

SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND FINANCIAL STATEMENTS
31ST MARCH 2000

Registered number: 03522780



WALTER J EDWARDS & CO
CHARTERED ACCOUNTANTS
Registered Auditor

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

**REPORT AND
FINANCIAL STATEMENTS**

for the year ended 31st March 2000

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**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

COMPANY INFORMATION

31st March 2000

Incorporated	in England & Wales on 6th March 1998
Registered Number	03522780
Director	Mr G L Brown
Secretary	Matthews & Yates Limited
Registered Office	Kenrick Buildings Union Street West Bromwich West Midlands B70 6DB
Auditors	Walter J Edwards & Co Chartered Accountants 47 Anchor Road Aldridge Walsall West Midlands WS9 8PT

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

REPORT OF THE DIRECTORS

31st March 2000

The director presents his report and the audited financial statements for the year ended 31st March 2000.

Principal activity

The principal activities of the group during the year were: the manufacture of electrical resistances and control gear, spray equipment, industrial fans, castors, hardware, zinc alloy and aluminium components and domestic kitchen utensils.

Business review

The group balance sheet as detailed on page 9 shows a satisfactory position, shareholders' funds amounting to £5,660,158.

Research and development

Research and development is a continuing activity for the development of products incorporating the latest technology to meet customer requirements.

Employees

During the year, the group has continued to provide employees with information it considered relevant to matters of common concern. Priority is given to ensuring that employees are aware of all significant matters affecting the group's trading position and of any significant organisation changes. It is the policy of the group not to discriminate against disabled persons, both in recruitment and by retention of employees who become disabled whilst in the employment of the group, as well as generally through training and career development.

Fixed assets

The movement of fixed assets are shown in the notes to the financial statements.

Results and dividends

The results for the year's trading, the financial position of the group and the transfer to reserves are shown in the annexed financial statements. The group's profit for the year before taxation amounted to £1,320,553 (1999 - £169,618).

Directors

The following was a director during the year:

G L Brown

The company's Articles of Association do not require directors to retire by rotation.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

REPORT OF THE DIRECTORS

31st March 2000

Director's interests

The interests of G L Brown and his family in the shares of the company, both at the beginning and end of the year were as follows:

Beneficial holding	Number
Mr G L Brown	54,400
GLB Settlement 1998	16,800
ATB Settlement 1998	4,204
A R Sheeran	9,150
A K Murray	9,150
R C Brown	9,150
T J O'Donnell	9,150
	<hr/>
	112,004
	<hr/>

Freehold land and buildings

During the year freehold property has been disposed at a surplus over book value of £4,708,412 (note 6). In the opinion of the directors there is no significant difference between the present market value of the group's remaining properties and the amounts at which they are stated in the financial statements. Details are set out in note 10.

Year 2000 compliance

The group has taken all steps reasonably necessary to comply with the requirements to deal with the year 2000 in its computer digital storage systems.

Close company status

The company is a close company within the meaning of the Income and Corporation Taxes Act 1988.

Prior year adjustment

On 10th June 1998, various listed investments were transferred from Spire Group Limited to its subsidiaries, Alldays Peacock & Company Limited and DIA Limited. The investments were not subsequently reflected in the financial statements of the group due to error and a prior year adjustment of £144,653 therefore arises. Details are shown in note 22 to the financial statements.

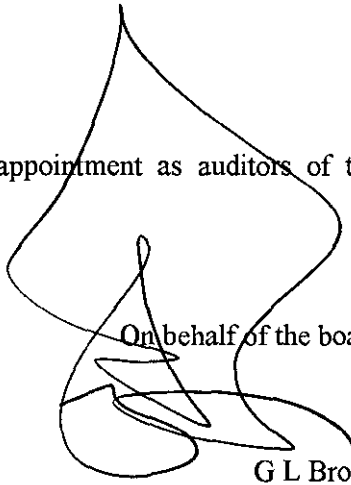
**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

DIRECTORS' REPORT
(continued)

31st March 2000

Auditors

Walter J Edwards & Co have agreed to offer themselves for re-appointment as auditors of the company.



