



**WRIGHT AND BEYER LIMITED**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 SEPTEMBER 1998

**WRIGHT & BEYER LIMITED**

**FINANCIAL STATEMENTS**

For the year ended 30 September 1998

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Company registration number: 337971

Registered office: 70 Old Bidston Road  
Birkenhead  
Merseyside  
L41 8BL

Directors: J M Wright  
P W Wright  
N M Dutton  
A A Jackson  
K McKelvey

Secretary: T Hynes

Bankers: Midland Bank  
PO Box 7  
52 Hamilton Street  
BIRKENHEAD  
L41 5AG

Solicitors: Dibb Lupton Alsop  
India Buildings  
Water Street  
LIVERPOOL  
L2 0NH

Auditors: Grant Thornton  
Registered Auditors  
Chartered Accountants

WRIGHT & BEYER LIMITED

FINANCIAL STATEMENTS

For the year ended 30 September 1998

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# WRIGHT & BEYER LIMITED

## REPORT OF THE DIRECTORS

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The directors present their report together with financial statements for the year ended 30 September 1998.

### Principal activities

The company is principally engaged in ship repairing and engineering.

### Business review

There was a loss for the year after taxation amounting to £29,533 (1997: profit £29,177). The directors do not recommend payment of a dividend.

### Directors

The present membership of the Board is set out below. All directors served throughout the year.

The interests of the directors and their families in the shares of the company as at 30 September 1998 and 1 October 1997, were as follows:

|                            | Ordinary shares      |                   |
|----------------------------|----------------------|-------------------|
|                            | 30 September<br>1998 | 1 October<br>1997 |
| J M Wright                 | 9,920                | 9,920             |
| P W Wright                 | 8,074                | 8,074             |
| M Child - (died June 1998) | 132                  | 132               |
| N M Dutton                 | -                    | -                 |
| A A Jackson                | -                    | -                 |
| K McKelvey                 | -                    | -                 |

Mrs D Litherland, the daughter of Mrs J M Wright and sister of Mr P W Wright holds 1,874 shares. For the purposes of clarity, these shares have not been included in the above figures as Mrs Litherland is connected to both P W Wright and J M Wright.

### Fixed assets

During the year to September 1996, the Directors obtained a valuation of the premises to assess the benefits of acquiring an adjoining property which is currently leased by the company. This valuation was at a current open market value of £300,000, which is below the current book amount for the property. However as the Directors do not intend to sell the property in the foreseeable future and do not believe that this valuation reflects a permanent diminution in value of the property, no adjustment has been made in these accounts.

### Charitable and political contributions

Donations to charitable organisations amounted to £Nil (1997:£442).

# WRIGHT & BEYER LIMITED

## REPORT OF THE DIRECTORS

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### Directors' responsibilities for the financial statements

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
- state whether 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 maintaining proper accounting records, for safeguarding the assets of the company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

BY ORDER OF THE BOARD



T. Hynes  
Secretary  
5 February 1999

**REPORT OF THE AUDITORS TO THE MEMBERS OF  
WRIGHT & BEYER LIMITED**

We have audited the financial statements on pages 4 to 17 which have been prepared under the accounting policies set out on pages 4 and 5.

**Respective responsibilities of directors and auditors**

As described on page 2 the company's directors are responsible for the preparation of the 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 30 September 1998 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

  
**GRANT THORNTON**  
**REGISTERED AUDITORS**  
**CHARTERED ACCOUNTANTS**

WARRINGTON  
5 February 1999

# **WRIGHT & BEYER LIMITED**

## **PRINCIPAL ACCOUNTING POLICIES**

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### **BASIS OF PREPARATION**

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.

The company is exempt from preparing consolidated financial statements on the grounds that, taken together with its subsidiary, it qualifies as a medium-sized group under section 248 of the Companies Act 1985. These financial statements therefore present information about the company as an individual undertaking and not about its group.

The principal accounting policies of the company have remained unchanged from the previous year and are set out below.

### **TURNOVER**

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

### **DEPRECIATION**

Depreciation is calculated to write down the cost or valuation less estimated residual value of all tangible fixed assets by equal annual instalments over their expected useful lives. The rates generally applicable are:

|                     |                                  |
|---------------------|----------------------------------|
| Freehold buildings  | 5% on written down value         |
| Leasehold buildings | 5% on written down value         |
| Plant and machinery | 15% and 5% on written down value |
| Motor vehicles      | 20% on written down value        |
| Office equipment    | 15% on written down value        |

### **STOCKS**

Stocks are stated at the lower of cost and net realisable value.

