

Fogarty Holdings Limited

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Registered Office
Havenside
Boston
Lincolnshire
PE21 0AH

Registered No. 04292372



Fogarty Holdings Limited

Group Information

Directors

Tim Lawrence	(Non-Executive Chairman)
John Szymkiw	(Managing)
Graeme Strachan	(Operations)
Gordon Sproul	(Sales & Marketing)
Barry Roe	(Finance)
Stewart MacDonald	(Logistics)

Bankers

Barclays Bank plc
54 Lombard Street
London
EC3V 9EX

Auditors

KPMG LLP
St Nicholas House
Park Row
Nottingham
NG1 6FQ

Fogarty Holdings Limited

Report of the Directors

The Directors present their Report and the Accounts of the Company for the 42 week period ended 30 September 2002.

BUSINESS REVIEW

On 12 December 2001, the Company acquired the whole of the issued shared capital of Fogarty Limited, a Company incorporated in England Wales, and engaged in the business of manufacturing and distributing home furnishing products, commencing trade on that date. The Company's principal business is that of Holding Company to Subsidiary Companies engaged in the manufacture and distribution of Home Furnishing products. On 1st April 2002, the Company transferred the sales operation of the Group to Fogarty (Filled Products) Limited, a Company formed for the purpose. On 1st August 2002, Fogarty Limited transferred all rights in its trademarks to Fogarty Holdings Limited. The Group continues to develop its customer base and product range.

CHANGE OF NAME

The Company was incorporated on 24 September 2001 under the name of Castlegate 202 Limited. On 26 October 2001, the Company changed its name to Fogarty Holdings Limited.

RESULTS

The results for the Company are set out in summary as follows: -

	2002
	£000
Turnover	21,151
Profit on ordinary activities after tax but before amortisation of negative goodwill.	621
Profit on ordinary activities after tax and amortisation of negative goodwill.	2,198

DIRECTORS

The Directors of the Company who served during the period, together with their beneficial interests in the share capital of the Company were as follows:

	Ordinary Shares of £1.00
	Each at 30 September
	2002
T W Lawrence	---
J Szymkiw	527
D G Strachan	527
J G Sproul	527
B S Roe	527
S G MacDonald	527

The Directors do not beneficially hold any shares in the subsidiary undertakings.

Fogarty Holdings Limited

Report of the Directors Continued

DIVIDENDS

The Directors do not recommend a dividend in respect of the period.

FIXED ASSETS

In the opinion of the Directors there is no material difference between the book and current open market value of the Group's interests in land and buildings. The carrying value of the Group's land and buildings reflects a professional valuation carried out as at 1st June 2001 on an open market basis.

BASIS OF ACCOUNTS PREPARATION

After making inquiries, the Directors have formed a judgment, at the time of approving the Accounts, that there is a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. For this reason the Directors have adopted the going concern basis in preparing the accounts.

EMPLOYEES

The Group employs a small number of disabled people and will continue to do so wherever possible, through recruitment, by retention of persons who become disabled during service and by appropriate training, career development and promotion. The Group endeavours to keep all employees informed of the progress and development of the business.

Fogarty Holdings Limited seeks to ensure that all employees, job applicants and prospective job applicants, are afforded equality of job opportunity in all areas of employment.

The Group's Health & Safety Policy full recognises the Group's responsibility for the health and safety of employees and members of the community in which they work.

The Group places considerable value on the involvement of its employees and has continued its practice of keeping them informed of matters affecting them as employees, and on various matters affecting the performance of the Group.

Report of the Directors Continued

ENVIRONMENTAL POLICY

The Group is committed to adopting a responsible approach to environmental matters.

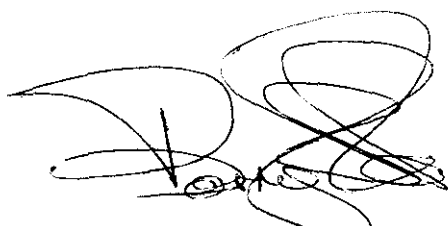
The Management of the Group seeks to minimise any adverse impact on the environment from all aspects of the Group's operations by means of environmentally sound disciplines, which take practical steps to control effectively or eliminate any known pollution risks, without entailing excessive cost. Specifically, capital expenditure is directed towards the replacement of hazardous materials with environmentally friendly alternatives and methods of minimising the environmental costs of disposal of toxic waste, the recycling of wood, the re-use of cardboard and paper products, and the reduction of energy consumption.

