

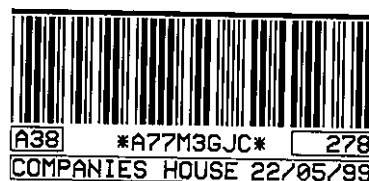


**BUSHBURY HOLDINGS LIMITED**

**Report and Financial Statements**

**31 December 1998**

Deloitte & Touche  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN



**REPORT AND FINANCIAL STATEMENTS 1998**

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**OFFICERS AND PROFESSIONAL ADVISERS**

**DIRECTORS**

M B Hughes (Chairman)  
B F Tinklin  
R Nicholls

**SECRETARY**

R Nicholls

**REGISTERED OFFICE**

PO Box 232  
Shaw Road  
Bushbury  
Wolverhampton  
WV10 9LA

**BANKERS**

Midland Bank PLC  
36 Bennetts Hill  
Birmingham  
B2 5RJ

Allied Irish Bank  
Stillorgan  
Co Dublin  
Ireland

**SOLICITORS**

Martineau Johnson  
St Philips House  
St Philips Place  
Birmingham  
B3 2PP

A & L Goodbody  
Earlsfort House  
Earlsfort Terrace  
Dublin  
Ireland

**AUDITORS**

Deloitte & Touche  
Chartered Accountants  
Colmore Gate  
2 Colmore Row  
Birmingham  
B3 2BN



## **DIRECTORS' REPORT**

The directors present their annual report and the audited financial statements for the year ended 31 December 1998.

### **RESULTS**

The profit for the year on ordinary activities before taxation amounted to £173,277 (1997 - £417,580). The directors do not propose a dividend for the year (1997 - £Nil) and the retained profit for the year of £120,689 (1997 - £301,940) has been transferred to reserves.

### **ACTIVITY**

Bushbury Holdings Limited is principally engaged in the provision of management consultancy services and is the parent company of the following subsidiaries:

- Eastfield Engineering Limited - engaged in the manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames
- Epstone Limited - invests in freehold property
- M.C. Air Filtration Limited - manufactures high efficiency air filters and associated equipment.
- Walkair Limited - distributes air conditioning and filtration products, is involved in the construction of clean rooms and controlled environments and provides installation, commissioning and maintenance services.

### **REVIEW OF THE BUSINESS AND FUTURE PROSPECTS**

The operating performance of the group was adversely effected by difficult UK market conditions in the last quarter of the year. However, order levels are now recovering and, given that this trend continues, the directors anticipate an improved trading performance in 1999.

### **DIRECTORS**

The directors during the year, together with the interests of the directors at the end of the year, as defined by the Companies Act 1985, in the shares of the Company were as follows:

	<b>At 31 December 1998</b>	<b>At 31 December 1997</b>
M B Hughes (Chairman)	56,400	56,400
B F Tinklin	34,400	34,400
R Nicholls	6,700	6,700

The directors had no interest in the shares of other group companies.

Messrs M B Hughes, B F Tinklin and R Nicholls served throughout the year.

**DIRECTORS' REPORT****YEAR 2000**

The directors have considered the impact of the Year 2000 on its systems and operations and have taken all appropriate action, to the best of their knowledge and belief, to ensure that there is no significant disruption to the business. The cost of carrying out any modification work in relation to the above is not considered material.

**EMPLOYEE INVOLVEMENT**

The group has established structures and procedures for consultation, communication and negotiation with its employees. Importance is placed on this aspect of the business and all managers have a responsibility to this end.

**EMPLOYMENT OF DISABLED PERSONS**

Suitable procedures are in operation to support the group's policy that disabled persons (whether registered or not) shall be considered for employment and subsequent training, career development and promotion on the basis of their aptitudes and abilities.

**AUDITORS**

Deloitte & Touche have expressed their willingness to continue in office as auditors and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Approved by the Board of Directors  
and signed on behalf of the Board

R NICHOLLS

Secretary

Registered Office:

PO Box 232  
Shaw Road  
Bushbury  
Wolverhampton  
WV10 9LA



## **STATEMENT OF 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 and the group as at the end of the financial year and of the profit or loss of the group 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
- state whether applicable accounting standards have been followed
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 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.



## AUDITORS' REPORT TO THE MEMBERS OF

### BUSHBURY HOLDINGS LIMITED

We have audited the financial statements on pages 6 to 21 which have been prepared under the accounting policies set out on page 12 and 13.

