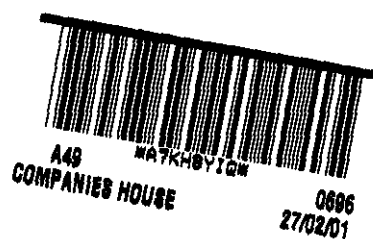


S. Black Limited
(formerly S. Black (Import and Export) Limited)

**Directors' report and consolidated
financial statements**

Registered number 934139
For the year ended 30 June 2000



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Directors' report

The directors present their annual report and the audited financial statements for the year ended 30 June 2000.

Principal activities

The principal activity of the group continued to be the technical sale and distribution of speciality chemicals and pigments.

Business review

The results and the position of the group are set out on pages 7 to 10.

The group's results reflect strong improvements in sales and profitability. Investment in facilities and people have continued during the year.

The directors are confident that the group will continue to make satisfactory progress during the current financial year.

Dividends

Information regarding dividends is set out in note 8 to the financial statements.

Directors and directors' interests

The directors who held office during the year and their interests and rights to subscribe to shares of the company were as follows:

	At 30 June 2000			At 30 June 1999		
	Ordinary £1 Shares	Options		Ordinary £1 Shares	Options	
		Executive Share Option Scheme	Employee Share Trust Share Option Scheme		Executive Share Option Scheme	Employee Share Trust Share Option Scheme
S Black	74,500	-	-	74,500	-	-
NL Berry	2,530	3,000	-	2,530	3,000	-
DG Saunter	5,020	-	-	5,020	-	-
AG Raybould	3,020	2,000	-	3,020	2,000	-
JB Lowten	-	544	56	-	-	600
G Ewart	1000	-	-	-	-	-
J Tass (appointed 1 June 2000)	-	-	200	-	-	-

Details of the exercise price and exercise dates are given in Note 15 to the financial statements.

None of the directors exercised options during the year.

The directors who held office at the end of the financial year had no other disclosable interest in the shares of group companies.

Directors' report *(continued)*

Fixed assets

The movements in tangible fixed assets are set out in note 9 to the financial statements.

Political and charitable donations

The group made no political contributions during the year. Donations to UK charities amounted to £1,040 (1999: £1,239).

Employees

It is the group's policy to provide disabled persons with the opportunities of employment equal to those which are available to all other employees.

The group recognises the benefits of keeping employees informed on matters which are of specific concern to them as employees and it is its policy to provide them with such information on a regular basis whenever appropriate.

Auditors

In accordance with s385 of the Companies Act 1985, a resolution for the re-appointment of KPMG as auditors of the company is to be proposed at the forthcoming Annual General Meeting.

By order of the board



JB Lowten
Secretary

Foxholes Business Park
John Tate Road
Hertford
Herts
SG13 7YH

Statement of directors' responsibilities

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

- select suitable accounting policies and 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;
- 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 have general responsibility for taking such steps as are reasonably open to them to safeguard the assets of the group and to prevent and detect fraud and other irregularities.



Aquis Court
31 Fishpool Street
St Albans
Hertfordshire, AL3 4RF

Report of the auditors to the members of S. Black Limited (formerly S. Black (Import and Export) Limited)

We have audited the financial statements on pages 7 to 27.

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. We also report to you if, in our opinion, the directors' report is not consistent with the financial statements, 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 group is not disclosed.

Basis of opinion

We conducted our audit in accordance with Auditing Standards issued by the Auditing Practices Board. An audit includes examination, on a test basis, of evidence relevant to the amounts and disclosures in the financial statements. It also includes an assessment of the significant estimates and judgements made by the directors in the preparation of the financial statements, and of whether the accounting policies are appropriate to the 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 company and the group as at 30 June 2000 and of the profit of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG

