

ABS REFRACTORIES LIMITED

FINANCIAL STATEMENTS

31 DECEMBER 1996

Registered number: 2413674



ABS REFRACTORIES LIMITED

FINANCIAL STATEMENTS

for the year ended 31 December 1996

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The following pages do not form part of the statutory accounts

Detailed trading and profit and loss account	Appendix 1
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ABS REFRACTORIES LIMITED**COMPANY INFORMATION****31 December 1996**

INCORPORATED	England on 16 August 1989
NUMBER	2413674
DIRECTORS	Brian Edward Beckett Peter William Diston Benjamin Aylward Mark Ridgeway Kevin Joseph Sheehan
SECRETARY	Kevin Joseph Sheehan
REGISTERED OFFICE	The Brickworks Kilnhurst Road Rawmarsh Rotherham
BANKERS	Royal Bank of Scotland plc 31 High Street Rotherham
SOLICITORS	Dibb, Lupton & Broomhead 117 The Headrow Leeds
AUDITORS	Michael A Jarvis & Co Chartered Accountants Edenthorpe Grove Road Rotherham

ABS REFRACTORIES LIMITED

DIRECTORS' REPORT

31 December 1996

The directors present their report and the audited financial statements for the year ended 31 December 1996.

Principal activity

The principal activity of the company is that of suppliers of refractory materials for the steel, glass and ceramics industries.

Business review

The company's balance sheet as detailed on page 6 shows a satisfactory position, shareholders' funds amounting to £443,050.

Results and dividends

The results for the year are shown in the profit and loss account on page 5. The directors do not propose payment of an ordinary dividend.

Fixed assets

Changes in fixed assets during the year are set out in note 8.

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

	31 December 1996 Ordinary shares	1 January 1996 Ordinary shares
Brian Edward Beckett	-	-
Peter William Diston	2,000	2,000
Benjamin Aylward	-	-
Mark Ridgeway	1,000	1,000
Kevin Joseph Sheehan	-	-

The interests of directors who are also directors of the ultimate parent undertaking are disclosed in the financial statements of that company.

Auditors

Michael A Jarvis & Co have agreed to offer themselves for re-appointment as auditors of the company.

On behalf of the board



Kevin Joseph Sheehan
Secretary

The Brickworks
Kilnhurst Road
Rawmarsh
Rotherham

16 May 1997

ABS REFRACTORIES LIMITED

STATEMENT OF DIRECTORS' RESPONSIBILITIES

We are required under company law 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 we are required to:

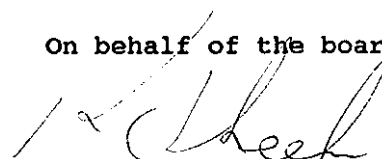
- select suitable accounting policies and apply them consistently;
- make reasonable and prudent judgements and estimates;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

We are also responsible for:

- keeping proper accounting records;
- safeguarding the company's assets;
- taking reasonable steps for the prevention and detection of fraud.

16 May 1997

On behalf of the board



Kevin Joseph Sheehan
Director

ABS REFRACTORIES LIMITED**AUDITORS' REPORT****Auditors' report to the members of****ABS Refractories Limited**

We have audited the financial statements on pages 5 to 16 which have been prepared under the historical cost convention and the accounting policies set out on page 8.

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. 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 error 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 December 1996 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Michael A Jarvis & Co.

Edenthorpe
Grove Road
Rotherham

16 May 1997

Michael A Jarvis & Co

Registered Auditor
and
Chartered Accountants

ABS REFRACTORIES LIMITED

PROFIT AND LOSS ACCOUNT

for the year ended 31 December 1996

	Note	1996 £	1995 £
Turnover	2	4,069,158	5,277,333
Cost of sales		(3,415,708)	(4,531,115)
Gross profit		653,450	746,218
Net operating expenses			
Distribution costs		(279,369)	(275,690)
Administrative expenses		(312,602)	(345,394)
Other operating income		75,205	87,831
Operating profit	3	136,684	212,965
Investment income	5	10,202	3,019
Interest payable	6	(40,515)	(12,404)
Profit on ordinary activities before taxation		106,371	203,580
Taxation	7	(36,137)	(75,858)
Profit on ordinary activities after taxation retained for the year	17	70,234	127,722

Movements in reserves are shown in note 17.

