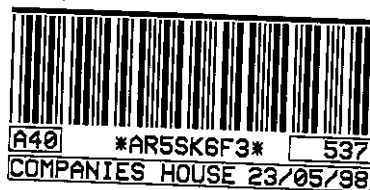


HELTOR LIMITED
FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 AUGUST 1997
COMPANY NUMBER 686375



HELTOR LIMITED

COMPANY INFORMATION

DIRECTORS Mr A D Kingdon - Chairman
 Mr P J Kingdon
 Mr N P Kingdon

SECRETARY Mr W H Landon

COMPANY NUMBER 686375

REGISTERED OFFICE Heathfield
 Newton Abbot
 Devon TQ12 6RW

AUDITORS Simpkins Edwards
 Michael House
 Castle Street
 Exeter EX4 3LQ

BANKERS National Westminster Bank Plc
 246 High Street
 Exeter EX4 3PD

HELTOR LIMITED

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REPORT OF THE DIRECTORS

The directors have pleasure in presenting their annual report and the audited consolidated accounts of Heltor Limited for the year ended 31 August 1997.

PRINCIPAL ACTIVITIES

The group's principal activities are the sale and distribution of oil and ancillary products, warehousing and distribution.

BUSINESS REVIEW

The directors consider the results for the year to be satisfactory, and the company to be in a sound financial position to enable it to advance its operations in the future.

The group profit for the year after taxation, amounted to £53,058. The directors recommend that no ordinary dividend be paid in respect of the year (1996: Nil) and the profit will be added to reserves.

FIXED ASSETS

Movements in fixed assets during the year are shown in note 10 to the accounts.

At the date of these accounts the company owned freehold property of £1,317,229 which is valued on the basis shown in the notes to the accounts. In the opinion of the directors the land and buildings of the company had an open market value in excess of this figure.

DIRECTORS

The directors of the company in office during the year, and their beneficial interests in the ordinary share capital at the beginning and end of the year were:

	At 31.8.1997	At 1.9.1996
Mr A D Kingdon - Chairman	548	548
Mr P J Kingdon	778	778
Mr N P Kingdon	778	778
	<hr/>	<hr/>

REPORT OF THE DIRECTORS (CONTINUED)

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 affairs of the company and of the profit or loss of the company for that period. In preparing those accounts, 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, subject to any material departures disclosed and explained in the accounts;
- prepare the accounts on a 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 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.

AUDITORS

In accordance with Section 385 of the Companies Act 1985, a resolution proposing the reappointment of Simpkins Edwards as auditors of the company will be put to the annual general meeting.

BY ORDER OF THE BOARD

W H Landon 12 May 1998 [W H LONDON]

SECRETARY

AUDITORS' REPORT TO THE SHAREHOLDERS OF

HELTOR LIMITED

We have audited the financial statements on pages 3 to 22 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 7 and 8.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As described on page 1B, 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 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 affairs of the company and the group as at 31 August 1997 and of the profit of the company and the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Simpkins Edwards

SIMPKINS EDWARDS
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS

Exeter

14 May 1998.

Simpkins Edwards

PROFIT AND LOSS ACCOUNT

FOR THE YEAR ENDED 31 AUGUST 1997

	Notes	GROUP		COMPANY	
		1997 £	1996 £	1997 £	1996 £
TURNOVER	2	20,496,379	17,285,262	20,494,136	17,258,735
Cost of sales		(17,969,769)	(15,028,829)	(17,969,363)	(15,010,459)
GROSS PROFIT		2,526,610	2,256,433	2,524,773	2,248,276
Selling and distribution costs		(1,694,463)	(1,552,308)	(1,694,463)	(1,552,308)
Administrative expenses		(685,323)	(744,874)	(646,236)	(674,518)
Other operating income		67,675	61,080	76,675	55,700
OPERATING PROFIT		214,499	20,331	260,749	77,150
Profit on sale of fixed assets - continuing operations		-	2,295	-	17,156
Exceptional item		-	(20,736)	-	-
PROFIT/(LOSS) on ordinary activities before interest		214,499	1,890	260,749	94,306
Interest receivable		236	4,904	236	4,904
Interest payable	3	(122,585)	(131,683)	(122,528)	(131,661)
PROFIT/(LOSS) on ordinary activities before taxation	4	92,150	(124,889)	138,457	(32,451)
TAXATION	6	(39,092)	14,240	(39,092)	3,459
PROFIT/(LOSS) for the financial year after taxation		53,058	(110,649)	99,365	(28,992)
Dividends paid - non-equity	8	(12,000)	(12,000)	(12,000)	(12,000)
Minority interests		-	13,961	-	-
PROFIT/(LOSS) for the financial year	7	£41,058	(£108,688)	£87,365	(£40,992)
RETAINED PROFIT/(LOSS) for the financial year		£41,058	(£108,688)	£87,365	(£40,992)