KPMG

*Chartered Accountants
Registered Auditors*

14 NOV 2000

Consolidated profit and loss account

for the year ended 30 June 2000

	Note	2000 £000	1999 £000
Turnover	2	22,212	19,469
Cost of sales		(16,690)	(14,858)
Gross profit		5,522	4,611
Distribution costs		(172)	(193)
Administration expenses		(2,708)	(2,278)
Operating profit		2,642	2,140
Other interest receivable and similar income		172	156
Interest payable and similar charges	6	(48)	(66)
Written off investments	10	(38)	(2)
Profit on ordinary activities before taxation	3	2,728	2,228
Tax on profit on ordinary activities	7	(854)	(650)
Profit on ordinary activities after taxation		1,874	1,578
Minority interests		3	-
Profit for the financial year		1,877	1,578
Dividends on equity and non-equity shares	8	(788)	(767)
Retained profit for the financial year transferred to reserves		1,089	811

All the above amounts derive from continuing activities.

Consolidated statement of total recognised gains and losses

for the year ended 30 June 2000

	2000 £000	1999 £000
Profit for the financial year	1,877	1,578
Currency translation differences on foreign currency net investments	3	-
Purchase of minority share of retained losses	(5)	-
Total gains and losses recognised since last annual report	1,875	1,578

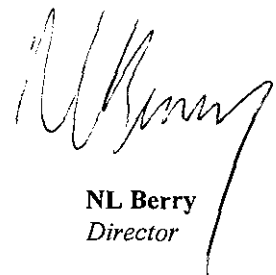
Consolidated balance sheet
at 30 June 2000

	Note	2000 £000	1999 £000
Fixed assets			
Tangible assets	9	4,322	4,175
Investments	10	471	564
		<u>4,793</u>	<u>4,739</u>
Current assets			
Stock of goods for resale		3,204	2,868
Debtors	11	4,283	4,006
Cash at bank and in hand		2,876	2,891
		<u>10,363</u>	<u>9,765</u>
Creditors: amounts falling due within one year	12	<u>(3,065)</u>	<u>(3,630)</u>
Net current assets		<u>7,298</u>	<u>6,135</u>
Total assets less current liabilities		<u>12,091</u>	<u>10,874</u>
Creditors: amounts falling due after more than one year	13	<u>(500)</u>	<u>(500)</u>
Net assets		<u>11,591</u>	<u>10,374</u>
Capital and reserves			
Called up share capital	15	109	108
Share premium account	16	165	146
Profit and loss account	16	11,257	10,120
Shareholders' funds			
Equity interests		11,513	10,356
Non-equity interests		18	18
		<u>11,531</u>	<u>10,374</u>
Minority interests	18	<u>60</u>	<u>-</u>
		<u>11,591</u>	<u>10,374</u>

These financial statements were approved by the board of directors on 9 November 2000 and were signed on its behalf by:



JB Lowten
Director



NL Berry
Director

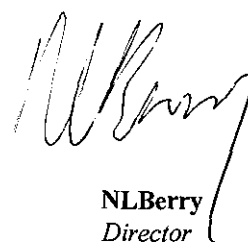
Company balance sheet
at 30 June 2000

	<i>Note</i>	2000	1999
		£000	£000
Fixed assets			
Tangible assets	9	4,251	4,133
Investments	10	1,233	655
		<hr/>	<hr/>
		5,484	4,788
Current assets			
Stock of goods for resale		3,033	2,747
Debtors	11	4,023	4,409
Cash at bank and in hand		2,576	2,660
		<hr/>	<hr/>
		9,632	9,816
Creditors: amounts falling due within one year	12	(2,861)	(3,531)
		<hr/>	<hr/>
Net current assets		6,771	6,285
		<hr/>	<hr/>
Total assets less current liabilities		12,255	11,073
Creditors: amounts falling due after more than one year	13	(500)	(500)
		<hr/>	<hr/>
Net assets		11,755	10,573
		<hr/>	<hr/>
Capital and reserves			
Called up share capital	15	109	108
Share premium account	16	165	146
Profit and loss account	16	11,481	10,319
		<hr/>	<hr/>
		11,755	10,573
		<hr/>	<hr/>
Shareholders' funds			
Equity		11,737	10,555
Non-equity		18	18
		<hr/>	<hr/>
		11,755	10,573
		<hr/>	<hr/>

These financial statements were approved by the board of directors on 9 November 2000 and were signed on its behalf by:



