

166 9995

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED

KINGS DYKE WORKS  
KINGS DYKE  
WHITTLESEY ROAD  
PETERBOROUGH  
PE7 2JB

ACCOUNTS  
FOR THE YEAR ENDED  
31ST AUGUST 1996



73 PARK ROAD  
PETERBOROUGH  
PE1 2TN

CUSHING, FAIRBAIRN, WARDLE & CO.  
CHARTERED ACCOUNTANTS AND  
REGISTERED AUDITORS

# THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED

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THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED

INCORPORATION NUMBER 1669995

DIRECTORS K A ELLIS  
R WHITNALL

SECRETARY M J W ELLIS

REGISTERED OFFICE KINGS DYKE WORKS  
KINGS DYKE  
WHITTLESEY  
PETERBOROUGH  
PE7 2JB

AUDITORS CUSHING, FAIRBAIRN, WARDLE & CO.  
CHARTERED ACCOUNTANTS AND  
REGISTERED AUDITORS  
73 PARK ROAD  
PETERBOROUGH  
PE1 2TN

BANKERS YORKSHIRE BANK PLC.  
10 CHURCH STREET  
PETERBOROUGH  
PE1 1XP

SOLICITORS HEGARTY & CO.  
48 BROADWAY  
PETERBOROUGH  
PE1 1YW

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
YEAR ENDED 31ST AUGUST 1996

## REPORT OF THE DIRECTORS

The directors present their annual report and the audited accounts for the year ended 31st August 1996.

## BUSINESS REVIEW

The company's principal activity continues to be the import and distribution of electrical cable to industry throughout the United Kingdom. The results for the year have improved with a loss after taxation of £11,104 being deducted from reserves.

## FUTURE DEVELOPMENTS

The company is looking to continue its core business but with a greater focus on margins.

## PROPOSED DIVIDEND

The directors propose that no dividend be paid.

## FIXED ASSETS

The movements in fixed assets are set out in note 8 to the accounts. The market value of the property is considered to be £280,000, which is £28,738 greater than book value.

## DIRECTORS

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

	31st August 1996	1st September 1995
K A Ellis	51,000	51,000
R Whitnall	<u>-</u>	<u>-</u>
	<u>£51,000</u>	<u>£51,000</u>

## TAXATION

The company is a close company within the provisions of the Income and Corporation Taxes Act 1988.

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
YEAR ENDED 31ST AUGUST 1996

REPORT OF THE DIRECTORS (CONTINUED)

AUDITORS

A resolution in accordance with the Companies Act 1985, for the re-appointment of Cushing, Fairbairn, Wardle & Co., as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

KINGS DYKE WORKS  
KINGS DYKE  
WHITTLESEY  
PETERBOROUGH  
PE7 2JB

BY ORDER OF THE BOARD

A handwritten signature in black ink, appearing to read 'M J W Ellis', written over the printed name of the Company Secretary.

M J W ELLIS  
COMPANY SECRETARY

12TH DECEMBER 1996

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
YEAR ENDED 31ST AUGUST 1996

STATEMENT OF DIRECTORS' RESPONSIBILITY  
for preparing the accounts

The directors are required by law to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company as at the end of the financial year and of the profit or loss and cash flows of the company for that period.

The directors confirm that appropriate accounting policies have been used and applied consistently, and reasonable and prudent judgements and estimates have been made, in the preparation of the accounts for the year ended 31st August 1996. The directors also confirm that applicable accounting standards have been followed.

The directors are responsible for maintaining adequate accounting records, for safeguarding the assets of the company and for taking reasonable steps to prevent and detect fraud and other irregularities.

## AUDITORS' REPORT

to the shareholders of the Electric Cable Co. (Great Britain) Limited

We have audited the accounts on pages 6 to 18 which have been prepared under the historical cost convention (as modified by the revaluation of certain fixed assets) and the accounting policies set out on pages 9 and 10.

### Respective responsibilities of directors and auditors

As described on page 4 the company's directors are responsible for the preparation of the accounts. It is our responsibility to form an independent opinion, based on our audit, on those accounts 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

### Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in the accounts concerning the outcome of a claim made against a supplier regarding faulty goods. Details of the fundamental uncertainty are described in note 19 to the accounts. Our opinion is not qualified in this respect.

