

Pola Minerals Limited
Abbreviated annual report
for the year ended 31 December 1998

Registered no: 2762340



Pola Minerals Limited

Abbreviated annual report for the year ended 31 December 1998

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**Report of the auditors to the director of
Pola Minerals Limited under Section 247B of the
Companies Act 1985**

We have examined the abbreviated financial statements on pages 2 to 6 together with the financial statements of Pola Minerals Limited for the year ended 31 December 1998.

Respective responsibilities of director and auditors

The director is responsible for preparing the abbreviated financial statements in accordance with Section 246 of and Schedule 8 to the Companies Act 1985. It is our responsibility to form an independent opinion as to the company's entitlement to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 and whether the abbreviated financial statements are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we consider necessary to confirm by reference to the annual financial statements that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements are properly prepared from those financial statements. The scope of our work for the purpose of this report does not include examining or dealing with events after the date of our report on the annual financial statements.

Opinion

In our opinion the company is entitled to deliver abbreviated financial statements prepared in accordance with Sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements have been properly prepared in accordance with those provisions.

PricewaterhouseCoopers

Chartered Accountants and Registered Auditors

Newcastle upon Tyne

12 May 1999

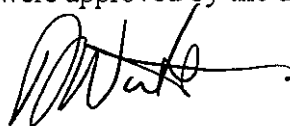
Balance sheet
at 31 December 1998
(Abbreviated in accordance with the provisions of the
Companies Act 1985)

	Notes	1998 £	1997 £
Fixed assets			
Tangible assets	2	224,734	242,693
Current assets			
Stocks		236,487	264,944
Debtors		693,708	672,874
Cash at bank and in hand		-	28
		930,195	937,846
Creditors: amounts falling due within one year	4	(973,447)	(938,378)
Net current liabilities		(43,252)	(532)
Total assets less current liabilities		181,482	242,161
Creditors: amounts falling due after more than one year	5	(35,639)	(75,775)
Deferred taxation		(11,014)	(14,424)
		(46,653)	(90,199)
Net assets		134,829	151,962
Capital and reserves			
Called up share capital	6	12,000	12,000
Profit and loss account		122,829	139,962
Equity shareholders' funds		134,829	151,962

The abbreviated financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements on pages 2 to 6 were approved by the director on 12 May 1999.

Director



**Notes to the abbreviated financial statements
for the year ended 31 December 1998****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Consolidation

The financial statements contain information about Pola Minerals Limited as an individual company and do not contain consolidated financial information as the intermediate parent of a group.

The company is exempt under s248 of the Companies Act 1985 from the requirement to prepare consolidated financial statements as the group to which it belongs qualifies as a small group.

Cash flow statement

The company qualifies as a small company as defined by s247 of the Companies Act 1985 and as such, under the provisions of Financial Reporting Standard No 1 (Revised), "Cash flow statements", is exempt from the requirement to publish a cash flow statement.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of fixed assets less their estimated residual values on a straight line basis over the expected useful economic lives of the assets concerned. The principal annual rates used for this purpose are:

	%
Plant and machinery	12.5
Furniture and office equipment	25
Motor vehicles	25

Leasehold property improvements are depreciated over the period of the related lease.

Hire purchase agreements and operating leases

Costs in respect of operating leases are charged on a straight line basis over the lease term. Hire purchase agreements which transfer to the company substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the hire purchase commitments is shown as obligations under hire purchase agreements. The hire purchase payments are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding.

Stocks and work in progress

Stocks and work in progress are stated at the lower of cost and net realisable value. In general, cost is determined on a unit cost basis and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Foreign currencies

Revenues and expenses in foreign currencies are recorded in sterling at the rates ruling at the dates of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the end of the financial year. Differences arising on foreign exchange translation are taken to the profit and loss account in the year in which they arise.

Turnover

Turnover, which excludes value added tax and trade discounts, represents the invoiced value of goods and services supplied.

Deferred taxation

Provision is made for deferred taxation, using the liability method, on all material timing differences, to the extent that it is probable that a liability or asset will crystallise in the foreseeable future.

2 Tangible fixed assets

	Leasehold property improvements £	Plant and machinery £	Furniture and office equipment £	Motor vehicles £	Total £
Cost					
At 1 January 1998	14,022	290,777	16,908	64,963	386,670
Additions	-	36,905	1,000	25,598	63,503
Disposals	-	-	-	(31,703)	(31,703)
At 31 December 1998	14,022	327,682	17,908	58,858	418,470
Depreciation					
At 1 January 1998	1,529	102,911	10,429	29,108	143,977
Charge for year	1,752	42,204	2,883	15,398	62,237
Disposals	-	-	-	(12,478)	(12,478)
At 31 December 1998	3,281	145,115	13,312	32,028	193,736
Net book value					
At 31 December 1998	10,741	182,567	4,596	26,830	224,734
Net book value					
At 31 December 1997	12,493	187,866	6,479	35,855	242,693

The net book value of tangible fixed assets includes an amount of £52,526 (1997: £44,291) in respect of assets held under hire purchase agreements.

3 Fixed asset investments

The entire equity share capital of the investment, detailed below, was acquired on 2 December 1996 for a nominal value of 2 French Francs.

Interest in subsidiary undertakings

Name of subsidiary	Country of incorporation	Description of shares held	Principal activity	Proportion of nominal value of shares held
Austral Sarl	France	1,000 ordinary shares of 100 french francs each	Non-trading	100%

4 Creditors: amounts falling due within one year

	1998 £	1997 £
Bank loan and overdraft	128,018	117,811
Trade creditors	286,905	343,502
Invoice factoring advances	436,212	385,535
Obligations under hire purchase agreements	34,294	16,556
Other creditors	88,018	74,974
	973,447	938,378

5 Creditors: amounts falling due after more than one year

	1998 £	1997 £
Bank loan	24,717	45,191
Obligations under hire purchase agreements	10,922	30,584
	<u>35,639</u>	<u>75,775</u>

Bank loan

Repayable as follows:

	1998 £	1997 £
In one year or less	20,523	20,572
Between one and two years	20,665	20,523
Between two and five years	4,052	24,668
	<u>45,240</u>	<u>65,763</u>

The bank loan and overdraft are secured by fixed and floating charges over the assets of the company.

Hire purchase agreements

The net hire purchase obligations to which the company is committed are:

	1998 £	1997 £
In one year or less	34,294	16,556
Between one and two years	9,360	30,584
Between two and five years	1,562	-
	<u>45,216</u>	<u>47,140</u>

6 Called up share capital

	1998 £	1997 £
Authorised		
50,000 (1997: 50,000) ordinary shares of £1 each	<u>50,000</u>	<u>50,000</u>
Allotted, called up and fully paid		
12,000 (1997: 12,000) ordinary shares of £1 each	<u>12,000</u>	<u>12,000</u>