



BILLAM PLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

31 DECEMBER 1999

COMPANY NUMBER: 00298654

BILLAM PLC

DIRECTORS, OFFICERS AND ADVISERS

Company registration number: 00298654

Registered office: PricewaterhouseCoopers
9 Bond Street
Leeds
LS1 2SN

Directors: Tom Pindar OBE, DL
Barry Truman
Barbara Billam

Secretary: Jeremy Hibbert

Bankers: Barclays Bank Plc
Sheffield

Solicitors: Dibb Lupton Alsop
Sheffield

Auditors: Grant Thornton
28 Kenwood Park Road
Sheffield
S7 1NG

Nominated Advisor and Nominated Broker: Peel Hunt plc
London

Registrars: Northern Registrars Limited
Northern House
Penistone Road
Fenay Bridge
Huddersfield
HD8 0LA

BILLAM PLC

FINANCIAL STATEMENTS

For the year ended 31 December 1999

INDEX	PAGE
Chairman's statement	1
Report of the directors	2 - 4
Reports of the auditors	5 - 6
Principal accounting policies	7 - 8
Consolidated profit and loss account	9
Balance sheets	10
Consolidated cash flow statement	11
Notes to the financial statements	12 - 22

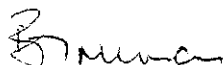
BILLAM PLC

CHAIRMAN'S STATEMENT

The company and its trading subsidiaries have been in administrative receivership since 19 October 1999 when its shares were suspended. The administrators are PricewaterhouseCoopers, particularly Edwards Klemka and Ian Green of 9 Bond Court, Leeds LS1 2SN.

Further to press releases to date, it is unlikely that there will be any distributable reserves to unsecured creditors or shareholders.

Following a CVA and EGM on 30 May 2000, it is believed that the company will re-list on the Alternative Investment Market on 1 June 2000 as a venture capital company, having been re-capitalised by external investors.



B Truman
Acting Chairman
26 May 2000

BILLAM PLC (in administrative receivership)

REPORT OF THE DIRECTORS

The directors have pleasure in submitting their report, together with the consolidated financial statements of the Group for the year ended 31 December 1999.

Principal activities

The Group's principal activity is engineering. The Company's principal activity is that of a holding company. The Company, together with its trading subsidiary undertakings, was put into administrative receivership on 19 October 1999.

Results and dividends

The results for the year are set out in the Group profit and loss account on page 9.

The loss on ordinary activities before taxation amounted to £3,404,000. The directors do not recommend payment of a dividend.

Review of the business

A review of the business during the year and comments on the future outlook are contained in the Chairman's statement on page 1.

Directors

The directors in office at the year end and their interests, all beneficially held, in the issued ordinary share capital of the company are shown below :

	Ordinary shares of 10p each	
	31 December 1999	31 December 1998
G T V Pindar (appointed 27 May 1999)	-	-
B Truman	16,800	16,800
B P Billam	350,179	350,179

All directors served throughout the year except where noted.

There have been no movements in directors' shareholdings since 31 December 1999 to the date of this report.

No director has an interest in any material contract, other than contracts of service and employment, to which the Group was a party.

BILLAM PLC (in administrative receivership)

REPORT OF THE DIRECTORS

Notifiable interests

At 26 May 2000, the Group had been advised of the following notifiable interests in the ordinary share capital of the Company:

	%
Ms B P Billam	21.6
Mrs J Knapp	20.4
Sharelink Nominees Limited	10.2
Mr S Ingram	7.2
Bank of New York Nominees Limited	5.6
Imperial Pensions Nominees Limited	4.3

Directors' responsibilities for the financial statements

The following statement, which should be read in conjunction with the statement of auditors' responsibilities set out on page 5 is made with a view to distinguishing for shareholders the respective responsibilities of the directors and the auditors in relation to the financial statements.

The directors are required by law to prepare financial statements which give a true and fair view of the state of affairs of the Company and the Group at the end of each financial year and of the result of the Group for the year. They are responsible for keeping proper accounting records, and taking reasonable steps for safeguarding assets, for preventing and detecting fraud and other irregularities.

The directors consider that suitable policies have been consistently applied and that reasonable and prudent judgements and estimates have been used in the preparation of the financial statements. The directors also confirm that applicable accounting standards have been followed.

