social security costs	5,173	6,156
	<u>63,344</u>	<u>73,745</u>

The average monthly number of employees, including directors, during the year was as follows:

	1998	1997
	Number	Number
Administration	2	2
Management	2	2
	<u>4</u>	<u>4</u>

Remuneration in respect of directors was as follows:

	1998	1997
	£	£
Aggregate amount of emoluments paid in respect of qualifying services	51,739	61,265
	<u>51,739</u>	<u>61,265</u>

5 Tax on (Loss)/Profit on Ordinary Activities

Based on the (loss)/profit for the year:

	1998	1997
	£	£
U.K. Corporation tax at 21% (1997: 21%)	(224)	301

6 Dividends

	1998	1997
	£	£
Equity		
Ordinary shares - final proposed of £nil per share (1997 £1.54)	-	28,705

7 Fixed Asset Investments

	Shares in Group Undertakings £
Valuation	
At 1st January 1998	101,484
Additions	17,452
Revaluations	(34,853)
At 31st December 1998	<u>84,083</u>

The historical cost of this investment was £23,685 (1997 - £6,233)

Notes to the Financial Statements

for the year ended 31st December 1998

8 Principal Fixed Asset Investments

The company holds more than 20% of the share capital of the following:

Name	Country of registration (or incorporation) and operation	Class of share	Proportion held	Nature of business	Total reserves	Net profit for the year
					£	£
<i>Principal group undertakings:</i>						
Shep Plastics Limited	England	Ordinary shares	37.78%	Supplier of complete injection moulding services	222,561	(92,256)

9 Work in progress

	1998	1997
	£	£
Work in progress	7,800	1,000

10 Debtors

	1998	1997
	£	£
Trade debtors	516	1,327
Other debtors	215	-
	731	1,327

11 Creditors: Amounts falling due within one year

	1998	1997
	£	£
Corporation tax	-	224
Other taxes and social security	9,641	5,042
Other creditors	4,215	3,300
	13,856	8,566

Notes to the Financial Statements

for the year ended 31st December 1998

12 Share Capital

Authorised	1998 £	1997 £
50,000 Ordinary shares of £1 each (1997: 50,000)	50,000	50,000
	<u>50,000</u>	<u>50,000</u>

Allotted and fully paid	1998 £	1997 £
36,150 Ordinary shares of £1 each (1997: 18,700)	36,150	18,700
	<u>36,150</u>	<u>18,700</u>

Movements during the year

	Ordinary shares of £1 each
At 1st January 1998	18,700
Issues during the year	17,450
At 31st December 1998	<u>36,150</u>

The company issued 17,450 shares during the year to raise capital to fund the purchase of further shares in Shep Plastics Limited.

13 Reserves

	Revaluation Reserve £	Capital Redemption Reserve £	Profit and Loss Account £
At 1st January 1998	84,984	30,800	(32,248)
Deficit for the year	-	-	(6,007)
Deficit on revaluation of assets	(34,853)	-	-
At 31st December 1998	<u>50,131</u>	<u>30,800</u>	<u>(38,255)</u>

Notes to the Financial Statements

for the year ended 31st December 1998

14	Reconciliation of the Movement in Shareholders' Funds	1998 £	1997 £
	(Loss)/Profit for the financial year	(6,007)	31,255
	Dividends	-	(28,705)
		(6,007)	2,550
	Deficit on revaluation of investments	(34,853)	(12,851)
	New share capital subscribed	17,450	-
		(23,410)	(10,301)
	(Decrease) in shareholders' funds	102,236	112,537
	Opening shareholders' funds		
	Closing shareholders' funds	78,826	102,236

15 Related Party Transactions

The following disclosures are given in accordance with the Financial Reporting Standard 8 (FRS 8) "Related party Disclosures".

Control

Control of the company rests with Mrs P J Sheppard, a director of the company.

Related Party Transactions

During the year the company received income from management services of £61,750 (1997 - £84,000) from Shep Plastics Limited, a company of which Mr Bradshaw and Mrs Sheppard are also directors and shareholders. The company paid London and Kent Registrars Limited consultancy fees of £2,800 (1997 - £5,300), a company of which Mr Bradshaw is also a director and shareholder.

Other than the above there were no other related party transactions that require disclosure under FRS 8 during the period.