

# **MBP Holdings Limited**

## **Report and Accounts**

31 July 2003

*Registered Number: 4208151*

**ERNST & YOUNG**



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COMPANIES HOUSE

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18/02/04

# MBP Holdings Limited

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Registered No. 4208151

## **DIRECTORS**

R G Tompsett (non-Executive Chairman)

M Bowen

J L Pickford

J R Wheeldon

S Dempsey

## **SECRETARY**

C Thomas

## **AUDITORS**

Ernst & Young LLP

One Colmore Row

Birmingham

B3 2DB

## **BANKERS**

Barclays Bank

PO Box 5960

15 Colmore Row

Birmingham

B3 2EP

## **REGISTERED OFFICE**

Mill Court

Mill Street

Stafford

ST16 2AX

# MBP Holdings Limited

## DIRECTORS' REPORT

The directors present their report and financial statements for the year ended 31 July 2003.

### RESULTS AND DIVIDENDS

The group profit for the year, after taxation, amounted to £2,405,000 (2002 (restated): £1,815,000). The directors recommend the payment of a final dividend of £20,000 (2002: £22,363).

### PRINCIPAL ACTIVITY AND REVIEW OF THE BUSINESS

The principal activity of the company is that of holding company to subsidiaries MiniBusPlus Limited and Visionex 2000 Limited. The trading company within the group, MiniBusPlus Limited, is a wholesaler of specialist insurance products.

### FUTURE DEVELOPMENTS

The directors feel that the businesses are in a position to benefit from the introduction of new products and developments in the insurance market place.

### DIRECTORS AND THEIR INTERESTS

The directors who served the company during the year were as follows:

R G Tompsett	(Chairman)
M Bowen	
MRAC Butterworth	(Resigned 11 December 2002)
J R Wheeldon	
J L Pickford	
S Dempsey	


The interests of the directors in the share capital of the company are:

	<i>1 August 2002 &amp; 31 July 2003</i>	<i>1 August 2002 &amp; 31 July 2003</i>
	'B' ordinary shares	Preference shares
R G Tompsett	-	8,750
M Bowen	67,813	-
J R Wheeldon	67,813	-
J L Pickford	67,813	-

### AUDITORS

A resolution to re-appoint Ernst & Young LLP as the company's auditor will be put to the forthcoming Annual General Meeting.

On behalf of the board

  
C Thomas  
Secretary

Dated 3/12/03

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STATEMENT OF DIRECTORS' RESPONSIBILITIES IN RESPECT OF THE  
ACCOUNTS

Company law requires the directors to prepare accounts for each financial year which give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing those accounts, 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 accounts; and
- prepare the accounts 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 accounts 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.

**INDEPENDENT AUDITORS' REPORT TO THE MEMBERS OF MBP HOLDINGS LIMITED**

We have audited the group's financial statements for the year ended 31 July 2003 which comprise the Consolidated Profit and Loss Account, Consolidated Balance Sheet, Company Balance Sheet, Consolidated Cash Flow Statement and the related notes 1 to 22. These accounts have been prepared on the basis of the accounting policies set out therein.

This report is made solely to the company's members, as a body, in accordance with Section 235 of the Companies Act 1985. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditors' 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's directors are responsible for the preparation of the accounts in accordance with applicable United Kingdom law and accounting standards.

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

We report to you our opinion as to whether the accounts 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 accounts, if the company has not kept proper accounting records, if we have not received all the information and explanations we require for our audit, or if information specified by law regarding directors' remuneration and transactions with the company is not disclosed.

We read the Directors' Report and consider the implications for our report if we become aware of any apparent misstatements 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 accounts. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the accounts, 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 accounts 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 accounts.

**Opinion**

In our opinion the accounts give a true and fair view of the state of affairs of the group and the company as at 31 July 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.

