

FORMANTA LIMITED
FINANCIAL STATEMENTS
YEAR ENDED 31ST MARCH 1997

Registered number: 2280706

MERALI'S
CHARTERED ACCOUNTANTS
Harrow, Middlesex



FORMANTA LIMITED
FINANCIAL STATEMENTS
for the year ended 31st March 1997

CONTENTS

	Page
Company information	1
Directors' report	2
Statement of directors' responsibilities	3
Auditors' report	4
Profit and loss account	5
Balance sheet	6
Notes	7-12

The following page does not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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FORMANTA LIMITED
COMPANY INFORMATION

31st March 1997

INCORPORATED	England on 26th July 1988
NUMBER	2280706
DIRECTORS	P D V Bhoja D K Halai
SECRETARY	P D V Bhoja
REGISTERED OFFICE	Scottish Provident House 76-80 College Road Harrow Middlesex HA1 1BX
BANKERS	Midland Bank Plc 127/128 High Street Merthyr Tydfil Mid Glamorgan CF47 8DN
AUDITORS	Merali's Chartered Accountants & Registered Auditors Scottish Provident House 76-80 College Road Harrow, Middlesex HA1 1BX

FORMANTA LIMITED**DIRECTORS' REPORT****31st March 1997**

The directors present their report and the audited financial statements for the year ended 31st March 1997.

Principal activity

The principal activity of the company continues to be that of general merchants.

Directors

The directors of the company during the year and their interests in the shares of the company as recorded in the register of directors' interests were as follows

	31st March 1997	1st April 1996
	Ordinary shares	Ordinary shares
P D V Bhoja	7,500	7,500
D K Halai	7,500	7,500

Auditors

The Company has elected to dispense with the annual appointment of auditors. In the absence of a specific resolution to the contrary Merali's will continue in office.

Small company exemptions

This report is prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

On behalf of the board



P D V Bhoja
Secretary

Scottish Provident House
76-80 College Road
Harrow
Middlesex HA1 1BX

Date: 9 OCT 1997


FORMANTA LIMITED**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 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 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 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.

On behalf of the board



P D V Bhoja
Director

Date: 9 OCT 1997

FORMANTA LIMITED**AUDITORS' REPORT****Auditors' report to the members of****Formanta Limited**

We have audited the financial statements on pages 5 to 12 which have been prepared under the historical cost convention and the accounting policies set out on page 7.

Respective responsibilities of directors and auditors

As described on page 3, 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, except that the scope of our work was limited as explained below.

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 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.

However, the scope of our audit was limited by the matters referred to below:-

1. The company's turnover comprises cash-sales and there was no system of control over such sales on which we could rely for the purpose of our audit, and there were no satisfactory audit procedures that we could adopt to confirm independently that all cash-sales were properly recorded.
2. We were unable to attend the stocktake on 31st March 1997 and have relied upon the valuation of stock in the sum of £ 43,580 made by the directors on that date based on physical count.

Qualified opinion arising from limitation in audit scope

Except for any adjustments, if any, that might have been found to be necessary had we been able to satisfy ourselves as to the matters referred to above, in our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31st March 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Metali's
Chartered Accountants & Registered Auditors
Scottish Provident House
76-80 College Road
Harrow, Middlesex
HA1 1BX

Date: 21 OCT 1997

FORMANTA LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31st March 1997

	Note	1997 £	1996 £
Turnover	2	737,197	629,384
Cost of sales		(602,102)	(512,562)
Gross profit		135,095	116,822
Net operating expenses			
Distribution costs		(1,527)	(2,490)
Administrative expenses		(70,222)	(74,016)
Other operating income		8,882	2,836
Operating profit	3	72,228	43,152
Interest payable	5	(2,022)	(2,401)
Profit on ordinary activities before taxation		70,206	40,751
Taxation	6	(17,981)	(12,923)
Profit on ordinary activities after taxation		52,225	27,828
Dividends	7	(20,000)	(20,000)
Retained profit for the year	16	32,225	7,828

Movements in reserves are shown in note 16.