### Opinion

In our opinion the accounts give a true and fair view of the state of affairs of the company as at 31st August 1996 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

*Cushing Fairbairn Wardle & Co.*

CUSHING FAIRBAIRN WARDLE & CO.  
Chartered Accountants and  
Registered Auditors

73 Park Road  
Peterborough  
PE1 2TN

*19th December 1996.*

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 PROFIT AND LOSS ACCOUNT  
 YEAR ENDED 31ST AUGUST 1996

	Notes	Continuing Operations			
		£	1996	£	1995
TURNOVER	2		2,797,692		2,850,974
COST OF SALES			<u>2,330,587</u>		<u>2,336,888</u>
GROSS PROFIT			467,105		514,086
Distribution costs		254,856		266,740	
Administrative expenses		155,551		155,058	
Exceptional item - Bad Debt	24	<u>-</u>		<u>172,117</u>	
			<u>410,407</u>		<u>593,915</u>
OPERATING PROFIT/(LOSS)	3		56,698		(79,829)
Loss/(Profit) on disposal of fixed assets			<u>1,210</u>		<u>(565)</u>
PROFIT/(LOSS) ON ORDINARY ACTIVITIES BEFORE INTEREST			55,488		(79,264)
Interest payable and similar charges	5	76,425		74,519	
Interest receivable and similar credits	6	<u>(11,589)</u>		<u>(12,930)</u>	
			<u>64,836</u>		<u>61,589</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION			(9,348)		(140,853)
Tax on (loss) on ordinary activities	7		<u>1,756</u>		<u>-</u>
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION			(11,104)		(140,853)
Proposed dividend			<u>-</u>		<u>-</u>
RETAINED (LOSS) FOR THE YEAR	16		<u>£(11,104)</u>		<u>£(140,853)</u>

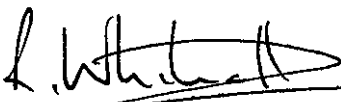

The company made no recognised gains or losses during 1996 nor 1995 other than the (loss) for the year.

The notes on pages 9 to 18 and the cashflow statement on page 8 form an integral part of these accounts.



THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
BALANCE SHEET  
31ST AUGUST 1996

	Notes	£	1996 £	1995 £
FIXED ASSETS				
Tangible assets	8		349,056	340,735
CURRENT ASSETS				
Stocks	9	890,057		701,075
Debtors	10	531,861		643,770
Cash at bank and in hand		<u>304</u>		<u>225</u>
		1,422,222		1,345,070
CREDITORS:				
Amounts falling due within one year	11	<u>1,396,966</u>		<u>1,429,023</u>
NET CURRENT ASSETS/(LIABILITIES)			<u>25,256</u>	<u>(83,953)</u>
TOTAL ASSETS LESS CURRENT LIABILITIES			374,312	256,782
CREDITORS:				
Amounts falling due after more than one year				
Loans	12	131,027		16,512
Obligations under hire purchase contracts	13	<u>23,161</u>		<u>9,042</u>
			<u>154,188</u>	<u>25,554</u>
PROVISION FOR LIABILITIES AND CHARGES			220,124	231,228
Deferred taxation	14		<u>-</u>	<u>-</u>
NET ASSETS			<u>£220,124</u>	<u>£231,228</u>
CAPITAL AND RESERVES				
Called up share capital	15	270,000		270,000
Revaluation reserve	16	66,211		67,442
Profit and loss account	16	<u>(116,087)</u>		<u>(106,214)</u>
SHAREHOLDERS' FUNDS	17		<u>£220,124</u>	<u>£231,228</u>

  
 .....  
 R WHITNALL  
  
 .....  
 K A ELLIS

) DIRECTORS  
)  
)

These accounts were approved by the Board of Directors on 12th December 1996.

The notes on pages 9 to 18 and the cash flow statement on page 8 form an integral part of these accounts.

