

Bryncir Products Limited

Report and Financial Statements

Year Ended 31 December 2003



BDO
BDO Stoy Hayward
Chartered Accountants

Bryncir Products Limited

Annual report and financial statements for the year ended 31 December 2003

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Directors

A J Langdon
M Welden

Secretary and registered office

M Welden, Gelert House, Penamser Road, Porthmadog, Gwynedd, LL49 9NX

Company number

3582903

Auditors

BDO Stoy Hayward LLP, Commercial Buildings, 11-15 Cross Street, Manchester, M2 1WE

Bryncir Products Limited

Report of the directors for the year ended 31 December 2003

The directors present their report together with the audited financial statements for the year ended 31 December 2003.

Results and dividends

The profit and loss account is set out on page 4 and shows the profit for the year.

Interim dividends of £7.30 per share were paid to ordinary shareholders during the year. The directors do not recommend the payment of a final dividend.

Principal activities, review of business and future developments

The company's principal activity is that of a holding company to a group of companies distributing retailer and outdoor leisure products.

The directors are pleased to see an improvement in turnover and gross margin and are now looking to improve the company's overall profitability. The directors anticipate that the results for the forthcoming year will show improved profitability and turnover.

Post balance sheet events

In June 2004 the group sold freehold land and buildings with a net book value of £362,878 for a gross consideration of £625,000.

Directors

The directors of the company during the year and their interests in the ordinary share capital of the company were:

		Ordinary shares of £1 each	
		31 December	1 January
		2003*	2003**
A J Langdon		4,088	4,088
M Welden	(appointed 1 January 2003)	-	-
I Nellist	(resigned 13 May 2003)	-	-
* or date of resignation (if earlier)			
** or date of appointment (if later)			

Bryncir Products Limited

Report of the directors for the year ended 31 December 2003 (*Continued*)

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 group and company and of the profit or loss of the group for that year. 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;
- state whether applicable accounting standards have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the group 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 group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Auditors

On 31 December 2003, BDO Stoy Hayward, the group's auditors, transferred its business to BDO Stoy Hayward LLP, a limited liability partnership incorporated under the Limited Liability Partnerships Act 2000. Accordingly BDO Stoy Hayward resigned as auditors on that date and the directors appointed BDO Stoy Hayward LLP as its successor. A resolution to re-appoint BDO Stoy Hayward LLP as auditors will be proposed at the next annual general meeting.

By order of the board

M Welden
Secretary



14 December 2004

Bryncir Products Limited

Report of the independent auditors

To the shareholders of Bryncir Products Limited

We have audited the financial statements of Bryncir Products Limited for the year ended 31 December 2003 on pages 4 to 25 which have been prepared under the accounting policies set out on pages 9 to 11.

Respective responsibilities of directors and auditors

The directors' responsibilities for preparing the annual report and the financial statements in accordance with applicable law and United Kingdom Accounting Standards are set out in the Statement of Directors' Responsibilities.

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 company and other members of the group is not disclosed.

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

Our report has been prepared pursuant to the requirements of the Companies Act 1985 and for no other purpose. No person is entitled to rely on this report unless such a person is a person entitled to rely upon this report by virtue of and for the purpose of the Companies Act 1985 or has been expressly authorised to do so by our prior written consent. Save as above, we do not accept responsibility for this report to any other person or for any other purpose and we hereby expressly disclaim any and all such liability.


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 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 affairs of the group and the company as at 31 December 2003 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.



