

**SPIRE GROUP LIMITED
AND ITS SUBSIDIARY COMPANIES
REPORT AND FINANCIAL STATEMENTS
31ST MARCH 2003**

Registered number: 03522780

EDWARDS
Chartered Accountants
Registered Auditor



SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

REPORT AND FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

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SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

COMPANY INFORMATION **FOR THE YEAR ENDED 31ST MARCH 2003**

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	Edwards Chartered Accountants 47 Anchor Road Aldridge Walsall West Midlands WS9 8PT

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

REPORT OF THE DIRECTORS FOR THE YEAR ENDED 31ST MARCH 2003

The director presents his report and the audited financial statements for the year ended 31st March 2003.

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. The group has also begun trading in listed investments.

Business review

The group balance sheet as detailed on page 8 shows a satisfactory position, shareholders' funds amounting to £5,694,344.

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.

Donations

Charitable donations of £1,064 (2002 - £1,160) were made during the year.

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 loss for the year before taxation amounted to £313,867 (2002 – profit £249,809).

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 FOR THE YEAR ENDED 31ST MARCH 2003

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

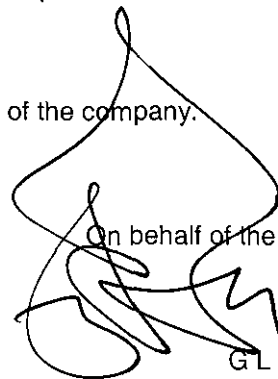
In the opinion of the directors there is no significant difference between the present market value of the group's properties and the amounts at which they are stated in the financial statements. Details are set out in note 9.

Close company status

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

Auditors

Edwards 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 2004

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENT OF DIRECTORS' RESPONSIBILITIES FOR THE YEAR ENDED 31ST MARCH 2003

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 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.

The above statements have been prepared by our Auditors and Accountants which we understand are a statutory requirement placed on all company directors. We must make it clear, however, that we did not personally prepare the financial statements or maintain the accounting records and are dependent on our staff and external accountants and auditors for these functions. The statutory requirements are totally impractical and unnecessary for privately owned companies and were no doubt devised by Government employed lawyers and accountants who have no perception of running a business and have never made a contribution to anything productive in their entire lives. The Directors, therefore, take no responsibility for the detailed accuracy of the accounts and have signed this Report on the basis that, to the best of their belief and knowledge, the accompanying financial statements are correct.

It should also be pointed out that business owners are, in general, very honest and that fraud and other underhanded acts are more commonly found among politicians, the Inland Revenue, VAT Authorities, the HSE, the Department of the Environment, the DTI and similar Government bodies. Next on the list comes multinationals, public companies and larger business interests with executives that contribute to political parties in return for favours.

On behalf of the board



Mr G L Brown
Director

29th January 2004

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

INDEPENDENT AUDITOR'S REPORT FOR THE YEAR ENDED 31ST MARCH 2003

Independent Auditors' Report to the Shareholders of Spire Group Limited

We have audited the financial statements of Spire Group Limited for the year ended 31st March 2003 which comprise the profit and loss account, the balance sheet, the cash flow statement, the statement of total recognised gains and losses and the related notes. These financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets and the accounting policies set out herein.

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 Directors And Auditors

As described in the Statement of Directors' Responsibilities, the company directors are responsible for the preparation of financial statements in accordance with applicable law and United Kingdom Accounting Standards.

Our responsibility is to audit the financial statements in accordance with relevant legal and regulatory requirements and United Kingdom Auditing Standards.

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the group 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 group is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatement within it.

Basis of Audit Opinion

We conducted our audit in accordance with United Kingdom Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the company's and the group's circumstances, consistently applied and adequately disclosed.

We planned and performed our audit so as to obtain all the information and explanations which we considered necessary in order to provide us with sufficient evidence to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or other irregularity or error. In forming our opinion, we also evaluated the overall adequacy of the presentation of information in the financial statements.

