
Company No 1100207

RIDLEY QUINEY LTD
REPORT AND FINANCIAL STATEMENTS
31 DECEMBER 2001



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COMPANY INFORMATION

COMPANY NO:	1100207
REGISTERED OFFICE:	118 Amington Road Yardley Birmingham B10 0DB
DIRECTORS:	Abdul Majid Alimahomed Shabir Majid Alimahomed Afzal Majid Alimahomed Dennis Harvey Tony Marzetti Colin Sinclair David Wright
SECRETARY:	Harjinder Gill
AUDITORS:	Potter McGregor & Co Chartered Accountants Mill Street Sutton Coldfield Birmingham B72 1TG
BANKERS:	HSBC Bank PLC 100 King Street Manchester M60 2HD

DIRECTORS REPORT

The Directors present their Annual Report and the Audited Financial Statements for the year ended 31st December 2001.

Principal Activities

The principal activities of the Company consist of the manufacturing and distribution of packaging and allied products. There have been no changes to these activities during the financial year.

Business Review and Future Developments

Details of results for the year are set out on page 6.

The Company achieved an increase in turnover of 11% compared with previous results and a modest operating profit. Steps have been taken to improve the Company's turnover and profitability and the Directors are confident that improved results will be achieved in the current and future years.

DIVIDENDS

The Directors do not recommend the payment of a dividend.

DIRECTORS

The Directors who served during the year and their interests in the share capital of the ultimate holding Company were as follows :

	Ordinary Shares of £1 each	
	At 31st December 2001	At 31st December 2000
Abdul Majid Alimahomed	333,334	333,334
Shabir Majid Alimahomed	333,333	333,333
Afzal Majid Alimahomed	333,333	333,333
Dennis Harvey	-	-
Brigid McDonough (resigned 31st July 2001)	-	-
Tony Marzetti	-	-
Colin Sinclair	-	-
David Wright	-	-

All of the Company's shares are held by the parent company, R Q Holdings Limited. The ultimate parent Company is Euro Associated Holdings Limited.

TAX STATUS

In the opinion of the Directors the Close Company provisions of the Income and Corporation Taxes Act 1988 apply to the Company.

AUDITORS

The Auditors, Potter McGregor & Co, Chartered Accountants are willing to continue in office and a resolution to reappoint them will be proposed at the Annual General Meeting.

BY ORDER OF THE BOARD



HARJINDER GILL - SECRETARY

Dated: 1st October 2002

STATEMENT OF DIRECTORS RESPONSIBILITIES

Company law requires the Directors to prepare financial statements 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 of the Company for that period. In preparing these financial statements, the Directors have :-

- * selected suitable accounting policies and applied them consistently ;
- * made judgements and estimates that are reasonable and prudent ;
- * followed applicable accounting standards; and
- * prepared the financial statements on the going concern basis.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 1985. They are also responsible for safeguarding the assets of the Company and for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS REPORT TO THE SHAREHOLDERS OF RIDLEY QUINEY LIMITED

We have audited the financial statements of Ridley Quiney Limited for the year ended 31st December 2001 which comprise the Profit and Loss Account, the Balance Sheet, the Cash Flow Statement and the related notes. These financial statements have been prepared under the historical cost convention as modified by the revaluation of certain fixed assets and the accounting policies set out therein.

Respective responsibilities of Directors and Auditors

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

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

We report to you our opinion as to whether the financial statements give a true and fair view and are properly prepared in accordance with the Companies Act 1985. We also report to you if, in our opinion, the Directors' Report is not consistent with the financial statements, if the 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 other information contained in the Annual Report, and consider whether it is consistent with the audited financial statements. The other information comprises only the Directors' Report. We consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the financial statements. Our responsibilities do not extend to any other information.

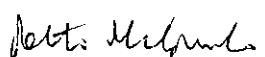
Basis of Audit Opinion

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

We planned and performed our audit so as to obtain all 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 as at 31st December 2001 and of its profit for the year then ended and have been properly prepared in accordance with the Companies Act 1985.