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
CASH FLOW STATEMENT  
YEAR ENDED 31ST AUGUST 1996

	Notes	£	1996 £	£	1995 £
NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES	21		432,771		(134,388)
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE:					
Interest paid		(76,425)		(74,403)	
Interest and rents received		<u>11,589</u>		<u>12,930</u>	
Net cash (outflow) from investments and servicing of finance			(64,836)		(61,473)
TAXATION					
Corporation tax paid			-		(2,728)
INVESTING ACTIVITIES					
Payments to acquire tangible fixed assets		(63,082)		(36,724)	
Receipts from sale of tangible fixed assets		<u>28,000</u>		<u>7,500</u>	
NET CASH (OUTFLOW) FROM INVESTING ACTIVITIES			<u>(35,082)</u>		<u>(29,224)</u>
NET CASH INFLOW/(OUTFLOW) BEFORE FINANCING			332,853		(227,813)
FINANCING					
Issue of ordinary share capital	-		170,000		
Bank loans:					
Advances received		200,000		-	
Capital repaid		(67,317)		(31,926)	
H.P. Creditors:					
Advances received		43,615		23,250	
Capital repaid		<u>(25,772)</u>		<u>(6,458)</u>	
NET CASH INFLOW FROM FINANCING			<u>150,526</u>		<u>154,866</u>
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	22		<u>£483,379</u>		<u>£(72,947)</u>

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

1. ACCOUNTING POLICIES

The following accounting policies have been used consistently in dealing with items which are considered material in relation to the company's accounts:-

(a) Basis of accounting

The accounts have been prepared under the Historical Cost Convention, modified to include the revaluation of freehold property.

(b) Depreciation

Depreciation is calculated at the following annual rates calculated to reduce the value of tangible fixed assets to their estimated residual value at the end of their period of use.

Freehold buildings	2% on the straight line basis.
Plant and equipment	15% on the reducing balance basis.
Office equipment	15% on the reducing balance basis.
Motor vehicles	25% on the reducing balance basis.

No depreciation is provided for on freehold land.

(c) Stocks

Stocks are valued at the lower of cost (inclusive of customs duty payable), and net realisable value. Net realisable value is the price at which stocks can be sold in the normal course of business after allowing for the cost of realisation.

(d) Foreign Currency Transactions

Stocks are translated at the actual rate of exchange paid to the supplier or where the amount is unpaid, at the rate ruling at the balance sheet date. Creditors are translated at the rate ruling at the balance sheet date. All exchange differences are accounted for through the trading account.

The above policy is not that recommended by Statement of Standard Accounting Practice number 20, but the directors believe that the company's policy is appropriate because the actual cost can be allocated to individual cable drums. The directors are of the opinion that use of the above policy results in the accounts giving a true and fair view.

(e) Deferred taxation

Deferred taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

(f) Pension contributions

The company contributes to a defined contribution scheme which relates to a director. Contributions are charged to the profit and loss account in the year in which they are made.

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

1. ACCOUNTING POLICIES

(g) Leases and hire purchase contracts

Tangible fixed assets acquired under finance leases and hire purchase contracts are capitalised at the estimated fair value at the date of inception of each lease or contract. The total finance charges are allocated over the period of the lease in such a way as to give a reasonably constant charge on the outstanding liability. Rentals paid under operating leases are charged to income as incurred.

2. TURNOVER

Turnover, which is derived from the company's only activity, the supply of electrical cables, represents amounts invoiced by the company in respect of goods sold during the year, excluding value added tax. It arises entirely within the United Kingdom.

3. OPERATING PROFIT/(LOSS)

	1996 £	1995 £
Operating profit/(loss) is stated after charging:-		
Hire of vehicles and equipment	867	1,445
Depreciation of tangible assets	25,551	23,961
Auditors remuneration:      Audit fees	4,200	3,700
Other services	<u>834</u>	<u>800</u>

4. EMPLOYEES

The average number of persons employed by the company (including directors) during the year was as follows:-

	1996	1995
Management	2	2
Administration	1	1
Promotion and sales staff	3	3
Warehouse staff and drivers	<u>7</u>	<u>5</u>
	<u>13</u>	<u>11</u>

The aggregate payroll costs of these persons was as follows:-

	1996 £	1995 £
Wages and salaries	145,048	139,513
Social security costs	12,801	11,995
Other pension costs	<u>2,000</u>	<u>2,000</u>
	<u>£159,849</u>	<u>£153,508</u>

The pension costs are payments to defined contributions schemes.

