

**RILMAC (HOLDINGS) LIMITED**

**Company No. 587816**

**CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED**

**31ST AUGUST 1998**



**STREETS**

**& CO**

*Chartered Accountants*

Tower House, Lucy Tower Street, Lincoln LN1 1XW

**RILMAC (HOLDINGS) LIMITED**

**YEAR ENDED 31ST AUGUST 1998**

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**CHAIRMAN** P.K. Walker

**DIRECTORS** P.K. Walker

R.K. Walker

**COMPANY SECRETARY** Mrs. N. Walker

**REGISTERED OFFICE** Crofton Drive,  
Allenby Road Industrial Estate,  
Lincoln.  
LN3 4NJ

**AUDITORS** Streets and Co.,  
Tower House,  
Lucy Tower Street,  
Lincoln.

**INDEX TO FINANCIAL STATEMENTS**

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The following does not form part of the Statutory Accounts:

22	Detailed Trading and Profit and Loss Account
23	Schedule accompanying Detailed Profit and Loss Account

# **RILMAC (HOLDINGS) LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31ST AUGUST 1998**

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The directors submit their annual report and financial statements for the year ended 31st August 1998.

### **Results and Dividends**

The group profit after tax for the year amounted to £132,861 as shown on page 5.

The directors do not recommend the payment of a dividend for the year.

### **Review of the Business**

The group is principally engaged in Industrial Thermal Insulation, Licensed Asbestos Removal, Fire Protection Material Installation, Sheet/ Heavy Steel Fabrication.

Turnover has increased by 5% to £4,751,878 and the directors believe it will continue to improve.

After the Balance Sheet date the group formed a new subsidiary company, Modern Fire Protection Limited. The company commenced trading on 1 November 1998 and is principally engaged in Fire Protection Material Installation.

There have been no other events since the balance sheet date which materially affect the position of the group.

### **Fixed Assets**

Details of changes in Fixed Assets are given in the notes to the Accounts.

Land and Buildings are stated at Valuation.

### **Directors**

The directors during the year under review and their shareholders in the company were:

	<b>Ordinary Shares of £1 each</b>	
	<b>At 1st September 1997</b>	<b>At 31st August 1998</b>
R.K. Walker	-	-
P.K. Walker	2,200	2,200

/Continued.....

# **RILMAC (HOLDINGS) LIMITED**

## **REPORT OF THE DIRECTORS**

**FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)**

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### **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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to:

- . select suitable accounting policies and then apply them consistently;
- . make judgements and estimates that are reasonable and prudent;
- . follow applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements;
- . 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **Auditors**

The auditors, Messrs Streets & Co., are willing to continue in office and a resolution to re-appoint them will be proposed at the annual general meeting.

By Order of the Board



**Mrs. N. Walker**  
Secretary  
27th May 1999

## **REPORT OF THE AUDITORS TO THE MEMBERS OF RILMAC (HOLDINGS) LIMITED**

We have audited the financial statements on pages 5 to 21 which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 9 and 10.

### **RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described in the directors' report, 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 group'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 affairs of the company and the group as at 31st August 1998 and of the profit of the group for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985.



STREETS & CO.  
Registered Auditor  
Chartered Accountants  
Tower House  
Lucy Tower Street  
Lincoln LN1 1XW

27th May 1999

**RILMAC (HOLDINGS) LIMITED****CONSOLIDATED PROFIT AND LOSS ACCOUNT****FOR THE YEAR ENDED 31ST AUGUST 1998**

	Notes	1998 £	1997 £
<b>TURNOVER</b>	2	<b>4,751,878</b>	4,511,689
Cost of Sales		<u>(3,160,476)</u>	<u>(3,090,318)</u>
<b>GROSS PROFIT</b>		<b>1,591,402</b>	1,421,371
Distribution Costs		<u>(127,875)</u>	<u>(98,457)</u>
Administrative Expenses		<u>(1,217,760)</u>	<u>(1,092,168)</u>
<b>OPERATING PROFIT</b>	3	<b>245,767</b>	230,746
Interest payable	5	<u>(65,226)</u>	<u>(59,569)</u>
<b>PROFIT ON ORDINARY ACTIVITIES</b>		<b>180,541</b>	171,177
Loss on Disposal of Fixed Asset Investments		<u>(261)</u>	<u>-</u>
Profit before Taxation		<b>180,280</b>	171,177
<b>TAXATION</b>	6	<b>(47,419)</b>	(66,376)
<b>RETAINED PROFIT FOR THE YEAR</b>		<u><b>£132,861</b></u>	<u>£104,801</u>

**TOTAL RECOGNISED GAINS AND LOSSES**

The group has no recognised gains or losses other than the profit or loss for the above two financial years.

