

Contents

**Consolidated financial statements for
the year ended 31 December 2002**

**Langdon Group Limited
and subsidiary
undertakings**

Notice of Annual General Meeting

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Langdon Group Limited and subsidiary undertakings

Company information

Directors

M P T Donoghue (Chairman)
R G Holder FCA
S E Holder FCA
P J F Rowe
R J Swindells
J G R Rix (Non-Executive)
W G Underwood (Non-Executive)

Secretary

R G Holder FCA

Company number

02258673

Registered office

Walford Cross
Taunton
Somerset
TA2 8QP

Registered auditors

Mazars
Beaufort Buildings
Clifton Down
Bristol
BS8 4AN

Bankers

Lloyds Bank Plc
31 Fore Street
Taunton
Somerset
TA1 1HN

Langdon Group Limited and subsidiary undertakings

Directors' report

For the year ended 31 December 2002

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

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 and of the group and of the profit or loss of the group for that period. 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 group 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 the group 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 the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Directors

The following directors have held office since 1 January 2002:

M P T Donoghue (Chairman)
R G Holder FCA
S E Holder FCA
P J F Rowe
R J Swindells
J G R Rix (Non-Executive)
W G Underwood (Non-Executive)

Directors' interests

The directors' beneficial interests in the shares of the company were as stated below:

Langdon Group Limited	Ordinary Shares of 10p each	
	31 December 2001	1 January 2001
M P T Donoghue	837,043	837,043
R G Holder	10,000	10,000
S E Holder	-	-
P J F Rowe	305,699	305,699
R J Swindells	300,699	300,699
J G R Rix	67,500	67,500
W G Underwood	-	-

West Monkton Advisory Services Limited, a company in which R G Holder and S E Holder have a beneficial interest, holds 240,059 (2001: 240,059) ordinary 10p shares.

Langdon Group Limited and subsidiary undertakings

Directors' report (continued)

For the year ended 31 December 2002

Principal activities and review of the business

The principal activity of the group during the year continued to be the provision of temperature controlled haulage facilities, distribution, cold and chill storage and transport services.

The company's principal activity during the year continued to be that of a non-trading holding company. Turnover has decreased from £23,648,210 to £21,848,461 during the year. The board is continuing to focus the group's resources and efforts on temperature controlled haulage, cold and chill storage and distribution, and to broaden its customer base.

The directors anticipate a modest increase in revenues in 2003.

Results and dividends

The results for the year are set out on page 5.

An interim ordinary dividend of 1.5p per share was declared, amounting to £36,000. The directors recommend payment of a final dividend of 1.25p per share amounting to £30,025.

Market value of land and buildings

In the opinion of the directors the market value of land and buildings exceeds the current net book value.

Creditor payment policy

The company's creditor policy is to ensure that full benefit is taken on the terms offered to them by their suppliers.

Disabled persons

The group's policy is to recruit disabled workers for those vacancies that they are able to fill. All necessary assistance with initial training courses is given. Once employed, a career plan is developed so as to ensure suitable opportunities for each disabled person. Arrangements are made, wherever possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Deferred tax

As required by current accounting policies the company has to provide for deferred tax. The provision for the cumulative cost of this charge to the profit and loss account in the year is £1,312,336, with a corresponding reduction in the value of shareholders funds. The amount shown as deferred tax is, in the view of the directors, a liability that will not become payable in the foreseeable future.

Langdon Group Limited and subsidiary undertakings

Directors' report (continued)

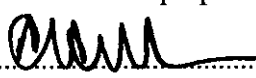
For the year ended 31 December 2002

Employee involvement

During the year, the policy of providing employees with information about the group has been continued through the newsletter in which employees have also been encouraged to present their suggestions and views.

Auditors

On 1 September 2002 our auditors, Mazars Neville Russell, changed their name to Mazars. A resolution to re-appoint Mazars as auditors will be proposed at the forthcoming annual general meeting.

Approved by the board on  2nd May 2003
and signed on its behalf by R G Holder FCA.