*Ernst & Young LLP*

Ernst & Young LLP  
Registered Auditor  
Birmingham

Dated *3 Dec 2003*

CONSOLIDATED PROFIT AND LOSS ACCOUNT  
for the year ended 31 July 2003

		Year ended 31 July 2003 £000	Period from incorporation to 31 July 2002 £000 <i>restated*</i>
	<i>Notes</i>		
<b>TURNOVER</b>	2	11,686	10,981
Cost of sales and administrative expenses		(6,928)	(6,987)
<b>OPERATING PROFIT</b>	3	4,758	3,994
Interest receivable		323	470
Interest payable	6	(1,578)	(1,661)
<b>PROFIT ON ORDINARY ACTIVITIES BEFORE TAXATION</b>		3,503	2,803
Tax on profit on ordinary activities	7	(1,098)	(988)
<b>PROFIT ON ORDINARY ACTIVITIES AFTER TAXATION</b>		2,405	1,815
Dividends	8	(20)	(22)
<b>PROFIT RETAINED FOR THE FINANCIAL YEAR</b>	17	2,385	1,793

The group has no other recognised gains and losses other than the profit for the year as shown above.

\* See note 1 for change in accounting policy relating to goodwill amortisation.

# MBP Holdings Limited

## CONSOLIDATED BALANCE SHEET

at 31 July 2003

	Notes	31 July 2003 £000	31 July 2002 £000 <i>restated*</i>
<b>FIXED ASSETS</b>			
Intangible assets	9	21,468	21,113
Tangible assets	10	194	195
		<u>21,662</u>	<u>21,308</u>
<b>CURRENT ASSETS</b>			
Debtors	13	3,919	3,670
Cash at bank and in hand		9,833	11,007
		<u>13,752</u>	<u>14,677</u>
<b>CREDITORS: amounts falling due within one year</b>	13	<u>(16,264)</u>	<u>(15,305)</u>
<b>NET CURRENT LIABILITIES</b>		<u>(2,512)</u>	<u>(628)</u>
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		<u>19,150</u>	<u>20,680</u>
<b>CREDITORS: amounts falling due after more than one year</b>	14	<u>(15,476)</u>	<u>(18,114)</u>
		<u>3,674</u>	<u>2,566</u>
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	422	752
Share premium account	17	-	21
Capital redemption reserve	17	330	-
Profit and loss account	17	2,922	1,793
<b>EQUITY SHAREHOLDERS' FUNDS</b>	17	<u>3,674</u>	<u>2,566</u>

\* See note 1 for change in accounting policy relating to goodwill amortisation.

Approved by the Board of Directors and signed on its behalf by:



M Bowen  
Director

Dated 3 December 2003

# MBP Holdings Limited

## COMPANY BALANCE SHEET

at 31 July 2003

		31 July 2003 £000	31 July 2002 £000
	Notes		
<b>FIXED ASSETS</b>			
Investments	11	22,150	21,795
<b>CURRENT ASSETS</b>			
Debtors	12	1,500	22
Cash at bank and in hand		-	36
		1,500	58
<b>CREDITORS: amounts falling due within one year</b>	13	(7,134)	(4,713)
<b>NET CURRENT LIABILITIES</b>		(5,634)	(4,655)
<b>TOTAL ASSETS LESS CURRENT LIABILITIES</b>		16,516	17,140
<b>CREDITORS: amounts falling due after more than one year</b>	14	(15,476)	(18,114)
		1,040	(974)
<b>CAPITAL AND RESERVES</b>			
Called up share capital	16	422	752
Share premium account	17	-	21
Capital redemption reserve	17	330	-
Profit and loss account	17	288	(1,747)
<b>EQUITY SHAREHOLDERS' FUNDS/(DEFICIT)</b>	17	1,040	(974)

Approved by the Board of Directors and signed on its behalf by:



M Bowen  
Director

Dated 3 December 2003.



# MBP Holdings Limited

## CONSOLIDATED CASH FLOW STATEMENT for the year ended 31 July 2003

		<i>Year ended</i> 31 July 2003 £000	<i>Period from Incorporation to 31 July 2002 £000</i>
	<i>Notes</i>		
Net cash inflow from operating activities	21(a)	5,783	8,561
Returns on investments and servicing of finance	21(b)	(1,197)	(1,537)
Taxation	21(b)	(1,517)	-
Capital expenditure and financial investment	21(b)	(76)	51
Acquisition	21(b)	(474)	(16,876)
Dividends	21(b)	(22)	-
Financing	21(b)	(3,671)	20,808
(Decrease)/Increase in cash	21(c)	<u>(1,174)</u>	<u>11,007</u>