Going concern

The directors draw your attention to note 1 to the financial statements which refers to an uncertainty regarding the outcome of a proposed Company Voluntary Arrangement and subsequent share placing. Whilst the directors are presently uncertain as to the outcome of the above, they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

Creditor payment policy

The Group's policy is to conform to consistent terms of payment with suppliers, to ensure that suppliers are aware of these terms and to pay agreed invoices in accordance with them. Due to the difficulties experienced during the year the Group has not been able to adhere to this policy.

BILLAM PLC (in administrative receivership)

REPORT OF THE DIRECTORS

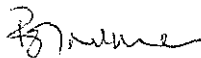
Year 2000 Compliance

The company reviewed its computer systems for the impact of the Year 2000 date change, prepared an action plan to address the issue and carried out all necessary measures.

Auditors

Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

ON BEHALF OF THE BOARD



B Truman
Director

26 May 2000

REPORT OF THE AUDITORS TO THE MEMBERS OF

BILLAM PLC (in administrative receivership)

We have audited the financial statements on pages 7 to 22 which have been prepared under the accounting policies set out on pages 7 and 8.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 3, this includes responsibility for preparing the financial statements in accordance with applicable United Kingdom law and accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and by our profession's ethical guidance.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the group is not disclosed.

We read the other information contained in the Annual Report and consider whether it is consistent with the audited financial statements. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements.

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 group'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. However, the information available to us was limited because the books and records of the Company and the books and records of the subsidiaries were not made fully available to us as a result of the administrative receivership which commenced on 19 October 1999 as more fully described in the basis of consolidation paragraph within the accounting policies on page 7.

In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Fundamental uncertainty

In forming our opinion we have considered the adequacy of the disclosures made in note 1 to the financial statements concerning the basis of preparation. The financial statements have been prepared on the going concern basis. The validity of this basis depends on the company's creditors accepting the terms of a proposed Company Voluntary Arrangement together with sufficient funding being raised from a planned share placing. The financial statements do not include any adjustments that would result from a failure to obtain such agreements and funding. Our opinion is not qualified in this respect.

Qualified opinion arising from limitation in audit scope

In our opinion the financial statements give a true and fair view of the state of affairs of the Company and the Group at 31 December 1999 and, except for any adjustments that might have been necessary had we had sufficient access to the books and records of the company and its subsidiary undertakings, give a true and fair view of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

In respect alone of the limitation on our work relating to the books and records of the company and its subsidiary undertakings

- we have not obtained all the information and explanations that we considered necessary for the purpose of our audit; and
- we were unable to determine whether proper accounting records had been maintained.

**GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS
SHEFFIELD**

26 May 2000

BILLAM PLC (in administrative receivership)

PRINCIPAL ACCOUNTING POLICIES

The financial statements have been prepared in accordance with applicable accounting standards and under the historical cost convention as modified by the revaluation of certain land and buildings.

The principal accounting policies of the Group have remained unchanged from the previous year and are set out below.

BASIS OF CONSOLIDATION

The Group financial statements consolidate the financial statements of the Company and its subsidiary undertakings for the year ended 31 December 1999. However, the Company, together with its trading subsidiary undertakings, was placed into administrative receivership on 19 October 1999. Since the receivership, financial records have not been available for the subsidiary undertakings. As a consequence of the restrictions over the subsidiary undertakings brought about by their receivership, the assets of all subsidiary undertakings have been eliminated from the Group's financial statements for the year ended 31 December 1999. The trading results of all subsidiary undertakings for the period prior to being placed in receivership have not been included within the financial statements for the year ended 31 December 1999 as the financial records of the subsidiary undertakings are not sufficient to enable figures to be prepared as required by FRS2.

The investments in all subsidiary undertakings and amounts due from those companies have been fully provided in the financial statements of Billam plc and the Group.

TURNOVER

Turnover represents sales invoiced to third parties excluding value added tax.

DEPRECIATION

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible assets, excluding land, by equal annual instalments over their expected useful economic lives. The rates generally applicable are:

Freehold and long leasehold buildings	2%
Plant and fixtures	10% - 25%
Motor vehicles	25%

INTANGIBLE FIXED ASSETS AND GOODWILL

Patents acquired are included at cost and amortised on a straight-line basis over their estimated useful economic life of three years.

