Banlaw (Europe) Limited

Annual report

for the year ended 30 June 1998

Registered no: 126306

Banlaw (Europe) Limited

Annual report
for the year ended 30 June 1998

Directors and advisers

Directors

R J Levack Chairman
F Ewen
C Rautenberg

Secretary and registered office

L Beattie
Unit 1/3
Auchenraith Estate
Blantyre
GLASGOW
G72 0NJ

Registered Auditors

PricewaterhouseCoopers
Kintyre House
209 West George Street
GLASGOW
G2 2LW

Bankers

Bank of Scotland
110 Queen Street
GLASGOW
G1 3BY

Directors' report for the year ended 30 June 1998

The directors present their report and audited financial statements for the year ended 30 June 1998.

Principal activity

The profit and loss account for the year is set out on page 5.

The principal activities of the company are the sale of refuelling systems and equipment, the hiring of plant and machinery and earth moving contracting.

Review of business

Both the level of business and the year end financial position remain satisfactory and the directors expect that the present level of activity will be sustained for the foreseeable future.

Dividends

The directors do not recommend the payment of a dividend. The loss for the financial year of £14,978 has been transferred to reserves.

Changes in fixed assets

The movements in tangible fixed assets during the year are set out in note 8 to the financial statements.

Directors

The directors of the company at 30 June 1998 and throughout the year ended on that date are listed on page 1.

Directors' interests in shares of the company

The interests of the directors of the company in the shares of the company at 30 June 1998 together with their interests at 30 June 1997, were:

	1998 Number	1997 Number
Ordinary shares of £1 each		
R J Levack	**27,016**	27,016
F Ewen	**54,590**	54,590
C Rautenberg	**34,115**	34,115

Year 2000

The company has no systems which are affected by the Year 2000 issue. However, the directors cannot guarantee that the company will be unaffected by any third party's inability to manage the Year 2000 problem.

Directors responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss of the company for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 June 1998. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and to prevent and detect fraud and other irregularities.

Auditors

Our auditors, Coopers & Lybrand, merged with Price Waterhouse on 1 July 1998, and a resolution to appoint the new firm, PricewaterhouseCoopers, as auditors will be proposed at the annual general meeting.

By order of the board

R Levack
Chairman
Glasgow

29 April 1999

Report of the auditors to the members of Banlaw (Europe) Limited

We have audited the financial statements on pages 5 to 13, which have been prepared under the historical cost convention, and the accounting policies as set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report, including as described on page 3 the financial statements. Our responsibilities, as independent auditors, are established by statute, the Auditing Practices Board and our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions is not disclosed.

We read the other information contained in the Annual Report and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 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 the company's affairs at 30 June 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

PricewaterhouseCoopers.

PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Glasgow

29 April 1999

Profit and loss account for the year ended 30 June 1998

	Notes	1998 £	1997 £
Turnover	2	**1,196,945**	1,486,936
Cost of sales		**(849,382)**	(1,129,490)
Gross profit		**347,563**	357,446
Administrative expenses		**(272,268)**	(247,188)
Operating profit		**75,295**	110,258
Interest payable and similar charges	3	**107,410**	79,253
		(32,115)	31,005
Interest receivable		**9,523**	1,158
(Loss)/profit on ordinary activities before taxation	6	**(22,592)**	32,163
Tax on ordinary activities	7	**7,614**	(9,615)
Retained (loss)/profit for the year	15	**(14,978)**	22,548

All operations of the company are continuing.

The company has no recognised gains and losses other than those included above, and therefore no separate statement of total recognised gains and losses has been presented.