JB Lowten
Director



NLBerry
Director

Consolidated cash flow statement
for the year ended 30 June 2000

	<i>Note</i>	2000 £000	1999 £000
Reconciliation of operating profit to net cash flow from operating activities			
Operating profit		2,644	2,114
Depreciation charges		283	260
(Increase)/decrease in stocks		(340)	244
(Increase)/decrease in debtors		(286)	101
Decrease in creditors		(325)	(267)
Exchange loss		25	16
		<hr/>	<hr/>
Net cash inflow from operating activities		2,001	2,468
		<hr/>	<hr/>
Cash flow statement			
Cash flow from operating activities		2,001	2,468
Returns on investments and servicing of finance	21	(6)	(30)
Taxation		(875)	(727)
Capital expenditure and financial investment	21	(377)	(511)
Purchase of minority interest		(17)	-
Equity dividends paid	8	(613)	(592)
		<hr/>	<hr/>
Cash inflow before financing		113	608
Financing	21	(158)	(201)
		<hr/>	<hr/>
(Decrease)/increase in cash in the period		(45)	407
		<hr/>	<hr/>
Reconciliation of net cash flow to movement in net funds			
	22		
(Decrease)/increase in cash in the period		(45)	407
Cash used to repay loan		250	250
		<hr/>	<hr/>
Change in net debt resulting from cash flows		205	657
Translation difference		(2)	9
		<hr/>	<hr/>
Movement in net funds in the period		203	666
Net funds at the start of the period		2,141	1,475
		<hr/>	<hr/>
Net funds at the end of the period		2,344	2,141
		<hr/>	<hr/>

Notes

(forming part of the financial statements)

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 financial statements.

Basis of preparation

The financial statements have been prepared in accordance with applicable accounting standards, and under the historical cost accounting rules modified to include the revaluation of listed investments.

Basis of consolidation

The consolidated financial statements include the financial statements of the company and its subsidiary undertakings made up to 30 June 2000 using the acquisition method of accounting. Under this method, the results of subsidiary undertakings acquired or disposed of in the year are included in the consolidated profit and loss account from the date of acquisition or up to the date of disposal.

In the company's financial statements, investments in subsidiary and associated undertakings are stated at cost. The company's financial statements include the assets, liabilities and result of the S. Black (Import & Export) Limited Employee Share Trust.

Under section 230(4) of the Companies Act 1985 the company is exempt from the requirement to present its own profit and loss account. The profit after tax for the company for the year was £1,900,000 (1999: £1,585,000).

Fixed assets and depreciation

Depreciation is provided to write off the cost less the estimated residual value of tangible fixed assets over their estimated useful economic lives as follows:

Freehold buildings	-	50 years
Computer equipment	-	3-5 years
Fixtures, fittings and equipment	-	5-10 years
Motor vehicles	-	4 years

No depreciation is provided on freehold land.

Investments

Fixed asset investments are stated at cost less provision for diminution in value.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction or, if hedged forward, at the rate of exchange under the related forward currency contract. Monetary assets and liabilities denominated in foreign currencies are translated using the rate of exchange ruling at the balance sheet date and the gains or losses on translation are included in the profit and loss account.

The assets and liabilities and profit and loss accounts of overseas subsidiary undertakings are translated at the closing exchange rates. Gains and losses arising on these translations are taken to reserves, net of exchange differences arising on related foreign currency borrowings.

Notes (continued)

Leases

Operating lease rentals are charged to the profit and loss account as they are incurred.

Stocks

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

Turnover

Turnover represents the amounts (excluding value added tax) derived from the provision of goods and services to third party customers.

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. Provision is made for deferred tax only to the extent that it is probable that an actual liability will crystallise.

Post retirement benefits

The group operates defined contribution pension schemes. The assets of the schemes are held separately from those of the group in independently administered funds. The amount charged against profits represents the contributions payable to the schemes in respect of the accounting period.

The group operates a pension scheme providing benefits based on final pensionable pay for one employee. The assets of the scheme are held separately from those of the company, being invested with insurance companies. Contributions to the scheme are charged to the profit and loss account so as to spread the cost of the pension over the employee's working life with the group.

