

REGISTRARS COPY

Company Number: 83667

Kent Blaxill & Co. Limited

Financial Statements

for the year ended 31st December 2001



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Registered Office

129-139 Layer Road
Colchester
Essex
CO2 9JY

Directors

Mr S.R.D. Fanshawe (Chairman)
Mr A.C. Blaxill
Mr A.J. Blaxill
Mr H.R. Blaxill
Mr S.C. Blaxill
Mrs E. A. Cash
Mr B.R. Kent
Mr J.S. Kent
Mr J.J. Mannion (Secretary)

Auditors

Butt Cozens
Town Wall House
Balkerne Hill
Colchester
Essex
CO3 3AD

Bankers

Barclays Bank PLC
P.O. Box 1
9 High Street
Colchester
Essex
CO1 1DD

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The directors submit their report together with the audited financial statements for the year ended 31st December 2001.

Directors' Statement

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 profit for that year. 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;

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 the 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 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.

Results, Business Review and Dividends

Turnover during the year increased by 7.8% and margins were improved. Staff costs, depreciation and other operating charges increased by 4.2%.

The activities involving the fabrication of Leaded Lights and the installation of PVCu windows were discontinued. The discontinuance of these activities did not have a material effect on the results for the year.

The operating profit for the year was £685,423 (2000: £412,894).

A special dividend of £1.50 per share was paid in January 2002. The Directors propose a further dividend of £3.50 per share bringing the total dividends for the year to £5.00 per share (2000: £3.50). The retained profit for the year is £349,760 and has been transferred to reserves (2000: £211,138).

Capital expenditure during the year was £314,458 including mainly the replacement of motor vehicles and investments in information technology.

Net debt during the period was reduced by £416,578 (2000: £350,767).

Fixed Assets

Details of movements in Fixed Assets are disclosed in note 11.

97th Annual Report of the Directors
for the year ended 31st December 2001

Principal Activities

The principle activities of the Company are:

- i) The supply of building materials to the construction and maintenance industries.
- ii) The supply of decorative materials to professional painters and decorators.
- iii) The supply of glass and glazing services and the fabrication of glass into secondary double glazing products.

Directors and their Interests

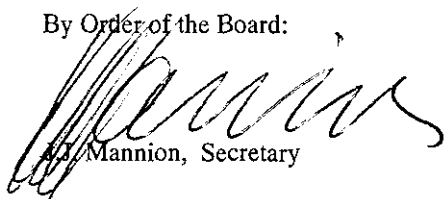
The directors who served during the year and their beneficial interests in the share capital of the company were as follows:

	shares of £10 each	
	2001 No.	2000 No.
Mr S.R.D. Fanshawe (Chairman)	10	10
Mr A.C. Blaxill	737	737
Mr A.J. Blaxill	628	628
Mr H.R. Blaxill	15	15
Mr S.C. Blaxill	839	839
Mrs E. A. Cash	120	120
Mr B.R. Kent	432	432
Mr J.S. Kent	1,391	1,391
Mr J.J. Mannion (Secretary)	10	10

Auditors

The Auditors, Butt Cozens Chartered Accountants, have indicated that they are willing to be reappointed at the forthcoming Annual General Meeting.

By Order of the Board:


J.J. Mannion, Secretary
19th April 2002

Independent Auditors' Report to the Shareholders
on the Financial Statements for the year ended 31st December 2001

We have audited the financial statements on pages 4 to 18, which have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out on pages 8 and 9.

Respective responsibilities of the directors and auditors

As described on page 1 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.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

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 1985. We also report to you if, in our opinion, the Report of the Directors 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 company is not disclosed.

We read the Report of the Directors and consider the implications of our report if we become aware of any apparent misstatements within it.

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 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, other irregularity or error. In forming our opinion we also evaluated the overall adequacy of the presentation of the 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 as at 31st December 2001 and of its profit and cash flow for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