Potter McGregor & Co
Chartered Accountants
Registered Auditor.
Sutton Coldfield

Dated: 1st October 2002

PROFIT AND LOSS ACCOUNT
for the year ended 31 December 2001

	NOTE	2001 £000's	2000 £000's
Turnover	2	23,172	20,905
Raw Materials and Consumables		18,205	17,863
(Increase)/Decrease in Stocks		<u>671</u>	<u>(534)</u>
Gross Profit		4,296	3,576
 Other Operating Costs		1,240	1,346
Staff Costs	3	1,839	1,923
Depreciation		218	219
		<u> </u>	<u> </u>
Operating Profit	4	999	88
 Interest Payable	5	(582)	(148)
		<u> </u>	<u> </u>
Profit/(Loss) on ordinary activities before taxation		417	(60)
 Tax on Profit/(Loss) on ordinary activities	6	(18)	13
		<u> </u>	<u> </u>
Profit/(Loss) on ordinary activities after taxation		399	(47)
		<u> </u>	<u> </u>
 Profit/(Loss) for the year	13	<u><u>399</u></u>	<u><u>(47)</u></u>

There were no recognised gains or losses during the above periods other than the results shown above.

None of the Company's activities were acquired or discontinued during the above periods.

BALANCE SHEET
as at 31 December 2001

	NOTE	2001 £000's	2000 £000's
FIXED ASSETS	7	3,000	3,327
CURRENT ASSETS			
Stocks	8	2,394	3,065
Debtors	9	7,181	6,127
Cash at Bank and in Hand		1	2
		<u>9,576</u>	<u>9,194</u>
CREDITORS			
Amounts falling due within one year	10	6,157	6,426
		<u> </u>	<u> </u>
NET CURRENT ASSETS		3,419	2,768
		<u> </u>	<u> </u>
Total assets less current liabilities		6,419	6,095
Provision for liabilities and charges	11	150	225
		<u> </u>	<u> </u>
NET ASSETS		6,269	5,870
		<u> </u>	<u> </u>
CAPITAL AND RESERVES			
Called up share capital	12	80	80
Share Premium Account	13	80	80
Revaluation reserve	13	951	951
Profit and Loss Account	13	5,158	4,759
		<u> </u>	<u> </u>
SHAREHOLDERS FUNDS	14	6,269	5,870
		<u> </u>	<u> </u>

The financial statements were approved by the Board on 1st October 2002 and signed on its behalf by:



Shabir Majid Alimahomed
Director

CASH FLOW STATEMENT
for the year ended 31 December 2001

	NOTE	2001 £000's	2000 £000's
Net cash inflow/(outflow) from operating activities	15	1,029	(306)
		<hr/>	<hr/>
Returns on investment and servicing of finance			
Interest paid		(582)	(148)
		<hr/>	<hr/>
Taxation			
Corporation Tax paid		-	-
		<hr/>	<hr/>
Capital expenditure			
Payments for tangible fixed assets (net of finance lease loans)		36	(522)
Receipts from sale of fixed tangible assets		311	-
		<hr/>	<hr/>
		347	(522)
		<hr/>	<hr/>
 Increase/(Decrease) in Cash	 16	 794	 (976)
		<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS**For the year ended 31 December 2001****1 ACCOUNTING POLICIES****Basis of accounting**

The financial statements are prepared under the historical cost convention and in accordance with applicable accounting standards as modified by the revaluation of land and buildings.

Tangible Fixed Assets and Depreciation

Land and buildings include revaluations made in 1998. The transitional provisions of financial reporting standard 15 are being followed, and consequently the revaluations have not been updated.

Depreciation is provided evenly on the cost (or valuation where appropriate) of tangible fixed assets, to write them down to their estimated residual values over their expected useful lives. Where there is evidence of impairment, fixed assets are written down to their recoverable amount. Any such write down would be charged to operating profit unless it was a reversal of a past revaluation surplus in which case it would be taken to the statement of total recognised gains and losses. No depreciation is provided on freehold land.

The principal annual rates used for other assets are: -

Freehold Property	2% - 4%
Plant and Machinery	10%
Furniture and Equipment	10%
Computer Equipment	20%
Motor Vehicles	25%

Stocks

Stock is valued at the lower of cost and estimated net realisable value on a method similar to first in, first out basis. In respect of manufactured finished goods, cost includes all raw materials, consumables and the attributable proportion of labour cost.

Deferred Taxation

Deferred Taxation is provided using the liability method in respect of the taxation effect of all timing differences other than those which are expected with reasonable probability to continue in the foreseeable future.

Pensions

The Company operates a defined contribution pension scheme. The assets of the scheme are invested and managed independently of the finances of the Company. The pension cost charge represents contributions payable by the Company in the year.