Langdon Group Limited and subsidiary undertakings

Independent Auditors' report

To the shareholders of Langdon Group Limited and subsidiary undertakings

We have audited the financial statements on pages 5 to 27 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 9 and 10.

This report is made solely to the company's members, as a body, in accordance with Section 235 of 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 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 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. Our responsibilities do not extend to any other information.

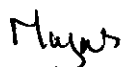
Basis of audit opinion

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

Opinion

In our opinion the financial statements give a true and fair view of the state of the company's and the group's affairs as at 31 December 2002 and of the group's profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



MAZARS

CHARTERED ACCOUNTANTS

and Registered Auditors

Clifton Down House

Beaufort Buildings

Bristol BS8 4AN

6 May 2003

Langdon Group Limited and subsidiary undertakings

Consolidated profit and loss account For the year ended 31 December 2002

		2002	2001
	Notes	£	as restated £
Turnover	2	21,848,461	23,648,210
Cost of sales		(18,375,534)	(19,667,053)
Gross profit		3,472,927	3,981,157
Administrative expenses		(3,078,574)	(3,100,851)
Other operating income	5	950,000	1,130,605
Operating profit	4	1,344,353	2,010,911
Exceptional loss on disposal of fixed assets	6	-	(120,333)
Profit on ordinary activities before interest		1,344,353	1,890,578
Other interest receivable and similar income	7	286	8,418
Interest payable and similar charges	8	(514,056)	(617,658)
Profit on ordinary activities before taxation		830,583	1,281,338
Tax on profit on ordinary activities	11	(250,390)	(164,406)
Profit on ordinary activities after taxation		580,193	1,116,932
Dividends	13	(66,025)	(84,000)
Retained profit for the year	22	514,168	1,032,932

The profit and loss account has been prepared on the basis that all operations are continuing operations.

Langdon Group Limited and subsidiary undertakings

Statement of total recognised gains and losses For the year ended 31 December 2002

		2002 £	2001 £
Profit for the financial year		580,193	1,116,932
Prior year adjustment	22	(1,293,160)	-
Total gains and losses recognised since last financial statements		<u>(712,967)</u>	<u>1,116,932</u>

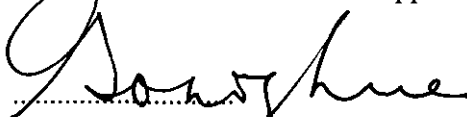
Langdon Group Limited and subsidiary undertakings

Balance sheets

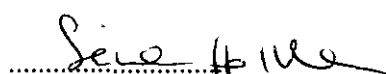
As at 31 December 2002

		Group		Company	
		2002	2001	2002	2001
			as restated		
	Notes	£	£	£	£
Fixed assets					
Tangible assets	14	16,644,652	17,051,998	-	-
Investments	15	-	-	291,931	291,929
		<u>16,644,652</u>	<u>17,051,998</u>	<u>291,931</u>	<u>291,929</u>
Current assets					
Stocks	16	173,895	105,396	-	-
Debtors	17	4,829,391	4,389,598	4,128,441	4,115,496
Cash at bank and in hand		1,506	1,423	-	-
		<u>5,004,792</u>	<u>4,496,417</u>	<u>4,128,441</u>	<u>4,115,496</u>
Creditors: amounts falling due within one year	18	(9,781,957)	(10,183,240)	(66,031)	(53,083)
Net current liabilities		<u>(4,777,165)</u>	<u>(5,686,823)</u>	<u>4,062,410</u>	<u>4,062,413</u>
Total assets less current liabilities		<u>11,867,487</u>	<u>11,365,175</u>	<u>4,354,341</u>	<u>4,354,342</u>
Creditors: amounts falling due after more than one year	19	(3,736,433)	(3,767,465)	(400,000)	(400,000)
Provisions for liabilities and charges	20	(1,312,336)	(1,293,160)	-	-
		<u>6,818,718</u>	<u>6,304,550</u>	<u>3,954,341</u>	<u>3,954,342</u>
Capital and reserves					
Called up share capital	21	240,000	240,000	240,000	240,000
Share premium account	22	1,425,000	1,425,000	1,425,000	1,425,000
Revaluation reserve	22	1,286,956	1,288,917	-	-
Other reserves	22	564,732	564,732	167,411	167,411
Profit and loss account	22	3,302,030	2,785,901	2,121,930	2,121,931
Shareholders' funds - equity interests	23	<u>6,818,718</u>	<u>6,304,550</u>	<u>3,954,341</u>	<u>3,954,342</u>

