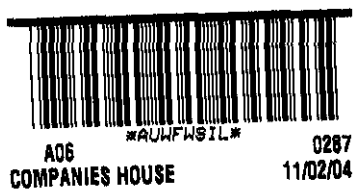


SWISS CUTLERY (UK) LIMITED

FINANCIAL STATEMENTS

FOR THE YEAR ENDED

30 APRIL 2003



Company no 2404333

SWISS CUTLERY (UK) LIMITED

FINANCIAL STATEMENTS

For the year ended 30 April 2003

Company registration number:	2404333
Registered office:	Victorinox House 163 Parker Drive Leicester LE4 0JP
Directors:	H A Cann D L Walmsley C C Hastings S J Cann B J Berryman
Secretary:	S J Cann
Bankers:	Lloyds TSB Bank Plc Church Street Blackburn Lancashire BB2 1JQ
Auditors:	Grant Thornton Registered Auditors Chartered Accountants 8 West Walk Leicester LE1 7NH

SWISS CUTLERY (UK) LIMITED

FINANCIAL STATEMENTS

For the year ended 30 April 2003

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SWISS CUTLERY (UK) LIMITED

REPORT OF THE DIRECTORS

The directors present their report together with financial statements for the year ended 30 April 2003.

Principal activities

The principal activities of the group are unchanged from the previous year and comprise the marketing and distribution of premium branded consumer products. The group is also involved in the manufacture of ceramic tableware and giftware and the provision of lectures to the public through the internet.

Business review

We predicted that the trading environment for the year would be challenging, but committed ourselves to continuing to invest in the business. In fact, we have exceeded our trading forecasts, and look forward to continuing improvement in the future.

There was a profit for the year after taxation amounting to £1,193,784. The directors recommend dividends absorbing £80,000.

On 16 May 2003 Swiss Cutlery (UK) Limited purchased the share capital of P D Holdings Limited, the parent company of Outdoor & Sports Company Limited.

Directors

The present membership of the Board is set out below. All directors served throughout the year.

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

The interests of the directors in the shares of the company as at 1 May 2002 and 30 April 2003, were as follows:

	Ordinary shares beneficial interest		Preference shares beneficial interest	
	30 April 2003	1 May 2002	30 April 2003	1 May 2002
S J Cann	999,999	999,999	1,000,000	1,000,000
B J Berryman	53,778	53,778	-	-
	Ordinary shares non beneficial interest		Preference shares non beneficial interest	
	30 April 2003	1 May 2002	30 April 2003	1 May 2002
D L Walmsley	999,999	999,999	1,000,000	1,000,000
B J Berryman	999,999	999,999	1,000,000	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 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.

SWISS CUTLERY (UK) LIMITED

REPORT OF THE DIRECTORS

Directors' responsibilities for the financial statements

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 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
- 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 maintaining proper accounting records, for safeguarding the assets of the group and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Fixed assets

In the opinion of the directors the market values of freehold and leasehold properties at 30 April 2003 exceed their book values.

Employees

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

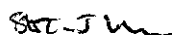
Information on matters of concern to employees is given through information bulletins and reports which seek to achieve a common awareness on the part of all employees of the financial and economic factors affecting the group's performance.

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.

Auditors

Grant Thornton were appointed auditors on 9 April 2003 to fill a casual vacancy in accordance with section 388(1) of the Companies Act 1985. Special notice pursuant to section 388(3) having been given, a resolution to reappoint Grant Thornton as auditors will be proposed at the next Annual General Meeting.

ON BEHALF OF THE BOARD



S J Cann
Company secretary
3 February 2004

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF

SWISS CUTLERY (UK) LIMITED

We have audited the financial statements of Swiss Cutlery (UK) Limited for the year ended 30 April 2003 which comprise the principal accounting policies, the consolidated profit and loss account, the consolidated balance sheet, the balance sheet, the consolidated cashflow statement, the statement of total recognised gains and losses and notes 1 to 27. The financial statements have been prepared 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 auditor's 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 the directors and auditors

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

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. This other information comprises only the directors' report. 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 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 affairs of the company and the group as at 30 April 2003 and the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

GRANT THORNTON
REGISTERED AUDITORS
CHARTERED ACCOUNTANTS



LEICESTER
3 February 2004

SWISS CUTLERY (UK) LIMITED

PRINCIPAL ACCOUNTING POLICIES

BASIS OF PREPARATION

The financial statements have been prepared in accordance with applicable accounting standards, up to and including FRS 19 - Deferred tax, under the historical cost convention.