Purchased goodwill is capitalised and is amortised on a straight-line basis over its estimated useful economic life.

STOCKS

Stocks are stated at the lower of cost and net realisable value.

BILLAM PLC

PRINCIPAL ACCOUNTING POLICIES

DEFERRED TAXATION

Deferred taxation is the taxation attributable to timing differences between profits and losses as computed for taxation purposes and results as stated in the financial statements.

Deferred taxation is accounted for to the extent that it is probable that a liability or asset will crystallise. Unprovided deferred taxation is disclosed as a contingent liability.

Debit balances arising in respect of advance corporation tax on dividends payable or proposed are carried forward to the extent that it is foreseen that sufficient corporation tax will be assessed in the succeeding period to allow offset.

LEASED ASSETS

Where assets are financed by leasing agreements which transfer risk and rewards approximating to ownership ("finance leases") they are treated as if they had been purchased outright on credit. They are initially recorded as a fixed asset and a liability at a sum equal to the fair value of the asset. Leasing payments on such assets are regarded as consisting of a capital element which reduces the outstanding liability and an interest charge.

All other leases are regarded as operating leases and the total payments made under them are charged to the profit and loss account on a straight-line basis over the lease term.

CONTRIBUTION TO PENSION SCHEMES

The pension costs charged against profits represent the amount of the contributions payable to the defined contribution schemes in respect of the accounting period.

INVESTMENTS

In the Company balance sheet investments in subsidiary undertakings are stated at cost less any provision for diminution in value.

GOVERNMENT GRANTS

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by annual instalments over the expected useful lives of the relevant assets. Revenue grants are released to the profit and loss account over the life of the project to which they relate.

BILLAM PLC (in administrative receivership)

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 31 December 1999

	Note	1999 £000	1998 £000
Turnover	2		
Continuing operations		637	-
Discontinued operations		-	7,543
		<u>637</u>	<u>7,543</u>
Cost of sales		-	5,834
Gross profit		637	1,709
Distribution costs	3	-	344
Administrative expenses	3	2,468	2,182
Operating loss		(1,831)	(817)
Exceptional items:			
Loss on disposal of fixed assets	3	472	-
Provision against subsidiary undertakings	3	1,044	-
Loss on ordinary activities before interest		(3,347)	(817)
Net interest payable	4	57	210
Loss on ordinary activities before taxation		(3,404)	(1,027)
Tax on loss on ordinary activities	6	1	(2)
Loss on ordinary activities after taxation		(3,403)	(1,029)
Dividends		-	25
Retained loss for the year	18	<u>(3,403)</u>	<u>(1,054)</u>
Loss per share		<u>(210.1p)</u>	<u>(63.5p)</u>

There is no material difference between the loss on ordinary activities before taxation and the retained loss for the year stated above, and their historical cost equivalents.

There were no recognised gains or losses other than those included in the loss for the year.

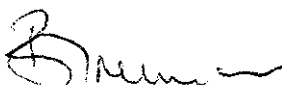
The accompanying accounting policies and notes form an integral part of these financial statements.

BILLAM PLC

BALANCE SHEETS AT 31 DECEMBER 1999

	Note	Group		Company	
		1999 £000	1998 £000	1999 £000	1998 £000
Fixed assets					
Intangible assets	7	-	30	-	-
Tangible assets	8	-	2,037	-	1,435
Investments	9	-	-	-	427
		<u>-</u>	<u>2,067</u>	<u>-</u>	<u>1,862</u>
Current assets					
Stocks	10	-	712	-	-
Debtors: amounts falling due within one year	11	-	2,118	-	721
Debtors: amounts falling due after one year	11	-	-	-	481
Investments	12	425	-	425	-
Cash at bank and in hand		524	-	524	370
		<u>949</u>	<u>2,830</u>	<u>949</u>	<u>1,572</u>
Creditors: amounts falling due within one year	13	<u>(3,563)</u>	<u>3,350</u>	<u>(3,563)</u>	<u>1,526</u>
Net current (liabilities)/assets		<u>(2,614)</u>	<u>(520)</u>	<u>(2,614)</u>	<u>46</u>
Total assets less current liabilities		<u>(2,614)</u>	<u>1,547</u>	<u>(2,614)</u>	<u>1,908</u>
Creditors: amounts falling due after more than one year	14	-	755	-	702
Deferred income	16	-	3	-	-
		<u>(2,614)</u>	<u>789</u>	<u>(2,614)</u>	<u>1,206</u>
Capital and reserves					
Called up share capital	17	162	162	162	162
Share premium account	18	161	161	161	161
Revaluation reserve	18	-	698	-	698
Profit and loss account	18	(2,937)	(232)	(2,937)	185
Shareholders' funds	19	<u>(2,614)</u>	<u>789</u>	<u>(2,614)</u>	<u>1,206</u>

The financial statements were approved by the Board of directors on 26 May 2000.