The financial statements were approved by the Board on 2nd May 2003



Director



Director

Langdon Group Limited and subsidiary undertakings

Consolidated cash flow statement For the year ended 31 December 2002

	Notes	2002 £	2001 £
Net cash inflow from operating activities	24	2,030,241	2,789,863
Returns on investments and servicing of finance			
Interest received	286	8,418	
Interest paid	(514,056)	(381,033)	
Interest element of finance lease rentals	-	(236,625)	
Net cash outflow for returns on investments and servicing of finance		(513,770)	(609,240)
Taxation		(102,225)	-
Capital expenditure			
Payments to acquire tangible assets	(137,382)	(229,744)	
Receipts from sales of tangible assets	653,712	246,559	
Net cash inflow for capital expenditure		516,330	16,815
Equity dividends paid		(84,562)	(107,437)
Net cash inflow before management of liquid resources and financing		1,846,014	2,090,001
Financing			
Repayment of long term bank loan	(426,880)	(511,578)	
Repayment of other short term loans	(389,998)	(1,064,233)	
Capital element of hire purchase contracts	(1,443,359)	(1,735,701)	
Net cash outflow from financing		(2,260,237)	(3,311,512)
Decrease in cash in the year		(414,223)	(1,221,511)

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements For the year ended 31 December 2002

1 Accounting policies

1.1 Accounting convention

The financial statements are prepared under the historical cost convention modified to include the revaluation of freehold land and buildings.

1.2 Compliance with accounting standards

The accounts have been prepared in accordance with applicable accounting standards.

1.3 Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and its subsidiary undertakings made up to 31 December 2002. The results of subsidiaries sold or acquired are included in the profit and loss account up to, or from the date control passes. Intra-group sales and profits are eliminated fully on consolidation.

1.4 Turnover

Turnover represents amounts receivable for goods and services net of VAT and trade discounts.

1.5 Tangible fixed assets and depreciation

Tangible fixed assets other than freehold land are stated at cost or valuation less depreciation. Depreciation is provided at rates calculated to write off the cost or valuation less estimated residual value of each asset over its expected useful life, as follows:

Freehold land and buildings	2% per annum
Plant and machinery	1-20 years
Motor vehicles	Tractor units 2-7 years
	Trailer units 5-10 years
	Cars 3-5 years

1.6 Leasing

Assets obtained under finance leases are capitalised as tangible assets and depreciated over the shorter of the lease term and their useful lives. Obligations under finance lease agreements and hire purchase contracts are included in creditors net of the finance charge allocated to future periods. The finance element of the payment under these contracts is charged to the profit and loss account so as to produce a constant periodic rate of charge on the net obligation outstanding in each period.

Rentals payable under operating leases are charged against income on a straight line basis over the lease term.

1.7 Investments

Fixed asset investments are stated at cost less provision for permanent diminution in value.

1.8 Stock

Stock is valued at the lower of cost and net realisable value.

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

1 Accounting policies

(continued)

1.9 Pensions

The company operates a number of pension schemes. The assets of the schemes are held separately from those of the company, being invested with insurance companies and in an independently administered fund. Contributions to the scheme are charged to the profit and loss account as follows:-

1) Where benefits are based on final pensionable pay, pension costs are charged so as to spread the cost of pensions over employees' working lives with the company.

2) Where benefits are based on defined contributions to the scheme, pension costs are charged to the period in which they are payable.

1.10 Deferred taxation

The accounting policy in respect of deferred tax has been changed to reflect the requirements of FRS19 - Deferred tax. Deferred tax is provided in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes. The deferred tax balance has not been discounted.

The above amounts to a change in accounting policy. The previous policy was to provide deferred tax only to the extent that it was probable that liabilities would crystallise in the foreseeable future.

