

Swiss Cutlery (UK) Limited
Annual report
for the year ended 30 April 2000

Registered no: 2404333



Swiss Cutlery (UK) Limited

Annual report for the year ended 30 April 2000

	Pages
Directors and advisers	1
Directors' report	2 - 4
Report of the auditors	5
Consolidated profit and loss account	6
Balance sheets	7
Consolidated cash flow statement	8 - 9
Notes to the financial statements	10 - 28

Swiss Cutlery (UK) Limited

1

Directors and advisers

Executive directors

H A Cann (Chairman)

D L Walmsley

C C Hastings

S J Cann

B J Berryman

Secretary and registered office

S J Cann

66 Lincoln's Inn Fields

London

WC2A 3LH

Registered Auditors

PricewaterhouseCoopers

Charnwood Court

New Walk

Leicester

LE1 6TE

Bankers

Lloyds TSB Bank PLC

Church Street

Blackburn

Lancashire

BB2 1JQ

Solicitors

Farrer & Co

66 Lincoln's Inn Fields

London

WC2A 3LH

Directors' report for the year ended 30 April 2000

The directors present their report and the audited financial statements for the year ended 30 April 2000.

Principal activities

The principal activities of the group are unchanged from the previous year and are the marketing and distribution of premium branded consumer products. The group is also involved in the manufacture of ceramic tableware and giftware.

Review of business and future developments

The consolidated profit and loss account for the year is set out on page 6 and shows a profit from continuing activities of £2,507,292 (1999: £2,531,302) and a loss after tax and minority interests of £967,427 (1999: profit £886,267).

During the year, Hornsea Pottery Limited, a subsidiary company, went into receivership. The group has treated the receivership as meaning the investment has a nil value. These financial statements therefore record a loss on disposal of £1,446,614.

The underlying performance of the ongoing operations remains strong and the directors expect that the ongoing levels of continuing activity will continue in the coming year.

Dividends

The shareholders have waived their rights to receive preference dividends in respect of the year ended 30 April 2000.

Directors and directors' interests

The directors of the company at 30 April 2000, all of whom have been directors for the whole of the year ended on that date, are as follows:

H A Cann (Chairman)
D L Walmsley
C C Hastings
S J Cann
B J Berryman

Mr J B Hamilton resigned from the board on 13 September 1999.

The beneficial interests of the directors in the shares of the company are as follows:

	30 April 2000		30 April 1999	
	Ordinary	Preference	Ordinary	Preference
	shares Number	shares Number	shares Number	shares Number
S J Cann	999,999	1,000,000	999,999	1,000,000

The beneficial interests of S J Cann arise from his position as a beneficiary of a trust.

The non-beneficial interests of the directors in the shares of the company are as follows:

	30 April 2000		30 April 1999	
	Ordinary	Preference	Ordinary	Preference
	shares Number	shares Number	shares Number	shares Number
D L Walmsley	999,999	1,000,000	999,999	1,000,000
B J Berryman	999,999	1,000,000	999,999	1,000,000

The non-beneficial interests of D L Walmsley and B J Berryman arise from their positions as trustees of a trust established by H A Cann.

None of the directors held any interests in the shares of any subsidiary undertakings at any time during the year.

At 30 April 2000 B J Berryman held an option over 77,778 (1999: 89,818) £1 ordinary shares. These options are exercisable at par. During the year options over 12,040 (1999: 19,071) £1 ordinary shares were cancelled.

None of the other directors or members of their immediate families have been granted or have exercised rights to subscribe for shares in the company.

Property values

In the opinion of the directors there was no significant difference between market and book values of freehold and leasehold properties at 30 April 2000.

Charitable donations

During the year the group made charitable donations of £15,000 (1999: £15,000).

Employees

The group's policy is to consult and discuss with employees, through unions, staff councils and at meetings, matters likely to affect employees' interests.

Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

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, where possible, for retraining employees who become disabled, to enable them to perform work identified as appropriate to their aptitudes and abilities.

Directors' responsibilities

The directors are required by UK company law to prepare financial statements for each financial year that give a true and fair view of the state of affairs of the company and the group as at the end of the financial year and of the profit or loss of the group for that period.

The directors confirm that suitable accounting policies have been used and applied consistently and reasonable and prudent judgements and estimates have been made in the preparation of the financial statements for the year ended 30 April 2000. The directors also confirm that applicable accounting standards have been followed and that the financial statements have been prepared on the going concern basis.

The directors are responsible for keeping proper accounting records, for taking reasonable steps to safeguard the assets of the company and of the group and hence for taking reasonable steps to prevent and detect fraud and other irregularities.