BDO STOY HAYWARD LLP
Chartered Accountants
and Registered Auditors
Manchester

14 December 2004

Bryncir Products Limited**Consolidated profit and loss account for the year ended 31 December 2003**

	Note	2003 £	2002 £
Turnover	2	15,822,836	14,726,272
Cost of sales		9,108,346	8,800,334
		<hr/>	<hr/>
Gross profit		6,714,490	5,925,938
Distribution costs		3,601,473	2,900,756
Administrative expenses		2,485,608	2,164,999
		<hr/>	<hr/>
Group operating profit	3	627,409	860,183
Interest payable and similar charges	6	(340,482)	(335,972)
		<hr/>	<hr/>
Profit on ordinary activities before taxation		286,927	524,211
Taxation on profit on ordinary activities	7	122,389	67,436
		<hr/>	<hr/>
Profit on ordinary activities after taxation		164,538	456,775
Dividends	8	53,845	-
		<hr/>	<hr/>
Retained profit	19	110,693	456,775
		<hr/>	<hr/>

All amounts relate to continuing activities.

The notes on pages 9 to 25 form part of these financial statements.

Bryncir Products Limited

Consolidated statement of total recognised gains and losses for the year ended 31 December 2003

	2003	2002
	£	£
Profit for the financial year	164,538	456,775
Total gains and losses for the year before currency adjustments	164,538	456,775
Exchange translation differences on consolidation	1,021	(854)
Total recognised gains and losses for the financial year	165,559	455,921

The notes on pages 9 to 25 form part of these financial statements.

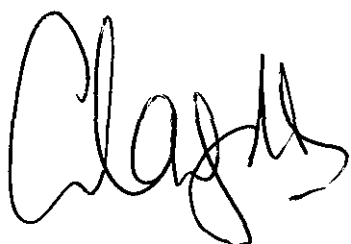
Bryncir Products Limited

Consolidated balance sheet at 31 December 2003

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Intangible assets	10		806,484		872,052
Tangible assets	11		1,813,871		1,553,317
			<u>2,620,355</u>		<u>2,425,369</u>
Current assets					
Stocks	13	3,348,705		3,647,740	
Debtors	14	2,296,598		2,251,003	
Cash at bank and in hand		439,443		103,777	
		<u>6,084,746</u>		<u>6,002,520</u>	
Creditors: amounts falling due within one year	15	4,597,062		4,527,400	
		<u>1,487,684</u>		<u>1,475,120</u>	
Net current assets			<u>1,487,684</u>		<u>1,475,120</u>
Total assets less current liabilities			<u>4,108,039</u>		<u>3,900,489</u>
Creditors: amounts falling due after more than one year	16	1,099,932		1,043,634	
Provision for liabilities and charges	17	63,653		24,115	
		<u>1,163,585</u>		<u>1,067,749</u>	
			<u>2,944,454</u>		<u>2,832,740</u>
Capital and reserves					
Called up share capital	18		7,376		7,376
Profit and loss account	19		2,937,078		2,825,364
			<u>2,944,454</u>		<u>2,832,740</u>
Equity shareholders' funds	20		<u>2,944,454</u>		<u>2,832,740</u>

The financial statements were approved by the Board on 14 December 2004.

A J Langdon
Director



The notes on pages 9 to 25 form part of these financial statements.

Bryncir Products Limited**Company balance sheet at 31 December 2003**

	Note	2003 £	2003 £	2002 £	2002 £
Fixed assets					
Fixed asset investments	12		1,383,041		1,383,041
Current assets					
Creditors: amounts falling due within one year	15		1,375,665		1,377,665
Total assets less current liabilities			<u>7,376</u>		<u>5,376</u>
Capital and reserves					
Called up share capital	18		7,376		7,376
Profit and loss account	19		-		(2,000)
Equity shareholders' funds	20		<u>7,376</u>		<u>5,376</u>

The financial statements were approved by the Board on 14 December 2004.

A J Langdon
Director

The notes on pages 9 to 25 form part of these financial statements.