Notes (continued)

2 Segmental information

All turnover and profits before taxation are derived from the technical sale and distribution of speciality chemicals and pigments. A geographical analysis of turnover is as follows:

	2000 £000	1999 £000
United Kingdom	17,425	15,200
Rest of the World	4,787	4,269
	<hr/> 22,212 <hr/>	<hr/> 19,469 <hr/>

3 Profit on ordinary activities before taxation

	2000 £000	1999 £000
<i>Profit on ordinary activities before taxation is stated after charging</i>		
Auditors' remuneration:		
Group - audit	26	24
- other services	33	19
Company - audit	22	19
- other services	26	11
Depreciation and other amounts written off tangible fixed assets	283	260
Hire of plant and machinery - rentals payable under operating leases	2	2
Hire of other assets - operating leases	13	13
	<hr/>	<hr/>

Notes (continued)

4 Remuneration of directors

	2000 £000	1999 £000
Directors' emoluments	545	411
Company contributions to money purchase pension schemes	21	19
	<u>566</u>	<u>430</u>

The aggregate of emoluments of the highest paid director was £143,000 (1999: £90,000), and company pension contributions of £6,000 (1999: £6,000) were made to a money purchase scheme on his behalf.

	Number of directors 2000	1999
Retirement benefits are accruing to the following number of directors under:		
Money purchase schemes	5	4
	<u>-</u>	<u>1</u>

5 Staff numbers and costs

The average number of persons employed by the group (including directors) during the year, was 54 (1999: 52).

The aggregate payroll costs of these persons were as follows:

	2000 £000	1999 £000
Wages and salaries	1,566	1,283
Social security costs	177	141
Other pension costs	53	51
	<u>1,796</u>	<u>1,475</u>

Notes (continued)

6 Interest payable and similar charges

	2000 £000	1999 £000
On bank loans and overdrafts	48	66
	<u>48</u>	<u>66</u>

7 Taxation

	2000 £000	1999 £000
UK corporation tax at 30% (1999: 30.75 %)	852	659
Adjustments relating to an earlier year	2	(9)
	<u>854</u>	<u>650</u>

8 Dividends and other appropriations

	2000 £000	1999 £000
Equity shares:		
Interim dividend paid	613	592
Non-equity shares:		
Dividend paid in respect of current year	74	72
Dividend accrued	51	51
	<u>738</u>	<u>715</u>
Additional finance costs of non-equity interests	<u>50</u>	<u>52</u>

In accordance with FRS 4 finance costs on the 'A' ordinary shares must be spread over the term of the shares. These shares have no fixed conversion date. A dividend of £9.80 per share per annum is payable from 1 August 2000 on 17,850 'A' ordinary shares in perpetuity (see note 15). Therefore the total annual charge of the non-equity shares under FRS 4 approximates to £175,000.

Notes (continued)

9 Tangible fixed assets

	Land and buildings freehold £000	Computer equipment £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Group					
<i>Cost</i>					
At beginning of year	3,408	530	644	308	4,890
Exchange rate difference	-	(1)	(1)	(1)	(3)
Additions	167	58	78	144	447
Disposals	-	-	-	(100)	(100)
At end of year	3,575	587	721	351	5,234
<i>Depreciation</i>					
At beginning of year	62	279	186	188	715
Exchange rate difference	-	-	-	(1)	(1)
Charge for year	47	105	70	61	283
On disposals	-	-	-	(85)	(85)
At end of year	109	384	256	163	912
<i>Net book value</i>					
At 30 June 2000	3,466	203	465	188	4,322
At 30 June 1999	3,346	251	458	120	4,175

The gross book value of land and buildings freehold includes £2,502,000 (1999: £2,335,000) of depreciable assets.

