

James Briggs Holdings Limited

Directors' report and consolidated
financial statements

Registered number 3580791

31 March 2002

Signed



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Directors' report

The directors present their annual report and the audited consolidated financial statements for the year ended 31 March 2002.

Principal activities

The principal activity of the company is to act as a holding company. The principal activities of the trading subsidiary are the manufacture, packing, sale and distribution of paints, lubricants, chemicals and polishes.

Business review

The results of the group for the year are set out on page 5 of these financial statements.

Proposed dividend and transfer to reserves

In accordance with the rights attached to the shares, the directors have paid an interim dividend of £107,000 (4.382 pence per share) and recommend the payment of a final dividend of £183,000 (7.494 pence per share) to the holders of the 'A' ordinary shares. The directors also recommend the payment of a final dividend of £99,000 (4.86 pence per share) to the holders of the ordinary shares.

After accounting for the above dividends, the loss for the year absorbed by the group is £244,000.

Directors and directors' interests

The directors who held office during the year, and their interests in the share capital of the company, were as follows:

		Ordinary shares	
		31 March 2002	31 March 2001
JD Stocks	(Chairman and non-executive director)	-	-
P Barry		738,203	738,203
NT Edwards		460,766	460,766
RJ Murie		114,953	114,953
M Lyth		32,210	32,210
G Moyle		-	-
G Gould	(appointed 29 July 2002)	-	-

According to the register of directors' interests no rights to subscribe for shares in or debentures of the company or any other group company were granted to any of the directors or their immediate families or exercised by them during the financial year except as indicated below:

	Number of options during the year			At end of year	Exercise price £	Expiry date
	At start of year	Granted	Exercised			
RJ Murie	-	66,741	-	66,741	1	27 May 2009
M Lyth	-	123,044	-	123,044	1	27 May 2009
G Moyle	-	181,694	-	181,694	1	27 May 2009

Directors' report *(continued)*

Employee involvement

The company has continued its practice of keeping employees informed of matters affecting them and of the financial and economic factors affecting the performance of the company. This is achieved through consultation with employee representatives and through company briefings.

Disabled employees

Applications for employment by disabled persons are given full and fair consideration for all vacancies in accordance with their particular aptitudes and abilities. In the event of employees becoming disabled, every effort is made to retrain them in order that their employment with the company may continue.

It is the policy of the company that training, career development and promotion opportunities should be available to all employees.

Payment of creditors

The company's policy, in relation to all of its suppliers, is to settle the terms of payment when agreeing the terms of the transaction and to abide by those terms, provided that the supplier has provided the goods or services in accordance with the agreed terms and conditions. The company does not follow any code or standard on payment practice.

Charitable donations

Donations to UK charities amounted to £2,049. (2001: £2,602).

Auditors

KPMG were re-appointed auditors at the Annual General Meeting. However since that date their business was transferred to a limited liability partnership, KPMG LLP. Accordingly KPMG resigned as auditors on 14 May 2002 and the directors thereupon appointed KPMG LLP to fill the vacancy arising. A resolution for re-appointment of KPMG LLP as auditors of the Company is to be proposed at the forthcoming annual general meeting.

By order of the board



NT Edwards
Secretary

Springfield Works
Salmon Fields
Royton
Oldham
OL2 6HZ

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 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 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 company and to prevent and detect fraud and other irregularities.



St James' Square
Manchester M2 6DS

Report of the independent auditors' to the members of James Briggs Holdings Limited

We have audited the financial statements on pages 5 to 28.

Respective responsibilities of directors and auditors

The directors are responsible for preparing the directors' report and, as described on page 3, 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 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.

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 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 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 the affairs of the company and the group as at 31 March 2002 and of the loss of the group for the year then ended and have been properly prepared in accordance with the Companies Act 1985.

