

COMPANY NUMBER 2235550

**MITA HOLDINGS LIMITED**

**CONSOLIDATED FINANCIAL STATEMENTS**



**30 APRIL 1997**

# MITA HOLDINGS LIMITED

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**COMPANY INFORMATION**  
**30 APRIL 1997**

**DIRECTORS**

E Payne (Chairman)  
G J R Payne  
S M Dalglish  
R B M Quayle

**SECRETARY**

G J R Payne

**REGISTERED OFFICE**

Bodelwyddan Business Park  
Bodelwyddan  
Denbighshire  
LL18 5SX

**AUDITORS**

Neville Russell  
Lancaster House  
67 Newhall Street  
Birmingham  
B3 1NG

**BANKERS**

Lloyds Bank plc  
PO Box 251  
8 Foregate Street  
Chester  
CH1 1XP

## **REPORT OF THE DIRECTORS**

The directors present their report and the financial statements for the year ended 30 April 1997.

### **RESPONSIBILITIES OF THE DIRECTORS**

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 group and of the profit or loss of the group for that period. In preparing those financial statements, the directors are required to

- \* select suitable accounting policies and then apply them consistently;
- \* make judgements and estimates that are reasonable and prudent;
- \* comply with applicable accounting standards subject to any material departures disclosed and explained in the financial statements;
- \* 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 which disclose with reasonable accuracy at any time the financial position of the company and of the group and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and of the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

### **REVIEW OF THE BUSINESS**

The principal activity of the group was the manufacture and distribution of electrical cable management products principally for use in the electrical and building industries.

The group continues to trade at a satisfactory level with all divisions expecting the present level of activity to be sustained for the foreseeable future.

On 1 October 1996 the company purchased the entire share capital of Grawater limited, a company involved in a similar business.

### **RESULTS AND DIVIDENDS**

The results of the group for the year ended 30 April 1997 are set out in the financial statements.

After charging preference dividends of £3,750, the profit attributable to ordinary shareholders was £1,953,182.

An interim dividend of 36p (1996 30p) per ordinary share amounting to £180,000 (1996 £150,000) was paid during the year.

The directors propose a final dividend of 42p (1996 35p) per ordinary share amounting to £210,000 (1996 £175,000) making a total dividend for the year of 78p per ordinary share (1996 65p) amounting to £390,000 (1996 £325,000).

Retained profits for the year have been transferred to reserves.

**REPORT OF THE DIRECTORS - Continued****FIXED ASSETS**

Details of movements in fixed assets are given in note 11 to the financial statements.

**DIRECTORS**

The directors who served during the year together with their interests in the share capital of the company were as follows:

<u>Ordinary shares of £1 each</u>		
	<u>1997 and 1996</u>	
	<u>Beneficial Interests</u>	<u>Other Interests</u>
	£	£
E Payne	50,000	43,400
G J R Payne	50,000	23,400
S M Dalglish	-	-
R B M Quayle (appointed 27 June 1996)	-	-

**DONATIONS**

During the year the group made charitable donations of £100,659 (1996 £100,650).

**AUDITORS**

The auditors, Neville Russell, have signified their willingness to continue in office and a resolution proposing their re-appointment will be put to the forthcoming annual general meeting.

Approved by the Board  
and signed on its behalf

  
E Payne  
Director

Bodelwyddan Business Park  
Bodelwyddan  
Denbighshire  
LL18 5SX

## **REPORT OF THE AUDITORS TO THE MEMBERS OF MITA HOLDINGS LIMITED**

We have audited the financial statements on pages 5 to 20 which have been prepared following the accounting policies set out on pages 9 and 10.

### **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 affairs of the company and of the group at 30 April 1997 and of the results of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

A handwritten signature in black ink, reading "Neville Russell". The signature is written in a cursive style with a long horizontal line extending from the end of the name.