PAYMENTS TO SUPPLIERS

The Group agrees terms and conditions for its business transactions with suppliers. Payment is made on those terms subject to the terms and conditions being met by the supplier.

AUDITORS

KPMG LLP were appointed first Auditors to the Company. A resolution proposing the re-appointment of KPMG LLP as auditors is to be proposed at the forthcoming Annual General Meeting.

A handwritten signature in dark ink, appearing to be 'B S Roe', with a large, stylized flourish extending from the end of the signature.

By order of the Board:
B S Roe, A.C.A.
(Secretary)

Havenside
Boston, Lincolnshire

Date: 13 December 2002

Fogarty Holdings Limited

Statement of Directors' Responsibilities

Company Law requires the Directors to prepare Accounts for each financial period which give a true and fair view of the state of affairs of the Company and of the profit or loss for that period. In preparing those Accounts, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgments 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;
- prepare the Accounts on a going concern basis unless it is inappropriate to presume that 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets to prevent and detect fraud and other irregularities.

Fogarty Holdings Limited

Independent Auditor's Report to the Members of Fogarty Holdings Limited

We have audited the accounts on pages 7 to 32.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Directors' Report and, as described on page 5, the Financial Statements in accordance with applicable United Kingdom Law and Accounting Standards. Our responsibilities, as independent Auditors, are established in the United Kingdom by statute, the Auditing Practices Board, and by our profession's ethical guidance.

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.

BASIS OF AUDIT OPINION

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the Financial Statements. It also includes an assessment of the significant estimates and judgments 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 mis-statement, 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 Company and Group's affairs as at 30 September 2002 and of the profit for the period then ended, and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP
KPMG LLP

Chartered Accountants

Registered Auditor

Nottingham

Date: 13 December 2002

Fogarty Holdings Limited**Consolidated Profit and Loss Account
Period Ended 30 September 2002**

	Notes	Total 2002 £000
Turnover	2	21,151
Cost of sales		(17,259)
		<u>3,892</u>
Gross Profit		
Distribution costs		(1,977)
Administrative expenses		(900)
		<u> </u>
Operating Profit before amortisation of negative goodwill		1,015
Amortisation of negative goodwill	3	1,577
		<u>2,592</u>
Operating Profit	3	
Interest payable and similar charges	5	(209)
		<u> </u>
Profit on ordinary activities before taxation	6	2,383
Tax on profit on ordinary activities	7	(185)
		<u> </u>
Profit on ordinary activities after taxation	17	<u><u>2,198</u></u>

Movements on reserves are set out in Notes 17 and 18 to the Accounts.

Fogarty Holdings Limited

**Consolidated Statement of Recognised
Gains and Losses and Note of Historical
Cost Profits and Losses
Period Ended 30 September 2002**

Statement of Total Recognised Gains and Losses:

	2002 £000
Profit for the financial period	2,198
Total recognised gains and losses relating to the period.	<u>2,198</u>

Note of Historical Cost Profits and Losses:

	2002 £000
Reported profit on ordinary activities before taxation	2,383
Difference between a historical cost depreciation charge and the actual depreciation charge of the period calculated on the period calculated on the previously revalued amount	<u>2</u>
Historical cost profit on ordinary activities before taxation	<u>2,385</u>
Historical cost profit for the year after taxation	<u>2,200</u>

Fogarty Holdings Limited

**Consolidated Balance Sheet
As at 30 September 2002**

	Notes	2002 £000	2002 £000
Fixed Assets			
Tangible assets	8		5,319
Current Assets			
Stocks	10	3,676	
Debtors	11	3,906	
Cash at bank and in hand		1,960	
		<u>9,542</u>	
Creditors:			
Amounts falling due within one year	12	(9,202)	
Net Current Assets		<u> </u>	340
Total Assets Less Current Liabilities			<u>5,659</u>
Creditors:			
Amounts falling due after one year	12		(2,616)
Provisions for Liabilities and Charges	15		(842)
NET ASSETS			<u><u>2,201</u></u>
Capital and Reserves			
Called up share capital	16		3
Profit and Loss Account	17		2,198
EQUITY SHAREHOLDERS' FUNDS			<u><u>2,201</u></u>