B Truman

Director

The accompanying accounting policies and notes form an integral part of these financial statements.

BILLAM PLC

GROUP CASH FLOW STATEMENT

For the year ended 31 December 1999

	Note	1999 £000	1999 £000	1998 £000	1998 £000
Net cash inflow from operating activities	220		1,434		335
Returns on investments and servicing of finance					
Interest received		2		-	
Interest paid		(52)		(198)	
Interest paid on finance leases		(7)		(12)	
Net cash outflow from returns on investments and servicing of finance			(57)		(210)
Capital expenditure and financial investment					
Purchase of tangible fixed assets		(146)		(114)	
Sale of tangible fixed assets		676		36	
Purchase of intangible fixed assets		-		(81)	
			530		(159)
Equity dividends paid					(75)
Net cash inflow/(outflow) before financing			1,907		(109)
Financing					
Capital element of finance lease rentals		(98)		(88)	
net change in other short term financing		(842)		842	
Repayment of debt due within one year		(64)		(140)	
Net cash (outflow)/inflow from financing			(1,004)		614
Increase in cash in the year	22		903		505

The accompanying accounting policies and notes form an integral part of these financial statements.

BILLAM PLC (in administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 1999

1 BASIS OF PREPARATION

The company's banking facilities were withdrawn on 19 October 1999 and the company and its trading subsidiaries placed in administrative receivership on the same date.

The financial statements do not include any activity or results for the trading subsidiary undertakings of the company, on the grounds that control over the affairs of these undertakings passed from the company to the administrative receivers on 19 October 1999.

The financial statements have been prepared on the going concern basis which assumes that the company will continue in operational existence for the foreseeable future.

The validity of the going concern assumption depends upon the creditors accepting the terms of a proposed Company Voluntary Arrangement together with the success of a planned share placing. The financial statements do not include any adjustments that would result from a failure to obtain such agreement and funding.

Whilst the directors are presently uncertain as to the outcome of the above, they believe that it is appropriate for the financial statements to be prepared on the going concern basis.

2 TURNOVER AND LOSS ON ORDINARY ACTIVITIES BEFORE TAXATION

Turnover is attributable to the activity of a holding company (1998 engineering) all of which originates from the United Kingdom.

Geographical analysis of turnover by destination:

	1999 £000	1998 £000
United Kingdom	637	7,382
Rest of Europe	-	137
United States of America	-	15
Other export	-	9
	<u>637</u>	<u>7,543</u>

The loss on ordinary activities is stated after charging:

	£000	£000
Depreciation		
- owned assets	49	171
- plant held under finance leases	-	41
Amortisation and provision for impairment	-	61
Operating lease rentals		
- hire of plant and machinery	-	26
- other	-	72
Auditors' remuneration		
- audit services	12	33
- non audit services	-	10
Government grants credited	-	(3)
	<u>-</u>	<u>(3)</u>

BILLAM PLC

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

3 COST OF SALES AND OTHER OPERATING INCOME

Analysis of expenditure and other operating income between continuing and discontinued businesses

	1999			1998		
	Continuing £000	Discontinued £000	Total £000	Continuing £000	Discontinued £000	Total £000
Cost of sales	-	-	-	-	5,834	5,834
Distribution costs	-	-	-	-	344	344
Administrative expenses	<u>2,468</u>	<u>-</u>	<u>2,468</u>	<u>922</u>	<u>1,260</u>	<u>2,182</u>

Exceptional items relate to:

	1999 £000
Loss on disposal of fixed assets	153
Loss on restatement of asset values transferred to current asset investments	<u>319</u>
	472
Elimination of the net assets of subsidiary undertakings from the Group financial statements and associated provisions	<u>1,044</u>
	<u>1,516</u>