Foreign Currencies

Assets and liabilities denominated in foreign currency are translated into sterling at the rates of exchange ruling at 31st December 2001. Exchange differences are taken to the profit and loss account.

Leases

Rentals paid under operating leases are charged against profits on a straight line basis over the terms of the lease.

Assets held under finance leases and hire purchase contracts are capitalised and depreciated over their useful lives. The corresponding lease or hire purchase obligation is treated in the balance sheet as a liability. The interest element of rental obligations is charged to profit and loss account over the period of the lease on a straight line basis.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

2 TURNOVER

Turnover represents, amounts invoiced by the Company in respect of goods provided during the year excluding Value Added Tax arising entirely from the principal activities.

	2001 £000's	2000 £000's
United Kingdom	18,340	17,188
Other Countries	4,832	3,717
	<u>23,172</u>	<u>20,905</u>

3 EMPLOYEES

Average weekly number of employees, including Directors

Management	8	4
Administration	19	25
Selling	15	19
Warehouse & Distribution	37	35
	<u>79</u>	<u>83</u>

Staff cost, including Directors:

	£000's	£000's
Wages and salaries	1,607	1,668
Social security costs	154	154
Other pension costs (defined contribution scheme)	78	101
	<u>1,839</u>	<u>1,923</u>

DIRECTORS

Emoluments of the company's directors:

As directors	236	230
Company contributions to defined contribution pension scheme for 5 directors	21	22
	<u>257</u>	<u>252</u>

Emoluments of the highest paid director: -

Salary and Benefits	85	97
Pension Scheme Contributions	9	11

4 OPERATING PROFIT

Operating profit is stated after charging the following :

Operating lease rentals	34	82
Auditors remuneration	5	5
	<u></u>	<u></u>

5 INTEREST PAYABLE

Overdraft Interest	582	148
	<u></u>	<u></u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

	2001 £000's	2000 £000's
6 TAXATION		
Taxation Charge for the period:		
Corporation Tax	93	-
Deferred Taxation	(75)	(13)
	<u>18</u>	<u>(13)</u>

7 FIXED ASSETS

	Freehold Land & Property £000's	Plant & Machinery £000's	Computer Equipment £000's	Equipment & Fixtures £000's	Motor Vehicles £000's	TOTAL £000's
COST						
At 31 December 2000	2,748	388	237	227	556	4,156
Additions		17	1		115	133
Disposals	-	-	-	-	(437)	(437)
At 31 December 2001	<u>2,748</u>	<u>405</u>	<u>238</u>	<u>227</u>	<u>234</u>	<u>3,852</u>
DEPRECIATION						
At 31 December 2000	76	264	164	170	154	828
Charged in Year	34	50	27	10	97	218
Disposals	-	-	-	-	(194)	(194)
At 31 December 2001	<u>110</u>	<u>314</u>	<u>191</u>	<u>180</u>	<u>57</u>	<u>852</u>
NET BOOK VALUE						
At 31 December 2001	<u>2,638</u>	<u>91</u>	<u>47</u>	<u>47</u>	<u>177</u>	<u>3,000</u>
At 31 December 2000	<u>2,672</u>	<u>124</u>	<u>73</u>	<u>57</u>	<u>402</u>	<u>3,328</u>

Included in the above are assets purchased under finance lease agreements as follows :

Net book value	£90,083	(2000 £nil)
Depreciation for the year	£1,917	(2000 £nil)

Freehold Land and Property

Historical cost	£1,797,587
Depreciation to date based on historical cost	£287,421

The freehold land and property was valued on an open market basis at £2,700,000 in 1998. The value of land included in the total valuation is estimated to be £1,100,000 for which no reserve for depreciation is made. If the property were sold at this valuation figure, corporation tax on the gain would be approximately £230,000.

	2001 £000's	2000 £000's
8 STOCKS		
Raw Material and Consumables	216	287
Finished Goods and Goods for Resale	<u>2,178</u>	<u>2,778</u>
	<u>2,394</u>	<u>3,065</u>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

9 DEBTORS

	2001 £000's	2000 £000's
Trade Debtors	4,857	4,382
Other Debtors	173	7
Prepayments	59	45
Amounts owed by group undertakings	2,092	1,693
	<u>7,181</u>	<u>6,127</u>

10 CREDITORS:

AMOUNTS FALLING DUE WITHIN ONE YEAR

Bank Overdrafts (secured)	3,789	4,584
Trade Creditors	1,737	1,530
Corporation tax	93	-
Other Taxation and Social Security	317	272
Accruals	51	36
Other Creditors	-	4
Finance Lease Creditors (secured)	170	-
	<u>6,157</u>	<u>6,426</u>

Details of guarantees given are shown in note 20. The bank overdraft is secured on the Company's freehold property and associated company properties. Finance lease creditors are secured on the assets purchased under the relevant agreements. All repayments are due within five years.