**CONTINUING OPERATIONS**

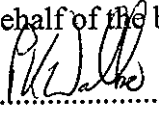
None of the group's activities were acquired or discontinued during the above financial years.

The notes set out on pages 9 to 20 form part of these Financial Statements

**RILMAC (HOLDINGS) LIMITED****CONSOLIDATED BALANCE SHEET****AS AT 31ST AUGUST 1998**

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Intangible Assets	8	9,000	10,000
Tangible Assets	9	<u>1,497,514</u>	<u>1,358,120</u>
		<b>1,506,514</b>	<b>1,368,120</b>
<b>CURRENT ASSETS</b>			
Stocks	11	262,347	278,532
Debtors	12	1,102,901	1,113,679
Cash at bank and in hand		<u>11,097</u>	<u>496</u>
		<b>1,376,345</b>	<b>1,392,707</b>
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(1,467,097)</u>	<u>(1,566,272)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(90,752)</u>	<u>(173,565)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<b>1,415,762</b>	<b>1,194,555</b>
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(409,666)	(339,342)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred Taxation	15	<u>(52,753)</u>	<u>(34,731)</u>
		<b>953,343</b>	<b>820,482</b>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	2,200	2,200
Share premium account		900	900
Revaluation Reserve	17	348,216	355,470
Other Reserves	17	64,371	64,371
Profit and loss account	17	<u>537,656</u>	<u>397,541</u>
		<b>953,343</b>	<b>820,482</b>

Signed on behalf of the board of directors on 27th May 1999

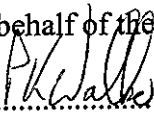
  
.....  
**P.K. WALKER**  
**Director**

The notes set out on pages 9 to 20 form part of these Financial Statements

**RILMAC (HOLDINGS) LIMITED****COMPANY BALANCE SHEET****AS AT 31ST AUGUST 1998**

	Notes	1998 £	1997 £
<b>FIXED ASSETS</b>			
Tangible Assets	9	805,870	714,863
Investments	10	<u>73,100</u>	<u>73,200</u>
		878,970	788,063
<b>CURRENT ASSETS</b>			
Debtors	12	390,743	363,062
Cash at bank and in hand		<u>473</u>	<u>81</u>
		391,216	363,143
<b>CREDITORS: Amounts falling due within one year</b>	13	<u>(327,768)</u>	<u>(318,609)</u>
<b>NET CURRENT LIABILITIES</b>		<u>63,448</u>	<u>44,534</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		942,418	832,597
<b>CREDITORS: Amounts falling due after more than one year</b>	14	(228,499)	(209,807)
<b>PROVISIONS FOR LIABILITIES AND CHARGES</b>			
Deferred Taxation	15	<u>-</u>	<u>-</u>
		<u>713,919</u>	<u>622,790</u>
<b>CAPITAL AND RESERVES</b>			
Called-up share capital	16	2,200	2,200
Share premium account		900	900
Revaluation Reserve	17	348,216	355,470
Other Reserves	17	1,634	1,634
Profit and loss account	17	<u>360,969</u>	<u>262,586</u>
		<u>713,919</u>	<u>622,790</u>