### **DEFERRED TAXATION**

Deferred tax is provided using the tax rates estimated to arise when the timing differences reverse and is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred tax is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that they are expected to be recoverable.

### **FOREIGN CURRENCIES**

Transactions in foreign currencies are translated at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. All other exchange differences are dealt with through the profit and loss account.

### **CONTRIBUTIONS TO PENSION FUNDS**

#### **Defined contribution scheme**

The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

**WRIGHT & BEYER LIMITED**

**PRINCIPAL ACCOUNTING POLICIES**

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**LEASED ASSETS**

Assets held under finance leases and hire purchase contracts are capitalised in the balance sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the profit and loss account over the period of the lease.

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

**WRIGHT & BEYER LIMITED****PROFIT AND LOSS ACCOUNT**

For the year ended 30 September 1998

|  | Note | 1998<br>£       | 1997<br>£       |
|--|------|-----------------|-----------------|
| Turnover   | 1    | 6,661,749       | 6,824,223       |
| Cost of sales                                      |      | (5,244,277)     | (5,651,795)     |
| Gross profit                                       |      | 1,417,472       | 1,172,428       |
| Administrative expenses                            |      | (1,362,511)     | (1,258,748)     |
| Other operating income                             |      | -               | 55,679          |
| <b>Operating profit</b>                            |      | <b>54,961</b>   | <b>(30,641)</b> |
| <b>Exceptional item</b>                            |      |                 |                 |
| Reorganisation, restructuring costs of operations  |      | -               | 105,957         |
| Other interest receivable and similar income       |      | 539             | 130             |
| Interest payable and similar charges               | 2    | (72,341)        | (59,808)        |
| <b>Loss on ordinary activities before taxation</b> | 1    | <b>(16,841)</b> | <b>15,638</b>   |
| Tax on loss on ordinary activities                 | 4    | (12,692)        | 13,539          |
| <b>Loss transferred from reserves</b>              | 14   | <b>(29,533)</b> | <b>29,177</b>   |

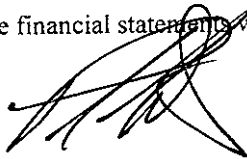
There were no recognised gains or losses other than the loss for the financial year.

The accompanying accounting policies and notes form an integral part of these financial statements.

**WRIGHT & BEYER LIMITED****BALANCE SHEET AT 30 SEPTEMBER 1998**

|  | Note | 1998<br>£          | 1997<br>£          |
|--|------|--------------------|--------------------|
| <b>Fixed assets</b>  |      |                    |                    |
| Tangible assets  | 5    | 781,628            | 824,631            |
| Investments  | 6    | 2,000              | 2,000              |
|  |      | <u>783,628</u>     | <u>826,631</u>     |
| <b>Current assets</b>  |      |                    |                    |
| Stocks   | 7    | 412,509            | 286,966            |
| Debtors  | 8    | 914,682            | 1,082,286          |
| Cash at bank and in hand                                       |      | 75,849             | 62,199             |
|  |      | <u>1,403,040</u>   | <u>1,431,451</u>   |
| <b>Creditors: amounts falling due within one year</b>          | 9    | <u>(1,245,952)</u> | <u>(1,632,537)</u> |
| <b>Net current assets</b>                                      |      | <u>157,088</u>     | <u>(201,086)</u>   |
| <b>Total assets less current liabilities</b>                   |      | <u>940,716</u>     | <u>625,545</u>     |
| <b>Creditors: amounts falling due after more than one year</b> | 10   | (37,304)           | (17,811)           |
| <b>Provisions for liabilities and charges</b>                  | 11   | (350,211)          | (25,000)           |
|  |      | <u>553,201</u>     | <u>582,734</u>     |
| <b>Capital and reserves</b>                                    |      |                    |                    |
| Called up share capital  | 13   | 20,000             | 20,000             |
| Revaluation reserve  | 14   | 22,358             | 22,358             |
| Other reserves   | 14   | 30,588             | 30,588             |
| Profit and loss account  | 14   | 480,255            | 509,788            |
| <b>Shareholders' funds</b>                                     | 15   | <u>553,201</u>     | <u>582,734</u>     |

The financial statements were approved by the Board of Directors on 5 February 1999.