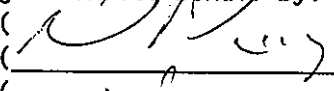
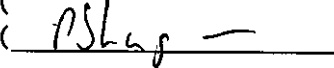
HELTOR LIMITED
BALANCE SHEET AS AT 31 AUGUST 1997

PAGE 4

		GROUP		COMPANY	
	Notes	1997 £	1996 £	1997 £	1996 £
FIXED ASSETS					
Intangible assets	9	397,897	428,505	397,897	428,505
Tangible assets	10	2,526,414	2,731,246	2,275,857	2,462,224
Investments in subsidiary undertakings	11	-	-	122,662	122,662
		<hr/>	<hr/>	<hr/>	<hr/>
		2,924,311	3,159,751	2,796,416	3,013,391
		<hr/>	<hr/>	<hr/>	<hr/>
CURRENT ASSETS					
Stocks	13	127,568	165,495	127,449	165,376
Debtors	14	2,030,201	2,231,096	2,121,062	2,288,981
Cash at bank and in hand		79,364	60,760	76,614	58,967
		<hr/>	<hr/>	<hr/>	<hr/>
		2,237,133	2,457,351	2,325,125	2,513,324
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: amounts falling due within one year	15	(2,811,526)	(3,252,829)	(2,801,972)	(3,239,098)
		<hr/>	<hr/>	<hr/>	<hr/>
NET CURRENT LIABILITIES		(574,393)	(795,478)	(476,847)	(725,774)
		<hr/>	<hr/>	<hr/>	<hr/>
TOTAL ASSETS LESS CURRENT LIABILITIES		2,349,918	2,364,273	2,319,569	2,287,617
		<hr/>	<hr/>	<hr/>	<hr/>
CREDITORS: amounts falling due after more than one year	15	(467,973)	(504,441)	(467,973)	(504,441)
		<hr/>	<hr/>	<hr/>	<hr/>
PROVISIONS FOR LIABILITIES AND CHARGES					
Deferred taxation	17	(212,859)	(231,804)	(212,859)	(231,804)
		<hr/>	<hr/>	<hr/>	<hr/>
NET ASSETS		£1,669,086	£1,628,028	£1,638,737	£1,551,372
		<hr/>	<hr/>	<hr/>	<hr/>
CAPITAL AND RESERVES					
Called up share capital	18	202,104	202,104	202,104	202,104
Revaluation reserve	19	156,691	156,691	-	-
Profit and loss account	19	1,310,291	1,269,233	1,436,633	1,349,268
		<hr/>	<hr/>	<hr/>	<hr/>
Shareholders' funds	22	£1,669,086	£1,628,028	£1,638,737	£1,551,372
		<hr/>	<hr/>	<hr/>	<hr/>
Equity interests		1,469,086	1,428,028	1,438,737	1,351,372
Non-equity interest		200,000	200,000	200,000	200,000
		<hr/>	<hr/>	<hr/>	<hr/>
		£1,669,086	£1,628,028	£1,638,737	£1,551,372
		<hr/>	<hr/>	<hr/>	<hr/>

The financial statements on pages 3 to 22 were approved by the board of directors on and were signed on its behalf by:

DIRECTORS

()
()

[NP KINGDON]

[PJ KINGDON]