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

4. EMPLOYEES (CONTINUED)

DIRECTORS' REMUNERATION

	1996 £	1995 £
Fees	-	-
Other emoluments (including pension contributions)	<u>34,695</u>	<u>36,042</u>
	<u>£34,695</u>	<u>£36,042</u>

The emoluments of the chairman and highest paid director, excluding pension contributions, were:-

	1996 £	1995 £
Chairman	-	-
Highest paid director	<u>32,695</u>	<u>34,042</u>
	<u>£32,695</u>	<u>£34,042</u>

5. INTEREST PAYABLE AND SIMILAR CHARGES

	1996 £	1995 £
On bank loans, overdrafts and other loans:-		
- repayable within 5 years otherwise than by instalments	32,782	65,210
- repayable within 5 years by instalments	18,327	5,947
- hire purchase interest	3,143	1,086
- other interest	<u>22,173</u>	<u>2,276</u>
	<u>£76,425</u>	<u>£74,519</u>

6. INTEREST RECEIVABLE AND SIMILAR CREDITS

	1996 £	1995 £
Rent received	13,720	12,885
Other	<u>69</u>	<u>45</u>
	<u>£13,789</u>	<u>£12,930</u>

7. TAXATION

	1996 £	1995 £
Based on the results for the year at 24.58%		
Corporation tax	<u>£1,756</u>	<u>£-</u>

THE ELECTRIC CABLE CO (GREAT BRITAIN) LIMITED  
NOTES TO THE ACCOUNTS  
YEAR ENDED 31ST AUGUST 1996

8. TANGIBLE FIXED ASSETS

COST OR VALUATION

At 1st September 1995	289,330	113,921	125,376	42,383	19,270	6,321	596,601
Additions	822	51,218	1,286	9,756	-	-	63,082
Disposals	-	(63,666)	-	-	-	-	(63,666)
At 31st August 1996	<u>£290,152</u>	<u>£101,473</u>	<u>£126,662</u>	<u>£52,139</u>	<u>£19,270</u>	<u>£6,321</u>	<u>£596,017</u>

DEPRECIATION

At 1st September 1995	33,984	74,330	91,363	30,599	19,270	6,320	255,866
Charged in year	4,906	12,966	5,189	2,490	-	-	25,551
On disposals	-	(34,456)	-	-	-	-	(34,456)
At 31st August 1996	<u>£38,890</u>	<u>£52,840</u>	<u>£96,552</u>	<u>£33,089</u>	<u>£19,270</u>	<u>£6,320</u>	<u>£246,961</u>

NET BOOK VALUE

At 31st August 1996	<u>£251,262</u>	<u>£48,633</u>	<u>£30,110</u>	<u>£19,050</u>	<u>£-</u>	<u>£1</u>	<u>£349,056</u>
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NET BOOK VALUE

At 31st August 1995	<u>£255,346</u>	<u>£39,591</u>	<u>£34,013</u>	<u>£11,784</u>	<u>£-</u>	<u>£1</u>	<u>£340,735</u>
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The freehold property was revalued on 17th November 1987 at an open market value of £185,000. If the property were sold at its current book value no capital gains tax liability would arise. Subsequent to this valuation there have been significant extensions to the buildings. The cost of these extensions have been added to the value of the property established on 17th November 1987. Land valued at £44,000 is not depreciated.