There is no difference between the profit on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

Balance sheet
as at 30 June 1998

	Notes	1998 £	1997 £
Fixed assets	8	**414,750**	1,061,738
Current assets			
Stocks & work in progress	9	**319,216**	349,661
Debtors	10	**617,268**	502,339
Cash at bank and in hand		**250**	250
		936,734	852,250
Creditors: amounts falling due within one year	11	**993,172**	1,070,283
Net current (liabilities)		**(56,438)**	(218,033)
Total assets less current liabilities		**358,312**	843,705
Creditors: amounts due after more than one year	12	**184,192**	646,993
Provisions for liabilities and charges	13	**24,341**	31,955
		208,533	678,948
		149,779	164,757
Capital and reserves			
Share capital	14	**187,100**	187,100
Profit and loss account	15	**(37,321)**	(22,343)
Equity shareholders' funds	16	**149,779**	164,757

The financial statements on pages 5 to 13 were approved by the board of directors on 29 April 1999 and were signed on its behalf by:

R J Levack
Director

Notes to the financial statements for the year ended 30 June 1998

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.

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 tangible fixed assets, less their estimated residual values, over the expected useful economic lives of the assets concerned. The principal rates used for this purpose are:

Plant & equipment	-	20 - 25%	Reducing balance and straight line
Motor vehicles	-	25%	Reducing balance
Office equipment	-	20 - 25%	Straight line

Stocks

Stocks are stated at the lower of cost and net realisable value. In general, cost is determined on a first in first out basis. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Long-term contracts

Turnover on long-term contracts is recognised according to the stage reached in the contract by reference to the vaue of work done. A prudent estimate of the profit attributable to work completed is rcognised once the outcome of the contract can be assessed with reasonable certainty. The amount by which the turnover exceeds payments on account is shown under debtors as amounts recoverable on contracts. The costs on long-term contracts not yet taken to the profit and loss account less related foreseeable losses and payments on account are shown in stocks as long-term contract balances.

Finance and operating leases

Leasing 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 leasing commitments is shown as obligations under finance leases. The lease rentals 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 so as to give constant periodic rate of charge on the remaining balance outstanding at each accounting period. Assets held under finance leases are depreciated over the shorter of the lease terms and the useful lives of equivalent owned assets.

Deferred taxation

Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is probable that a liability or asset will crystallise.

Cash flow statement

The company qualifies as a small company under Section 247 of the Companies Act 1985. As a consequence it is exempt from the requirement to publish a cash flow statement.

2 Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

It is the directors' opinion that disclosure of geographical analysis of turnover would be prejudicial to the interests of the company.

3 Interest payable and similar charges

	1998	1997
	£	£
Bank interest	**20,469**	10,258
Interest payable on obligations under finance leases and hire purchase contracts	**85,454**	68,827
Loan interest	**182**	168
Other interest	**1,305**	-
	107,410	79,253

4 Directors' emoluments

	1998 £	1997 £
Aggregate emoluments	**28,172**	28,172

5 Employee information

The average number of employees, including directors, employed by the company during the year was:

	1998	1997
By activity:		
Administration	**5**	5
Operation	**7**	9
	12	14

Staff costs for the year were:

	1998 £	1997 £
Salaries	**240,546**	241,974
Social security costs	**20,458**	21,709
Pension costs	**1,930**	-
	262,934	263,683

6 (Loss)/profit on ordinary activities before taxation

	1998 £	1997 £
The loss for the year is stated after charging/(crediting):		
Depreciation of tangible fixed assets	**104,488**	109,519
Auditors' remuneration - for audit services	**6,000**	4,000
Hire of plant and machinery	**207,854**	506,195
Gain/(loss) on sale of fixed assets	**35,155**	(5,340)

7 Tax on profit on ordinary activities

	1998 £	1997 £
United Kingdom corporation tax @ 21% (1997: 23%):		
Current	**-**	-
Deferred	**(6,607)**	9,615
Under provision in respect of prior years		
Current	**-**	-
Deferred	**(1,007)**	-
	(7,614)	9,615

8 Tangible fixed assets

	Motor Vehicles £	Plant & Equipment £	Total £
Cost			
At 1 July 1997	16,599	1,252,435	1,269,034
Additions	4,250	4,624	8,874
Disposals	(7,600)	(561,000)	(568,600)
At 30 June 1998	**13,249**	**696,059**	**709,308**
Depreciation			
At 1 July 1997	7,147	200,149	207,296
Charge for year	2,891	101,597	104,488
Disposals	(5,460)	(11,766)	(17,226)
At 30 June 1998	**4,578**	**289,980**	**294,558**
Net book value			
At 30 June 1998	**8,671**	**406,079**	**414,750**
Net book value			
At 30 June 1997	9,452	1,052,286	1,061,738

The net book value of plant and equipment includes an amount of £397,968 (1997: £913,530) in respect of assets held under hire purchase contracts.

