

**CLEAREX PLASTICS LTD**  
**DIRECTORS' REPORT AND ACCOUNTS**  
**FOR THE YEAR ENDED 31ST DECEMBER 1998**



Company No. 2899888

# **CLEAREX PLASTICS LTD**

## **COMPANY INFORMATION**

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|                               |                                                                                                  |
|-------------------------------|--------------------------------------------------------------------------------------------------|
| <b>Directors</b>              | Mr J. Bunker<br>Mr A. Coles                                                                      |
| <b>Non Executive Director</b> | Mr J. Dickinson                                                                                  |
| <b>Secretary</b>              | Mr A. Coles                                                                                      |
| <b>Company Number</b>         | 2899888                                                                                          |
| <b>Registered Office</b>      | Fence Houses<br>Houghton Le Spring<br>Tyne and Wear<br>DH4 5RF                                   |
| <b>Auditors</b>               | Higginson & Company<br>81 High Street North<br>Dunstable<br>Beds<br>LU6 1JJ                      |
| <b>Bankers</b>                | National Westminster Bank Plc<br>The Galleries<br>Washington Centre<br>Tyne and Wear<br>NE38 7SG |

# **CLEAREX PLASTICS LTD**

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# CLEAREX PLASTICS LTD

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1998

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The directors present their report together with the audited accounts for the year ended 31st December 1998.

### Principal Activities and Review of Business

The company's principal activity continued to be that of the manufacture of plastic products and components by injection, vacuum form and polyurethane foam moulding.

### Results and Dividends

The results for the year are set out in the profit and loss account on page 4.

The directors consider the profit achieved on ordinary activities before taxation to be in line with expectations. During the year the company has incurred costs in the region of £15,000 in fulfilling its program of upgrading its manufacturing process.

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

Interim dividends of £24,000 were paid during the year

### Directors

The directors who served during the year and their beneficial interests in the company's issued share capital were:

|                 | Ordinary Shares          |                        |
|-----------------|--------------------------|------------------------|
|                 | 31st<br>December<br>1998 | 1st<br>January<br>1998 |
| Mr J. Bunker    | 50,000                   | 50,000                 |
| Mr J. Dickinson | 50,000                   | 50,000                 |

### Political and Charitable Contributions

The company made no political or charitable contributions during the year.

# CLEAREX PLASTICS LTD

## DIRECTORS' REPORT

FOR THE YEAR ENDED 31ST DECEMBER 1998

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### Directors' Responsibilities

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of the company's affairs and of the profit or loss for that year. In preparing these accounts 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 accounts 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 enable them to ensure that the accounts 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.

This report was approved by the board on 23rd March 1999, and signed on its behalf.



Mr A. Coles, Secretary  
23rd March 1999

# **AUDITORS' REPORT TO THE SHAREHOLDERS OF CLEAREX PLASTICS LTD**

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We have audited the accounts on pages 4 to 13 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 2 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts and 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the accounts 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 the information in the accounts.

## **Opinion**

In our opinion the accounts give a true and fair view of the state of the company's affairs as at 31st December 1998 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Higginson & Company**  
**Accountants and Registered Auditors**  
**81 High Street North**  
**Dunstable**  
**Beds**  
**LU6 1JJ**  
**Date: 23rd March 1999**

# CLEAREX PLASTICS LTD

## PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER 1998

|                                                      | Notes | 1998<br>£        | 1997<br>£        |
|------------------------------------------------------|-------|------------------|------------------|
| <b>Turnover</b>                                      | 2     | <b>2,616,099</b> | <b>2,241,357</b> |
| Cost of Sales                                        |       | <b>1,977,812</b> | <b>1,633,218</b> |
| <b>Gross Profit</b>                                  |       | <b>638,287</b>   | <b>608,139</b>   |
| Administrative Expenses                              |       | <b>525,867</b>   | <b>494,721</b>   |
|                                                      |       | <b>112,420</b>   | <b>113,418</b>   |
| Other operating income                               |       | <b>12,121</b>    | <b>9,000</b>     |
| <b>Operating Profit</b>                              | 3     | <b>124,541</b>   | <b>122,418</b>   |
| Interest Receivable                                  |       | <b>1,599</b>     | <b>817</b>       |
| Interest Payable and Similar Charges                 | 4     | <b>(20,538)</b>  | <b>(8,332)</b>   |
| <b>Profit on Ordinary Activities before Taxation</b> |       | <b>105,602</b>   | <b>114,903</b>   |
| Tax on profit on ordinary activities                 | 6     | <b>22,669</b>    | <b>24,033</b>    |
| <b>Profit for the Financial Year</b>                 |       | <b>82,933</b>    | <b>90,870</b>    |
| Dividends                                            | 7     | <b>24,000</b>    | <b>109,637</b>   |
| <b>Retained Profit/Loss for the Year</b>             | 19    | <b>58,933</b>    | <b>(18,767)</b>  |
| <b>Retained Profit Brought Forward</b>               |       | <b>176,828</b>   | <b>195,595</b>   |
| <b>Retained Profit Carried Forward</b>               |       | <b>235,761</b>   | <b>176,828</b>   |