### Reconciliation of net cash flow to movement in net debt

		<i>Year ended</i> 31 July 2003 £000	<i>Period from Incorporation to 31 July 2002 £000</i>
	<i>Notes</i>		
(Decrease)/Increase in cash		(1,174)	11,007
New loans, net of issue costs		-	(20,889)
Repayment of loans		2,395	1,200
Amortisation of loan issue costs		(57)	-
Movement in net debt		<u>(1,164)</u>	<u>(8,682)</u>
Net debt brought forward		(8,682)	-
Net debt at 31 July 2003	21(c)	<u>(7,518)</u>	<u>(8,682)</u>

NOTES TO THE ACCOUNTS  
at 31 July 2003

1. ACCOUNTING POLICIES

*Accounting convention*

The accounts are prepared under the historical cost convention and in accordance with applicable UK accounting standards.

*Change in accounting policy and prior period adjustment*

During the year the directors have reviewed the accounting policy in relation to the capitalisation of goodwill and related amortisation. The directors have concluded that the goodwill on the acquisition of MiniBusPlus Limited has an indefinite life.

This has led to a change in accounting policy relating to goodwill. The carrying value of this goodwill is now reviewed annually for impairment and adjusted to recoverable amounts if required. In order to give a true and fair view, the financial statements depart from the specific requirements of Companies Act legislation to amortise goodwill over a finite period. The directors consider this to be necessary for the reasons given in the goodwill accounting policy below. Had goodwill been amortised over 20 years, the additional charge against profits would have been £1,130,000 (2002: £1,050,000). The impact of this change in accounting policy is to restate the prior year profit and loss account by £1,050,000, the total value of amortisation incurred to the date of the last financial statements.

*Basis of consolidation*

The group accounts consolidate the accounts of Visionex 2000 Limited and its subsidiary undertaking drawn up to 31 July each year.

All subsidiaries are accounted for using the acquisition method of accounting. Accordingly, the group profit and loss account and statement of cash flows includes the results and cashflows of subsidiaries from the date of acquisition to the period end.

*Turnover*

Turnover represents the value of brokerage commission taken in the year, identified when an invoice is raised and submitted to the client. Turnover arises solely in the United Kingdom.

*Goodwill*

Goodwill is the difference between the cost of an acquired entity and the aggregate of the fair value of that entity's identifiable assets and liabilities.

The directors have assessed the goodwill on the acquisition of MiniBusPlus Limited as having an indefinite life. This is because the main intangible assets that the group acquired are customer bases, channels of brokers and the brand name. Since none of these intangible assets qualify as separable net assets under FRS10, they have not been accounted for separately.

The carrying value of goodwill is reviewed annually for impairment and adjusted to recoverable amount if required.

*Depreciation*

Depreciation is provided on all tangible fixed assets, at rates calculated to write off the cost less estimated residual value based on prices prevailing at the date of acquisition of each asset over its expected useful life, as follows:

Fixtures, fittings and equipment	- 15% per annum – reducing balance
Motor vehicles	- 15% per annum – straight line
Computer equipment	- 20 – 25% per annum – straight line

Finance leases are depreciated over the term of the lease.

*Operating lease agreements*

Rentals applicable to operating leases where substantially all of the benefits and risks of ownership remain with the lessor are charged against profits on a straight line basis over the period of the lease.

*Pension costs*

The company operates a defined contribution pension scheme for employees. The assets of the scheme are held separately from those of the company. The contributions payable are charged to the profit and loss account.

NOTES TO THE ACCOUNTS

at 31 July 2003

1. ACCOUNTING POLICIES (CONTINUED)

*Deferred taxation*

The charge for taxation is based on the profit for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes.

FRS 19 'Deferred Taxation' was issued on 7 December 2000 and is mandatory for years ending on or after 23 January 2003.

Deferred tax is recognised in respect of all timing differences that have originated but not reversed at the balance sheet date where transactions or events that result in an obligation to pay more, or a right to pay less, tax in the future have occurred at the balance sheet date, with the following exceptions:

Deferred tax assets are recognised only to the extent that the Directors consider that it is more likely than not that there will be suitable taxation profits from which the future reversal of the underlying timing difference can be deducted.

Deferred tax is measured on a non-discounted basis at the tax rates that are expected to apply in the periods in which timing differences reverse, based on tax rates and laws enacted or substantively enacted at the balance sheet date.