NEVILLE RUSSELL  
CHARTERED ACCOUNTANTS and  
Registered Auditors

Lancaster House  
67 Newhall Street  
Birmingham  
B3 1NG

4 December 1997

**CONSOLIDATED PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 APRIL 1997**

		1997 £	1996 £
	<u>Notes</u>		
TURNOVER	2	15,185,361	11,741,873
Cost of sales		( 7,722,369)	( 6,427,735)
		<hr/>	<hr/>
GROSS PROFIT		7,462,992	5,314,138
Distribution and selling costs		( 2,558,283)	( 1,745,362)
Administrative expenses		( 2,077,191)	( 1,677,289)
Other operating income	3	77,541	57,656
		<hr/>	<hr/>
OPERATING PROFIT		2,905,059	1,949,143
Interest receivable and similar income	4	123,837	107,873
Interest payable and similar charges	5	( 66,050)	( 84,653)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION	6	2,962,846	1,972,363
Taxation on profit on ordinary activities	9	( 1,005,914)	( 732,495)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	19	1,956,932	1,239,868
Dividends	10	( 393,750)	( 328,000)
		<hr/>	<hr/>
RETAINED PROFIT FOR THE FINANCIAL YEAR		<u>1,563,182</u>	<u>911,868</u>

The group has no recognised gains or losses other than the profit for the year, as shown above.

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

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

## GROUP BALANCE SHEET AT 30 APRIL 1997

	<u>Notes</u>	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	11	7,142,401	6,740,330
<b>CURRENT ASSETS</b>			
Stocks	13	1,291,401	1,294,170
Debtors	14	2,937,423	2,191,368
Investments	15	522,298	670,298
Cash at bank and in hand		2,079,942	725,206
		6,831,064	4,881,042
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>	16	( 3,513,382)	( 2,548,143)
<b>NET CURRENT ASSETS</b>		3,317,682	2,332,899
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		10,460,083	9,073,229
<b>CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>	17	( 797,800)	( 706,841)
<b>NET ASSETS</b>		9,662,283	8,366,388
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	515,000	515,000
Profit and loss account	20	9,147,283	7,851,388
<b>SHAREHOLDERS' FUNDS</b>	20	9,662,283	8,366,388

Approved by the Board on  
and signed on its behalf



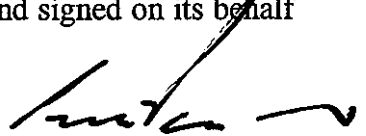
..... Director  
E Payne



## COMPANY BALANCE SHEET AT 30 APRIL 1997

	<u>Notes</u>	1997 £	1996 £
<b>FIXED ASSETS</b>			
Tangible assets	11	1,549,789	1,614,273
Investments - group companies	12	151,969	125,000
		<hr/>	<hr/>
		1,701,758	1,739,273
		<hr/>	<hr/>
<b>CURRENT ASSETS</b>			
Debtors	14	1,122,594	1,652,739
Cash at bank and in hand		1,445,330	-
		<hr/>	<hr/>
		2,567,924	1,652,739
<b>CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>			
	16	( 568,472)	( 437,261)
		<hr/>	<hr/>
<b>NET CURRENT ASSETS</b>		1,999,452	1,215,478
		<hr/>	<hr/>
<b>NET ASSETS</b>		3,701,210	2,954,751
		<hr/>	<hr/>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	19	515,000	515,000
Profit and loss account	20	3,186,210	2,439,751
		<hr/>	<hr/>
<b>SHAREHOLDERS' FUNDS</b>	20	3,701,210	2,954,751
		<hr/>	<hr/>