Signed on behalf of the board of directors on 27th May 1999

  
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**P.K. WALKER**  
Director

The notes set out on pages 9 to 20 form part of these Financial Statements



**RILMAC (HOLDINGS) LIMITED****CASH FLOW STATEMENT****FOR THE YEAR ENDED 31ST AUGUST 1998**

	Notes	1998 £	1997 £
<b>CASH INFLOW FROM OPERATING ACTIVITIES</b>	19	<b>317,204</b>	<b>467,258</b>
Returns on Investments and Servicing of Finance	20	(65,226)	(59,569)
Disposal of Fixed Asset Investments		(261)	
Taxation		(31,645)	(26,558)
Capital Expenditure and Financial Investment	20	<u>(175,222)</u>	<u>(182,523)</u>
Cash Inflow before use of Liquid Resources and Financing		44,850	198,608
Financing	20	<u>(11,774)</u>	<u>(122,515)</u>
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<u><b>33,076</b></u>	<u><b>76,093</b></u>
<b><u>Reconciliation of Net Cash Flow to Movement in Net Debt</u></b>			
<b>INCREASE/(DECREASE) IN CASH IN THE YEAR</b>		<b>33,076</b>	<b>76,093</b>
Cash Outflow from decrease in debt and lease financing	21	<u>11,774</u>	<u>122,515</u>
Change in Net Debt resulting from cashflows		44,850	198,608
New Finance Leases	21	<u>(132,801)</u>	<u>(200,956)</u>
Movement in Net Debt in the period		(87,951)	(2,348)
Net Debt at 1st September 1997	21	<u>(973,151)</u>	<u>(970,803)</u>
<b>NET DEBT AT 31ST AUGUST 1998</b>		<u><b>(1,061,102)</b></u>	<u><b>(973,151)</b></u>

The notes set out on pages 9 to 20 form part of these Financial Statements

# **RILMAC (HOLDINGS) LIMITED**

## **NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST AUGUST 1998**

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### **1 ACCOUNTING POLICIES**

#### **(a) Basis of Accounting**

These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and in accordance with United Kingdom accounting standards using the following accounting policies.

#### **(b) Consolidation**

The group accounts consolidate the accounts of the company and all its subsidiaries based upon audited accounts made up to 31st August 1998.

A separate profit and loss account for the holding company is not presented as permitted by section 230 of the Companies Act 1985.

#### **(c) Goodwill**

Goodwill arising from the purchase of subsidiary companies representing the excess of the fair value of the purchase consideration over the fair value of the separate net assets acquired, is written off against reserves in the year in which it arises.

Goodwill arising from the purchase of a Scaffolding trade is written off in equal annual instalments over its estimated useful economic life of 17 years.

#### **(d) Turnover**

Turnover represents the invoiced amount for sales of goods and services excluding VAT.

#### **(e) Hire Purchase**

Assets financed by hire purchase agreements are included in fixed assets. The liabilities to the hire purchase company are included in creditors. Hire purchase interest is charged in the profit and loss account on a straight line basis.

#### **(f) Leased Assets**

Where assets are financed by leasing agreements which give rights approximating to ownership, "finance leases", the assets are treated as if they had been purchased outright and the corresponding leasing commitments are included in creditors.

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# RILMAC (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)

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#### 1 ACCOUNTING POLICIES (CONTINUED)

##### (f) Leased Assets (Continued)

Lease payments are treated as consisting of capital and interest elements and this interest is charged in the profit and loss account on a straight line basis. All other leases are "operating leases" and the annual rentals are charged in the profit and loss account on a straight line basis over the term of the lease.

##### (g) Depreciation

No depreciation is provided on freehold land. Depreciation is calculated to write off the cost or valuation of tangible fixed assets over their estimated useful lives to the business. The annual depreciation rates and methods are as follows:

Freehold Buildings	-	50 years (straight line basis)
Leasehold Property	-	50 years (straight line basis)
Fixtures and Fittings	-	15% (Reducing balance)
Plant and Machinery	-	15% (Reducing balance) and 20%/33% (straight line)
Motor Vehicles	-	25% (Reducing balance)

##### (h) Repairs and Renewals

Repairs and renewals are charged in the profit and loss account when the liability is incurred.

##### (i) Stock

Stock is valued at the lower of cost and net realisable value. Cost is determined on a first-in, first-out basis and, where applicable, includes all direct expenditure and an appropriate proportion of overheads. Net realisable value is based on estimated selling price, less any further costs of realisation.

##### (j) Deferred Taxation

Deferred taxation is calculated by the liability method on timing differences between accounting profits and profits computed for taxation purposes, and is provided in the accounts to the extent that it is likely to become payable in the future.

Deferred Taxation is also provided on revaluation surpluses to the extent that it is likely to become payable in the future.

##### (k) Pension Costs

Contributions in respect of the Group's defined contribution pension scheme are charged in the profit and loss account for the year in which they are payable to the scheme.

