

COZENS & COLE LIMITED

FINANCIAL STATEMENTS

31 MARCH 1997

Company No: 682754



COZENS & COLE LIMITED

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 1997

DIRECTORS: G. Zambra (Chairman)  
P.G. King

SECRETARY: J.A. Zambra

REGISTERED OFFICE: Spring Road  
Ettingshall  
Wolverhampton  
WV4 6JT

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**COZENS & COLE LIMITED****REPORT OF THE DIRECTORS**

The directors present their report with the financial statements of the company for the year ended 31 March 1997.

**STATEMENT OF 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 profit or loss of the company 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;
- comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements; and
- 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 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 hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

**PRINCIPAL ACTIVITY**

The principal activity of the company in the year under review was that of factory equipment stockists.

**DIRECTORS**

The directors in office during the year and their beneficial interests in the issued ordinary share capital were as follows:

	<u>Shares held</u>	
	<u>1997</u>	<u>1996</u>
G. Zambra	-	-
P.G. King	-	-

**AUDITORS**

The auditors, Messrs Blease Lloyd & Co., will be proposed for re-appointment in accordance with Section 384 of the Companies Act 1985.

In preparing the above report, the directors have taken advantage of special exemptions applicable to small companies.

Approved by the board on 6 August 1997  
and signed on its behalf by

.....  
J.A. Zambra, Secretary

**REPORT OF THE AUDITORS****TO THE MEMBERS OF COZENS & COLE LIMITED**

We have audited the financial statements on pages 3 to 9 which have been prepared following the accounting policies set out on page 5.

**RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS**

As described on page 1, 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 other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of information in the financial statements.

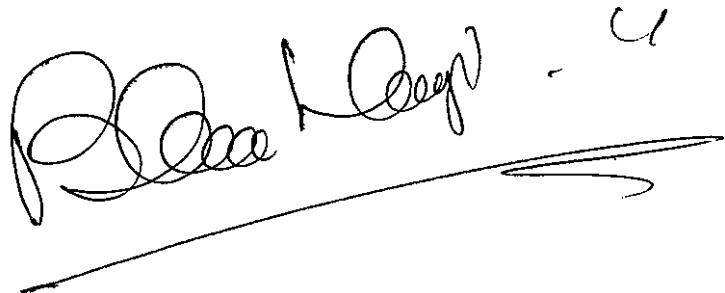
**OPINION**

In our opinion the financial statements give a true and fair view of the state of the company's affairs as at 31 March 1997 and of its loss for the year then ended and have been properly prepared in accordance with the provisions of the Companies Act 1985, applicable to small companies.

BLEASE LLOYD & CO.  
CHARTERED ACCOUNTANTS  
and Registered Auditors

Birkenhead

18 August 1997



COZENS & COLE LIMITEDPROFIT AND LOSS ACCOUNTFOR THE YEAR ENDED 31 MARCH 1997

	<u>Notes</u>	£	<u>1997</u>	£	£	<u>1996</u>	£
TURNOVER	2			959,276			448,651
Cost of sales				595,370			259,320
GROSS PROFIT				363,906			189,331
Distribution costs		82,405				41,599	
Administrative expenses		288,126				145,538	
				370,531			187,137
OPERATING (LOSS)PROFIT				(6,625)			2,194
(Loss)profit on disposal of fixed assets				(529)			349
				(7,154)			2,543
Interest payable				23			420
				(7,177)			2,123
Interest receivable				138			-
(LOSS)PROFIT on ordinary activities before taxation	3			(7,039)			2,123
TAXATION				1,637			1,321
RETAINED (LOSS)PROFIT for the year	12			(8,676)			802

The company's turnover and expenses all relate to continuing operations.

The company has no recognised gains or losses other than the loss for the year.

The loss for the year has been calculated on the historical cost basis.