The principal accounting policies of the group have remained unchanged from the previous year and are set out below.

BASIS OF CONSOLIDATION

The group financial statements consolidate those of the company and of its subsidiary undertakings drawn up to 30 April 2003. The results of subsidiary undertakings acquired or disposed of during the year have been included from the date of acquisition or to the date of disposal. Profits or losses on intra-group transactions are eliminated in full. On acquisition of a subsidiary, all of the subsidiary's assets and liabilities which exist at the date of acquisition are recorded at their fair values reflecting their condition at that date.

Goodwill arising on consolidation, representing the excess of the fair value of the consideration given over the fair values of the identifiable net assets acquired, is capitalised and is amortised on a straight line basis over its estimated useful life of 20 years as shown in note 7.

TURNOVER

Group turnover is the total amount receivable by the group for goods supplied and services provided, excluding VAT, trade discounts and sales between companies.

TANGIBLE FIXED ASSETS AND DEPRECIATION

Tangible fixed assets are stated at cost, net of depreciation and any provision for impairment.

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

Freehold buildings	4% per annum
Leasehold buildings/improvements	5%/over period of lease
Plant and machinery	10% to 20% per annum
Motor vehicles	25% per annum
Fixtures and fittings	10% to 25% per annum

INVESTMENTS

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

STOCKS

Goods for resale 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.

DEFERRED TAXATION

Deferred tax is recognised on all timing differences where the transactions or events that give the group an obligation to pay more tax in the future, or a right to pay less tax in the future have occurred by the balance sheet date. Deferred tax assets are recognised when it is more likely than not that they will be recovered. Deferred tax is measured using rates of tax that have been enacted or substantively enacted by the balance date.

SWISS CUTLERY (UK) LIMITED

PRINCIPAL ACCOUNTING POLICIES

FOREIGN CURRENCIES

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of transaction. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date. Gains on forward currency contracts are not recognised until realised.

CONTRIBUTIONS TO PENSION FUNDS

Defined contribution schemes

The group operates a number of defined contribution schemes. The assets of the schemes are held separately from those of the individual companies by independent fund managers.

The pension costs charged against profits represent the amount of the contributions payable to the schemes in respect of the accounting period.

LEASED ASSETS

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

All other leases are regarded as operating leases and the payments made under them are charged to the profit and loss account on a straight line basis over the lease term.

SWISS CUTLERY (UK) LIMITED

CONSOLIDATED PROFIT AND LOSS ACCOUNT

For the year ended 30 April 2003

	Note	2003 £	2002 £
Turnover	1	27,775,374	27,650,963
Cost of sales		<u>(20,160,914)</u>	<u>(20,024,446)</u>
Gross profit		7,614,460	7,626,517
Distribution costs		(4,631,912)	(4,151,376)
Administrative expenses		(1,727,690)	(1,747,006)
Other operating income		<u>147,478</u>	<u>158,977</u>
Operating profit		1,402,336	1,887,112
Other interest receivable and similar income		2,057	2,261
Interest payable and similar charges	2	<u>(191,015)</u>	<u>(215,733)</u>
Profit on ordinary activities before taxation	1	1,213,378	1,673,640
Tax on profit on ordinary activities	4	<u>(47,649)</u>	<u>(338,735)</u>
Profit on ordinary activities after taxation		1,165,729	1,334,905
Minority interests			
Equity		<u>28,055</u>	<u>16,520</u>
Profit for the financial year	18	1,193,784	1,351,425
Dividends			
Non-equity	6	<u>(80,000)</u>	<u>(80,000)</u>
Profit transferred to reserves	17	<u>1,113,784</u>	<u>1,271,425</u>

There were no recognised gains or losses in 2003 other than the profit for the year.