KPMG LLP

22/08/02

KPMG LLP
Chartered Accountants
Registered Auditors


Consolidated profit and loss account
for the year ended 31 March 2002

	<i>Note</i>	2002 £000	2001 £000
Turnover from continuing operations	<i>2</i>	26,761	22,857
Cost of sales		(17,064)	(14,271)
Gross profit		9,697	8,586
Other operating charges (after exceptional items of £266,000, 2001: £nil)	<i>4-5</i>	(8,427)	(6,971)
Operating profit from continuing operations		1,270	1,615
Interest payable and similar charges	<i>8</i>	(865)	(922)
Profit on ordinary activities before taxation	<i>2-8</i>	405	693
Tax on profit on ordinary activities	<i>9</i>	(260)	(235)
Profit on ordinary activities after taxation		145	458
Equity and non-equity dividends paid and proposed	<i>10 & 16</i>	(389)	(486)
Retained loss for the financial year	<i>22</i>	(244)	(28)

Consolidated Balance sheet
as at 31 March 2002

	<i>Note</i>	2002		2001	
		£000	£000	£000	£000
Fixed assets					
Intangible assets : trademarks	11		67		72
Intangible assets : goodwill	11		6,165		6,539
Tangible assets	12		3,843		4,070
Investment in own shares	27		106		106
			<u>10,181</u>		<u>10,787</u>
Current assets					
Stocks	14	3,507		3,404	
Debtors	15	5,807		4,941	
Cash at bank and in hand		35		26	
		<u>9,349</u>		<u>8,371</u>	
Creditors: amounts falling due within one year	16	(9,511)		(8,085)	
Net current (liabilities)/assets			(162)		286
Total assets less current liabilities			<u>10,019</u>		<u>11,073</u>
Creditors: amounts falling due after more than one year	17		(5,468)		(6,240)
Provisions for liabilities and charges	18		(219)		(242)
Government grants	19		(5)		(20)
Net assets			<u>4,327</u>		<u>4,571</u>
Capital and reserves					
Called up share capital	20		4,476		4,476
Capital redemption reserve	22		46		46
Profit and loss account	22		(195)		49
			<u>4,327</u>		<u>4,571</u>
Shareholders' funds					
Equity shareholders' funds			2,337		2,468
Non-equity shareholders' funds			1,990		2,103
			<u>4,327</u>		<u>4,571</u>

These financial statements were approved by the board of directors on 22 August 2002 and were signed on its behalf by



P Barry
Director



NT Edwards
Director

Balance sheet
as at 31 March 2002

	<i>Note</i>	2002 £000	£000	2001 £000	£000
Fixed assets					
Investments	13		13,413		13,413
Current assets					
Debtors	15	1,956		1,005	
Cash		9		3	
		<u>1,965</u>		<u>1,008</u>	
Creditors: amounts falling due within one year	16	(4,441)		(3,606)	
Net current liabilities			(2,476)		(2,598)
Total assets less current liabilities			<u>10,937</u>		<u>10,815</u>
Creditors: amounts falling due after more than one year	17		(5,563)		(6,288)
Net assets			<u>5,374</u>		<u>4,527</u>
Capital and reserves					
Called up share capital	20		4,476		4,476
Capital redemption reserve	22		46		46
Profit and loss account	22		852		5
			<u>5,374</u>		<u>4,527</u>
Shareholders' funds					
Equity			2,902		2,445
Non-equity			2,472		2,082
			<u>5,374</u>		<u>4,527</u>

These financial statements were approved by the board of directors on 22 August 2002 and were signed on its behalf by:


P Barry
Director


NT Edwards
Director

Cash flow statement

for the year ended 31 March 2002

Reconciliation of operating profit to net cash flow from operating activities

	2002 £000	2001 £000
Operating profit	1,270	1,615
Depreciation and amortisation charges	1,254	1,186
Loss on sale of fixed assets	30	3
Increase in stocks	(103)	(446)
Increase in debtors	(866)	(358)
Increase/(decrease) in creditors	497	(189)
Release of government grant	(15)	(28)
Net cash inflow from operating activities	2,067	1,783

Cash flow statement

	Note	2002 £000	2001 £000
Cash inflow from operating activities		2,067	1,783
Returns on investments and servicing of finance	21	(1,060)	(1,049)
Taxation	21	(301)	(378)
Capital expenditure and financial investment	21	(678)	(828)
Equity dividends paid		(271)	(443)
Cash outflow before management of liquid resources and financing		(243)	(915)
Financing	21	(710)	(657)
Decrease in cash and cash equivalents		(953)	(1,572)

Reconciliation of net cash flow to movement in net debt

	Note	2002 £000	2001 £000
Decrease in cash in the year		(953)	(1,572)
Cash outflow from decrease in debt and lease financing		710	600
Change in net debt resulting from cash flows		(243)	(972)
New finance leases		-	(30)
Movement in net debt in year	23	(243)	(1,002)
Net debt brought forward	23	(9,196)	(8,194)
Net debt carried forward	23	(9,439)	(9,196)