All amounts relate to continuing activities.

# CLEAREX PLASTICS LTD

## BALANCE SHEET

AS AT 31ST DECEMBER 1998

|                                                                | Notes | £              | 1998<br>£      | £              | 1997<br>£      |
|----------------------------------------------------------------|-------|----------------|----------------|----------------|----------------|
| <b>Fixed Assets</b>                                            |       |                |                |                |                |
| Intangible assets                                              | 8     |                | 11,250         |                | -              |
| Tangible assets                                                | 9     |                | 731,725        |                | 561,982        |
|                                                                |       |                | <u>742,975</u> |                | <u>561,982</u> |
| <b>Current Assets</b>                                          |       |                |                |                |                |
| Stocks                                                         | 10    | 155,840        |                | 151,219        |                |
| Debtors                                                        | 11    | 503,198        |                | 483,387        |                |
| Cash at bank and in hand                                       |       | 56,370         |                | 545            |                |
|                                                                |       | <u>715,408</u> |                | <u>635,151</u> |                |
| <b>Creditors: Amounts Falling Due Within One Year</b>          | 12    | <u>574,122</u> |                | <u>604,409</u> |                |
| <b>Net Current Assets</b>                                      |       |                | <u>141,286</u> |                | <u>30,742</u>  |
| <b>Total Assets Less Current Liabilities</b>                   |       |                | <u>884,261</u> |                | <u>592,724</u> |
| <b>Creditors: Amounts Falling Due After More Than One Year</b> | 13    |                | 266,987        |                | 52,361         |
| <b>Provision for Liabilities and Charges</b>                   |       |                |                |                |                |
| Deferred taxation                                              | 15    |                | 44,970         |                | 26,992         |
|                                                                |       |                | <u>572,304</u> |                | <u>513,371</u> |
| <b>Capital and Reserves</b>                                    |       |                |                |                |                |
| Share capital                                                  | 18    |                | 100,000        |                | 100,000        |
| Share premium account                                          | 19    |                | 236,543        |                | 236,543        |
| Profit and loss account                                        | 19    |                | 235,761        |                | 176,828        |
| <b>Shareholders' Funds</b>                                     |       |                | <u>572,304</u> |                | <u>513,371</u> |

These accounts were approved by the board on 23rd March 1999 and signed on its behalf.

Mr J. Bunker  
Director





# CLEAREX PLASTICS LTD

## CASH FLOW STATEMENT

FOR THE YEAR ENDED 31ST DECEMBER 1998

|                                                                                        | Notes | 1998<br>£      | 1997<br>£       |
|----------------------------------------------------------------------------------------|-------|----------------|-----------------|
| <b>Reconciliation of Operating Profit to Net Cash Inflow from Operating Activities</b> |       |                |                 |
| Operating profit                                                                       |       | 124,541        | 122,418         |
| Depreciation                                                                           |       | 96,233         | 45,121          |
| Loss on sale of fixed assets                                                           |       | -              | 7,720           |
| Increase in stocks                                                                     |       | (4,621)        | (41,634)        |
| Increase in debtors                                                                    |       | (19,811)       | (133,365)       |
| Decrease in creditors                                                                  |       | (85,293)       | (23,735)        |
| <b>Net Cash Inflow from Operating Activities</b>                                       |       | <b>111,049</b> | <b>(23,475)</b> |