Approved by the Board of Fogarty Holdings Limited
and signed on its behalf on 13 December 2002

John Szymkiw

Barry Roe

Directors

Fogarty Holdings Limited

**Company Balance Sheet
As at 30 September 2002**

	Notes	2002 £000	2002 £000
Fixed Assets			
Investment in subsidiaries	9		257
 Debtors	11	22	
Cash at bank and in hand		276	
		<u>298</u>	
Creditors:			
Amounts falling due within one year	12	(464)	
		<u> </u>	
Net Current Liabilities			(166)
 Total Assets Less Current Liabilities			<u>91</u>
 NET ASSETS			<u>91</u>
 Capital and Reserves			
Called up share capital	16		3
Profit and Loss account	17		88
			<u> </u>
 EQUITY SHAREHOLDERS' FUNDS			<u>91</u>

Approved by the Board of Fogarty Holdings Limited
and signed on its behalf on 13 December 2002.

John Szymkiw

Barry Roe

)
)
) Directors
)
)

Fogarty Holdings Limited**Consolidated Cash Flow Statement
Period Ended 30 September 2002**

	2002 £000	2002 £000
Net cash inflow from operating activities (Note 24)		1,256
Returns on investments and servicing of finance		
Interest paid		
Interest element of finance lease and lease purchase rental payments	(145) (64)	
Net cash outflow from returns on investments and servicing of finance		(209)
Capital expenditure		
Purchase of tangible fixed assets	(149)	
Sale of tangible fixed assets	41	
Net cash outflow from capital expenditure		(108)
		939
Acquisitions		
Consideration for acquisition of Subsidiary Company (note 25)	(256)	
Cash acquired with subsidiary	38	
Net cash outflow from acquisition		(218)
New cash inflow before financing		721
Financing		
Capital element of finance lease and lease purchase rental payments	(252)	
Debenture loan repayment	(150)	
Transfer of asset purchase to finance leases	56	
Increase in invoice Discounting Advances	1,582	
Issue of Ordinary Share Capital	3	
Net cash inflow from financing		1,239
Increase in cash (Note 24)		1,960

Fogarty Holdings Limited

**Consolidated Cash Flow Statement
Period Ended 30 September 2002**

Reconciliation of net cash flow to movement in net debt	2002 £000
Increase in cash	1,960
Cash inflow from debt, lease financing and invoice discounting	(1,239)
Change in net debt resulting from cash flows	<u>721</u>
Loan Notes acquired with subsidiary (Note 25)	(2,500)
Loans, finance leases and invoice discounting advances acquired with subsidiary (Note 25)	(2,990)
Share capital issued in the period	<u>3</u>
Net debt at 30 September (Note 24)	<u><u>(4,766)</u></u>

Fogarty Holdings Limited

Notes to the Accounts

Period Ended 30 September 2002

1. ACCOUNTING POLICIES

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the Group's accounts:

(a) Accounting convention:

The accounts are prepared under the historic cost convention, as modified by the revaluation of certain tangible fixed assets. The accounts have been prepared in accordance with applicable accounting standards.

(b) Basis of consolidation:

The consolidated accounts incorporate the accounts of Fogarty Holdings Limited and its subsidiaries for the period ended 30 September 2002. Subsidiary undertakings acquired during the period have been accounted for under the acquisition method, and their results are included from the date of acquisition.

(c) Goodwill:

Goodwill (representing the fair value of the consideration and associated costs over the fair value of the separate net assets acquired) arising on consolidation is capitalised and written off over the shorter of 20 years or its estimated useful life, in equal annual instalments. Negative goodwill, where the fair value of assets acquired is less than the consideration and associated costs is recognised in the Profit and Loss Account in the periods in which the non-monetary assets acquired are recovered, whether through depreciation or sale.

(d) Turnover:

Turnover represents net sales from ordinary activities invoiced to customers, excluding sales-related taxes.