Butt Cozens
Chartered Accountants
and Registered Auditors

Town Wall House,
Balkerne Hill,
Colchester,
Essex

22nd April 2002

Profit and Loss Account

for the year ended 31st December 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Turnover	2		16,718,697		15,511,044
Changes in stocks of finished goods and work in progress			106,431		74,780
Other operating income			40,261		27,707
			<u>16,865,389</u>		<u>15,613,531</u>
Raw materials and consumables		(11,034,043)		(10,263,955)	
Staff costs	3	(3,183,458)		(3,048,205)	
Depreciation and amortisation		(364,390)		(376,398)	
Other operating charges		(1,598,075)		(1,512,079)	
			<u>(16,179,966)</u>		<u>(15,200,637)</u>
Operating profit	4		685,423		412,894
Exceptional items:					
Cost in respect of department closure	5		-		(63,270)
Profit on ordinary activities before interest			685,423		349,624
Income from other fixed asset investments	6		3,750		5,000
Interest receivable			778		-
Interest payable	7		(148,609)		(200,698)
Profit on ordinary activities before taxation			541,342		153,926
Taxation	8		(158,936)		80,064
Profit on ordinary activities after taxation			382,406		233,990
Dividends	9		(32,646)		(22,852)
Retained profit for the year	21		<u>349,760</u>		<u>211,138</u>

All amounts relate to continuing activities.

Total Recognised Gains and Losses and Note of Historical Cost Profits and Losses
for the year ended 31st December 2001

	2001 £	2000 £
Statement of Total Recognised Gains and Losses		
Profit for the financial year	382,406	233,990
Unrealised Surplus on revaluations of freehold land and buildings	772,091	-
Total recognised gains since the last financial statements	<u>1,154,497</u>	<u>233,990</u>

Note of Historical Cost Profits and Losses

Profit on ordinary activities before taxation	541,342	153,926
Difference between historical cost depreciation charge and depreciation charge based on revalued amounts	1,161	1,161
Historical cost profit before taxation	<u>542,503</u>	<u>155,087</u>
Historical cost profit transferred to reserves	<u>350,921</u>	<u>212,299</u>

Balance Sheet

as at 31st December 2001

	Notes	2001 £	2001 £	2000 £	2000 £
Fixed Assets					
Intangible fixed assets	10		-		-
Tangible fixed assets	11		4,138,269		3,425,802
Investments	12		18,326		18,326
			<u>4,156,595</u>		<u>3,444,128</u>
Current Assets					
Stock	14	1,953,789		1,847,358	
Debtors	15	2,188,514		2,234,089	
Cash at bank and in hand		11,338		7,373	
		<u>4,153,641</u>		<u>4,088,820</u>	
Creditors:					
Amounts falling due within one year	16	3,402,228		3,484,539	
Net Current Assets			751,413		604,281
Total Assets Less Current Liabilities			<u>4,908,008</u>		<u>4,048,409</u>
Creditors:					
Amounts falling due after more than one year	17		735,130		997,382
Capital and Reserves					
Share capital	20		65,290		65,290
Share premium account	21		2,810		2,810
Revaluation reserve	21		2,046,935		1,276,005
Other reserves	21		685,510		685,510
Profit and loss account	21		1,372,333		1,021,412
			<u>4,908,008</u>		<u>4,048,409</u>
Analysis of shareholders' funds					
Equity interests			<u>4,172,878</u>		<u>3,051,027</u>

These accounts were approved by the board on 19th April 2002.

S.C. Blaxill
Director

M. Mannion
Director

Cash Flow Statement

for the year ended 31st December 2001

	Notes	2001 £	2000 £
Cash flow from operating activities	24	936,667	837,487
Returns on investments and servicing of finance	25	(144,081)	(195,698)
Taxation		(48,392)	(38,392)
Capital expenditure and financial investment	25	(192,888)	(26,606)
Equity dividends paid		(22,853)	(22,852)
Cash inflow before use of liquid resources and financing		528,453	553,939
Financing	25	(346,899)	(401,558)
Increase in cash in the year	26	181,554	152,381
Reconciliation of net cash flow to movement in net debt			
Increase in cash in the year		181,554	152,381
Cash outflow from decrease in debt and lease financing	26	346,899	401,558
Change in net debt resulting from cashflows		528,453	553,939
New finance leases	26	(111,875)	(203,172)
Movement in net debt in the period		416,578	350,767
Net debt at 1st January 2001		(2,476,743)	(2,827,510)
Net debt at 31st December 2001	26	(2,060,165)	(2,476,743)

Notes to the Financial Statements

for the year ended 31st December 2001

1 Principal Accounting Policies*Accounting Convention*

The Financial Statements have been prepared in accordance with applicable Accounting Standards under the historical cost convention, modified to include the revaluation of certain fixed assets.

Turnover

Turnover is the total amount receivable by the company for goods supplied and services provided, excluding VAT and trade discounts.

Income from Investments

Investment income comprises dividends declared during the accounting period and interest receivable on listed and unlisted investments.