## CASH FLOW STATEMENT

|                                                                  |    |                  |                  |
|------------------------------------------------------------------|----|------------------|------------------|
| <b>Net Cash Inflow from Operating Activities</b>                 |    | <b>111,049</b>   | <b>(23,475)</b>  |
| <b>Returns on Investments and Servicing of Finance</b>           | 16 | <b>(18,939)</b>  | <b>(7,515)</b>   |
| <b>Taxation</b>                                                  |    | <b>2,111</b>     | <b>104</b>       |
| <b>Capital Expenditure and Financial Investment</b>              | 16 | <b>(277,226)</b> | <b>(37,757)</b>  |
| <b>Equity Dividends Paid</b>                                     |    | <b>(24,000)</b>  | <b>(109,637)</b> |
| <b>Cash Outflow Before Use of Liquid Resources and Financing</b> |    | <b>(207,005)</b> | <b>(178,280)</b> |
| <b>Financing</b>                                                 | 16 | <b>273,472</b>   | <b>305,575</b>   |
| <b>Increase in Cash</b>                                          |    | <b>66,467</b>    | <b>127,295</b>   |

## Reconciliation of Net Cash Flow to Movement in Net Debt

|                                                           |    |                  |                 |
|-----------------------------------------------------------|----|------------------|-----------------|
| <b>Increase in Cash in the Year</b>                       |    | <b>66,467</b>    | <b>127,295</b>  |
| Cash inflow from increase in net debt and lease financing | 17 | (273,472)        | 30,966          |
| <b>Increase in Net Debt</b>                               | 17 | <b>(207,005)</b> | <b>158,261</b>  |
| <b>Net Debt at 1st January 1998</b>                       |    | <b>(86,968)</b>  | <b>(16,847)</b> |
| <b>Net Debt/Funds at 31st December 1998</b>               | 17 | <b>(293,973)</b> | <b>141,414</b>  |

# CLEAREX PLASTICS LTD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

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### 1 Accounting Policies

#### Basis of Accounting

The Accounts have been prepared under the historical cost convention.

#### Turnover

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

#### Depreciation

Depreciation is provided on all tangible fixed assets, other than freehold land and property held for investment, at rates calculated to write off the cost or valuation of each asset less its estimated residual value, over its expected useful life as follows:

|                         |            |
|-------------------------|------------|
| Plant and machinery     | 5-10 years |
| Motor vehicles          | 25% wdv    |
| Furniture and equipment | 4-10 years |

#### Goodwill

Purchased goodwill is amortised on a straight-line basis over two years.

#### Stocks

Stocks are stated at the lower of cost and net realisable value.

#### Deferred Taxation

Deferred tax is provided for under the liability method using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advanced corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

#### Contribution to Pension Funds

The company operates a defined benefits pension scheme. Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

#### Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the Profit and Loss Account on a straight line basis over the lease term.

# CLEAREX PLASTICS LTD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

### 2 Turnover

The turnover was derived from the company's principal activity which was carried out wholly in the UK.

### 3 Operating Profit

*The operating profit is arrived at after charging or crediting:*

|                              | 1998   | 1997   |
|------------------------------|--------|--------|
|                              | £      | £      |
| Depreciation of owned assets | 96,233 | 45,121 |
| Hire of equipment            | 2,052  | 1,562  |
| Auditors' remuneration       | 6,600  | 6,550  |

### 4 Interest Payable and Similar Charges

|                                            | 1998   | 1997  |
|--------------------------------------------|--------|-------|
|                                            | £      | £     |
| Bank overdrafts and loans                  | 2,655  | 1,126 |
| Finance leases and hire purchase contracts | 17,883 | 7,206 |
|                                            | 20,538 | 8,332 |

### 5 Directors and Employees

Staff costs, including directors' remuneration, were as follows:

|                       | 1998      | 1997    |
|-----------------------|-----------|---------|
|                       | £         | £       |
| Wages and salaries    | 926,999   | 789,170 |
| Social security costs | 72,520    | 60,785  |
| Other pension costs   | 63,203    | 52,978  |
|                       | 1,062,722 | 902,933 |

Directors' emoluments

|            | 1998   | 1997   |
|------------|--------|--------|
|            | £      | £      |
| Emoluments | 48,150 | 49,902 |
|            | 48,150 | 49,902 |

### 6 Taxation

|                                      | 1998   | 1997    |
|--------------------------------------|--------|---------|
|                                      | £      | £       |
| Based on the profit for the year     |        |         |
| UK corporation tax                   | 4,691  | (4,824) |
| Deferred tax charge                  | 17,978 | 26,992  |
| Over/Under provision for prior years | -      | 1,865   |
|                                      | 22,669 | 24,033  |