Simpkins Edwards
Chartered Accountants

CONSOLIDATED CASH FLOW STATEMENT

FOR THE YEAR ENDED 31 AUGUST 1997

	Note	1997 £	1996 £
NET CASH INFLOW FROM OPERATING ACTIVITIES	23	875,734	182,894
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE			
Interest received		236	4,904
Interest paid		(117,831)	(126,078)
Finance lease interest paid		(4,754)	(5,605)
Non-equity dividends paid		(12,000)	(12,000)
NET CASH OUTFLOW FROM RETURNS ON INVESTMENTS AND SERVICING OF FINANCE		(134,349)	(138,779)
TAXATION		(3,000)	(2,549)
CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT			
Purchase of tangible fixed assets		(213,105)	(491,480)
Sale of tangible fixed assets		88,660	38,602
Purchase of intangible fixed assets		-	(459,113)
NET CASH OUTFLOW FROM CAPITAL EXPENDITURE AND FINANCIAL INVESTMENT		(124,445)	(911,991)
ACQUISITIONS AND DISPOSALS			
Purchase of balance of shares in subsidiary undertaking		-	(32,662)
FINANCING			
Issue of shares		-	200,000
Receipts from borrowing		-	400,000
Repayment of borrowing		(38,746)	(34,749)
New finance leases		44,897	-
Capital element of finance lease rentals		(62,694)	(41,495)
NET CASH OUTFLOW/INFLOW FROM FINANCING	24	(56,543)	523,756
INCREASE/DECREASE IN CASH	25	£557,397	(£379,331)

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES
FOR THE YEAR ENDED 31 AUGUST 1997

GROUP

	1997 £	1996 £
Profit/(Loss) for the financial year	37,724	(87,952)
Surplus on revaluation	-	156,691
	<hr/>	<hr/>
Total recognised gains and losses for the year	£35,724	£68,739
	<hr/>	<hr/>

COMPANY

	1997 £	1996 £
Profit/(Loss) for the financial year	87,365	(40,992)
	<hr/>	<hr/>
Total recognised gains and losses for the year	£87,365	(£40,992)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997

1. ACCOUNTING POLICIES

(a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention, except that certain freehold properties are shown at their revalued amounts.

(b) Basis of consolidation

The group financial statements consolidate those of the company and its subsidiary made up to 31 August 1997. Profits or losses on intra-group transactions are eliminated in full.

(c) Turnover

Turnover represents the value of goods and services supplied net of value added tax.

(d) Intangible fixed assets

Purchased goodwill is amortised equally over a period of 15 years as the directors consider that this is the life expectancy of goodwill in this type of business.

(e) Tangible fixed assets

The cost of tangible fixed assets is written off to estimated residual value by the straight line method using the following rates:

Freehold buildings	2 - 5% per annum on cost
Plant and equipment	10 - 15% per annum on cost
Motor vehicles	20% per annum on cost

No depreciation is provided on freehold land.

(f) Investment properties

In accordance with Statement of Standard Accounting Practice Number 19, (i) investment properties are revalued annually and the aggregate surplus or deficit is transferred to a revaluation reserve, and (ii) no depreciation or amortisation is provided in respect of freehold investment properties and leasehold investment properties with over twenty years to run. The directors consider that this accounting policy results in the accounts giving a true and fair view. Depreciation or amortisation is only one of many factors reflected in the annual valuation and the amount which might otherwise have been shown cannot be separately identified or quantified.

(g) Stocks and work in progress

Stocks and work in progress are valued at the lower of cost, and net realisable value, after making due allowances for obsolete and slow moving stock.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

1. ACCOUNTING POLICIES (CONTINUED)

(h) Deferred taxation

Deferred taxation is provided at the current rate of corporation tax on timing differences which arise from the inclusion of income and expenditure in taxation computations in periods different from those in which they are included in the accounts to the extent that they are expected to give rise to an actual liability in the foreseeable future.

(i) Leasing and hire purchase

Where assets are financed by hire purchase agreements the assets are treated as if they had been purchased outright. The amount capitalised is the cost of the asset. The corresponding commitments are shown as obligations to the hire purchase company.