Approved by the Board  
and signed on its behalf

  
.....  
E Payne - Director

4.12.97 ..... Date

**GROUP CASH FLOW STATEMENT  
FOR THE YEAR ENDED 30 APRIL 1997**

	Notes	1997 £	1996 £
<b>Net cash inflow from operating activities</b>	21(I)	3,564,966	2,329,514
<b>Returns on investments and servicing of finance</b>			
Dividends paid	( 358,000)	( 322,550)	
Dividends received	29,888	35,426	
Interest received	86,477	63,590	
Interest paid	( 66,050)	( 84,653)	
<b>Net cash outflow from returns on investment and servicing of finance</b>		( 307,685)	( 308,187)
<b>Taxation</b>			
Corporation tax paid		( 649,794)	( 637,354)
<b>Capital expenditure and financial investment</b>			
Payments to acquire subsidiary undertaking	( 368,207)	-	
Payments to acquire investments	( 29,053)	( 67,810)	
Payments to acquire tangible fixed assets	(1,241,582)	(1,941,280)	
Receipts from sale of tangible fixed assets	44,728	55,179	
Receipts from sale of investments	204,029	310,192	
<b>Net cash outflow from capital expenditure and financial investment</b>		(1,390,085)	(1,643,719)
<b>Net cash inflow/(outflow) before management of liquid resources and financing</b>		1,217,402	( 259,746)
<b>Management of liquid resources</b>	21(II)		
Cash invested in short term bank deposits		(1,445,330)	-
<b>Financing</b>			
Government grants received	356,000	156,000	
Loans repaid	( 187,500)	( 187,500)	
		168,500	( 31,500)
<b>Decrease in cash</b>	21(III)	( 59,428)	( 291,246)

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

**1 Accounting policies**

The financial statements have been prepared in accordance with applicable accounting standards.

**Basis of accounting**

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

**Basis of consolidation**

The group financial statements consolidate the financial statements of Mita Holdings Limited and all its subsidiaries made up to 30 April 1997. No profit and loss account is presented for Mita Holdings Limited, as provided by S230(3) of the Companies Act 1985.

Goodwill arising on consolidation which represents the excess of the purchase price over the fair value of the net assets acquired is written off against reserves.

**Turnover**

Turnover represents amounts invoiced by the group in respect of goods sold to customers during the year stated net of value added tax.

**Tangible fixed assets**

Depreciation is provided at rates calculated to write off the cost or valuation, less estimated residual value of each asset over the expected useful life.

**Research and development**

Research and development expenditure is written off in the profit and loss account in the year in which it is incurred.

**Stocks**

Stocks are valued on a first in, first out basis at the lower of cost and net realisable value.

Cost includes all expenditure incurred in the normal course of business in bringing stocks to their present location and condition, including in the case of work-in-progress and finished goods an appropriate proportion of production overheads.

Net realisable value is based on the estimated selling price less further costs expected to be incurred to completion and subsequent disposal.

**Leases**

Rental costs under operating leases are charged to the profit and loss account in equal annual amounts over the periods of the leases.

**Pensions**

Contributions payable to the groups pension scheme are charged to the profit and loss account in the period in which they relate.

**Government grants**

Government grants received towards capital expenditure are treated as deferred income. An amount equal to the depreciation charge to the assets applicable is transferred annually to revenue.

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1997

## 1 ACCOUNTING POLICIES - Continued

### Deferred taxation

Deferred taxation is calculated under the liability method. It is provided to the extent that it is considered, with reasonable probability, that a liability will become payable within the foreseeable future.

### Foreign currencies

Monetary assets and liabilities denominated in foreign currencies are translated at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rates ruling at the date of the transactions. All differences are taken to the profit and loss account.

### Investments

Fixed asset investments are stated at cost, less any provision for diminution in value.

Current asset investments are stated at the lower of cost or net realisable value.

## 2 SEGMENTAL INFORMATION

The turnover and pre-tax result for the year are attributable to the principal activity, the manufacture and distribution of electrical cable management products principally for use in the electrical and building industries.

	1997 £	1996 £
A geographical analysis of turnover is given below:		
United Kingdom	13,321,832	10,450,155
Overseas	1,863,529	1,291,718
	<hr/>	<hr/>
	15,185,361	11,741,873
	<hr/>	<hr/>

## 3 OTHER OPERATING INCOME

Transfer from Government grants	77,541	57,656
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

	1997 £	1996 £
<b>4 INTEREST RECEIVABLE AND SIMILAR INCOME</b>		
Other interest	151	345
Bank interest	86,326	63,245
Franked investment income	37,360	44,283
	<hr/>	<hr/>
	123,837	107,873
	<hr/>	<hr/>
<b>5 INTEREST PAYABLE AND SIMILAR CHARGES</b>		
Bank loans, overdrafts and other loans wholly repayable within five years	2,869	1,192
Other loan	46,898	67,387
Bank charges	16,283	16,074
	<hr/>	<hr/>
	66,050	84,653
	<hr/>	<hr/>
<b>6 PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		
The profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of listed investments	26,976	-
Profit on disposal of tangible fixed assets	17,365	-
	<hr/>	<hr/>
after charging:		
Loss on disposal of listed investments	-	16,445
Loss on disposal of tangible fixed assets	-	927
Depreciation of tangible fixed assets	855,448	520,778
Auditors' remuneration	11,000	11,000
	<hr/>	<hr/>