None of the company's activities were acquired or discontinued during the above two financial years.

There are no recognised gains and losses in 1997 or 1996 other than the profit for the year.

The notes on pages 7 to 12 form part of these accounts.

FORMANTA LIMITED

BALANCE SHEET

at 31st March 1997

	Note	1997 £	1996 £
Fixed assets			
Intangible Assets	8	-	-
Tangible assets	9	159,269	94,269
Current assets			
Stocks	10	43,580	41,474
Debtors	11	2,813	1,151
Cash at bank and in hand		30,406	17,095
		<u>76,799</u>	<u>59,720</u>
Creditors: amounts falling due within one year	12	<u>(73,578)</u>	<u>(68,097)</u>
Net current assets/(liabilities)		<u>3,221</u>	<u>(8,377)</u>
Total assets less current liabilities		<u>162,490</u>	<u>85,892</u>
Creditors: amounts falling due after more than one year	13	<u>(44,373)</u>	<u>-</u>
		<u>118,117</u>	<u>85,892</u>
Capital and reserves			
Called up share capital	15	15,000	15,000
Profit and loss account	16	103,117	70,892
Total shareholders' funds - All equity	14	<u>118,117</u>	<u>85,892</u>

These financial statements are prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 5 to 12 were approved by the board of directors on 9 OCT 1997


P D V Bhoja
Director


D K Halai
Director

The notes on pages 7 to 12 form part of these accounts.

FORMANTA LIMITED**NOTES ON FINANCIAL STATEMENTS****31st March 1997****1 Accounting policies****Basis of accounting**

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost accounting rules.

The company has taken advantage of the exemption from preparing a cash flow statement conferred by Financial Reporting Standard No. 1 on the grounds that it qualifies as a small company under the Companies Act 1985.

Turnover

Turnover represents the amount derived from the provision of goods and services falling within the company's activities after deduction of trade discounts and value added tax.

Depreciation

Depreciation of fixed assets is calculated to write off their cost or valuation less any residual value over their estimated useful lives as follows:

Freehold land	- Nil
Freehold buildings	- 2% straight line
Equipment	- 15% straight line
Motor van	- 25% straight line
Fixtures and fittings	- 10% straight line

Leases and hire purchase contracts

Rentals paid under operating leases are charged to income as incurred.

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Deferred taxation

Deferred taxation is provided on the liability method in respect of the taxation effect of all timing differences to the extent that tax liabilities are likely to crystallise in the foreseeable future.

Pension costs

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 charged represents contributions payable by the company to the fund.

2 Turnover

In the opinion of the directors, none of the turnover of the company is attributable to geographical markets outside the UK. (1996 nil)

FORMANTA LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

3 Operating profit

	1997 £	1996 £
Operating profit is stated after crediting		
Interest receivable	256	-
and after charging		
Accountancy & audit	5,348	5,067
Operating lease rentals	-	1,017
Hire of equipment	178	182
Depreciation of tangible fixed assets (note 9)		
owned assets	6,681	5,802

4 Directors and employees

	1997 £	1996 £
Staff costs including directors' emoluments		
Wages and salaries	38,038	42,893
Pension costs	2,813	2,679
	40,851	45,572
 Average monthly number employed including executive directors:	 Number 4	 Number 5
 Directors	 £	 £
Emoluments	32,090	32,712
Company contributions to pension scheme	2,813	2,679
	34,903	35,391

5 Interest payable

	1997 £	1996 £
On bank loan and overdraft.	2,022	2,401

6 Taxation

	1997 £	1996 £
Corporation tax on profit on ordinary activities at 24% (1996 25%)	17,981	12,923

FORMANTA LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

7 Dividends

	1997 £	1996 £
Proposed and paid	20,000	20,000

8 Intangible fixed assets

	Goodwill £
Cost	
1st April 1996 and 31st March 1997	5,500
Amortisation	
1st April 1996 and 31st March 1997	5,500
Net book amount	
31st March 1997	-

Goodwill has been amortised in equal annual instalments over its estimated economic life of 5 years.