# CLEAREX PLASTICS LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31ST DECEMBER 1998

|   |                                |                 |                |
|---|--------------------------------|-----------------|----------------|
| 7 | <b>Dividends</b>               | <b>1998</b>     | <b>1997</b>    |
|   |                                | <b>£</b>        | <b>£</b>       |
|   | Ordinary dividends             | <b>24,000</b>   | <b>109,637</b> |
|   |                                | <b>24,000</b>   | <b>109,637</b> |
|   |                                |                 |                |
| 8 | <b>Intangible Fixed Assets</b> |                 |                |
|   |                                | <b>Goodwill</b> | <b>Total</b>   |
|   |                                | <b>£</b>        | <b>£</b>       |
|   | <b>Cost</b>                    |                 |                |
|   | Additions                      | 15,000          | 15,000         |
|   | <b>At 31st December 1998</b>   | <b>15,000</b>   | <b>15,000</b>  |
|   |                                |                 |                |
|   | <b>Amortisation</b>            |                 |                |
|   | Provided during the year       | 3,750           | 3,750          |
|   | <b>At 31st December 1998</b>   | <b>3,750</b>    | <b>3,750</b>   |
|   |                                |                 |                |
|   | <b>Net Book Values</b>         |                 |                |
|   | At 31st December 1998          | <b>11,250</b>   | <b>11,250</b>  |
|   |                                |                 |                |
|   | <i>At 31st December 1997</i>   | <i>-</i>        | <i>-</i>       |

# CLEAREX PLASTICS LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31ST DECEMBER 1998

#### 9 Tangible Fixed Assets

|                              | Plant and<br>Machinery | Motor<br>Vehicles | Furniture<br>and<br>Equipment | Total          |
|------------------------------|------------------------|-------------------|-------------------------------|----------------|
| <b>Cost</b>                  | <b>£</b>               | <b>£</b>          | <b>£</b>                      | <b>£</b>       |
| At 1st January 1998          | 630,987                | 15,545            | 32,804                        | 679,336        |
| Additions                    | 261,908                | -                 | 318                           | 262,226        |
| <b>At 31st December 1998</b> | <b>892,895</b>         | <b>15,545</b>     | <b>33,122</b>                 | <b>941,562</b> |
| <b>Depreciation</b>          |                        |                   |                               |                |
| At 1st January 1998          | 94,571                 | 7,772             | 15,011                        | 117,354        |
| Charge for the year          | 81,030                 | 3,886             | 7,567                         | 92,483         |
| <b>At 31st December 1998</b> | <b>175,601</b>         | <b>11,658</b>     | <b>22,578</b>                 | <b>209,837</b> |
| <b>Net Book Value</b>        |                        |                   |                               |                |
| <b>At 31st December 1998</b> | <b>717,294</b>         | <b>3,887</b>      | <b>10,544</b>                 | <b>731,725</b> |
| <i>At 31st December 1997</i> | <i>536,416</i>         | <i>7,773</i>      | <i>17,793</i>                 | <i>561,982</i> |

The net book value of tangible fixed assets included an amount of £458,688 (1997 £182,463) in respect of assets held under finance leases and hire purchase contracts.

#### 10 Stocks

|                  | 1998<br>£      | 1997<br>£      |
|------------------|----------------|----------------|
| Raw materials    | 88,259         | 76,749         |
| Work in progress | 67,581         | 74,470         |
|                  | <b>155,840</b> | <b>151,219</b> |

#### 11 Debtors

|                                | 1998<br>£      | 1997<br>£      |
|--------------------------------|----------------|----------------|
| Trade debtors                  | 482,123        | 462,355        |
| Other debtors                  | 6,000          | -              |
| Prepayments and accrued income | 15,075         | 21,032         |
|                                | <b>503,198</b> | <b>483,387</b> |

# CLEAREX PLASTICS LTD

## NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER 1998

| 12 | Creditors: Amounts Falling Due Within One Year              | 1998           | 1997           |
|----|-------------------------------------------------------------|----------------|----------------|
|    |                                                             | £              | £              |
|    | Bank loans and overdrafts                                   | -              | 10,642         |
|    | Obligations under hire purchase and finance lease contracts | 83,356         | 24,510         |
|    | Trade creditors                                             | 213,074        | 196,267        |
|    | Corporation tax                                             | 6,802          | -              |
|    | Other taxes and social security                             | 56,084         | 46,816         |
|    | Other creditors                                             | 12,835         | 41,597         |
|    | Directors' loan accounts                                    | 24,000         | -              |
|    | Accruals and deferred income                                | 177,971        | 284,577        |
|    |                                                             | <u>574,122</u> | <u>604,409</u> |