The adoption of the standard requires a prior period adjustment to be made to recognise the liability which existed at the start of the financial year and which was not recognised under the old accounting policy. This has increased the deferred tax liability and reduced the retained profits by £1,293,160.

1.11 Foreign currency translation

Monetary assets and liabilities denominated in foreign currencies are translated into sterling at the rates of exchange ruling at the balance sheet date. Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. All differences are taken to profit and loss account.

2 Segmental analysis by class of business

The analysis by class of business of the group's turnover is set out as below:

Turnover

	2002 £	2001 £
Class of business		
Haulage	18,576,206	19,431,407
Warehousing	3,272,255	3,987,933
Transport services	-	228,870
	<hr/>	<hr/>
	21,848,461	23,648,210
	<hr/>	<hr/>

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

Segmental analysis by geographical area

The analysis by geographical area of the group's turnover is set out as below:

	2002 £	2001 £
Geographical segment		
U.K.	21,524,692	23,624,771
Europe	320,429	23,439
Other	3,340	-
	<u>21,848,461</u>	<u>23,648,210</u>

4 Operating profit	2002 £	2001 £
Operating profit is stated after charging:		
Depreciation of tangible assets	1,713,913	1,684,955
Operating lease rentals		
- Plant and machinery	234,161	301,528
- Other assets	150,000	44,789
Auditors' remuneration	16,250	17,240
and after crediting:		
Rents receivable	<u>(450,000)</u>	<u>(124,949)</u>

5 Other operating income	2002 £	2001 £
Other operating income includes:		
Rent received	450,000	124,949
Loan Waiver	<u>500,000</u>	<u>1,000,000</u>
	<u>950,000</u>	<u>1,124,949</u>

The loan waiver of £500,000 (2001: £1,000,000) is an amount previously advanced to the company in the form of a loan from Procter and Gamble which has subsequently been written off.

6 Exceptional items

The exceptional loss on disposal in 2001 related to the loss suffered by the group on the scrapping of obsolete assets.

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements For the year ended 31 December 2002

7	Other interest receivable and similar income	2002 £	2001 £
	Other interest	286	8,418

8	Interest payable	2002 £	2001 £
	On bank loans and overdrafts	339,585	354,290
	Hire purchase interest	156,232	236,625
	Other interest	18,239	26,743
		514,056	617,658

9 Employees

Number of employees

The average monthly number of employees (including directors) during the year was:

	2002 Number	2001 Number
Administration	82	86
Haulage	134	137
Warehousing	66	76
	282	299

Employment costs

	£	£
Wages and salaries	5,347,036	5,533,740
Social security costs	485,782	515,814
Other pension costs	83,242	86,964
	5,916,060	6,136,518

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

10 Directors' emoluments	2002 £	2001 £
Emoluments for qualifying services	<u>244,146</u>	<u>234,711</u>

The number of directors for whom retirement benefits are accruing under money purchase pension schemes amounted to 4 (2001 - 4).

Emoluments disclosed above include the following amounts paid to the highest paid director:

Emoluments for qualifying services	76,340	72,069
Company pension contributions to money purchase schemes	<u>9,750</u>	<u>9,688</u>

The following directors had share options granted to them on 21 September 1999 - Mr M P T Donoghue 10,000, Mr R J Swindells 7,500, Mr P Rowe 7,500 and Mr R G Holder 7,500. These options were exercisable three years after the date of grant, at a price of £2.25 per share. They have not yet been exercised.

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

11 Taxation	2002	2001
	£	£
Domestic current year taxation		
U.K. corporation tax	229,545	100,556
Adjustment for prior years	1,669	-
	<u>231,214</u>	<u>100,556</u>
Deferred taxation	19,176	63,850
	<u>250,390</u>	<u>164,406</u>
Factors affecting the tax charge for the year		
Profit on ordinary activities before taxation	<u>830,583</u>	<u>1,281,338</u>
Profit on ordinary activities before taxation multiplied by standard rate of UK corporation tax of 27.73% (2001 : 24.10%)	<u>230,339</u>	<u>310,468</u>
Effects of:		
Non deductible expenses	9,830	255,180
Depreciation	475,827	414,499
Capital allowances	(476,617)	(439,838)
Tax losses utilised	-	(207,270)
Adjustments to previous periods	1,669	-
Chargeable disposals	(9,834)	24,605
Other tax adjustments	-	(257,088)
	<u>875</u>	<u>(209,912)</u>
Current tax charge	<u>231,214</u>	<u>100,556</u>