9 Tangible fixed assets

	Motor Van £	Equipment £	Fixtures and Fittings £	Land and Buildings £	Total £
Cost					
1st April 1996	3,000	16,339	14,900	83,020	117,259
Additions	-	419	922	70,340	71,681
31st March 1997	3,000	16,758	15,822	153,360	188,940
Depreciation					
1st April 1996	2,250	9,540	6,759	4,441	22,990
Charge for year	750	2,294	1,583	2,054	6,681
31st March 1997	3,000	11,834	8,342	6,495	29,671
Net book amount					
31st March 1997	-	4,924	7,480	146,865	159,269
1st April 1996	750	6,799	8,141	78,579	94,269

Included in freehold land and buildings is freehold land valued at £50,664 (1996 - £27,500), which is not depreciated.

In the opinion of the directors, the open market value of the freehold land and buildings is the same as book value.

FORMANTA LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

10 Stocks

	1997 £	1996 £
Goods for resale	<u>43,580</u>	<u>41,474</u>

11 Debtors

	1997 £	1996 £
Amounts falling due within one year		
Other debtors	-	500
Prepayments	<u>2,813</u>	<u>651</u>
	<u>2,813</u>	<u>1,151</u>

12 Creditors: amounts falling due within one year

	1997 £	1996 £
Bank loans and overdrafts	5,798	7,281
Trade creditors	2,153	2,004
Directors' loan accounts	37,814	37,900
Corporation tax	12,981	5,724
Other taxation and social security	9,291	10,187
Accruals	<u>5,541</u>	<u>5,001</u>
	<u>73,578</u>	<u>68,097</u>

FORMANTA LIMITED

NOTES ON FINANCIAL STATEMENTS

31st March 1997

13 Creditors: amounts falling due after more than one year

	1997 £	1996 £
Bank loan	44,373	7,281
Maturity of debt included above		
Within one year or less, or on demand	5,000	7,281
One and two years	5,000	-
Two and five years	15,000	-
After more than five years	24,373	-

The bank loan is for a 10 year term from 29th January 1997 and bears interest at the rate of 1% p.a. over Midland Bank's Base rate and is secured by directors' joint and several guarantee for £15,000 and life cover on their lives. A fixed charge over the freehold premises located at Flat Nos. 5 and 6 Troed Y Bryn, Penyrheol, Caephilly, Mid Glamorgan Wales and a first floating charge over all assets, goodwill, undertaken, and uncalled capital both present and future.

14 Reconciliation of movements in shareholders' funds

	1997 £	1996 £
Profit for the financial year	52,225	27,828
Dividends	(20,000)	(20,000)
Net addition to shareholders' funds	32,225	22,828
Opening shareholders' funds	85,892	78,064
Closing shareholders' funds	118,117	85,892

15 Called up share capital

	1997		1996	
	Number of shares	£	Number of shares	£
Authorised				
Authorised share capital - Ordinary shares of £1 each	100,000	100,000	100,000	100,000
Allotted called up and fully paid				
Ordinary shares of £1 each	15,000	15,000	15,000	15,000

FORMANTA LIMITED**NOTES ON FINANCIAL STATEMENTS****31st March 1997****16 Profit and loss account**

	1997 £
1st April 1996	70,892
Retained profit for the year	32,225
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31st March 1997	103,117
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17 Capital commitments

At the balance sheet date none had been contracted for nor approved by the directors.

18 Contingent liabilities

The directors are not aware of any contingent liabilities as at the balance sheet date.

19 Related party transactions

The company was controlled throughout the current and the previous period by its directors Mr P D V Bholja and Mr D K Halai by virtue of the fact that between them they own all of the company's ordinary share capital.