P W Wright - Director

The accompanying accounting policies and notes form an integral part of these financial statements.

**WRIGHT & BEYER LIMITED****CASH FLOW STATEMENT**

For the year ended 30 September 1998

|  | Note | 1998<br>£       | 1997<br>£        |
|--|------|-----------------|------------------|
| Net cash inflow from operating activities                                    | 17   | 124,721         | 96,547           |
| <b>Returns on investments and servicing of finance</b>                       |      |                 |                  |
| Interest received  |      | 539             | 130              |
| Interest paid  |      | (63,280)        | (48,845)         |
| Finance lease interest paid  |      | (9,061)         | (10,963)         |
| <b>Net cash outflow from returns on investments and servicing of finance</b> |      | <b>(71,802)</b> | <b>(59,678)</b>  |
| Taxation   |      | 12,106          | (461)            |
| <b>Capital expenditure and financial investment</b>                          |      |                 |                  |
| Purchase of tangible fixed assets  |      | (27,719)        | (14,112)         |
| Sale of tangible fixed assets  |      | 13,517          | 6,400            |
| <b>Net cash outflow from capital expenditure and financial investment</b>    |      | <b>(14,202)</b> | <b>(7,712)</b>   |
| <b>Acquisitions and disposals</b>  |      |                 |                  |
| Net cash from purchase of business   |      | -               | 17,438           |
| <b>Net cash outflow from acquisitions and disposals</b>                      |      | <b>-</b>        | <b>17,438</b>    |
| <b>Management of liquid resources</b>  |      |                 |                  |
| Net cash outflow from management of liquid resources                         |      | -               | -                |
| <b>Financing</b>   |      |                 |                  |
| Repayment of borrowings  |      | (4,552)         | (121,178)        |
| Capital element of finance lease rentals                                     |      | (53,805)        | (73,239)         |
| <b>Net cash outflow from financing</b>                                       |      | <b>(58,357)</b> | <b>(194,417)</b> |
| Decrease in cash   | 18   | (7,534)         | (148,283)        |

The accompanying accounting policies and notes form an integral part of these financial statements.

# WRIGHT & BEYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 1998

### 1 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover and loss on ordinary activities before taxation are attributable to the company's principal activity of ship repairing and engineering.

The loss on ordinary activities is stated after:

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| Auditors' remuneration:  |           |           |
| Audit services   | 9,725     | 9,800     |
| Non-audit services   | 2,400     | 7,250     |
| Depreciation and amortisation:   |           |           |
| Tangible fixed assets, owned   | 82,212    | 74,864    |
| Tangible fixed assets, held under finance leases and hire purchase contracts | 35,154    | 31,735    |
| Hire of plant and machinery  | 194,341   | 204,818   |
| Other operating income includes:   |           |           |
| Grants released  | -         | 55,679    |

### 2 INTEREST PAYABLE AND SIMILAR CHARGES

|  | 1998<br>£ | 1997<br>£ |
|--|-----------|-----------|
| On bank loans and overdrafts                 | 62,266    | 48,181    |
| Finance charges in respect of finance leases | 9,061     | 10,963    |
| Other interest payable and similar charges   | 1,014     | 664       |
|  | 72,341    | 59,808    |
| Other interest receivable and similar income | (539)     | (130)     |
|  | 71,802    | 59,678    |

### 3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:

|                       | 1998<br>£ | 1997<br>£ |
|-----------------------|-----------|-----------|
| Wages and salaries    | 2,273,544 | 2,395,481 |
| Social security costs | 244,830   | 258,598   |
| Other pension costs   | 6,124     | 4,449     |
|                       | 2,524,498 | 2,658,528 |

# WRIGHT & BEYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 1998

### DIRECTORS AND EMPLOYEES (Cont.)

The average number of employees of the company during the year were as follows:

|                              | 1998<br>Number | 1997<br>Number |
|------------------------------|----------------|----------------|
| Ship repairs and engineering | 81             | 77             |
| Office and management        | 18             | 18             |
|                              | <u>99</u>      | <u>95</u>      |

Remuneration in respect of directors was as follows:

|   | 1998<br>£      | 1997<br>£      |
|---|----------------|----------------|
| Emoluments  | 266,090        | 267,384        |
| Pension contributions to money purchase pension schemes | 2,784          | 1,650          |
|   | <u>268,874</u> | <u>269,034</u> |

During the year 4 directors (1997: 4) participated in money purchase pension schemes.