11 PROVISION FOR LIABILITIES AND CHARGES

	2001 £000's	Amount Provided 2000 £000's
Deferred Taxation :		
The movement in the profit and loss account is as follows: -		
Balance at 31 December 2000	225	238
Release for the Period in the Profit & Loss Account	<u>(75)</u>	<u>(13)</u>
Balance at 31 December 2001	<u>150</u>	<u>225</u>
Deferred taxation not provided for:	<u>-</u>	<u>100</u>

12 SHARE CAPITAL

Authorised

176,000 Ordinary Shares of 0.50p each	88	88
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Allotted, called up and fully paid

159,994 Ordinary Shares of 0.50p each	80	80
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NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

13 RESERVES

	Share Premium £000's	Revaluation Reserve £000's	Profit & Loss Account £000's
At 31 December 2000	80	951	4,759
Profit for the year	-	-	399
	<hr/>	<hr/>	<hr/>
At 31 December 2001	80	951	5,158
	<hr/>	<hr/>	<hr/>

14 RECONCILIATION OF MOVEMENT IN SHAREHOLDERS' FUNDS

	2001 £000's	2000 £000's
Profit/(Loss) for the financial year	399	(47)
Opening shareholders' funds	5,870	5,917
	<hr/>	<hr/>
Closing shareholders' funds	6,269	5,870
	<hr/>	<hr/>

15 RECONCILIATION OF OPERATING PROFIT TO NET CASH OUTFLOW FROM OPERATING ACTIVITIES

	2001 £000's	2000 £000's
Operating profit	999	88
Surplus on sale of Fixed Assets	(68)	-
Depreciation	218	219
(Increase)/Decrease in Stocks	671	(534)
Increase in Debtors	(1,054)	(878)
Increase in Creditors	263	799
	<hr/>	<hr/>
Net cash inflow/(outflow) from continuing operating activities	1,029	(306)
	<hr/>	<hr/>

16 RECONCILIATION OF NET CASH FLOW TO MOVEMENT IN NET DEBT

	2001 £000's	2000 £000's
Increase/(Decrease) in cash in the period	794	(976)
Cash inflow from increase in debt and lease financing	(169)	-
	<hr/>	<hr/>
Change in Net Debt	625	(976)
Net Debt as at 31 December 2000	(4,582)	(3,606)
	<hr/>	<hr/>
Net Debt as at 31 December 2001	(3,957)	(4,582)
	<hr/>	<hr/>

NOTES TO THE FINANCIAL STATEMENTS
For the year ended 31 December 2001

17 ANALYSIS OF CHANGES IN NET DEBT

	At 01.01.01	Cash Flow	At 31.12.01
Cash in Hand and Bank	2	(1)	1
Bank Overdraft	(4,584)	795	(3,789)
	(4,582)	794	(3,788)
Finance Lease Loans	-	(169)	(169)
	(4,582)	625	(3,957)

18 FINANCIAL COMMITMENTS

	2001 £000's	2000 £000's
Capital commitments		
Capital Expenditure commitments were as follows:		
Contracted for, but not provided in the accounts	<u>NIL</u>	<u>NIL</u>
Operating lease commitments		
The payments which the company is committed to make under operating leases are as follows: -		
Expiring within :	£000's	£000's
2 - 5 Years	<u>76</u>	<u>82</u>

19 CONTINGENT LIABILITIES

A contingent liability exists in respect of a VAT deferment bond given by HSBC Bank up to a limit of £500,000.

In addition the Company has contingent liabilities in respect of letters of credit entered into in the normal course of business from which no loss to the Company is expected to arise.

Details of guarantees given by the Company are shown in note 20.