Reconciliations of movements in shareholder's funds for the year ended 31 March 2002

	2002		2001	
	Group £000	Company £000	Group £000	Company £000
Profit for the financial period	145	1,259	458	474
Dividends paid and proposed	(389)	(412)	(486)	(486)
	(244)	847	(28)	(12)
Repurchase of own share capital	-	-	(46)	(46)
Other gains and losses	-	-	(11)	(11)
Net (reduction in)/addition to shareholders' funds	(244)	847	(85)	(69)
Opening shareholders' funds	4,571	4,527	4,759	4,596
Prior year adjustment	-	-	(103)	-
As restated	4,571	4,527	4,656	4,596
Closing shareholders' funds	4,327	5,374	4,571	4,527

Consolidated statement of total recognised gains and losses for the year ended 31 March 2002

	2002 £000	2001 £000
Retained loss for the financial year	(244)	(28)
Premium on redemption of share capital (see note 20)	-	(11)
Total recognised gains and losses relating to the financial year	(244)	(39)
Prior year adjustment (see below)	-	(103)
Total gains and losses recognised since last annual report	(244)	(142)

Details relating to the prior year adjustment are given in note 22 to the financial statements.

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 company'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.

Basis of consolidation

The consolidated financial statements include the financial statements of the company, its subsidiary undertakings and the results of James Briggs Employee Trust made up to 31 March 2002. The acquisition method of accounting has been adopted. 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 up to the date of disposal.

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 for the year of the company is set out in note 22.

Related party transactions

The directors have taken advantage of the exemption in Financial Reporting Standard Number 8 paragraph 3(c) and have not disclosed transactions or balances with group companies.

Goodwill

Purchased goodwill (representing the excess of the fair value of the consideration given over the fair value of the separable net assets acquired) arising on consolidation in respect of acquisitions since 1 January 1998 is capitalised. Positive goodwill is amortised to nil by equal annual instalments over its estimated useful life.

Intangible assets

Certain trademarks, the value of which are not expected to diminish in the foreseeable future, have been recorded at cost, less appropriate provisions, as fixed intangible assets. An annual amortisation is provided on these assets to write them off over 20 years. However, their value is reviewed annually by the directors and the cost written down where any additional permanent diminution in value has occurred.

Investments

Investments are stated at cost less provision for any diminution in value.

Notes *(continued)*

1 **Accounting policies** *(continued)*

Tangible fixed assets and depreciation

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

Freehold buildings	-	3% straight line
Leasehold improvements	-	Term of lease
Plant, machinery and equipment	-	10% - 25% straight line
Motor vehicles	-	10% - 50% straight line

No depreciation is provided on freehold land.

Leases

Assets acquired under finance leases are capitalised and the outstanding future lease obligations are shown in creditors. Operating lease rentals are charged to the profit and loss account on a straight line basis over the period of the lease.

Point of sale stands

The cost of point of sale stands is treated as a merchandising expense and written off to the profit and loss account in the period in which the expenditure is incurred.

Stocks

Stocks are stated at the lower of cost and net realisable value. In determining the cost of raw materials and consumables the FIFO method is adopted.

For work in progress and finished goods cost is taken as production cost, which includes an appropriate proportion of attributable overheads.

Government grants

Government grants in respect of capital expenditure are credited to a deferred income account and are released to the profit and loss account by equal annual instalments over the expected useful lives of the relevant assets.

Foreign currencies

Transactions in foreign currencies are recorded using the rate of exchange ruling at the date of the transaction. 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.

Taxation

The charge for taxation is based on the result for the year and takes into account taxation deferred because of timing differences between the treatment of certain items for taxation and accounting purposes. Deferred tax is recognised without discounting in respect of all timing differences between the treatment of certain items for taxation and accounting purposes which have arisen but not reversed by the balance sheet date, except as otherwise required by FRS 19.

Notes (continued)

1 Accounting policies (continued)

Post retirement benefits

The company operates a defined contribution pension scheme for employees of the company. The assets of pension scheme are held separately from those of the company in independently administered fund. The amount charged to the profit and loss account represents the contributions payable to the scheme in respect of the accounting period.

Cash and liquid resources

Cash for the purposes of the cashflow statement comprises cash in hand, deposits repayable on demand less overdrafts payable on demand.

