

ROBERT PRETTIE & CO. LIMITED

**DIRECTORS' REPORT
AND FINANCIAL STATEMENTS**

31 MARCH 2003

REGISTERED NUMBER: 948375



ROBERT PRETTIE & CO. LIMITED
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ROBERT PRETTIE & CO. LIMITED

COMPANY INFORMATION

DIRECTORS:

A P Burton (Chairman)
D Bignall
G M Allwood
P W Haywood
P R Dewsbury

SECRETARY:

K I Goodinson

REGISTERED OFFICE:

Olga Road
Off Carlton Road
Nottingham
NG3 2NW

AUDITORS:

Smith Cooper
Chartered Accountants
19 Pelham Road
Sherwood Rise
Nottingham
NG5 1AP

ROBERT PRETTIE & CO. LIMITED

CHAIRMAN'S REPORT
FOR THE YEAR ENDED 31 MARCH 2003

I am pleased to report on the Company's trading results for the year ended 31 March 2003.

Following the re-alignment of the Company's activities it was gratifying that the turnover was consolidated and margins were improved.

The Company is in a very strong position to continue its progress with a large skilled workforce and long term relationships with major developers.

During the current year the Company has contracted to relocate its head office to modern purpose built premises, which will improve its facilities and carry the Company forward onto its next phase of development.



A P BURTON
Chairman and Managing Director

Dated: 25 July 2003

ROBERT PRETTIE & CO. LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2003

The Directors submit their report, together with the financial statements of the Company for the year ended 31 March 2003.

PRINCIPAL ACTIVITY

The principal activity of the Company, which remained unchanged in the year under review, is the provision of plumbing services and the installation and maintenance of heating systems.

REVIEW OF THE BUSINESS

The Directors are satisfied with the results for the year which show a profit before tax and dividends of £692,000. They propose to transfer the profit of £475,000 after tax to reserves (2002: £330,000).

DIVIDENDS

The Directors do not propose the payment of a final dividend (2002: £Nil).

DIRECTORS' RESPONSIBILITIES

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 or loss of the Company for that year. 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 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 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.

ROBERT PRETTIE & CO. LIMITED
DIRECTORS' REPORT
FOR THE YEAR ENDED 31 MARCH 2003

Continued

DIRECTORS AND THEIR INTERESTS

The Directors in office during the year and their beneficial interests in the issued share capital of the Company during the year were as follows:

		At	At
	<u>Class of capital</u>	<u>1 April 2002</u>	<u>31 March 2003</u>
A P Burton (Chairman)	Ordinary £1	-	-
D Bignall	Ordinary £1	-	-
G M Allwood	Ordinary £1	-	-
P W Haywood	Ordinary £1	-	-
P R Dewsbury	Ordinary £1	-	-

In accordance with the Articles of Association, the Directors are not required to retire by rotation. The interests of Directors in the shares of the holding company are shown in that company's financial statements.

FIXED ASSETS

The changes in the fixed assets of the Company during the year are shown in note 8 to the financial statements.

DONATIONS

No donations for political or charitable purposes were made during the year.

AUDITORS

A resolution to re-appoint Smith Cooper as auditors will be proposed in accordance with Section 385(2) of the Companies Act 1985 at the Annual General Meeting.

By order of the Board:



K I GOODINSON
Secretary

Dated: 25 July 2003

**INDEPENDENT AUDITORS' REPORT
TO THE SHAREHOLDERS OF ROBERT PRETTIE & CO. LIMITED**

We have audited the financial statements of Robert Prettie & Co. Limited for the year ended 31 March 2003 on pages 6 to 19. These financial statements have been prepared under the historical cost convention and the accounting policies set out therein.

This report is made solely to the Company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditors

As described in the Statement of Directors' Responsibilities the Company's Directors are responsible for the preparation of the financial statements in accordance with applicable law and United Kingdom Accounting Standards.

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 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 Company is not disclosed.