**COZENS & COLE LIMITED****BALANCE SHEET AT 31 MARCH 1997**

	<u>Notes</u>	£ <u>1997</u>	£	£ <u>1996</u>	£
<b>FIXED ASSETS</b>					
Tangible assets	5		52,977		24,033
<b>CURRENT ASSETS</b>					
Stocks		176,674		76,736	
Debtors	6	234,188		97,673	
Cash in hand and at bank		32,376		32,444	
		<u>443,238</u>		<u>206,853</u>	
<b>CREDITORS: amounts falling due within one year</b>	7	<u>355,117</u>		<u>85,680</u>	
<b>NET CURRENT ASSETS</b>			<u>88,121</u>		<u>121,173</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>			<u>141,098</u>		<u>145,206</u>
<b>CREDITORS: amounts falling due after more than one year</b>					
Hire purchase	8		<u>1,991</u>		<u>660</u>
<b>DEFERRED INCOME</b>			<u>139,107</u>		<u>144,546</u>
Regional Development Grant	9		<u>652</u>		<u>-</u>
<b>PROVISION FOR LIABILITIES AND CHARGES</b>			<u>138,455</u>		<u>144,546</u>
Deferred taxation	10		<u>4,200</u>		<u>1,615</u>
			<u><u>134,255</u></u>		<u><u>142,931</u></u>
<b>CAPITAL AND RESERVES</b>					
Called up share capital	11		<u>12,000</u>		<u>12,000</u>
Profit and loss account	12		<u>122,255</u>		<u>130,931</u>
<b>SHAREHOLDERS' FUNDS</b>	12		<u><u>134,255</u></u>		<u><u>142,931</u></u>

The directors have taken advantage of special exemptions conferred by schedule 8 to the Companies Act 1985 applicable to small companies in the preparation of the financial statements and have done so on the grounds that in their opinion, the company is entitled to these exemptions.

Approved by the board on 6 August 1997  
and signed on its behalf by

*P. G. King*  
.....  
P.G. King, Director

**NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997****1. ACCOUNTING POLICIES****Basis of accounting**

The financial statements have been prepared under the historical cost convention.

**Turnover**

Turnover represents net invoiced sales of goods excluding value added tax.

**Tangible fixed assets**

Depreciation is provided at the following rates in order to write off each asset over its estimated useful life:

Plant and machinery	- 12½% on reducing balance
Fixtures and fittings	- 12½% on reducing balance
Computer equipments	- 20% on reducing balance
Motor vehicles	- 25% on reducing balance

**Stocks**

Stocks have been valued at the lower of cost and net realisable value after making due allowances for obsolete and slow moving terms.

**Deferred taxation**

Provision has been made at current rates for taxation deferred in respect of all timing differences.

**Finance leases and hire purchase contracts**

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the rental obligations is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of the capital repayments outstanding.

Rentals paid under operating leases are charged to income on a straight line basis over the terms of the agreement.

**Pensions**

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

**Deferred government grants**

Government grants on capital expenditure are credited to a deferral account and are released to revenue over the expected useful life of the relevant asset by equal annual installments.

Grants of a revenue nature are credited to income in the period to which they relate.

**COZENS & COLE LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)****2. TURNOVER**

During the year under review export sales accounted for 4.1% of the turnover (1996: Nil).

**3. (LOSS)PROFIT ON ORDINARY ACTIVITIES  
BEFORE TAXATION****1997**  
**£****1996**  
**£**

This is stated after charging:

Vehicle leasing	12,952	4,345
Depreciation of owned fixed assets	7,118	2,746
Depreciation of assets held under finance leases and hire purchase contracts	2,937	2,682
Goodwill amortisation	-	940
Finance charges in respect of finance leases and hire purchase agreements	23	420
Pension contributions	13,329	3,331
Auditors' remuneration	4,750	3,600
Regional development grant credit	(368)	-
	<u>          </u>	<u>          </u>

**4. DIRECTORS' EMOLUMENTS**

Directors' remuneration amounted to £72,298 (1996 - £22,903), including benefits in kind and pension contributions.



**COZENS & COLE LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)****5. TANGIBLE FIXED ASSETS**

	Plant & machinery £	Fixtures & fittings £	Motor vehicles £	Total £
<b>COST</b>				
At 1 April 1996	14,475	20,499	19,091	54,065
Transfer from group company	55,236	8,446	4,096	67,778
Additions	2,899	1,361	13,160	17,420
Disposals	-	-	(8,795)	(8,795)
At 31 March 1997	72,610	30,306	27,552	130,468
<b>DEPRECIATION</b>				
At 1 April 1996	10,928	13,284	5,820	30,032
Transfer from group company	34,379	6,467	1,024	41,870
Charge for the year	3,412	1,531	5,112	10,055
On disposals	-	-	(4,466)	(4,466)
At 31 March 1997	48,719	21,282	7,490	77,491
<b>WRITTEN DOWN VALUES</b>				
At 31 March 1997	23,891	9,024	20,062	52,977
Owned assets	23,891	9,024	4,672	37,587
Lease and hire purchase assets	-	-	15,390	15,390
	23,891	9,024	20,062	52,977
At 31 March 1996	3,547	7,215	13,271	24,033