Depreciation

Depreciation is calculated to write down the cost or valuation, less estimated residual value, of all tangible fixed assets, other than freehold land, over their expected useful lives. The rates generally applicable are:

Freehold buildings	2% straight line
Leasehold land and buildings	straight line over the period of the lease
Plant and machinery	20% straight line
Motor vehicles	25% / 16.66% straight line
Office Equipment	25% / 33.33% straight line

During the year the company revised its depreciation rates on large Commercial Vehicles to 16.66% and on Office Equipment (including computer software) from 20% to 25% / 33.33%. The net effect on profit was not material.

The surplus transferred from the revaluation reserve to the profit and loss account reserve relates to part of the annual depreciation charge on revalued assets arising on the surplus.

Assets held under finance leases are depreciated so as to write off the cost over their anticipated useful life.

The freehold properties are included in the financial statements at an existing use valuation. The amount at which the properties are stated does not exceed their open market value. The freehold properties were revalued in March 2002 (see note 11).

Investments

Investments are included at cost less amounts written off. Profits or losses arising from disposals of fixed asset investments are treated as part of the result from ordinary activities.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is computed on a first in first out basis. Net realisable value is based on estimated selling price less the estimated cost of disposal.

Notes to the Financial Statements

for the year ended 31st December 2001

Deferred Taxation

The company has decided upon the early adoption of Financial Reporting Standard 19. Deferred tax is provided in full using the tax rates estimated to arise when the timing differences reverse, although no provision is made for deferred tax assets.

Contribution to Pension Funds

Defined Contribution Scheme

The company operates a money purchase scheme which commenced on 1st April 1991. The pension costs charged against profits represent the amount of the contributions payable to the scheme in respect of the accounting period.

The company also pays ex-gratia pensions to former employees. The charge for the year was £216 (2000: £215)

Leased Assets

Assets held under finance leases and hire purchase contracts are capitalised in the Balance Sheet and depreciated over their expected useful lives. The interest element of leasing payments represents a constant proportion of the capital balance outstanding and is charged to the Profit and Loss Account over the period of the lease.

All other leases are regarded as operating leases and the payments made are charged to the Profit and Loss Account on a straight-line basis over the lease term.

2 Turnover

The turnover and operating profit for the year was derived from the company's principal activities and was carried out wholly in the UK.

3 Directors and Employees

Staff costs during the year were as follows:

	2001 £	2000 £
Wages and salaries	2,793,784	2,720,969
Social security costs	283,662	246,285
Other pension costs	106,012	80,951
	<u>3,183,458</u>	<u>3,048,205</u>

The average monthly number of employees, including directors, during the year was as follows:

	2001 Number	2000 Number
Directors	9	9
General administration	31	32
Warehousing, transport and manufacturing	78	70
Sales	79	74
	<u>197</u>	<u>185</u>

Notes to the Financial Statements

for the year ended 31st December 2001

Remuneration in respect of directors was as follows:

	2001 £	2000 £
Aggregate amount of emoluments paid in respect of qualifying services	169,182	155,537
Aggregate value of company contributions to money purchase pension schemes	7,734	6,733
Benefits in kind	24,689	18,821
	<u>201,605</u>	<u>181,091</u>

Other directors disclosures in respect of qualifying services:

	2001 Number	2000 Number
The number of directors to whom retirement benefits are accruing under money purchase pension schemes	<u>2</u>	<u>2</u>

4 Operating Profit*The operating profit is stated after charging:*

	2001 £	2000 £
Other operating lease rentals	107,711	107,711
Amounts payable to the auditors in respect of audit services	10,500	10,000
Amounts payable to the auditors in respect of non-audit services	4,300	3,750
Depreciation - owned assets	315,028	286,101
Depreciation - assets held under hire purchase or finance lease contracts	44,901	88,894
Loss on disposal of fixed assets	<u>4,461</u>	<u>1,403</u>

5 Exceptional Item

The company ceased its aluminium operation during 2000. The costs in respect of this cessation, including stock loss and redundancy costs were £63,270.