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**RILMAC (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)****2 TURNOVER AND PROFIT BEFORE TAXATION**

Turnover and Profit before taxation all arise from UK operations and are analysed by activity as follows:

	<b>Turnover</b>		<b>Profit/(Loss)</b>	
	<b>1998</b>	<b>1997</b>	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>	<b>£</b>	<b>£</b>
Thermal Insulation and Asbestos Removal	1,390,428	1,320,973	46,533	88,348
Sheet Metal and Structural Fabrication	2,003,682	2,042,755	54,214	110,813
Scaffolding Hire	1,413,493	1,179,751	161,658	85,441
Others	485,611	450,012	(81,864)	(113,425)
	<u>5,293,214</u>	<u>4,993,491</u>	<u>180,541</u>	<u>171,177</u>
<u>Less: Inter-Group Turnover</u>	<u>(541,336)</u>	<u>(481,802)</u>	<u>-</u>	<u>-</u>
	<u>4,751,878</u>	<u>4,511,689</u>	<u>180,541</u>	<u>171,177</u>

**3 OPERATING PROFIT**

	<b>1998</b>	<b>1997</b>
	<b>£</b>	<b>£</b>
This is stated after charging:		
Amortisation of Goodwill	1,000	1,000
Depreciation of owned assets	93,088	71,072
Depreciation of assets held under finance leases and hire purchase	83,171	65,442
Loss on disposal of assets	(7,626)	23,697
Auditors' Remuneration - audit services	<u>9,719</u>	<u>9,364</u>

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**RILMAC (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)****4 EMPLOYEES AND DIRECTORS**

	1998	1997
The average weekly number of employees during the year was made up as follows:		
Production	88	81
Office and Management	<u>35</u>	<u>31</u>
	<u>123</u>	<u>112</u>
	1998	1997
	£	£
Staff costs consist of:		
Wages and Salaries	2,057,642	1,852,668
Social Security Costs	181,318	153,210
Other Pension Costs - Defined Contribution Schemes	<u>115,394</u>	<u>115,289</u>
	<u>2,354,354</u>	<u>2,121,167</u>
	1998	1997
	£	£
Directors Remuneration		
Emoluments	48,881	74,635
Money Purchase Pension Scheme Contributions	<u>106,865</u>	<u>102,778</u>
	<u>155,746</u>	<u>177,413</u>
Number of Directors in Money Purchase Schemes	<u>1</u>	<u>1</u>

**5 INTEREST PAYABLE**

	1998	1997
	£	£
Bank Overdraft Interest	22,342	18,093
Interest on Loans	25,158	24,984
Finance Lease and Hire Purchase Interest	<u>17,726</u>	<u>16,492</u>
	<u>65,226</u>	<u>59,569</u>

/Continued.....

**RILMAC (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)****6 TAXATION**

	1998	1997
	£	£
Taxation based on Profit for the year:		
Corporation tax at 21% (1997 - 23%)	29,397	31,645
Deferred Tax	18,022	34,731
	<u>47,419</u>	<u>66,376</u>

**7 HISTORICAL COST PROFIT**

	1998	1997
	£	£
Profit before taxation	180,280	171,177
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	7,254	7,254
Historical cost profit before taxation	<u>187,534</u>	<u>178,431</u>
Historical cost profit transferred to reserves	<u>140,115</u>	<u>112,055</u>

**8 INTANGIBLE FIXED ASSETS**

<b>GOODWILL</b>	<b>Group</b>
	<b>£</b>
<b>COST</b>	
At 1st September 1997 and 31st August 1998	<u>17,000</u>
<b>AMORTISATION</b>	
At 1st September 1997	7,000
Charge for the year	<u>1,000</u>
<b>AT 31ST AUGUST 1998</b>	<u>8,000</u>
<b>NET BOOK VALUE</b>	
At 31st August 1998	<u>9,000</u>
At 31st August 1997	<u>10,000</u>

/Continued.....