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

8. TANGIBLE FIXED ASSETS (CONTINUED)

In respect of the Freehold Property included at valuation:-

HISTORICAL COST	£
At 1st September 1995	211,778
Additions	<u>822</u>
At 31st August 1996	<u>£212,600</u>

DEPRECIATION BASED ON COST

At 1st September 1995	34,112
Charge for the year	<u>3,675</u>
At 31st August 1996	<u>£37,787</u>

Included in the net book value of motor vehicles are the following items, which are subject to hire purchase agreements:

Cost	<u>£49,743</u>
Accumulated depreciation	<u>£10,249</u>
Depreciation for the year	<u>£10,249</u>

9. STOCKS

	1996	1995
Goods for resale	<u>£890,057</u>	<u>£701,075</u>

10. DEBTORS

	1996 £	1995 £
Trade debtors	436,944	399,266
Amounts owed by holding company	81,712	36,879
Amounts owed by group companies	1,580	778
Other debtors	716	30,748
Called-up share capital not paid	-	170,000
Prepayments	<u>10,909</u>	<u>6,099</u>
	<u>£531,861</u>	<u>£643,770</u>

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

11. CREDITORS: Amounts falling due within one year

	1996 £	1995 £
Bank overdraft (see below)	277,123	760,423
Current instalments due on bank loans (Note 12)	52,328	34,160
Trade creditors	693,828	285,984
Bills of exchange payable	224,968	271,946
Amounts owed to group undertakings	4,924	14,335
Corporation tax	1,756	-
Other taxes and social security costs	96,912	16,530
Other creditors	17,005	14,647
Current instalments due on hire purchase (Note 13)	11,472	7,750
Accruals	<u>16,650</u>	<u>23,248</u>
	<u>£1,395,210</u>	<u>£1,429,023</u>

The bank overdraft and loans are secured by a debenture in favour of Yorkshire Bank plc, giving a fixed charge on book debts and a legal mortgage over the company's freehold property together with a floating charge over the other assets of the company.

12. LOANS

	1996 £	1995 £
Bank loan at 2.5% above base rates repayable by monthly instalments of £4,170	167,027	-
Bank loan at 2% above base rates repayable by monthly instalments of £1,585	7,992	25,044
Bank loan at 2% above base rates repayable by monthly instalments of £1,600	<u>8,336</u>	<u>25,628</u>
	<u>£183,355</u>	<u>£50,672</u>

AMOUNTS REPAYABLE BY INSTALMENTS

Within five years	183,355	50,672
After five years	<u>-</u>	<u>-</u>
	183,355	50,672
Included in current liabilities (Note 11)	<u>(52,328)</u>	<u>(34,160)</u>
	<u>£131,027</u>	<u>£16,512</u>



THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

13. OBLIGATIONS UNDER HIRE PURCHASE CONTRACTS

The maturity of these amounts is as follows:

	1996 £	1995 £
Amounts payable within one year	13,662	9,006
In the second to fifth year inclusive	<u>28,029</u>	<u>10,506</u>
	41,691	19,512
Less finance charges allocated to future periods	<u>(7,058)</u>	<u>(2,720)</u>
	<u>£34,633</u>	<u>£16,792</u>

Hire purchase contracts are analysed as follows:

Current obligations	11,472	7,750
Non-current obligations	<u>23,161</u>	<u>9,042</u>
	<u>£34,633</u>	<u>£16,792</u>

14. PROVISION FOR DEFERRED TAXATION

The provision for deferred taxation calculated on the liability method at 24% (1995 25%) is set out below.

	1996		1995	
	Amount Provided £	Not Provided £	Amount Provided £	Not Provided £
Difference between accumulated depreciation and capital allowances	5,356	-	4,474	-
Unutilised tax losses	<u>(5,356)</u>	<u>(52,185)</u>	<u>(4,474)</u>	<u>(56,184)</u>
	<u>£-</u>	<u>£(52,185)</u>	<u>£-</u>	<u>£(56,184)</u>

15. SHARE CAPITAL

	1996	1995
Authorised:		
500,000 ordinary shares of £1 each	<u>£500,000</u>	<u>£500,000</u>
Allotted and called-up		
270,000 ordinary shares of £1 each	<u>£270,000</u>	<u>£270,000</u>
Allotted, called-up and fully paid:		
270,000/100,000 ordinary shares of £1 each	<u>£270,000</u>	<u>£100,000</u>

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

16. RESERVES

	Profit and Loss Account £	Revaluation Reserve £
At 1st September 1995	(106,214)	67,442
Retained (loss) for the year	(11,104)	-
Depreciation charged on revaluation surplus	<u>1,231</u>	<u>(1,231)</u>
At 31st August 1996	<u>£(116,087)</u>	<u>£66,211</u>