Bryncir Products Limited**Cash flow statement for the year ended 31 December 2003**

	Note	2003 £	2002 £
Net cash inflow/(outflow) from operating activities	26	1,215,113	(533,367)
Returns on investments and servicing of finance	27	(340,482)	(335,972)
Taxation	27	-	(8,676)
Capital expenditure and financial investment	27	(27,816)	(206,851)
Equity dividends paid		(24,000)	-
		<hr/>	<hr/>
Cash inflow/(outflow) before financing		822,815	(1,084,866)
Financing	27	(249,152)	(290,607)
		<hr/>	<hr/>
Increase/(decrease) in cash	28	573,663	(1,375,473)
		<hr/>	<hr/>

The notes on pages 9 to 25 form part of these financial statements.

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 have been applied:

Basis of consolidation

The consolidated financial statements incorporate the results of Bryncir Products Limited and all of its subsidiary undertakings as at 31 December 2003 using the acquisition or merger method of accounting as required. Where the acquisition method is used, the results of subsidiary undertakings are included from the date of acquisition.

Goodwill

Goodwill arising on an acquisition of a subsidiary undertaking is the difference between the fair value of the consideration paid and the fair value of the assets and liabilities acquired. Positive goodwill is capitalised and amortised through the profit and loss account over the directors' estimate of its useful economic life of 20 years. Impairment tests on the carrying value of goodwill are undertaken:

- at the end of the first full financial year following acquisition;
- in other periods if events or changes in circumstances indicate that the carrying value may not be recoverable.

Trademarks

Trademarks are capitalised at cost and amortised over 10 years.

Turnover

Turnover represents sales to external customers at invoiced amounts less value added tax or local taxes on sales. Revenue is recognised on the date of sale.

Depreciation

Depreciation is provided to write off the cost, less estimated residual values, of all tangible fixed assets, evenly over their expected useful lives. It is calculated at the following rates:

Freehold property	- Over 50 years
Leasehold property	- Over the life of the lease
Fixtures, fittings and equipment	- 10 to 17%
Software and computers	- 17 to 33 %
Motor vehicles	- 25%

No depreciation is provided on freehold land.

Valuation of investments

Investments held as fixed assets are stated at cost less any provision for impairment. Investments held as current assets are stated at the lower of cost and net realisable value.

1 Accounting policies (continued)

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.

Foreign currency

Foreign currency transactions of individual companies are translated at the rates ruling when they occurred. Foreign currency monetary assets and liabilities are translated at the rates ruling at the balance sheet dates. Any differences are taken to the profit and loss account.

The results of overseas operations are translated at the average rates of exchange during the year and their balance sheets translated into sterling at the rates of exchange ruling on the balance sheet dates. Exchange differences which arise from translation of the opening net assets and results of foreign subsidiary undertakings are taken to reserves.

All other differences are taken to the profit and loss account with the exception of differences on foreign currency borrowings used to finance or provide a hedge against foreign equity investments, which are taken directly to reserves to the extent of the exchange difference arising on the net investment in these enterprises. Tax charges or credits that are directly and solely attributable to such exchange differences are also taken to reserves.

Deferred taxation

Deferred tax balances are recognised in respect of all timing differences that have originated but not reversed by the balance sheet date except for the recognition of deferred tax assets is limited to the extent that the company/group anticipates making sufficient taxable profits in the future to absorb the reversal of the underlying timing differences.

Deferred tax balances arising from underlying timing differences in respect of tax allowances on industrial buildings are reversed if and when all conditions for retaining those allowances have been met.

Deferred tax balances are not discounted.

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. The interest element of the payment is charged to the profit and loss account over the period of the lease and is calculated so that it 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.

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

1 Accounting policies (continued)

Pension costs

The group operates a number of defined contribution pension schemes, for the benefit of directors and other employees. The assets of the schemes are held separately from those of the company in independently administered funds. Contributions to these schemes are charged to the profit and loss account in the year in which they become payable.

Government Grants

Grants relating to expenditure on tangible fixed assets are credited to as the the profit and loss account at the same rate as the depreciation on the assets to which the grant relates.