The amounts set out above include remuneration in respect of the highest paid directors as follows:

|   | 1998<br>£     | 1997<br>£     |
|---|---------------|---------------|
| Emoluments  | 82,489        | 89,291        |
| Pension contributions to money purchase pension schemes | 1,392         | -             |
|   | <u>83,881</u> | <u>89,291</u> |

### 4 TAX ON LOSS ON ORDINARY ACTIVITIES

The tax charge/(credit) is based on the loss for the year and represents:

|  | 1998<br>£     | 1997<br>£       |
|--|---------------|-----------------|
| UK Corporation tax at 21% (1997: 23%)    | 113           | (14,000)        |
| Deferred taxation                        | (786)         | -               |
|  | <u>(673)</u>  | <u>(14,000)</u> |
| Adjustments in respect of prior periods: |               |                 |
| Corporation tax                          | -             | 461             |
| Deferred tax                             | 13,365        | -               |
|  | <u>12,692</u> | <u>(13,539)</u> |

Unrelieved tax losses of £22,000 remain available to offset against future taxable trading profits.

**WRIGHT & BEYER LIMITED**

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 1998

**5 TANGIBLE FIXED ASSETS**

|   | Freehold<br>land and<br>buildings<br>£ | Leasehold<br>land and<br>buildings<br>£ | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ | Office<br>Equipment<br>£ | Total<br>£     |
|---|--|---|-----------------------------|------------------------|--------------------------|----------------|
| Cost or valuation                       |  |   |                             |                        |                          |                |
| At 1 October 1997                       | 588,593                                | 12,869                                  | 672,570                     | 320,893                | 131,270                  | 1,726,195      |
| Additions                               | -                                      | -                                       | 23,158                      | 67,695                 | 6,751                    | 97,604         |
| Disposals                               | -                                      | -                                       | (1)                         | (45,973)               | -                        | (45,974)       |
| At 30 September 1998                    | 588,593                                | 12,869                                  | 695,727                     | 342,615                | 138,021                  | 1,777,825      |
| Depreciation                            |  |   |                             |                        |                          |                |
| At 1 October 1997                       | 166,809                                | 4,120                                   | 460,396                     | 170,356                | 99,883                   | 901,564        |
| Provided in the year                    | 21,089                                 | 439                                     | 39,050                      | 48,748                 | 8,040                    | 117,366        |
| Eliminated on disposals                 | -                                      | -                                       | -                           | (22,733)               | -                        | (22,733)       |
| At 30 September 1998                    | 187,898                                | 4,559                                   | 499,446                     | 196,371                | 107,923                  | 996,197        |
| Net book amount at 30<br>September 1998 | <b>400,695</b>                         | <b>8,310</b>                            | <b>196,281</b>              | <b>146,244</b>         | <b>30,098</b>            | <b>781,628</b> |
| Net book amount at 30<br>September 1997 | 421,784                                | 8,749                                   | 212,174                     | 150,537                | 31,387                   | 824,631        |

The figures stated above include assets held under finance leases and similar hire purchase contracts, as follows:

|                                      | Plant and<br>machinery<br>£ | Motor<br>vehicles<br>£ |
|--------------------------------------|-----------------------------|------------------------|
| Net book amount at 30 September 1998 | 12,160                      | 96,339                 |
| Net book amount at 30 September 1997 | 25,563                      | 110,948                |
| Depreciation provided during year    | 3,040                       | 32,114                 |

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

|                    | £              |
|--------------------|----------------|
| Freehold buildings | 542,845        |
| Long leasehold     | 12,869         |
|                    | <b>555,714</b> |

# WRIGHT & BEYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 1998

### 6 FIXED ASSETS INVESTMENTS

|   | Shares in<br>group<br>undertakings<br>£ |
|---|---|
| Cost<br>At 1 October 1997 and 30 September 1998 | 2,000                                   |
| Net book amount at 30 September 1998            | <u>2,000</u>                            |
| Net book amount at 30 September 1997            | <u>2,000</u>                            |

The fixed asset investment comprises 2000 ordinary £1 shares in Jos Waddington Limited, a company registered in England, representing that company's entire share capital. The company has been dormant throughout the year ended 30 September 1998.