Notes (continued)

9 Tangible fixed assets (continued)

	Land and buildings freehold £000	Computer equipment £000	Fixtures, fittings and equipment £000	Motor vehicles £000	Total £000
Company					
Cost					
At beginning of year	3,408	496	614	276	4,794
Additions	167	53	70	104	394
Disposals	-	-	-	(69)	(69)
At end of year	3,575	549	684	311	5,119
Depreciation					
At beginning of year	62	262	174	163	661
Charge for year	47	99	66	52	264
On disposals	-	-	-	(57)	(57)
At end of year	109	361	240	158	868
Net book value					
At 30 June 2000	3,466	188	444	153	4,251
At 30 June 1999	3,346	234	440	113	4,133

The gross book value of land and buildings freehold includes £2,502,000 (1999: £2,335,000) of depreciable assets.

Notes (continued)

10 Fixed asset investments

Group	Own shares £000	Listed investments £000	Total £000
Cost			
At beginning of the year	550	17	567
Disposals	(55)	-	(55)
At end of year	495	17	512
Provisions			
At beginning of year	-	3	3
Provided in year	38	-	38
At end of year	38	3	41
Net book value			
At 30 June 2000	457	14	471
At 30 June 1999	550	14	564

At 30 June 2000 the market value of the listed investments was £14,000 (1999: £14,000).

Investment in own shares

The S. Black (Import & Export) Limited Employee Share Trust was established by the company on 14 June 1996. Its purpose is to facilitate the recruitment, retention and motivation of employees of the group. The Trust is administered by S. Black (Import & Export) Trustee Limited, a wholly owned subsidiary of S. Black Limited.

Investments include £457,000 relating to 3,536 £1 Ordinary shares of S. Black Limited acquired by the S. Black (Import & Export) Limited Employee Share Trust and held at cost. The dividends on these shares have been waived. The amounts of the Trust have been included in these financial statements in accordance with FRS 5 - Reporting the Substance of Transactions.

Notes (continued)

10 Fixed asset investments (continued)

Company	Own shares £000	Shares in group undertakings £000	Listed investments £000	Total £000
Cost				
At beginning of year	550	91	17	658
Additions	-	671	-	671
Disposals	(55)	-	-	(55)
At end of year	495	762	17	1,274
Provisions				
At beginning of year	-	-	3	3
Provided in year	38	-	-	38
At end of year	38	-	3	41
Net book value				
At 30 June 2000	457	762	14	1,233
At 30 June 1999	550	91	14	655

The principal companies in which the company's interest at the year end is more than 20% are as follows:

	Country of registration or incorporation	Principal activity	Percentage of ordinary shares held
Subsidiary undertakings (both consolidated)			
S. Black (Import & Export) GmbH	Germany	Technical sale and distribution of speciality chemicals and pigments	90
S. Black (Import & Export) Trustee Limited	England & Wales	Trustee	100

The directors are of the opinion that there has been no unprovided permanent impairment in the carrying value of the company's and group's investments.

Notes (continued)

11 Debtors

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Trade debtors	4,186	3,937	3,945	3,788
Amounts owed by group undertakings	-	-	-	563
Other debtors	23	13	15	7
Prepayments and accrued income	74	56	63	51
	<hr/>	<hr/>	<hr/>	<hr/>
	4,283	4,006	4,023	4,409
	<hr/>	<hr/>	<hr/>	<hr/>

All debtors are due within one year.

12 Creditors: amounts falling due within one year

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Bank loans and overdrafts	32	250	32	250
Trade creditors	1,677	2,063	1,537	2,010
Amounts owed to group undertakings	-	-	22	-
Mainstream corporation tax	610	631	610	631
Other creditors including taxation and social security	351	336	323	302
Accruals and deferred income	395	350	337	338
	<hr/>	<hr/>	<hr/>	<hr/>
	3,065	3,630	2,861	3,531
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

13 Creditors: amounts falling due after more than one year

Group and Company

	2000 £000	1999 £000
Bank loans can be analysed as:		
Between one and two years	-	250
Between two and five years	500	500
	<hr/> 500	<hr/> 750
	<hr/> <hr/>	<hr/> <hr/>

The bank loan was taken out by S. Black (Import and Export) Limited Employee Share Trust to facilitate the acquisition of shares in S. Black Limited. The final £500,000 repayment is due on 1 July 2002 or flotation of S. Black Limited if earlier. The rate of interest on the outstanding capital is 1.25% over the LIBOR rate. The loan is guaranteed by S. Black Limited.