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

There are no recognised gains and losses in 1996 or 1995 other than the profit for the year.

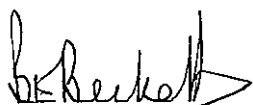
ABS REFRACTORIES LIMITED

BALANCE SHEET

at 31 December 1996

	Note	£	1996 £	£	1995 £
Fixed assets					
Tangible assets	8		99,405		96,640
Investments	9		6		-
			<u>99,411</u>		<u>96,640</u>
Current assets					
Stocks	10	621,202		489,025	
Debtors	11	1,437,678		1,340,067	
Cash at bank and in hand		2,621		179,983	
		<u>2,061,501</u>		<u>2,009,075</u>	
Creditors: amounts falling due within one year	12	(1,693,521)		(1,707,607)	
Net current assets			<u>367,980</u>		<u>301,468</u>
Total assets less current liabilities			<u>467,391</u>		<u>398,108</u>
Creditors: amounts falling due after more than one year	13		(24,341)		(25,292)
			<u>443,050</u>		<u>372,816</u>
Capital and reserves					
Called up share capital	16		10,000		10,000
Profit and loss account	17		433,050		362,816
Total shareholders' funds	15		<u>443,050</u>		<u>372,816</u>

The financial statements on pages 5 to 16 were approved by the board of directors on 16 May 1997 and signed on its behalf by:



Brian Edward Beckett
Director



Kevin Joseph Sheehan
Director

ABS REFRACTORIES LIMITED

CASH FLOW STATEMENT

for the year ended 31 December 1996

	Note	1996		1995	
		£	£	£	£
Net cash outflow					
from operating activities	19		(521,035)		(106,357)
Returns on investments and servicing					
of finance					
Interest received		10,202		3,019	
Interest paid		(36,030)		(9,411)	
Interest element of finance lease					
rental payments		(4,485)		(2,993)	
			(30,313)		(9,385)
Taxation					
Corporation tax paid			(73,312)		(38,380)
Capital expenditure					
and financial investment					
Purchase of tangible fixed assets		(14,460)		(36,109)	
Purchase of fixed asset investments		(6)		-	
Sale of tangible fixed assets		9,750		25,749	
			(4,716)		(10,360)
			(629,376)		(164,482)
Financing					
Capital element of finance lease rentals		(32,374)		(28,209)	
			(32,374)		(28,209)
Decrease in cash			(661,750)		(192,691)

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

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.

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:

Portable buildings	20% reducing balance
Plant and machinery	25% reducing balance
Motor vehicles	33 1/3% reducing balance
Fixtures and fittings	25% reducing balance

Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability.

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.

Foreign currencies

Transactions expressed in foreign currencies are translated into sterling and recorded at rates of exchange approximating to those ruling at the date of the transaction. Monetary assets and liabilities are translated at rates ruling at the balance sheet date. All differences are taken to the profit and loss account.

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

2 Turnover

The turnover for the year was derived from the company's principal activity.

The analysis of turnover by geographical area is as follows:

	1996 £	1995 £
Geographically		
United Kingdom	3,446,539	4,005,574
Other E.E.C. countries	490,538	17,977
Rest of the World	132,081	1,253,782
	<u>4,069,158</u>	<u>5,277,333</u>