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

Basis of opinion

We conducted our audit in accordance with United Kingdom 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 judgments 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 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. 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 affairs of the Company as at 31 March 2003 and of its profit for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



SMITH COOPER
Chartered Accountants and Registered Auditors
Nottingham

Dated: 25 July 2003

ROBERT PRETTIE & CO. LIMITED

PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 MARCH 2003

	<u>Note</u>	<u>2003</u> £'000	<u>2002</u> £'000
TURNOVER	2	22,523	22,251
Cost of sales		(18,649)	(18,598)
		<hr/>	<hr/>
GROSS PROFIT		3,874	3,653
Net operating expenses		(3,202)	(3,185)
		<hr/>	<hr/>
OPERATING PROFIT	3	672	468
Interest payable and similar charges	5	(5)	(7)
Interest receivable and similar income	6	25	12
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION		692	473
Tax on profit on ordinary activities	7	(217)	(143)
		<hr/>	<hr/>
PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION	15	475	330
		<hr/>	<hr/>
RETAINED PROFIT FOR THE YEAR		475	330
		<hr/>	<hr/>


There were no other recognised gains or losses, and no discontinued or acquired activities during the above two financial years.

ROBERT PRETTIE & CO. LIMITED

BALANCE SHEET AS AT 31 MARCH 2003

	<u>Note</u>	<u>£'000</u>	<u>2003</u> <u>£'000</u>	<u>2002</u> <u>£'000</u>
FIXED ASSETS				
Tangible assets	8		596	584
CURRENT ASSETS				
Stock and work in progress	9	2,171		2,575
Debtors	10	2,597		1,974
Cash at bank and in hand		751		171
		<hr/>		<hr/>
		5,519		4,720
CREDITORS: Amounts falling due within one year	11	(3,312)		(3,011)
		<hr/>		<hr/>
NET CURRENT ASSETS			2,207	1,709
TOTAL ASSETS LESS CURRENT LIABILITIES			<hr/>	<hr/>
			2,803	2,293
CREDITORS: Amounts falling due after more than one year	12		(29)	(12)
PROVISIONS FOR LIABILITIES AND CHARGES	13		(18)	-
			<hr/>	<hr/>
			2,756	2,281
			<hr/>	<hr/>
CAPITAL AND RESERVES				
Called up share capital	14		26	26
Profit and loss account	15		2,706	2,231
Capital redemption reserve	15		24	24
			<hr/>	<hr/>
EQUITY SHAREHOLDERS' FUNDS	16		2,756	2,281
			<hr/>	<hr/>

Approved by the Board and signed on its behalf by:


A P BURTON
Chairman


D BIGNALL
Director

Dated: 25 July 2003

ROBERT PRETTIE & CO. LIMITED
CASHFLOW STATEMENT
FOR THE YEAR ENDED 31 MARCH 2003

	<u>Note</u>	£'000	<u>2003</u> £'000	£'000	<u>2002</u> £'000
NET CASH INFLOW FROM OPERATING ACTIVITIES	18		843		170
RETURNS ON INVESTMENTS AND SERVICING OF FINANCE					
Interest paid		(5)		(7)	
Interest received		25		12	
			20		5
TAXATION					
Corporation tax paid			(143)		(187)
CAPITAL EXPENDITURE					
Payments to acquire tangible fixed assets		(196)		(99)	
Receipts from sale of tangible fixed assets		18		30	
			(178)		(69)
			542		(81)
FINANCING					
Net movement on hire purchase accounts		26		(56)	
NET CASH INFLOW/(OUTFLOW) FROM FINANCING			26		(56)
INCREASE/(DECREASE) IN CASH	19		568		(137)

ROBERT PRETTIE & CO. LIMITED

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2003

1 ACCOUNTING POLICIES

Basis of preparation of financial statements

The financial statements have been prepared under the historical cost convention and in accordance with applicable Accounting Standards.

Depreciation

Depreciation is provided at the following annual rates in order to write off each asset, less estimated residual values, over its estimated useful life:

Land and buildings	2% per annum on cost
Plant and equipment	20- 25% per annum on cost
Motor vehicles	20% per annum on cost
Fixtures and fittings	20% per annum on cost

Stock and work in progress

Stock is valued at the lower of cost and net realisable value, cost being computed on a first in first out basis. Work in progress is based on the Company's year-end valuations which are at selling price. Full provision is made for losses on contracts in the year in which they are first foreseen.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for financial statements purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences.

Leases and hire purchase commitments

Assets obtained under finance leases and hire purchase contracts are capitalised in the balance sheet and are depreciated over their useful lives.

The interest element of the hire purchase and finance lease obligations is charged to the profit and loss account over the period of the contracts. Rentals payable under operating leases are charged to the profit and loss account.