16. RECONCILIATION OF SHAREHOLDERS' FUNDS

	1996 £	1995 £
(Loss) for the year after tax	(11,104)	(140,853)
Issue of shares	<u>-</u>	<u>170,000</u>
Change in shareholders' funds	(11,104)	29,147
Shareholders' funds brought forward	<u>231,228</u>	<u>202,081</u>
Shareholders' funds carried forward	<u>£220,124</u>	<u>£231,228</u>

18. CAPITAL COMMITMENTS

No capital expenditure had been authorised nor contracted for at 31st August 1996 (1995 NIL).

19. CONTINGENT GAIN

Litigation

Included in trade creditors is an amount of £134,705 owing to a supplier with whom the company is in dispute. The company is claiming that the supplier is in breach of contract. Payment of the above amount is therefore being withheld on the basis that if recourse is taken against the company for payment, a counter claim in excess of this amount will be made against the supplier.

The outcome of this dispute is uncertain and therefore no provision has been made for the possible gain on the grounds of prudence.

No provision has been made for legal costs arising as these would form part of any final claim.

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

20. POST BALANCE SHEET EVENTS

No events occurred after the balance sheet date which would materially affect the interpretation of these accounts.

21. RECONCILIATION OF OPERATING PROFIT/(LOSS) TO  
 NET CASH INFLOW FROM OPERATING ACTIVITIES

	1996 £	1995 £
Operating profit/(loss)	55,488	(79,264)
Depreciation	25,551	23,961
Loss/(Profit) on disposal of tangible fixed assets	1,210	(565)
(Increase) in stock	(188,982)	(126,666)
Decrease in debtors	111,909	144,506
Increase/(Decrease) in creditors	<u>427,595</u>	<u>(96,360)</u>
Net cash inflow/(outflow) from operating activities	<u>£432,771</u>	<u>£(134,388)</u>

22. ANALYSIS OF THE BALANCES OF CASH AND CASH  
 EQUIVALENTS AS SHOWN IN THE BALANCE SHEET

Year ended 31st August 1996

	1996 £	1995 £	Change in year £
Cash at bank and in hand	304	225	79
Bank overdraft	<u>(277,123)</u>	<u>(760,423)</u>	<u>483,300</u>
	<u>£(276,819)</u>	<u>£(760,198)</u>	<u>£483,379</u>

Year ended 31st August 1995

	1995 £	1994 £	Change in Year £
Cash at bank and in hand	225	298	(73)
Bank overdraft	<u>(760,423)</u>	<u>(687,549)</u>	<u>(72,874)</u>
	<u>£(760,198)</u>	<u>£(687,251)</u>	<u>£(72,947)</u>

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
 NOTES TO THE ACCOUNTS  
 YEAR ENDED 31ST AUGUST 1996

23. ANALYSIS OF THE CHANGES IN FINANCING DURING THE YEAR

	Bank Loans £	Hire Purchase Contracts £
Balance at 1st September 1994	82,597	-
Advances during year ended 31st August 1995	-	23,250
Repayments during year ended 31st August 1995	<u>(31,925)</u>	<u>(6,458)</u>
Balance at 31st August 1995	50,672	16,792
Advances during year ended 31st August 1996	200,000	43,615
Repayments during year ended 31st August 1996	<u>(67,317)</u>	<u>(25,772)</u>
Balance at 31st August 1996	<u>£183,355</u>	<u>£34,635</u>

24. EXCEPTIONAL ITEM - YEAR ENDED 31ST AUGUST 1995

In 1995 full provision was made against a trade debt of £172,117 which is not recoverable, and this amount was charged to the profit and loss account. In order to maintain the company's balance sheet position, a further £170,000 share capital was issued. The net effect on the balance sheet was therefore £2,117.

25. ULTIMATE PARENT COMPANY

The ultimate parent company is Hedley and Ellis Limited, a company registered in England.

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED

COMPANIES ACT

The foregoing accounts have been drawn up in accordance with the provisions of the Companies Act 1985, and they will be filed with the Registrar of Companies together with the company's Annual Return.