4 NET INTEREST PAYABLE

	1999 £000	1998 £000
On bank loans and overdrafts	52	198
On finance leases	<u>7</u>	<u>12</u>
	59	210
Bank interest receivable	<u>(2)</u>	<u>-</u>
	<u>57</u>	<u>210</u>

BILLAM PLC (in administrative receivership)**NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)**

For the year ended 31 December 1999

5 STAFF COSTS

The average number of employees (including directors) of the Group during the year and their payroll costs were:

	1999 Number	1998 Number
Engineering	<u>22</u>	<u>199</u>
	£000	£000
Wages and salaries	468	2,986
Social security	26	252
Pension costs (note 25)	16	43
	<u>510</u>	<u>3,281</u>

Remuneration in respect of directors was as follows:

	£000	£000
Fees	3	-
Emoluments	82	132
Compensation for loss of office	90	-
Pension contributions to money purchase schemes	6	9
	<u>181</u>	<u>141</u>

6 TAX ON LOSS ON ORDINARY ACTIVITIES

The taxation (credit)/charge for the year is made up as follows:

	1999 £000	1998 £000
UK corporation tax	-	(5)
Deferred tax	-	(11)
Irrecoverable ACT	(1)	18
	<u>(1)</u>	<u>2</u>

BILLAM PLC (in administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

7 INTANGIBLE FIXED ASSETS

	Patents and trademarks £000	Goodwill £000	Total £000
Group			
Cost			
At 1 January 1999	45	46	91
Disposals	(45)	(46)	(91)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>
Amortisation			
At 1 January 1999	15	46	61
Disposals	(15)	(46)	(61)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount at 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount at 31 December 1998	<u>30</u>	<u>-</u>	<u>30</u>

8 TANGIBLE FIXED ASSETS

	Land and buildings		Plant, fixtures, vehicles £000	Total £000
	Freehold £000	Long leasehold £000		
Group				
Cost or valuation				
At 1 January 1999	1,236	128	2,216	3,580
Additions	182	-	5	187
Transfers to current asset investments	(645)	(125)	(2)	(772)
Disposals and elimination due to receivership	(773)	(3)	(2,219)	(2,995)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Depreciation				
At 1 January 1999	19	3	1,521	1,543
Provided in the year	14	1	34	49
Transfers to current asset investments	(16)	(3)	-	(19)
Disposals and elimination to receivership	(17)	(1)	(1,555)	(1,573)
At 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount at 31 December 1999	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net book amount at 31 December 1998	<u>1,217</u>	<u>125</u>	<u>695</u>	<u>2,037</u>

BILLAM PLC (in administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

8 TANGIBLE FIXED ASSETS (CONTINUED)

	Land and buildings		Plant,	Total
	Freehold £000	Long leasehold £000	fixtures, vehicles £000	
Company				
Cost or valuation				
At 1 January 1999	1,236	128	183	1,547
Additions	182	-	5	187
Transfers to current asset investments	(645)	(125)	(2)	(772)
Disposals	(773)	(3)	(186)	(962)
At 31 December 1999	-	-	-	-
Depreciation				
At 1 January 1999	19	3	90	112
Provided in the year	14	1	34	49
Transfers to current asset investments	(16)	(3)	-	(19)
Eliminated on disposals	(17)	(1)	(124)	(142)
At 31 December 1999	-	-	-	-
Net book amount at 31 December 1999	-	-	-	-
Net book amount at 31 December 1998	1,217	125	93	1,435

9 FIXED ASSET INVESTMENTS

Company	1999 £000	1998 £000
Shares in subsidiary undertakings		
At 1 January and 31 December	701	701
Amount provided		
At 1 January	274	254
Provided in the year	427	20
At 31 December	701	274
Net book amount at 31 December	-	427

BILLAM PLC (in administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

9 FIXED ASSET INVESTMENTS (CONTINUED)

At 31 December 1999 the principal subsidiary undertakings, all of which are wholly owned and are registered and operate in England, were:

	Nature of business	Class of capital
Billam (Sheffield) Realisations Ltd (formerly Aircraft & Sheet Metal Engineers Ltd)	Manufacture of sheet metal fabrications - in receivership	Ordinary
Billam Leisure Products Ltd	Manufacture of golf trolleys - in receivership	Ordinary
Billam Purchasing & Trading Ltd	Dormant	Ordinary
Billam Supplies Ltd	Distribution of cutting tools and engineering consumables - in receivership	Ordinary
Billam (Birmingham) Realisations Ltd (formerly Willis Pressing & Assemblies Ltd)	Manufacture of pressed and welded assemblies - in receivership	Ordinary

10 STOCKS

	Group	
	1999 £000	1998 £000
Raw materials	-	133
Work in progress	-	201
Finished goods	-	378
	<u>-</u>	<u>712</u>

11 DEBTORS

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
Amounts falling due within one year:				
Trade debtors	-	1,786	-	-
Amounts owed by group undertakings	-	-	-	446
Other debtors	-	217	-	204
Prepayments and accrued income	-	115	-	71
	<u>-</u>	<u>2,118</u>	<u>-</u>	<u>721</u>
Amounts falling due after more than one year:				
Amounts owed by group undertakings	-	-	-	481
	<u>-</u>	<u>-</u>	<u>-</u>	<u>481</u>

BILLAM PLC (in administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

12 CURRENT ASSET INVESTMENTS

	1999 £000	1998 £000
<i>Group and company</i>		
Property held for resale	<u>425</u>	<u>-</u>

13 CREDITORS : AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
Bank loan (note 14)	713	86	713	86
Bank overdraft (note 14)	-	379	-	-
Other short term financing (note 14)	-	842	-	-
Amounts owed to group undertakings	1,213	-	1,213	1,207
Trade creditors	274	1,277	274	108
Corporation tax	-	-	-	49
Social security and other taxes	520	577	520	42
Proposed dividend	-	-	-	-
Other creditors	828	130	828	23
Obligations under finance leases	15	59	15	11
	<u>3,563</u>	<u>3,350</u>	<u>3,563</u>	<u>1,526</u>

14 CREDITORS : AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
Bank loans	-	691	-	691
Obligations under finance leases	-	54	-	11
Other creditors	-	10	-	-
	<u>-</u>	<u>755</u>	<u>-</u>	<u>702</u>

The bank overdraft and loans are secured by fixed and floating charges over the assets of the Company and its subsidiary undertakings. Other short term financing is secured by specific charges over the book debts of two subsidiary companies.

BILLAM PLC (In administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

15 BORROWINGS

Borrowings are repayable as follows:

	Group		Company	
	1999 £000	1998 £000	1999 £000	1998 £000
Within one year:				
Bank loans and overdraft	713	465	713	86
Other short term financing	-	842	-	-
Finance leases	15	59	15	11
After one and within two years:				
Bank loan	-	86	-	86
Finance leases	-	28	-	11
After two and within five years:				
Bank loan	-	605	-	605
Finance leases	-	26	-	-
	<u>728</u>	<u>2,111</u>	<u>728</u>	<u>799</u>
Cash	(524)	-	(524)	(370)
Net borrowings	<u>204</u>	<u>2,111</u>	<u>204</u>	<u>429</u>

16 DEFERRED INCOME

Deferred income represents Government grants not yet credited to the profit and loss account.

17 SHARE CAPITAL

	1999 £000	1998 £000
Authorised		
2,000,000 ordinary shares of 10p each	<u>200</u>	<u>200</u>
Allotted, called up and fully paid		
1,620,000 ordinary shares of 10p each	<u>162</u>	<u>162</u>

BILLAM PLC (in administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

18 SHARE PREMIUM ACCOUNT AND RESERVES

	Share premium £000	Revaluation reserve £000	Profit and loss account £000
Group			
At 1 January 1999	161	698	(232)
Retained loss for the year	-	-	(3,403)
Transfer to profit and loss account	-	(698)	698
At 31 December 1999	<u>161</u>	<u>-</u>	<u>(2,937)</u>
Company			
At 1 January 1999	161	698	185
Retained loss for the year	-	-	(3,820)
Transfer to profit and loss account	-	(698)	698
At 31 December 1999	<u>161</u>	<u>-</u>	<u>(2,937)</u>

A separate profit and loss account dealing with the results of the Company only has not been presented in accordance with the exemptions given by Section 230 of the Companies Act 1985. The Group profit and loss account includes a loss of £3,820,000 (1998:£453,000) which is dealt with in the financial statements of the parent Company.