2 Turnover

	2003 £	2002 £
Analysis by geographical market:		
United Kingdom	12,412,741	11,919,271
Europe	3,378,334	2,807,001
Rest of the world	31,761	-
	<u>15,822,836</u>	<u>14,726,272</u>

Turnover is wholly attributable to the principal activity of the group.

3 Operating profit

	2003 £	2002 £
This is arrived at after charging:		
Depreciation of tangible fixed assets	203,608	153,839
Amortisation of positive goodwill	62,726	62,726
Amortisation of other intangible fixed assets	2,842	2,960
Hire of plant and machinery - operating leases	205,051	131,353
Hire of other assets - operating leases	304,061	246,056
Auditors' remuneration:		
Group auditors remuneration - audit services	14,000	10,000
Group auditors remuneration - non-audit services	3,000	3,000
Exchange differences	-	3,385
	<u> </u>	<u> </u>

Included in the group audit fee is an amount of £4,250 (2002 - £1,250) in respect of the company.

Bryncir Products Limited**Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)****4 Employees**

Staff costs (including directors) consist of:

	2003 £	2002 £
Wages and salaries	2,544,357	1,763,035
Social security costs	273,563	222,986
Other pension costs	113,147	104,501
	<u>2,931,067</u>	<u>2,090,522</u>

The average number of employees (including directors) during the year was 130 (2002 - 118).

5 Directors' remuneration

	2003 £	2002 £
Directors' emoluments	251,199	253,220
Company contributions to money purchase pension schemes	15,157	34,175
	<u>266,356</u>	<u>287,395</u>

There were 6 directors in defined contribution pension schemes during the year (2002 - 5).

The total amount payable to the highest paid director in respect of emoluments was £137,444 (2002 - £108,580). Company pension contributions of £7,333 (2002 - £27,000) were made to a money purchase scheme on his behalf.

6 Interest payable and similar charges

	2003 £	2002 £
Bank loans and overdrafts	318,434	313,885
Finance leases and hire purchase contracts	16,941	16,985
Interest payable on other loans	5,107	5,102
	<u>340,482</u>	<u>335,972</u>

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

7 Taxation on profit on ordinary activities

	2003 £	2002 £
<i>UK Corporation tax</i>		
Current tax on profits of the year	82,851	34,994
Adjustment in respect of previous periods	-	8,327
	<hr/>	<hr/>
Total current tax	82,851	43,321
<i>Deferred tax</i>		
Origination and reversal of timing differences	25,100	24,115
Adjustment in respect of previous periods	14,438	-
	<hr/>	<hr/>
Movement in deferred tax provision	39,538	24,115
	<hr/>	<hr/>
Taxation on profit on ordinary activities	122,389	67,436
	<hr/>	<hr/>

The tax assessed for the period is lower than the standard rate of corporation tax in the UK. The differences are explained below:

	2003 £	2002 £
Profit on ordinary activities before tax	286,927	524,211
	<hr/>	<hr/>
Profit on ordinary activities at the standard rate of corporation tax in the UK of 30% (2002 - 30%)	86,078	157,263
Effect of:		
Expenses not deductible for tax purposes	12,357	16,182
Capital allowances for period in excess of depreciation	(41,651)	(36,717)
Utilisation of tax losses	(4,530)	(104,926)
Adjustment to tax charge in respect of previous periods	-	8,327
Marginal relief	(11,935)	(15,626)
Other	42,532	18,818
	<hr/>	<hr/>
Current tax charge for period	82,851	43,321
	<hr/>	<hr/>

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

8 Dividends

	2003 £	2002 £
<i>Equity shares</i>		
Ordinary shares		
Interim paid of £7.30 (2002 - £nil) per share	53,845	-

9 Profit for the financial year

The company has taken advantage of the exemption allowed under section 230 of the Companies Act 1985 and has not presented its own profit and loss account in these financial statements. The group profit for the year includes a profit after tax and before dividends of £55,845 (2002 - £NIL) which is dealt with in the financial statements of the parent company.