Auditors

A resolution to reappoint PricewaterhouseCoopers as auditors to the company will be proposed at the annual general meeting.

By order of the board



Company secretary

Date: 16 October 2000

Report of the auditors to the members of Swiss Cutlery (UK) Limited

We have audited the financial statements on pages 6 to 28.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the Annual Report. As described on page 4, this includes responsibility for preparing the financial statements, in accordance with applicable United Kingdom accounting standards. Our responsibilities, as independent auditors, are established in the United Kingdom by statute, the Auditing Practices Board and our profession's ethical guidance.

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

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

Basis of audit 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 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 and the group at 30 April 2000 and of the loss and cash flows of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



PricewaterhouseCoopers
Chartered Accountants and Registered Auditors
Leicester

Date: 23rd October 2000

**Consolidated profit and loss account
for the year ended 30 April 2000**

	Notes	2000 £	1999 £
Turnover			
Continuing operations		23,649,916	20,966,477
Discontinued operations		4,561,158	3,580,679
Turnover	2,3	28,211,074	24,547,156
Cost of sales	3	(20,091,647)	(16,204,805)
Gross profit		8,119,427	8,342,351
Net operating expenses	3	(7,198,519)	(6,648,705)
Other operating income	8	122,877	60,323
Continuing operations		2,507,292	2,531,502
Discontinued operations		(1,463,507)	(777,533)
Operating profit		1,043,785	1,753,969
Loss on disposal of subsidiary – discontinuing operations	6	(1,446,614)	-
Interest receivable		24,583	-
Interest payable and similar charges	7	(316,903)	(479,569)
(Loss)/profit on ordinary activities before taxation	8	(695,149)	1,274,400
Tax on (loss)/profit on ordinary activities	9	(318,076)	(410,880)
(Loss)/profit on ordinary activities after taxation		(1,013,225)	863,520
Minority interests	25	45,798	22,747
(Loss)/profit for the financial year	10,23	(967,427)	886,267

The group has no recognised gains and losses other than the profits above and therefore no separate statement of total recognised gains and losses has been presented.

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

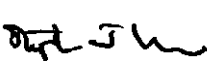

Swiss Cutlery (UK) Limited

7

Balance sheets at 30 April 2000

	Notes	Group		Company	
		2000	1999	2000	1999
		£	£	£	£
Fixed assets					
Intangible assets	12	806,143	887,733	-	-
Tangible assets	13	1,386,968	1,803,240	636,528	662,360
Investments	14	-	560,000	1,765,100	2,549,759
		<u>2,193,111</u>	<u>3,250,973</u>	<u>2,401,628</u>	<u>3,212,119</u>
Current assets					
Stocks	15	4,718,621	5,317,441	-	-
Debtors	16	4,402,253	4,458,701	2,385,631	2,252,868
Cash at bank and in hand		153,051	573,443	32	27,818
		<u>9,273,925</u>	<u>10,349,585</u>	<u>2,385,663</u>	<u>2,280,686</u>
Creditors: amounts falling due within one year	17	(7,268,632)	(9,400,784)	(2,385,777)	(2,516,311)
Net current assets/(liabilities)		<u>2,005,293</u>	<u>948,801</u>	<u>(114)</u>	<u>(235,625)</u>
Total assets less current liabilities		<u>4,198,404</u>	<u>4,199,774</u>	<u>2,401,514</u>	<u>2,976,494</u>
Creditors: amounts falling due after more than one year	18	(2,488,444)	(2,739,960)	(2,009,444)	(2,021,482)
Provisions for liabilities and charges	20	(6,696)	(2,831)	(4,382)	-
Net assets		<u>1,703,264</u>	<u>1,456,983</u>	<u>387,688</u>	<u>955,012</u>
Capital and reserves					
Called up share capital	22	2,000,000	2,000,000	2,000,000	2,000,000
Profit and loss account	23	(296,736)	(483,431)	(1,612,312)	(1,044,988)
Equity shareholders' funds		<u>703,264</u>	<u>516,569</u>	<u>(612,312)</u>	<u>(44,988)</u>
Non equity shareholders' funds		<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>	<u>1,000,000</u>
Total shareholders funds	24	<u>1,703,264</u>	<u>1,516,569</u>	<u>387,688</u>	<u>955,012</u>
Minority interests	25	-	(59,586)	-	-
		<u>1,703,264</u>	<u>1,456,983</u>	<u>387,688</u>	<u>955,012</u>

The financial statements on pages 6 to 28 were approved by the board of directors on 16th October 2000 and were signed on its behalf by:

 
Director

**Cash flow statement
for the year ended 30 April 2000**

	Notes	2000 £	1999 £
Net cash inflow from continuing operating activities (page 9)		948,071	1,308,111
Returns on investments and servicing of finance			
Interest paid		(189,446)	(316,012)
Interest paid on finance leases		(7,293)	(3,849)
Interest received		24,583	-
Net cash outflow from returns on investments and servicing of finance		(172,156)	(319,861)
Taxation			
UK corporation tax paid		(537,857)	(759,461)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(319,812)	(105,733)
Sale of tangible fixed assets		15,721	15,160
Fixed asset investments - loans		520,000	(410,000)
		215,909	(500,573)
Acquisitions and disposals			
Cash paid on disposal of subsidiary		(300,000)	-
Net cash/(overdrafts) acquired with subsidiaries		-	15,069
		(300,000)	15,069
Net cash inflow/(outflow) before financing		153,967	(256,715)
Financing			
Loans repaid		(103,048)	(195,703)
Directors loans repaid		(58,643)	-
Repayment of principal under finance leases		(54,724)	(40,569)
Net cash (outflow)/inflow from financing	27	(216,415)	(236,272)
(Decrease)/increase in cash in the year	27	(62,448)	(492,987)

Reconciliation of operating profit to net cash inflow from operating activities

	2000 £	1999 £
Continuing activities		
Operating profit	2,507,292	2,531,502
Amortisation of intangible fixed assets	81,590	31,590
Depreciation on tangible fixed assets	162,727	141,354
(Profit) on sale of tangible fixed assets	(6,741)	(7,561)
(Increase) in stocks	(580,772)	(1,434,799)
(Increase) in debtors	(462,801)	(146,665)
Increase in creditors and provisions	321,429	692,307
Net cash inflow from continuing activities	2,022,724	1,807,728
Discontinued activities		
Operating loss	(1,463,507)	(777,533)
Depreciation on tangible fixed assets	206,973	203,402
Decrease/(increase) in stocks	256,932	(134,980)
Increase/(decrease) in debtors	17,174	(135,868)
(Decrease)/Increase in creditors and provisions	(92,225)	345,362
Net cash outflow from discontinued activities	(1,074,653)	(499,617)
Total net cash inflow from operating activities	948,071	1,308,111

**Notes to the financial statements
for the year ended 30 April 2000****1 Principal accounting policies**

The financial statements have been prepared in accordance with applicable Accounting Standards in the United Kingdom. A summary of the more important accounting policies, which have been applied consistently, is set out below.

Adoption of new accounting standards

FRS 15, "Tangible fixed assets" came into effect for these financial statements. This has been adopted and has not resulted in any changes in the policies or presentation of results.

Basis of accounting

The financial statements are prepared in accordance with the historical cost convention.

Basis of consolidation

The consolidated profit and loss account and balance sheet include the financial statements of the company and all of its subsidiary undertakings made up to 30 April 2000. The results of subsidiaries sold or acquired are included in the consolidated profit and loss account up to, or from, the date control passes. Intra group sales and profits are eliminated fully on consolidation.

On acquisition of a subsidiary, all of the subsidiary's assets and liabilities that exist at the date of acquisition are recorded at their fair values reflecting their condition at that date. All changes to those assets and liabilities, and the resulting gains and losses, that arise after the group has gained control of the subsidiary are charged to the post acquisition profit and loss account.

Goodwill arising on consolidation

Goodwill arising on consolidation represents the excess of the fair value of the consideration given over the fair value of the identifiable net assets acquired. Goodwill arising on the acquisition of subsidiaries and associates is considered by the directors on an acquisition by acquisition basis and is eliminated by amortisation through the profit and loss account over its useful economic life. Prior to the adoption of FRS 10 goodwill was, in certain circumstances, written off immediately against reserves.

Investments

The cost of investments is their purchase cost together with any incidental costs of acquisition. Provision is made against the cost of investments, where, in the opinion of the directors, there is an impairment in the value of the individual investments.

Tangible fixed assets

The cost of tangible fixed assets is their purchase cost, or fair value on acquisition, together with any incidental costs of acquisition.

Depreciation is calculated so as to write off the cost of tangible fixed assets, less their estimated residual values, on a straight line basis over the expected useful economic lives of the assets concerned. The principal rates used for this purpose are:

Freehold buildings	- 4% per annum
Long leasehold property	- 5% per annum
Leasehold improvements	- over period of the lease
Motor vehicles	- 25% per annum
Fixtures, fittings and equipment	- 10% - 25% per annum
Plant and machinery	- 10% - 20% per annum

Foreign currencies

Transactions denominated in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date, except where rates of exchange are fixed under contractual arrangements. All gains or losses on retranslation are taken to the profit and loss account.

