

**Prohawk Limited**

Financial statements

For the year ended 31 December 2002

Grant Thornton 



**Company no.1780767**

## Company information

<b>Company Registration Number</b>	1780767
<b>Registered Office</b>	20 Victoria Way Burgess Hill West Sussex RH15 9NF
<b>Directors</b>	Mr R Corsie Mr M H Murray Mr G Robertson
<b>Secretary</b>	Mr R Hynd
<b>Bankers</b>	Bank of Scotland 1 Bothwell Street Dunfermline Fife KY11 3AG
<b>Solicitors</b>	Shepherd & Wedderburn WS Saltire Court 20 Castle Terrace Edinburgh EH1 2ET
<b>Auditors</b>	Grant Thornton Chartered Accountants Registered Auditors 1-4 Atholl Crescent EDINBURGH EH3 8LQ

## Index to the financial statements

<b>Report of the directors</b>	3 - 4
<b>Report of the independent auditors</b>	5 - 6
<b>Principal accounting policies</b>	7
<b>Profit and loss account</b>	8
<b>Balance sheet</b>	9
<b>Notes to the financial statements</b>	10 - 13

## Report of the directors

The directors present their report and the financial statements of the company for the year ended 31 December 2002.

### **Principal activities and business review**

The principal activity of the company during the year was the manufacture of bowls measures.

There was a profit for the year after taxation amounting to £79,942 (2001 : £43,289)

The directors do not recommend payment of a dividend.

### **Directors**

The directors who served the company during the year were as follows:

Mr R Corsie  
Mr J B Clarke (resigned 25 September 2002)  
Mr M H Murray  
Mr G Robertson (appointed 29 January 2002)

Mr R Corsie and Mr J B Clarke are directors of the parent company undertaking. The interests of these directors are disclosed in that company's financial statements.

### **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 affairs of the company at the end of the year and of the profit or loss for the year then ended.

In preparing those financial statements, the directors are required to select suitable accounting policies, as described on page 7, and then apply them on a consistent basis, making judgements and estimates that are prudent and reasonable. The directors must also 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. The directors 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.

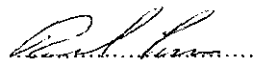
**Auditors**

Condie & Co resigned during the year and Grant Thornton were appointed to fill a casual vacancy. Grant Thornton offer themselves for reappointment as auditors in accordance with section 385 of the Companies Act 1985.

**Small company provisions**

This report has been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985.

ON BEHALF OF THE BOARD



Mr R Corsie

Director

Date 14<sup>th</sup> August 2003

## Report of the independent auditors to the members of Prohawk Limited

We have audited the financial statements of Prohawk Limited for the year ended 31 December 2002 which comprise the profit and loss account, balance sheet and notes 1 to 15. These financial statements have been prepared in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002), under 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**

The directors' responsibilities for preparing the report of the directors and the financial statements in accordance with United Kingdom law and accounting standards are set out in the statement of directors' responsibilities.

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 other information contained in the Directors' 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. Our responsibilities do not extend to any other information.

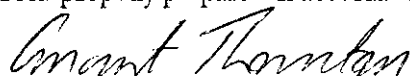
**Basis of opinion**

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 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 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 December 2002 and of its loss for the year then ended, and have been properly prepared in accordance with the Companies Act 1985.



GRANT THORNTON  
REGISTERED AUDITORS  
CHARTERED ACCOUNTANTS

4/8/03

## Principal accounting policies

### Basis of preparation

The financial statements have been prepared under the historical cost convention, and in accordance with the Financial Reporting Standard for Smaller Entities (effective June 2002).

### Turnover

The turnover shown in the profit and loss account represents amounts invoiced during the year, exclusive of Value Added Tax.

### Depreciation

Depreciation is calculated so as to write off the cost of an asset, less its estimated residual value, over the useful economic life of that asset as follows:

Plant & Machinery                      -     10% straight line

### Stocks

Stocks are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

### Operating lease agreements

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

### Deferred taxation

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events have occurred at that date that will result in an obligation to pay more, or a right to pay less or to receive more tax.

Deferred tax is measured on an undiscounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

### Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating profit.



## Profit and loss account

	Note	2002 £	2001 £
Turnover	1	118,380	154,246
Cost of sales		51,436	62,263
Gross profit		66,944	91,983
Other operating income and charges	2	89,815	36,309
Operating (loss)/profit	3	(22,871)	55,674
Intra group balance written off		(55,588)	—
		(78,459)	55,674
Interest payable		392	1,817
(Loss)/profit on ordinary activities before taxation		(78,851)	53,857
Tax on (loss)/profit on ordinary activities	5	1,091	10,568
(Loss)/retained profit for the financial year		(79,942)	43,289

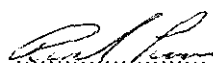
The accompanying notes form part of these financial statements.