### 7 STOCKS

|                                     | 1998<br>£      | 1997<br>£      |
|-------------------------------------|----------------|----------------|
| Raw materials and consumable stores | 82,831         | 97,736         |
| Short-term work in progress         | 329,678        | 189,230        |
|                                     | <u>412,509</u> | <u>286,966</u> |

### 8 DEBTORS

|                                | 1998<br>£      | 1997<br>£        |
|--------------------------------|----------------|------------------|
| Trade debtors                  | 824,530        | 918,502          |
| Other debtors                  | 1,462          | 33,226           |
| Taxation recoverable           | 13,064         | 25,170           |
| Prepayments and accrued income | 75,626         | 105,388          |
|                                | <u>914,682</u> | <u>1,082,286</u> |

**WRIGHT & BEYER LIMITED**

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 1998

**9 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR**

|  | 1998<br>£        | 1997<br>£        |
|--|------------------|------------------|
| Bank loans and overdrafts              | 627,847          | 605,339          |
| Trade creditors                        | 421,533          | 876,257          |
| Amounts owed to subsidiary undertaking | 2,000            | 2,000            |
| Corporation tax                        | 131              | 18               |
| Social security and other taxes        | 93,270           | 70,414           |
| Other creditors                        | 5,468            | 3,404            |
| Accruals and deferred income           | 58,447           | 28,560           |
| Amounts due under finance leases       | 37,256           | 46,545           |
|  | <u>1,245,952</u> | <u>1,632,537</u> |

The bank loans and overdrafts are secured by a fixed and floating charge over all of the company's assets.

**10 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR**

|                                  | 1998<br>£     | 1997<br>£     |
|----------------------------------|---------------|---------------|
| Bank loans                       | -             | 5,876         |
| Amounts due under finance leases | 37,304        | 11,935        |
|                                  | <u>37,304</u> | <u>17,811</u> |

Bank loans

The bank loans are secured by a fixed and floating charge over the company's assets. The bank loans are repayable in equal monthly instalments of £465. Interest is charged at commercial rates.

| Borrowings are repayable as follows: | 1998<br>£      | 1997<br>£      |
|--------------------------------------|----------------|----------------|
| Within one year                      |                |                |
| Bank and other borrowings            | 627,847        | 605,339        |
| Finance leases                       | 37,256         | 46,545         |
| After one and within two years       |                |                |
| Bank and other borrowings            | -              | 5,876          |
| Finance leases                       | 24,308         | 11,935         |
| After two and within five years      |                |                |
| Finance leases                       | 12,996         | -              |
|                                      | <u>702,407</u> | <u>669,695</u> |

# WRIGHT & BEYER LIMITED

## NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 September 1998

### 11 PROVISIONS FOR LIABILITIES AND CHARGES

|                          | Deferred<br>taxation<br>£ | Provision for<br>dry dock<br>repairs<br>£ | Total<br>£     |
|--------------------------|---------------------------|---|----------------|
| At 1 October 1997        | 25,000                    | -   | 25,000         |
| Provided during the year | 12,579                    | 312,632                                   | 325,211        |
| At 30 September 1998     | <u>37,579</u>             | <u>312,632</u>                            | <u>350,211</u> |

The provision for dry dock repairs has been established following the completion of structural surveys that confirmed that substantial repairs were required in order to comply with the terms of the company's lease of the facilities. Independent feasibility studies were also carried out, indicating a repair cost of this value.

### 12 DEFERRED TAXATION

Deferred taxation provided for in the financial statements is set out below. The amount unprovided represents a contingent liability at the balance sheet date and is calculated using a tax rate of 21%.

|                                | Amount provided |               |
|--------------------------------|-----------------|---------------|
|                                | 1998<br>£       | 1997<br>£     |
| Accelerated capital allowances | 42,192          | 42,700        |
| Less:                          |                 |               |
| Trading losses                 | (4,613)         | (17,700)      |
|                                | <u>37,579</u>   | <u>25,000</u> |

### 13 SHARE CAPITAL

|   | 1998<br>£     | 1997<br>£     |
|---|---------------|---------------|
| Authorised<br>20,000 ordinary shares of £1 each                         | <u>20,000</u> | <u>20,000</u> |
| Allotted, called up and fully paid<br>20,000 ordinary shares of £1 each | <u>20,000</u> | <u>20,000</u> |