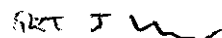
SWISS CUTLERY (UK) LIMITED

CONSOLIDATED BALANCE SHEET AT 30 APRIL 2003

	Note	2003 £	2002 £
Fixed assets			
Intangible assets			
Goodwill	7	699,031	772,937
Negative goodwill	7	-	(29,973)
Intangible assets	7	699,031	742,964
Tangible assets	8	1,246,081	1,368,879
		<u>1,945,112</u>	<u>2,111,843</u>
Current assets			
Stocks	10	7,078,099	7,671,184
Debtors	11	4,317,295	4,070,203
Cash at bank and in hand		412,222	54,881
		<u>11,807,616</u>	<u>11,796,268</u>
Creditors: amounts falling due within one year	12	<u>(5,494,726)</u>	<u>(6,678,170)</u>
Net current assets		<u>6,312,890</u>	<u>5,118,098</u>
Total assets less current liabilities		<u>8,258,002</u>	<u>7,229,941</u>
Creditors: amounts falling due after more than one year	13	<u>(2,383,533)</u>	<u>(2,441,201)</u>
		<u>5,874,469</u>	<u>4,788,740</u>
Capital and reserves			
Called up share capital	16	2,053,778	2,053,778
Profit and loss account	17	3,864,517	2,750,733
Shareholders' funds	18	<u>5,918,295</u>	<u>4,804,511</u>
Equity minority interests		<u>(43,826)</u>	<u>(15,771)</u>
		<u>5,874,469</u>	<u>4,788,740</u>
Equity shareholders' funds		<u>4,918,295</u>	<u>3,804,511</u>
Non-equity shareholders' funds		<u>1,000,000</u>	<u>1,000,000</u>
		<u>5,918,295</u>	<u>4,804,511</u>

The financial statements were approved by the Board of Directors on 3 February 2004.

S J Cann



Director

The accompanying accounting policies and notes form an integral part of these financial statements.

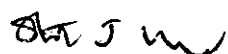
SWISS CUTLERY (UK) LIMITED

BALANCE SHEET AT 30 APRIL 2003

	Note	2003 £	2002 £
Fixed assets			
Tangible assets	8	596,512	640,629
Investments	9	1,828,175	1,828,175
		<u>2,424,687</u>	<u>2,468,804</u>
Current assets			
Debtors	11	3,906,759	3,899,216
Cash at bank and in hand		2,912	-
		<u>3,909,671</u>	<u>3,899,216</u>
Creditors: amounts falling due within one year	12	<u>(951,608)</u>	<u>(1,591,997)</u>
Net current assets		<u>2,958,063</u>	<u>2,307,219</u>
Total assets less current liabilities		<u>5,382,750</u>	<u>4,776,023</u>
Creditors: amounts falling due after more than one year	13	<u>(1,354,234)</u>	<u>(1,367,772)</u>
		<u>4,028,516</u>	<u>3,408,251</u>
Capital and reserves			
Called up share capital	16	2,053,778	2,053,778
Profit and loss account	17	1,974,738	1,354,473
Shareholders' funds		<u>4,028,516</u>	<u>3,408,251</u>
Equity shareholders' funds		3,028,516	2,408,251
Non-equity shareholders' funds		1,000,000	1,000,000
		<u>4,028,516</u>	<u>3,408,251</u>

The financial statements were approved by the Board of Directors on 3 February 2004.

S J Cann



Director

SWISS CUTLERY (UK) LIMITED

CONSOLIDATED CASH FLOW STATEMENT

For the year ended 30 April 2003

	Note	2003 £	2002 £
Net cash inflow from operating activities	19	2,348,737	(542,712)
Returns on investments and servicing of finance			
Interest received		2,057	2,261
Interest paid		(183,371)	(304,209)
Finance lease interest paid		(7,644)	(9,558)
Non equity dividends paid		(240,000)	-
Net cash outflow from returns on investments and servicing of finance		<u>(428,958)</u>	<u>(311,506)</u>
Taxation		(443,185)	(215,382)
Capital expenditure and financial investment			
Purchase of tangible fixed assets		(93,590)	(73,992)
Sale of tangible fixed assets		34,246	20,842
Net cash outflow from capital expenditure and financial investment		<u>(59,344)</u>	<u>(53,150)</u>
Financing			
Issue of shares		-	53,778
Receipts from borrowings		-	1,346,222
Repayment of borrowings		(222,759)	(203,832)
Capital element of finance lease rentals		(61,849)	(80,343)
Net cash outflow from financing		<u>(284,608)</u>	<u>1,115,825</u>
Increase in cash	20	<u>1,132,642</u>	<u>(6,925)</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

SWISS CUTLERY (UK) LIMITED

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

For the year ended 30 April 2003

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

	2003	2002
	£	£
Profit for the financial year	1,165,729	1,334,905
Prior year adjustments	-	131,160
Total gains and losses recognised since last financial statements	<u>1,165,729</u>	<u>1,466,065</u>

The accompanying accounting policies and notes form an integral part of these financial statements.