19 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	1999 £000	1998 £000
Loss for the financial year	(3,403)	(1,029)
Dividends	-	(25)
Net decrease in shareholders' funds	<u>(3,403)</u>	<u>(1,054)</u>
Shareholders' funds at 1 January 1999	789	1,843
Shareholders' funds at 31 December 1999	<u>(2,614)</u>	<u>789</u>

20 RECONCILIATION OF OPERATING PROFIT TO NET CASH FLOW FROM OPERATING ACTIVITIES

	1999 £000	1998 £000
Operating loss	(1,831)	(817)
Depreciation and amortisation	49	273
Release of grants	-	(3)
Loss on sale of tangible fixed assets	-	(29)
Increase in stocks	-	(24)
Decrease in debtors	680	320
Increase in creditors	2,536	615
	<u>1,434</u>	<u>335</u>

BILLAM PLC (in administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

21 ANALYSIS OF CHANGES IN NET DEBT

	At 1 January 1999 £000	Cash flow £000	Other non-cash changes £000	At 31 December 1999 £000
Bank overdraft	(379)	379	-	-
Cash at bank and in hand	-	524	-	524
		<u>903</u>		
Debt falling due within one year	(928)	906	(691)	(713)
Debt falling due after one year	(691)	-	691	-
Finance leases	(113)	98	-	(15)
		<u>1,004</u>		
	<u>(2,111)</u>	<u>1,907</u>	<u>-</u>	<u>(204)</u>

22 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	1999 £000	1998 £000
Increase in cash in the year	903	505
Cash inflow from financing	<u>1,004</u>	<u>(614)</u>
Change in net debt resulting from cashflows	1,907	(109)
Net debt at 1 January 1999	<u>(2,111)</u>	<u>(2,002)</u>
Net debt at 31 December 1999	<u>(204)</u>	<u>(2,111)</u>

23 DISPOSALS

The subsidiary undertakings have been eliminated from consolidation with effect from 1 January 1999. The assets and liabilities eliminated were as follows:

	1999 £000
Intangible assets	30
Tangible assets	602
Stocks	712
Debtors	1,397
Deferred income	(3)
Creditors	<u>(1,694)</u>
Net assets	<u>1,044</u>
Loss on elimination	<u>1,044</u>

BILLAM PLC (in administrative receivership)

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 1999

24 POST BALANCE SHEET EVENT

The Company has remained in administrative receivership from the year end to current date. On 30 May 2000 the creditors of the Company will be asked to accept the terms of a proposed voluntary arrangement. If the proposed voluntary arrangement is accepted by them and approved by the shareholders, this may enable the Company to survive as a "Shell" company and, in due course, for value to be created for shareholders.

Properties remaining in the Company were transferred to a subsidiary undertaking in May 2000. The amounts due to Barclays Bank Plc have all been discharged, although the Bank retains an interest in the properties transferred.

25 PENSION SCHEME

The Group operates two defined contribution pension schemes for the benefit of its employees. The schemes are set up under trust and their assets are therefore held separately from the assets of the Group.

26 CONTINGENT LIABILITIES

There are unlimited mutual guarantees given by the Company and its subsidiary undertakings in respect of bank advances. The overdrafts and loans guaranteed by the Company at 31 December 1999 totalled £ 445,000 (1998: £380,000).

Certain properties held within current asset investments at 31 December 1999 have been transferred to a subsidiary undertaking of the Company since that date, at a total value of £390,000. There is a potential liability to the Company should those properties remain unsold in five years time (at which time they will be subject to professional valuation) or if they are sold for less than transfer value. Any shortfall in either sale proceeds or valuation may be transferred back to the Company at that time. The value of this potential liability is not quantifiable at the present time.

27 COMMITMENTS UNDER OPERATING LEASES

There were annual commitments under operating leases as follows:

	Group		Company	
	1999	1998	1999	1998
	£000	£000	£000	£000
Land and buildings				
Operating leases which expire:				
Within one year	-	30	-	30
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Other				
Operating leases which expire:				
Within one year	-	18	-	16
Between one and two years	-	15	-	16
between two and five years	-	63	-	-
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	-	96	-	32
	<u> </u>	<u> </u>	<u> </u>	<u> </u>