Opinion

In our opinion, the financial statements give a true and fair view of the state of the group's affairs as at 31st March 2003 and of its loss for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



**Edwards
Registered Auditors
Chartered Accountants
47 Anchor Road
Aldridge
WALSALL
WS9 8PT**

29th January 2004

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED 31ST MARCH 2003

	Note	2003 £	2002 £
Turnover			
Continuing		14,396,143	14,730,769
Acquisitions		9,799,757	-
		<hr/>	<hr/>
Total turnover	2	24,195,900	14,730,769
Cost of sales		(21,287,089)	(10,864,071)
		<hr/>	<hr/>
Gross profit		2,908,811	3,866,698
Distribution costs		(488,447)	(544,745)
Administrative expenses		(2,296,036)	(2,536,446)
Other operating (costs)/income		130,718	(14,546)
		<hr/>	<hr/>
Operating profit	3	255,046	770,961
Interest payable	6	(568,913)	(521,152)
		<hr/>	<hr/>
(Loss) profit on ordinary activities before taxation		(313,867)	249,809
Taxation	7	(136,311)	(171,811)
		<hr/>	<hr/>
Retained profit for the financial period	18	(450,178)	77,998
		<hr/>	<hr/>

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

STATEMENT OF TOTAL RECOGNISED GAINS AND LOSSES FOR THE YEAR ENDED 31ST MARCH 2003

	2003 £	2002 £
(Loss) profit for the financial year	(450,178)	77,998
Revaluation of plant and machinery	62,448	-
	<hr/>	<hr/>
Total gains and losses realised since last annual report	<u>(387,730)</u>	<u>77,998</u>

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2003

	Note	2003		2002	
		£	£	£	£
Fixed assets					
Intangible assets	8		3		3
Negative goodwill	8a	(1,879,684)		(2,216,344)	
Tangible assets	9	3,172,715		3,233,033	
			1,293,034		1,016,692
Current assets					
Stocks	11	2,175,950		2,038,351	
Debtors	12	3,456,111		3,503,668	
Investments	13	2,518,014		2,376,751	
Cash at bank and in hand		6,730,440		7,437,334	
			14,880,515		15,356,104
Creditors: amounts falling due within one year	14	(6,222,692)		(6,398,840)	
Net current assets			8,657,823		8,957,264
Total assets less current liabilities			9,950,857		9,973,956
Creditors: amounts falling due after more than one year	15	(4,256,513)		(3,891,882)	
Net Assets			5,694,344		6,082,074
Capital and reserves (equity)					
Called up share capital	17		11		11
Share premium account	18	3,995,838		3,995,838	
Revaluation reserve	18	62,448		-	
Profit and loss account	18	1,636,047		2,086,225	
Total shareholders' funds	19	5,694,344		6,082,074	

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

The financial statements on pages 6 to 25 were approved by the board of directors on 29th January 2004 and signed on its behalf by:

Mr G L Brown
Director

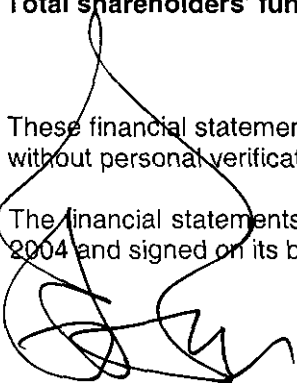
SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

COMPANY BALANCE SHEET FOR THE YEAR ENDED 31ST MARCH 2003

	Note	£	2003 £	£	2002 £
Fixed assets					
Tangible assets	9		2,935,743		2,956,968
Investments	10		1,327,759		1,327,759
			<hr/>		<hr/>
			4,263,502		4,284,727
Current assets					
Debtors	12	2,389,016		2,294,818	
Investments	13	2,365,721		2,224,458	
Cash at bank and in hand		7,036,323		7,504,364	
			<hr/>	<hr/>	
			11,791,060		12,023,640
Creditors: amounts falling due within one year	14	(5,619,748)		(5,134,021)	
			<hr/>	<hr/>	
Net current assets			6,171,312		6,889,619
			<hr/>		<hr/>
Total assets less current liabilities			10,434,814		11,174,346
Creditors: amounts falling due after more than one year	15	(4,256,513)		(3,891,882)	
			<hr/>	<hr/>	
Net assets			6,178,301		7,282,464
			<hr/>		<hr/>
Capital and reserves (equity)					
Called up share capital	17		11		11
Share premium account	18	3,995,838		3,995,838	
Profit and loss account	18	2,182,452		3,286,615	
			<hr/>	<hr/>	
Total shareholders' funds	19		6,178,301		7,282,464
			<hr/>		<hr/>