Stocks

Stocks are stated at the lower of cost and net realisable value. Cost is determined on a weighted average basis in the premium branded consumer goods business and a first in first out basis in the manufacturing businesses and includes transport and handling costs. Where necessary, provision is made for obsolete, slow moving and defective stocks.

Taxation

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Provision is made for deferred tax only to the extent that it is probable that an actual liability or asset will crystallise.

Finance and operating leases

Costs in respect of operating leases are charged on a straight line basis over the period of the lease. Leasing agreements which transfer to the group substantially all the benefits and risks of ownership of an asset are treated as if the asset had been purchased outright. The assets are included in fixed assets and the capital element of the leasing commitments is shown as obligations under finance leases. The lease rentals are treated as consisting of capital and interest elements. The capital element is applied to reduce the outstanding obligations and the interest element is charged against profit in proportion to the reducing capital element outstanding. Assets held under finance leases are depreciated over the shorter of the lease term and the useful lives of equivalent owned assets.

Investment income

Income from investments is included in the profit and loss account on an accruals basis.

Pension scheme arrangements

The group operates a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the individual companies by independent fund managers. Contributions are charged to the profit and loss account in the year in which they are payable.

Turnover

Turnover, which excludes value added tax, sales between companies and trade discounts, represents the invoiced value of goods and services supplied.

2 Segmental analysis by class of business

The analysis by class of business of the group's turnover and profit before taxation has not been disclosed as in the opinion of the directors it would be seriously prejudicial to the interests of the business.

Turnover consists largely of sales made in the United Kingdom.

3 Net operating expenses

	Continuing £	Discontinued £	2000 Total £	Continuing £	Discontinued £	1999 Total £
Turnover	23,649,916	4,561,158	28,211,074	20,966,477	3,580,679	24,547,156
Cost of sales	(15,409,616)	(4,682,031)	(20,091,647)	(13,129,651)	(3,075,154)	(16,204,805)
Gross profit/(loss)	8,240,300	(120,873)	8,119,427	7,836,826	505,525	8,342,351
Distribution costs	1,873,011	942,457	2,815,468	1,635,436	951,194	2,586,630
Administrative costs	3,982,874	400,177	4,383,051	3,730,211	331,864	4,062,075
Net operating expenses	5,855,885	1,342,634	7,198,519	5,365,647	1,283,058	6,648,705
Other operating income	122,877	-	122,877	60,323	-	60,323
Operating profit/(loss)	2,507,292	(1,463,507)	1,043,785	2,531,502	(777,533)	1,753,969

4 Directors' emoluments

	2000 £	1999 £
Aggregate emoluments (including benefits in kind)	<u>358,878</u>	<u>281,254</u>
Company pension contributions to defined contribution schemes	<u>62,298</u>	<u>41,958</u>

Retirement benefits are accruing to 3 (1999: 3) directors under defined contribution pension schemes.

Emoluments payable to the highest paid director are as follows:-

	2000 £	1999 £
Aggregate emoluments	<u>184,605</u>	<u>100,883</u>
Company pension contributions to defined contribution schemes	<u>33,000</u>	<u>13,000</u>

5 Employee information

The average weekly number of persons (including directors) employed by the group during the year was:

	2000 Number	1999 Number
By activity		
Administration	44	41
Selling and distribution	119	109
Production	227	162
	<u>390</u>	<u>312</u>
	2000 £	1999 £
Staff costs (for the above persons)		
Wages and salaries	4,514,989	3,756,607
Social security costs	380,255	310,092
Other pension costs (note 21)	137,972	103,022
	<u>5,033,216</u>	<u>4,169,721</u>

6 Loss on disposal of subsidiary

	2000	1999
	£	£
Discontinued operations		
Gain on elimination of net liabilities	2,495,301	-
Write off of irrecoverable minority interest	(105,384)	-
Write off of intercompany balances	(2,382,409)	-
Crystallisation of intercompany guarantees	(300,000)	-
Goodwill previously eliminated against reserves	(1,154,122)	-
	<hr/>	<hr/>
Loss on disposal of subsidiary	(1,446,614)	-
	<hr/>	<hr/>

On 20 April 2000, Hornsea Pottery Limited, a wholly owned subsidiary, was placed into receivership. As a result the directors do not expect to pay or receive any further monies in relation to Hornsea Pottery and the group has treated the receivership as a disposal.

There is no tax directly attributable to the loss arising on disposal. The trading losses of Hornsea Pottery in respect of the period from 1 May 1999 to the receivership have been purchased.