#### Respective responsibilities of directors and auditors

As described on page 4 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 circumstances of the company and the group, 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 affairs of the company and the group as at 31 December 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Deloitte - Touche*

Chartered Accountants and Registered Auditors

*26 April 1999*


**CONSOLIDATED PROFIT AND LOSS ACCOUNT**  
**Year ended 31 December 1998**

	Note	1998 £	1997 £
<b>TURNOVER</b>	2	6,551,604	6,537,029
Cost of sales		(5,373,517)	(5,064,980)
		<u>1,178,087</u>	<u>1,472,049</u>
Distribution expenses		(444,407)	(441,334)
Administration expenses		(542,892)	(589,515)
		<u>190,788</u>	<u>441,200</u>
<b>OPERATING PROFIT</b>	4	190,788	441,200
Interest receivable	5	7,637	11,146
Interest payable	6	(25,148)	(34,766)
		<u>173,277</u>	<u>417,580</u>
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		173,277	417,580
Tax on profit on ordinary activities	7	(52,588)	(115,640)
		<u>120,689</u>	<u>301,940</u>
<b>PROFIT FOR THE FINANCIAL YEAR</b>	17	<u>120,689</u>	<u>301,940</u>

**STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES**  
**Year ended 31 December 1998**

	1998 £	1997 £
Profit for the financial year	120,689	301,940
Currency translation differences on foreign currency net investments	8,266	(30,339)
	<u>128,955</u>	<u>271,601</u>
<b>Total recognised gains and losses relating to the year</b>	<u>128,955</u>	<u>271,601</u>

All activities derive from continuing operations.

There is no material difference between the historical cost profit and the profit stated in the profit and loss account.





**CONSOLIDATED BALANCE SHEET**  
**31 December 1998**

	Note	£	1998 £	£	1997 £
<b>FIXED ASSETS</b>					
Tangible assets	9		804,297		807,319
<b>CURRENT ASSETS</b>					
Stocks	11	632,020		968,516	
Debtors	12	967,789		1,404,382	
Cash at bank and in hand		168,446		82,483	
			<u>1,768,255</u>	<u>2,455,381</u>	
<b>CREDITORS: amounts falling due within one year</b>	13	(918,421)		(1,567,484)	
<b>NET CURRENT ASSETS</b>			<u>849,834</u>	<u>887,897</u>	
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			1,654,131		1,695,216
<b>CREDITORS: amounts falling due after more than one year</b>	14		(89,660)		(259,700)
<b>TOTAL NET ASSETS</b>			<u>1,564,471</u>		<u>1,435,516</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		100,000		100,000
Capital redemption reserve	17		50,000		50,000
Revaluation reserve	17		12,526		12,746
Foreign exchange reserve	17		(30,857)		(39,123)
Profit and loss account	17		1,432,802		1,311,893
<b>EQUITY SHAREHOLDERS' FUNDS</b>	18		<u>1,564,471</u>		<u>1,435,516</u>

These financial statements were approved by the Board of Directors on 22nd April 1999

Signed on behalf of the Board of Directors

M B Hughes

B F Tinklin

Directors

*M B Hughes*  
*B F Tinklin*



**BALANCE SHEET**  
**31 December 1998**

	Note	£	1998 £	£	1997 £
<b>FIXED ASSETS</b>					
Tangible assets	9		6,261		13,785
Investments	10		268,180		268,180
			<u>274,441</u>		<u>281,965</u>
<b>CURRENT ASSETS</b>					
Debtors	12	265,287		230,631	
Cash at bank and in hand		30		227	
		<u>265,317</u>		<u>230,858</u>	
<b>CREDITORS: amounts falling due within one year</b>					
	13	(155,970)		(186,558)	
<b>NET CURRENT ASSETS</b>			<u>109,347</u>		<u>44,300</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>383,788</u>		<u>326,265</u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	16		100,000		100,000
Capital redemption reserve	17		50,000		50,000
Profit and loss account	17		233,788		176,265
<b>EQUITY SHAREHOLDERS' FUNDS</b>			<u>383,788</u>		<u>326,265</u>

These financial statements were approved by the Board of Directors on 22.0 April 1999