On behalf of the board
G L Brown
Director

Kenrick Buildings
Union Street
West Bromwich
West Midlands B70 6DB

29th January 2001

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

AUDITORS' REPORT

STATEMENT OF 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 profit or loss of the company for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and 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 company will continue in business.

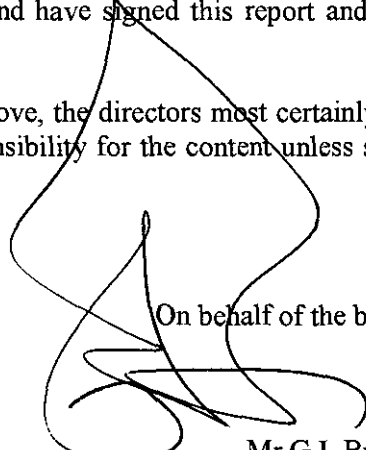
The directors are responsible for keeping proper accounting records which disclose with reasonable accuracy at any time the financial position of the company and to enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

It is understood that the above statements are a statutory requirement, presumably to relieve auditors of their responsibility or provide the basis for further penalisation of company directors. The requirement is clearly impractical and, no doubt, was devised by lame-brained lawyers or accountants who have no perception of running a business and have never made a contribution to anything productive in their entire lives. The directors would therefore like to place on record the fact that the company's accountants and/or Auditors prepared all accounts and financial statements which were duly audited by the company Auditors as prescribed by the Companies Acts. The directors therefore take no responsibility for the detailed accuracy of the accounts and have signed this report and the accompanying financial statements only as a formality.

Despite the apparent legal requirement and the statement made above, the directors most certainly do NOT prepare the financial statements and therefore take no responsibility for the content unless such information was provided by them personally.

29th January 2001

On behalf of the board


Mr G L Brown
Director

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

AUDITORS' REPORT

Auditors' report to the members of Spire Group Limited

We have audited the financial statements on pages 7 to 26 which have been prepared under the historical cost convention and the accounting policies set out on page 12 and 13.

Respective responsibilities of directors and auditors

As described on page 3, the company's directors are responsible for the preparation of financial statements. It is our responsibility to form an independent opinion, based on our audit, on those statements and to report our opinion to you.

Basis of 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 error or other irregularity. 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 of the group as at 31st March 2000 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

Walter J. Edwards & Co.

47 Anchor Road
Aldridge, Walsall
29th January 2001

Walter J Edwards & Co
Registered Auditor
Chartered Accountants

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

CONSOLIDATED PROFIT AND LOSS ACCOUNT

for the year ended 31st March 2000

	Note	2000 £	5 months 1999 £ (as restated)
Turnover	2	20,823,173	8,976,541
Cost of sales		(16,534,253)	(6,699,887)
Gross profit		<u>4,288,920</u>	<u>2,276,654</u>
Distribution costs		(843,287)	(491,234)
Administrative expenses		(6,435,889)	(1,928,341)
Other operating income		86,332	442,243
Operating (loss)/profit	3	<u>(2,903,924)</u>	<u>299,322</u>
Surplus on sale of assets in continuing operation	6	4,708,412	-
Interest payable and similar charges	7	<u>(483,935)</u>	<u>(129,704)</u>
Profit on ordinary activities before taxation		1,320,553	169,618
Taxation	8	162,863	11,275
Retained profit for the financial period		<u><u>1,483,416</u></u>	<u><u>180,893</u></u>

None of the company's activities were acquired or discontinued during the above two financial years.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

CONSOLIDATED STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES

for the year ended 31st March 2000

	2000	5 months 1999
Note	£	£ (as restated)
Profit for the period	1,483,416	180,893
Total recognised profits relating to the period	<u>1,483,416</u>	<u>180,893</u>