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

1 TURNOVER AND PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION

The profit on ordinary activities is stated after:	2003 £	2002 £
Audit services	20,200	27,500
Non-audit services	7,800	12,000
Depreciation and amortisation:		
Tangible fixed assets, owned	141,670	167,896
Tangible fixed assets, held under finance leases and hire purchase contracts	49,296	48,537
Provisions for permanent diminution in value of fixed assets	-	103,855
(Profit)/loss on disposal of fixed assets	(8,824)	3,884
Amortisation of goodwill	43,933	31,589
Operating lease rentals - land and buildings	314,981	272,814
Other operating income comprises:		
Income from related parties	30,000	30,000
Rental income	117,478	128,977

2 NET INTEREST

	2003 £	2002 £
On bank loans and overdrafts	135,134	146,200
On finance leases	7,644	9,558
On other loans	48,237	59,975
Other interest receivable and similar income	191,015 (2,057)	215,733 (2,261)
	188,958	213,472

3 DIRECTORS AND EMPLOYEES

Staff costs during the year were as follows:	2003 £	2002 £
Wages and salaries	2,661,743	2,713,539
Social security costs	228,028	256,039
Other pension costs	151,719	206,306
	3,041,490	3,175,884

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

The average numbers of employees of the group during the year were as follows:

	2003 Number	2002 Number
Production	18	17
Selling and distribution	92	84
Administration	28	29
	<u>138</u>	<u>130</u>

Remuneration in respect of directors was as follows:

	2003 £	2002 £
Emoluments	110,444	165,747
Pension contributions to money purchase pension schemes	48,974	52,485
	<u>159,418</u>	<u>218,232</u>

The amounts set out above include remuneration in respect of the highest paid director as follows:

	2003 £	2002 £
Emoluments	94,286	69,921
Pension contributions to money purchase pension schemes	5,774	43,600

4 TAX ON PROFIT ON ORDINARY ACTIVITIES

	2003 £	2002 £
UK corporation tax at 30% (2002: 30%)		
Current	92,125	511,082
Adjustments in respect of prior year	(51,866)	(280,698)
Total current tax	<u>40,259</u>	<u>230,384</u>
Total deferred tax (note 15) - origination and reversal of timing differences	7,390	71,260
Group relief	-	37,091
Tax on profit on ordinary activities	<u>47,649</u>	<u>338,735</u>

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

The tax for the period is lower (2002: lower) than the standard rate of corporation tax in the UK (30%). The differences are explained below:

	£	£
Profit on ordinary activities before tax	1,213,378	1,673,640
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30% (2002: 30%)	364,013	502,092
Expenses not deductible for tax purposes	2,783	119,352
Capital allowances in excess of depreciation	(847)	5,820
Waiver of debt due from subsidiary companies	(271,654)	-
Utilisation of losses	(2,170)	-
Adjustments in respect of prior year	(51,866)	(280,698)
Other differences	-	(116,182)
Total current tax	40,259	230,384

5 PROFIT FOR THE FINANCIAL YEAR

The parent company has taken advantage of Section 230 of the Companies Act 1985 and has not included its own profit and loss account in these financial statements. The group profit for the year includes a profit of £620,265 (2002: profit of £1,184,679) which is dealt with in the financial statements of the company.

6 DIVIDENDS

	2003 £	2002 £
Non-equity dividends:		
Dividends of 8% on cumulative convertible preference shares	80,000	80,000

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

7 INTANGIBLE FIXED ASSETS

Group	Positive goodwill £	Negative goodwill £	Total £
Cost			
At 1 May 2002 and 30 April 2003	1,528,130	(211,583)	1,316,547
Amortisation			
At 1 May 2002	755,193	(181,610)	573,583
Charge for the year	73,906	(29,973)	43,933
At 30 April 2003	829,099	(211,583)	617,516
Net book amount at 30 April 2003	<u>699,031</u>	<u>-</u>	<u>699,031</u>
Net book amount at 30 April 2002	<u>772,937</u>	<u>(29,973)</u>	<u>742,964</u>

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.