Signed on behalf of the Board of Directors

M B Hughes

B F Tinklin

Directors

*M B Hughes*  
*B F Tinklin*


**CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1998**

	<b>Note</b>	<b>1998 £</b>	<b>1997 £</b>
Cash flow from operating activities	(i)	381,786	(46,394)
Returns on investments and servicing of finance	(ii)	(17,511)	(23,620)
Taxation		(113,125)	(152,808)
Capital expenditure and financial investment	(ii)	(143,709)	(137,028)
Cash inflow/(outflow) before use of liquid resources and financing		107,441	(359,850)
Financing	(ii)	(21,478)	(45,324)
Increase/(decrease) in cash in the year		85,963	(405,174)

Reconciliation of net cash flow to movement in net debt	(iii)	<b>1998 £</b>	<b>1997 £</b>
Increase/(decrease) in cash in the year		85,963	(405,174)
Cash outflow from decrease in debt and lease financing		21,478	45,324
Change in net funds resulting from cash flows		107,441	(359,850)
Movement in net debts/(funds) in the year		107,441	(359,850)
Net (debt)/funds at 1 January 1998		(198,695)	161,155
Net debt at 31 December 1998		(91,254)	(198,695)



**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1998**

**(i) RECONCILIATION OF OPERATING PROFIT TO OPERATING CASH FLOWS**

	1998 £	1997 £
Operating profit	190,788	441,200
Depreciation	148,428	152,296
Decrease/(increase) in stocks	336,496	(410,647)
Decrease/(increase) in debtors	436,593	(442,640)
(Decrease)/increase in creditors	(730,519)	213,397
<b>Net cash inflow/(outflow) from operating activities</b>	<u>381,786</u>	<u>(46,394)</u>

**(ii) ANALYSIS OF CASH FLOWS FOR HEADINGS NETTED  
IN THE CASH FLOW STATEMENT**

	1998 £	1997 £
<b>Returns on investments and servicing of finance</b>		
Interest received	7,637	11,146
Interest paid	(34,987)	(34,111)
Interest element of finance lease rental payments	(161)	(655)
<b>Net cash outflow for returns on investments and servicing of finance</b>	<u>(17,511)</u>	<u>(23,620)</u>
<b>Capital expenditure and financial investment</b>		
Purchase of tangible fixed assets	(157,749)	(140,010)
Sale of tangible fixed assets	14,040	2,982
<b>Net cash outflow for capital expenditure and financial investment</b>	<u>(143,709)</u>	<u>(137,028)</u>
<b>Financing</b>		
Repayment of bank loan	(20,040)	(40,302)
Capital element of finance lease rental payments	(1,438)	(5,022)
<b>Net cash outflow from financing</b>	<u>(21,478)</u>	<u>(45,324)</u>



**NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT**  
**Year ended 31 December 1998**

**(iii) MOVEMENT IN NET DEBT**

	At 1 Jan 1998 £	Cash flow £	At 31 Dec 1998 £
Cash in hand and at bank	82,483	85,694	168,446
Bank loan	(129,740)	20,040	(109,700)
Other loan	(150,000)	-	(150,000)
Finance leases	(1,438)	1,438	-
	<u>(198,695)</u>	<u>107,441</u>	<u>(91,254)</u>



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**

**1. ACCOUNTING POLICIES**

The financial statements are prepared in accordance with applicable accounting standards. The particular accounting policies adopted are described below.

**Accounting convention**

The financial statements are prepared under the historical cost convention.

**Consolidation**

The consolidated financial statements incorporate the financial statements of the company and all its subsidiaries.

**Acquisitions**

On the acquisition of a business fair values are attributed to the net tangible assets. Where the costs of acquisition exceeds the values attributable to such net assets, the difference is treated as purchased goodwill. This has been written off directly to reserves in the year of acquisition. For all years after (and including) 31 December 1998, this goodwill will be capitalised and amortised over the life of the business acquired.

**Exchange rates**

Balances denominated in foreign currencies have been translated into sterling at the rates ruling on 31 December 1998. Realised exchange differences in the course of trading have been taken to the profit and loss account.

**Depreciation on fixed assets**

Depreciation is provided on a straight line basis, to write off the assets concerned over their estimated useful lives, at the following annual rates:

Freehold land	Nil
Freehold buildings	2.5%
Short leasehold land and buildings	Over life of lease
Plant and equipment	10% - 50%

**Stocks**

Stocks, including work-in-progress, are valued at the lower of cost and net realisable value. Cost represents materials, direct labour and an appropriate proportion of overheads.