14 Provisions for liabilities and charges

The amounts provided and not provided for deferred taxation assets are set out below.

Group and Company

	2000		1999	
	Provided £000	Unprovided £000	Provided £000	Unprovided £000
Difference between accumulated depreciation and accelerated capital allowances	-	(141)	-	(173)
Other timing differences	-	-	-	(5)
	<hr/> -	<hr/> (141)	<hr/> -	<hr/> (178)
	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>	<hr/> <hr/>

Notes (continued)

15 Called up share capital

	2000		1999	
	Number	£000	Number	£000
<i>Authorised</i>				
Equity: Ordinary shares of £1 each	182,150	182	182,150	182
Non equity: 'A' ordinary shares of £1 each	17,850	18	17,850	18
	<hr/> 200,000 <hr/>	<hr/> 200 <hr/>	<hr/> 200,000 <hr/>	<hr/> 200 <hr/>
<i>Allotted, called up and fully paid</i>				
Equity: Ordinary shares of £1 each	91,150	91	90,150	90
Non equity: 'A' ordinary shares of £1 each	17,850	18	17,850	18
	<hr/> 109,000 <hr/>	<hr/> 109 <hr/>	<hr/> 108,000 <hr/>	<hr/> 108 <hr/>

Each 'A' Ordinary share was entitled to a cumulative preference net dividend of £5.60 per annum until 31 July 1998, £7.00 per annum between 1 August 1998 and 31 July 2000 and £9.80 per annum thereafter. If dividends payable on Ordinary shares exceed these amounts the 'A' Ordinary shares shall be entitled to receive the higher amount. At the option of 75% of the shareholders of this class of share the 'A' Ordinary shares may at any time, be converted to a like number of Ordinary shares at no additional cost. In the event of a capital reduction or winding up, the 'A' Ordinary shares have preferential rights compared with the Ordinary shares up to a value of £140.06 plus accrued dividends.

Options over 1,000 ordinary shares at an exercise price per share of £55 were granted under the Executive Share Option Plan.

Details of options outstanding are as follows:

Price per share	Normal dates of exercise	Number of Ordinary shares	
		2000	1999
£20	1993 - 2000	-	1,000
£38	1996 - 2003	5,000	5,000
£55	2002 - 2009	1,000	-
		<hr/> 6,000 <hr/>	<hr/> 6,000 <hr/>

Notes (continued)

15 Called up share capital (continued)

Options over 1,200 shares at an exercise price of £55- £140 were granted under the Employee Share Option Scheme. Options over 1,600 shares were cancelled during the year.

Details of options outstanding are as follows:

Price per share	Normal dates of exercise	Number of ordinary shares	
		2000	1999
£140.06	1997 - 2004	-	1,000
£140.06	1998 - 2004	-	600
£55.00	1999 - 2006	256	-
£100.00	2000 - 2007	400	-
		<hr/>	<hr/>
		656	1,600
		<hr/>	<hr/>

16 Share premium and reserves

	Group		Company	
	Share premium account £000	Profit and loss account £000	Share premium account £000	Profit and loss account £000
At beginning of year	146	10,120	146	10,319
Retained profit for the year	-	1,089	-	1,112
Additional finance cost of non-equity interests	-	50	-	50
Purchase of minority interest	-	(5)	-	-
Options exercised	19	-	19	-
Exchange adjustments	-	3	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
At end of year	165	11,257	165	11,481
	<hr/>	<hr/>	<hr/>	<hr/>

Notes (continued)

17 Reconciliation of movements in funds for the year ended 30 June 2000

	Group		Company	
	2000	1999	2000	1999
	£000	£000	£000	£000
Profit for the financial year	1,877	1,578	1,900	1,586
Dividends	(738)	(715)	(738)	(715)
Additional finance costs of non-equity interests	(50)	(52)	(50)	(52)
	<hr/>	<hr/>	<hr/>	<hr/>
	1,089	811	1,112	819
Other recognised gains relating to the year	(2)	-	-	-
New share capital subscribed	20	49	20	49
Amount added back to profit and loss account in respect of additional finance cost of non-equity interests	50	52	50	52
	<hr/>	<hr/>	<hr/>	<hr/>
Net addition to shareholders' funds	1,157	912	1,182	920
Opening shareholders' funds	10,374	9,462	10,573	9,653
	<hr/>	<hr/>	<hr/>	<hr/>
Closing shareholders' funds	11,531	10,374	11,755	10,573
	<hr/>	<hr/>	<hr/>	<hr/>