(e) Segmental analysis:

The Directors are of the opinion that there is only one business segment.

(f) Stocks:

Raw materials, work in progress and finished goods are valued at the lower of cost and net realisable value. Cost includes an appropriate proportion of production related overheads.

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

(g) Depreciation:

Depreciation is provided, on a straight-line basis, to write down tangible fixed assets to their estimated residual values, other than freehold land, over their estimated useful lives, the principal annual depreciation rates used being:

Freehold buildings	-	2%
Plant and equipment	-	5% - 33 $\frac{1}{3}$ %

(h) Deferred taxation:

Deferred taxation is provided for using the full provision method in accordance with Financial Reporting Standard 19 'Deferred Taxation'. Deferred tax assets are only recognised to the extent that the Directors regard them as recoverable.

(i) Foreign currencies:

Exchange differences arising from normal trading activities are included in the results on ordinary activities. Assets and liabilities denominated in foreign currencies are translated into sterling at rates of exchange ruling at the balance sheet date, or the contract rate when covered by a forward contract.

(j) Leased assets:

Assets held under finance lease arrangements are capitalised as tangible fixed assets. Obligations under such agreements are stated net of finance charges allocated to future periods. The finance element of the lease instalments payable is taken to the profit and loss account over the period of the lease, and is calculated so that the annual rate of charge on the capital element outstanding is constant.

Expenditure on operating leases is charged to the profit and loss account in the year in which it is incurred.

(k) Product development:

Expenditure on product development is charged to the profit and loss account in the year in which it is incurred.

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

(1) Pension costs:

Fogarty Limited operates a final salary pension scheme, which is externally administered. Pension costs are charged to the profit and loss account systematically over the periods benefiting from employees' services. Differences between amounts charged and pension scheme costs actually paid are recorded as provisions on the balance sheet. (Note 15). The Scheme closed in respect of future benefits for employees on 30 April 2002.

2. ANALYSIS OF TRADING

Turnover by geographical market:

	2002
	£000
United Kingdom	20,737
Export	414
	<u>21,151</u>

Turnover and profit before taxation relates wholly to the Group's principal activity.

3. OPERATING PROFIT

Operating profit is stated after charging/(crediting):	2002
	£000
Depreciation	
- Owned Assets	187
- Leased Assets	193
Auditors' remuneration*	
- Audit Fees	31
- Non Audit Related Fees	6
Operating lease rentals	305
Directors' emoluments	449
Profit on disposal of tangible fixed assets	(5)
Amortisation of negative goodwill (Note 25)	<u>(1,577)</u>

* Relates to both Group and Company

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

4. EMPLOYEES AND DIRECTORS' REMUNERATION

(a)	The average number of persons including Directors employed by the Group during the period was:	2002 Number
	Industrial	308
	Non-Industrial	83
		<hr/> 391 <hr/>

(b)	The aggregate remuneration of all employees comprised:	2002 £000
	Wages and salaries	4,523
	Social security costs	339
	Other pension costs	238
		<hr/> 5,100 <hr/>

(c)	Amounts paid in respect of the services of Directors comprises:	2002 £000
	Management remuneration	449
		<hr/>

Included in Directors' emoluments above are benefits in kind relating to the provision of motor vehicles and private health insurance.

(d)	Emoluments (excluding pension Contributions) of:	2002 £000
	Highest paid Director	91
		<hr/>

- (e) Five Executive Directors of the Company have benefits accruing under the Fogarty Limited defined benefit Pension Scheme, which closed in respect of all future accruals of benefit in April 2002. No money purchase pension scheme is operated by the Company.

The Company has no long term incentive scheme for Directors and therefore no sums of money were paid to, or receivable by, Directors under such schemes.

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

- (f) Pension benefits accrued by the highest paid Director under the defined benefit pension scheme are: -

	2002 £000
Pension benefit accrued	40
Lump sum benefit accrued	45

The lump sum benefit shown above is not additional to the pension stated, but would result from commutation of part of that pension at rates advised by the Scheme Actuary.

No increases have occurred in retirement benefits to Directors or past Directors in excess of the amounts to which they were entitled when the benefits became payable.