7 Interest payable and similar charges

	2000	1999
	£	£
On bank loans and overdrafts	171,639	278,339
On other loans	137,971	197,381
On finance leases	7,293	3,849
	<hr/>	<hr/>
	316,903	479,569
	<hr/>	<hr/>

8 (Loss)/profit on ordinary activities before taxation

	2000 £	1999 £
(Loss)/profit on ordinary activities before taxation is stated after crediting:		
Profit on disposal of tangible fixed assets	6,741	7,561
Rental income	99,756	60,323
Rates rebate	23,121	-
	<u> </u>	<u> </u>
And after charging:		
Depreciation charge for the year:		
Tangible owned fixed assets	329,183	319,678
Tangible fixed assets held under finance leases	40,517	25,078
Amortisation of goodwill	81,590	31,590
Auditors remuneration:		
Audit (Company £2,000; 1999 £2,000)	26,500	32,000
Other services	22,306	9,000
Operating lease rentals - land and buildings	301,225	298,670
Operating lease rentals - other	-	3,049
Repairs to equipment and property	104,527	53,586
	<u> </u>	<u> </u>

9 Tax on (loss)/profit on ordinary activities

	2000 £	1999 £
UK corporation tax at 30% (1999: 31%)		
Current	205,818	465,100
Group relief	112,500	-
Deferred tax (note 20)	(517)	-
Under/(over) provision in respect of prior years:		
Current	(4,107)	(57,702)
Deferred tax (note 20)	4,382	3,482
	<u> </u>	<u> </u>
	318,076	410,880
	<u> </u>	<u> </u>

The group relief represents the amount payable for the purchase of tax losses.

10 (Loss)/profit for the financial year

As permitted by Section 230 of the Companies Act 1985, the parent company's profit and loss account has not been included in these financial statements. The parent company's loss for the financial year was £567,324 (1999: profit £133,632).

11 Dividends

The holders of the 8% cumulative convertible redeemable preference shares have waived all and any entitlement to dividends on these shares in respect of the year ended 30 April 2000 and 30 April 1999.

12 Intangible fixed assets

	Positive goodwill £	Negative Goodwill £	Total £
Cost at 1 May 1999 and 30 April 2000	1,528,130	(211,583)	1,316,547
Amortisation			
At 1 May 1999	483,473	(54,659)	428,814
Charge for the year	123,907	(42,317)	81,590
At 30 April 2000	607,380	(96,976)	510,404
Net book value			
At 30 April 2000	920,750	(114,607)	806,143
Net book value			
At 30 April 1999	1,044,657	(156,924)	887,733

Goodwill on acquisitions prior to 30 April 1997 is being amortised over 20 years. The positive goodwill arising on the acquisition of Burton McCall (Industrial) Limited in the year ended 30 April 1999 has been fully written off in these accounts.

The negative goodwill arising on the acquisition of Park Rose in January 1999 is being written back to profits over 5 years, being the period over which the directors expect the group to benefit.

13 Tangible fixed assets

Group

	Freehold land and buildings	Assets under course of construction	Leasehold buildings and improve- ments	Motor vehicles	Fixtures, fittings and equipment	Plant and machinery	Total
	£	£	£	£	£	£	£
Cost							
At 1 May 1999	688,199	-	365,592	224,421	332,357	953,953	2,564,522
Additions	36,041	112,738	1,580	21,680	87,508	77,470	337,017
Disposal of subsidiary	-	-	-	(11,299)	-	(925,906)	(937,205)
Disposals	-	-	-	(75,707)	(4,971)	-	(80,678)
At 30 April 2000	724,240	112,738	367,172	159,095	414,894	105,517	1,883,656
Depreciation							
At 1 May 1999	90,737	-	10,358	45,145	204,774	410,268	761,282
Charge for the year	37,479	-	1,764	53,262	65,774	211,421	369,700
Disposal of subsidiary	-	-	-	(8,946)	-	(553,650)	(562,596)
Disposals	-	-	-	(71,698)	-	-	(71,698)
At 30 April 2000	128,216	-	12,122	17,763	270,548	68,039	496,688
Net book value							
At 30 April 2000	596,024	112,738	355,050	141,332	144,346	37,478	1,386,968
Net book value							
At 30 April 1999	597,462	-	355,234	179,276	127,583	543,685	1,803,240

Depreciation has not been charged on freehold land which is included at a cost of £325,000 (1999: £325,000).

The net book value of tangible fixed assets includes an amount of £98,106 (1999: £121,419) in respect of assets held under finance leases.