Depreciation on the relevant assets is charged to the profit and loss account.

Hire purchase payments are treated as consisting of capital and interest elements and the interest is charged to the profit and loss account using the annuity method.

(j) Pension costs

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

2. TURNOVER

	1997 £	1996 £
Class of business:		
Fuel and oil distribution	18,630,346	15,671,190
Haulage and storage	1,745,794	1,614,072
Other	120,239	-
	<hr/>	<hr/>
	£20,496,379	£17,285,262
	<hr/>	<hr/>

All turnover arises in the United Kingdom.

An analysis of profit before taxation between classes of business has not been given.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

3. INTEREST PAYABLE

	1997 £	1996 £
On bank loans, overdrafts and other loans:		
Repayable within five years, not by instalments	75,141	78,771
Repayable within five years, by instalments	7,690	12,307
Other interest payable	35,000	35,000
	<hr/>	<hr/>
	117,831	126,078
On hire purchase contracts	4,754	5,605
	<hr/>	<hr/>
	£122,585	£131,683
	<hr/>	<hr/>

4. PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION

	1997 £	1996 £
Loss on ordinary activities before taxation is stated after charging:		
Goodwill amortisation	30,608	30,608
Depreciation - on owned tangible fixed assets	329,089	299,357
- on tangible fixed assets held under hire purchase contracts	8,481	19,721
Auditors' remuneration (including expenses):		
- in respect of audit work	6,800	8,300
Hire of plant and machinery	4,882	6,465
Hire of other assets	39,198	6,419
Exceptional item -		
Write-off of goodwill on acquisition of final 25% of subsidiary	-	(20,736)
	<hr/>	<hr/>

Amounts charged to revenue in respect of sums payable for the hire of motor vehicles made under hire purchase contracts are shown under the headings of depreciation £8,481 and finance charges £4,754 - total £13,235 (1996: £25,326).

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

5. DIRECTORS AND EMPLOYEES

Employees

The average monthly number of persons, including directors, employed by the group during the year was:

Categories	1997 Number	1996 Number
Sales and marketing	31	37
Office and management	19	20
	<hr/>	<hr/>
	50	57
	<hr/>	<hr/>
	1997 £	1996 £
Staff costs for the above persons		
Wages and salaries	796,273	811,408
Social security costs	78,841	80,597
Other pension costs	17,611	22,865
	<hr/>	<hr/>
	£892,725	£914,870
	<hr/>	<hr/>

Directors' remuneration

	1997 £	1996 £
The remuneration paid to the directors of Heltor Limited was as follows:		
Emoluments	186,870	163,497
Pension contributions to money purchase schemes	8,281	12,000
	<hr/>	<hr/>
	£195,151	£175,497
	<hr/>	<hr/>

During the year 2 directors (1996: 2) participated in money purchase pension schemes.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

6. TAXATION

	1997 £	1996 £
UK corporation tax at 31.34% (1996: 33%)		
Current	58,037	-
Deferred	(18,945)	(14,240)
	<hr/>	<hr/>
	£39,092	(£14,240)
	<hr/>	<hr/>

7. PROFIT FOR THE FINANCIAL YEAR

	1997 £	1996 £
As permitted by section 228(7) of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements		
The amount of profit/(loss) dealt with in the holding company's individual accounts was	£87,365	(£40,992)
	<hr/>	<hr/>

8. DIVIDENDS

	1997 £	1996 £
Preference paid	£12,000	£12,000
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

9. INTANGIBLE FIXED ASSETS	Purchased goodwill £
COST	
At 1 September 1996 and	
At 31 August 1997	459,113
AMOUNTS WRITTEN OFF	
At 1 September 1996	30,608
Charge for the year	30,608
At 31 August 1997	61,216
NET BOOK VALUE	
at 31 August 1997	£397,897