10 Intangible assets

Group	Goodwill on consolidation £	Trade marks £	Total £
<i>Cost</i>			
At 1 January 2003 and 31 December 2003	1,254,524	29,844	1,284,368
<i>Amortisation</i>			
At 1 January 2003	397,685	14,631	412,316
Provided for the year	62,726	2,842	65,568
At 31 December 2003	460,411	17,473	477,884
<i>Net book value</i>			
At 31 December 2003	794,113	12,371	806,484
At 31 December 2002	856,839	15,213	872,052

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

11 Tangible fixed assets

Group

	Freehold land and buildings £	Leasehold land and buildings £	Motor vehicles £	Fixtures, fittings and equipment £	Total £
<i>Cost</i>					
At 1 January 2003	944,906	227,376	61,997	1,673,462	2,907,741
Additions	-	810	-	466,534	467,344
Disposals	-	-	(33,814)	-	(33,814)
Exchange adjustments	-	-	-	14,193	14,193
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	944,906	228,186	28,183	2,154,189	3,355,464
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Depreciation</i>					
At 1 January 2003	188,489	11,281	23,502	1,131,152	1,354,424
Provided for the year	9,864	15,681	14,609	163,454	203,608
Disposals	-	-	(20,614)	-	(20,614)
Exchange adjustments	-	-	-	4,175	4,175
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2003	198,353	26,962	17,497	1,298,781	1,541,593
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
<i>Net book value</i>					
At 31 December 2003	746,553	201,224	10,686	855,408	1,813,871
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
At 31 December 2002	756,417	216,095	38,495	542,310	1,553,317
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>

The net book value of tangible fixed assets includes an amount of £257,477 (2002 - £257,481) in respect of assets held under finance leases and hire purchase contracts. The related depreciation charge on these assets for the year was £32,695 (2002 - £32,393).

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

12 Fixed asset investments

Company	Group undertakings £
<i>Cost</i>	
At 1 January 2003 and 31 December 2003	1,385,041
<i>Provisions</i>	
At 1 January 2003 and 31 December 2003	2,000
<i>Net book value</i>	
At 31 December 2002 and 31 December 2003	1,383,041

	Country of incorporation or registration	Nature of business
<i>Wholly owned subsidiary undertakings</i>		
Gelert Limited	England	Distributors of outdoor leisure products
Tika Handelsoerneming B.V.	Netherlands	Distributors of outdoor leisure products
Fairway Supplies Limited	England	Dormant
Salewa (UK) Limited	England	Dormant
Gelert Far East Limited	Hong Kong	Non-trading

13 Stocks

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Finished goods and goods for resale	3,348,705	3,647,740	-	-

There is no material difference between the replacement cost of stocks and the amounts stated above.

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

14 Debtors

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Trade debtors	1,921,441	1,926,827	-	-
Other debtors	2,677	39,932	-	-
Prepayments and accrued income	372,480	284,244	-	-
	<u>2,296,598</u>	<u>2,251,003</u>	<u>-</u>	<u>-</u>

All amounts shown under debtors fall due for payment within one year.

15 Creditors: amounts falling due within one year

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Bank loans and overdrafts (secured)	2,789,936	2,989,940	-	-
Mortgage loan (secured)	6,687	6,054	-	-
Trade creditors	480,992	487,915	-	-
Amounts owed to group undertakings	-	-	1,345,820	1,377,665
Corporation tax	120,809	38,279	-	-
Other taxation and social security	616,358	457,779	-	-
Proposed dividend	29,845	-	29,845	-
Obligations under finance lease and hire purchase contracts	139,443	61,103	-	-
Other creditors	54,039	66,415	-	-
Accruals and deferred income	358,953	419,915	-	-
	<u>4,597,062</u>	<u>4,527,400</u>	<u>1,375,665</u>	<u>1,377,665</u>