*Lapses and cancellations*

Lapses and cancellations within the period are accounted for in the period they are processed and accrued where processed through the books of account within two months after the period end.

*Mid-term adjustments*

Mid-term adjustments to insurance policies are reflected in the financial year in which they are processed.

2. TURNOVER

The turnover and profit before tax are attributable to the one principal activity of the company and the performance of the underlying trading company, MiniBusPlus Limited. All activity for the period is carried out within the United Kingdom.

3. OPERATING PROFIT

Operating profit is stated after charging:

		2003 £000	2002 £000 <i>restated</i>
Depreciation	- owned assets	75	82
	- leased asset	2	5
Amortisation of goodwill		-	-
Auditors' remuneration	- audit fees	23	23
	- non-audit fees	6	5
Operating lease rentals	- plant and machinery	20	45
	- land and buildings	65	65
		<u>1407</u>	<u>2046</u>

4. STAFF COSTS

	2003 £000	2002 £000
Wages and salaries	1,288	1,316
Social security costs	74	125
Other pension costs	45	45
	<u>1,407</u>	<u>2,046</u>

NOTES TO THE ACCOUNTS

at 31 July 2003

4. **STAFF COSTS (CONTINUED)**

The average number of staff employed by the company during the year amounted to:

	2003 No.	2002 No.
Administrative staff	56	55

5. **DIRECTORS' EMOLUMENTS**

The directors' aggregate emoluments in respect of qualifying services were:

	2003 £000	2002 £000
Emoluments receivable	438	560
Company pension contributions to money purchase schemes	16	14
	<u>454</u>	<u>574</u>

Emoluments of highest paid director:

	2003 £000	2002 £000
Emoluments	126	219
Company contributions paid to money purchase pension scheme	4	4

The number of directors who are accruing benefits under company pension schemes were as follows:

	2003 No.	2002 No.
Money purchase schemes	3	4

6. **INTEREST PAYABLE AND SIMILAR CHARGES**

	2003 £000	2002 £000
Interest payable on loans	1,520	1,603
Amortisation of issue costs in respect of loans	58	58
	<u>1,578</u>	<u>1,661</u>

NOTES TO THE ACCOUNTS  
at 31 July 2003

## 7. TAX ON PROFIT ON ORDINARY ACTIVITIES

a) *Tax on profit on ordinary activities*

	2003 £000	2002 £000
Analysis of the tax charge in the period		
UK corporation tax on profits of the period @ 30%	1,089	988
Adjustments in respect of prior years	9	-
Total current tax charge	1,098	988
Deferred tax		
Origination and reversal of timing differences	-	-
Tax on profit on ordinary activities	1,098	988

b) *Factors affecting the tax charge for the period*

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

	2003 £000	2002 £000
Profit on ordinary activities before tax	2,453	1,752
Profit on ordinary activities multiplied by the standard rate of corporation tax in the UK of 30%	735	525
Effects of:		
Expenses not deductible for tax purposes	354	454
Capital allowances for the period in excess of depreciation	-	9
Adjustments in respect of previous years	9	
Current tax charge for period (note a)	1,098	988

## 8. DIVIDENDS

	2003 £000	2002 £000
Equity dividends on ordinary shares – final proposed	20	22

NOTES TO THE ACCOUNTS  
at 31 July 2003

9. INTANGIBLE FIXED ASSETS

<i>Group</i>	<i>Goodwill £000</i>
Cost:	
At 1 August 2002	21,113
Additions	355
At 31 July 2003	<u>21,468</u>
Amortisation:	
At 1 August 2002, as originally stated	1,050
Prior year adjustment	(1,050)
At 1 August 2002, as restated and at 31 July 2003	<u>-</u>
Net book value:	
At 31 July 2003	<u>21,468</u>
At 1 August 2002 (restated)	<u>21,113</u>

Additions in the year represents additional deferred consideration paid in respect to the acquisition of MiniBusPlus Limited.