Notes of historical cost profits and losses

The difference between fixed assets at cost and at valuation is not considered to be material.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

CONSOLIDATED BALANCE SHEET

at 31st March 2000

	Note	2000		1999	
		£	£	£	£
				<i>(as restated)</i>	
Fixed assets					
Intangible assets	9		3		3
Negative goodwill	9a	(2,889,664)		(3,226,324)	
Tangible assets	10	3,874,105		6,140,702	
			<u>984,444</u>		<u>2,914,381</u>
Current assets					
Stocks	12	2,361,227		3,863,013	
Debtors	13	11,404,546		4,923,544	
Investments	14	152,293		157,388	
Cash at bank and in hand		2,403,174		596,209	
			<u>16,321,240</u>		<u>9,540,154</u>
Creditors: amounts falling due within one year	15	(8,246,286)		(4,908,211)	
Net current assets			<u>8,074,954</u>		<u>4,631,943</u>
Total assets less current liabilities			<u>9,059,398</u>		<u>7,546,324</u>
Creditors: amounts falling due after more than one year	16	(3,399,240)		(3,312,582)	
Provision for liabilities and charges	18	-		(57,000)	
Net Assets			<u><u>5,660,158</u></u>		<u><u>4,176,742</u></u>
Capital and reserves (equity)					
Called up share capital	19		11		11
Share premium account	20	3,995,838		3,995,838	
Profit and loss account	20	1,664,309		180,893	
Total shareholders' funds	21	<u><u>5,660,158</u></u>		<u><u>4,176,742</u></u>	

These financial statements are signed in order to comply with the requirements of the Companies Act, without personal verification.

The financial statements on pages 7 to 26 were approved by the board of directors on 29th January 2001 and signed on its behalf by:

Mr G L Brown
Director

This balance sheet is totally unintelligible but the Auditors advise that this is the result of current accountancy directives. I take no responsibility for the stupidity of the dysfunctional post-war generation who formulate these totally illogical directives.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

COMPANY BALANCE SHEET

at 31st March 2000

	Note	£	2000 £	£	1999 £
Fixed assets					
Tangible assets	10		3,059,648		2,147,596
Investments	11		1,327,759		1,327,759
			<u>4,387,407</u>		<u>3,475,355</u>
Current assets					
Debtors	13	8,616,356		3,499,002	
Cash at bank and in hand		2,664,961		559,106	
			<u>11,281,317</u>	<u>4,058,108</u>	
Creditors: amounts falling due within one year	15	(5,050,179)		(305,384)	
Net current assets			<u>6,231,138</u>	<u>3,752,724</u>	
Total assets less current liabilities			<u>10,618,545</u>	<u>7,228,079</u>	
Creditors: amounts falling due after more than one year	16		(3,338,414)		(3,118,717)
Net assets			<u>7,280,131</u>	<u>4,109,362</u>	
Capital and reserves (equity)					
Called up share capital	19		11		11
Share premium account	20		3,995,838		3,995,838
Profit and loss account	20		3,284,282		113,513
Total shareholders' funds	21		<u>7,280,131</u>	<u>4,109,362</u>	

These financial statements are signed in order to comply with the requirements of the Companies Act, without personal verification.

The financial statements on pages 7 to 26 were approved by the board of directors on 29th January 2001 and signed on its behalf by:

Mr G L Brown
Director

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

CONSOLIDATED CASH FLOW STATEMENT

at 31st March 2000

	Note	2000		1999	
		£	£	£	£
				<i>(as restated)</i>	
Net cash inflow from operating activities	26a		(3,615,825)		320,799
Return on investments and servicing of finance					
Interest paid		454,277		(123,950)	
Interest element of HP and finance		29,658		(5,754)	
		<hr/>		<hr/>	
Net current assets			(483,935)		(129,704)
Taxation					
UK Corporation tax paid			(245,330)		(19,109)
Capital expenditure and financial Investment					
Payments to acquire tangible fixed assets		(352,184)		(331,145)	
Receipts from sales of tangible fixed assets		6,842,379		15,390	
		<hr/>		<hr/>	
			6,490,195		(315,755)
Financing					
Repayments of loan capital	26b	(58,511)		-	
Capital element of finance leases	26b	(279,629)		155,691	
		<hr/>		<hr/>	
	26c		(338,140)		155,691
Increase in cash			<hr/>		<hr/>
			1,806,965		11,922
			<hr/>		<hr/>

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

Compliance with accounting standards

The financial statements have been prepared in accordance with applicable accounting standards. There were no material departures from those standards.