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

1 ACCOUNTING POLICIES - (continued)

Pensions

Defined benefit schemes

Contributions are charged to the profit and loss account so as to spread the cost of pensions over the employee's working life with the Company. The regular cost is attributed to the individual years using the projected unit credit method. Variations in cost which are identified as a result of the actuarial valuations, are amortised over the average expected remaining working lives of employees in proportion to their expected payroll costs. Differences between the amounts funded and the amounts charged to the profit and loss account are treated as either provisions or prepayments in the balance sheet.

Defined contribution scheme

Contributions are charged to the profit and loss account as they become payable in accordance with the rules of the scheme.

2 TURNOVER

Turnover, excluding Value Added Tax, is attributable to the principal activity of the Company and arises entirely within the United Kingdom. Turnover represents the value of work done including attributable profit. Profit is taken whilst the contract is in progress having regard to the proportion of the total contract which has been completed at the balance sheet date. Provision is made for foreseeable losses.

3 OPERATING PROFIT

	<u>2003</u>	<u>2002</u>
	£'000	£'000
The operating profit is stated after charging:		
Directors' remuneration	161	195
Directors' pension contributions	7	15
	<hr/>	<hr/>
Directors' emoluments	168	210
Auditors' remuneration - audit services	8	8
- non audit services	2	2
Depreciation - owned assets	120	94
Depreciation - assets on hire purchase	39	52
Loss on disposal of assets	7	14
Plant hire	149	128
Operating lease payments	67	36
	<hr/>	<hr/>

The number of Directors for whom benefits were accruing under defined benefit pension schemes was 5 (2002: 5).

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

4 STAFF COSTS

The aggregate number of persons employed including Directors, during the year was as follows:

	<u>2003</u> Number	<u>2002</u> Number
Office and management	53	52
Other employees	152	163
	<hr/>	<hr/>
	205	215
	<hr/>	<hr/>

The aggregate payroll costs of these persons were as follows:

	<u>£'000</u>	<u>£'000</u>
Wages and salaries	4,619	4,607
Social Security costs	351	360
Pension costs	297	362
	<hr/>	<hr/>
	5,267	5,329
	<hr/>	<hr/>

5 INTEREST PAYABLE AND SIMILAR CHARGES

Hire purchase interest	5	7
	<hr/>	<hr/>

6 INTEREST RECEIVABLE AND SIMILAR INCOME

Interest receivable	25	12
	<hr/>	<hr/>

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

7 TAX ON PROFIT ON ORDINARY ACTIVITIES

	<u>2003</u> £'000	<u>2002</u> £'000
Current tax:		
UK Corporation tax on profit for the year	199	143
Deferred tax	18	-
	<hr/>	<hr/>
Tax on profit on ordinary activities	217	143
	<hr/>	<hr/>

Factors affecting the tax charge for the year

The tax assessed for the year differs from the full rate of Corporation tax in the UK (30%). These differences are explained below:

	<u>2003</u> £'000	<u>2002</u> £'000
Profit on ordinary activities before taxation	692	473
	<hr/>	<hr/>
Profit on ordinary activities multiplied by the standard rate of Corporation tax in the UK of 30%	207	142
Effects of:		
Capital allowances for the year below the level of depreciation	11	3
Expenses not deductible for tax purposes	4	2
Short term timing differences (due to the treatment of pension costs)	(21)	3
Marginal relief	(2)	(7)
	<hr/>	<hr/>
Current tax charge for the year	199	143
	<hr/>	<hr/>

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

8 TANGIBLE FIXED ASSETS

	<u>Motor vehicles</u> £'000	<u>Plant & equipment</u> £'000	<u>Fixtures & fittings</u> £'000	<u>Land & buildings</u> £'000	<u>Total</u> £'000
Cost					
At 1 April 2002	562	28	137	354	1,081
Additions	172	2	22	-	196
Disposals	(117)	-	(8)	-	(125)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	617	30	151	354	1,152
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Depreciation					
At 1 April 2002	334	26	70	67	497
Charge for the year	121	1	30	7	159
Disposals	(92)	-	(8)	-	(100)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 March 2003	363	27	92	74	556
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Net book value					
At 31 March 2003	254	3	59	280	596
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 1 April 2002	228	2	67	287	584
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of fixed assets includes £123,000 (2002: £119,000) in respect of assets held under finance leases and hire purchase contracts, the depreciation of which is shown in note 3. The cost of depreciable assets included in land and buildings at 31 March 2003 was £354,000 (2002: £354,000)

The net book value of land and buildings at 31 March comprised:	<u>2003</u> £'000	<u>2002</u> £'000
Freehold	280	287
	<hr/>	<hr/>

