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C.B. FROST & CO LIMITED

REPORT AND FINANCIAL

STATEMENTS

31ST JULY 1997



C.B. FROST & CO LIMITED

DIRECTORS' REPORT

31ST JULY 1997

The Directors present their report together with the financial statements of the Company for the year ended 31st July 1997.

PRINCIPAL ACTIVITIES

The principal activities continues to be those of manufacturing, factoring and distributing rubber and plastic products.

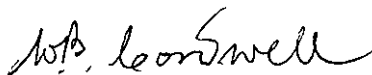
DIRECTORS INTERESTS

The directors who held office during the year and their interests, as defined by the Companies Act 1985, in the shares of the Company at 31st July 1997 were as follows :-

		£
P.M. Knowles	£1 Ordinary Shares	7,578
W.B. Cordwell	£1 Ordinary Shares	430
D.J. Dunn	£1 Ordinary Shares	3,858
P.D. Beadle	£1 Ordinary Shares	3,432
N. Summers	£1 Ordinary Shares	202
		=====

Advantage has been taken in the preparation of the Directors Report of the special exemptions applicable to small companies conferred by Part 11 of Schedule 8 to the Companies Act 1985.

Approved by the Board of Directors
and signed on behalf of the Board.



Mrs W.B. Cordwell
Secretary
22nd January 1998.

C.B. FROST & CO LIMITED

STATEMENT OF DIRECTORS RESPONSIBILITIES

YEAR ENDED 31ST JULY 1997

Company law requires the directors to prepare financial statements for each financial year which give a true and fair view of the state of the affairs of the company and of the profit and 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 judgments 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 a going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

AUDITORS

Messrs M.R. Watson & Co were reappointed as auditors.

REPORT OF THE AUDITORS TO THE MEMBERS OF

C.B. FROST & CO LIMITED

We have audited the financial statements on pages 4 to 10.

Respective responsibilities of directors and auditors

As described on page 2 the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 consider 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 at 31st July 1997 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1986.

M.R. Watson & Co 

Chartered Accountants and Registered Auditors.

Birmingham
January 1998.

C.B. FROST & CO LIMITED
PROFIT AND LOSS ACCOUNT
YEAR ENDED 31ST JULY 1997

	<u>Note</u>	<u>1997</u>	<u>1996</u>
		£	£
Turnover - Continuing operations	1d	2,489,035	2,244,576
Cost of sales		1,420,610	1,297,888
		-----	-----
Gross profit		1,068,425	946,688
Operating expenses		(922,451)	(860,419)
		-----	-----
Operating profit	2	145,974	86,269
Interest receivable		8,202	4,526
Rent receivable		5,494	5,375
		-----	-----
Profit before taxation		159,670	96,170
Loss on sale of building		(48,145)	-
		-----	-----
		111,525	96,170
Corporation tax		(27,984)	(17,883)
		-----	-----
Profit after taxation		83,541	78,287
Dividend		(7,027)	(6,705)
		-----	-----
Transfer to Reserves		76,514	71,582
		=====	=====

The company has no recognised gains or losses other than the trading profits for the year ended 31st July 1997.

C.B. FROST & CO LIMITED

ABBREVIATED BALANCE SHEET

<u>31ST JULY 1997</u>		<u>1997</u>	<u>1996</u>
	<u>Notes</u>	£	£
FIXED ASSETS			
Tangible Assets	3	156,361	282,271

CURRENT ASSETS			
Stock	4	177,296	107,528
Debtors	5	515,834	487,868
Cash at Bank and in Hand	6	325,321	160,922
		-----	-----
		1,018,451	756,318
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	7	633,303	572,230
		-----	-----
NET CURRENT ASSETS		385,148	184,088
		-----	-----
TOTAL ASSETS LESS CURRENT LIABILITIES		541,509	466,359
CREDITORS : AMOUNTS FALLING DUE AFTER ONE YEAR	8	-	1,364
		-----	-----
		541,509	464,995
		=====	=====
Financed by :-			
CAPITAL AND RESERVES			
Share Capital	9	20,500	20,500
Share Premium Account		6,000	6,000
Retained Profits	10	515,009	438,495
		-----	-----
SHAREHOLDERS FUNDS		541,509	464,995
		=====	=====

The Directors have relied on Section 246 and 247 of the Companies Act 1985 entitling them to deliver abbreviated accounts and has done so on the grounds that the company is entitled to the benefit of those Sections as a small company.

Approved by the Directors on 22nd January 1998.

 Director
 Director

The notes on pages 6 to 10 form part of the statutory accounts.

C.B. FROST & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 1997

1. ACCOUNTING POLICIES

a) Basis of accounting

The financial statements have been prepared in accordance with applicable accounting standards under the historical cost convention.