# MBP Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 July 2003

### 10. TANGIBLE FIXED ASSETS

	<i>Fixtures fittings and equipment £000</i>	<i>Motor vehicles £000</i>	<i>Computer equipment £000</i>	<i>Total £000</i>
Cost:				
At 1 August 2002	125	15	813	953
Additions	13	-	69	82
Disposals	-	(15)	-	(15)
At 31 July 2003	138	-	882	1,020
Depreciation:				
At 1 August 2002	83	7	668	758
Provided during the year	6	2	69	77
Disposals	-	(9)	-	(9)
At 31 July 2003	89	-	737	826
Net book value at 31 July 2003	49	-	145	194
Net book value at 1 August 2002	42	8	145	195

#### *Finance lease agreements*

Included within the net book value of £194,000 are nil amounts (2002: £7,000) relating to assets held under finance lease agreements. The depreciation charged in the year in respect of such assets amounted to £2,000 (2002: £5,000).

### 11. INVESTMENTS

<i>Company</i>	<i>2003 £000</i>
Cost	
At 1 August 2002	21,795
Additions	355
At 31 July 2003:	22,150

Details of the investments in which the company holds 20% or more or the nominal value of any class of share capital are as follows (all incorporated in England & Wales):

<i>Name of company</i>	<i>Holding</i>	<i>Proportion of shares held</i>	<i>Nature of business</i>
Visionex 2000 Limited	Ordinary shares	100%	Holding company
MiniBusPlus Limited (*)	Ordinary shares	100%	Insurance wholesaler

(\*) investment is held by Visionex 2000 Limited

# MBP Holdings Limited

## NOTES TO THE ACCOUNTS at 31 July 2003

### 12. DEBTORS

	<i>Group</i>	<i>Group</i>
	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	3,884	3,629
Amounts owed by group undertakings	-	-
Prepayments and accrued income	35	41
	<u>3,919</u>	<u>3,670</u>

	<i>Company</i>	<i>Company</i>
	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>
Trade debtors	-	-
Amounts owed by group undertakings	1,500	22
Prepayments and accrued income	-	-
	<u>1,500</u>	<u>22</u>

### 13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	<i>Group</i>	<i>Group</i>
	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	13,146	11,804
Amounts due to group undertakings	-	-
Current instalment due on loan notes (note 15)	1,875	1,575
Corporation tax	511	929
Other taxes and social security costs	38	112
Accruals and deferred income	674	744
Proposed dividend	20	22
Deferred consideration	-	119
	<u>16,264</u>	<u>15,305</u>

	<i>Company</i>	<i>Company</i>
	<i>2003</i>	<i>2002</i>
	<i>£000</i>	<i>£000</i>
Trade creditors	-	-
Amounts due to group undertakings	4,882	2,655
Current instalment due on loan notes (note 15)	1,875	1,575
Corporation tax	-	-
Other taxes and social security costs	-	32
Accruals and deferred income	357	310
Proposed dividend	20	22
Deferred consideration	-	119
	<u>7,134</u>	<u>4,713</u>



NOTES TO THE ACCOUNTS

at 31 July 2003

14. CREDITORS: amounts falling due after more than one year

*Group and Company*

	2003 £000	2002 £000
Amounts falling due:		
In one year or less or on demand	1,875	1,575
In more than one year but not more than two years	2,050	1,875
In more than two years but not more than five years	13,715	11,762
In more than five years	-	4,823
	<u>17,640</u>	<u>20,035</u>
Less: issue costs	(289)	(346)
	<u>17,351</u>	<u>19,689</u>
Less: included in creditors: Amounts falling due within one year	(1,875)	(1,575)
	<u>15,476</u>	<u>18,114</u>

Details of loans not wholly repayable within five years are as follows:

	2003 £000	2002 £000
£14,000,000 variable rate loan repayable in bi-annual instalments in August and February each year	10,405	12,800
£7,235,000 unsecured variable rate 2005-2008 loan notes repayable in annual instalments commencing July 2005	7,235	7,235
Less: issue costs	(289)	(346)
	<u>17,351</u>	<u>19,689</u>

The issue costs of the debt raised are being amortised over the period of the debt. The loan is secured on a fixed and floating charge over the assets of the company.