Turnover

Turnover represents the value of goods sold to third party customers during the year (excluding value added tax).

2 Analysis of turnover and profit on ordinary activities before taxation

Turnover and profit on ordinary activities before taxation relate entirely to the principal activities of the group.

The geographical split of turnover is detailed below:

	2002 £000	2001 £000
United Kingdom	24,284	20,596
Rest of Europe	2,196	2,133
Other	281	128
	<u>26,761</u>	<u>22,857</u>

Notes (continued)

3 Profit on ordinary activities before taxation

The profit on ordinary activities before taxation is stated:

	2002 £000	2001 £000
<i>after charging</i>		
Auditors' remuneration:		
- audit (parent company)	2	2
- audit (group)	22	21
- other services (group)	4	5
Depreciation of tangible fixed assets - owned	821	774
Depreciation of tangible fixed assets - leased	54	34
Amortisation of goodwill	374	374
Amortisation of intangible fixed assets	5	4
Hire of plant and machinery - rentals payable under operating leases	-	10
Hire of other assets - rentals payable under operating leases	142	142
Loss on sale of fixed assets	30	3
<i>after crediting:</i>		
Release of government grant	(15)	(28)
Exchange gains	(3)	(12)
	<hr/>	<hr/>

4 Other operating charges

	2002 £000	2001 £000
Distribution costs	3,193	2,532
Administration costs	5,215	4,466
Employee Benefit Trust net costs	19	(27)
	<hr/>	<hr/>
	8,427	6,971

5 Exceptional items

The group incurred exceptional costs of £266,000 in respect of the launch of a new product for a major customer.

The corresponding increase in revenue as a result of this was approximately £650,000.

Notes *(continued)*

6 Staff numbers and costs

The average number of persons employed by the company (including directors) during the year, analysed by category, was as follows:

	Average number of employees	
	2002	2001
Production and distribution	274	243
Sales	26	31
Administration	20	19
	<u>320</u>	<u>293</u>

The aggregate payroll costs of these persons were as follows:

	2002	2001
	£000	£000
Wages and salaries	5,360	4,381
Social security costs	471	398
Other pension costs (see note 25)	129	89
	<u>5,960</u>	<u>4,868</u>

7 Remuneration of directors

	2002	2001
	£000	£000
Directors' emoluments:		
Remuneration as executives	294	252
Pension contributions paid	36	22
Compensation for loss of office	-	9
	<u>330</u>	<u>283</u>

The combined fees, excluding pension contributions, paid to the non-executive chairman during the year were £18,000 (2001: £18,000). The emoluments, excluding pension contributions, of the highest paid director were £75,000 (2001: £73,000) and pension contributions of £7,000 (2001: £7,000) were made by the group.

Pension contributions were paid into money purchase schemes on behalf of 5 directors (2001: 6).

Notes (continued)

8 Interest payable and similar charges

	2002 £000	2001 £000
On bank loans and overdrafts	12	7
On bank loans	205	372
On all other loans	241	181
Finance charges in respect of finance leases and hire purchase contracts	7	9
Interest payable on other loans wholly repayable after five years	405	353
	<u>865</u>	<u>922</u>

9 Taxation

Analysis of charge in period

	2002 £000	2001 £000
<i>UK corporation tax</i>		
Current tax on income for the year	283	286
Adjustment in respect of prior years	-	(95)
	<u>283</u>	<u>191</u>
Deferred taxation (see note 18)	(23)	44
	<u>260</u>	<u>235</u>

Notes (continued)

9 Taxation (continued)

Factors affecting the tax charge for the current year

The current tax charge for the year is higher (2001: higher) than the standard rate of UK corporation tax in the UK (30%: 2000, 30%: 2001).

Current tax reconciliation

	2002 £000	2001 £000
Profit on ordinary activities before taxation	405	693
Current tax at 30% (2001: 30%)	121	208
<i>Effects of:</i>		
Expenses not deductible for tax purposes	142	108
Capital allowances for the period in excess of depreciation	12	(25)
Short-term timing differences	8	(5)
Adjustments to tax charge in respect of previous periods	-	(95)
Total current tax charge for period	283	191

Factors that may affect future tax charges

The group will continue to have a high effective tax rate due principally to the amortisation of goodwill.