1 Principal accounting policies

The principal accounting policies adopted in the preparation of the financial statements are set out below and have been consistently applied within the same accounts.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets. In accordance with Section 230 of the Companies Act 1985, a separate profit and loss account of Spire Group Limited is not presented.

Depreciation

Depreciation has been computed to write off the cost or valuation of tangible fixed assets over their expected useful lives using the following rates:

Freehold land	-	No depreciation
Freehold buildings	-	Nil to 4%
Leasehold property	-	Equal instalments over the period of the lease
Plant and machinery	-	20% per annum of cost
Fixtures and fittings	-	20% per annum of cost
Motor vehicles	-	33.3% per annum of cost

Probus Mayfair plc, a subsidiary company, does not depreciate its assets in accordance with group policy. Depreciation rates used by this subsidiary are as follows:

Freehold buildings	-	2% to 4% per annum of cost
Plant and machinery	-	15% to 50% per annum of cost
Motor vehicles	-	25% per annum of cost

Stocks and work in progress

Stocks and work in progress have been valued at the lower of cost and net realisable value. In respect of work in progress and finished goods, cost includes a relevant proportion of overheads according to the stage of manufacture/completion.

Deferred taxation

Deferred taxation is provided on the liability method to take account of timing differences between the treatment of certain items for accounts purposes and their treatment for tax purposes. Tax deferred or accelerated is accounted for in respect of all material timing differences to the extent that it is considered that a net liability may crystallise.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

1 Principal accounting policies (continued)

Research and development

Expenditure on research and development is written off against profits in the period in which it is incurred.

Foreign Exchange

Transactions denominated in foreign currencies are translated into sterling at the rate of exchange ruling at the balance sheet date.

Leasing

Tangible fixed assets acquired under finance leases or hire purchase contracts are capitalised and depreciated in the same manner as other tangible fixed assets. The related obligations, net of future finance charges, are included in creditors. Rentals payable under operating leases are charged to the profit and loss account on a straight-line basis over the period of the lease.

Goodwill

Goodwill is written off against reserves in the year of acquisition

Pension costs

The group operates a defined benefit and defined contribution pension scheme for certain employees. Contributions to the scheme are charged to the profit and loss account as they are incurred.

Consolidation

The group accounts consolidate the accounts of the company and all its subsidiary undertakings at 31st March 2000. As permitted by Section 230 of the Companies Act 1985, the parent company has not presented its own profit and loss account.

Negative goodwill

Negative goodwill is calculated as the amount by which the fair value of assets acquired exceeds the cost of investment.

Negative goodwill is to be amortised over a period of ten years.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

2 Turnover

The group's turnover represents the value, excluding value added tax, of goods and services supplied to customers during the period. The analysis of turnover by geographical area is as follows:

	2000	5 months
	£	1999
		£
United Kingdom	16,753,635	7,297,423
Europe	1,386,586	423,911
Rest of the World	2,682,952	1,255,207
	<u>20,823,173</u>	<u>8,976,541</u>

3 Operating profit

	2000	1999
	£	£
Operating profit is stated after charging:		
Total directors' emoluments (including pension contributions)	1,763,250	58,000
Auditor's remuneration	26,814	32,100
Auditor's remuneration – non-audit services	2,300	7,100
Depreciation and amortisation of owned assets	415,678	245,412
Depreciation of assets held under finance leases and hire purchase contracts	126,161	28,650
Operating lease rentals - land and buildings	81,409	35,000
	<u> </u>	<u> </u>
and after crediting:		
Profit on sales of tangible fixed assets	57,025	4,999
Rents received	17,500	169,986
Amortisation of negative goodwill	336,660	131,937
	<u> </u>	<u> </u>