6 Other Fixed Asset Investment Income

	2001 £	2000 £
Income from other fixed asset investments	<u>3,750</u>	<u>5,000</u>

7 Interest Payable

	2001 £	2000 £
Bank loans and overdrafts	129,718	183,969
Hire purchase and finance lease interest	13,987	13,907
Other interest	4,904	2,822
	<u>148,609</u>	<u>200,698</u>

Notes to the Financial Statements

for the year ended 31st December 2001

8	Tax on Profit on Ordinary Activities	2001 £	2000 £
	Based on the profit for the year:		
	U.K. Corporation tax at 30% (2000: 31%)	155,392	48,153
	Deferred tax charge	-	(77,642)
		<hr/>	<hr/>
	Prior year adjustments - corporation tax	155,392	(29,489)
		3,544	(50,575)
		<hr/>	<hr/>
		158,936	(80,064)
		<hr/>	<hr/>
	Factors affecting the tax charge for the period		
	Profit on ordinary activities before tax	541,342	153,926
		<hr/>	<hr/>
	Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	162,403	46,178
	Effects of:		
	Expenses not deductible for tax purposes	6,414	6,794
	Depreciation on assets not qualifying for capital allowances	6,763	5,673
	Depreciation for period in excess of capital allowances	1,424	4,099
	Adjustment to tax charge in respect of previous periods	3,544	(50,575)
	Marginal relief and small companies rate	(22,420)	(13,221)
	General provisions not tax deductible until utilised	808	(2,000)
	Overprovision of tax for year	-	630
	Reversal of deferred tax provision	-	(77,642)
		<hr/>	<hr/>
	Current tax charge for the period	158,936	(80,064)
		<hr/>	<hr/>

Factors that may effect future tax charges

No provision has been made for deferred tax on capital gains recognised on revaluing property to its market value. Such tax would be carried forward and would only become recoverable in the event that the company sold its' properties. The total potential deferred tax unprovided for is £416,584.

9	Dividends	2001 £	2000 £
	Equity		
	Ordinary shares - special paid of £1.50 per share (2000 £nil)	9,794	-
	Ordinary shares - final proposed of £3.50 per share (2000 £3.50)	22,852	22,852
		<hr/>	<hr/>
		32,646	22,852
		<hr/>	<hr/>

Notes to the Financial Statements

for the year ended 31st December 2001

10 Intangible Fixed Assets

Cost	Goodwill
	£
At 1st January 2001	10,000
At 31st December 2001	<u>10,000</u>
Amortisation	
At 1st January 2001	10,000
At 31st December 2001	<u>10,000</u>
Net Book Value	
At 31st December 2001	<u>-</u>

11 Tangible Fixed Assets

	Freehold land and buildings	Leasehold land and buildings	Plant and machinery	Motor vehicles	Office equipment	Total
Cost or valuation	£	£	£	£	£	£
At 1st January 2001	2,687,842	59,515	1,423,371	1,191,660	735,340	6,097,728
Additions	-	-	45,406	160,445	108,607	314,458
Disposals	-	-	-	(168,699)	(406,074)	(574,773)
Revaluation	704,158	-	-	-	-	704,158
At 31st December 2001	<u>3,392,000</u>	<u>59,515</u>	<u>1,468,777</u>	<u>1,183,406</u>	<u>437,873</u>	<u>6,541,571</u>
Depreciation						
At 1st January 2001	47,250	38,150	1,213,591	815,659	557,275	2,671,925
Charged for the year	20,683	1,860	116,881	61,878	158,625	359,927
Eliminated on disposal	-	-	-	(154,543)	(406,074)	(560,617)
Eliminated on revaluation	(67,933)	-	-	-	-	(67,933)
At 31st December 2001	<u>-</u>	<u>40,010</u>	<u>1,330,472</u>	<u>722,994</u>	<u>309,826</u>	<u>2,403,302</u>
Net Book Value						
Owned assets	3,392,000	19,505	129,002	233,370	128,047	3,901,924
Leased assets	-	-	9,303	227,042	-	236,345
At 31st December 2001	<u>3,392,000</u>	<u>19,505</u>	<u>138,305</u>	<u>460,412</u>	<u>128,047</u>	<u>4,138,269</u>
Owned assets	2,640,592	21,365	186,787	107,851	178,065	3,134,660
Leased assets	-	-	22,993	268,150	-	291,143
At 31st December 2000	<u>2,640,592</u>	<u>21,365</u>	<u>209,780</u>	<u>376,001</u>	<u>178,065</u>	<u>3,425,803</u>
Analysis of Freehold land and buildings				Land	Buildings	Total
				£	£	£
Valuation				2,035,200	1,356,800	3,392,000

Notes to the Financial Statements

for the year ended 31st December 2001

Analysis of Leasehold land and buildings	2001 £	2000 £
Short leaseholds	19,505	21,365
Leasehold land and buildings net book value	<u>19,505</u>	<u>21,365</u>

Freehold land and buildings were revalued in March 2002 on the basis of existing use open market value by Whybrow Chartered Surveyors.

