

EWBANK PRODUCTS LIMITED

Abbreviated financial statements

Year ended 31 March 2001



Registered Number: 3312633

EWBANK PRODUCTS LIMITED

Report of the auditors

Auditors' report to Ewbank Products Limited under section 247B of the Companies Act 1985

We have examined the abbreviated financial statements set out on pages 2 to 7 together with the financial statements of the company for the year ended 31 March 2001 prepared under section 226 of the Companies Act 1985.

Respective responsibilities of directors and auditors

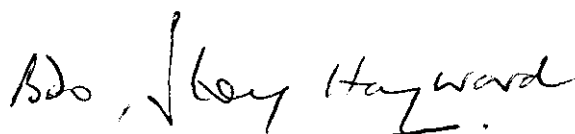
The directors are responsible for preparing the abbreviated financial statements in accordance with section 246 of the Companies Act 1985. It is our responsibility to form an independent opinion as to whether the company is entitled to deliver abbreviated financial statements prepared in accordance with sections 246(5) and (6) of the Act to the registrar of companies and whether the financial statements to be delivered are properly prepared in accordance with those provisions and to report our opinion to you.

Basis of opinion

We have carried out the procedures we considered necessary to confirm, by reference to the financial statements, that the company is entitled to deliver abbreviated financial statements and that the abbreviated financial statements to be delivered have been properly prepared. The scope of our work for the purpose of this report did not include examining or dealing with events after the date of our report on the financial statements.

Opinion

In our opinion the company is entitled to deliver financial statements prepared in accordance with sections 246(5) and (6) of the Companies Act 1985 and the abbreviated financial statements on pages 2 to 7 are properly prepared in accordance with those provisions.



BDO STOY HAYWARD
Chartered Accountants
and Registered Auditors
Manchester

26 June 2001

EWBANK PRODUCTS LIMITED

Balance sheet at 31 March 2001

	Note	2001	2000
		£	£
Fixed assets			
Intangible assets	2	100,000	100,000
Tangible assets	3	172,131	180,385
		<u>272,131</u>	<u>280,385</u>
Current assets			
Stocks		105,476	102,683
Debtors		398,488	309,693
Cash at bank and in hand		61,325	66,915
		<u>565,289</u>	<u>479,291</u>
Creditors: amounts falling due within one year		<u>503,860</u>	<u>493,303</u>
Net current assets/(liabilities)		61,429	(14,012)
Total assets less current liabilities		<u>333,560</u>	<u>266,373</u>
Creditors: amounts falling due after more than one year	4	26,106	22,951
		<u>307,454</u>	<u>243,422</u>
Capital and reserves			
Called up share capital	6	104,600	104,600
Share premium account		455,400	455,400
Profit and loss account		(252,546)	(316,578)
Shareholders' funds		<u>307,454</u>	<u>243,422</u>
Equity shareholders' funds		(152,546)	(262,787)
Non equity shareholders' funds		460,000	460,000
		<u>307,454</u>	<u>243,422</u>

These financial statements have been prepared in accordance with the special provisions of Part VII of the Companies Act 1985 relating to small companies.

The financial statements were approved by the Board on 26 June 2001.

A Turner

Director



The notes on pages 3 to 7 form part of these financial statements.

EWBANK PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001

1 Accounting policies

The financial statements have been prepared under the historical cost convention and are in accordance with applicable accounting standards. The following principal accounting policies, which have not changed in the year have been applied:

Turnover

Turnover represents sales at invoiced amounts less returns, trade discounts and value added tax.

Intangible fixed assets

Intangible fixed assets comprise brands, patents, trade marks and intellectual property rights and are stated at cost.

The directors consider that these intangible fixed assets have an indefinite useful economic life and they have therefore not been amortised. Intangible fixed assets will be subject to annual impairment reviews.

The Companies Act 1985 requires all fixed assets to be amortised over a finite period. The directors consider that to amortise the intangible fixed assets as a matter of policy would not give a true and fair view and have thus invoked the "true and fair view" override provisions permitted by the Companies Act. Had the provisions of the act been followed, net assets would have been reduced and the loss for the year would have increased by an amount not exceeding £100,000.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all fixed assets. It is calculated at the following annual rates:

Tools, dies and moulds	- 10% straight line
Plant and machinery	- 10% straight line
Fixtures, fittings and equipment	- 10 – 33.3% straight line
Motor vehicles	- 33.3% straight line

Stocks

Stocks are valued at the lower of cost and net realisable value. Cost is based on the cost of purchase on a first in, first out basis. Net realisable value is based on estimated selling price less additional costs to completion and disposal.

Deferred taxation

Provision is made for timing differences between the treatment of certain items for taxation and accounting purposes, to the extent that it is probable that a liability or asset will crystallise.

Warranty and rectification costs

If material, provision is made for expected warranty and rectification costs.

EWBANK PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

1 Accounting policies (*Continued*)

Leased assets

Where assets are financed by leasing agreements that give rights approximating to ownership (finance leases), the assets are treated as if they had been purchased outright. The amount capitalised is the present value of the minimum lease payments payable during the lease term. The corresponding leasing commitments are shown as amounts payable to the lessor. Depreciation on the relevant assets is charged to the profit and loss account.

Lease payments are analysed between capital and interest components so that the interest element of the payment is charged to the profit and loss account over the period of the lease and represents a constant proportion of the balance of capital repayments outstanding. The capital part reduces the amounts payable to the lessor.

All other leases are treated as operating leases. Their annual rentals are charged to the profit and loss account on a straight-line basis over the term of the lease.