The group continues to invest heavily in Research and Development.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

	1997 £	1996 £
<b>7 DIRECTORS</b>		
Emoluments:		
Management services	221,324	184,628
Fees	5,100	16,800
Pension costs	69,900	63,573
	<hr/>	<hr/>
	296,324	265,001
	<hr/>	<hr/>

The emoluments of directors disclosed above (excluding pensions and pension contributions) included amounts paid to:

The chairman and highest paid director	£ 197,914	£ 159,010
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The number of other directors who received emoluments (excluding pensions and pension contributions) in the following ranges were:

	Number	Number
Up to £5,000	2	2
£15,001 to £20,000	-	1
£20,001 to £25,000	1	-

	1997 £	1996 £
<b>8 STAFF COSTS</b>		
Wages and salaries	2,812,195	2,310,738
Social security costs	231,586	191,492
Other pension costs	194,631	155,308
	<hr/>	<hr/>
	3,238,412	2,657,538
	<hr/>	<hr/>
The average number of persons employed by the group (including directors) during the year was as follows:	Number	Number
Management	7	7
Administration and sales	51	49
Production	107	105
	<hr/>	<hr/>
Total employees	165	161
	<hr/>	<hr/>

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

	1997 £	1996 £
<b>9 TAXATION</b>		
Corporation tax at 33 % (1996 33 %)	998,442	641,143
Under provision in respect of prior year	-	82,495
Tax on franked investment income	7,472	8,857
	<hr/>	<hr/>
	1,005,914	732,495
	<hr/>	<hr/>
<b>10 DIVIDENDS</b>		
Ordinary:		
Interim dividend paid of 36p per ordinary share (1996 30p)	180,000	150,000
Proposed final dividend of 42p per ordinary share (1996 35p)	210,000	175,000
Preference dividend paid	2,550	1,500
Preference dividend proposed	1,200	1,500
	<hr/>	<hr/>
	393,750	328,000
	<hr/>	<hr/>

Total dividends relating to non-equity interests amount to £3,750 (1996: £3,000).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

	<u>Leasehold Land &amp; Building</u> £	<u>Freehold Land &amp; Buildings</u> £	<u>Plant &amp; Machinery</u> £	<u>Motor Vehicles</u> £	<u>Tools, Fixtures &amp; Fittings</u> £	<u>Total</u> £
<b>11 TANGIBLE FIXED ASSETS - GROUP</b>						
<b>COST</b>						
At 1 May 1996	3,080,197	1,617,059	1,972,835	552,402	2,496,238	9,718,731
Additions	-	1,814	827,202	179,632	276,234	1,284,882
Disposals	-	-	( 56,306)	( 112,298)	( 4,878)	( 173,482)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1997	3,080,197	1,618,873	2,743,731	619,736	2,767,594	10,830,131
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>ACCUMULATED DEPRECIATION</b>						
At 1 May 1996	-	179,114	1,257,269	350,906	1,191,112	2,978,401
Charge for the year	28,000	63,462	242,682	138,873	382,431	855,448
Eliminated on disposals	-	-	( 43,971)	( 97,270)	( 4,878)	( 146,119)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1997	28,000	242,576	1,455,980	392,509	1,568,665	3,687,730
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<b>NET BOOK VALUES</b>						
At 30 April 1997	3,052,197	1,376,297	1,287,751	227,227	1,198,929	7,142,401
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 30 April 1996	3,080,197	1,437,945	715,566	201,496	1,305,126	6,740,330
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation rates	1%	4%	10%	25%	10% - 25%	

The net book value of leasehold land and buildings comprise:-

	1997 £	1996 £
Short leasehold	15,000	15,000
Long leasehold	3,037,197	3,065,197
	<hr/>	<hr/>
	3,052,197	3,080,197
	<hr/>	<hr/>