4 Director's remuneration – excluding pension contributions

	2000	1999
	£	£
The remuneration of the highest paid director was	<u>1,691,250</u>	<u>58,000</u>
Number of directors receiving pension benefits	<u>1</u>	<u>1</u>

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

5 Staff costs

The average monthly number of persons employed by the group, including directors, during the year was as follows:

	2000 Number	1999 Number
Sales and administration	104	123
Production	306	369
	<u>410</u>	<u>492</u>

The aggregate payroll costs of these persons were as follows:

	2000 £	5 months 1999 £
Wages and salaries	7,132,374	2,580,437
Social security costs	680,567	229,121
Other pension costs	162,784	81,145
	<u>7,975,725</u>	<u>2,890,703</u>

6 Surplus on sale of assets in continuing operation

	2000 £	1999 £
Profit on sale of freehold property	<u>4,708,412</u>	<u>-</u>

7 Interest payable and similar charges

	2000 £	1999 £
Interest payable – bank loans and overdrafts and other loans repayable within five years	334	7,010
Interest on shareholders' loans	449,789	115,581
Other interest	4,154	1,359
Finance charges payable – finance leases and hire purchase contracts	29,658	5,754
	<u>483,935</u>	<u>129,704</u>

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

8 Taxation

	2000	5 months
	£	1999
		£
Current year:		
UK Corporation tax (refund)/charge	(39,900)	28,725
Deferred taxation credit	(57,000)	(40,000)
	<u>(96,900)</u>	<u>(11,275)</u>
Prior year:		
UK Corporation tax overprovided	(65,963)	-
	<u>(162,863)</u>	<u>(11,275)</u>

9 Intangible fixed assets

Cost	Cost of Investment £	Property Rights £	Goodwill £	Total £
At 1st April 1999	11	95,001	30,010	125,022
Additions	-	-	-	-
Disposals	-	-	-	-
31st March 2000	<u>11</u>	<u>95,001</u>	<u>30,010</u>	<u>125,022</u>
Amortisation				
1st April 1999	11	95,000	30,008	125,019
Charge for the year	-	-	-	-
Disposals	-	-	-	-
31st March 2000	<u>11</u>	<u>95,000</u>	<u>30,008</u>	<u>125,019</u>
Net book amount				
31st March 2000	<u>-</u>	<u>1</u>	<u>2</u>	<u>3</u>
1st April 1999	<u>-</u>	<u>1</u>	<u>2</u>	<u>3</u>

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

9a Negative goodwill

£

Negative goodwill upon acquisition of subsidiaries:

Cost:

As at 1st April 1999	3,366,599
On acquisitions in the year	-
	<hr/>
As at 31st March 2000	<u>3,366,599</u>

Amortisation:

As at 1st April 1999	140,275
Charge for the year	336,660
	<hr/>
As at 31st March 2000	<u>476,935</u>

Net book value:

As at 31st March 2000	<u>2,889,664</u>
	<hr/>
As at 31st March 1999	<u>3,226,324</u>

Negative goodwill is being amortised over a period of ten years.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