10. TANGIBLE FIXED ASSETS

GROUP	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Investment properties £	Total £
COST OR VALUATION						
At 1 September 1996	1,748,903	736,127	156,212	1,733,340	243,563	4,618,145
Additions	18,865	59,491	1,869	132,880	-	213,105
Disposals	(21,083)	(100,307)	(20,919)	(185,530)	-	(327,839)
At 31 August 1997	£1,746,685	695,311	137,162	1,680,690	243,563	4,503,411
DEPRECIATION						
At 1 September 1996	184,436	483,781	136,197	1,082,485	-	1,886,899
Charge for the year	37,940	82,131	7,981	204,184	-	332,236
Eliminated on disposals	(13,850)	(74,575)	(20,402)	(133,311)	-	(242,138)
At 31 August 1997	208,526	491,337	123,776	1,153,358	-	1,976,997
NET BOOK VALUE						
At 31 August 1997	£1,538,159	£203,974	£13,386	£527,332	£243,563	£2,526,414
At 31 August 1996	£1,564,467	£252,346	£20,015	£650,855	£243,563	£2,731,246

The net book value of motor vehicles includes an amount of £42,413 (1996: £98,442) in respect of assets held under hire purchase contracts.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

10. TANGIBLE FIXED ASSETS (CONTINUED)

COMPANY	Land and buildings £	Plant and machinery £	Fixtures and fittings £	Motor vehicles £	Investment properties £	Total £
COST OR VALUATION						
At 1 September 1996	1,538,903	524,272	156,212	1,733,340	243,563	4,196,290
Additions	14,854	59,381	1,869	132,880	-	208,984
Disposals	(21,083)	(100,307)	(20,919)	(185,530)	-	(327,839)
At 31 August 1997	1,532,674	483,346	137,162	1,680,690	243,563	4,077,435
DEPRECIATION						
At 1 September 1996	184,436	330,948	136,197	1,082,485	-	1,734,066
Charge for the year	32,774	64,711	7,981	204,184	-	309,650
Eliminated on disposals	(13,850)	(74,575)	(20,402)	(133,311)	-	(242,138)
At 31 August 1997	203,360	321,084	123,776	1,153,358	-	1,801,578
NET BOOK VALUE						
At 31 August 1997	£1,329,314	£162,262	£13,386	£527,332	£243,563	£2,275,857
At 31 August 1996	£1,354,467	£193,324	£20,015	£650,855	£243,563	£2,462,224

The net book value of motor vehicles includes an amount of £42,413 (1996: £79,051) in respect of assets held under hire purchase contracts.

The valuation of investment properties at 31 August 1997 was made by Mr A D Kingdon, a director of the company, using open market value. No surplus or deficit arises on revaluation.

Company land and buildings at net book value comprise:

	1997 £	1996 £
Freeholds	1,317,229	1,332,389
Short leaseholds	12,085	22,078
	<hr/>	<hr/>
	£1,329,314	£1,354,467
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

10. TANGIBLE FIXED ASSETS (CONTINUED)

The gross amounts of land and buildings on which depreciation is being provided is as follows:

	Group £	Company £
Freehold buildings	1,619,390	1,516,063
Short leasehold	16,611	16,611
	<hr/>	<hr/>
	£1,636,001	£1,532,674
	<hr/>	<hr/>

Land and buildings stated above for cost or valuation include a valuation as follows:

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
At Cost	1,536,685	1,538,903	1,532,674	1,538,903
At valuation 1996	210,000	210,000	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	£1,746,685	£1,748,903	£1,532,674	£1,538,903
	<hr/>	<hr/>	<hr/>	<hr/>

If land and buildings had not been revalued, they would have been included on the historical cost basis at the following amounts:

	Group £	Company £
Cost	107,338	-
Accumulated depreciation	55,184	-
	<hr/>	<hr/>
Net book value at 31 August 1997	£52,154	£-
	<hr/>	<hr/>
Net book value at 31 August 1996	£53,309	£-
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

11. INVESTMENTS IN SUBSIDIARY UNDERTAKINGS

	1997 £	1996 £
At 1 September 1996	122,662	90,000
Additions	-	32,662
	<hr/>	<hr/>
At 31 August 1997	£122,662	£122,662
	<hr/>	<hr/>

As at 31 August 1997, the company had the following subsidiary incorporated in the United Kingdom:

Name	Proportion of equity share capital held	Nature of business
Heathfield Terminal Company Limited	100%	Operation of oil terminal

The addition in 1996 relates to the acquisition of the remaining 25% (30,000 shares of £1 each) of Heathfield Terminal Company Limited.