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.

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

8 TANGIBLE FIXED ASSETS

Group	Freehold land and buildings £	Leasehold land and buildings £	Plant and machinery £	Motor vehicles £	Fixtures and fittings £	Total £
Cost						
At 1 May 2002	688,199	575,467	77,917	271,645	635,330	2,248,558
Additions	-	7,697	23,472	4,530	57,891	93,590
Disposals	-	-	-	(98,186)	-	(98,186)
At 30 April 2003	688,199	583,164	101,389	177,989	693,221	2,243,962
Depreciation						
At 1 May 2002	113,460	120,580	33,951	41,375	570,313	879,679
Charged for the year	14,763	30,053	6,136	62,712	77,302	190,966
Eliminated on disposals	-	-	-	(72,764)	-	(72,764)
At 30 April 2003	128,223	150,633	40,087	31,323	647,615	997,881
Net book amount at 30 April 2003	<u>559,976</u>	<u>432,531</u>	<u>61,302</u>	<u>146,666</u>	<u>45,606</u>	<u>1,246,081</u>
Net book amount at 30 April 2002	<u>574,739</u>	<u>454,887</u>	<u>43,966</u>	<u>230,270</u>	<u>65,017</u>	<u>1,368,879</u>

Depreciation has not been charged on freehold land which is included at a cost of £325,000 (2002: £325,000).

The net book value of tangible fixed assets includes an amount of £92,637 (2002: £141,934) in respect of assets held under finance lease. Depreciation charged in the year in respect of these assets is £49,296.

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

Company	Freehold land and buildings £	Motor vehicles £	Fixtures and fittings £	Total £
Cost				
At 1 May 2002	688,199	90,029	14,384	792,612
Additions	-	-	1,844	1,844
Disposals	-	(34,765)	-	(34,765)
At 30 April 2003	688,199	55,264	16,228	759,691
Depreciation				
At 1 May 2002	113,460	30,873	7,650	151,983
Charge for the year	14,763	10,545	2,601	27,909
Eliminated on disposals	-	(16,713)	-	(16,713)
At 30 April 2003	128,223	24,705	10,251	163,179
Net book amount at 30 April 2003	<u>559,976</u>	<u>30,559</u>	<u>5,977</u>	<u>596,512</u>
Net book amount at 30 April 2002	<u>574,739</u>	<u>59,156</u>	<u>6,734</u>	<u>640,629</u>

Depreciation has not been charged on freehold land, which is included at a cost of £325,000 (2002: £325,000).

The net book value of tangible assets includes an amount of £28,552 (2002: £36,662). Depreciation charged in the year in respect of these assets is £8,110.

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

9 FIXED ASSETS INVESTMENTS

Company	Shares in group under- takings £	Loans to group under- takings £	Total £
Cost or valuation			
At 1 May 2002 and 30 April 2003	2,317,210	1,071,197	3,388,407
Amounts written off			
At 1 May 2002 and 30 April 2003	550,859	1,009,373	1,560,232
Net book amount at 30 April 2002 and 30 April 2003	1,766,351	61,824	1,828,175

Name of undertaking	Country of registration and incorporation	Class of share capital held	Proportion held by		Nature of business
			Parent company	Group	
Subsidiary undertakings:					
Burton McCall Limited	UK	Ordinary £1 shares	100	100	Marketing and distribution of premium branded goods
Direct Design Limited	UK	Ordinary £1 shares	100	100	Property management
Park Rose Limited	UK	Ordinary £1 shares	100	100	Property management
Burton McCall (Industrial) Limited	UK	Ordinary £1 shares	100	100	Dormant
Maglite (UK) Limited	UK	Ordinary £1 shares	100	100	Dormant
Swiss Cutlery (Gifts) Limited	UK	Ordinary £1 shares	100	100	Dormant
Swiss Cutlery (London) Limited	UK	Ordinary £1 shares	100	100	Dormant
Alphabourne Limited	UK	Ordinary £1 shares	-	100	Dormant
Electure Limited	UK	Ordinary 'A' £1 shares	50.1	50.1	Provision of lectures on the internet
		Cumulative redeemable ordinary £50 shares	100	100	
Victorinox Travel Gear Limited	UK	Ordinary £1 shares	75	75	Overseas distribution of travel gear

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

10 STOCKS

	2003 £	Group 2002 £
Finished goods and goods for resale	<u>7,078,099</u>	<u>7,671,184</u>

The company had no stocks at 30 April 2003 or 30 April 2002.