Company

	Freehold land and buildings £	Fixtures fittings & equipment £	Motor vehicles £	Total £
Cost				
At 1 May 1999	688,199	4,263	66,775	759,237
Additions	-	2,700	-	2,700
Disposal	-	-	(16,750)	(16,750)
At 30 April 2000	688,199	6,963	50,025	745,187
Depreciation				
At 1 May 1999	69,171	1,183	26,523	96,877
Charge for year	14,763	1,263	12,506	28,532
Disposal	-	-	(16,750)	(16,750)
At 30 April 2000	83,934	2,446	22,279	108,659
Net book value				
At 30 April 2000	604,265	4,517	27,746	636,528
Net book value				
At 30 April 1999	619,028	3,080	40,252	662,360

Depreciation has not been charged on freehold land, which is included at a cost of £325,000 (1999: £325,000).

The net book value of tangible fixed assets includes an amount of £27,746 (1999: £40,252) in respect of assets held under finance leases.

14 Fixed asset investments

Group

	Loans	Total
	£	£
Cost and net book value		
At 1 May 1999	560,000	560,000
Repayment received	(520,000)	(520,000)
Transfer to current assets	(40,000)	(40,000)
	<u> </u>	<u> </u>
At 30 April 2000	-	-
	<u> </u>	<u> </u>

Company

	Shares in group undertakings £	Loans to group companies £	Other loans £	Total £
Cost				
At 1 May 1999	5,023,089	1,422,434	560,000	7,005,523
Additions	-	1,633,359	-	1,633,359
Disposals/repayments	(2,757,130)	(2,199,505)	(520,000)	(5,476,635)
Transfer to current assets	-	-	(40,000)	(40,000)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 April 2000	2,265,959	856,288	-	3,122,247
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Amounts written off				
At 1 May 1999	3,033,764	1,422,000	-	4,455,764
Amounts written off in the year	224,225	1,633,793	-	1,858,018
Disposals	(2,757,130)	(2,199,505)	-	(4,956,635)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
At 30 April 2000	500,859	856,288	-	1,357,147
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 30 April 2000	1,765,100	-	-	1,765,100
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Net book value				
At 30 April 1999	1,989,325	434	560,000	2,549,759
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Swiss Cutlery (UK) Limited

20

At 30 April 2000 the company has the following subsidiary undertakings, all of which are registered in England and Wales.

Company	Activity	Description of shares held	Proportion of nominal value of issued shares held by:	
			Group %	Company %
Burton McCall Limited	Marketing and distribution of premium branded goods	Ordinary £1 shares	100	100
Direct Design Limited	Design and manufacture of glassware	Ordinary £1 shares	100	100
Park Rose Limited	Manufacture of ceramic tableware and giftware	Ordinary £1 shares	100	100
Burton McCall (Industrial) Limited	Dormant	Ordinary £1 shares	100	100
Hornsea Pottery Limited	In receivership (note 6)	Ordinary £1 Shares	97	97
		Preference £1 Shares	99	99
Maglite (UK) Limited	Dormant	Ordinary £1 shares	100	100
Swiss Cutlery (Gifts) Limited	Dormant	Ordinary £1 shares	100	100
Swiss Cutlery (London) Limited	Dormant	Ordinary £1 shares	100	100
Alphabourne Limited	Dormant	Ordinary £1 shares	100	-

15 Stock

	Group	
	2000	1999
	£	£
Raw materials and consumables	-	218,619
Work in progress	-	270,546
Goods for resale	4,718,621	4,828,276
	<u>4,718,621</u>	<u>5,317,441</u>

The company had no stocks at 30 April 2000 or 30 April 1999.

16 Debtors

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Trade debtors	3,541,375	3,517,359	-	-
Amounts due from subsidiary undertakings	-	-	2,133,773	2,062,719
Amounts due from related undertakings	-	29,097	-	29,097
Corporation tax	48,709	84,266	48,709	35,986
Deferred taxation (see note 19)	104,466	104,466	104,466	104,466
Other debtors	443,255	345,866	53,858	-
Prepayments and accrued income	264,448	377,647	44,825	20,600
	<u>4,402,253</u>	<u>4,458,701</u>	<u>2,385,631</u>	<u>2,252,868</u>

17 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans and overdrafts	1,908,534	2,942,854	605,501	967,989
Obligations under finance leases	41,447	50,724	12,038	16,854
Other loans	-	55,000	-	-
Directors loans	43,709	102,352	43,709	102,352
Trade creditors	2,815,284	3,234,510	-	-
Other creditors	164,686	305,952	65,978	100,000
Corporation tax	80,797	452,500	-	-
Other taxation and social security	318,549	460,937	7,403	8,090
Accruals and deferred income	1,575,626	1,475,955	1,331,148	1,001,026
Dividends payable	320,000	320,000	320,000	320,000
	<u>7,268,632</u>	<u>9,400,784</u>	<u>2,385,777</u>	<u>2,516,311</u>

The bank loans and overdrafts are secured by fixed and floating charges over the assets of the individual companies where the borrowings arise. The company has also provided an unlimited guarantee in respect of the bank borrowings of its subsidiary, Burton McCall Limited.