**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

	<u>Leasehold Land and Buildings</u> £	<u>Freehold Land and Buildings</u> £	<u>Fixtures and Fittings</u> £	<u>Total</u> £
<b>11 TANGIBLE FIXED ASSETS - COMPANY</b>				
<b>COST</b>				
At 1 May 1996 and 30 April 1997	191,080	1,598,559	6,814	1,796,453
<b>DEPRECIATION</b>				
At 1 May 1996	-	179,114	3,066	182,180
Charge for the year	-	63,462	1,022	64,484
At 30 April 1997	-	242,576	4,088	246,664
<b>NET BOOK VALUE</b>				
At 30 April 1997	191,080	1,355,983	2,726	1,549,789
At 30 April 1996	191,080	1,419,445	3,748	1,614,273
Depreciation rates	Nil	4%	15%	
<b>12 FIXED ASSET INVESTMENTS - GROUP COMPANIES</b>				<u>Shares</u> £
<b>COST</b>				
At 1 May 1996				125,000
Additions in year				341,285
At 30 April 1997				466,285
<b>PROVISION FOR DIMINUTION IN VALUE</b>				
At 1 May 1996				-
Charge for year				314,316
At 30 April 1997				314,316
<b>NET BOOK VALUE</b>				
At 30 April 1997				151,969
At 30 April 1996				125,000

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

**12 FIXED ASSETS - INVESTMENTS - GROUP COMPANIES - Continued**

Details of the company's subsidiaries at 30 April 1997 are:

<u>Name</u>	<u>Country of Registration or Incorporation</u>	<u>Class of Shares Held</u>	<u>Percentage Held by the Company</u>	<u>Nature of Business</u>
MITA (UK) Limited	England and Wales	Ordinary	100%	Manufacturers and distributors of electrical cable management products
Grawater Limited	England and Wales	Ordinary	100%	Manufacturers and distributors of electrical cable management products
Grawater of Wakefield Limited	England and Wales	Ordinary	100%	Dormant

During the year, the company purchased the entire share capital of Grawater Limited. The trading results of Grawater Limited are not considered material to the group financial statements. An analysis of the fair value of the net assets acquired is given in note 21(IV).

	Group		Company	
	1997 £	1996 £	1997 £	1996 £
<b>13 STOCKS</b>				
Raw materials and consumables	138,864	123,630	-	-
Work in progress	205,730	224,911	-	-
Finished goods and goods for resale	946,807	945,629	-	-
	<u>1,291,401</u>	<u>1,294,170</u>	<u>-</u>	<u>-</u>
<b>14 DEBTORS</b>				
Trade debtors	2,760,540	2,027,634	-	-
Other debtors	65,783	92,019	-	2,476
Amounts owed by group undertaking	-	-	1,069,794	1,606,138
Advanced corporation tax recoverable	52,800	44,125	52,800	44,125
Prepayments	58,300	27,590	-	-
	<u>2,937,423</u>	<u>2,191,368</u>	<u>1,122,594</u>	<u>1,652,739</u>
<b>15 INVESTMENTS</b>				
Listed investments	<u>522,298</u>	<u>670,298</u>	<u>-</u>	<u>-</u>

On 30 April 1997, the market value of listed investments was £663,963 (1996 £753,581).

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

	Group		Company	
	1997	1996	1997	1996
	£	£	£	£
<b>16 CREDITORS - AMOUNTS FALLING DUE WITHIN ONE YEAR</b>				
Trade creditors	560,065	407,273	-	-
Bank loans and overdraft	273,937	305,103	35,608	3,408
Other taxation and social security costs	339,159	275,250	17,100	10,761
Other creditors	200,289	176,260	161,110	122,780
Dividends payable	212,250	176,500	212,250	176,500
Corporation tax payable	1,031,573	674,250	142,404	123,812
Accruals	896,109	533,507	-	-
	<u>3,513,382</u>	<u>2,548,143</u>	<u>568,472</u>	<u>437,261</u>