The company intends to continue its policy of including Freehold Properties at a valuation and will be carrying out regular revaluations in accordance with the Financial Reporting Standard 15.

If freehold land and buildings had not been revalued they would have been included at the following amounts:-

	2001 £
Cost	1,537,822
Depreciation	(200,829)
	<u>1,336,993</u>

12 Fixed Asset Investments

	Shares in Group Undertakings £	Investments Other Than Loans £	Total £
Cost			
At 1st January 2001	5,580	12,746	18,326
At 31st December 2001	<u>5,580</u>	<u>12,746</u>	<u>18,326</u>
Net Book Value			
At 31st December 2001	5,580	12,746	18,326
At 1st January 2001	<u>5,580</u>	<u>12,746</u>	<u>18,326</u>

13 Principal Fixed Asset Investments

The company holds more than 20% of the share capital of the following:

Name	Country of registration (or incorporation) and operation	Class of share	Proportion held	Nature of business	Total reserves £	Net profit for the year £
<i>Principal subsidiary undertakings:</i>						
KB(Magenta)Ltd	England	Ordinary	100%	Dormant	(866,646)	-
Boston Factors Limited	England	Ordinary	100%	Dormant	5,500	-
William Cheshire and Son Limited	England	Ordinary	100%	Dormant	300	-

Notes to the Financial Statements

for the year ended 31st December 2001

Group accounts have not been prepared on the basis that the results of the subsidiaries are not material. In respect of KB (Magenta) Ltd, the company gave guarantees against the losses of this subsidiary and provision was made in respect of the guarantees in the 1998 accounts. The impact of the negative reserves of this now dormant subsidiary has therefore already been reflected in the retained reserves of the company.

14	Stocks	2001	2000
		£	£
	Raw materials	207,669	269,680
	Finished goods	1,746,120	1,577,678
		<u>1,953,789</u>	<u>1,847,358</u>

In the opinion of the directors the replacement cost of the stocks is not materially different from the balance sheet value.

15	Debtors	2001	2000
		£	£
	Trade debtors	2,076,236	2,128,191
	Other debtors	1,503	11,713
	Prepayments and accrued income	110,775	94,185
		<u>2,188,514</u>	<u>2,234,089</u>

16	Creditors: Amounts falling due within one year	2001	2000
		£	£
	Bank overdraft	1,018,875	1,196,461
	Bank loans	246,250	197,000
	Net obligations under hire purchase and finance lease contracts	99,614	121,636
	Trade creditors	1,341,634	1,496,003
	Guarantee for liabilities of subsidiary undertaking	87,619	87,406
	Corporation tax	158,697	48,153
	Other taxes and social security	240,310	209,454
	Proposed dividends	32,645	22,852
	Accruals and deferred income	176,584	105,574
		<u>3,402,228</u>	<u>3,484,539</u>

The bank overdraft and loan are secured by a fixed and floating charge over the assets of the company, there is also a further facility which is secured over the trade debtors.

17	Creditors: Amounts falling due after one year	2001	2000
		£	£
	Bank loans	639,250	885,500
	Net obligations under hire purchase and finance lease contracts	67,517	83,519
	Amounts owed to group companies	28,363	28,363
		<u>735,130</u>	<u>997,382</u>

Notes to the Financial Statements

for the year ended 31st December 2001

Bank loans repayable by instalments as follows:-

	2001 £	2000 £
Between one and two years	197,000	197,000
Between two and five years	491,500	591,000
	<hr/>	<hr/>
Within one year	688,500	788,000
	197,000	197,000
	<hr/>	<hr/>
	885,500	985,000
	<hr/>	<hr/>
Total bank loans repayable after more than five years	-	97,500
	<hr/>	<hr/>
Total bank loan repayments	885,500	1,082,500
	<hr/>	<hr/>

The bank loan is repayable in quarterly instalments over a ten year period and is subject variable interest rates, based upon underlying LIBOR rates.

18 Obligations Under Hire Purchase and Finance Leases

2001
£

2000
£

Obligations under finance leases and hire purchase contracts are analysed as follows:

Within one year	99,614	121,636
Between one and two years	62,675	83,519
Between two and five years	4,842	-
	<hr/>	<hr/>
	167,131	205,155
	<hr/>	<hr/>

Obligations under finance leases and hire purchase contracts are secured on the assets concerned.

19 Deferred Taxation

Deferred taxation provided and unprovided for in the financial statements is set out below. The amount unprovided represents a contingent liability/(asset) at the Balance Sheet date and is calculated using a tax rate of 30%.