10 Tangible fixed assets

Group:	Fixtures and Fittings	Freehold Land and Buildings	Motor Vehicles	Plant and Machinery	Total
Cost or valuation	£	£	£	£	£
At 1st April 1999	997,871	5,361,639	752,797	7,891,347	15,003,654
Additions	11,667	112,147	108,627	119,743	352,184
Disposals	(295,413)	(2,376,125)	(298,135)	(146,995)	(3,116,668)
31st March 2000	<u>714,125</u>	<u>3,097,661</u>	<u>563,289</u>	<u>7,864,095</u>	<u>12,239,170</u>
Accumulated Depreciation					
1st April 1999	842,841	530,774	546,628	6,942,709	8,862,952
Charge for the year	88,329	33,322	123,754	296,434	541,839
Disposals	(256,211)	(376,827)	(259,693)	(146,995)	(1,039,726)
31st March 2000	<u>674,959</u>	<u>187,269</u>	<u>410,689</u>	<u>7,092,148</u>	<u>8,365,065</u>
Net book amount					
At 31st March 2000	<u>39,166</u>	<u>2,910,392</u>	<u>152,600</u>	<u>771,947</u>	<u>3,874,105</u>
1st April 1999	<u>155,030</u>	<u>4,830,865</u>	<u>206,169</u>	<u>948,638</u>	<u>6,140,702</u>

Included in the total net book value of tangible fixed assets held at 31st March 2000 was £369,120 (1999 - £696,562) in respect of assets held under finance leases and hire purchase contracts.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

10 Tangible fixed assets (continued)

Company:	Fixtures and Fittings £	Freehold Land and Buildings £	Motor Vehicles £	Total £
Cost or valuation				
At 1st April 1999	26,987	1,968,250	704,304	2,699,541
Additions	-	942,142	108,627	1,050,769
Disposals	-	-	(273,001)	(273,001)
31st March 2000	<u>26,987</u>	<u>2,910,392</u>	<u>539,930</u>	<u>3,477,309</u>
Accumulated Depreciation				
1st April 1999	21,153	-	530,792	551,945
Charge for the year	2,240	-	115,682	117,922
Disposals	-	-	(252,206)	(252,206)
31st March 2000	<u>23,393</u>	<u>-</u>	<u>394,268</u>	<u>417,661</u>
Net book amount				
At 31st March 2000	<u>3,594</u>	<u>2,910,392</u>	<u>145,662</u>	<u>3,059,648</u>
1st April 1999	<u>5,834</u>	<u>1,968,250</u>	<u>173,512</u>	<u>2,147,596</u>

Included in the total net book value of tangible fixed assets held at 31st March 1999 was £145,887 (1999 - £154,742) in respect of assets held under finance leases and hire purchase contracts.

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES**

NOTES ON FINANCIAL STATEMENTS

31st March 2000

11 Investments - company

**Unlisted
£**

Cost or valuation

1st April 1999 and at 31st March 2000

1,327,759

The company owns the whole of the issued share capital of the following companies, all of which are registered in England and Wales.

Subsidiary

Principal Activity

Spire Homewares Limited	Castors, hardware and metal components
Alldays Peacock & Company Limited	Industrial fans
Spire Airvent Limited	Industrial fans
Gill Air Limited	Industrial fans
DIA Limited	Investment holding company
Probus Mayfair plc	Housewares and silverware
Ingelly (1084) Limited	Property rights

12 Stocks and work in progress

	2000		1999	
	Group £	Company £	Group £	Company £
Finished goods	552,985	-	774,378	-
Work in progress	526,704	-	1,213,842	-
Spares and raw materials	1,281,538	-	1,874,793	-
	<u>2,361,227</u>	<u>-</u>	<u>3,863,013</u>	<u>-</u>

The replacement cost of the above stock would not be significantly different from the values stated.

13 Debtors

	2000		1999	
	Group £	Company £	Group £	Company £
VAT	-	-	12,326	12,326
Corporation tax recoverable	189,475	124,000	110,000	-
Trade debtors	4,611,212	90,350	4,038,182	111,847
Other debtors	79,318	53,913	420,688	27,905
Prepayments and accrued income	219,293	43,550	342,348	122,200
Amount owed by group undertakings	-	1,999,295	-	3,224,724
Property disposal proceeds	6,305,248	6,305,248	-	-
	<u>11,404,546</u>	<u>8,616,356</u>	<u>4,923,544</u>	<u>3,499,002</u>

**SPIRE GROUP LIMITED
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NOTES ON FINANCIAL STATEMENTS

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14 Investments

	2000		1999	
	Group	Company	Group	Company
	£	£	£	£
Listed investments	152,293	-	157,388	-

Listed investments are stated at cost. The market value at 31st March 2000 was £247,949 (1999 - £241,743).