The bank overdrafts are secured by a fixed and floating charge over all of the company's assets.

| 13 | Creditors: Amounts Falling Due After One Year                         | 1998           | 1997          |
|----|-----------------------------------------------------------------------|----------------|---------------|
|    |                                                                       | £              | £             |
|    | Obligations under hire purchase and finance lease contracts (Note 14) | 266,987        | 52,361        |
|    |                                                                       | <u>266,987</u> | <u>52,361</u> |

| 14 | Obligations Under Hire Purchase and Finance Leases                         | 1998           | 1997          |
|----|----------------------------------------------------------------------------|----------------|---------------|
|    |                                                                            | £              | £             |
|    | Obligations under finance leases and hire purchase contracts are analysed: |                |               |
|    | Current obligations                                                        | 83,356         | 24,510        |
|    | Obligations due between one and five years                                 | 266,987        | 52,361        |
|    |                                                                            | <u>350,343</u> | <u>76,871</u> |

## 15 Deferred Taxation

The movements in deferred taxation during the current and previous years are as follows:

|                       | 1998          | 1997          |
|-----------------------|---------------|---------------|
|                       | £             | £             |
| At 1st January 1998   | 26,992        | -             |
| Movement in the year  | 17,978        | 26,992        |
| At 31st December 1998 | <u>44,970</u> | <u>26,992</u> |

# CLEAREX PLASTICS LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31ST DECEMBER 1998

16

Gross Cash Flows

1998

1997

£

£

Returns on Investments and Servicing of Finance

Interest received

1,599

817

Interest paid

(2,655)

(1,126)

Interest element of finance lease rentals payment

(17,883)

(7,206)

Net cash outflow for returns on investments and servicing of finance

(18,939)

(7,515)

Capital Expenditure and Financial Investment

Payments to acquire intangible fixed assets

(15,000)

-

Payments to acquire tangible fixed assets

(262,226)

(276,304)

Proceeds from the sale of fixed assets

-

238,547

Net cash outflow from investing activities

(277,226)

(37,757)

Financing

Issue of ordinary share capital

-

336,541

Capital element of finance lease rentals payments

273,472

(30,966)

Net cash inflow for financing

273,472

305,575

17

Analysis of Changes in Net Debt

1997

Cash

1998

£

flow\$

£

Cash at bank and in hand

545

55,825

56,370

Overdrafts

(10,642)

10,642

-

(10,097)

66,467

56,370

Finance leases

(76,871)

(273,472)

(350,343)

(76,871)

(273,472)

(350,343)

(86,968)

(207,005)

(293,973)

18

Share Capital

1998

1997

£

£

Authorised

Equity Shares

150,000 Ordinary shares of £1.00 each

150,000

150,000

Allotted

Equity Shares

100,000 Allotted, called up and fully paid ordinary shares of £1.00 each.

100,000

100,000

# CLEAREX PLASTICS LTD

## NOTES TO THE ACCOUNTS

### FOR THE YEAR ENDED 31ST DECEMBER 1998

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#### 19 Reserves

|                          | Share<br>Premium<br>Account | Profit<br>and Loss<br>Account |
|--------------------------|-----------------------------|-------------------------------|
|                          | £                           | £                             |
| At 1st January 1997      | -                           | 195,595                       |
| Profit/Loss for the year | -                           | (18,767)                      |
| Transfers on revaluation | -                           | -                             |
| Premium on allotment     | 236,543                     | -                             |
| At 1st January 1998      | 236,543                     | 176,828                       |
| Profit/Loss for the year | -                           | 58,933                        |
| At 31st December 1998    | 236,543                     | 235,761                       |

#### 20 Pension Scheme

The company operates a defined benefits pension scheme for the benefit of the employees. The assets of the scheme are administered by trustees in a fund independent from those of the company.

The total contributions paid in the year amounted to £63,203 (1997 £52,978).

#### 21 Related Party Transactions

Consultancy fees amounting to £19,057 were paid to Castlebridge Developments Limited, a company in which Mr John Bunker is a major shareholder.

##### Directors Loan Account

|                             |         |
|-----------------------------|---------|
| Balance at 1 Jan 1998       | £nil    |
| Net dividends credited      | £24,000 |
| Balance at 31 December 1998 | £24,000 |