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

The financial statements on pages 6 to 25 were approved by the board of directors on 29th January 2004 and signed on its behalf by:


Mr G L Brown
Director

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31ST MARCH 2003

		2003		2002	
	Note	£	£	£	£
Net cash (outflow) inflow from operating activities	23a		(202,600)		2,056,635
Return on investments and servicing of finance					
Interest paid - shareholders		(242,601)		(179,000)	
Interest paid - other		(9,586)		-	
Interest element of finance lease payments		-		(3,619)	
Net cash outflow			(252,187)		(182,619)
Taxation					
UK Corporation tax paid			(307,809)		(129,370)
Capital expenditure and financial Investment					
Payments to acquire tangible fixed assets		(48,771)		(45,250)	
Receipts from sales of tangible fixed assets		56,569		15,445	
			7,798		(29,805)
Cash (outflow) inflow before use of liquid resources and financing			(754,798)		1,714,841
Management of Liquid Resources					
Purchase of investments		-		(4,086,423)	
Sale of investments		-		1,652,416	
			-		(2,434,007)
Financing					
Repayments of loan capital	23b	47,904		(40,000)	
Capital element of finance leases	23b	-		(91,346)	
			47,904		(131,346)
Decrease in cash			(706,894)		(850,512)

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

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.

Basis of accounting

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain fixed assets.

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

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 in full in respect of taxation deferred by timing differences between the treatment of certain items for taxation and accounting purposes.

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.

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

1 Principal accounting policies (continued)

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 2003. 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.

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:

	2003	2002
	£	£
United Kingdom	21,687,648	12,123,338
Europe	734,076	893,486
Rest of the World	1,774,176	1,713,945
	<hr/>	<hr/>
	24,195,900	14,730,769
	<hr/>	<hr/>
Manufacturing activities	14,396,143	14,730,769
Share trading activities	9,799,757	-
	<hr/>	<hr/>
	24,195,900	14,730,769
	<hr/>	<hr/>

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

3 Operating profit

	2003	2002
	£	£
Operating profit is stated after charging:		
Auditor's remuneration	18,870	19,350
Auditor's remuneration – non-audit services	6,700	11,734
Depreciation and amortisation of owned assets	141,580	280,869
Diminution in value of investments	110,036	301,858
Loss on sale of investments	-	40,984
Operating lease rentals		
- land and buildings	85,361	83,537
	<u> </u>	<u> </u>
and after crediting:		
Profit on sales of tangible fixed assets	26,612	10,291
Amortisation of negative goodwill	336,660	336,660
	<u> </u>	<u> </u>

4 Director's remuneration

	2003	2002
	£	£
Emoluments for qualifying services	162,163	161,523
Company pension contributions to money purchase schemes	66,000	72,000
	<u> </u>	<u> </u>
	228,163	233,523
	<u> </u>	<u> </u>
Number of directors receiving pension benefits	<u> 1 </u>	<u> 1 </u>

5 Staff costs

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

	2003	2002
	Number	Number
Management and administration	57	59
Sales	27	22
Production	192	192
	<u> </u>	<u> </u>
	276	273
	<u> </u>	<u> </u>

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

5 Staff costs (continued)

	2003	2002
	£	£
The aggregate payroll costs of these persons were as follows:		
Wages and salaries	4,283,123	4,156,218
Social security costs	346,517	362,839
Other pension costs	124,634	139,473
	<u>4,754,274</u>	<u>4,658,530</u>

6 Interest payable

	2003	2002
	£	£
Interest on shareholders' loans	559,327	517,533
Finance charges payable – finance leases and hire purchase contracts	-	3,619
Other interest	9,586	-
	<u>568,913</u>	<u>521,152</u>

