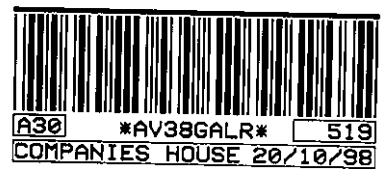


C.B. FROST & CO LIMITED
458421,
REPORT AND FINANCIAL
STATEMENTS
31ST JULY 1998



C.B. FROST & CO LIMITED

DIRECTORS REPORT

31ST JULY 1998

The Directors present their report together with the financial statements of the Company for the year ended 31st July 1998.

PRINCIPAL ACTIVITIES

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

DIRECTORS INTERESTS

The directors holding office during the year and their interests, as defined by the Companies Act 1985, in the shares of the Company were as follows :-

		<u>1998</u>	<u>1997</u>
		£	£
P.M. Knowles	£1 Ordinary Shares	7,578	7,578
W.B. Cordwell	£1 Ordinary Shares	430	430
D.J. Dunn	£1 Ordinary Shares	3,858	3,858
P.D. Beadle	£1 Ordinary Shares	3,432	3,432
N. Summers	£1 Ordinary Shares	1,202	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
15th October 1998.

C.B. FROST & CO LIMITED

STATEMENT OF DIRECTORS RESPONSILILITIES

YEAR ENDED 31ST JULY 1998

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 thoses 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

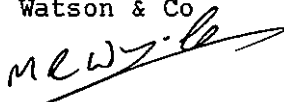
We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements 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 1998 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
October 1998.

C.B. FROST & CO LIMITED

PROFIT AND LOSS ACCOUNT

YEAR ENDED 31ST JULY 1998

	<u>Note</u>	<u>1998</u>	<u>1997</u>
		£	£
Turnover - Continuing operations	1d	2,724,604	2,489,035
Cost of sales		1,537,972	1,420,610
Gross profit		1,186,632	1,068,425
Operating expenses		(1,016,246)	(922,451)
Operating profit	2	170,386	145,974
Interest receivable		18,219	8,202
Rent receivable		-	5,494
Profit before taxation		188,515	159,670
Loss on sale of building		-	(48,145)
		188,515	111,525
Corporation tax		(52,378)	(27,984)
Profit after taxation		136,137	83,541
Dividend		(9,267)	(7,027)
Transfer to Reserves		126,870	76,514
		=====	=====

The company has no recognised gains or losses other than the trading profits and interest for the year ended 31st July 1998.

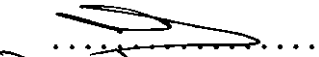
C.B. FROST & CO LIMITED

ABBREVIATED BALANCE SHEET

<u>31ST JULY 1998</u>		<u>1998</u>	<u>1997</u>
	<u>Notes</u>	£	£
FIXED ASSETS			
Tangible Assets	3	162,967	156,361
CURRENT ASSETS			
Stock	4	154,626	177,296
Debtors	5	534,025	515,834
Cash at Bank and in Hand	6	465,285	325,321
		1,153,936	1,018,451
CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR	7	648,524	633,303
NET CURRENT ASSETS		505,412	385,148
TOTAL ASSETS LESS CURRENT LIABILITIES		668,379	541,509
CREDITORS : AMOUNTS FALLING DUE AFTER ONE YEAR	8	-	-
		668.379	541,589
Financed by :-			
CAPITAL AND RESERVES			
Share Capital	9	20,500	20,500
Share Premium Account		6,000	6,000
Retained Profits	10	641,879	515,009
SHAREHOLDERS FUNDS		668,379	541,509

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 15th October 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 1998

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>1998</u>	<u>1997</u>
	£	£
Turnover	2,724,604	2,489,035
	=====	=====

C.B. FROST & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 1998

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 :-

	<u>1998</u>	<u>1997</u>
	£	£
Auditors Remuneration	7,018	6,684
Depreciation	45,226	41,231
Directors Remuneration	274,857	239,814
Plant Hire	1,017	821
	=====	=====

and after crediting :-

Profit on sale of assets	2,000	-
	=====	=====

C.B. FROST & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 1998

3. TANGIBLE ASSETS

	<u>Total</u>	<u>Freehold</u> <u>Premises</u>	<u>Plant &</u> <u>Machinery</u>	<u>Fixtures</u> <u>Fittings</u>	<u>Motor</u> <u>Vehicles</u>
	£	£	£	£	£
Cost 31.07.97	353,994	30,605	154,267	28,566	140,556
Additions	51,832	-	3,402	-	48,430
Disposals	(7,400)	-	-	-	(7,400)
	-----	-----	-----	-----	-----
Cost 31.07.98	398,426	30,605	157,669	28,566	181,586
Depreciation	235,459	5,951	97,542	23,505	108,461
	-----	-----	-----	-----	-----
NBV - 1998	162,967	24,654	60,127	5,061	73,125
	=====	=====	=====	=====	=====
NBV - 1997	156,361	25,266	63,062	6,477	61,556
	=====	=====	=====	=====	=====

4. STOCKS

	<u>1998</u>	<u>1997</u>
	£	£
Stock	154,626	177,296
	=====	=====

5. DEBTORS

	£	£
Trade Debtors	531,505	511,979
Prepayments	2,520	3,855
	-----	-----
	534,025	515,834
	=====	=====

6. CASH AND BANK

	£	£
Cash	75	75
Current Account	9,721	-
Deposit Account	455,489	325,246
	-----	-----
	465,285	325,321
	=====	=====

C.B. FROST & CO LIMITED

NOTES TO THE ACCOUNTS FOR THE YEAR ENDED 31ST JULY 1998

7. CREDITORS : amounts falling due within one year :

	<u>1998</u>	<u>1997</u>
	£	£
Trade Creditors	298,885	349,142
NHI & PAYE	16,257	26,123
VAT	56,123	52,725
Corporation Tax	40,380	27,672
Dividends	8,267	6,027
Other Creditors	228,612	164,331
Bank Current Account	-	7,283
	-----	-----
	648,524	633,303
	=====	=====

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

	£	£
Deferred Taxation	Nil	Nil
	=====	=====

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 1998

10. RETAINED PROFITS	<u>1998</u>	<u>1997</u>
	£	£
Trading Profit	170,386	145,974
Interest Received	18,219	8,202
Rent Received	-	5,494
	-----	-----
Profit before Taxation	188,515	159,670
Loss on Sale of Building	-	(48,145)
	-----	-----
	188,515	111,525
Corporation Tax	(52,378)	(27,984)
	-----	-----
Profit after Taxation	136,137	83,541
Dividend	(9,267)	(7,027)
	-----	-----
Transfer to Reserves	126,870	76,514
Reserves brought forward	515,009	438,495
	-----	-----
Reserves carried forward	641,879	515,009
	=====	=====
11. CORPORATION TAX	£	£
Tax on profits of the year	42,136	29,348
Prior year adjustment	10,242	-
	-----	-----
	52,378	29,328
	-----	-----
Deferred Taxation	-	1,364
	-----	-----
	52,378	27,984
	=====	=====

Corporation Tax is provided at the rate of 21.00%
(1997 23.98%)