12. CAPITAL COMMITMENTS

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Capital expenditure:				
Contracted for but not provided in the accounts	£45,500	£26,602	£45,500	£26,602
	<hr/>	<hr/>	<hr/>	<hr/>
Commitments under finance leases entered into but not yet provided for in the accounts	£162,000	£49,936	£162,000	£49,936
	<hr/>	<hr/>	<hr/>	<hr/>

13. STOCKS

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Stocks comprise:				
Raw materials and consumables	118,358	150,533	118,358	150,414
Stores	9,210	14,962	9,091	14,962
	<hr/>	<hr/>	<hr/>	<hr/>
	£127,568	£165,495	£127,449	£165,376
	<hr/>	<hr/>	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

14. DEBTORS

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Trade debtors	1,899,795	2,035,379	1,899,795	2,035,115
Amounts owed by subsidiary undertakings	-	-	100,474	62,927
Other debtors	49,811	109,145	49,811	107,308
Prepayments	80,595	86,572	70,982	83,631
	<hr/>	<hr/>	<hr/>	<hr/>
	£2,030,201	£2,231,096	£2,121,062	£2,288,981
	<hr/>	<hr/>	<hr/>	<hr/>

15. CREDITORS

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Amounts falling due within one year:				
Current instalments due on bank loans	40,706	38,920	40,706	38,920
Bank overdrafts	661,588	1,200,381	661,588	1,200,381
Obligations under hire purchase contracts	23,196	45,057	23,196	45,057
Trade creditors	1,883,340	1,698,204	1,883,340	1,698,204
Dividends payable	-	12,000	-	12,000
Corporation tax	55,037	-	55,037	-
Other taxation and social security payable	33,559	34,682	33,543	34,682
Other creditors	76,472	175,991	76,108	170,829
Accruals	37,254	44,504	28,080	35,935
Directors' current accounts	374	3,090	374	3,090
	<hr/>	<hr/>	<hr/>	<hr/>
	£2,811,526	£3,252,829	£2,801,972	£3,239,098
	<hr/>	<hr/>	<hr/>	<hr/>
Amounts falling due after more than one year:				
Bank loans	63,899	104,431	63,899	104,431
Obligations under hire purchase contracts	4,074	10	4,074	10
Loan notes	400,000	400,000	400,000	400,000
	<hr/>	<hr/>	<hr/>	<hr/>
	£467,973	£504,441	£467,973	£504,441
	<hr/>	<hr/>	<hr/>	<hr/>

The loan notes consist of eight unsecured notes of £50,000 each carrying interest at the rate of 8.75% per annum. All notes are redeemable on 31 August 2015 but may be redeemed earlier at the option of the company.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

16. BANK LOANS AND OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Repayable by instalments:				
Bank loans at 1.25% over base rate unsecured repayable in 60 equal monthly instalments from January 1995	104,605	143,351	104,605	143,351
Hire purchase contracts	27,270	45,067	27,270	45,067
	<hr/> £131,875	<hr/> £188,418	<hr/> £131,875	<hr/> £188,418
Obligations under hire purchase contracts and bank loans are repayable as follows:				
In one year, or less, or on demand	63,902	83,977	63,902	83,977
Between one and two years	48,067	41,847	48,067	41,847
Between two and five years	19,906	62,594	19,906	62,594
	<hr/> £131,875	<hr/> £188,418	<hr/> £131,875	<hr/> £188,418

17. DEFERRED TAXATION

The amount provided, which equals the total potential liability, is as follows:

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
Tax effect of timing differences because of:				
Excess of tax allowances over depreciation	207,425	230,781	207,425	230,781
Other	5,434	1,023	5,434	1,023
	<hr/> £212,859	<hr/> £231,804	<hr/> £212,859	<hr/> £231,804