10 Dividends paid and proposed

	2002 £000	2001 £000
'A' ordinary equity shares:		
8 pence per share fixed dividend – paid to third parties	107	127
8 pence per share fixed dividend – proposed	65	64
	172	191
'A' ordinary shares and ordinary shares:		
'A' ordinary equity shares of 40% of net profit – proposed	118	161
Ordinary non-equity shares of 40% of net profit – proposed	99	134
	389	486

Notes (continued)

11a Intangible fixed assets (Trademarks)

	Trademarks £000
<i>Group</i>	
<i>Cost</i>	
At beginning and end of the year	89
	<hr/>
<i>Amortisation</i>	
At beginning of the year	17
Charge in year	5
	<hr/>
At end of year	22
	<hr/>
<i>Net book value</i>	
At 31 March 2002	67
	<hr/>
At 31 March 2001	72
	<hr/>

The company has no trademarks.

11b Intangible fixed assets (Goodwill)

	Goodwill £000
<i>Group</i>	
<i>Cost</i>	
At beginning and end of year	7,487
	<hr/>
<i>Amortisation</i>	
At beginning of year	948
Charge in year	374
	<hr/>
At end of year	1,322
	<hr/>
<i>Net book value</i>	
At 31 March 2002	6,165
	<hr/>
At 31 March 2001	6,539
	<hr/>

The company has no goodwill.

Notes *(continued)*

12 Tangible fixed assets

	Freehold land and buildings	Leasehold improvements	Plant, machinery & equipment	Motor vehicles	Total
<i>Group</i>	£000	£000	£000	£000	£000
Cost					
At beginning of year	1,332	474	6,958	250	9,014
Additions	2	-	698	-	700
Disposals	-	-	(169)	(93)	(262)
At end of year	1,334	474	7,487	157	9,452
Depreciation					
At beginning of year	424	109	4,260	151	4,944
Charged in year	35	20	775	45	875
Disposals	-	-	(136)	(74)	(210)
At end of year	459	129	4,899	122	5,609
Net book value					
At 31 March 2002	875	345	2,588	35	3,843
At 31 March 2001	908	365	2,698	99	4,070

Included in the total net book value of plant, machinery and equipment is £73,493 (2001: £110,153) and in the total net book value of motor vehicles is £41,908 (2001: £nil) in respect of assets held under finance lease agreements. Depreciation for the year on these assets was £54,111 (2001: £34,000).

Included within freehold land and buildings is non-depreciable land of £150,000 (2001: £150,000).

The company has no tangible fixed assets.

Notes (continued)

13 Fixed asset investments

	Company £000
<i>Shares in subsidiary undertakings at cost</i>	
At beginning and end of year	13,413

Subsidiary undertakings	Class and percentage of shares held	Nature of business
James Briggs Limited	Ordinary 100%	Manufacture, packing, sale and distribution of paints, lubricants, chemicals and polishes
Hycote Limited	*ordinary 100%	Dormant
TEK International Limited	*ordinary 100%	Dormant
James Briggs Trustee Limited	*ordinary 100%	Dormant

* held indirectly via James Briggs Limited.

All the companies are registered in England and Wales.

In the opinion of the directors the investments in and the amounts due from the company's subsidiary undertakings are worth at least the amounts stated in the balance sheet.

14 Stocks

<i>Group</i>	2001 £000	2001 £'000
Raw materials	2,248	2,380
Finished goods and work in progress	1,259	1,024
	<u>3,507</u>	<u>3,404</u>

The company held no stocks at either the current or preceding year end.

Notes (continued)

15 Debtors

	2002		2001	
	Group £000	Company £000	Group £000	Company £000
Trade debtors	5,636	-	4,738	-
Other debtors	11	201	54	-
Dividend receivable	-	1,750	-	1,000
Prepayments and accrued income	160	5	149	5
	<u>5,807</u>	<u>1,956</u>	<u>4,941</u>	<u>1,005</u>

All debtors fall due within one year.

Trade debtors have been financed under an invoice discounting agreement (see note 16 below).

16 Creditors: amounts falling due within one year

	2002		2001	
	Group £000	Company £000	Group £000	Company £000
Bank loans and overdraft (see below)	891	725	674	674
Other loans (see below)	3,299	-	2,420	-
Obligations under finance leases and hire purchase contracts (see note 17)	22	-	38	-
Trade creditors	3,247	-	3,009	-
Amounts owed to group undertakings	-	3,383	-	2,524
Corporation tax	173	-	191	-
Other taxation and social security	663	-	455	-
Other creditors	67	-	94	-
Accruals and deferred income	867	51	845	49
Dividend proposed	282	282	359	359
	<u>9,510</u>	<u>4,441</u>	<u>8,085</u>	<u>3,606</u>

Bank loans and overdraft are secured by the freehold and leasehold property of the group and a fixed and floating charge over all the assets of the group.