**WRIGHT & BEYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 1998

**14 RESERVES**

|                            | Revaluation<br>reserve<br>£ | Other<br>reserves<br>£ | Profit and<br>loss account<br>£ |
|----------------------------|-----------------------------|------------------------|---------------------------------|
| At 1 October 1997          | 22,358                      | 30,588                 | 509,788                         |
| Retained loss for the year | -                           | -                      | (29,533)                        |
| At 30 September 1998       | <u>22,358</u>               | <u>30,588</u>          | <u>480,255</u>                  |

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

|  | 1998<br>£      | 1997<br>£      |
|--|----------------|----------------|
| Loss for the financial year              | (29,533)       | 29,177         |
| Net decrease in shareholders' funds      | (29,533)       | 29,177         |
| Shareholders' funds at 1 October 1997    | 582,734        | 553,557        |
| Shareholders' funds at 30 September 1998 | <u>553,201</u> | <u>582,734</u> |

**16 DEFERRED INCOME**

|   | 1998<br>£ | 1997<br>£ |
|---|-----------|-----------|
| At 1 October 1997                       | -         | 50,677    |
| Released to the profit and loss account | -         | (50,677)  |
| At 30 September 1998                    | <u>-</u>  | <u>-</u>  |

**17 NET CASH INFLOW FROM OPERATING ACTIVITIES**

|  | 1998<br>£      | 1997<br>£     |
|--|----------------|---------------|
| Operating profit   | 54,961         | (30,641)      |
| Depreciation   | 117,366        | 106,599       |
| Loss on sale of tangible fixed assets                          | 9,724          | (1,711)       |
| (Increase)/ decrease in stocks                                 | (125,543)      | 90,747        |
| (Increase)/ decrease in debtors                                | 155,498        | (237,055)     |
| (Decrease)/ increase in creditors                              | (87,285)       | 219,285       |
| Decrease in deferred income                                    | -              | (50,677)      |
| Net cash (outflow)/inflow from continuing operating activities | <u>124,721</u> | <u>96,547</u> |

**WRIGHT & BEYER LIMITED****NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 1998

**18 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT**

|   | 1998<br>£               | 1997<br>£               |
|---|-------------------------|-------------------------|
| Decrease in cash in the year  | (7,534)                 | (148,283)               |
| Cash outflow from financing in the year   | 4,552                   | 121,178                 |
| Cash outflow from finance leases in the year  | 53,805                  | 73,239                  |
| Change in net debt resulting from cashflows   | <u>50,823</u>           | <u>46,134</u>           |
| Loans, finance leases and current asset investments disposed/acquired with subsidiary | -                       | (10,816)                |
| Inception of finance leases   | <u>(69,885)</u>         | <u>-</u>                |
| Movement in net debt in the year  | <u>(19,062)</u>         | <u>35,318</u>           |
| Net debt at 1 October 1997  | <u>(607,496)</u>        | <u>(642,814)</u>        |
| Net debt at 30 September 1998   | <u><u>(626,558)</u></u> | <u><u>(607,496)</u></u> |

**19 ANALYSIS OF CHANGES IN NET DEBT**

|                       | At<br>1 October<br>1997<br>£ | Cash flow<br>£ | Non - cash<br>items<br>£ | At<br>30<br>September<br>1998<br>£ |
|-----------------------|------------------------------|----------------|--------------------------|------------------------------------|
| Cash in hand, at bank | 62,199                       | 13,650         | -                        | 75,849                             |
| Overdrafts            | (600,818)                    | (21,184)       | -                        | (622,002)                          |
| Debt                  | (10,397)                     | 4,552          | -                        | (5,845)                            |
| Finance leases        | (58,480)                     | 53,805         | (69,885)                 | (74,560)                           |
|                       | <u>(607,496)</u>             | <u>50,823</u>  | <u>(69,885)</u>          | <u>(626,558)</u>                   |

**20 CAPITAL COMMITMENTS**

The company had no capital commitments at 30 September 1998 or 30 September 1997.

**21 CONTINGENT LIABILITIES**

At 30 September 1998 and 30 September 1997 there was a claim for negligence against the company. The directors are strongly opposing this claim and do not believe that the Company will ultimately have to pay compensation. This claim is connected to a debt of £198,462 which is being held in Escrow. The directors believe that this amount will be recoverable.

**WRIGHT & BEYER LIMITED**

**NOTES TO THE FINANCIAL STATEMENTS**

For the year ended 30 September 1998

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**22 PENSIONS**

**Defined Contribution Scheme**

The company operates a defined contribution pension scheme for its directors. The assets of the scheme are held separately from those of the company in an independently administered fund.