As at 31 August 1997 there is also a potential liability for the company and the group of £11,006 (1996: £11,006) in respect of the profit on disposal of freehold property. The tax payable in this context has been rolled over by reinvestment of the proceeds in further acquisitions of property. Such charges would crystallise in the event of further transactions removing the qualification for rollover relief, although such a course of action is unlikely in the foreseeable future.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

17. DEFERRED TAXATION (CONTINUED)

The movements on the provision for deferred taxation are as follows:

	Group £	Company £
Provision at 1 September 1996	231,804	231,804
Transfer to profit and loss account	(18,945)	(18,945)
	<hr/>	<hr/>
	£212,859	£212,859
	<hr/>	<hr/>

18. CALLED UP SHARE CAPITAL

	1997	1996
Authorised:		
10,200 ordinary shares of £1 each	10,200	10,200
400,000 6% cumulative redeemable preference shares of £1 each	400,000	400,000
	<hr/>	<hr/>
	£410,200	£410,200
	<hr/>	<hr/>
Allotted, called up and fully paid:		
2,104 ordinary shares of £1 each	2,104	2,104
200,000 6% cumulative redeemable preference shares of £1 each	200,000	200,000
	<hr/>	<hr/>
	£202,104	£202,104
	<hr/>	<hr/>

The 200,000 6% cumulative redeemable preference shares of £1 each have been treated as non equity because of the following rights attaching to the shares concerned:-

1. The company may redeem all or any of the preference shares at any time and shall redeem any preference shares in issue on 31 August 2015.
2. The right to dividend is 6% per annum.
3. On a return of assets on liquidation, reduction of capital or otherwise, the surplus assets shall first be applied in paying to the holders of the preference shares an amount equal to the amount paid up together with a sum equal to all arrears and accruals of the preference dividend.
4. No entitlement to vote at general meetings, except in exception circumstances as detailed in the Articles of Association.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

19. RESERVES	Revaluation reserve	Profit and loss account
Group	£	£
At 1 September 1996	156,691	1,269,233
Retained for the year	-	41,058
	<hr/>	<hr/>
At 31 August 1997	£156,691	£1,310,291
	<hr/>	<hr/>
Company		
At 1 September 1996	-	1,349,268
Retained for the year	-	87,365
	<hr/>	<hr/>
	-	£1,436,633
	<hr/>	<hr/>

20. TRANSACTIONS WITH DIRECTORS AND OTHER RELATED PARTIES

During the year the company made sales of goods and services of £152,864 to, and purchases of £107,558 from Wessex Leyland Daf Limited. Mr A D Kingdon, Mr N P Kingdon and Mr P J Kingdon, directors of this company, are also directors and shareholders of that company. At the balance sheet date a balance of £7,945 was due to the company.

During the year the company made sales of goods and services of £13,078 to Mr A D Kingdon, £1,008 to Mr P J Kingdon and £534 to Mr N P Kingdon, directors of this company. At the balance sheet date amounts due to the company were £5,258, £129 and £Nil respectively.

During the year the company made sales of goods and services of £9,526 to, and purchases of £15,910 from Heathfield Rentals Limited. Mr N P Kingdon a director is also a director of that company. At the balance sheet date £97 was due to that company.

During the year the company made sales of goods and services of £4,882 to Teigncrest International Limited a company of which Mr P J Kingdon is also a director. At the balance sheet date £1,288 was due from that company.

During the year the company provided services of £21,233 to Whidley Holdings Limited. The company also paid rent of £15,000, interest on loan notes of £35,000 and preference dividends of £12,000 to that company. Mr A D Kingdon is also a director and shareholder of that company.

All of the above transactions were conducted on an arms length basis.

During the year the company advanced monies to Mr A D Kingdon for the purposes of general expenditure. The monies have been repaid since the balance sheet date. The maximum amount outstanding during the year was £1,248. The amount outstanding at 31 August 1997 was £323.

During the year the company advanced monies to Mr P J Kingdon for the purposes of general expenditure. The maximum amount outstanding during the year was £3,496. No amount was outstanding at 31 August 1997.

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

21. PENSION COMMITMENTS

The group operates a defined contribution pension scheme for certain employees and directors of group companies.