**Leased assets**

Where fixed assets are financed by leasing agreements which give rights approximating to ownership, the assets are treated as if they had been purchased and the capital element of the leasing commitments is shown as obligations under finance leases. The rentals payable are apportioned between interest, which is charged to profit and loss account, and capital, which reduces the outstanding obligation.

Operating lease rentals payable are charged to profit and loss account on a straight line basis over the lease term.

**Investments**

Investments held as fixed assets are stated at cost less any provisions against a permanent diminution in value.

**Deferred taxation**

Deferred taxation is provided at the anticipated tax rates on differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in the financial statements to the extent that it is probable that a liability or asset will crystallise in the future.


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**
**1. ACCOUNTING POLICIES (continued)**
**Pension costs**

The expected cost of providing pensions, as calculated periodically by professionally qualified actuaries is charged to the profit and loss account so as to spread the cost over the service lives of employees in the scheme, in such a way that the pension cost is a substantially level percentage of current and expected future pensionable payroll.

**2. ANALYSES OF TURNOVER**

	1998 £	1997 £
<b>Geographical analyses by location</b>		
United Kingdom	3,632,818	4,702,428
Republic of Ireland	2,918,786	1,834,601
	<u>6,551,604</u>	<u>6,537,029</u>
<b>Geographical analyses of turnover by destination</b>		
United Kingdom	3,669,588	4,581,825
Other European countries	2,654,715	1,776,069
Rest of world	227,301	179,135
	<u>6,551,604</u>	<u>6,537,029</u>

**3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES**

	1998 £	1997 £
<b>Directors' emoluments</b>		
Other remuneration	163,825	152,077
Pension contributions	41,781	39,816
	<u>205,606</u>	<u>191,893</u>
	No	No
Number of directors who are members of defined benefit pension schemes	<u>3</u>	<u>3</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**
**3. INFORMATION RELATING TO DIRECTORS AND EMPLOYEES (continued)**

	1998 No	1997 No
<b>Average number of persons employed</b>		
Production staff	83	85
Sales and distribution staff	11	12
Administrative staff	7	11
	<u>101</u>	<u>108</u>
	£	£
<b>Staff costs during the year (including directors)</b>		
Wages and salaries	1,715,67	1,687,236
Social security costs	160,806	152,902
Other pension costs	151,277	146,524
	<u>2,027,762</u>	<u>1,986,662</u>

**4. OPERATING PROFIT**

The operating profit is arrived at after taking into account the following items:

	1998 £	1997 £
<b>Depreciation</b>		
Assets owned	143,511	140,306
Assets held under finance leases	4,917	11,990
<b>Rentals under operating leases</b>		
Hire of plant and equipment	17,256	19,180
Other operating leases	67,808	174,071
<b>Auditors' remuneration</b>		
Audit services	19,471	17,618
Non audit services	5,640	3,787
	<u>19,471</u>	<u>17,618</u>

**5. INTEREST RECEIVABLE**

	1998 £	1997 £
<b>Bank interest receivable</b>	7,500	10,303
<b>Other interest</b>	137	843
	<u>7,637</u>	<u>11,146</u>




**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**
**6. INTEREST PAYABLE**

	1998 £	1997 £
Bank loans, overdrafts and other loans repayable within five years	24,987	34,111
Finance lease charges	161	655
	<u>25,148</u>	<u>34,766</u>

**7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES**

	1998 £	1997 £
Taxation charge on profit for the year		
UK corporation tax at 31% (1997 – 31.5%)	5,940	112,016
Republic of Ireland corporation tax at 32%	48,602	3,873
Adjustment in respect of previous year	(1,954)	(249)
	<u>52,588</u>	<u>115,640</u>

The taxation charge on the profit for the year has been reduced by the effect of marginal small companies relief.