18 Minority interests

	Group	Group
	2000	1999
	£000	£000
At beginning of year	-	-
Exchange differences	1	1
Share of loss for year	(3)	(1)
Acquisition of subsidiary undertakings	62	-
	<hr/>	<hr/>
At end of year	60	-
	<hr/>	<hr/>
Equity	60	-
Non-equity	-	-
	<hr/>	<hr/>
	60	-
	<hr/>	<hr/>

Notes (continued)

19 Commitments

- (a) Capital commitments at the end of the financial year, for which no provision has been made, are as follows:

	Group		Company	
	2000 £000	1999 £000	2000 £000	1999 £000
Contracted	31	2	31	-

- (b) Annual commitments under non-cancellable operating leases are as follows:

	2000		1999	
	Land and buildings £000	Other £000	Land and buildings £000	Other £000
Group				
Operating leases which expire:				
Within one year	13	1	-	-
In the second to fifth years inclusive	-	-	15	2
	<u>13</u>	<u>1</u>	<u>15</u>	<u>2</u>

- (c) The company has no operating leases.

- (d) The group enters into forward exchange contracts to hedge foreign currency transactions. At 30 June 2000 the group had contracts to exchange the equivalent of £1,136,000 (1999: £1,120,000) into various international currencies, all of which were accounted for as hedges.

20 Pension scheme

The group operates three defined contribution pension schemes.

There is a single member defined benefits scheme which has back to back insurance. The actuarial liability at 30 June 2000 was £12,000 (1999: £9,000) which was included in the balance sheet. The discontinuance value of the insurance policy at 30 June 2000 was £8,000 (1999: £6,000) and this has been included in the balance sheet.

The pension cost charge for the period represents contributions payable by the group to the group pension schemes and amounted to £51,000 (1999: £45,000). There were no outstanding or prepaid pension contributions at the year end (1999: £nil).

Notes (continued)

21 Analysis of cash flows

	2000 £000	2000 £000	1999 £000	1999 £000
Returns on investment and servicing of finance				
Interest received	172		155	
Interest paid	(53)		(72)	
Non equity dividend paid	(125)		(113)	
	<u> </u>	(6)	<u> </u>	(30)
		<u> </u>		<u> </u>
Capital expenditure and financial investment				
Purchase of tangible fixed assets	(447)		(538)	
Sale of tangible fixed assets	40		41	
Purchase of own shares	-		(14)	
Sale of investment	30		-	
	<u> </u>	(377)	<u> </u>	(511)
		<u> </u>		<u> </u>
Financing				
Issue of share capital	20		49	
Repayment of loan	(250)		(250)	
Minority in subsidiary	72		-	
	<u> </u>	(158)	<u> </u>	(201)
		<u> </u>		<u> </u>

22 Analysis of net funds

	At beginning of year £000	Cash flow £000	Other non cash changes £000	At end of year £000
Cash in hand, at bank	2,891	(13)	(2)	2,876
Overdrafts	-	(32)	-	(32)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
	2,891	(45)	(2)	2,844
Debt due within one year	(250)	250	-	-
Debt due after one year	(500)	-	-	(500)
	<u> </u>	<u> </u>	<u> </u>	<u> </u>
Total	2,141	205	(2)	2,344
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

Notes *(continued)*

23 Related party disclosures

Mr S. Black was a director and major shareholder of SBS Worldwide Limited which invoiced the group £305,000 (1999: £305,000) in respect of freight charges on imported materials during the year. All transactions were conducted at an arms length basis on normal trading terms. At 30 June 2000 the net amount due to SBS Worldwide Limited was £28,000 (1999: £16,000).