20 RELATED PARTY TRANSACTIONS

- (i) The following are details of transactions entered into by the Company with the Directors and Group of Companies: -

	2001 £000's	2000 £000's
(a) Sales on normal trading terms to the group companies and companies controlled by the Directors.	1,532	1525
(b) Purchases on normal trading terms from group companies.	1,934	1186
(c) Management charges and interest paid to group companies.	345	30
(d) Net balance due from group companies and companies controlled by the Directors (including loan account balances)	2,331	514

- (ii) The Company has entered, together with other group companies, into an unlimited multilateral cross guarantee to secure certain of the group's bank borrowings.

- (iii) The Company is ultimately controlled by Abdul Majid Alimahomed (including family interests)

NOTES TO THE FINANCIAL STATEMENTS

For the year ended 31 December 2001

21 PARENT COMPANY

The Company's parent company is R Q Holdings Limited which is registered in England and Wales. The ultimate parent company is Euro Associated Holdings Limited, which is registered in England and Wales

**THE FOLLOWING PAGES DO NOT FORM PART OF THE
AUDITED STATUTORY FINANCIAL STATEMENTS AND ARE
FOR MANAGEMENT PURPOSES ONLY**

RIDLEY QUINEY LIMITED**TRADING AND PROFIT AND LOSS ACCOUNT
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001 £	2000 £
SALES	23,172,862	20,904,763
LESS: COST OF SALES:		
Materials	18,876,311	17,329,243
Wages & NIC	<u>605,771</u>	<u>656,445</u>
	19,482,082	17,985,688
	<u> </u>	<u> </u>
GROSS PROFIT	<u>3,690,780</u>	<u>2,919,075</u>
	<u> </u>	<u> </u>
LESS: OVERHEADS		
Works Expenses	410,017	386,373
Administration Expenses	1,486,352	1,540,448
Selling and Distribution Expenses	758,894	873,806
Finance Expenses	272,734	148,064
	<u> </u>	<u> </u>
TOTAL OVERHEADS	<u>2,927,997</u>	<u>2,948,691</u>
	<u> </u>	<u> </u>
TRADING PROFIT/(LOSS)	762,783	(29,616)
	<u> </u>	<u> </u>
Management Charges	35,004	30,675
Group Interest Charge	<u>310,000</u>	<u>-</u>
	345,004	30,675
	<u> </u>	<u> </u>
PROFIT FOR THE YEAR	<u>417,779</u>	<u>(60,291)</u>
	<u> </u>	<u> </u>

**EXPENSES SCHEDULE
FOR THE YEAR ENDED 31 DECEMBER 2001**

	2001 £	2000 £
WORKS EXPENSES		
Building Depreciation	33,900	33,900
Building Repairs & Maintenance	13,193	12,813
Electricity	14,896	14,344
Factory & Warehouse Expenses	41,748	45,349
Forklift Repairs	22,310	31,821
Gas	3,596	2,305
General Insurance	25,079	18,822
General Rates	143,304	137,256
Pallet Costs	46,110	58,070
Plant Depreciation	50,492	26,564
Plant Repairs & Maintenance	-	1,631
Enviromental Levy	13,615	-
Service Charges	-	592
Water Rates	1,774	2,906
	<u>410,017</u>	<u>386,373</u>
ADMINISTRATION EXPENSES		
Bank Charges	41,992	35,184
Computer Consumables & Maintenance	17,109	26,714
Furniture & Equipment Depreciation	36,411	35,121
Legal & Professional Fees	18,143	22,125
Office Repairs and Maintenance	26,364	12,751
Postage	15,773	20,361
Printing and Stationery	23,942	30,252
Salaries	1,155,034	1,164,992
Staff Pension	78,288	101,321
Subscriptions	1,308	822
Sundry Expenses	9,408	16,454
Telephone	27,409	47,157
Training & Recruiting	1,974	-
Travelling & Entertainment	33,197	27,194
	<u>1,486,352</u>	<u>1,540,448</u>
SELLING EXPENSES		
Advertisement	200	10,068
Bad Debts	17,889	45,803
Trade Credit Insurance	15,500	-
Delivery Costs	447,707	385,211
Discount Allowed	17,783	31,400
Disposal of Fixed Assets	(68,404)	-
Motor Depreciation	97,161	123,225
Motor Leasing Charges	18,612	65,293
Motor Running Expenses	212,446	212,806
	<u>758,894</u>	<u>873,806</u>
FINANCE EXPENSES		
Overdraft Interest	<u>272,734</u>	<u>148,064</u>