12 Profit for the financial year

As permitted by section 230 of the Companies Act 1985, the holding company's profit and loss account has not been included in these financial statements. The profit for the financial year is made up as follows:

	2002	2001
	£	£
Holding company's profit for the financial year	<u>66,025</u>	<u>2,162,128</u>

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

13 Dividends		2002	2001
		£	£
Ordinary interim payable at 1.5p per share		36,000	36,000
Ordinary final proposed at 1.25p per share		30,025	48,000
		<u>66,025</u>	<u>84,000</u>
14 Tangible fixed assets			
Group			
	Freehold land and buildings	Plant and machinery	Motor vehicles
	£	£	£
Cost or valuation			
At 1 January 2002	7,250,104	5,841,458	9,684,085
Additions	33,124	49,224	1,842,467
Disposals	-	-	(1,677,518)
	<u>7,283,228</u>	<u>5,890,682</u>	<u>9,849,034</u>
At 31 December 2002			22,775,647
			1,924,815
			(1,677,518)
			<u>23,022,944</u>
Depreciation			
At 1 January 2002	200,865	1,333,750	4,189,034
On disposals	-	-	(1,059,270)
Charge for the year	94,067	403,892	1,215,954
	<u>294,932</u>	<u>1,737,642</u>	<u>4,345,718</u>
At 31 December 2002			5,723,649
			(1,059,270)
			1,713,913
			<u>6,378,292</u>
Net book value			
At 31 December 2002	6,988,296	4,153,040	5,503,316
	<u>6,988,296</u>	<u>4,153,040</u>	<u>5,503,316</u>
At 31 December 2001	7,049,239	4,507,708	5,495,051
			<u>17,051,998</u>

The freehold land and buildings at Walford Cross were revalued by Messrs Alder King in October 1997, June 1998 and December 1998 on the basis of open market value for existing use.

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

14 Tangible fixed assets

(continued)

Comparable historical cost for the land and buildings included at valuation:

	£
Cost	
At 1 January 2002	6,473,019
Additions	33,124
	<u>6,506,143</u>
At 31 December 2002	
Depreciation based on cost	
At 1 January 2002	190,986
Charge for the year	80,140
	<u>271,126</u>
At 31 December 2002	
Net book value	
At 31 December 2002	<u>6,235,017</u>
At 31 December 2001	<u>6,282,033</u>

Included above are assets held under finance leases or hire purchase contracts as follows:

	Plant and machinery £	Motor vehicles £	Total £
Net book values			
At 31 December 2002	<u>67,924</u>	<u>3,958,391</u>	<u>4,026,315</u>
At 31 December 2001	<u>92,482</u>	<u>4,027,073</u>	<u>4,119,555</u>
Depreciation charge for the year			
31 December 2002	<u>24,558</u>	<u>608,640</u>	<u>633,198</u>
31 December 2001	<u>24,558</u>	<u>732,204</u>	<u>756,762</u>

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

15 Fixed asset investments Company

	Shares in subsidiary undertakings £
Cost	
At 1 January 2002	291,929
Additions	2
	<hr/>
At 31 December 2002	291,931
	<hr/>
Net book value	
At 31 December 2002	291,931
	<hr/>
At 31 December 2001	291,929
	<hr/>

In the opinion of the directors, the aggregate value of the company's investment in subsidiary undertakings is not less than the amount included in the balance sheet.