11 DEBTORS

	2003 £	Group 2002 £	2003 £	Company 2002 £
Trade debtors	3,921,247	3,543,933	-	-
Amounts owed by group undertakings	-	-	3,820,435	3,816,137
Amounts owed by related undertakings	32,000	-	-	-
Other debtors	135,999	312,815	53,984	59,190
Deferred tax	68,825	76,215	9,900	1,889
Prepayments and accrued income	159,224	137,240	22,440	22,000
	<u>4,317,295</u>	<u>4,070,203</u>	<u>3,906,759</u>	<u>3,899,216</u>

12 CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2003 £	Group 2002 £	2003 £	Company 2002 £
Bank loans and overdrafts	771,152	1,746,453	384,740	533,238
Trade creditors	3,656,798	3,391,425	-	-
Amounts owed to group undertakings	-	-	750	1,242
Corporation tax	120,334	523,260	28,209	316,823
Social security and other taxes	340,616	155,104	6,427	8,735
Proposed dividends	320,000	480,000	320,000	480,000
Other creditors	49,262	70,259	32,101	70,074
Accruals	200,797	248,962	165,843	167,824
Amounts due under finance leases	35,767	62,707	13,538	14,061
	<u>5,494,726</u>	<u>6,678,170</u>	<u>951,608</u>	<u>1,591,997</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 subsidiaries, Burton McCall Limited, Park Rose Limited and Direct Design Limited.

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

13 CREDITORS: AMOUNTS FALLING DUE AFTER MORE THAN ONE YEAR

	2003 £	Group 2002 £	2003 £	Company 2002 £
Bank loans and overdrafts	1,027,241	1,050,000	-	-
Loans from shareholders	1,351,638	1,351,638	1,351,638	1,351,638
Amounts due under finance leases	4,654	39,563	2,596	16,134
	<u>2,383,533</u>	<u>2,441,201</u>	<u>1,354,234</u>	<u>1,367,772</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 2004. Interest is charged at 1% below Lloyds TSB Bank PLC base rate.

14 BORROWINGS

Borrowings are repayable as follows:

	2003 £	Group 2002 £
Within one year		
Bank and other borrowings	771,152	1,746,453
Finance leases	35,767	62,707
After one and within two years		
Bank and other borrowings	1,601,638	1,551,638
Finance leases	4,654	39,563
After two and within five years		
Bank and other borrowings	777,241	850,000
	<u>3,190,452</u>	<u>4,250,361</u>

15 DEFERRED TAXATION

Deferred taxation provided in the financial statements is as follows:

Group	2003 £	2002 £
Accelerated capital allowances	(19,341)	(5,973)
Other timing differences	(49,484)	(70,242)
	<u>(68,825)</u>	<u>(76,215)</u>

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

Company	2003 £	2002 £
Accelerated capital allowances	(8,171)	303
Other timing differences	(1,729)	(2,192)
	<u>(9,900)</u>	<u>(1,889)</u>

16 SHARE CAPITAL

	2003 £	2002 £
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>
Allotted, called up and fully paid		
1,000,000 ordinary shares of £1 each	1,053,778	1,053,778
1,000,000 8% cumulative convertible redeemable preference shares of £1 each	1,000,000	1,000,000
	<u>2,053,778</u>	<u>2,053,778</u>

Preference shares

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 par. The shares do not carry any rights to vote at a general meeting of the company.