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

9	STOCK AND WORK IN PROGRESS	<u>2003</u> £'000	<u>2002</u> £'000
	Work in progress	22,132	19,493
	Progress payments received	(20,060)	(17,020)
		<hr/>	<hr/>
		2,072	2,473
	Raw materials and consumables	99	102
		<hr/>	<hr/>
		2,171	2,575
		<hr/>	<hr/>
10	DEBTORS		
	Trade debtors	1,104	1,095
	Amount owed by group undertaking	1,400	714
	Other debtors	31	98
	Prepayments	62	67
		<hr/>	<hr/>
		2,597	1,974
		<hr/>	<hr/>
11	CREDITORS : Amounts falling due within one year		
	Bank overdraft	12	-
	Trade creditors	2,505	2,260
	Corporation tax	199	143
	Other taxation and social security	196	187
	Other creditors	2	92
	Accruals	365	306
	Obligations under hire purchase contracts	33	23
		<hr/>	<hr/>
		3,312	3,011
		<hr/>	<hr/>

The hire purchase liabilities are secured over the assets to which they relate.

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

12	CREDITORS : Amounts falling due after more than one year	<u>2003</u> £'000	<u>2002</u> £'000
	Obligations under hire purchase contracts due within five years	29	12

13 **DEFERRED TAXATION**

	Provided £'000	<u>2003</u> Potential £'000	Provided £'000	<u>2002</u> Potential £'000
Accelerated capital allowances	(14)	(14)	-	(5)
Other timing differences	21	21	-	2
Capital gains rolled over	11	11	-	11
	18	18	-	8

Deferred taxation is based on a Corporation tax rate of 30% (2002: 30%).

	<u>2002</u> £
Deferred tax provision at 1 April 2002	-
Charge in the year	18
Deferred tax provision at 31 March 2003	18

14 **CALLED UP SHARE CAPITAL**

	<u>2003</u> £	<u>2002</u> £
Authorised		
100,000 Ordinary shares of £1 each	100,000	100,000
Allotted, called up and fully paid		
26,481 Ordinary shares of £1 each	26,481	26,481

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

15 RESERVES

	<u>Profit and loss account</u> £'000	<u>Capital redemption reserve</u> £'000
At 1 April 2002	2,231	24
Profit for the year	475	-
	<hr/>	<hr/>
At 31 March 2003	2,706	24
	<hr/>	<hr/>

16 RECONCILIATION OF MOVEMENTS IN EQUITY SHAREHOLDERS' FUNDS

	<u>2003</u> £'000	<u>2002</u> £'000
Equity shareholders' funds brought forward	2,281	1,951
Profit for the year	475	330
	<hr/>	<hr/>
Equity shareholders' funds carried forward	2,756	2,281
	<hr/>	<hr/>

17 OBLIGATIONS UNDER OPERATING LEASES

At 31 March 2003 the Company had annual commitments under operating leases as detailed below :

	<u>Land & buildings</u> £'000	<u>2003</u> <u>Plant & other</u> £'000	<u>Land & buildings</u> £'000	<u>2002</u> <u>Plant & other</u> £'000
Expiring				
Within one year	-	-	-	-
Within two to five years	4	64	4	39
	<hr/>	<hr/>	<hr/>	<hr/>
	4	64	4	39
	<hr/>	<hr/>	<hr/>	<hr/>

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

**18 RECONCILIATION OF OPERATING PROFIT TO NET CASH
INFLOW FROM OPERATING ACTIVITIES**

	<u>2003</u> £'000	<u>2002</u> £'000
Operating profit	672	468
Depreciation charge	160	146
Loss on sale of fixed assets	7	14
Decrease in stocks	404	411
Increase in debtors	(623)	(1,286)
Increase in creditors	223	417
NET CASH INFLOW FROM OPERATING ACTIVITIES	<u>843</u>	<u>170</u>

19 ANALYSIS OF CHANGES IN NET DEBT

	<u>1 April</u> <u>2002</u> £'000	<u>Cash</u> <u>flows</u> £'000	<u>31 March</u> <u>2003</u> £'000
Cash at bank and in hand	171	580	751
Bank overdraft	-	(12)	(12)
	<u>171</u>	<u>568</u>	<u>739</u>

There are no changes to net debt other than the above cashflows.

