

FASTENERS (MIDLANDS) LIMITED

DIRECTORS' REPORT AND ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1996



Company No. 2232137 (England and Wales)

EASTENERS (MIDLANDS) LIMITED

Company Information

Directors	Mr. J. M. Phillips Mr. C. J. Evans
Secretary	Mr. J. M. Phillips
Company Number	2232127 (England and Wales)
Registered Office	Unit 16 Longford Industrial Estate Bridgtown Cannock Staffordshire WS11 1QN
Reporting Accountants	Shelvoke, Pickering, Janney & Co. Chartered Accountants 57-61 Market Place Cannock Staffordshire WS11 1BP

FASTENERS (MIDLANDS) LIMITED

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FASTENERS (MIDLANDS) LIMITED

DIRECTORS' REPORT FOR THE YEAR ENDED 31ST DECEMBER, 1996

The directors present their report and the accounts of the company for the year ended 31st December, 1996.

Principal Activity

The company's principal activity continues to be that of the distribution of industrial fasteners.

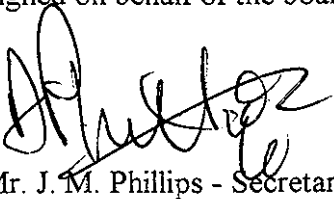
Directors

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

	<u>Number of Shares</u>	
	<u>1996</u>	<u>1995</u>
J. M. Phillips	2,500	2,500
Mrs. K. Phillips (Not a Director)	2,500	2,500
C. J. Evans	5,000	5,000

This report, which has been prepared taking advantage of special exemptions applicable to small companies, was approved by the board on 16th May, 1997.

Signed on behalf of the board of directors.



Mr. J. M. Phillips - Secretary

FASTENERS (MIDLANDS) LIMITED
ACCOUNTANTS' REPORT TO THE SHAREHOLDERS ON
THE UNAUDITED ACCOUNTS OF
FASTENERS (MIDLANDS) LIMITED

We report on the accounts for the year ended 31st December, 1996 set out on pages 3 to 9.

Respective Responsibilities of Directors and Reporting Accountants

As described on page 5 the company's directors are responsible for the preparation of the accounts, and they consider that the company is exempt from an audit. It is our responsibility to carry out procedures designed to enable us to report our opinion.

Basis of Opinion

Our work was conducted in accordance with the Statement of Standards for Reporting Accountants, and so our procedures consisted of comparing the accounts with the accounting records kept by the company and making such limited enquiries of the officers of the company as we considered necessary for the purposes of this report. These procedures provide only the assurance expressed in our opinion.

Opinion

In our opinion:

- (a) the accounts are in agreement with the accounting records kept by the company under Section 221 of the Companies Act 1985;
- (b) having regard only to, and on the basis of, the information contained in those accounting records;
 - (i) the accounts have been drawn up in a manner consistent with the accounting requirements specified in Section 249C(6) of the Act; and
 - (ii) the company satisfied the conditions for exemption from an audit of the accounts for the year specified in Section 249A(4) of the Act and did not, at any time within that year, fall within any of the categories of companies not entitled to the exemption specified in section 249B(1).



Shelvoke, Pickering, Janney & Co.,
Chartered Accountants
57-61 Market Place,
Cannock
Staffs
WS11 1BP

16th May, 1997

FASTENERS (MIDLANDS) LIMITED

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31ST DECEMBER, 1996

	<u>1996</u> £	<u>1995</u> £
<u>NOTE</u>		
Turnover	181,578	195,411
Cost of Sales	(118,538)	(126,956)
	<hr/>	<hr/>
<u>Gross Profit</u>	63,040	68,455
Distribution Costs	(4,889)	(7,953)
Administrative Expenses	(60,048)	(62,382)
	<hr/>	<hr/>
2 <u>Operating Loss</u>	(1,897)	(1,880)
3 Interest Payable	(758)	(783)
	<hr/>	<hr/>
<u>Loss On Ordinary Activities Before Taxation</u>	(2,655)	(2,663)
4 Taxation On Loss On Ordinary Activities	-	-
	<hr/>	<hr/>
<u>Loss On Ordinary Activities After Taxation</u>	(2,655)	(2,663)
<u>Retained Profit Brought Forward</u>	7,876	10,539
	<hr/>	<hr/>
<u>Retained Profit Carried Forward</u>	5,221	7,876
	<hr/> <hr/>	<hr/> <hr/>

There were no recognised gains and losses other than those recognised in the profit and loss account.