	1997	1996
	£	£
<b>17 CREDITORS - AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR</b>		
Loans	125,000	312,500
Government grants	672,800	394,341
	<u>797,800</u>	<u>706,841</u>
Amounts repayable by instalments		
Loans not wholly repayable within five years:		
Repayable within five years	-	-
Repayable after five years	-	-
	<u>-</u>	<u>-</u>
Wholly repayable within five years		
Amounts due between one and two years	125,000	312,500
	<u>125,000</u>	<u>312,500</u>
Amounts due less than one year	187,500	187,500
Total loans outstanding	<u>312,500</u>	<u>500,000</u>

The bank loans are secured by a guarantee from Lloyds Bank plc who hold a debenture over the assets of Mita (UK) Limited, and an unlimited guarantee from the company.

The loans bear interest at between 8% and 11.25% and are repayable at £187,500 per annum.

The movement in Government grants during the year was as follows:

	1997	1996
	£	£
At 1 May 1996	394,341	295,997
Received in year	356,000	156,000
Transfer to profit and loss account	( 77,541)	( 57,656)
	<u>672,800</u>	<u>394,341</u>
At 30 April 1997		

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

	1997 £	1996 £
<b>18 PROVISIONS FOR LIABILITIES AND CHARGES</b>		
Deferred taxation not provided		
The full potential liability for deferred taxation based on a rate of 33 % (1996 33 %) is as follows:		
Excess of tax allowances over depreciation	595,861	615,377
	<u>          </u>	<u>          </u>
<b>19 SHARE CAPITAL</b>		
Authorised:		
Ordinary shares of £1 each	500,000	500,000
10% redeemable, cumulative, convertible preference shares of £1 each	50,000	50,000
	<u>          </u>	<u>          </u>
	550,000	550,000
	<u>          </u>	<u>          </u>
Allotted, issued and fully paid:		
Ordinary shares of £1 each	500,000	500,000
10% redeemable, cumulative, convertible preference shares of £1 each	15,000	15,000
	<u>          </u>	<u>          </u>
	515,000	515,000
	<u>          </u>	<u>          </u>

**Conversion and Redemption Rights**

The 10% redeemable, cumulative, convertible preference shares are redeemable at the company's option.

The shares will be converted into ordinary shares of the company, in the event of a sale, flotation or solvent winding up.

	Share Capital £	Profit and Loss Account £	Total Shareholders Funds £
<b>20 RESERVES AND RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS</b>			
<b>GROUP</b>			
Opening shareholders funds	515,000	7,851,388	8,366,388
Profit for the financial year	-	1,956,932	1,956,932
Dividends	-	( 393,750)	( 393,750)
Goodwill written off	-	( 267,287)	( 267,287)
	<u>          </u>	<u>          </u>	<u>          </u>
Closing shareholders funds	515,000	9,147,283	9,662,283
	<u>          </u>	<u>          </u>	<u>          </u>
<b>COMPANY</b>			
Opening shareholders funds	515,000	2,439,751	2,954,751
Profit for the financial year	-	1,140,209	1,140,209
Dividends	-	( 393,750)	( 393,750)
	<u>          </u>	<u>          </u>	<u>          </u>
Closing shareholder funds	515,000	3,186,210	3,701,210
	<u>          </u>	<u>          </u>	<u>          </u>

Shareholder's funds include £15,000 in respect of non-equity interests.

**NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED 30 APRIL 1997**

	1997 £	1996 £	
21 NOTES TO THE GROUP CASH FLOW STATEMENT			
(I) Reconciliation of operating profit to net cash Inflow from operating activities:			
Operating profit	2,905,059	1,949,143	
Release of government grants	( 77,541)	( 57,656)	
Depreciation	855,448	585,262	
(Profit)/loss on sale of tangible fixed assets	( 17,365)	927	
Decrease/(increase) in stock	46,436	( 58,108)	
Increase in debtors	( 672,392)	( 505,331)	
Increase in creditors	552,297	398,832	
(Profit)/loss on sale of investments	( 26,976)	16,445	
	<hr/>	<hr/>	
Net cash inflow from operating activities	3,564,966	2,329,514	
	<hr/>	<hr/>	
(II) Reconciliation of net cash flow to movement in net funds			
Decrease in cash	( 59,428)	( 291,246)	
Cash outflow from movement in liquid resources	1,445,330	-	
	<hr/>	<hr/>	
Change in net funds resulting from cashflows	1,385,902	( 291,246)	
Cash outflow from repayment of loan financing	187,500	187,500	
	<hr/>	<hr/>	
Movement in net funds in the year	1,573,402	( 103,746)	
Net funds at 1 May 1996	107,603	211,349	
	<hr/>	<hr/>	
Net funds at 30 April 1997	1,681,005	107,603	
	<hr/>	<hr/>	
(III) Analysis of changes in net funds			
	At 1 May 1996 £	Cashflow £	At 30 April 1997 £
Cash in hand	725,206	( 90,594)	634,612
Overdraft	( 117,603)	31,166	( 86,437)
		<hr/>	
		( 59,428)	
Bank loans	( 500,000)	187,500	( 312,500)
Deposit accounts	-	1,445,330	1,445,330
	<hr/>	<hr/>	<hr/>
	107,603	1,573,402	1,681,005
	<hr/>	<hr/>	<hr/>

# NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 APRIL 1997

## 21 NOTES TO THE GROUP CASH FLOW STATEMENT - Continued

### (IV) PURCHASE OF SUBSIDIARY UNDERTAKING

During the year, the entire share capital of Grawater Limited was purchased. The net assets acquired were:

	£
Tangible fixed assets	43,300
Stocks	43,667
Debtors	64,988
Cash at bank and in hand	192
Creditors	( 51,035)
Bank overdraft	( 27,114)
	<hr/>
	73,998
Goodwill	267,287
	<hr/>
Satisfied by cash	341,285
	<hr/> <hr/>

## 22 CONTINGENT LIABILITIES

The company has an unlimited guarantee in relation to the overdraft and certain loans of Mita (UK) Limited, a subsidiary undertaking. At 30 April 1997, the amounts outstanding by Mita (UK) Limited in respect of these borrowings amounted to £363,329 (1996 £614,195). The company's bankers hold a fixed charge over certain of its freehold property in relation to Mita (UK) Limited's overdraft.

## 23 CAPITAL COMMITMENTS

	1997 £	1996 £
Capital expenditure that has been contracted for but has not been provided for in the financial statements amounted to:	25,000	15,000
	<hr/>	<hr/>
Capital expenditure that has been authorised by the directors but has not yet been contracted for amounted to:	1,000,000	1,280,000
	<hr/>	<hr/>

**DETAILED TRADING AND PROFIT AND LOSS ACCOUNT  
FOR THE YEAR ENDED 30 APRIL 1997**

	£	1997	£	£	1996	£
MANAGEMENT CHARGES			500,000			265,200
RENTAL INCOME			376,078			226,080
			<hr/>			<hr/>
			876,078			491,280
ADMINISTRATIVE EXPENSES						
Directors' salaries	226,424			201,428		
Staff salaries and national insurance	38,003			32,802		
Pension costs	69,900			63,573		
Legal and professional	36,823			8,721		
Consultancy fees	5,000			4,250		
Bank charges	12			( 47)		
Bank interest	1,364			224		
Charitable donations	100,000			16		
Depreciation of freehold property	63,462			63,462		
Travel	490			-		
Property repairs and expenses	3,978			4,568		
Depreciation of fixtures and fittings	1,022			1,022		
	<hr/>	( 546,478)		<hr/>	( 380,019)	
OPERATING PROFIT			329,600			111,261
INTEREST RECEIVABLE AND SIMILAR INCOME						
Bank interest receivable	20,839			-		
Dividend receivable from group company	1,250,000			800,000		
	<hr/>			<hr/>		
		1,270,839			800,000	
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION			1,600,439			911,261
Provision against cost of investment		( 314,316)				
Taxation on profit on ordinary activities		( 145,914)			( 65,676)	
		<hr/>			<hr/>	
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION			1,140,209			845,585
Dividend		( 393,750)			( 328,000)	
		<hr/>			<hr/>	
RETAINED PROFIT FOR PERIOD			746,459			517,585
			<hr/>			<hr/>