

Pola Minerals Limited
Abbreviated annual report
for the year ended 31 December 1997

Registered no: 2762340



Pola Minerals Limited

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**Report of the auditors to the director of
Pola Minerals Limited under Section 247B of the
Companies Act 1985**

We have examined the abbreviated financial statements on pages 2 to 6 together with the financial statements of Pola Minerals Limited for the year ended 31 December 1997.

Respective responsibilities of directors and auditors

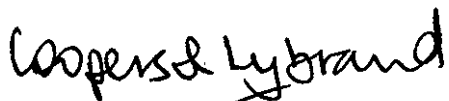
The director is responsible for preparing the abbreviated financial statements in accordance with Section 246 of and Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm by reference to the annual financial statements that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements have been properly prepared in accordance with those provisions.




Chartered Accountants and Registered Auditors
Newcastle upon Tyne
7 April 1998

**Balance sheet
at 31 December 1997
(Abbreviated in accordance with the provisions of the
Companies Act 1985)**

| | Notes | 1997 £ | 1996 £ |
|--|-------|------------------|------------------|
| Fixed assets | | | |
| Tangible assets | 2 | <u>242,693</u> | <u>241,901</u> |
| Current assets | | | |
| Stocks | | 264,944 | 302,913 |
| Debtors | | 672,874 | 555,934 |
| Cash at bank and in hand | | <u>28</u> | <u>28</u> |
| | | <u>937,846</u> | <u>858,875</u> |
| Creditors: amounts falling due within one year | 4 | <u>(938,378)</u> | <u>(875,802)</u> |
| Net current liabilities | | <u>(532)</u> | <u>(16,927)</u> |
| Total assets less current liabilities | | <u>242,161</u> | <u>224,974</u> |
| Creditors: amounts falling due after more than one year | 5 | <u>(75,775)</u> | <u>(105,798)</u> |
| Deferred taxation | | <u>(14,424)</u> | <u>(14,462)</u> |
| | | <u>(90,199)</u> | <u>(120,260)</u> |
| Net (liabilities)/assets | | <u>151,962</u> | <u>104,714</u> |
| Capital and reserves | | | |
| Called up share capital | 6 | 12,000 | 12,000 |
| Profit and loss account | | <u>139,962</u> | <u>92,714</u> |
| Equity shareholders' funds/(deficit) | | <u>151,962</u> | <u>104,714</u> |

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 2 to 6 were approved by the director on 7 April 1998 and were signed by:



Director

Notes to the abbreviated financial statements for the year ended 31 December 1997

1 Principal accounting policies

The financial statements have been prepared in accordance with applicable Accounting Standards 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.

Consolidation

The financial statements contain information about Pola Minerals Limited as an individual company and do not contain consolidated financial information as the parent of a group.

The company is exempt under s248 Companies Act 1985 from the requirement to prepare consolidated financial statements as the group it heads qualifies as a small group.

Cash flow statement

The company qualifies as a small company as defined by s247 Companies Act 1985 and as such, under the provisions of Financial Reporting Standard No 1, "Cash flow statements", the company is exempt from the requirement to publish a cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of 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 rate used for this purpose is:

| | % |
|--------------------------------|-------|
| Plant and machinery | 12.5% |
| Furniture and office equipment | 25% |
| Motor vehicles | 25% |

Leasehold improvements are depreciated over the period of the related lease.

Hire purchase agreements and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Hire purchase agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the hire purchase commitments is shown as obligations under hire purchase agreements. The hire purchase payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

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 unit cost basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Foreign currencies

Revenue and expenses in foreign currencies are recorded in sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences arising on foreign exchange translation 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.

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 in the foreseeable future.

2 Tangible fixed assets

| | Leasehold property improvements £ | Plant and machinery £ | Furniture and office equipment £ | Motor vehicles £ | Total £ |
|----------------------------|--|-----------------------------|---|------------------------|----------------|
| Cost | | | | | |
| At 1 January 1997 | 4,447 | 247,024 | 16,091 | 64,963 | 332,525 |
| Additions | 9,575 | 43,753 | 2,486 | - | 55,814 |
| Disposals | - | - | (1,669) | - | (1,669) |
| At 31 December 1997 | 14,022 | 290,777 | 16,908 | 64,963 | 386,670 |
| Depreciation | | | | | |
| At 1 January 1997 | 258 | 70,690 | 6,809 | 12,867 | 90,624 |
| Charge for year | 1,271 | 32,221 | 3,691 | 16,241 | 53,424 |
| Disposals | - | - | (71) | - | (71) |
| At 31 December 1997 | 1,529 | 102,911 | 10,429 | 29,108 | 143,977 |
| Net book value | | | | | |
| At 31 December 1997 | 12,493 | 187,866 | 6,479 | 35,855 | 242,693 |
| Net book value | | | | | |
| At 31 December 1996 | 4,189 | 176,334 | 9,282 | 52,096 | 241,901 |

The net book value of tangible fixed assets includes an amount of £44,291 (1996: £53,440) in respect of assets held under hire purchase agreements.

3 Fixed asset investments

The entire equity share capital of the investment, detailed below, was acquired on 2 December 1996 for a nominal value of 2 French Francs.

| Interest in group undertakings | | | | |
|--------------------------------|--------------------------|---|--------------------|--|
| Name of subsidiary | Country of incorporation | Description of shares held | Principal activity | Proportion of nominal value of shares held |
| Austral Sarl | France | 1,000 ordinary shares of 100 french francs each | Non-trading | 100% |

4 Creditors: amounts falling due within one year

| | 1997 £ | 1996 £ |
|--|----------------|----------------|
| Bank loans and overdrafts | 117,811 | 89,379 |
| Trade creditors | 343,502 | 296,105 |
| Invoice factoring advances | 385,535 | 376,694 |
| Obligations under hire purchase agreements | 16,556 | 14,426 |
| Other creditors | 74,974 | 99,198 |
| | 938,378 | 875,802 |

5 Creditors: amounts falling due after more than one year

| | 1997 £ | 1996 £ |
|--|---------------|----------------|
| Bank loan | 45,191 | 66,007 |
| Obligations under hire purchase agreements | 30,584 | 39,791 |
| | <u>75,775</u> | <u>105,798</u> |

The net hire purchase obligations to which the company is committed are:

| | 1997 £ | 1996 £ |
|----------------------------|---------------|---------------|
| In one year or less | 16,556 | 14,426 |
| Between one and two years | 30,584 | 12,719 |
| Between two and five years | - | 27,072 |
| | <u>47,140</u> | <u>54,217</u> |

6 Called up share capital

| | 1997 £ | 1996 £ |
|--|-------------------|-------------------|
| Authorised | | |
| 50,000 (1996: 50,000) ordinary shares of £1 each | 50,000 | 50,000 |
| | <u> </u> | <u> </u> |
| Allotted, called up and fully paid | | |
| 12,000 (1996: 12,000) ordinary shares of £1 each | 12,000 | 12,000 |
| | <u> </u> | <u> </u> |