9 Stocks

	1998 £	1997 £
Finished goods	**28,905**	46,795
Long term contract	**290,311**	302,866
	319,216	349,661

10 Debtors

	1998	1997
	£	£
Amounts falling due within one year		
Trade debtors	**367,813**	459,082
Amounts recoverable on contracts	-	-
Other debtors	**240,819**	2,000
Other tax and social security	**8,636**	41,257
	617,268	502,339

During the period the company entered into transactions with M74, a partnership wholly owned by Mr R J Levack and Mrs M S Levack. These transactions can be summarised as follows:

	1998	1997
Sales to M74	**262,836**	38,380
Purchases from M74	**504,756**	241,380
Amount included in trade debtors	**12,774**	41,805
Amount included in other debtors	**181,629**	-
Amount included in trade creditors	**48,531**	199,269

The company also entered into transaction with Engineers and Planners (Ghana) Limited of which Mr R J Levack is a director. The total value of these transactions can be summarised as follows:

	1998	1997
Sales to Engineers and Planners (Ghana) Limited	**36,589**	-
Amount included in trade debtors	**27,589**	-
Amount included in other debtors	**24,242**	-

11 Creditors: amounts falling due within one year

	1998	1997
	£	£
Bank overdraft	**83,454**	1,322
Trade creditors	**148,467**	372,446
Accruals and deferred income	**30,642**	24,183
Other taxation and social security costs	**51,596**	79,871
Obligations under finance leases and hire purchase contracts	**677,176**	586,853
Other creditors	-	3,916
Director's loan	**1,837**	1,692
	993,172	1,070,283

The bank overdraft amounting to £80,955 (1997: £1,322) is secured by a bond and floating charge over all the assets of the company.

The director's loan is unsecured and repayable on demand with interest payable at a rate of 10.5% per annum.

12 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Obligations under finance leases and hire purchase contracts	**184,192**	646,993

	1998 £	1997 £
The net finance lease obligations to which the company is committed are repayable:		
In one year or less	**677,176**	586,853
Between one and two years	**184,192**	207,394
Between two and five years	**-**	439,599
	861,368	1,233,846

13 Provisions for liabilities and charges

Deferred taxation

	1998 £	1997 £
At 1 July 1997	**31,955**	22,340
Transferred to profit and loss account	**(7,614)**	9,615
At 30 June 1998	**24,341**	31,955

Deferred taxation provided in the financial statements and the total potential liability is as follows:

	Amount provided		**Full potential liability**	
	1998 £	1997 £	**1998 £**	1997 £
Accelerated capital allowances	**79,794**	123,482	**79,794**	123,482
Other timing differences	**(55,453)**	(91,527)	**(55,453)**	(91,257)
	24,341	31,955	**24,341**	31,955

14 Called up share capital

	1998 £	1997 £
Authorised		
187,100 (1997: 187,100) ordinary shares of £1 each	**187,100**	187,100
Allotted, called up and fully paid		
187,100 (1997: 187,100) ordinary shares of £1 each	**187,100**	187,100

15 Profit and loss account

	1998 £	1997 £
At 1 July 1997	**(22,343)**	(44,891)
(Loss)/profit for the year	**(14,978)**	22,548
At 30 June 1998	**(37,321)**	(22,343)

16 Reconciliation of movement in shareholders' funds

	1998 **£**	1997 £
Opening shareholders' funds	**164,757**	142,209
(Loss)/profit for the year	**(14,978)**	22,548
Closing shareholders' funds	**149,779**	164,757

17 Capital commitments

The company had no capital commitments at the balance sheet date.