5. INTEREST

Interest payable and similar charges	2002 £000
Interest paid on bank loans	26
Interest paid on all other loans	119
Finance lease interest	64
	209

6. PROFIT ON ORDINARY ACTIVITIES FOR THE FINANCIAL YEAR

The amount of attributable profit for the year dealt with in the accounts of the Company is £88,000. The Company has not presented a separate profit and loss account as permitted by Section 230 of the Companies Act 1985.

7. TAXATION ON PROFIT ON ORDINARY ACTIVITIES

(a) Analysis of charge for the year	2002 £000
United Kingdom Corporation Tax on the profits of the period at 30%	190
Deferred Taxation	(5)
Tax on profit on ordinary activities	185

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

(b) Factors affecting the tax charge for the year	
The tax charge for the period is different from the standard rate of Corporation Tax in the United Kingdom (30%). The differences are explained below:	
Profit on ordinary activities before tax	2,383
	=====
Profit on ordinary activities before taxation multiplied by the standard rate of Corporation Tax in the UK of 30%	715
Effects of: -	
Permanent timing differences	(457)
Excess of capital allowances over depreciation	(68)
Other timing differences	(151)
Tax of Pension Scheme provisions made under SSAP 24 in excess of payments made to the Scheme	62
Reduction of Tax Liability due to small companies rate	(6)
Tax losses not recognised	90
	185
	=====

8. TANGIBLE FIXED ASSETS

(a) The movement in the period was as follows: -

	Freehold Land & Buildings £000	Plant & Equip- ment £000	Total £000
Cost or Valuation:			
Acquisition of subsidiary	2,980	5,828	8,808
Additions	---	149	149
Disposals	---	(225)	(225)
At 30 September 2002	2,980	5,752	8,732
	=====	=====	=====
Depreciation:			
Acquisition of subsidiary	21	3,201	3,222
Charge for the year	42	338	380
Disposals	---	(189)	(189)
At 30 September 2002	63	3,350	3,413
	=====	=====	=====
Net Book Value:			
At 30 September 2002	2,917	2,402	5,319
	=====	=====	=====

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

All the tangible fixed assets relate to the Group, the Company having no interest in tangible fixed assets.

The Group's freehold land and buildings are at a carrying value based on a valuation carried out as at 30th June 2001, by a firm of independent professional values, Chestertons plc, on the basis of open market value in accordance with the R.I.C.S. Statement of Asset Valuation Practice and Guidance Notes. The Directors are of the opinion that there is no material difference between the book and current open market value of the land and buildings.

Land and buildings would have been included on an historic cost basis at: -

	£000
Cost	2,998
Depreciation	(596)
	<u>2,402</u>

Included in freehold land and buildings are depreciable assts valued at £2,505,000.

	Group	Company
	2002	2002
	£000	£000
(b) Plant and equipment includes items held under finance leases and Lease Purchase Agreements: -		
Cost as at 30 September	2,884	---
Accumulated Depreciation	(1,365)	---
Net book value at 30 September	<u>1,519</u>	<u>---</u>

The depreciation charge for the period was £193,103

9. FIXED ASSET INVESTMENTS

	Company
	2002
	£000
Subsidiary Companies: -	
Additions	257
At 30 September 2002	<u>257</u>

Principal subsidiary undertakings are listed in Note 26 to the Accounts

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

10. STOCKS

	Group Company	
	2002	2002
	£000	£000
Raw materials and consumables	1,197	---
Work in progress	506	---
Finished goods and goods for resale	1,973	---
	<u>3,676</u>	<u>---</u>

At 30 September, goods with a value of £314,932 were consigned to the Group on an F.O.B. basis, but were not received by the Group at that time. Consequently these goods have not been included in the stock value above, and the equivalent creditor has therefore not been reflected in the accounts.

11. DEBTORS

	Group Company	
	2002	2002
	£000	£000
Trade debtors	3,798	---
Amounts owed by Group undertakings	---	22
Other debtors	3	---
Prepayments	105	---
	<u>3,906</u>	<u>22</u>

All debtors are due within one year.