**RILMAC (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)**

**9 TANGIBLE FIXED ASSETS**

<b>GROUP COST OR VALUATION</b>	<b>Freehold Property £</b>	<b>Long Leasehold Property £</b>	<b>Plant &amp; Machinery £</b>	<b>Motor Vehicles £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
At 1st September 1997	50,000	640,313	546,674	420,851	96,286	1,754,124
Additions	-	46,435	309,561	149,309	34,280	539,585
Disposals	-	-	(238,206)	(45,274)	(2,731)	(286,211)
<b>At 31st August 1998</b>	<b>50,000</b>	<b>686,748</b>	<b>618,029</b>	<b>524,886</b>	<b>127,835</b>	<b>2,007,498</b>
<b>DEPRECIATION</b>						
At 1st September 1997	2,143	27,211	213,929	114,697	38,020	396,000
Charge for the year	1,000	13,270	57,164	87,931	16,894	176,259
Disposals	-	-	(36,777)	(24,079)	(1,419)	(62,275)
<b>At 31st August 1998</b>	<b>3,143</b>	<b>40,481</b>	<b>234,316</b>	<b>178,549</b>	<b>53,495</b>	<b>509,984</b>
<b>NET BOOK VALUE</b>						
<b>At 31st August 1998</b>	<b>46,857</b>	<b>646,267</b>	<b>383,713</b>	<b>346,337</b>	<b>74,340</b>	<b>1,497,514</b>
At 31st August 1997	47,857	613,102	332,740	306,161	58,260	1,358,120
<b>COMPANY COST OR VALUATION</b>		<b>Long Leasehold Property £</b>	<b>Freehold Property £</b>	<b>Motor Vehicles £</b>	<b>Fixtures &amp; Fittings £</b>	<b>Total £</b>
At 1st September 1997		640,313	50,000	10,500	76,982	777,795
Additions		46,435	-	63,731	26,174	136,340
Transfer		-	-	(8,000)	(1,576)	(9,576)
Disposals		-	-	-	(2,731)	(2,731)
<b>At 31st August 1998</b>		<b>686,748</b>	<b>50,000</b>	<b>66,231</b>	<b>98,849</b>	<b>901,828</b>
<b>DEPRECIATION</b>						
At 1st September 1997		27,211	2,143	1,927	31,651	62,932
Charge for the year		13,270	1,000	9,090	13,440	36,800
Transfer		-	-	(1,878)	(477)	(2,355)
Disposals		-	-	-	(1,419)	(1,419)
<b>At 31st August 1998</b>		<b>40,481</b>	<b>3,143</b>	<b>9,139</b>	<b>43,195</b>	<b>95,958</b>
<b>NET BOOK VALUE</b>						
<b>At 31st August 1998</b>		<b>646,267</b>	<b>46,857</b>	<b>57,092</b>	<b>55,654</b>	<b>805,870</b>
At 31st August 1997		613,102	47,857	8,573	45,331	714,863

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# RILMAC (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)

### 9 TANGIBLE FIXED ASSETS (CONTINUED)

	Group		Company	
	Freehold	Long Leasehold	Freehold	Long Leasehold
	£	£	£	£
Analysis of freehold/long leasehold property:				
At Cost	-	61,748	-	61,748
At Valuation 1998	50,000	625,000	50,000	625,000
	<u>50,000</u>	<u>686,748</u>	<u>50,000</u>	<u>686,748</u>

	Group		Company	
	Motor Vehicles	Fixtures & Fittings	Motor Vehicles	Fixtures & Fittings
Net book value of assets held under finance leases and hire purchase	<u>304,568</u>	<u>21,526</u>	<u>46,588</u>	<u>21,526</u>

	Group		Company	
	Freehold	Long Leasehold	Freehold	Long Leasehold
	£	£	£	£
Comparable amount for land and buildings under the historical cost accounting convention:				
Cost	<u>38,455</u>	<u>445,243</u>	<u>38,455</u>	<u>445,243</u>
Net Book Value	<u>31,474</u>	<u>313,434</u>	<u>31,474</u>	<u>313,434</u>

Freehold and Long Leasehold properties were revalued on an open market basis by Messrs. Hodgson Elkington (Chartered Surveyors) in March 1997.

### 10 INVESTMENTS

	Company
	£
Investments in subsidiaries	
At 1st September 1997	73,200
Disposals	(100)
At 31st August 1998	<u>£73,100</u>

/Continued.....