Holdings of more than 20%

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

Company	Country of registration or incorporation	Shares held	
		Class	%
Subsidiary undertakings			
Langdon Industries Limited	England and Wales	Ordinary	100
Langdons Truck Stop (Taunton) Limited	England and Wales	Ordinary	100
Langdon Holdings Limited	England and Wales	Ordinary	100
Langdons Bridgwater Limited	England and Wales	Ordinary	100
Chillnet Limited	England and Wales	Ordinary	100
Langdon Walford Cross Limited	England and Wales	Ordinary	100

The principal activity of these undertakings for the last relevant financial year was as follows:

	Principal activity
Langdon Industries Limited	Provision of temperature controlled haulage, distribution, warehousing and transport services.
Langdons Truck Stop (Taunton) Limited	Dormant
Langdon Holdings Limited	Dormant
Langdons Bridgwater Limited	Dormant
Chillnet Limited	Dormant
Langdon Walford Cross Limited	Dormant

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued)

For the year ended 31 December 2002

16 Stocks

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Raw materials and consumables	139,862	80,307	-	-
Finished goods and goods for resale	34,033	25,089	-	-
	<u>173,895</u>	<u>105,396</u>	<u>-</u>	<u>-</u>

17 Debtors

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Trade debtors	4,078,815	3,706,404	-	-
Amounts owed by group undertakings	-	-	4,128,441	4,115,496
Other debtors	139,365	126,360	-	-
Prepayments and accrued income	611,211	556,834	-	-
	<u>4,829,391</u>	<u>4,389,598</u>	<u>4,128,441</u>	<u>4,115,496</u>

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

18 Creditors : amounts falling due within one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans and overdrafts	4,328,993	4,008,429	-	4,518
Net obligations under finance lease and hire purchase contracts	1,125,405	1,177,179	-	-
Trade creditors	2,762,463	2,767,067	-	-
Amounts owed to group undertakings	-	-	6	2
Corporation tax	229,545	100,556	-	-
Taxes and social security costs	584,679	473,883	-	-
Other creditors	167,745	1,133,774	-	-
Accruals and deferred income	517,102	473,789	-	-
Proposed dividend	66,025	48,563	66,025	48,563
	<u>9,781,957</u>	<u>10,183,240</u>	<u>66,031</u>	<u>53,083</u>

The loan and bank overdraft are secured by a debenture over the assets of the group.

Included within other creditors is £nil (2001 £1,000,000) which is secured over the freehold property at Bridgwater.

Included within other creditors is an amount due to Lloyds UDT Limited of £nil (2001 £29,063) which is secured on certain assets of the group.

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

19 Creditors : amounts falling due after more than one year

	Group		Company	
	2002	2001	2002	2001
	£	£	£	£
Bank loans	1,770,307	2,197,187	-	-
Other loans	400,000	400,000	400,000	400,000
Net obligations under finance leases and hire purchase agreements	1,566,126	1,170,278	-	-
	<u>3,736,433</u>	<u>3,767,465</u>	<u>400,000</u>	<u>400,000</u>

Analysis of loans

Not wholly repayable within five years by instalments:

Bank loans	434,248	2,678,988	-	-
Other loans	400,000	400,000	400,000	400,000
Wholly repayable within five years	1,927,862	1,000,000	-	-
	<u>2,762,110</u>	<u>4,078,988</u>	<u>400,000</u>	<u>400,000</u>
Included in current liabilities	(591,803)	(1,481,801)	-	-
	<u>2,170,307</u>	<u>2,597,187</u>	<u>400,000</u>	<u>400,000</u>

Instalments not due within five years	<u>534,248</u>	<u>889,707</u>	<u>100,000</u>	<u>180,000</u>
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Loan maturity analysis

In more than one year but not more than two years	361,175	423,148	-	-
In more than two years but not more than five years	1,194,884	1,284,332	220,000	220,000
In more than five years	<u>614,248</u>	<u>889,707</u>	<u>180,000</u>	<u>180,000</u>

The bank loans are repayable in equal monthly instalments and bear interest at between 1.25% and 1.75% above bank base rates.

The bank loans are secured by a debenture over the assets of the group.

The other loan is repayable by 20 consecutive quarterly instalments commencing 7 April 2004.

The interest is payable on the loan at 2% below bank base rates.