3 Operating profit

	1996 £	1995 £
Operating profit is stated after crediting		
Profit on foreign exchange	2,531	-
Profit on sale of assets	-	2,047
	<u></u>	<u></u>
and after charging		
Staff costs (note 4)	333,313	344,616
General bad debt provision	-	11,500
Auditors' remuneration	1,600	2,500
Operating leases		
Hire of plant and machinery	2,054	2,166
Loss on sale of assets	6,608	-
Loss on foreign exchange	-	676
	<u></u>	<u></u>
Depreciation of tangible fixed assets (note 8)		
owned assets	15,059	9,105
leased assets	12,582	15,051
	<u>27,641</u>	<u>24,156</u>
The total amount charged against profits in respect of finance leases and hire purchase contracts is	17,067	18,044
(of which part is shown as depreciation and the balance is shown as interest payable in note 6)	<u></u>	<u></u>

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

4 Directors and employees

	1996 £	1995 £
Staff costs including directors' emoluments		
Wages and salaries	304,250	318,658
Social security costs	29,063	25,958
	<u>333,313</u>	<u>344,616</u>
	Number	Number
Average monthly number employed including executive directors		
Production staff	12	11
Office and management	5	5
	<u>17</u>	<u>16</u>
Directors	£	£
Directors' emoluments		
Management remuneration	<u>102,650</u>	<u>143,678</u>
Emoluments excluding pension scheme contributions		
Chairman	19,000	32,000
Highest paid director	<u>45,650</u>	<u>47,678</u>
Of all directors	Number	Number
£15,001-£20,000	2	-
£30,001-£35,000	-	2

The emoluments of one director were paid by the parent undertaking in the sum of £41,064 (1995 £39,328).

5 Investment income

	1996 £	1995 £
Interest receivable	<u>10,202</u>	<u>3,019</u>

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

6 Interest payable

	1996 £	1995 £
Bank interest	35,891	9,241
Statutory interest	139	170
Hire purchase interest	4,485	2,993
	<u>40,515</u>	<u>12,404</u>

7 Taxation

	1996 £	1995 £
Corporation tax on profit on ordinary activities at 33% (1995 33%)	37,000	74,175
(Over)/under provision in earlier years	(863)	1,683
	<u>36,137</u>	<u>75,858</u>

8 Tangible fixed assets

Cost	Motor Vehicles £	Plant and Machinery £	Fixtures and Fittings £	Portable Buildings £	Total £
1 January 1996	59,511	32,746	19,754	23,700	135,711
Additions	36,830	-	9,933	-	46,763
Disposals	(20,971)	-	(2,585)	-	(23,556)
31 December 1996	<u>75,370</u>	<u>32,746</u>	<u>27,102</u>	<u>23,700</u>	<u>158,918</u>
Depreciation					
1 January 1996	16,509	13,199	6,123	3,240	39,071
Charge for year	12,410	4,887	5,229	5,115	27,641
Disposals	(4,613)	-	(2,585)	-	(7,198)
31 December 1996	<u>24,306</u>	<u>18,086</u>	<u>8,767</u>	<u>8,355</u>	<u>59,514</u>
Net book amount					
31 December 1996	<u>51,065</u>	<u>14,660</u>	<u>18,335</u>	<u>15,345</u>	<u>99,405</u>
1 January 1996	<u>43,002</u>	<u>19,547</u>	<u>13,631</u>	<u>20,460</u>	<u>96,640</u>

The net book amount of fixed assets includes £54,364 (1995 £55,170) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3.

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

9 Fixed asset investments

	Investments other than loans £
Cost	
Additions	6
31 December 1996	<u>6</u>
Net book amount	
31 December 1996	<u>6</u>
1 January 1996	<u>-</u>

Fixed asset investments is the cost of 50 one South African Rand ordinary shares, representing 50% of the issued share capital of Rivaltrade 13 Pty Limited, a company registered in the Republic of South Africa. The balance of this company's issued share capital is held by A B S Distribution Services Limited and the results of this company are included in the consolidated accounts of that company.