## Balance sheet

	Note	2002 £	2001 £
<b>Fixed assets</b>			
Tangible assets	6	<u>20,466</u>	<u>26,991</u>
<b>Current assets</b>			
Stocks	7	37,976	40,571
Debtors	8	2,072	76,806
Cash at bank and in hand		3,033	15
		<u>43,081</u>	<u>117,392</u>
<b>Creditors: amounts falling due within one year</b>	9	<u>46,974</u>	<u>45,298</u>
<b>Net current (liabilities)/assets</b>		<u>(3,893)</u>	<u>72,094</u>
<b>Total assets less current liabilities</b>		<u>16,573</u>	<u>99,085</u>
<b>Provisions for liabilities and charges</b>			
Deferred taxation		-	2,570
		<u>16,573</u>	<u>96,515</u>
<b>Capital and reserves</b>			
Called-up equity share capital	13	100	100
Profit and Loss Account	14	<u>16,473</u>	<u>96,415</u>
<b>Shareholders' funds</b>		<u>16,573</u>	<u>96,515</u>

These financial statements have been prepared in accordance with the special provisions for small companies under Part VII of the Companies Act 1985 and with the Financial Reporting Standard for Smaller Entities (effective June 2002).

These financial statements were approved by the directors on 4/3/03 and are signed on their behalf by:



Mr R Corsie

## Notes to the financial statements

### 1 Turnover

The turnover and loss before tax are attributable to the one principal activity of the company.

An analysis of turnover is given below:

	2002	2001
	£	£
United Kingdom	109,756	145,922
Overseas sales	8,624	8,324
	<u>118,380</u>	<u>154,246</u>

### 2 Other operating income and charges

	2002	2001
	£	£
Distribution costs	2,062	4,280
Administrative expenses	87,753	32,029
	<u>89,815</u>	<u>36,309</u>

The above operating charges include exceptional items amounting to £20,382 (2001 - £nil). These arise as follows:

	£
Group integration and reorganisation costs	5,734
Warranty claims	14,648
	<u>20,382</u>

### 3 Operating loss

Operating (loss)/profit is stated after charging:

	2002	2001
	£	£
Depreciation	7,751	3,140
Loss on disposal of fixed assets	125	—
Auditors' fees	<u>1,200</u>	<u>1,200</u>

### 4 Directors' pension schemes

No directors are accruing benefits under company pension schemes.

**5 Tax on loss or profit on ordinary activities**

Taxation

	2002	2001
	£	£
Current tax:		
Over/under provision in prior year	3,661	106
Group relief	—	7,892
Total current tax	3,661	7,998
Deferred tax:		
(Decrease)/Increase in deferred tax provision		
Capital allowances	(2,570)	2,570
Tax on loss or profit on ordinary activities	<u>1,091</u>	<u>10,568</u>

**6 Tangible fixed assets**

	Plant & Machinery
	£
Cost	
At 1 January 2002	76,217
Additions	1,350
Disposals	(183)
At 31 December 2002	<u>77,384</u>
Depreciation	
At 1 January 2002	49,226
Charge for the year	7,751
On disposals	(59)
At 31 December 2002	<u>56,918</u>
Net book value	
At 31 December 2002	<u>20,466</u>
At 31 December 2001	<u>26,991</u>

**7 Stocks**

	2002	2001
	£	£
Finished goods	<u>37,976</u>	<u>40,571</u>

**8 Debtors**

	2002	2001
	£	£
Trade debtors	705	15,612
Amounts owed by group undertakings	–	58,457
Other debtors	1,367	2,737
	<u>2,072</u>	<u>76,806</u>

**9 Creditors: amounts falling due within one year**

	2002	2001
	£	£
Bank loans and overdrafts	–	1,229
Trade creditors	10,649	16,285
Amounts owed to group undertakings	35,566	26,073
Other taxation and social security	386	389
Other creditors	373	1,322
	<u>46,974</u>	<u>45,298</u>

**10 Leasing commitments**

At 31 December 2002 the company had aggregate annual commitments under non-cancellable operating leases as set out below.

	2002	2001
	£	£
Operating leases which expire:		
Within 1 year	<u>2,700</u>	<u>2,700</u>

**11 Contingent liabilities**

The company has unlimited cross guarantees with Corsie Group Limited and its subsidiary undertakings.

**12 Related party transactions and ultimate parent undertaking**

Corsie Group Limited is this company's controlling related party by virtue of its 100% ownership of the company. The ultimate controlling related party is Mr Richard Corsie by virtue of his majority shareholding in Corsie Group Limited.

The largest group of undertakings for which group accounts have been drawn up is that headed by Corsie Group Limited, which is registered in Scotland.

No transactions with related parties were undertaken such as are required to be disclosed under Financial Reporting Standard 8.

**13 Share capital**

Authorised share capital:

	2002	2001
	£	£
100 Ordinary shares of £1 each	<u>100</u>	<u>100</u>

Allotted, called up and fully paid:

	2002	2001
	£	£
Ordinary share capital	<u>100</u>	<u>100</u>

**14 Reconciliation of shareholders' funds and movement on reserves**

	Share capital	Profit and loss account	Total share- holders' funds
	£	£	£
Balance brought forward	100	96,415	96,515
Loss for the year	—	(79,942)	(79,942)
Balance carried forward	<u>100</u>	<u>16,473</u>	<u>16,573</u>

**15 Capital commitments**

Amounts contracted for but not provided in the financial statements amounted to £nil (2001: £nil).