The principal accounting policies which the Directors have adopted within that convention are set out below.

b) Depreciation

Depreciation is provided at the following rates :-

Buildings	4%
Plant & Equipment	5%
Motor Vehicles	25%
Fixtures	5%

c) Stock

Stock is valued at the lower of cost and net realisable value and the cost is determined on the first in first out basis.

Net realisable value is based on the estimated selling price after taking into account all further costs expected to be incurred on completion and disposal.

d) Turnover

Turnover represents sales net of Value Added Tax invoiced to customers throughout the year.

	<u>1997</u>	<u>1996</u>
	£	£
Turnover	2,489,035	2,244,576
	=====	=====

C.B. FROST & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 1997

1. ACCOUNTING POLICIES (Continued)

e) Deferred Taxation

Deferred Taxation is provided at the rate of 25% on the differences arising from the inclusion of items of income and expenditure in taxation computations in periods different from those in which they are included in financial statements to the extent that a liability may crystallise in the future.

f) Cash Flow Statement

The company has taken advantage of the exemption in Financial reporting Standard No 1 from producing a cash flow statement on the grounds that it is a small company.

g) Pension Scheme

The company operates a defined contribution pension scheme.

The assets of the scheme are held separately from those of the company in an independantly administered fund.

2. OPERATING PROFIT

The operating profit is shown after charging :-

	1997	1996
	£	£
Auditors Remuneration	6,684	6,364
Depreciation	40,619	34,230
Directors Remuneration	239,814	239,094
Plant Hire	821	1,031
	=====	=====

and after crediting :-

Profit on sale of assets	-	3,382
	=====	=====

C.B. FROST & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 1997

3. TANGIBLE ASSETS

	<u>Total</u>	<u>Freehold Premises</u>	<u>Plant & Machinery</u>	<u>Fixtures Fittings</u>	<u>Motor Vehicles</u>
	£	£	£	£	£
Cost 31.07.96	443,028	160,605	125,251	28,566	128,606
Additions	40,966	-	29,016	-	11,950
Disposals	(130,000)	(130,000)	-	-	-
	-----	-----	-----	-----	-----
Cost 31.07.97	353,994	30,605	154,267	28,566	140,556
Depreciation	197,633	5,339	91,205	22,089	79,000
	-----	-----	-----	-----	-----
NBV - 1997	156,361	25,266	63,062	6,477	61,556
	=====	=====	=====	=====	=====
NBV - 1996	282,271	151,523	39,076	7,893	83,779
	=====	=====	=====	=====	=====

4. STOCKS

	<u>1997</u>	<u>1996</u>
	£	£
Stock	177,296	107,528
	=====	=====

5. DEBTORS

	£	£
Trade Debtors	511,979	486,241
Prepayments	3,855	1,627
	-----	-----
	515,834	487,868
	=====	=====

6. CASH AND BANK

	£	£
Cash	75	75
Current Account	-	26,526
Deposit Account	325,246	134,321
	-----	-----
	325,321	160,922
	=====	=====

C.B. FROST & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 1997

7. CREDITORS : amounts falling due within one year :

	<u>1997</u>	<u>1996</u>
	£	£
Trade Creditors	349,142	343,618
NHI & PAYE	26,123	19,946
VAT	52,725	32,517
Corporation Tax	27,672	22,194
Dividends	6,027	5,705
Other Creditors	164,331	148,250
Bank Current Account	7,283	-
	-----	-----
	633,303	572,230
	=====	=====

8. CREDITORS : amounts falling due after more than one year :

	£	£
Deferred Taxation	Nil	1,364
	=====	=====

9. SHARE CAPITAL

	£	£
AUTHORISED		
£1 Ordinary Shares	25,000	25,000
£1 Preference Shares	4,000	4,000
	=====	=====
ISSUED		
£1 Ordinary Shares	16,500	16,500
£1 Preference Shares	4,000	4,000
	=====	=====

C.B. FROST & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 1997

10. RETAINED PROFITS	<u>1997</u>	<u>1996</u>
	£	£
Trading Profit	145,974	86,269
Interest Received	8,202	4,526
Rent Received	5,494	5,375
	-----	-----
Profit before Taxation	159,670	96,170
Loss on Sale of Building	(48,145)	--
	-----	-----
	111,525	96,170
Corporation Tax	(27,984)	(17,883)
	-----	-----
	83,541	78,287
Dividend	(7,027)	6,705
	-----	-----
Transfer to Reserves	76,514	71,582
Reserves brought forward	438,495	366,913
	-----	-----
Reserves carried forward	515,009	438,495
	=====	=====

11. CORPORATION TAX	£	£
Tax on profits of the year	29,348	23,822
Over provided in previous years	-	2,515
	-----	-----
	29,348	21,307
Deferred Taxation overprovided	1,364	3,424
	-----	-----
	27,984	17,883
	=====	=====

Corporation Tax is provided at the rate of 23.98%
(1996 24.6%)