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

19 Creditors : amounts falling due after more than one year

(continued)

	Group		Company	
	Group	2001	Company	2001
	2002	2001	2002	2001
	£	£	£	£
Net obligations under finance leases and hire purchase contracts				
Repayable within one year	1,278,942	1,362,255	-	-
Repayable between one and five years	1,735,385	1,337,694	-	-
	<u>3,014,327</u>	<u>2,699,949</u>	<u>-</u>	<u>-</u>
Finance charges and interest allocated to future accounting periods	(322,796)	(352,492)	-	-
	<u>2,691,531</u>	<u>2,347,457</u>	<u>-</u>	<u>-</u>
Included in liabilities falling due within one year	(1,125,405)	(1,177,179)	-	-
	<u>1,566,126</u>	<u>1,170,278</u>	<u>-</u>	<u>-</u>

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

20 Provisions for liabilities and charges Group

	Deferred taxation £
Balance at 1 January 2002	1,293,160
Profit and loss account	19,176
	<u>1,312,336</u>
Balance at 31 December 2002	<u>1,312,336</u>

Deferred taxation provided in the financial statements and the amounts not provided are as follows:

Group

	Not provided		Provided	
	2002	2001	2002	2001
	£	£	£	£
Accelerated capital allowances	-	-	1,312,336	1,293,160
Surplus on revaluation of land and buildings	216,280	216,280	-	-
	<u>216,280</u>	<u>216,280</u>	<u>1,312,336</u>	<u>1,293,160</u>

Revaluation of freehold properties

In the opinion of the directors, whilst there is a potential liability to tax on a chargeable gain on the revaluation of the freehold property, this liability will not crystallise as, in the event of a sale, the chargeable gain would be covered by available tax allowances and reliefs.

21 Share capital

	2002 £	2001 £
Authorised		
5,105,000 Ordinary shares of 10p each	<u>510,500</u>	<u>510,500</u>
Allotted, called up and fully paid		
2,400,000 Ordinary shares of 10p each	<u>240,000</u>	<u>240,000</u>

On 21 September 1999, the company granted certain employees the right to buy shares in the company at £2.25 per share. At 31 December 2002, there were options outstanding of over 75,000 shares, which are exercisable any time after three years from the date of the grant, provided the staff remain employees of the company. On 2 April 2003 2000 share options were exercised by an employee.

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

22 Statement of movements on reserves

Group

	Share premium account £	Revaluation reserve £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2002	1,425,000	1,288,917	564,732	4,079,061
Prior year adjustment (see 1.8)	-	-	-	(1,293,160)
Balance at 1 January 2002 as restated	1,425,000	1,288,917	564,732	2,785,901
Retained profit for the year	-	-	-	514,168
Transfer from revaluation reserve to profit and loss account	-	(1,961)	-	1,961
Balance at 31 December 2002	<u>1,425,000</u>	<u>1,286,956</u>	<u>564,732</u>	<u>3,302,030</u>

Company

	Share premium account £	Other reserves (see below) £	Profit and loss account £
Balance at 1 January 2002	1,425,000	167,411	2,121,930
Actuarial gains or losses on pension scheme assets	-	-	-
Transfer between profit and loss account reserve and pension scheme reserve	-	-	-
Balance at 31 December 2002	<u>1,425,000</u>	<u>167,411</u>	<u>2,121,930</u>

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

23 Reconciliation of movements in shareholders' funds	2002	2001
Group	£	£
Profit for the financial year	580,193	1,116,932
Dividends	(66,025)	(84,000)
Net addition to shareholders' funds	514,168	1,032,932
Opening shareholders' funds	6,304,550	5,271,618
Closing shareholders' funds	6,818,719	6,304,550

Opening shareholders' funds were originally £6,564,778 before deducting prior year adjustments of £1,293,160, in relation to deferred tax now provided. This adjustment is explained in detail in the accounting policies, see 1.10.