The notes on pages 6 to 9 form part of these accounts.

EASTENERS (MIDLANDS) LIMITED

BALANCE SHEET

AS AT 31ST DECEMBER, 1996

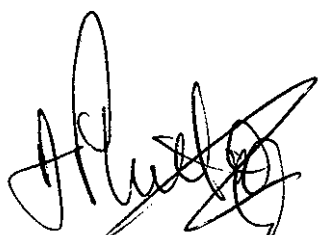
31st December, 1995

<u>NOTE</u>	<u>Fixed Assets</u>	£	£	£	£
5	Tangible Assets		7,723		10,204
	<u>Current Assets</u>				
	Stocks	14,782		14,563	
6	Debtors	39,439		39,530	
	Cash at Bank and in hand	7,238		10,790	
		<hr/>		<hr/>	
		61,459		64,883	
7	<u>Creditors: Amounts Falling Due Within One Year</u>	(52,746)		(53,404)	
		<hr/>		<hr/>	
	<u>Net Current Assets</u>		8,713		11,479
			<hr/>		<hr/>
	<u>Total Assets Less Current Liabilities</u>		16,436		21,683
8	<u>Creditors: Amounts Falling Due After More Than One Year</u>		(1,215)		(3,807)
			<hr/>		<hr/>
			15,221		17,876
			<hr/>		<hr/>
	<u>Capital and Reserves</u>				
10	Called Up Share Capital		10,000		10,000
	Profit and Loss Account		5,221		7,876
			<hr/>		<hr/>
11	Shareholders' Funds - All Equity		15,221		17,876
			<hr/>		<hr/>

The directors consider that the company is entitled to exemption from the requirement to have an audit under the provisions of Section 249A(2) of the Companies Act 1985. Shareholders holding 10% or more of the nominal value of the company's issued share capital have not issued a notice requiring an audit. The directors acknowledge their responsibilities for ensuring that the company keeps accounting records which comply with Section 221 of the Companies Act 1985, and for preparing accounts which give a true and fair view of the state of affairs of the company as at 31st December, 1996 and of its loss for the year then ended in accordance with the requirements of Section 226, and which otherwise comply with the requirements of the Act relating to the accounts so far as applicable to the company.

The directors have taken advantage, in the preparation of these accounts, of special exemptions applicable to small companies under Schedule 8 Part 1 of the Companies Act 1985, on the grounds that, in the opinion of the directors, the company qualifies as a small company and is entitled to make use of the special exemptions.

The accounts were approved by the board on 16th May, 1997 and signed on its behalf.

A handwritten signature in black ink, appearing to read 'J. M. Phillips', with a large, stylized flourish at the end.

Mr. J. M. Phillips - Director

The notes on pages 6 to 9 form part of these accounts.

FASTENERS (MIDLANDS) LIMITED

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31ST DECEMBER, 1996

1. Accounting Policies

a) Basis of Preparation of Accounts

The accounts are prepared under the historical cost convention and incorporate the results of the principal activity which is described in the Directors' Report and which is continuing. The company has taken advantage of the exemption in Financial Reporting Standard No. 1 from the requirement to produce a cash flow statement on the grounds that it is a small company.

b) Turnover

Turnover comprises the invoiced value of goods and services supplied by the company, net of Value Added Tax and trade discounts.

c) Tangible Fixed Assets and Depreciation

Tangible fixed assets are stated at cost less depreciation. Depreciation is provided at rates calculated to write off the cost of fixed assets, less their estimated residual value over their expected useful lives on the following bases:

Motor Vehicles	-	25% p.a. (Reducing Balance)
Plant and Machinery	-	15% p.a. (Reducing Balance)

d) Leasing and Hire Purchase

Assets obtained under hire purchase contracts and finance leases are capitalised as tangible fixed assets and depreciated over the shorter of the lease term and their useful lives. Finance leases are those where substantially all of the benefits and risks of ownership are assumed by the company. Obligations under such agreements are included in creditors net of the finance charge allocated to future periods. The finance element of the rental payment is charged to the Profit and Loss Account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

e) Operating Leases

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged to the Profit and Loss Account as incurred.

f) Stocks

Stocks are valued at the lower of cost and net realisable value after making due allowance for obsolete and slow moving stocks.

g) Deferred Taxation

Provision is made for taxation deferred as a result of material timing differences between the incidence of income and expenditure for taxation and accounts purposes, using the liability method, only to the extent that in the opinion of the directors, there is a reasonable probability that a liability or asset will crystallise in the near future.