7 Taxation

	2003	2002
	£	£
Current year:		
UK Corporation tax charge	272	172,448
Prior year:		
UK Corporation tax (over) under provided	136,039	(637)
	<u>136,311</u>	<u>171,811</u>

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

7 Taxation (continued)

	2003 £	2002 £
Factor affecting the tax charge for the year		
(Loss) profit on ordinary activities before taxation	(313,867)	249,809
(Loss) profit on ordinary activities multiple by standard rate of UK Corporation Tax of 30.00% (2002 - 30.00%)	(94,160)	74,943
Effects of:		
Non-deductible expenses	290,754	371
Depreciation	34,491	73,117
Capital allowances	(61,009)	(74,217)
Adjustments to previous periods	136,039	(637)
Dividends received	(1,483)	(2,170)
Marginal relief	-	(3,010)
Other tax adjustments	(168,321)	103,414
	230,471	96,868
	136,311	171,811

Other tax adjustments relate to unutilised trading losses. A deferred tax asset has not been recognised as it is not certain that this will lead to a transfer of economic benefits in the future.

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

8 Intangible fixed assets

Cost	Property Rights £	Goodwill £	Total £
At 1st April 2002	95,001	30,010	125,011
Additions	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
31st March 2003	95,001	30,010	125,011
	<hr/>	<hr/>	<hr/>
Amortisation			
1st April 2002	95,000	30,008	125,008
Charge for the year	-	-	-
Disposals	-	-	-
	<hr/>	<hr/>	<hr/>
31st March 2003	95,000	30,008	125,008
	<hr/>	<hr/>	<hr/>
Net book amount			
31st March 2003	1	2	3
	<hr/>	<hr/>	<hr/>
1st April 2002	1	2	3
	<hr/>	<hr/>	<hr/>

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

8a Negative goodwill

	£
Negative goodwill upon acquisition of subsidiaries:	
Cost:	
As at 1st April 2002	3,366,599
On acquisitions in the year	-
	<hr/>
As at 31st March 2003	3,366,599
	<hr/>
Amortisation:	
As at 1st April 2002	1,150,255
Charge for the year	336,660
	<hr/>
As at 31st March 2003	1,486,915
	<hr/>
Net book value:	
As at 31st March 2003	1,879,684
	<hr/>
As at 31st March 2002	2,216,344
	<hr/>

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

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

9 Tangible fixed assets

Group:	Fixtures and Fittings	Freehold Land and Buildings	Motor Vehicles	Plant and Machinery	Total
Cost or valuation	£	£	£	£	£
At 1st April 2002	655,067	3,108,211	363,252	7,907,328	12,033,858
Additions	4,021	-	21,874	22,876	48,771
Revaluation	-	-	-	62,448	62,448
Disposals	-	-	(265,694)	-	(265,694)
31st March 2003	659,088	3,108,211	119,432	7,992,652	11,879,383
Accumulated Depreciation					
1st April 2002	649,308	187,269	327,702	7,636,546	8,800,825
Charge for the year	4,096	-	12,706	124,778	141,580
Disposals	-	-	(235,737)	-	(235,737)
31st March 2003	653,404	187,269	104,671	7,761,324	8,706,668
Net book amount					
At 31st March 2003	5,684	2,920,942	14,761	231,328	3,172,715
1st April 2002	5,759	2,920,942	35,550	270,782	3,233,033

A subsidiary company has revalued its plant and machinery at the year end. Depreciation for the year is based on cost. The valuation was carried out by the directors of the subsidiary.

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

9 Tangible fixed assets (continued)

Company:				
	Fixtures and Fittings £	Freehold Land and Buildings £	Motor Vehicles £	Total £
Cost or valuation				
At 1st April 2002	26,987	2,920,942	356,902	3,304,831
Additions	-	-	21,874	21,874
Disposals	-	-	(265,694)	(265,694)
31st March 2003	26,987	2,920,942	113,082	3,061,011
Accumulated Depreciation				
1st April 2002	26,511	-	321,352	347,863
Charge for the year	436	-	12,706	13,142
Disposals	-	-	(235,737)	(235,737)
31st March 2003	26,947	-	98,321	125,268
Net book amount				
At 31st March 2003	40	2,920,942	14,761	2,935,743
1st April 2002	476	2,920,942	35,550	2,956,968

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

10 Investments - company

	Unlisted £
Cost or valuation	
1st April 2002 and at 31st March 2003	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. The results for all subsidiaries are included in the consolidated financial statements.