The following detailed accounts are for management purposes only.

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
MANAGEMENT TRADING AND PROFIT AND LOSS ACCOUNT  
YEAR ENDED 31ST AUGUST 1996

	1996	1995
	£	£
SALES	2,797,692	2,850,974
COST OF SALES		
Stock at 1st September 1995	701,075	574,409
Purchases, customs duty and shipping	<u>2,519,569</u>	<u>2,463,554</u>
	3,220,644	3,037,963
Less: Stock at 31st August 1996	<u>890,057</u>	<u>701,075</u>
	<u>2,330,587</u>	<u>2,336,888</u>
GROSS PROFIT	467,105	514,086
OVERHEAD EXPENSES		
Distribution costs	256,066	266,175
Administrative expenses	155,551	155,058
Interest payable and similar charges	76,425	74,519
Other income receivable	(11,589)	(12,930)
Exceptional item	<u>-</u>	<u>172,117</u>
	<u>476,453</u>	<u>654,939</u>
(LOSS) ON ORDINARY ACTIVITIES BEFORE TAXATION	(9,348)	(140,853)
Taxation on results on ordinary activities	<u>1,756</u>	<u>-</u>
(LOSS) ON ORDINARY ACTIVITIES AFTER TAXATION	<u>£(11,104)</u>	<u>£(140,853)</u>

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
OVERHEAD EXPENSES  
YEAR ENDED 31ST AUGUST 1996

	1996	1995
	£	£
<b>DISTRIBUTION COSTS</b>		
Commission payable	1,073	-
Non returnable cable drums	28,761	35,408
Wages and employers' costs	86,318	82,867
Staff welfare and cleaning	3,155	3,346
Rent and rates	10,860	7,532
Light and heat	1,983	1,659
Insurance	8,259	8,984
Telephone and fax	8,815	10,420
Depreciation of property	4,906	4,906
Depreciation of plant and equipment	5,189	4,968
Repairs and renewals	7,596	7,779
Sundry expenses	390	773
Advertising	670	234
Travelling expenses and entertaining	7,151	4,453
Haulage expenses	13,450	16,109
Hire of vehicles and equipment	867	1,445
Motor car and lorry expenses	52,447	63,825
Depreciation of motor vehicles	12,966	12,032
Loss/(Profit) on disposal of fixed assets	<u>1,210</u>	<u>(565)</u>
	256,066	266,175
<b>ADMINISTRATIVE EXPENSES</b>		
Wages and employers' costs	73,531	70,612
Stationery and postage	5,084	5,793
Audit and accountancy	5,034	4,500
Legal and professional fees	1,986	913
Depreciation of office equipment	2,490	2,055
Bank charges	6,526	6,873
Discounts allowed	43,815	56,261
Bad debts	<u>17,085</u>	<u>8,051</u>
	<u>155,551</u>	<u>155,058</u>
<b>TOTALS CARRIED FORWARD (Page 21)</b>	<u>£411,617</u>	<u>£421,233</u>

THE ELECTRIC CABLE CO. (GREAT BRITAIN) LIMITED  
OVERHEAD EXPENSES  
YEAR ENDED 31ST AUGUST 1996

	1996	1995
	£	£
TOTALS BROUGHT FORWARD (Page 20)	411,617	421,233
INTEREST PAYABLE AND SIMILAR CHARGES		
Bank overdraft interest	32,782	65,210
Mortgage interest	18,327	5,947
Hire purchase interest	3,143	1,086
VAT surcharge	<u>22,173</u>	<u>2,276</u>
	76,425	74,519
INTEREST RECEIVABLE AND SIMILAR CREDITS		
Rent received	11,520	12,885
Other	<u>69</u>	<u>45</u>
	<u>(11,589)</u>	<u>(12,930)</u>
	476,453	482,822
EXCEPTIONAL ITEM		
Orion Cables Limited bad debt	<u>-</u>	<u>172,117</u>
TOTAL OVERHEADS (Page 19)	<u>£476,453</u>	<u>£654,939</u>

NB

Adjustment is to separate Schedule A rentals.