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

12. CREDITORS

(a)	Amounts falling due within one year:	Group Company	
		2002 £000	2002 £000
	Debenture loans (Note 13)	800	---
	Obligations under finance lease and lease purchase arrangements (Note 14)	293	---
	Trade creditors	2,496	---
	Amounts owed to Group undertakings	---	433
	Bills of exchange payable	991	---
	Corporation Tax	190	12
	Other taxation and social security	600	19
	Other creditors	3,165	---
	Accruals and deferred income	667	---
		<u>9,202</u>	<u>464</u>

Group other creditors include £3,016,943 relating to invoice discounting advances which is secured on the trade debts of the Group.

(b)	Amounts falling due after more than one year:	Group Company	
		2002 £000	2002 £000
	Debenture loans (Note 13)	2,200	---
	Obligations under finance lease and lease purchase arrangements (Note 14)	416	---
		<u>2,616</u>	<u>---</u>

13. LOANS

Debenture loans comprise:

- (a) A medium term loan bearing interest at a rate of $1\frac{13}{16}\%$ above LIBOR and which is secured against the assets and undertakings of the Group. Repayments are due in £100,000 instalments in January, February and March 2003, with final payments of £100,000 in January and February 2004.

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

	Group Company	
	2002	2002
	£000	£000
Within one year	300	---
Between one and two years	200	---
	<u>500</u>	<u>---</u>
	<u>=====</u>	<u>=====</u>

- (b) A venture loan consisting of secured Redeemable Loan Notes issued in two tranches as follows: -

(i) 1990 Issue Loan Notes:

The 1990 Loan Notes are redeemable in two tranches, £500,000 on 31 March 2003, and £1,500,000 on 31 December 2003, redemption rights relating to earlier periods having been deferred in respect of the tranche now redeemable in December 2003. Interest charges have been permanently waived on the Loan Notes. The repayments are thus: -

	Group Company	
	2002	2002
	£000	£000
Within one year	500	---
Between one and two years	1,500	---
	<u>2,000</u>	<u>---</u>
	<u>=====</u>	<u>=====</u>

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

(ii) 1994 Issue Loan Notes:

The 1994 Issue Loan Notes are repayable in full on 31 December 2003, the redemption rights relating to 28 June 2003 having been deferred. Interest charges have been permanently waived on the loan notes. The repayment thus being:

	Group Company	
	2002	2002
	£000	£000
Between one and two years	500	---
	<u>=====</u>	<u>=====</u>

All the redeemable loan notes in issue are secured against the assets and undertakings of the Group.

14. FINANCE LEASE AND LEASE PURCHASE COMMITMENTS

	Group Company	
	2002	2002
	£000	£000
Instalments due:		
Within one year	352	---
Between one and five years	475	---
	<u>827</u>	<u>---</u>
Less:		
Future finance charges	(118)	---
	<u>709</u>	<u>---</u>
	<u>=====</u>	<u>=====</u>

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

15. PROVISIONS FOR LIABILITIES AND CHARGES

	Deferred Tax	Pension Charge	Total
	£000	Provisions	Provisions
(a) Group:		£000	£000
Balance at 12 December 2001			
relating to acquisition (Note 25)	---	(810)	(810)
Cash Payments		202	202
Net credit/(charge) to Profit & Loss			
Account	5	(239)	(234)
Balance as at 30 September 2002	<u>5</u>	<u>(847)</u>	<u>(842)</u>

	Deferred Tax	Pension Charge	Total
	£000	Provisions	Provisions
(b) Company:		£000	£000
Balance at 12 December 2001	---	---	---
Cash Payments			
Net charge to Profit & Loss Account	---	---	---
Balance as at 30 September 2002	<u>---</u>	<u>---</u>	<u>---</u>

Movement on Deferred Tax:

	Group	Company
	2002	2002
	£000	£000
At 12 December 2001	---	---
Credit to Profit & Loss Account	(5)	---
As at 30 September 2002	<u>(5)</u>	<u>---</u>

	Group	Company
	2002	2002
	£000	£000
Difference between accumulated depreciation		
And capital allowances	279	---
Other timing differences	(284)	---
As at 30 September 2002	<u>(5)</u>	<u>---</u>

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

16. SHARE CAPITAL

	2002 £
(a) Ordinary:	
(i) Authorised	
2,635 Ordinary Shares of £1.00 each	2,635
	<u> </u>
Issued and fully paid	
2,635 Ordinary Shares of £1.00 each	2,635
	<u> </u>

The authorised Share Capital of the Company on incorporation was 1,000 Ordinary Shares of £1.00 each. On 30th October 2001 the Company increased its authorised Share Capital by the creation of an additional 1,635 Ordinary £1.00 shares.