NOTES TO THE ACCOUNTS

at 31 July 2003

15. PROVISIONS FOR LIABILITIES AND CHARGES

The movement in the deferred taxation during the current period are as follows:

	Provided 2003 £000	Unprovided 2003 £000
Accelerated capital allowances	-	11
Other timing differences	-	58
	<u>-</u>	<u>69</u>
	<u>-</u>	<u>69</u>
	Provided 2002 £000	Unprovided 2002 £000
Accelerated capital allowances	-	18
Other timing differences	-	58
	<u>-</u>	<u>76</u>
	<u>-</u>	<u>76</u>

16. SHARE CAPITAL

	2003 No.	Authorised 2003 £
405,320 'B' Ordinary shares of £1 each	212,142	212,142
42,870 'C' Ordinary shares of £1 each	-	-
331,271 Preferred Ordinary shares of £1 each	210,001	210,001
	<u>422,143</u>	<u>422,143</u>
	<u>422,143</u>	<u>422,143</u>

# MBP Holdings Limited

## NOTES TO THE ACCOUNTS

at 31 July 2003

### 16. SHARE CAPITAL (continued)

	2002	Authorised 2002
	No.	£
405,320 'B' Ordinary shares of £1 each	405,320	405,320
42,870 'C' Ordinary shares of £1 each	42,870	42,870
331,271 Preferred Ordinary shares of £1 each	331,271	331,271
	<u>779,461</u>	<u>779,461</u>

#### Allotted, called up and fully paid

	2003	2003
	No.	£
212,142 'B' Ordinary shares of £1 each	212,142	212,142
Nil 'C' Ordinary shares of £1 each	-	-
210,001 Preferred Ordinary shares of £1 each	210,001	210,001
	<u>422,143</u>	<u>422,143</u>

#### Allotted, called up and fully paid

	2002	2002
	No.	£
405,320 'B' Ordinary shares of £1 each	378,039	378,039
42,870 'C' Ordinary shares of £1 each	42,870	42,870
331,271 Preferred Ordinary shares of £1 each	331,271	331,271
	<u>752,180</u>	<u>752,180</u>

On 8 April 2003 the company re-purchased 165,897 'B' Ordinary shares, 42,870 'C' Ordinary Shares and 121,270 Preferred Ordinary shares at par value plus the original share premium paid of £21,435. In addition, a premium of £922,000 was paid on redemption of the 'C' Ordinary shares.

The 'B' Ordinary shares (and previously the 'C' Ordinary shares) rank pari passu in all respects save for the different rights upon a return of capital and upon a realisation, as set out below.

On return of capital on liquidation or otherwise, the assets of the Company remaining after the payment of its liabilities shall be applied first in paying any amounts payable to the vendors in line with the acquisition agreement, second in paying to the holder(s) of the Preferred Ordinary shares and thirdly in paying the holders of the Ordinary shares the amount paid up.

The Preferred Ordinary shares and Ordinary shares have the same voting rights.

The holders of the Preferred Ordinary shares are entitled to receive a cumulative preferential net cash dividend of 7% of the aggregate amount paid up on the shares, being payable on the 31 July of each year ("the Fixed Dividend").

## NOTES TO THE ACCOUNTS

at 31 July 2003

16. SHARE CAPITAL (*continued*)

Commencing with the financial period ending 31 July 2002, the holders of Preferred Ordinary shares are entitled to receive, as a cumulative preferential net cash dividend, 7% of the aggregate amount paid up on the Preferred Ordinary shares ('The Fixed Dividend'). The Fixed Dividend shall be proportionally reduced for financial periods of less than a year and shall be paid annually on 31 July, the first payment being due on 31 July 2003.

Commencing with the financial period ending on 31 July 2004, the holders of the Preferred Ordinary shares are entitled to a cumulative preferential net cash dividend equal to the following percentage of net profit ("the Participating Dividend") as noted below: /

- |    |                                                        |   |     |
|----|--------------------------------------------------------|---|-----|
| a) | for the financial period ending 31 July 2004           | - | 5%  |
| b) | for the financial period ending 31 July 2005           | - | 5%  |
| c) | for the financial period ending 31 July 2006 and after | - | 10% |

An amount equal to the Fixed Dividend due to the Preferred Ordinary shares for the relevant financial periods shall be deducted from the amount due as the Participating Dividend for the same financial period.