The directors' loans are unsecured and have no fixed repayment dates. Interest is payable at 2% above Lloyds TSB Bank PLC base rate.

18 Creditors: amounts falling due after more than one year

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Bank loans	463,592	686,866	-	-
Obligations under finance leases	19,436	47,678	4,028	16,066
Loans from shareholders	2,005,416	2,005,416	2,005,416	2,005,416
	<u>2,488,444</u>	<u>2,739,960</u>	<u>2,009,444</u>	<u>2,021,482</u>

The bank loans and overdrafts are repayable as follows:-

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
In one year or less	1,908,534	2,942,854	605,501	967,989
Between one and two years	213,592	223,273	-	-
Between two and five years	250,000	463,593	-	-
	<u>2,372,126</u>	<u>3,629,720</u>	<u>605,501</u>	<u>967,989</u>

The shareholder loan is due to the H A Cann Accumulation and Maintenance Trust, the principal shareholder, it is unsecured and will not be repaid before 1 May 2001. Interest is charged at 1% below Lloyds TSB Bank PLC base rate and the Trust has subordinated £1.8 million of the loan in favour of the group's bankers.

The obligations under finance leases are repayable between one and five years.

19 Deferred tax asset

Group and company

	2000	1999
	£	£
At 1 May 1999	104,466	107,948
Release to the profit and loss account	-	(3,482)
At 30 April 2000	<u>104,466</u>	<u>104,466</u>

The deferred tax asset recognised relates to other timing differences.

20 Provisions for liabilities and charges

Deferred tax

	Group £	Company £
At 1 May 1999	2,831	-
Charged to the profit and loss account	3,865	4,382
At 30 April 2000	<u>6,696</u>	<u>4,382</u>

Group

The group deferred tax liability provided in the financial statements and the amount unprovided of the total potential liability/(asset), is as follows:-

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£	£	£	£
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	6,921	3,067	(15,896)	58,316
Other timing differences	-	-	-	(1,200)
Trading losses	(225)	(236)	(1,529)	(867,837)
Deferred tax liability/(asset)	<u>6,696</u>	<u>2,831</u>	<u>(17,425)</u>	<u>(810,721)</u>

Company

The deferred tax liability provided in the financial statements and the amount unprovided of the total potential liability, is as follows:

	Amount provided		Amount unprovided	
	2000	1999	2000	1999
	£	£	£	£
Tax effect of timing differences because of:				
Excess of capital allowances over depreciation	4,382	-	(1,360)	-

21 Pension costs

The group operates a number of defined contribution pension schemes.

The pension cost charged represents contributions payable by the group to the funds, and amounted to £137,972 (1999: £103,022). Included in accruals is an amount of £4,833 (1999: £13,754) in respect of contributions payable to the scheme.

22 Called up share capital

	2000 £	1999 £
Authorised		
1,111,111 ordinary shares of £1 each	1,111,111	1,111,111
1,000,000 8% cumulative convertible redeemable preference shares of £1 each	1,000,000	1,000,000
	<u>2,111,111</u>	<u>2,111,111</u>
	2000 £	1999 £
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,000,000	1,000,000
1,000,000 8% cumulative convertible redeemable preference shares of £1 each	1,000,000	1,000,000
	<u>2,000,000</u>	<u>2,000,000</u>

The preference shares are convertible into ordinary shares by written notice within 14 days of each third anniversary from 30 April 1994 and redeemable at the option of the shareholder on each third anniversary from 30 April 1994 at nil premium. The shares do not carry any rights to vote at a general meeting of the company.

23 Profit and loss account

	Group £	Company £
At 1 May 1999	(483,431)	(1,044,988)
Loss for the year	(967,427)	(567,324)
Goodwill resurrected on disposal of subsidiary (note 6)	1,154,122	-
	<u>(296,736)</u>	<u>(1,612,312)</u>
At 30 April 2000		

Included in the profit and loss account of the company is an unrealised loss of £448,608 (1999: £498,453) which relates to the unamortised element of purchased goodwill acquired before 30 April 1997 which was fully written off against reserves.