Other loans relate to invoice discounting advances and are secured on the trade debtors of the group.

Notes *(continued)*

17 Creditors: amounts falling due after more than one year *(continued)*

	2002		2001	
	Group £000	Company £000	Group £000	Company £000
Bank loans (see below)	2,072	2,072	2,797	2,797
Loan notes due to third parties (see below)	3,258	3,258	3,258	3,258
Loan notes due to group undertakings	-	233	-	233
Accruals	123	150	139	-
Obligations under finance leases and hire purchase contracts	15	-	35	-
	<u>5,468</u>	<u>6,240</u>	<u>6,240</u>	<u>6,288</u>

Bank loans carry an interest rate of 1.75% above LIBOR. Details of the repayment schedules are shown below.

Loan notes due to third parties and to group undertakings carry an interest rate of 11%. Details of the repayment schedules are shown below. Repayments commence on 31 August 2005 and are payable in 10 half yearly equal instalments.

Bank loans and overdraft are secured by the freehold and leasehold property of the group and a fixed and floating charge over all the assets of the group.

Amounts due to group undertakings relate to James Briggs Employee Benefit Trust.

Notes (continued)

17 Creditors: amounts falling due after more than one year (continued)

Analysis of debt

Debts can be analysed as falling due:

	2002		2001	
	Group £000	Company £000	Group £000	Company £000
In one year or less or on demand	700	700	650	650
Between one and two years	825	825	775	775
Between two and five years	2,803	2,803	2,852	2,852
In five years or more	1,955	1,955	2,076	2,606
	<u>6,283</u>	<u>6,283</u>	<u>6,883</u>	<u>6,883</u>

The maturity of obligations, under finance leases and hire purchase contracts is as follows:

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Within one year	22	-	38	-
In the second to fifth years	15	-	35	-
	<u>37</u>	<u>-</u>	<u>73</u>	<u>-</u>

18 Provisions for liabilities and charges

Group

	Deferred taxation £000
At beginning of year	242
Credit to the profit and loss for the year (see note 9)	(23)
At the end of year	<u>219</u>

Notes (continued)

18 Provisions for liabilities and charges (continued)

The elements of deferred taxation are as follows:

	2002 £000	2001 £000
Difference between accumulated depreciation and amortisation and capital allowances	258	269
Other timing differences	(39)	(27)
Undiscounted provision	<u>219</u>	<u>242</u>

The company held no provided or unprovided amounts of deferred tax at either the current or preceding year end.

19 Government grants

	Group and company £000
At beginning of year	20
Transfer to profit and loss account	(15)
At end of year	<u>5</u>

The government grant relates to the company's development of the Foxdenton Lane site and is being amortised over three years.

20 Called up share capital

	2002 £	2001 £
Authorised		
Non equity: 2,441,829 'A' ordinary shares of £1 each	2,441,829	2,441,829
Equity: 2,033,830 ordinary shares of £1 each	2,405,310	2,033,830
	<u>4,847,139</u>	<u>4,475,659</u>
Allotted, called up and fully paid		
Non equity: 2,441,829 'A' ordinary shares of £1 each	2,441,829	2,441,829
Equity: 2,033,830 ordinary shares of £1 each	2,033,830	2,033,830
	<u>4,475,659</u>	<u>4,475,659</u>

Notes *(continued)*

20 **Called up share capital** *(continued)*

During the previous year 46,000 ordinary shares of £1 each were redeemed out of distributable reserves for a consideration of £57,000. The nominal value of the shares redeemed has been transferred to a capital redemption reserve (see note 21) and the premium of £11,000 has been set off against the profit and loss reserve.

The rights attached to the shares are as follows:

Dividends

The profits of the company available for distribution are payable as detailed below:

First in paying the holders of the 'A' ordinary shares a dividend of 8 pence per share per annum.

Second in paying the holders of the 'A' ordinary shares and the ordinary shares a sum of 40% of net profit, commencing 1 April 1999.