# RILMAC (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)

#### 10 INVESTMENTS (CONTINUED)

##### Subsidiary undertakings

At 31st August 1998

Name	Country of registration	Nature of business	Class of shares held	Proportion of Nominal Value of issued share capital held
Rilmac (Insulation) Ltd.	England	Insulation and Structural Contracting	Ordinary	100%
Rilmac (Fabrication) Ltd.	England	Sheet Metal and Structural Fabrication	Ordinary	100%
Rilmac (Scaffolding) Ltd.	England	Scaffolding Hire	Ordinary	100%
Rilmac Limited	England	Dormant	Ordinary	100%

#### 11 STOCKS

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Raw materials and consumables	65,263	57,539	-	-
Work in progress	184,904	200,972	-	-
Finished goods and goods for resale	12,180	20,021	-	-
	<u>262,347</u>	<u>278,532</u>	<u>-</u>	<u>-</u>

#### 12 DEBTORS

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Trade debtors	996,683	1,003,094	-	-
Amounts owed by Group Companies	-	-	362,434	341,231
Other debtors	32,197	13,857	4,713	-
Prepayments and accrued income	74,021	96,728	23,596	21,831
	<u>1,102,901</u>	<u>1,113,679</u>	<u>390,743</u>	<u>363,062</u>

/Continued.....

# RILMAC (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

### FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)

#### 13 CREDITORS: Amounts falling due within one year

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank Overdraft (Secured)	420,021	442,496	108,461	122,102
Bank Loans (Secured)	56,682	51,653	56,682	51,653
Other Loans	-	12,637	-	-
Loan from director	72,543	23,338	72,543	23,338
Finance leases and hire purchase - instalments due within one year	113,287	104,181	12,000	8,333
Trade Creditors	310,545	479,094	25,679	28,791
Amounts owed to group companies	-	-	-	-
Social Security and other taxes	191,996	132,169	23,219	14,335
Corporation Tax	29,397	31,645	-	-
Accruals	272,626	289,059	29,184	70,057
	<u>1,467,097</u>	<u>1,566,272</u>	<u>327,768</u>	<u>318,609</u>

The Bank Overdraft and Bank Loan are secured by a mortgage over the Group's freehold and leasehold property and floating charges over all the Group's assets.

The loan from director is interest free and there is no fixed date for repayment.

#### 14 CREDITORS: Amounts falling due after more than one year

	Group		Company	
	1998	1997	1998	1997
	£	£	£	£
Bank Loans (Secured)	153,499	209,807	153,499	209,807
Loan	141,000	-	45,000	-
Finance leases and hire purchase	115,167	129,535	30,000	-
	<u>409,666</u>	<u>339,342</u>	<u>228,499</u>	<u>209,807</u>

The bank loan bears interest at variable rates and is repayable by 2004, in monthly instalments. The bank loan is secured by a mortgage over the Group's freehold and leasehold property and floating charges over all the Group's assets.

The other loan also bears interest at variable rates. £96,000 is due for repayment in 2002. The remaining £45,000 is due for repayment in 2003.

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**RILMAC (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)**

**14 CREDITORS: Amounts falling due after more than one year (Continued)**

Net obligations under finance leases and hire purchase contracts:

	<b>Group</b>		<b>Company</b>	
	1998	1997	1998	1997
	£	£	£	£
Repayable within one year	128,248	118,747	13,585	10,073
Repayable between one and five years	130,377	145,835	33,962	-
	258,625	264,582	47,547	10,073
Finance charges and interest allocated to future accounting periods	(30,171)	(30,866)	(5,547)	(1,740)
	228,454	233,716	42,000	8,333
<u>Less: Instalments due within one year (included in Note 13)</u>	<u>(113,287)</u>	<u>(104,181)</u>	<u>(12,000)</u>	<u>(8,333)</u>
Balance due between one and five years	115,167	129,535	30,000	-

**15 PROVISIONS FOR LIABILITIES AND CHARGES**

**Deferred Taxation:**

	<b>1998</b>		<b>1997</b>	
	Not Provided in Accounts	Provided in Accounts	Not Provided in Accounts	Provided in Accounts
	£	£	£	£
<b>Group</b>				
Accelerated Capital Allowances	-	52,753	-	34,731
Other timing differences	-	-	7,633	-
	-	52,753	7,633	34,731
<b>Company</b>				
Other timing differences	-	-	7,633	-

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**RILMAC (HOLDINGS) LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)**

**16 SHARE CAPITAL**

	Number 1998	Value 1998 £	Number 1997	Value 1997 £
Authorised:				
Ordinary Shares of £1 each	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>	<u>5,000</u>
Issued and fully paid:				
Ordinary Shares of £1 each	<u>2,200</u>	<u>2,200</u>	<u>2,200</u>	<u>2,200</u>