2. Operating Loss

The operating loss is stated after charging;

	<u>1996</u>	<u>1995</u>
	£	£
Depreciation of Tangible Fixed Assets		
- Owned by the Company	106	124
- Held Under Finance Leases	2,375	3,167
Profit on Sale of Fixed Assets	-	(968)
Operating Lease Rentals		
- Hire of Plant and Machinery	966	946
- Other Operating Leases	8,400	8,400
Directors' Emoluments	18,726	18,545
	<u> </u>	<u> </u>

3. Interest Payable

Included in interest payable is interest on finance leases and hire purchase contracts of £758 (1995 : £783).

4. Taxation

UK Current Year Taxation

U. K. Corporation Tax at 24% (1995 : 25%)

-	-
<u> </u>	<u> </u>

If provision were made for deferred taxation on the basis of the full potential liability, the tax charge would increase by £NIL (1995 : £NIL) due to accelerated capital allowances.

5. Tangible Fixed Assets

	<u>Plant and Machinery Etc.</u>
	£
<u>Cost</u>	
At 1st January, 1996 and 31st December, 1996	16,393
	<u> </u>
<u>Depreciation</u>	
At 1st January, 1996	6,189
Provided for the Year	2,481
	<u> </u>
At 31st December, 1996	8,670
	<u> </u>

Net Book Values

At 31st December, 1996 7,723

At 31st December, 1995 10,204

Included above in plant and machinery etc are assets held under finance leases or hire purchase contracts amounting to £7,124 (1995 : £9,499).

6.	<u>Debtors</u>	<u>1996</u>	<u>1995</u>
		£	£
	<u>Due After More Than One Year</u>		
	Other Debtors	-	-
	<u>Due Within One Year</u>		
	Trade Debtors	38,052	38,390
	Prepayments and Accrued Income	1,387	1,140
		<hr/>	<hr/>
		39,439	39,530
		<hr/>	<hr/>
7.	<u>Creditors: Amounts Falling Due Within One Year</u>		
	Trade Creditors	41,052	45,650
	Other Creditors	847	847
	Taxation and Social Security	6,225	1,519
	Obligations Under Finance leases and Hire Purchase		
	Contracts Secured on the Assets Concerned	2,592	2,699
	Accruals and Deferred Income	2,030	2,689
		<hr/>	<hr/>
		52,746	53,404
		<hr/>	<hr/>
8.	<u>Creditors: Amounts Falling Due After More Than One Year</u>		
	Obligations Under Finance Leases and Hire Purchase		
	Contracts Secured on the Assets Concerned	1,215	3,807
		<hr/>	<hr/>

Obligations under finance leases and hire purchase contracts are due within five years.

9. Deferred Taxation

The potential liability for deferred taxation not provided was as follows:

Accelerated Capital Allowances	5	-
Less losses available to be set-off against future profits	(1,385)	(757)
	<hr/>	<hr/>
	-	-
	<hr/>	<hr/>

10. <u>Called Up Share Capital</u>	<u>1996</u>	<u>1995</u>
	£	£
<u>Authorised</u>		
Ordinary Shares of £1 each	10,000	10,000
	=====	=====
<u>Issued</u>		
Ordinary Shares of £1 each	10,000	10,000
	=====	=====
11. <u>Movement on Shareholders' Funds</u>		
Loss for the Year	(2,655)	(2,663)
Shareholders' Funds at 1st January, 1996	17,876	20,539
	=====	=====
Shareholders' Funds at 31st December, 1996	15,221	17,876
	=====	=====

12. Capital Commitments

Contracted for but not provided in these accounts	-	-
	=====	=====

13. Other Commitments

At 31st December, 1996, the company had annual commitments under non-cancellable operating leases as follows:

	<u>Land and Buildings</u>		<u>Other</u>	
	<u>1996</u>	<u>1995</u>	<u>1996</u>	<u>1995</u>
	£	£	£	£
Expiry Date:				
Within One Year	-	-	-	-
Between Two and Five Years	8,400	8,400	966	877
In More Than Five Years	-	-	-	-
	=====	=====	=====	=====
	8,400	8,400	966	877
	=====	=====	=====	=====

14. Related Party Transactions

The company is not under the control of any one party during this year or the previous year. During the year the company sold goods to a company of which Mr. C. J. Evans (a director of this company) was a director. The total value of the transactions were £3,389 but a provision for bad debts was made for this sum together with £2,899 previously supplied as the company went into liquidation. After this provision no amounts were due to the company at the Balance Sheet date.