20 CONTINGENT LIABILITIES

	<u>2003</u> £'000	<u>2002</u> £'000
Guarantees to Royal Bank of Scotland plc in respect of performance bonds on contracts	228	166

The Company's previous Public Liability insurers, Builders Accident Limited (more recently BAI Run-Off Limited) have appointed liquidators who will develop a "Scheme of Arrangement" to deal with the payment of outstanding claims. At the balance sheet date there were two claims. One previously notified estimated at £25,000 (2002: £25,000) which the Company is vigorously contesting. A provision of £15,000 (2003: £15,000) has been made to cover the costs anticipated for the first claim.

The retrospective cover taken by the Company's brokers to cover unnotified claims was held with the Independent Insurance Company and an unquantified liability now exists with regards to the second claim and any subsequent unnotified claims.

However, in 2002 Independent Insurance which also holds the Company's main public, employers and professional indemnity insurances from 1995 to present has also been placed in provisional administrative receivership. Therefore, the overall position at this time is unclear and a reliable estimate of the value of the claims is not available.

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

20 CONTINGENT LIABILITIES – (continued)

The Company is seeking to take out further insurance cover without which subsequent claims would have to be met by the Company.

It is anticipated that in both cases a contribution will be available under the “Scheme of Arrangement”, but the amount cannot be determined with any degree of accuracy.

At the balance sheet date the Company had other claims against it in respect of incidents which have occurred in the normal course of business. At this stage it is uncertain whether the Company will be liable and a reliable estimate of the value of the claims is not available. Therefore, no provision has been made.

21 DEFINED CONTRIBUTION PENSION SCHEMES

The Company operates two defined contribution pension schemes. The assets of the schemes are held separately from those of the Company, being invested with The Standard Life Assurance Company and Plumbing Pensions (UK) Limited. The pension cost charge represents contributions payable by the Company to the schemes and amounted to £171,000 (2002: £206,000). No amounts were outstanding at 31 March 2003 (2002: £Nil).

22 DEFINED BENEFIT PENSION SCHEME

The Company sponsors the Robert Prettie & Co. – Stanplan F, which is a defined benefit arrangement. The last full actuarial valuation of this scheme was carried out by a qualified independent actuary as at 31 July 2000 and updated on an approximate basis to 31 March 2003.

The contributions made by the employer over the financial year were £200,000 (2002: £156,000), which is equivalent to approximately 37.25% of pensionable pay. This contribution rate will continue to July 2003. From August 2003 the employer contribution rate will be 30% until reviewed following the triennial valuation of the scheme due as at 31 July 2003.

The transitional arrangements of the new accounting standard FRS17 require disclosure of assets and liabilities as at 31 March 2003 calculated in accordance with the requirements of FRS17. They also require disclosure of the items which would appear in the profit and loss account and in the statement of total recognised gain and losses were the full requirements of FRS17 in place. For the purpose of these financial statements, these figures are illustrative only and do not impact on the actual 31 March 2003 balance sheet. The assets of the scheme have been taken at market value and the liabilities have been calculated using the following principal actuarial assumptions:

	<u>2003</u>	<u>2002</u>
Inflation	2.50%	3.00%
Rate of increase in salaries	4.25%	4.75%
Discount rate	5.00%	6.00%
Pension in payment increases of RPI up to 5%	2.50%	3.00%

ROBERT PRETTIE & CO. LIMITED

**NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED 31 MARCH 2003**

Continued

22 DEFINED BENEFIT PENSION SCHEME – (continued)

The value of assets in the scheme and the long term rate of return expected were:

		<u>2003</u>		<u>2002</u>
	%	£'000	%	£'000
Equities	8.00	959	7.25	1,077
Property	8.00	21	7.25	141
Bonds	4.50	183	5.25	15
Cash	3.75	50	4.00	59
		<hr/>		<hr/>
Total market value of assets		1,213		1,292
Present value of scheme liabilities		(2,477)		(1,834)
		<hr/>		<hr/>
Deficit in the scheme		(1,264)		(542)
		<hr/>		<hr/>

23 TRANSACTIONS WITH DIRECTORS

On 31 March 2002 A Burton and G M Allwood, Directors of the Company purchased vehicles from the Company at market value. At 31 March 2002 A Burton and G M Allwood owed £10,598 and £4,151 in respect of these transactions. These amounts were settled during the year ended 31 March 2003.

24 CAPITAL COMMITMENTS

The Company had no capital commitments at the balance sheet date.

25 CONTROLLING PARTY

The Company is a wholly-owned subsidiary of Jabez Holdings Limited, a company registered in the United Kingdom