**17 RESERVES**

	Group				Company			
	Revaluation Reserve	Profit & Loss Acc.	Consolid. Reserve	Other Reserve	Revaluation Reserve	Profit & Loss Acc.	Other Reserve	
	£	£	£	£	£	£	£	
At 1.9.97	355,470	397,541	62,737	1,634	355,470	262,586	1,634	
Retained Profit for the year	-	132,861	-	-	-	91,129	-	
Transfer of excess depreciation on revalued assets	(7,254)	7,254	-	-	(7,254)	7,254	-	
At 31.8.98	348,216	537,656	62,737	1,634	348,216	360,969	1,634	

**18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS**

	Group		Company	
	1998 £	1997 £	1998 £	1997 £
Opening Shareholders' Funds	820,482	715,681	622,790	364,914
Retained Profit for the year	<u>132,861</u>	<u>104,801</u>	<u>91,129</u>	<u>257,876</u>
Closing Shareholders' Funds	<u>953,343</u>	<u>820,482</u>	<u>713,919</u>	<u>622,790</u>

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# RILMAC (HOLDINGS) LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)

### 19 RECONCILIATION OF OPERATING PROFIT TO OPERATING CASHFLOWS

	1998	1997
	£	£
Operating Profit	245,767	230,746
Depreciation and amortisation charges	177,259	137,514
Loss on disposal of tangible fixed assets	(7,626)	23,697
Decrease/(Increase) in stocks	16,185	27,130
Decrease/(Increase) in debtors	10,774	(150,069)
(Decrease)/Increase in creditors	<u>(125,155)</u>	<u>198,240</u>
<b>Net cash inflow from operating activities</b>	<b><u>317,204</u></b>	<b><u>467,258</u></b>

### 20 ANALYSIS OF CASHFLOWS FOR HEADINGS NETTED IN THE CASHFLOW STATEMENT

Returns on investments and servicing to finance

	1998	1997
	£	£
Interest Paid	(47,500)	(43,077)
Interest element of finance lease rental payments	<u>(17,726)</u>	<u>(16,492)</u>
<b>Net Cash (Outflow) for returns on investment and servicing of finance</b>	<b><u>(65,226)</u></b>	<b><u>(59,569)</u></b>

Capital expenditure and financial investment

	1998	1997
	£	£
Purchase of tangible fixed assets	(406,784)	(223,297)
Proceeds from the sale of fixed assets	<u>231,562</u>	<u>40,774</u>
<b>Net cash (Outflow) for capital expenditure and financial investment</b>	<b><u>(175,222)</u></b>	<b><u>(182,523)</u></b>

Financing

	1998	1997
	£	£
Receipts from new borrowings	190,205	100,000
Repayment of borrowings	(63,916)	(75,904)
Capital element of hire purchase and finance lease repayments	<u>(138,063)</u>	<u>(146,611)</u>
<b>Net cash (Outflow) from financing</b>	<b><u>(11,774)</u></b>	<b><u>(122,515)</u></b>

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**RILMAC (HOLDINGS) LIMITED****NOTES TO THE FINANCIAL STATEMENTS****FOR THE YEAR ENDED 31ST AUGUST 1998 (CONTINUED)****21 ANALYSIS OF CHANGES IN NET DEBT**

	At 1st September 1997 £	Cashflows £	Other non- cash changes £	At 31st August 1998 £
Cash in Hand	496	10,601	-	11,097
Overdrafts	(442,496)	22,475	-	(420,021)
	(442,000)	33,076	-	(408,924)
Loans greater than 1 year	(209,807)	(84,692)	-	(294,499)
Loans less than 1 year	(87,628)	(41,597)	-	(129,225)
Finance Leases	(233,716)	138,063	(132,801)	(228,454)
	(973,151)	44,850	(132,801)	(1,061,102)

**22 MAJOR NON CASH TRANSACTION**

During the year the company entered into finance lease and hire purchase arrangements in respect of assets with a total capital value at the inception of the leases of £132,801.

**23 GUARANTEES AND OTHER FINANCIAL COMMITMENTS**

There are contingent liabilities in respect of composite cross guarantees between Group Companies.

**24 POST BALANCE SHEET EVENTS**

In October 1998 Rilmac (Holdings) Limited formed a new subsidiary company Modern Fire Protection Limited. The company commenced trading on 1st November 1998 and is principally engaged in Fire Protection Material Installation.