15 Creditors: amounts falling due within one year

	2000		1999	
	Group	Company	Group	Company
	£	£	£	£
Trade creditors	3,535,930	89,000	3,462,371	84,802
Amounts owed to group undertakings	-	1,071,815	-	-
Other creditors	1,372,182	1,313,163	66,169	1,673
Hire purchase	208,703	82,390	354,712	109,911
Other taxes and social security	1,641,490	1,328,084	384,137	19,637
Accruals and deferred income	1,456,670	1,165,727	337,793	4,280
Corporation Tax payable	31,311	-	303,029	85,081
	<u>8,246,286</u>	<u>5,050,179</u>	<u>4,908,211</u>	<u>305,384</u>

16 Creditors: amounts falling due after more than one year

	2000		1999	
	Group	Company	Group	Company
	£	£	£	£
Shareholders' loans (note 23)	3,305,943	3,305,943	3,085,665	3,085,665
Hire purchase	93,297	32,471	226,917	33,052
	<u>3,399,240</u>	<u>3,338,414</u>	<u>3,312,582</u>	<u>3,118,717</u>

The company's shareholders are shown under directors' interests on page 2. Loans from shareholders are secured, have no fixed date for repayment and carry interest at 11.5%.

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NOTES ON FINANCIAL STATEMENTS

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17 Maturity of debt included within creditors

	2000		1999	
	Group £	Company £	Group £	Company £
In less than one year	208,703	82,390	354,712	109,911
Between one and two years	93,297	32,471	226,917	33,052
Between two and five years	3,305,943	3,305,943	3,085,665	3,085,665
	<u>3,607,943</u>	<u>3,420,804</u>	<u>3,667,294</u>	<u>3,228,628</u>

**Creditors other than finance leases
and hire purchase contracts**

Creditors due between two and five years	3,305,943	3,305,943	3,085,665	3,085,665
Creditors due after more than five years payable other than by instalments	-	-	-	-
	<u>3,305,943</u>	<u>3,305,943</u>	<u>3,085,665</u>	<u>3,085,665</u>

**Finance lease and hire purchase contract
due by instalments**

In less than one year	208,703	82,390	354,712	109,911
Between one two years	93,297	32,471	226,917	33,052
	<u>302,000</u>	<u>114,861</u>	<u>581,629</u>	<u>142,963</u>

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NOTES ON FINANCIAL STATEMENTS

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18 Provision for liabilities and charges

	2000		1999	
	Group	Company	Group	Company
	£	£	£	£
Deferred taxation	-	-	57,000	-

Deferred taxation is provided at 30% analysed over the following timing differences.

	Fully provided 2000 £	Fully provided 1999 £
Accelerated capital allowances	-	57,000
Other timing differences	-	-
	-	57,000

19 Share capital

	2000		1999	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary share capital	10,000,000	1,000	10,000,000	1,000
Issued:				
Ordinary share capital	112,004	11	112,004	11

**SPIRE GROUP LIMITED
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NOTES ON FINANCIAL STATEMENTS

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20 Reserves

Profit and Loss Account	2000	
	Group £	Company £
Balance at 31st March 1999	180,893	113,513
Profit for the period	1,483,416	3,170,769
Balance at 31st March 2000	<u>1,664,309</u>	<u>3,284,282</u>
Share premium account		
Balance at 31st March 1999 and 31 March 2000	<u>3,995,838</u>	<u>3,995,838</u>