Pension costs

Contributions to the company's defined contribution pension scheme are charged to the profit and loss account in the year in which they become payable.

Government grants

Grants of a revenue nature are credited to the profit and loss account in the year to which they relate.

2 Intangible fixed assets

£

Cost and net book value

At 31 March 2000 and 31 March 2001

100,000

Intangible fixed assets comprise brands, patents, trade marks and intellectual property rights. In accordance with the accounting policy, intangible fixed assets are not amortised as the directors believe that they have an indefinite useful economic life.

The investment in the Ewbank brand over many years has resulted in a high consumer prompted awareness of the name, which is held as synonymous with non-electric carpet sweepers. The trade marks, patents and intellectual property rights, have enduring lifespans which, in the opinion of the directors, have been maintained during the year since acquisition, and it is intended will be enhanced with investment in the brand in the future.

EWBANK PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (continued)

3 Tangible assets

	Tools, dies and moulds £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
<i>Cost</i>					
At 31 March 2000	190,000	25,310	68,098	38,774	322,182
Additions	-	-	-	36,250	36,250
Disposals	-	-	-	(29,107)	(29,107)
At 31 March 2001	190,000	25,310	68,098	46,187	329,595
<i>Depreciation</i>					
At 31 March 2000	76,000	7,593	49,717	12,487	141,797
Provided for the year	14,250	2,531	4,081	13,968	34,830
Disposals	-	-	-	(19,163)	(19,163)
At 31 March 2001	90,250	10,124	49,798	7,292	157,464
<i>Net book value</i>					
At 31 March 2001	99,750	15,186	18,300	38,895	172,131
At 31 March 2000	114,000	17,717	22,381	26,287	180,385

The net book value of tangible fixed assets includes an amount of £38,895 (2000 - £26,287) in respect of assets held under finance leases. The related depreciation charge for the year was £13,968 (2000 - £9,575).

EWBANK PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (Continued)

4 Creditors: amounts falling due after more than one year

	31 March 2001 £	31 March 2000 £
Loan (unsecured)	4,167	10,417
Obligations under finance leases	21,939	12,534
	<u>26,106</u>	<u>22,951</u>

Obligations under finance leases amounting to £34,908 (2000 - £24,093) are wholly repayable within five years and are effectively secured on the tangible fixed assets to which they relate (note 3).

5 Debt

	31 March 2001 £	31 March 2000 £
Loan	10,417	16,667
Invoice discounting loan	201,363	205,689
	<u>211,780</u>	<u>222,356</u>

Debt falls due for repayment as follows:

Within one year	207,613	211,939
Between one and two years	4,167	6,250
Between two and five years	-	4,167
	<u>211,780</u>	<u>222,356</u>

The invoice discounting loan is secured by a fixed charge over the company's book debts.

The loan is unsecured and repayable in monthly instalments over four years. In consideration of the loan facility being made available, the company granted an option to subscribe for 5% of the voting ordinary share capital of the company immediately following the issue of those shares, at a fair value to be agreed by the company and provider of finance.

The option is exercisable at any time during the term of the loan, or until the debt is repaid if later.

EWBANK PRODUCTS LIMITED

Notes forming part of the financial statements for the year ended 31 March 2001 (*Continued*)

6 Share capital

	31 March 2001 £	31 March 2000 £
Authorised		
60,000 Ordinary shares of £1 each	60,000	60,000
40,000 'A' Ordinary shares of £1 each	40,000	40,000
460,000 Redeemable preference shares of 1p each	4,600	4,600
	<hr/> 104,600	<hr/> 104,600
Allotted, called up and fully paid		
60,000 Ordinary shares of £1 each	60,000	60,000
40,000 'A' Ordinary shares of £1 each	40,000	40,000
460,000 Redeemable preference shares of 1p each	4,600	4,600
	<hr/> 104,600	<hr/> 104,600

Details of preference shares

The preference shares carry rights to a dividend of 8 pence per share per annum (but not exceeding one half of the net profit for the year in question) accruing from 31 March 1999, subject to restrictions imposed by the articles, and payable annually 14 days after approval of the audit report of the company for the relevant period by the directors. The preference shares carry no voting rights. In the event of a return of capital, on liquidation or otherwise, the preference shareholders rank in priority to all other shareholders in respect of the payment of £1 per share plus any dividends unpaid on those shares accrued up to date of the return of capital. Subject to the provisions of the Companies Act, the preference shares are intended to be redeemed in five equal tranches on 31 December 2001, 2002, 2003, 2004, 2005 at the rate of £1 per share. The company may redeem all or, in instalments of not less than 5,000 shares, some of the preference shares in advance of the due date of redemption.

Details of 'A' ordinary shares

The 'A' ordinary shares carry a dividend of 10% of net profit calculated on an historic cost basis payable no later than 4 months after the end of the relevant period or within 14 days of the audit report being signed by the company's auditors. Dividends accrue from 31 March 1999 subject to restrictions imposed by the articles. Following the payment of an equivalent dividend to the holders of ordinary shares, at the discretion of the directors, each of the 'A' ordinary shares and the ordinary shares entitles the holder to participate equally in the remaining profits of the company. The 'A' ordinary shares carry one vote per share and rank in priority to the ordinary shares in the event of a return of capital. The holders of the 'A' ordinary shares may at any time convert the whole of their 'A' ordinary share into a like number of ordinary shares provided that notice is given in writing signed by the holders of 75% of the 'A' ordinary shares.