On incorporation one Ordinary Share was issued at par, and on 12th December 2001, a further 2,634 Ordinary £1.00 Shares were issued to strengthen the finance base of the Company.

17. STATEMENT OF UNAPPROPRIATED PROFITS

	Group 2002 £000	Company 2002 £000
Profit for the period.	2,198	88
	<u> </u>	<u> </u>
Profit and Loss Reserve	2,198	88
	<u> </u>	<u> </u>

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

18. RECONCILIATION OF MOVEMENTS IN SHAREHOLDERS' FUNDS

	Group 2002 £000	Company 2002 £000
Profit for the financial period	2,198	88
Issue of shares in the period	3	3
	<hr/>	<hr/>
Net additions to shareholders' funds	2,201	91
Opening shareholders' funds	---	---
	<hr/>	<hr/>
Closing shareholders' funds	<u>2,201</u>	<u>91</u>

19. CAPITAL COMMITMENTS

Authorised future capital expenditure as at 30 September 2002 was as follows:-

	Group 2002 £000	Company 2002 £000
Contracted but not provided for in the financial statements	17	---
	<hr/>	<hr/>

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

20. PENSION ARRANGEMENTS

Fogarty Limited operates a pension scheme providing benefits based on the final pensionable earnings. The Scheme is funded with the assets being held by the Trustees separately from the assets of the employer. The pension costs are assessed by an independent qualified Actuary, and are charged to the Profit and Loss Account so as to spread those costs over employees working lives with the employer. Following the termination of pensionable service on 30 April 2002, benefits are determined based on final pensionable earnings as at that date.

The most recent valuation of the Scheme was carried out as at 1st May 2002, and the projected unit method was used. The Scheme's assets were valued at market value. The main assumptions used to determine the pension costs are rates of investment return of 7% per annum pre-retirement and 6% per annum post-retirement, pensionable earnings at actual values to closure of the Scheme in respect of future benefits on 30 April 2002 and Nil thereafter. Pension increases are assumed at 2.5% per annum, representing the average annual level of future inflation limited to a maximum of 5% in any year. At the valuation date, the market value of the assets of the Scheme was £13,537,000 approximately and represented 94% of the value of the benefits that had accrued to members, after allowing for expected future increases in earnings.

The pension costs for the employer for the financial year ended 30 September 2002 was £238,000. There is a provision for pension costs of £847,000 in the Fogarty Limited Balance Sheet as at 30 September 2002, arising from the accumulated difference between the contributions paid to the Scheme and the corresponding pension costs.

21. FRS17 RETIREMENT BENEFITS

The valuation used for FRS17 disclosures has been based on the most recent Actuarial Valuation at 1st May 2002, and updated by a qualified independent actuary to take account of the requirements of FRS17 in order to assess their liabilities of the Scheme as at 30 September 2002. Scheme assets are stated at their market value at 30 September 2002.

The financial assumption used to calculate the liabilities under FRS17 are: -

(a) Valuation Method	Projected Unit
Discount rate	6.0%
Inflation rate	2.25%
Increase to deferred benefits during deferment	2.25%
Increases to pensions in payment	2.25%
Salary increase	---

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

(b) Assets in the Scheme and the expected rate of return were: -

	Long Term Rate of Return Expected at 30 September 2002	Value at 30 Sept 2002 £000
Equities (pre-retirement values)	7.5%	4,934
Bonds (pre-retirement value)	5.5%	7,301
		<hr/>
Total market value of assets		12,235
Present value of Scheme Liabilities		(15,373)
		<hr/>
Deficit in the Scheme		(3,138)
Related deferred Tax Asset		941
		<hr/>
Net Pension Liability		(2,197)
		<hr/>