## 17. RECONCILIATION OF SHAREHOLDERS' FUNDS AND MOVEMENT ON RESERVES

<i>Group</i>	<i>Share capital £000</i>	<i>Share premium account £000</i>	<i>Capital Redemption Reserve £000</i>	<i>Profit and loss account £000</i>	<i>Total shareholders' funds £'000</i>
At 1 August 2002	752	21	-	743	1,516
Prior year adjustment	-	-	-	1,050	1,050
At 1 August 2002, as restated	752	21	-	1,793	2,566
Profit for the period	-	-	-	2,405	2,405
Dividends	-	-	-	(20)	(20)
Purchase of own shares	(330)	(21)	330	(1,256)	(1,277)
At 31 July 2003	422	-	330	2,922	3,674
<i>Company</i>	<i>£000</i>	<i>£000</i>	<i>£'000</i>	<i>£000</i>	<i>£000</i>
At 1 August 2002	752	21	-	(1,747)	(974)
Profit for the period	-	-	-	3,311	3,311
Dividends	-	-	-	(20)	(20)
Purchase of own shares	(330)	(21)	330	(1,256)	(1,277)
At 31 July 2003	422	-	330	288	1,040

No profit and loss account is presented for MBP Holdings Limited as permitted by S 230 of the Companies Act 1985.

## 18. CAPITAL COMMITMENTS

Amounts contracted for but not provided in the accounts at 31 July 2003 amounted to £nil (2002: £nil).

## 19. RELATED PARTY TRANSACTIONS

The company has taken advantage of the exemption under FRS 8 not to disclose transactions with fellow group companies.

NOTES TO THE ACCOUNTS

at 31 July 2003

20. OPERATING LEASE COMMITMENTS

At 31 July 2003, the company had annual commitments under non-cancellable operating leases as set out below:

	<i>Land &amp; buildings £000</i>	<i>Other £000</i>	<i>Total 2003 £000</i>
Operating leases which expire:			
Within one year	-	31	31
In two to five years	-	16	16
After five years	65	-	65
	<u>65</u>	<u>47</u>	<u>112</u>

21. NOTES TO THE STATEMENT OF CASH FLOWS

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

	<i>2003 £000</i>	<i>2002 £000 restated</i>
Operating profit	4,758	2,944
Depreciation	77	88
Decrease in debtors	(250)	2,355
Increase in creditors	1,198	2,124
Net cash inflow from operating activities	<u>5,783</u>	<u>8,561</u>

(b) Analysis of cash flows for headings netted in the statement of cash flows

	<i>2003 £000</i>	<i>2002 £000</i>
<i>Returns on investments and servicing of finance</i>		
Interest received	323	470
Interest paid	(1,520)	(1,603)
Issue costs of new loan	-	(404)
	<u>(1,197)</u>	<u>(1,537)</u>
<i>Taxation</i>		
Corporation taxation paid	<u>(1,517)</u>	<u>-</u>
<i>Capital expenditure and financial investment</i>		
Payments to acquire tangible fixed assets	(82)	(47)
Receipts from sales of tangible fixed assets	6	98
	<u>(76)</u>	<u>51</u>
<i>Acquisition</i>		
Additional consideration acquire subsidiary	(474)	(21,795)
Net cash acquired with subsidiary	-	4,919
	<u>(474)</u>	<u>(16,876)</u>
<i>Dividends</i>		
Equity dividends paid	<u>(22)</u>	<u>-</u>

NOTES TO THE ACCOUNTS

at 31 July 2003

21. NOTES TO THE STATEMENT OF CASH FLOWS (CONTINUED)

*Financing*

Issue of ordinary shares	-	773
New loans	-	21,235
Repayment of loans	(2,395)	(1,200)
Purchase of own shares	(1,276)	-
	<u>3,671</u>	<u>20,808</u>

(c) Analysis of changes in net debt

	At 1 August 2002	Cash flow	Other	At 31 July 2003
	£000	£000	£000	£000
Cash at bank and in hand	11,007	(1,174)	-	9,833
Loans	(19,689)	2,395	(57)	(17,351)
Net debt	<u>(8,682)</u>	<u>1,221</u>	<u>(57)</u>	<u>(7,518)</u>

22. PENSION COMMITMENTS

The group participates in defined contribution pension schemes for its employees. The pension cost charged to the profit and loss account represents contributions payable by the group to these schemes and amounted to £45,000 in the year ended 31 July 2003 (2002: £45,000).