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

16 Creditors: amounts falling due after more than one year

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Bank loans (secured)	721,151	915,867	-	-
Mortgage loan (secured)	26,159	32,846	-	-
Obligations under finance lease and hire purchase contracts	352,622	65,758	-	-
Other creditors	-	29,163	-	-
	<u>1,099,932</u>	<u>1,043,634</u>	<u>-</u>	<u>-</u>

Maturity of debt:

Group	Loans and overdrafts 2003 £	Loans and overdrafts 2002 £	Finance leases 2003 £	Finance leases 2002 £
In one year or less, or on demand	<u>2,796,623</u>	<u>2,995,994</u>	<u>139,443</u>	<u>61,103</u>
In more than one year but not more than two years	225,964	207,855	198,111	60,384
In more than two years but not more than five years	<u>521,346</u>	<u>740,858</u>	<u>154,511</u>	<u>5,374</u>
	<u>747,310</u>	<u>948,713</u>	<u>352,622</u>	<u>65,758</u>

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

17 Provision for liabilities and charges

Group

	Deferred taxation £
At 1 January 2003	24,115
Charged to profit and loss account	39,538
	<hr/>
At 31 December 2003	63,653
	<hr/>

Deferred taxation

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Accelerated capital allowances	66,265	26,727	-	-
Revaluation surplus	(2,612)	(2,612)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
	63,653	24,115	-	-
	<hr/>	<hr/>	<hr/>	<hr/>

There is no provided or unprovided deferred tax on the company.

18 Share capital

	2003 £	Authorised 2002 £	Allotted, called up and fully paid 2003 £	2002 £
<i>Equity share capital</i>				
7,376 Ordinary shares of £1 each	50,000	50,000	7,376	7,376
	<hr/>	<hr/>	<hr/>	<hr/>

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

19 Reserves

Group

	Profit and loss account £
At 1 January 2003	2,825,364
Translation differences on foreign currency net investments in subsidiary undertakings	1,021
Profit for the year	110,693
	<hr/>
At 31 December 2003	2,937,078
	<hr/>

Company

	Profit and loss account £
At 1 January 2003	(2,000)
Profit for the year	2,000
	<hr/>
At 31 December 2003	-
	<hr/>

Bryncir Products LimitedNotes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)**20 Reconciliation of movements in shareholder's funds**

	Group 2003 £	Group 2002 £	Company 2003 £	Company 2002 £
Profit for the year	164,538	456,775	55,845	-
Dividends	(53,845)	-	(53,845)	-
	<hr/>	<hr/>	<hr/>	<hr/>
	110,693	456,775	2,000	-
Other net recognised gains and losses relating to the year	1,021	(854)	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Net additions to shareholder's funds	111,714	455,921	2,000	-
Opening shareholder's funds	2,832,740	2,376,819	5,376	5,376
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholder's funds	2,944,454	2,832,740	7,376	5,376
	<hr/>	<hr/>	<hr/>	<hr/>

21 Contingent liabilities

A Deferred Duty Guarantee of £300,000 (2002 : £300,000) in favour of HM Customs and Excise is held by HSBC Bank plc.

22 Pensions

The group contributes to a number of defined contribution pension schemes. The assets of the schemes are held separately from those of the group in an independently administered fund. The pension charge amounted to £113,147 (2002 - £104,501). Contributions amounting to £11,931 (2002 - £8,708) were payable to the funds and are included in creditors.

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

23 Commitments under operating leases

The group had annual commitments under non-cancellable operating leases as set out below:

	2003	2003	2002	2002
	Land and	Other	Land and	Other
	buildings		buildings	
	£	£	£	£
Operating leases which expire:				
Within one year	-	67,247	72,320	30,733
In two to five years	-	101,065	-	148,730
After five years	435,538	-	229,930	-
	<u>435,538</u>	<u>168,312</u>	<u>302,250</u>	<u>179,463</u>

24 Related party disclosures

Related party transactions and balances

During the year Gelert Limited paid rent on premises of £53,125 (2002 - £53,125) to a group pension scheme of which A J Langdon, a director and shareholder of the company, and J Langdon, a shareholder of the company, are both beneficiaries.