24 Reconciliation of movements in shareholders' funds

Group

	2000 £	1999 £
Opening shareholders funds	1,516,569	1,726,131
(Loss)/profit for year	(967,427)	886,267
Goodwill resurrected on disposal of subsidiary (note 6)	1,154,122	-
Adjustment to goodwill previously written off	-	(1,095,829)
Closing shareholders' funds	1,703,264	1,516,569

25 Minority interests

	£
At 30 April 1999	(59,586)
Profit and loss account	(45,798)
Elimination due to disposal of subsidiary	105,384
At 30 April 2000	-

26 Capital commitments

Group

The group had capital commitments of £35,000 at 30 April 2000 (1999: £Nil).

Company

There were no capital commitments at 30 April 2000 or 30 April 1999.

27 Reconciliation of net cash flow to movement in net debt

	2000 £	£	1999 £	£
(Decrease) in cash in period	(62,448)		(492,987)	
Cash outflow from decrease in debt	216,415		236,272	
Change in net debt resulting from cash flows		153,967		(256,715)
Other non cash items:				
On disposal of subsidiary		851,602		-
Inception of finance leases		(17,205)		(74,770)
Movement in net debt in the period		988,364		(331,485)
Net debt at 1 May		(5,317,447)		(4,985,962)
Net debt at 30 April		(4,329,083)		(5,317,447)

28 Analysis of net debt

	At 1 May 1999 £	Cash flows £	Other non cash changes £	At 30 April 2000 £
Cash at bank and in hand	573,443	(419,158)	(1,234)	153,051
Bank overdrafts	(2,096,178)	356,710	822,305	(917,163)
		(62,448)		
Debt due after one year	(2,692,282)	192,743	30,531	(2,469,008)
Debt due within one year	(1,004,028)	(31,052)	-	(1,035,080)
Finance leases	(98,402)	54,724	(17,205)	(60,883)
Total	(5,317,447)	153,967	834,397	(4,329,083)

29 Disposals

Disposal of Hornsea Pottery Limited

£

Tangible fixed assets	374,609
Stocks	922,660
Debtors	506,518
Cash	1,234
Creditors	(4,300,322)
Goodwill previously written off to reserves	1,154,122
Minority interest written off	105,384
Intercompany balances written off	2,382,409
	<hr/>
	1,146,614
Loss on disposal	(1,446,614)
	<hr/>
Cash paid on disposal of subsidiary	(300,000)
	<hr/>

Hornsea Pottery Limited contributed a cash outflow of £1,074,653 to the net operating cash flows, paid £63,095 in respect of net returns on investments and servicing of finance and £nil in respect of taxation.

30 Contingent liabilities

	Group		Company	
	2000	1999	2000	1999
	£	£	£	£
Amount of guarantees in respect of the bank borrowings of the Hornsea Pottery Limited	-	-	-	300,000
	<hr/>	<hr/>	<hr/>	<hr/>
Amount of guarantees in respect of the bank borrowings of Burton McCall Limited	-	-	961,662	1,469,680
	<hr/>	<hr/>	<hr/>	<hr/>
Documentary credits in respect of forward contracts	1,596,987	4,984,704	1,596,987	-
	<hr/>	<hr/>	<hr/>	<hr/>

31 Financial commitments

At 30 April 2000 the group had annual commitments under non cancellable operating leases in respect of land and buildings as follows:-

	2000	1999
	£	£
Expiring in over five years	180,213	299,729
	<hr/>	<hr/>

32 Related party transactions

Included in creditors is a loan from the H A Cann Accumulation and Maintenance Trust. The balance at 30 April 2000, comprising capital and interest accrued, was £2,921,105 (1999: £2,797,123). The capital balance of £2,005,416 (1999: £2,005,416) is regarded as long term, and all monies carry interest at 1% below base rate. Interest charged during the year amounted to £123,982 (1999: £150,254).

The company has received charges for goods and services from S & H A C Holdings Limited amounting to £60,000 (1999: £52,000) and the creditor at 30 April 2000 is £23,500 (1999: £23,500). Mr H A Cann is a director and shareholder of that company.

During the year the group made a donation of £15,000 to Brantwood trust, a charitable foundation of which H A Cann is a trustee.

Details of directors' loans are set out in note 17. Further analysis of the amounts by individual director have not been provided as the amounts are not considered material to any of the parties.

The company has not disclosed transactions with fellow subsidiaries where the group shareholding is above 90% in accordance with the exemption available under the terms of Financial Reporting Standard Number 8.

33 Ultimate controlling party

The directors regard D L Walmsley, B J Berryman, K Woodward and M Andrews as the ultimate controlling parties, by virtue of their status as controlling trustees of a trust which holds a 100% interest in the equity capital.