**8. PROFIT FOR THE YEAR ATTRIBUTABLE TO THE MEMBERS OF  
BUSHBURY HOLDINGS LIMITED**

	1998 £	1997 £
Profits dealt with in the accounts of the parent company	<u>57,523</u>	<u>62,036</u>

The Company has taken advantage of Section 230 of the Companies Act 1985 and consequently a profit and loss account for the Company alone is not provided.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**

**9. TANGIBLE FIXED ASSETS**

<b>The Group</b>	<b>Freehold land and buildings £</b>	<b>Short leasehold land and buildings £</b>	<b>Plant and machinery £</b>	<b>Total £</b>
<b>Cost or valuation</b>				
At 1 January 1998	400,000	161,271	1,180,850	1,742,121
Foreign exchange translation differences	-	-	3,014	3,014
Additions	-	52,779	104,970	157,749
Disposals	-	(2,728)	(58,954)	(61,682)
At 31 December 1998	400,000	211,322	1,239,880	1,841,202
<b>Accumulated depreciation</b>				
At 1 January 1998	10,000	153,979	770,823	934,802
Foreign exchange translation differences	-	-	1,317	1,317
Charge for year	5,000	9,530	133,898	148,428
Disposals	-	(2,728)	(44,914)	(47,642)
At 31 December 1998	15,000	160,781	861,124	1,036,905
<b>Net book value</b>				
At 31 December 1998	385,000	50,541	368,756	804,297
At 31 December 1997	390,000	7,292	410,027	807,319

Comparable amounts determined according to the historical cost convention:

	<b>£</b>
Cost	406,826
Accumulated depreciation	38,748
<b>Net book value</b>	
At 31 December 1998	368,078
At 31 December 1995	372,858

The value of freehold land not depreciated is £200,000.

The freehold land and buildings were valued as at 31 December 1995 by Messrs Walter and Randall, Chartered Surveyors. In their opinion the open market value for the existing use at that time was £400,000.

The net book value of the group's fixed assets includes £9,324 (1997 - £21,397) in respect of assets held under finance leases.



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**

**9. TANGIBLE FIXED ASSETS (continued)**

		Plant and machinery £
<b>The Company</b>		
<b>Cost</b>		
At 1 January 1998		20,962
Additions		-
Disposals		-
		<hr/>
At 31 December 1997		20,962
		<hr/>
<b>Accumulated depreciation</b>		
At 1 January 1998		7,177
Charge for year		7,524
Disposals		-
		<hr/>
At 31 December 1998		14,701
		<hr/>
<b>Net book value</b>		
At 31 December 1998		6,261
		<hr/>
At 31 December 1997		13,785
		<hr/>

**10. INVESTMENTS HELD AS FIXED ASSETS**

		£
<b>Shares in subsidiary companies</b>		
<b>At cost</b>		
At 1 January 1998 and 31 December 1998		268,180
		<hr/>
		Proportion of ordinary shares held
Name	Principal activity	
Eastfield Engineering Limited	Manufacture of off-highway vehicle cab conditioning equipment, spares for this and for vehicle cabs and refurbishment of railway carriage window frames	100%
M.C. Air Filtration Limited	Manufacture of high efficiency air filters and associated equipment	100%
Epstone Limited	Investment in freehold property	100%
Walkair Limited	Distribution of air conditioning and filtration products, the construction of clean rooms and controlled environments and the provision of installation, commissioning and maintenance services	100%

All of the companies except Walkair Limited were incorporated and registered in England and Wales. Walkair Limited is incorporated and registered in the Republic of Ireland.


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**
**11. STOCKS**

	<b>Group</b>	
	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
Raw materials and components	389,037	741,204
Work in progress	99,640	135,400
Finished goods	143,343	91,912
	<u>632,020</u>	<u>968,516</u>

**12. DEBTORS**

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Trade debtors	926,555	1,357,262	-	-
Amount due from subsidiary companies	-	-	265,287	230,631
Other debtors	471	1,537	-	-
Prepayments and accrued income	40,763	45,583	-	-
	<u>967,789</u>	<u>1,404,382</u>	<u>265,287</u>	<u>230,631</u>

The amounts due from subsidiary includes £229,332 due after more than one year.

**13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

	<b>Group</b>		<b>Company</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Bank overdraft (note 15)	-	-	75,381	91,194
Bank loan (note 15)	20,040	20,040	-	-
Other loan (note 15)	150,000	-	-	-
Finance leases (note 15)	-	1,438	-	-
Trade creditors	360,546	911,367	183	211
Amount due to subsidiaries	-	-	44,847	46,475
Payroll and other taxes including social security	189,416	354,189	25,541	22,675
Other creditors	18,762	22,920	3,474	3,355
Accruals and deferred income	179,657	257,530	6,544	22,648
	<u>918,421</u>	<u>1,567,484</u>	<u>155,970</u>	<u>186,558</u>