Included within other creditors in note 15 is £21,788 (2002 - £12,729) relating to an amount due to a director, Mr A J Langdon, on which interest of £1,169 has been paid during the year.

25 Post balance sheet events

In June 2004 Gelert Limited sold freehold land and buildings with a net book value of £362,878 for a gross consideration of £625,000.

Bryncir Products LimitedNotes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)**26 Reconciliation of operating profit to net cash inflow/(outflow) from operating activities**

	2003 £	2002 £
Operating profit	627,410	860,182
Amortisation of intangible fixed assets	65,568	65,687
Depreciation of tangible fixed assets	203,608	153,839
Profit on sale of tangible fixed assets	-	(19,132)
Decrease/(increase) in stocks	326,880	(1,913,106)
Increase in debtors	(19,492)	(129,214)
Increase in creditors	11,139	448,377
	<hr/>	<hr/>
Net cash inflow/(outflow) from operating activities	1,215,113	(533,367)
	<hr/>	<hr/>

27 Analysis of cash flows for headings netted in the cash flow statement

	2003 £	2002 £
Returns on investment and servicing of finance		
Interest paid: other	(323,541)	(318,987)
Interest paid: hire purchase	(16,941)	(16,985)
	<hr/>	<hr/>
	(340,482)	(335,972)
	<hr/>	<hr/>
Taxation		
Corporation tax paid	-	(8,676)
	<hr/>	<hr/>
Capital expenditure and financial investment		
Payments to acquire intangible fixed assets	-	(950)
Payments to acquire tangible fixed assets	(41,016)	(248,901)
Receipts from sale of tangible fixed assets	13,200	43,000
	<hr/>	<hr/>
	(27,816)	(206,851)
	<hr/>	<hr/>
Financing		
Loans repaid	(188,029)	(206,719)
Capital element of finance leases repaid	(61,123)	(83,888)
	<hr/>	<hr/>
	(249,152)	(290,607)
	<hr/>	<hr/>

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (Continued)

28 Reconciliation of net cash flow to movement in net debt

	2003 £	2002 £
Increase/(decrease) in cash	573,663	(1,375,473)
Cash outflow from changes in debt	249,152	290,607
Movement in net debt resulting from cash flows	822,815	(1,084,866)
Inception of finance leases	(426,327)	(176,792)
Exchange translation	(25,253)	(11,756)
Movement in net debt	371,235	(1,273,414)
Opening net debt	(3,967,791)	(2,694,377)
Closing net debt	(3,596,556)	(3,967,791)

29 Analysis of net debt

	At 1 January 2003 £	Cash flow £	Other non- cash items £	Exchange adjustments £	At 31 December 2003 £
Cash at bank and in hand	103,777	335,769	-	(104)	439,442
Bank overdrafts	(2,801,513)	237,894	-	(25,149)	(2,588,768)
		573,663			
Debt due within one year	(194,481)	188,029	(201,403)	-	(207,855)
Debt due after one year	(948,713)	-	201,403	-	(747,310)
Finance leases	(126,861)	61,123	(426,327)	-	(492,065)
		249,152			
Total	(3,967,791)	822,815	(426,327)	(25,253)	(3,596,556)

Bryncir Products Limited

Notes forming part of the financial statements for the year ended 31 December 2003 (*Continued*)

30 Financial commitments

The Group has entered into forward contracts to buy foreign currency. Gelert Limited is committed to purchase £2,462,885 (2002 : £1,803,541).

The Group has letters of credit outstanding to the value of £1,924,044 (2002 : £1,415,499) in relation to future purchases of goods for resale.

The Group was committed to the purchase of fixed assets to the value of £216,956 (2002 : £nil) at the balance sheet date.