**6. DEBTORS**

	<u>1996</u> £	<u>1995</u> £
Trade debtors	230,252	96,346
Other debtors	1,448	460
Prepayments	2,488	867
	<u>234,188</u>	<u>97,673</u>

**7. CREDITORS: AMOUNTS FALLING DUE  
WITHIN ONE YEAR**

	£	£
Trade creditors	109,989	41,818
Amount owed to parent company	220,108	26,580
Hire purchase	4,072	2,622
Social security and other taxes	12,935	8,655
Accruals	8,013	6,005
	<u>355,117</u>	<u>85,680</u>

NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)

	<u>1997</u>	<u>1996</u>
8. OBLIGATIONS UNDER FINANCE LEASES AND HIRE PURCHASE AGREEMENTS	£	£

The aggregate amount of the obligations  
is as follows:

Falling due within one year	4,072	2,622
Falling due after more than one year	1,991	660
	<u>6,063</u>	<u>3,282</u>

## 9. REGIONAL DEVELOPMENT GRANT

	£	£
Transfer from group company	1,020	-
Credit to profit and loss account	368	-
At 31 March 1997	<u>652</u>	<u>-</u>

## 10. DEFERRED TAXATION

	£	£
The amounts provided for were as follows:		
Accelerated capital allowances	<u>4,200</u>	<u>1,615</u>

## DEFERRED TAXATION MOVEMENT

	£	
At 1 April 1996	1,615	
Transfer from profit and loss account	2,585	
At 31 March 1997	<u>4,200</u>	

## 11. SHARE CAPITAL

	£	£
Authorised:		
15,000 ordinary shares of £1 each	<u>15,000</u>	<u>15,000</u>
Allotted, issued and fully paid:		
12,000 ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>

## 12. RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	<u>Share capital</u> £	<u>Profit and loss account</u> £	<u>Total shareholders' funds</u> £
At 1 April 1995	12,000	130,129	142,129
Profit for the year	-	802	802
At 31 March 1996	12,000	130,931	142,931
Loss for the year	-	(8,676)	(8,676)
At 31 March 1997	<u>12,000</u>	<u>122,255</u>	<u>134,255</u>

**COZENS & COLE LIMITED****NOTES TO THE FINANCIAL STATEMENTS - 31 MARCH 1997 (continued)****13. CAPITAL COMMITMENTS**

	<u>1997</u> £	<u>1996</u> £
Capital expenditure contracted for but not provided for in the financial statements.	-	2,520
Capital expenditure authorised by the board but not yet contracted for.	-	-

**14. OTHER FINANCIAL COMMITMENTS**

At 31 March 1997 the company had the following annual commitments under non-cancellable operating leases.

	<u>1997</u>		<u>1996</u>	
	<u>Land and building</u> £	<u>Other</u> £	<u>Land and building</u> £	<u>Other</u> £
Operating leases which expire:				
Within one year	-	2,722	-	-
Within two to five years	3,600	7,645	3,600	4,089
	<u>3,600</u>	<u>10,367</u>	<u>3,600</u>	<u>4,089</u>

**15. CONTINGENT LIABILITIES**

The company has guaranteed bank facilities of the holding company amounting to £29,802 (1994:£51,156).

The directors are confident that these liabilities will not crystallise in the foreseeable future.

**16. PARENT UNDERTAKING AND RELATED PARTIES**

The ultimate parent company is H.A.C. (Holdings) Limited, a company registered in England and Wales. Material transactions and balances are detailed below.

a) <b><u>Related Party Transactions</u></b>	<b><u>Administrative expenses</u></b> £
HAC (Holdings) Limited	112,000
b) <b><u>Related Party Balances</u></b>	£
Amounts due to related parties within one year	
HAC (Holdings) Limited	220,108