21 Reconciliation of movements in shareholders' funds

	2000		1999	
	Group £	Company £	Group £	Company £
Profit for the financial period	1,483,416	3,170,769	180,893	113,513
Dividends	-	-	-	-
Net addition to shareholders' funds	<u>1,483,416</u>	<u>3,170,769</u>	<u>180,893</u>	<u>113,513</u>
Opening shareholders' funds	4,176,742	4,109,362	3,995,849	3,995,849
Closing shareholders' funds	<u>5,660,158</u>	<u>7,280,131</u>	<u>4,176,742</u>	<u>4,109,362</u>

22 Prior year adjustment

On 10th June 1998, various listed investments were transferred from Spire Group Limited to its subsidiaries, Alldays Peacock & Company Limited and DIA Limited. The investments were not subsequently reflected in the financial statements of the group due to error and a prior year adjustment therefore arises as follows:-

Profit and Loss Account

	Group £
As previously stated at 31st March 1999	36,240
Prior year adjustment	144,653
As restated	<u>180,893</u>

**SPIRE GROUP LIMITED
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NOTES ON FINANCIAL STATEMENTS

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23 Related party transactions

Included in creditors are shareholders' loans and accrued interest thereon. The shareholders are G L Brown and members of his family. The outstanding balances in the period are as follows:

	2000		1999	
	Group £	Company £	Group £	Company £
Capital balances	2,125,896	2,125,896	2,184,407	2,184,407
Accrued interest	1,180,047	1,180,047	901,258	901,258
	<u>3,305,943</u>	<u>3,305,943</u>	<u>3,085,665</u>	<u>3,085,665</u>

24 Pension costs

The group operates defined benefit and defined contribution pension schemes for certain employees. Contributions are charged to the profit and loss account as they are incurred. The charge for the period was £162,784 (1999 - £81,145).

25 Ultimate controlling party

As a director and majority shareholder, Mr G L Brown is the ultimate controlling party of the group.

26 Notes to the cash flow statement.

(a) Reconciliation of operating profit to net cash inflow from operating activities

	2000 £	1999 £
Operating (loss)/profit	(2,903,924)	299,322
Depreciation	541,839	133,788
Amortisation of negative goodwill	(336,660)	-
(Profit)/loss on sale of tangible fixed assets	(57,025)	(4,999)
(Profit)/loss on sale of investments	5,095	(144,653)
(Increase)/decrease in stocks	1,501,786	210,601
(Increase)/decrease in debtors	(6,401,527)	1,189,917
Increase/(decrease) in creditors	4,034,591	(1,363,177)
Net cash inflow from operating activities	<u>(3,615,825)</u>	<u>320,799</u>

**SPIRE GROUP LIMITED
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NOTES ON FINANCIAL STATEMENTS

31st March 2000

26 Notes to the cash flow statement (continued)

(b) Reconciliation of net cash flow to movement in net funds

	2000 £	1999 £
(Decrease)/increase in cash in period	1,806,965	11,922
Cash inflow from decrease in debt and leasing finance	279,629	75,583
Repayments of loan capital	58,511	-
	<hr/>	<hr/>
Changes in net debt resulting from cash flows	2,145,105	87,505
New finance leases	-	(231,274)
	<hr/>	<hr/>
Movements in net funds in the period	2,145,105	(143,769)
Net debt at the start of the period	(2,169,827)	(2,026,058)
	<hr/>	<hr/>
Net debt at the end of the period	<u>(24,722)</u>	<u>(2,169,827)</u>

(c) Analysis of changes in net debt

	At 1st April 1999 £	Cash Flows £	Other Changes £	At 31st March 2000 £
Cash at bank	596,209	1,806,965	-	2,403,174
	<hr/>	<hr/>	<hr/>	<hr/>
Debt due within one year	(354,712)	146,009	-	(208,703)
Debt due after one year	(2,411,324)	192,131	-	(2,219,193)
	<hr/>	<hr/>	<hr/>	<hr/>
	(2,766,036)	338,140	-	(2,427,896)
	<hr/>	<hr/>	<hr/>	<hr/>
	(2,169,827)	2,145,105	-	(24,722)
	<hr/>	<hr/>	<hr/>	<hr/>