10 Stocks

	1996 £	1995 £
General stock	<u>621,202</u>	<u>489,025</u>

11 Debtors

	1996 £	1995 £
Amounts falling due within one year		
Trade debtors	1,273,865	1,139,563
Amounts owed by group undertakings	150,000	150,000
Other debtors	-	25,607
Prepayments and accrued income	13,813	24,897
	<u>1,437,678</u>	<u>1,340,067</u>

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

12 Creditors: amounts falling due within one year

	1996 £	1995 £
Bank overdrafts	484,388	-
Trade creditors	755,656	1,501,107
Corporation tax	37,000	74,175
Other taxation and social security	66,492	49,388
Other creditors	131	-
Accruals and deferred income	328,205	62,168
Obligations under finance leases and hire purchase contracts - note 13	21,649	20,769
	<u>1,693,521</u>	<u>1,707,607</u>

The bank overdraft is secured by a debenture incorporating a charge on book debts and a £100,000 guarantee from the ultimate parent undertaking.

13 Creditors: amounts falling due after more than one year

	1996 £	1995 £
Obligations under finance leases	<u>24,341</u>	<u>25,292</u>

Obligations under finance leases and hire purchase contracts

These are repayable over varying periods by monthly instalments as follows:

In the next year - see note 12	21,649	20,769
In the second to fifth years	<u>24,341</u>	<u>25,292</u>
	<u>45,990</u>	<u>46,061</u>

Obligations under finance leases and hire purchase contracts are secured upon the assets to which they relate.

14 Deferred taxation

	1996		1995	
	Potential liability	Provision made	Potential liability	Provision made
	£	£	£	£
Corporation tax deferred by				
Capital allowances in excess of depreciation	<u>1,432</u>	<u>-</u>	<u>975</u>	<u>-</u>

The potential liability and provision are based on a corporation tax rate of 33% (1995 33%).

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

15 Reconciliation of movements in shareholders' funds

	1996 £	1995 £
Profit for the financial year representing a Net addition to shareholders' funds	70,234	127,722
Opening shareholders' funds	372,816	245,094
Closing shareholders' funds	443,050	372,816

16 Called up share capital

	1996		1995	
	Number of shares	£	Number of shares	£
Authorised				
£1 Ordinary shares	10,000	10,000	10,000	10,000
Allotted called up and fully paid				
£1 Ordinary shares	10,000	10,000	10,000	10,000

17 Profit and loss account

	1996 £
1 January 1996	362,816
Retained profit for the year	70,234
31 December 1996	433,050

18 Ultimate parent undertaking

The company's ultimate parent undertaking at the balance sheet date was A B S Distribution Services Limited, a company incorporated in England.

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

19 Notes to the cash flow statement

Reconciliation of operating profit
to operating cash flows

	1996 £	1995 £
Operating profit	136,684	212,965
Depreciation charges	27,641	24,156
Loss/(profit) on sale of fixed assets	6,608	(2,047)
Increase in stocks	(132,177)	(71,083)
Increase in debtors	(97,611)	(419,294)
(Decrease)/increase in creditors	(462,180)	148,946
Net cash outflow		
from operating activities	<u>(521,035)</u>	<u>(106,357)</u>

ABS REFRACTORIES LIMITED

NOTES ON FINANCIAL STATEMENTS

31 December 1996

20 Notes to the cash flow statement (continued)

Analysis of changes in net debt

	At start of year £	Cash flows £	Other changes £	At end of year £
Cash in hand, at bank	179,983	(177,362)	-	2,621
Overdrafts	-	(484,388)	-	(484,388)
		<u>(661,750)</u>		
Finance leases	(46,061)	32,374	(32,303)	(45,990)
		<u>32,374</u>		
Total	<u>133,922</u>	<u>(629,376)</u>	<u>(32,303)</u>	<u>(527,757)</u>

Reconciliation of net cash flow to movement in net debt

	1996 £	1995 £
Decrease in cash in the year	(661,750)	(192,691)
Cash outflow from decrease in debt and lease financing	32,374	28,209
Change in net debt resulting from cash flows	(629,376)	(164,482)
New finance leases	(32,303)	(51,517)
Movement in net debt in the year	(661,679)	(215,999)
Net debt at 1 January 1996	133,922	349,921
Net debt at 31 December 1996	<u>(527,757)</u>	<u>133,922</u>