	Value at 30 Sept 2002 £000
(c) Net Assets:	
Net assets excluding Pension Liability	3,048
Pension Liability	(2,197)
	<hr/>
Net Assets including Pension Liability	851
	<hr/>
(d) Reserves:	
Profit and Loss Reserve excluding Pension Liability	3,045
Pension Liability	(2,197)
	<hr/>
Profit and Loss reserve including Pension Liability	848
	<hr/>

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

22. CONTINGENT LIABILITIES

	Group	Company
	2002	2002
	£000	£000
Loan, overdraft and invoice discount guarantees in respect of subsidiaries	---	3,517
Others including documentary credits on overseas contracts in respect of subsidiaries	301	301
	<u>301</u>	<u>3,818</u>
	<u> </u>	<u> </u>

23. ANNUAL OPERATING LEASE COMMITMENTS

	Group	Company
	2002	2002
	£000	£000
Operating leases all relating to plant and equipment which expire: -		
Within on year	40	---
Between one and five years	420	---
	<u>460</u>	<u>---</u>
	<u> </u>	<u> </u>

24. NOTES TO THE GROUP CASH FLOW STATEMENT

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

	2002
	£000
Operating profit	2,592
Depreciation charges	380
Profit on disposal of fixed assets	(5)
Decrease in stocks	880
Decrease in debtors	644
Decrease in creditors	(1,658)
Amortisation of negative goodwill	(1,577)
Net cash inflow from operating activities	<u>1,256</u>
	<u> </u>

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

	At 12 Dec 2001 £000	Cash Flow £000	Acquisitions £000	Non-Cash Changes £000	Other Sept 2002 £000
Cash at Bank and in Hand	---	1,960	---	---	1,960
Debenture Loans:					
Due within one year	---	150	(450)	(500)	(800)
Due after more than one year	---	---	(2,700)	500	(2,200)
Lease Finance:					
Due within one year	---	252	(387)	(158)	(293)
Due after more than one year	---	---	(518)	102	(416)
Invoice Discounting Advances:					
Due within one year	---	(1,582)	(1,435)	---	(3,017)
		(1,180)	(5,490)	(56)	
Total	---	780	(5,490)	(56)	(4,766)

Fogarty Holdings Limited

Notes to the Accounts Continued Period Ended 30 September 2002

25. ACQUISITIONS

During the period, the Company acquired all of the issued share capital of Fogarty Limited.

	---Fair Value--	
	£000	£000
Tangible Fixed Assets		5,586
Stock		4,556
Debtors		4,550
Creditors		(6,597)
Finance Lease Creditors		(905)
Invoice Discount Creditors		(1,435)
Pension Scheme Liability under SSAP 24		(810)
Net Assets Acquired		<u>4,945</u>
Less: -		
Net Debt assumed:		
Medium Term Loan	(650)	
Debenture Loans	(2,500)	
Cash Balance acquired	38	
Net Debt assumed		<u>(3,112)</u>
Negative goodwill		<u>(1,577)</u>
		<u>256</u>
		<u>=====</u>
Satisfied by cash		<u>256</u>
		<u>=====</u>

A fair value adjustment was made to increase the Pension Scheme liabilities in creditors at acquisition by £567,000 on actuarial advice.

All the Groups' cash flows are attributable to the subsidiary undertakings acquired during the period.

The purchase of Fogarty Limited generated £1,577,000 of negative goodwill. The Directors believe that this is attributable to the difference between the fair value of stock acquired and the fair value of the consideration for the stock. This negative goodwill has been recognised in the period, as all of the stock acquired with the subsidiary has been sold in the period. This has given rise to a one-off credit to the Profit & Loss Account in the period of £1,577,000.

Fogarty Holdings Limited

Notes to the Accounts Continued
Period Ended 30 September 2002

26. INVESTMENT IN SUBSIDIARIES

As at 30 September 2002 the Company held the whole of the Issued Ordinary Share Capital of two subsidiaries, both incorporated in England and Wales.

<u>Name</u>	<u>Activities</u>
Fogarty Limited	Manufacture of Soft Home Furnishing Products
Fogarty (Filled Products) Limited	Procurement and Distribution of Soft Home Furnishings