17 RESERVES

Group	Profit and loss account £
At 1 May 2002	2,750,733
Retained profit for the year	1,113,784
At 30 April 2003	<u>3,864,517</u>

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

Company	Profit and loss account £
At 1 May 2002	1,354,473
Retained profit for the year	620,265
At 30 April 2003	<u>1,974,738</u>

18 RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

Group	2003 £	2002 £
Profit for the financial year	1,193,784	1,351,425
Dividends	(80,000)	(80,000)
	<u>1,113,784</u>	<u>1,271,425</u>
Issue of shares	-	53,778
Net increase in shareholders' funds	1,113,784	1,325,203
Shareholders' funds at 1 May 2002	4,804,511	3,479,308
Shareholders' funds at 30 April 2003	<u>5,918,295</u>	<u>4,804,511</u>
Attributable to:		
Equity shareholders	4,918,295	3,804,511
	<u>4,918,295</u>	<u>3,804,511</u>

19 NET CASH INFLOW/(OUTFLOW) FROM OPERATING ACTIVITIES

	2003 £	2002 £
Operating profit	1,402,336	1,887,112
Depreciation and amortisation	234,899	351,877
Profit on sale of tangible fixed assets	(8,824)	3,884
Decrease/(increase) in stocks	593,085	(1,637,187)
Increase/(decrease) in debtors	(254,482)	60,635
Increase/(decrease) in creditors	381,723	(1,209,033)
Net cash inflow from continuing operating activities	<u>2,348,737</u>	<u>(542,712)</u>

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

20 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2003 £	2002 £
Increase/(decrease) in cash in the year	1,132,642	(6,925)
Cash outflow/(inflow) from financing in the year	222,759	(1,142,390)
Cash outflow from finance leases in the year	61,849	23,571
Change in net debt resulting from cashflows	1,417,250	(1,125,744)
Movement in net debt in the year	1,417,250	(1,125,744)
Net debt at 1 May 2002	(4,195,480)	(3,069,736)
Net debt at 30 April 2003	(2,778,230)	(4,195,480)

21 ANALYSIS OF CHANGES IN NET DEBT

	At 1 May 2002 £	Cashflow £	At 30 April 2003 £
Cash in hand and at bank	54,881	357,341	412,222
Overdrafts	(1,546,453)	775,301	(771,152)
Debt	(2,601,638)	222,759	(2,378,879)
Finance leases	(102,270)	61,849	(40,421)
	(4,195,480)	1,417,250	(2,778,230)

22 CAPITAL COMMITMENTS

	2003 £	Group 2002 £	2003 £	Company 2002 £
Contracted for but not provided in these financial statements	81,000	-	-	-

23 CONTINGENT LIABILITIES

	2003 £	Group 2002 £	2003 £	Company 2002 £
Amount of guarantees in respect of the bank borrowings of other group subsidiaries	-	-	34,600	1,213,215
Documentary credits in respect of forward contracts	284,520	585,419	-	-
	284,520	585,419	34,600	1,213,215

SWISS CUTLERY (UK) LIMITED

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 30 April 2003

24 PENSIONS

Defined Contribution Schemes

The group operates a number of defined contribution schemes.

The pension cost represents contributions payable by the group to the funds, and amounted to £151,719 (2002: £206,306). Included in accruals is an amount of £nil (2002: £1,000) in respect of contributions payable to the schemes.

25 RELATED PARTY TRANSACTIONS

Included in creditors is a loan from the H A Cann Accumulation and Maintenance Trust. The balance at 30 April 2003, comprising capital and interest accrued, was £1,351,638 (2002: £1,352,207). The capital balance of £1,351,638 (2002: £1,351,638) is regarded as long term, and all monies carry interest at 1% below Lloyds TSB base rate. Interest charged during the year amounted to £41,728 (2002: £55,473).

The company has received charges for goods and services from S & H A C Holdings Limited: amounting to £66,880 (2002: £64,000) and the creditor at 30 April 2003 was £32,101 (2002: £30,550). Mr H A Cann is a director and shareholder of that company.

The company has received income from Springpart Manufacturing Limited amounting to £30,000 (2002: £30,000) in respect of management services provided. Mr H A Cann is a director and shareholder of that company.

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.

26 CONTROLLING RELATED 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 95% interest in the company's equity capital.

27 LEASING COMMITMENTS

Operating lease payments amounting to £380,830 (2002: £373,916) are due within one year. The leases to which these amounts relate expire as follows:

	2003 Land and buildings £	2003 Other £	2002 Land and buildings £	2002 Other £
In one year or less	-	28,145	-	23,859
Between one and five years	118,713	32,472	118,713	29,844
In five years or more	201,500	-	201,500	-
	<u>320,213</u>	<u>60,617</u>	<u>320,213</u>	<u>53,703</u>