Third in paying the holders of the 'A' ordinary shares the remaining profits.

Voting

All shares carry one vote.

Capital

The assets of the company remaining after settlement of all liabilities and costs on winding up shall be payable as follows:

First in paying the holders of the 'A' ordinary shares £1 per share.

Second in paying the holders of the ordinary shares £1 per share.

Third in paying the holders of the 'A' ordinary shares and holders of the ordinary shares the remaining amount in proportion to the shares held.

Conversion

The holders of the 'A' ordinary shares may, at any time, convert the whole of their 'A' ordinary shares into a like number of ordinary shares.

Notes (continued)

21 Analysis of items netted in the cash flow statement

Returns on investment and servicing of finance

	2002 £000	2001 £000
Interest paid	(807)	(913)
Finance lease interest paid	(7)	(9)
Non-equity dividends paid	(195)	(127)
	<u>(1,009)</u>	<u>(1,049)</u>

Taxation

	2002 £000	2001 £000
UK corporation tax paid	(301)	(378)

Capital expenditure and financial investment

	2002 £000	2001 £000
Purchase of tangible fixed assets	(700)	(771)
Proceeds from the sale of tangible fixed assets	22	23
Purchase of investments within EBT	-	(80)
	<u>(678)</u>	<u>(828)</u>

Financing

	2002 £000	2001 £000
Repurchase of share capital	-	(57)
Repayment of borrowing	(674)	(553)
Capital element of finance lease creditors	(36)	(47)
	<u>(710)</u>	<u>(657)</u>

Notes (continued)

22 Reserves

	Capital redemption £000	Profit and loss account £000	Total £000
Group			
At beginning of year: as previously reported	46	49	95
Loss for the year	-	(244)	(244)
At end of year	46	(195)	(149)
Company			
At beginning of year	46	5	51
Retained profit for the year	-	847	847
At end of year	46	852	898

During the previous year the directors took the decision that the company and group should adopt FRS 19: *Deferred tax* in advance of the mandatory adoption date of periods ending after 23 January 2002. This resulted in full provision being made for deferred tax and represented a change in accounting policy.

The cumulative effect of this change in accounting policy was to reduce retained profits and therefore net assets by £103,000 and to reduce the retained profit for the year by £44,000.

Notes (continued)

23 Analysis of net debt

	31 March 2001 £000	Cashflow £000	31 March 2002 £000
Cash at bank and in hand	26	9	35
Bank overdraft	-	(166)	(166)
Other loans: invoicing discounting	(2,420)	(796)	(3,216)
	<u>(2,394)</u>	<u>(953)</u>	<u>(3,347)</u>
Finance leases	(73)	36	(37)
Bank loans	(3,471)	674	(2,797)
Loan notes	(3,258)	-	(3,258)
	<u>(9,196)</u>	<u>(243)</u>	<u>(9,439)</u>

24 Commitments

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

The group leases certain land and buildings on a short term lease. The annual rental on this lease is subject to five yearly rent reviews as specified in the lease.

The minimum annual rentals under the lease are as follows:

	Group		Company	
	2002 £000	2001 £000	2002 £000	2001 £000
Operating leases which expire after five years	142	142	-	-

The company has no commitments under non cancellable operating leases.

Notes *(continued)*

25 Pension scheme

The group operates a defined contribution pension scheme for the benefit of employees.

The pension cost charge for the year represents contributions payable by the group to the scheme and amounted to £128,914 (2001: £89,000). There were contributions payable by the group to the scheme at the year end of £18,659 (2001: £15,235).

26 Investment in own shares

Group

Investment in own shares represents share capital of James Briggs Holdings Limited owned by the James Briggs Employee Benefit Trust ("EBT") and held for the benefit of the employees of the group. Investments in own shares are stated at cost less any provision for any permanent diminution in value. All administrative expenses are borne by the EBT and consolidated, (see note 27). Details relating to the investment in own shares are as follows:

	2002 £000	2001 £000
<i>Employee Benefit Trust</i>		
Investment in shares of James Briggs Holdings Limited	106	106

At 31 March 2002 the EBT held 348,064 (2001: 348,064) shares in James Briggs Holdings Limited.

27 Employee Benefit Trust

The amounts included within the financial statements in respect of the James Briggs Limited Employee Benefit Trust are £19,000 loss (2001: £40,000 profit) after tax and net assets of £319,000 (2001: £247,000).