Subsidiary	Principal Activity
Spire Homewares Limited	Castors, hardware and metal components, housewares and silverware
Alldays Peacock & Company Limited	Industrial fans
Spire Airvent Limited	Industrial fans
Gill Air Limited	Dormant
DIA Limited	Investment holding company
Probus Mayfair plc	Dormant
Ingelby (1084) Limited	Property rights

11 Stocks and work in progress

	2003		2002	
	Group £	Company £	Group £	Company £
Finished goods	792,193	-	726,823	-
Work in progress	585,138	-	461,692	-
Spares and raw materials	798,619	-	849,836	-
	2,175,950	-	2,038,351	-

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

12 Debtors

	2003		2002	
	Group £	Company £	Group £	Company £
Corporation tax recoverable	37,817	20,087	64,176	-
Trade debtors	3,035,093	-	2,936,987	-
Other debtors	216,869	183,971	135,366	84,301
Prepayments and accrued income	166,332	15,590	367,139	151,170
Amount owed by group undertakings	-	2,169,368	-	2,059,347
	3,456,111	2,389,016	3,503,668	2,294,818

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

13 Investments

	2003		2002	
	Group £	Company £	Group £	Company £
Listed investments	2,518,014	2,365,721	2,376,751	2,224,458

Listed investments are actively traded in addition to being held for investment returns. The analysis of investments held at the year end was as follows:-

	2003		2002	
	Group £	Company £	Group £	Company £
Trading assets	2,242,284	2,242,284	2,057,080	2,057,080
Investment assets	275,730	123,437	319,671	167,378
	2,518,014	2,365,721	2,376,751	2,224,458

Listed investments are stated at the lower of cost and net realisable value.

Market value at 31st March 2003	2,596,811	2,365,721	2,463,448	2,224,458
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14 Creditors: amounts falling due within one year

	2003		2002	
	Group £	Company £	Group £	Company £
Bank overdraft	-	803,874	-	565,175
Trade creditors	2,526,935	5,639	2,265,347	55,000
Amounts owed to group undertakings	-	1,547,851	-	999,987
Other creditors	3,252,634	3,204,098	3,360,003	3,300,590
Other taxes and social security	284,293	32,436	275,559	17,321
Accruals and deferred income	158,767	25,850	300,011	5,630
Corporation Tax payable	63	-	197,920	190,318
	6,222,692	5,619,748	6,398,840	5,134,021

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

15 Creditors: amounts falling due after more than one year

	2003		2002	
	Group £	Company £	Group £	Company £
Shareholders' loans (note 23)	4,256,513	4,256,513	3,891,882	3,891,882

The company's shareholders are shown under directors' interests on page 3. Loans from shareholders are secured on the assets of the company, have no fixed date for repayment and carry interest at 14%.

16 Maturity of debt included within creditors

	2003		2002	
	Group £	Company £	Group £	Company £
In less than one year	-	-	-	-
Between one and two years	-	-	-	-
Between two and five years	4,256,513	4,256,513	3,891,882	3,891,882
	<u>4,256,513</u>	<u>4,256,513</u>	<u>3,891,882</u>	<u>3,891,882</u>

Creditors other than finance leases and hire purchase contracts

Creditors due between two and five years	4,256,513	4,256,513	3,891,882	3,891,882
Creditors due after more than five years payable other than by instalments	-	-	-	-
	<u>4,256,513</u>	<u>4,256,513</u>	<u>3,891,882</u>	<u>3,891,882</u>

17 Share capital

	2003		2002	
	Number of shares	£	Number of shares	£
Authorised				
Ordinary share capital	10,000,000	1,000	10,000,000	1,000
	<u>10,000,000</u>	<u>1,000</u>	<u>10,000,000</u>	<u>1,000</u>
Issued:				
Ordinary share capital	112,004	11	112,004	11
	<u>112,004</u>	<u>11</u>	<u>112,004</u>	<u>11</u>