	Amount Provided 2001 £	Amount Unprovided 2001 £
Accelerated capital allowances	-	(85,914)
Other timing differences	-	(808)
	<hr/>	<hr/>
	-	(86,722)
	<hr/>	<hr/>
Unrealised capital gains	-	290,947
	<hr/>	<hr/>
Capital gains rolled over	-	125,637
	<hr/>	<hr/>

Notes to the Financial Statements

for the year ended 31st December 2001

20 Share Capital

Authorised	2001 £	2000 £
10,000 shares of £10 each (2000: 10,000)	100,000	100,000
Allotted and fully paid	2001 £	2000 £
6,529 shares of £10 each (2000: 6,529)	65,290	65,290

21 Share Premium Account and Reserves

	Share Premium Account £	Revaluation Reserve £	Other Reserves £	Profit and Loss Account £
At 1st January 2001	2,810	1,276,005	685,510	1,021,412
Profit for the year	-	-	-	349,760
Transfer of excess depreciation on revalued assets	-	(1,161)	-	1,161
Surplus on revaluation of assets	-	772,091	-	-
At 31st December 2001	2,810	2,046,935	685,510	1,372,333

22 Reconciliation of the Movement in Shareholders' Funds

	2001 £	2000 £
Profit for the financial year	382,406	233,990
Dividends	(32,646)	(22,852)
	349,760	211,138
Other recognised gains	772,091	-
Increase in shareholders' funds	1,121,851	211,138
Opening shareholders' funds	3,051,027	2,839,889
Closing shareholders' funds	4,172,878	3,051,027

23 Operating lease commitments

The company's financial commitments under non-cancellable operating leases are as follows:

	2001 Land and buildings £	2001 Other £	2000 Land and buildings £	2000 Other £
Expiring:				
Within one year	-	-	-	-
Within two to five years	67,750	15,916	67,750	15,916
After five years	28,200	734	28,200	734
	95,950	16,650	95,950	16,650

Notes to the Financial Statements

for the year ended 31st December 2001

24 Reconciliation of Operating Profit to Operating Cash Flows

	2001 £	2000 £
Operating profit	685,423	412,894
Depreciation charges	359,929	374,995
Loss on disposal of fixed assets	4,461	1,403
(Increase) in stocks	(106,431)	(74,780)
Decrease in debtors	45,575	224,838
(Decrease) in creditors	(52,290)	(38,593)
Exceptional items	-	(63,270)
Net Cash Inflow from Operating Activities	936,667	837,487

25 Analysis of Cash Flows for headings disclosed in the Cash Flow Statement

Returns on investments and servicing of finance	2001 £	2000 £
Interest received	778	-
Interest paid	(134,622)	(186,791)
Dividends received	3,750	5,000
Interest element of finance lease rental payments	(13,987)	(13,907)
Net cash (outflow) for returns on investments and servicing of finance	(144,081)	(195,698)
 Capital expenditure and financial investment	 2001 £	 2000 £
Purchase of tangible fixed assets	(202,583)	(38,780)
Proceeds from the sale of fixed assets	9,695	12,174
Net cash (outflow) for capital expenditure and financial investment	(192,888)	(26,606)
 Financing	 2001 £	 2000 £
Debt due within a year: increase in short-term borrowings	49,250	-
Debt due beyond a year: repayments made in year	(246,250)	(197,000)
Capital elements of finance lease rental payments	(149,899)	(204,558)
Net cash (outflow) from financing	(346,899)	(401,558)

Notes to the Financial Statements

for the year ended 31st December 2001

26 Analysis of changes in Net Debt

	At 1st January 2001	Cashflows	Other non-cash changes	At 31st December 2001
	£	£	£	£
Cash in hand and at bank	7,373	3,965	-	11,338
Overdrafts	(1,196,461)	177,586	-	(1,018,875)
	(1,189,088)	181,551	-	(1,007,537)
Debt due within 1 year	(197,000)	(49,250)	-	(246,250)
Debt due after 1 year	(885,500)	246,250	-	(639,250)
Finance leases	(205,155)	149,899	(111,875)	(167,131)
Total	(2,476,743)	528,450	(111,875)	(2,060,168)

27 Major Non-Cash Transactions

During the year the company entered into finance lease arrangements in respect of assets with a total capital value at the inception of the leases of £111,875.

28 Capital Commitments

2001
£

2000
£

Capital commitments as at 31st December 2001 are as follows:

Authorised and contracted for	100,000	-
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29 Controlling Party

No one individual has control of the company.