Company	2002	2001
	£	£
Profit for the financial year	66,025	2,162,128
Dividends	(66,025)	(84,000)
Net addition to shareholders' funds	-	2,078,128
Opening shareholders' funds	3,954,342	1,876,214
Closing shareholders' funds	3,954,341	3,954,342

24 Reconciliation of operating loss to net cash inflow from operating activities	2002	2001
	£	£
Operating profit	1,344,353	2,010,911
Loan waived in the year	(500,000)	(1,000,000)
Depreciation of tangible assets	1,713,913	1,684,955
Profit on disposal of tangible assets	(35,464)	(20,312)
(Increase)/decrease in stocks	(68,499)	92,266
Increase in debtors	(439,793)	(17,629)
Increase in creditors within one year	15,731	39,672
Net cash inflow from operating activities	2,030,241	2,789,863

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

25 Analysis of net debt	1 January 2002	Cash flow	Other non- cash changes	31 December 2002
	£	£	£	£
Net cash:				
Cash at bank and in hand	1,423	84	-	1,507
Bank overdrafts	(3,526,628)	(378,307)	-	(3,904,935)
	<u>(3,525,205)</u>	<u>(378,223)</u>	<u>-</u>	<u>(3,903,428)</u>
Bank deposits	-	-	-	-
Finance leases	(2,347,457)	1,443,359	(1,787,433)	(2,691,531)
Debts falling due within one year	(1,481,801)	389,998	500,000	(591,803)
Debts falling due after one year	(2,597,187)	426,880	-	(2,170,307)
	<u>(6,426,445)</u>	<u>2,260,237</u>	<u>(1,287,433)</u>	<u>(5,453,641)</u>
Net funds/(debt)	<u>(9,951,650)</u>	<u>1,882,014</u>	<u>(1,287,433)</u>	<u>(9,357,069)</u>

26 Reconciliation of net cash flow to movement in net debt	2002	2001
	£	£
Decrease in cash in the year	(378,223)	(1,221,511)
Cash outflow from decrease in debt	<u>2,260,237</u>	<u>3,311,512</u>
Change in net debt resulting from cash flows	1,882,014	2,090,001
New finance lease	(1,787,433)	(547,582)
Amounts written off loans	<u>500,000</u>	<u>1,000,000</u>
Movement in net debt in the year	594,581	2,542,419
Opening net debt	<u>(9,951,650)</u>	<u>(12,494,069)</u>
Closing net debt	<u>(9,357,069)</u>	<u>(9,951,650)</u>

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements For the year ended 31 December 2002

27 Pension costs

The company operates a defined contribution pension scheme. The assets of the scheme are held separately from those of the company in an independently administered fund. The pension cost charge represents contributions payable by the company to the fund and amounted to £83,242 (2001 - £86,964).

The company also operated a pension scheme which provided benefits based on final pensionable pay. The trustees have advised the beneficiaries that the scheme will be wound up with effect from 30 November 2002, subject to formal procedures, as required by current legislation. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme were charged to the profit and loss account so as to spread the cost of pensions over employees' working lives with the company. The most recent valuation was at 30 November 2002. The actuarial deficiency at this date was £3,000. This deficiency may change slightly as the GMP's still need to be reconciled following the winding-up of the scheme.

The recent actuarial valuation, showed that the market value of the scheme's assets was £206,600 and that the actuarial value of those assets represented 98% of the benefits accrued to the members. The scheme is now a closed scheme.

28 Financial commitments

At 31 December 2002 the group had annual commitments under non-cancellable operating leases as follows:

	Land and buildings		Other	
	2002	2001	2002	2001
	£	£	£	£
Expiry date:				
Within one year	112,500	1,861	76,383	5,173
Between two and five years	-	112,500	161,662	222,528
	<u>112,500</u>	<u>114,361</u>	<u>238,045</u>	<u>227,701</u>

29 Contingent liabilities

Group

Guarantees relating to loan commitments of drivers under contract to the group amounted to £Nil (2001 £9,677).

30 Related party transactions

Group

A group subsidiary incurred charges of £48,000 (2001 £48,000) during the year in respect of services provided by West Monkton Advisory Services Limited, a company in which S E Holder and R G Holder have a beneficial interest. S E Holder and R G Holder are both directors of Langdon Group Limited.

Langdon Group Limited and subsidiary undertakings

Notes to the consolidated financial statements (continued) For the year ended 31 December 2002

31 Control

There is no ultimate controlling party of the company or group.