**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**
**14. CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank loan (note 15)	89,660	109,700	-	-
Other loan (note 15)	-	150,000	-	-
	<u>89,660</u>	<u>259,700</u>	<u>-</u>	<u>-</u>

**15. BORROWINGS**

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank overdraft	-	-	75,381	91,194
Bank loans	109,700	129,740	-	-
Other loan	150,000	150,000	-	-
Finance leases	-	1,438	-	-
	<u>259,700</u>	<u>281,178</u>	<u>75,381</u>	<u>91,194</u>
Due within one year	170,040	21,478	75,381	91,194
Due after more than one year	89,660	259,700	-	-
	<u>259,700</u>	<u>281,178</u>	<u>75,381</u>	<u>91,194</u>
Analysis of loan repayments:				
Bank overdraft				
Within one year or on demand	-	-	75,381	91,194
Bank loans				
Within one year	20,040	20,040	-	-
Between one and two years	20,040	20,040	-	-
Between two and five years	60,120	60,120	-	-
After five years	9,500	29,540	-	-
Other loan				
Within one year	150,000	150,000	-	-
Finance leases				
Within one year	-	1,438	-	-
	<u>259,700</u>	<u>281,178</u>	<u>75,381</u>	<u>91,914</u>

The bank loan and other loan are secured by fixed and floating charges over the group's property and other assets and are subject to interest rates of between base rate and base rate plus 2.75%. The other loan is due to the Bushbury Holdings Pension Plan.

The company is party to a multilateral guarantee securing the bank overdraft and borrowings of other group companies, together with a guarantee in respect of a subsidiary company's overdraft. Its maximum potential liability in relation to these guarantees at 31 December 1998 was £nil (1997 - £76,476).



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**

**16. CALLED UP SHARE CAPITAL**

	1998 £	1997 £
Authorised:		
Ordinary shares of £1 each	160,000	160,000
Allotted and fully paid:		
Ordinary shares of £1 each	100,000	100,000

**17. RESERVES**

	Capital redemption reserve £	Revaluation reserve £	Foreign exchange reserve £	Profit and loss account £
<b>The Group</b>				
Balance at 1 January 1998	50,000	12,746	(39,123)	1,311,893
Retained profit for the year	-	-	-	130,689
Foreign exchange translation differences	-	-	8,266	-
Transfer of amount equivalent to additional depreciation on revalued assets	-	(220)	-	220
Balance at 31 December 1998	50,000	12,526	(30,857)	1,432,802
<b>The Company</b>				
Balance at 1 January 1998	50,000	-	-	176,265
Retained profit for the year	-	-	-	57,523
Balance at 31 December 1998	50,000	-	-	233,788

In accordance with FRS 10, the cumulative amount of goodwill eliminated against reserves prior to 31 December 1998 is £20,862.

**18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	1998 £	1997 £
Profit for the financial year	120,689	301,940
Other recognised gains and losses relating to the year	8,266	(30,339)
Net addition to shareholders' funds	128,955	271,601
Opening shareholders' funds	1,435,516	1,163,915
Closing shareholders' funds	1,564,471	1,435,516



**NOTES TO THE ACCOUNTS**  
**Year ended 31 December 1998**

**19. FINANCIAL COMMITMENTS**

**Operating lease commitments**

At 31 December 1998, the group was committed to making the following payments during the next year in respect of operating leases:

	<b>Land and buildings</b>	
	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
In respect of commitments that expire:		
After five years	67,808	41,822

**Capital commitments**

The group has contracts for capital expenditure on hand amounting to £Nil (1997 - £44,553).

The company had capital commitments at 31 December 1998 of £Nil (1997 - £44,553).

**20. PENSION COSTS**

The group operates a defined pension scheme, the assets of which are held separately from those of the group. 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, the most recent valuation being at 6 April 1996.

The pension charge for the year was £151,277 (1997 - £146,524).

The most recent actuarial valuation showed that, at 6 April 1996, the scheme had a past service shortfall of £56,000 which was cleared by a payment included in the pension charge for 1996. The market value of the scheme's assets at that date was £2,157,000. The actuarial valuation was carried out on the basis of the projected unit costing method and the assumptions used comprised an assumed rate of investment return of 9% per annum and a rate of increase of pensionable earnings of 7%.

**21. RELATED PARTY TRANSACTIONS**

The company has taken advantage of the exemption under FRS 8 "Related Party Disclosures" not to disclose transactions with other wholly owned companies in the group.