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

18 Reserves

Profit and Loss Account	2003	
	Group £	Company £
Balance at 31st March 2002	2,086,225	3,286,615
Loss for the year	(450,178)	(1,104,163)
	<hr/>	<hr/>
Balance at 31st March 2003	1,636,047	2,182,452
	<hr/>	<hr/>
Share premium account		
Balance at 31st March 2002 and 31 March 2003	3,995,838	3,995,838
	<hr/>	<hr/>

The amount of the Group loss for the financial year, dealt with in accounts of the parent company, was a loss of £1,104,163 (2002 – £165,659).

Revaluation Reserve	2003	
	Group £	Company £
Balance at 31st March 2002	-	-
Revaluation in the year	62,448	-
	<hr/>	<hr/>
Balance at 31st March 2003	62,448	-
	<hr/>	<hr/>

19 Reconciliation of movements in shareholders' funds

	2003		2002	
	Group £	Company £	Group £	Company £
Profit (loss) for the financial period	(450,178)	(1,104,163)	77,998	(165,659)
Revaluation of plant	62,448	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	(387,730)	(1,104,163)	77,998	(165,659)
Opening shareholders' funds	6,082,074	7,282,464	6,004,076	7,448,123
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	5,694,344	6,178,301	6,082,074	7,282,464
	<hr/>	<hr/>	<hr/>	<hr/>

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

20 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:

	2003		2002	
	Group £	Company £	Group £	Company £
Capital balances	2,063,800	2,063,800	2,015,896	2,015,896
Accrued interest	2,192,713	2,192,713	1,875,986	1,875,986
	<u>4,256,513</u>	<u>4,256,513</u>	<u>3,891,882</u>	<u>3,891,882</u>

G L Brown is a director and majority shareholder of Air Industrial Developments Limited, 77GLB Limited and Powerstream Services Limited. At 31st March 2003 £146,402 (2002 - £77,628) was due from these companies and is included in debtors and £3,164,490 (2002 - £3,310,470) was due to these companies and is included in creditors.

21 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 £124,634 (2002 - £139,473).

22 Ultimate controlling party

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

23 Notes to the cash flow statement.

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

	2003 £	2002 £
Operating profit	255,046	770,961
Depreciation	141,580	280,869
Amortisation of negative goodwill	(336,660)	(336,660)
(Profit) on sale of tangible fixed assets	(26,612)	(10,291)
Loss on sale of investments	-	40,984
Diminution in value of investments	43,941	301,858
Increase in traded investments	(185,203)	-
(Increase) decrease in stocks	(137,599)	243,441
Decrease in debtors	21,198	279,449
Increase in creditors	21,709	486,024
Net cash (outflow) inflow from operating activities	(202,600)	2,056,635

SPIRE GROUP LIMITED AND ITS SUBSIDIARY COMPANIES

NOTES ON FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST MARCH 2003

23 Notes to the cash flow statement (continued)

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

	2003 £	2002 £
(Decrease) increase in cash in period	(706,894)	(850,512)
Cash inflow from decrease in debt and leasing finance	-	91,346
Cash inflow from decrease in loan capital	(47,904)	40,000
Cash outflow from increase in liquid resources	-	376,927
Changes in net funds resulting from cash flows	(754,798)	(342,239)
Loss on sale and diminution in value of current asset investments	(43,941)	(342,842)
Movements in net funds in the period	(798,739)	(685,081)
Net funds at the start of the period	5,741,109	6,426,190
Net funds at the end of the period	4,942,370	5,741,109

(c) Analysis of changes in net debt

	At 1st April 2002 £	Cash Flows £	Other Changes £	At 31st March 2003 £
Cash at bank	7,437,334	(706,894)	-	6,730,440
Debt due after one year	(2,015,896)	(47,904)	-	(2,063,800)
Current asset investments	319,671	-	(43,941)	275,730
	5,741,109	(754,798)	(43,941)	4,942,370