The assets of the scheme are held separately from those of the group in a separately administered pension fund. The pension cost charge represents contributions payable by the group to the fund and amounted to £17,611 (1996: £22,865).

22. OPERATING LEASES

At 31 August 1997 the company had annual commitments under non-cancellable operating leases as follows

	1997	1996
	Land and buildings £	Land and buildings £
Expiry date:		
In over five years	£15,000	£15,000
	<hr/>	<hr/>

23. RECONCILIATION OF MOVEMENTS ON SHAREHOLDERS' FUNDS

	1997 £	1996 £
Group		
Profit/(Loss) for the financial year after taxation	53,058	(96,688)
Dividends	(12,000)	(12,000)
Surplus on revaluation	-	156,691
New share capital subscribed	-	200,000
Opening shareholders' funds	1,628,028	1,380,025
	<hr/>	<hr/>
Closing shareholders' funds	£1,669,086	£1,628,028
	<hr/>	<hr/>
Company		
Profit/(Loss) for the financial year after taxation	99,365	(28,992)
Dividends	(12,000)	(12,000)
New share capital subscribed	-	200,000
Opening shareholders' funds	1,551,372	1,392,364
	<hr/>	<hr/>
Closing shareholders' funds	£1,638,737	£1,551,372
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

24. NET CASH INFLOW FROM OPERATING ACTIVITIES

	1997 £	1996 £
Operating profit/(loss less minority interest	214,499	34,292
Depreciation and amortisation charges	362,844	349,686
(Profit)/loss on sale of fixed assets	(2,959)	-
Minority interest in retained profits for the year	-	(13,961)
Decrease/(increase) in stocks	37,927	(95,734)
(Increase)/decrease in debtors	203,895	(590,191)
Increase in creditors	59,528	498,802
	<hr/>	<hr/>
NET CASH INFLOW FROM OPERATING ACTIVITIES	£875,734	£182,894
	<hr/>	<hr/>

25. RECONCILIATION OF NET CASHFLOW TO MOVEMENT IN NET DEBT

	1997 £	1996 £
Increase/(decrease) in cash in the period	557,397	(379,331)
Cash outflow from financing	38,746	34,749
Cash outflow from finance leases	62,694	41,495
	<hr/>	<hr/>
Change in net debt resulting from cashflows	658,837	(303,087)
New finance leases	(44,897)	-
Issue of loan notes	-	(400,000)
	<hr/>	<hr/>
Movement in net debt in the year	613,940	(703,087)
Net debt at 1 September 1996	(1,728,039)	(1,024,952)
	<hr/>	<hr/>
Net debt at 31 August 1997	(£1,114,099)	(£1,728,039)
	<hr/>	<hr/>

NOTES TO THE ACCOUNTS

FOR THE YEAR ENDED 31 AUGUST 1997 (CONTINUED)

26. ANALYSIS OF CHANGES IN NET DEBT

	At 1.9.96 £	Cashflow £	Other non-cash changes £	At 31.8.97 £
Cash at bank and in hand	60,760	18,604	-	79,364
Bank overdrafts	(1,200,381)	538,793	-	(661,588)
	<hr/>	<hr/>	<hr/>	<hr/>
	(1,139,621)	557,397	-	(582,224)
Debt	(543,351)	38,746	-	(504,605)
Finance leases	(45,067)	62,694	(44,897)	(27,270)
	<hr/>	<hr/>	<hr/>	<hr/>
	(£1,728,039)	£658,837	(£44,897)	(£1,114,099)
	<hr/>	<hr/>	<hr/>	<hr/>

27. POST BALANCE SHEET EVENTS

The company's existing fund distribution contract expired on 31 December 1997.

The supplier has decided to withdraw from the UK market. Accordingly this contract has not been renewed. Since the year end, the company has successfully negotiated a final distribution contract with Jet/another supplier. This will enable the company to maintain/increase its existing operations.

28. CONTROLLING RELATED PARTY

The company was controlled throughout the period by its directors by virtue of the fact that between them they own all of the company's ordinary share capital.